U. S. Congress.

Congressional Record

PROCEEDINGS AND DEBATES

OF THE

SECOND SESSION OF THE SEVENTY-THIRD CONGRESS

OF

THE UNITED STATES
OF AMERICA

VOLUME 78—PART 3

FEBRUARY 10, 1934, TO FEBRUARY 28, 1934

(Pages 2295 to 3438)

UNITED STATES
GOVERNMENT PRINTING OFFICE
WASHINGTON : 1934

Printed by the United States Government 12-1934

Congressional Record

SEVENTY-THIRD CONGRESS, SECOND SESSION

SENATE

SATURDAY, FEBRUARY 10, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 11 o'clock a.m., on the expiration of the recess.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Robinson, Ind.
Ashurst	Davis	La Follette	Russell
Austin	Dickinson	Lewis	Schall
Bachman	Dieterich	Logan	Sheppard
Bailey	Dill	Lonergan	Shipstead
Bankhead	Duffy	Long	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Black	Fletcher	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrnes	Gore	Neely	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Van Nuys
Carey	Hastings	O'Mahoney	Wagner
Clark	Hatch	Overton	Walsh
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Johnson	Pope	
Costigan	Kean	Reed	
Couzens	Keyes	Robinson, Ark.	

Mr. LEWIS. I desire to announce that the senior Senator from Virginia [Mr. GLASS] is detained from the Senate on account of illness; that the junior Senator from Virginia [Mr. BYRD] and the Senator from North Carolina [Mr. REYNOLDS] are absent on account of official business.

Mr. HEBERT. I desire to announce that the Senator from Idaho [Mr. BORAH], the Senator from West Virginia [Mr. HATFIELD], the Senator from South Dakota [Mr. NORBECK], and the Senator from Connecticut [Mr. WALCOTT] are unavoidably absent from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR., ET AL.

The VICE PRESIDENT., Mr. Brittin was on the stand when the Senate took a recess yesterday. The Chair inquires whether or not he completed his testimony or desires to take the stand again?

Mr. BLACK. Mr. President, so far as I am concerned, I do not care to ask him any additional questions at the present time.

Mr. RICHARDSON. Mr. President, so far as counsel are concerned, we do not intend to ask him any further questions.

Mr. BLACK. However, I might state that, under the rules, the counsel having completed their questions, any Member of the Senate has a right to propound any inquiries in writing and submit them to the President of the Senate.

The VICE PRESIDENT. Does any Senator desire to submit an inquiry in writing to the witness? If not, call the next witness.

Mr. RICHARDSON. Mr. President, prior to the adjournment yesterday the committee gave me access for the first time to the testimony of Colonel Brittin taken before the Senate committee. The committee advises me this morning that that testimony is included in part 2 of Senate Report No. 254. I wish to ask by way of inquiry whether that testimony, as included in that report, becomes a part of this hearing. If it does not, I desire it to become a part of this hearing.

The VICE PRESIDENT. The Chair understands it has been printed in the record, and is in the record at the present time.

Mr. BLACK. It was intended that it should become a part of the record, and if it has not been printed it should be printed.

The VICE PRESIDENT. Without objection, if it is not already in the record it will be included in the record. The Chair hears no objection.

The testimony before the special committee of L. H. Brittin contained in part 2 of Senate Report 254, ordered to be printed in the RECORD, is as follows:

[From pt. 2, S.Rept. 254]

TESTIMONY OF COL. L. H. BRITTIN

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What are your initials, Colonel?

Colonel BRITTIN. L. H. Brittin—B-r-i-t-t-i-n.

The CHAIRMAN. With what company, or air mail company, are you connected?

Colonel BRITTIN. The Northwest Airways.

The CHAIRMAN. What is your official position?

Colonel BRITTIN. Executive vice president.

The CHAIRMAN. Do you have an office in Washington at 1090 National Press Building?

Colonel BRITTIN. I do, Senator.

The CHAIRMAN. Did you have an office at 1090 National Press Building, Washington, for the last 10 days?

Colonel BRITTIN. Yes; I did.

The CHAIRMAN. Did you receive a telegram from Mr. MacCracken, William P. MacCracken, Jr., on January 31, 1934, with reference to his files and memoranda?

Colonel BRITTIN. I don't recall it, Senator; I don't recall any such telegram.

The CHAIRMAN. You replied to it, did you not?

Colonel BRITTIN. I don't recall. You will have to refresh my memory on that.

The CHAIRMAN. Will you read this [handing to the witness a copy of the proceedings of the committee of Feb. 2]?

Colonel BRITTIN (after examining minutes). Yes, sir; I received that telegram.

The CHAIRMAN. Will you read that, so it will get in the record?

Colonel BRITTIN (reading):

"I have today been subpenaed to produce before the Black committee all papers, memoranda, correspondence, maps, copies of telegrams relating to air a1,d ocean mail contracts. Insofar as these involve confidential communications between us as attorney and client I have felt it my duty to assert, and I have asserted, the privilege which the law places around such communications. The privilege may be waived only by you as client. The committee has requested me to inquire whether you desire to waive this privilege and authorize me to make these documents available to the committee investigators. Please wire your decision.

"WILLIAM P. MACCRACKEN, JR."

The CHAIRMAN. When did you receive that telegram?

Colonel BRITTIN. I don't recall, Senator, but it must have been, of course, the day on which it was sent. It was sent to 1090 National Press Building.

The CHAIRMAN. Did you get it at the Press Building? Do you remember when you received it?

Colonel BRITTIN. No; right this minute I don't recall when I received it, but I must have received it there.

The CHAIRMAN. The first time you saw it, was it at the National Press Building?

Colonel BRITTIN. Yes.

The CHAIRMAN. Did you communicate with Mr. MacCracken then?

Colonel BRITTIN. No; I did not.

The CHAIRMAN. How long before you did communicate with him?

Colonel BRITTIN. I sent him a telegram assenting to this.

The CHAIRMAN. To what? You assented to this, but you assented how long after you received it?

Colonel BRITTIN. I presume it must have been within 24 hours.

The CHAIRMAN. Do you recall that you assented to it at the time Mr. MacCracken was before the committee the second time?

Colonel BRITTIN. I don't recall just when I assented to it, but I wrote a telegram in my office and sent it to Mr. MacCracken.

The CHAIRMAN. Now, in the meantime, before you sent the telegram assenting to the request, had you seen Mr. MacCracken?

Colonel BRITTIN. No; I had not.

The CHAIRMAN. You had not seen Mr. MacCracken at his office?

Colonel BRITTIN. No; I had not.

The CHAIRMAN. Did you go to his office?

Colonel BRITTIN. Yes, sir.

The CHAIRMAN. When?

Colonel BRITTIN. I don't recall just when I was there. It was either Wednesday or Thursday, I think, or maybe before that.

The CHAIRMAN. It was after you received the telegram from him, was it not?

Colonel BRITTIN. I am not clear on that, Senator.

The CHAIRMAN. Do you not know, Mr. Brittin, that your telegram was sent and reached Mr. MacCracken while he was sitting here testifying the second day, at the very time that he testified that you had already been to his office and had taken some of the files away?

Colonel BRITTIN. Well, then, that must have been the facts of the case, then.

The CHAIRMAN. How did you happen to go to his office?

Colonel BRITTIN. I just went to his office to inquire for Mr. MacCracken, and he was engaged.

The CHAIRMAN. What time of day or night was it?

Colonel BRITTIN. I think it was in the middle of the day, sometime; it was during office hours.

The CHAIRMAN. During the middle of the day?

Colonel BRITTIN. Well——

The CHAIRMAN. Did you see either of those two gentlemen sitting back there, Mr. Brittin?

Mr. Bradley, will you stand up?

(Mr. Bradley arose.)

The CHAIRMAN. Did you see him down there?

Colonel BRITTIN. No.

The CHAIRMAN. And you state that you were there in the daytime?

Colonel BRITTIN. Yes; I was.

The CHAIRMAN. Did you go into Mr. MacCracken's office?

Colonel BRITTIN. I went into his office.

The CHAIRMAN. Did you go in immediately when you got there?

Colonel BRITTIN. Yes; I went into his suite of offices. I did not get into Mr. MacCracken's private office.

The CHAIRMAN. Whose private office did you go to when you got in?

Colonel BRITTIN. I went to—Mr. MacCracken was engaged, and I first went to Mr. Lee's office.

The CHAIRMAN. Who is Mr. Lee?

Colonel BRITTIN. He is a partner of Mr. MacCracken, the firm of MacCracken & Lee.

The CHAIRMAN. What took place there?

Colonel BRITTIN. I asked Mr. Lee if I could see the files of the Northwest Airways. I stated to Mr. Lee—I had used his office, I had used the office of MacCracken & Lee as my Washington address last summer, and I felt that some of my personal papers might be mixed up in this Northwest file, and that I wanted to take my personal papers out, and he permitted me to see the file. I went through it—it was quite voluminous. I did not examine everything that was in it. It contained a lot of legal opinions on various matters, and I took about half a dozen papers that were purely personal, and turned the file back to MacCracken & Lee.

The CHAIRMAN. You knew at that time, did you not, Colonel Brittin, because you had already been notified by Mr. MacCracken, that the Senate committee had requested his files, correspondence, memoranda, et cetera, relating to air mail?

Colonel BRITTIN. Oh, yes.

The CHAIRMAN. You knew that?

Colonel BRITTIN. I did.

The CHAIRMAN. And it was for that reason that you went down to look over the file, was it not?

Colonel BRITTIN. For the reasons as stated. I went there for the purpose of taking some personal matters which had inadvertently gotten into the Northwest Airways file that had no relation whatever with the matters under consideration.

The CHAIRMAN. But you were prompted to go, were you not, by your knowledge of the fact that the Senate committee had a subpena outstanding, and that request had been made on you to know whether your company would waive any privilege which Mr. MacCracken might have?

Colonel BRITTIN. I knew that the files were about to be publicly examined.

The CHAIRMAN. And that is the reason that you went down and took part of the file out?

Colonel BRITTIN. I took six papers out.

The CHAIRMAN. What was the reason you went down and took part of them out?

Colonel BRITTIN. The reason I went there, as I stated, was that these were purely personal matters and did not belong in Mr. MacCracken's file.

The CHAIRMAN. But the reason you went to get them was that you did not want the Senate committee to get them?

Colonel BRITTIN. I did not think they had any relation——

The CHAIRMAN (interposing). That was the reason you went, Colonel Brittin, that you did not want the Senate committee to get those parts of the files? That was your object, was it not?

Colonel BRITTIN. It was not so much a matter of the Senate committee, Senator, as it was a matter of public examination. Those were personal papers.

The CHAIRMAN. The thing you wanted to do was to take those files out before the Senate committee investigators got them?

Colonel BRITTIN. Before the public examination.

The CHAIRMAN. Before the examination by the Senate committee—that was the object, was it not?

Colonel BRITTIN. In a broad way, I suppose it was.

The CHAIRMAN. You knew that the Senate committee had sent a subpena down there, because Mr. MacCracken had notified you, and you had read it in the papers also, hadn't you?

Colonel BRITTIN. Yes.

The CHAIRMAN. You took those letters out, and what did you do with them?

Colonel BRITTIN. I took them down to my office and tore them up, as I would any other papers, and threw them in the waste-paper basket.

The CHAIRMAN. Threw them in the waste-paper basket?

Colonel BRITTIN. Yes.

The CHAIRMAN. Did Mr. Lee agree for you to take them out?

Colonel BRITTIN. Well, the firm of MacCracken & Lee made no objection.

The CHAIRMAN. Did he tell you that it was taking papers out that the Senate committee wanted, or did he protest in any way?

Colonel BRITTIN. No.

The CHAIRMAN. He did not?

Colonel BRITTIN. No.

The CHAIRMAN. Then Mr. Lee agreed for you to take the papers out of the files?

Colonel BRITTIN. He did not protest, Senator.

The CHAIRMAN. He did not protest?

Colonel BRITTIN. No.

The CHAIRMAN. Where did he get that file from?

Colonel BRITTIN. From the—from the general files of the office.

The CHAIRMAN. Where were those general files?

Colonel BRITTIN. Why, I—I don't know where they were; I don't know where the files of MacCracken & Lee are.

The CHAIRMAN. Then Lee went out and got them for you, did he?

Colonel BRITTIN. He either did that or sent for one of the young ladies in the office.

The CHAIRMAN. Do you remember which he did do?

Colonel BRITTIN. No; I haven't a very clear remembrance of that.

The CHAIRMAN. Colonel Brittin, are you sure that you were there in the daytime?

Colonel BRITTIN. Absolutely, sir.

The CHAIRMAN. Which day was it that you were there?

Colonel BRITTIN. I tried to tell Mr. Patterson the other day, when he called me up there. I am not exactly clear as to what particular day, but I know I was there in his office during regular working hours, in the middle of the day sometime—sometime between 11 o'clock in the morning and probably 3 o'clock in the afternoon.

The CHAIRMAN. Did you talk with anybody about going up and getting them, before you went after them?

Colonel BRITTIN. No.

The CHAIRMAN. Did you have any advice to go get them?

Colonel BRITTIN. No.

The CHAIRMAN. Did any lawyer advise you to go and get them?

Colonel BRITTIN. I would like to say, Senator, in answer to that question, I have not consulted counsel on this matter at all, and I have no lawyer here.

Perhaps, if I had, I would not have done it, because, to me, it was a perfectly natural and obvious thing to do, and I did not think that I was doing anything that would be misinterpreted or misunderstood.

The CHAIRMAN. To whom were these letters addressed that you took out?

Colonel BRITTIN. They were purely personal.

The CHAIRMAN. To whom were they addressed?

Colonel BRITTIN. Some of them were to my secretary.

The CHAIRMAN. When?

Colonel BRITTIN. In the fall.

The CHAIRMAN. To whom were the others addressed?

Colonel BRITTIN. Perhaps one or two telegrams, personal memoranda, and I think a couple of letters to my secretary. My secretary handled my personal correspondence for me.

The CHAIRMAN. You had an office at that time in Washington, did you not?

Colonel BRITTIN. I had just established an office.

The CHAIRMAN. Where was that office?

Colonel BRITTIN. At 1090 National Press Building.

The CHAIRMAN. Did you have a stenographer there?

Colonel BRITTIN. I had just employed a stenographer.

The CHAIRMAN. When?

Colonel BRITTIN. I guess about 10 days ago—perhaps 10 or 15 days ago.

The CHAIRMAN. You have not had an office in Washington until 10 days ago?

Colonel BRITTIN. No, sir; I have never had an office in Washington.

The CHAIRMAN. Now, these letters were filed in the Northwest Air Express file, were they not?

Colonel BRITTIN. Northwest Airways file.

The CHAIRMAN. Northwest Airways file, in Mr. MacCracken's office?

Colonel BRITTIN. They were filed there, but they had no business there.

The CHAIRMAN. But they were filed in those files?

Colonel BRITTIN. They were in the folder.

The CHAIRMAN. And the title of that folder was Northwest Airways?

Colonel BRITTIN. I did not look at the title.

The CHAIRMAN. Did you see what else was in that file?

Colonel BRITTIN. Yes. As I went through the file there were quite a few legal opinions on various matters, a legal opinion on the Kelly bill, a legal opinion on the Comptroller General's rulings on various air mail matters.

The CHAIRMAN. There were quite a few letters, also, reporting the progress being made in an effort to get a contract, were there not?

Colonel BRITTIN. No; not efforts to get a contract, sir. We have a contract.

The CHAIRMAN. There were no letters in there with reference to the conference held at the Postmaster General's office?

Colonel BRITTIN. Yes; there were letters there—my letters to Mr. Howes, my letters to Mr. Cisler, my letters to various post-office officials.

The CHAIRMAN. Were there letters in there with reference to the conference that was held in Washington at the Postmaster General's office?

Colonel BRITTIN. Which conference was that, please, sir?

The CHAIRMAN. When the question came up about dividing up the air mail map.

Colonel BRITTIN. I do not think so. If you refer to the conference at which the Postmaster General asked all the air mail lines to attend——

The CHAIRMAN (interposing). That is the one.

Colonel BRITTIN. Which he practically requested us to be there. Would you mind giving me the date of that meeting?

The CHAIRMAN. I just wanted to know if you saw any correspondence in the file about it.

Colonel BRITTIN. No; because I only used Mr. MacCracken's office last summer.

The CHAIRMAN. Did you look over all the files he had on the Northwest Airways?

Colonel BRITTIN. No; I simply went through them rather casually, just to pick out whatever personal matters there were.

The CHAIRMAN. When were those letters written that you say were personal?

Colonel BRITTIN. Last summer.

The CHAIRMAN. To whom else were they written beside your secretary?

Colonel BRITTIN. Well, as I stated, there were one or two or three telegrams.

The CHAIRMAN. To whom?

Colonel BRITTIN. Personal memoranda.

The CHAIRMAN. To whom were these telegrams sent?

Colonel BRITTIN. To personal friends of mine, Senator; personal matters.

The CHAIRMAN. To whom were they?

Colonel BRITTIN. Is it necessary to answer that?

The CHAIRMAN. I think that is necessary to find out what it was you stated you took out.

Colonel BRITTIN. These were purely personal matters, and I am perfectly willing to do anything you want me to do; but these are personal things, and I wonder if you want to insist on my answering.

The CHAIRMAN. They were not seemingly so very personal if you left them up in the files of Mr. MacCracken.

Colonel BRITTIN. That is perfectly possible, because, when I used Mr. McCracken's office, I was traveling a great deal. I do not reside here in Washington permanently. My home is in St. Paul.

The CHAIRMAN. You did not object to their being in there in their files up to the time the Senate committee sent down there for them, did you?

Colonel BRITTEN. No. Mr. MacCracken has advised me on some personal matters.

The CHAIRMAN. What is that?

Colonel BRITTIN. I have talked over with Mr. MacCracken some personal matters. At the time he had advised me on one or two purely legal matters that I discussed with him, and I used his office as an address to receive mail when I was in Washington, and I wrote some personal letters from his office, and in my traveling around they got into his files.

The CHAIRMAN. You saw in the paper, immediately after Mr. MacCracken testified, that he stated that he had turned over some files to you, did you not?

Colonel BRITTIN. Yes; I read that in the newspapers.

The CHAIRMAN. Did you then go to see if you could find those files?

Colonel BRITTIN. Senator, I want to repeat that the only thing I took out——

The CHAIRMAN (interposing). I know—you have stated that several times.

Colonel BRITTIN. The six papers.

The CHAIRMAN. But did you then go back and make an effort to find those six papers you say you tore up?

Colonel BRITTIN. No; because that was the next day.

The CHAIRMAN. It was the next day after you tore them up that Mr. MacCracken testified he turned them over to you?

Colonel BRITTIN. I don't know whether it was the next day or 2 days after. It was not the same day. Anything I would throw in my wastebasket on a certain day, of course, would be taken out and cleaned that night.

The CHAIRMAN. You tore them up before you put them in the wastebasket?

Colonel BRITTIN. I just tore them up as I would any papers disposed of in that way.

The CHAIRMAN. Why didn't you tear them up in Mr. MacCracken's office?

Colonel BRITTIN. I don't know. It just wasn't the natural thing to do.

The CHAIRMAN. You just took them over to your office and immediately tore them up?

Colonel BRITTIN. I just took them down to my office and tore them up and threw them in the wastebasket.

The CHAIRMAN. You knew when you got them out that was what you were going to do, tear them up, didn't you?

Colonel BRITTIN. I don't think I thought very much about it. I just did it because it was a matter of impulse. There was no plan or anything. It was a personal matter, and they had no place in his files.

The CHAIRMAN. Did you save any of them?

Colonel BRITTIN. No; because they were all personal and all dealt with matters that had transpired.

The CHAIRMAN. You knew when you first got them out of the files in Mr. MacCracken's office that the matters were closed up, did you not?

Colonel BRITTIN. I don't think I thought very much about it at the time. I just went and took them.

The CHAIRMAN. Just went and took them, and went directly back to your office. Was there anyone in your office when you got back?

Colonel BRITTIN. I don't remember whether my secretary was there or not.

The CHAIRMAN. Was there anyone else in your office when you tore them up and threw them away?

Colonel BRITTIN. I don't recall whether my secretary was present or not.

The CHAIRMAN. Did you talk to Mr. MacCracken about it any more?

Colonel BRITTIN. No, sir.

The CHAIRMAN. Have you talked to him at all about the files that he had?

Colonel BRITTIN. No, sir.

The CHAIRMAN. It was the day after you tore these papers up, was it not, that you wired him that he was at liberty to turn over the files of the Northwest Airways?

Colonel BRITTIN. I don't remember whether it was the day after or not, but it was—it followed that.

The CHAIRMAN. To make it perfectly clear, it was after you went to the office and got these files out and tore them up that you notified Mr. MacCracken that he was at liberty to turn over the files to the committee?

Colonel BRITTIN. My telegram reached him subsequent to that.

The CHAIRMAN. And you sent it subsequent to that?

Colonel BRITTIN. I believe I did.

The CHAIRMAN. You know you did, don't you?

Colonel BRITTIN. I believe I did.

(Witness excused.)

Mr. RICHARDSON. Mr. President, yesterday afternoon I presented to the Presiding Officer and likewise to the chairman of the committee the names of three witnesses whom we desired to have present and interrogated. I was unfamiliar with the practice of subpenaing them, and the chairman advised me this morning it would be sufficient simply to telephone them and have them come. Immediately I telephoned them, and I understand they are on their way here, and will be here very shortly. As soon as they are here we desire to have them heard. If in the meantime the committee have any witnesses they wish to use in order to occupy the time, it will be entirely agreeable to me.

The VICE PRESIDENT. What is the pleasure of the Senate?

Mr. BLACK. May I suggest that if it is satisfactory, we might ascertain whether or not there are any other witnesses on the part of the other two respondents whom they desire to have heard?

Mr. NEBEKER. Mr. President, respondents Hanshue and Givvin have two witnesses who will be rather brief. We would prefer, of course, to have their testimony put in after the testimony of Mr. Brittin's witnesses, but if it will be any convenience and accommodation we will not insist on following that order.

Mr. RICHARDSON. Mr. President, I am compelled to suggest that, from my knowledge of these transactions, a clear line of demarcation in fact runs between the situation of Mr. Brittin and his case and the situation presented by the clients of my friend, Mr. Nebeker. It seems to me that

it would be more confusing than helpful if there were injected back and forth into this hearing witnesses with reference to two entirely separate and distinct transactions.

Mr. NEBEKER. Mr. President, I agree entirely with that statement. I think it is a fair statement.

Mr. BLACK. Mr. President, of course under the proceedings it has been the view of the committee that it was proper to go along with all three respondents at the same time, but we would not desire to proceed in such a way as not to be agreeable to counsel and to the respondents. Probably the witnesses to whom reference has been made will be here within 5 or 10 minutes. If that is true, then, in deference to the request of counsel, I would suggest that we take a recess for 10 minutes in order that we may proceed in that orderly way.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, in view of the suggestion just made by the Senator from Alabama, I move that the Senate stand in recess for 10 minutes.

The motion was agreed to; and (at 11 o'clock and 15 minutes a.m.) the Senate took a recess for 10 minutes.

At the expiration of the recess the Senate reassembled.

The VICE PRESIDENT. Is counsel for the respondent Brittin prepared to offer his witnesses at this time?

Mr. RICHARDSON. Yes. I will call Miss Murphy.

TESTIMONY OF MISS JOAN C. MURPHY

The oath was administered to the witness by the Vice President.

Direct examination by Mr. RICHARDSON:

Question. Will you please state your full name?

Answer. Joan C. Murphy.

Question. What is your present employment?

Answer. I am secretary to Mr. William P. MacCracken, Jr.

Question. Your offices are where?

Answer. National Press Building.

Question. How long have you been in such employment?

Answer. I have been with Mr. MacCracken since 1926; but with him in the Press Building since 1930.

Question. What are your duties in that work?

Answer. I do just about everything, I think—general office manager and bookkeeper and secretary and stenographer; almost anything that is to be done.

Question. Do you know the respondent, Mr. L. H. Brittin?

Answer. I do.

Question. How long have you known him?

Answer. Why, I have known Colonel Brittin since 1926.

Question. At any time during your work with that firm has Colonel Brittin been a client of the firm of MacCracken & Lee?

Answer. Yes, sir.

Question. Do you know when that relation in a general way started?

Answer. I would say some time between the 15th and the last of March 1933.

Question. For how long a period did those relations continue in a general way?

Answer. Until September, I believe, of 1933.

Question. Your offices at that time were where?

Answer. 1152 National Press Building.

Question. Was Colonel Brittin to any extent involved in your offices?

Answer. Colonel Brittin during a part of that time spent almost all—he did all his work in our offices.

Question. Did the office furnish him stenographic assistance?

Answer. For a very short time when he first came there, and it soon became apparent that that was not a satisfactory arrangement.

Question. Why not?

Answer. Colonel Brittin is rather difficult to work for. At that time Mr. MacCracken was alone in the office and had a great deal of work to do, and it naturally fell on me to help a great deal. When Colonel Brittin came in he was impetuous and excitable, and he would dash in and want work done on the moment, and be impatient if it could not be done right away, and he could not stop dictating while the telephone was answered, and it soon became apparent to me that if we were to keep cordial relations that was not a satisfactory thing to do.

Question. What have you to say, Miss Murphy, as to the mechanical extent of Colonel Brittin's activities?

Answer. We did a great deal of work for him. We wrote practically all of his telegrams and handled his telephone calls, but we did not do his stenographic work, except occasionally when he had something that he wanted quickly and was not able to get the public stenographer who did his work. That was very occasionally after the first few weeks.

Question. Did he maintain in that office a set of what are known as "office files"?

Answer. Yes, sir.

Question. Was there any file in the office that had any specific reference to Mr. Brittin?

Answer. We had a Northwest Airways file.

Question. Was there any other file of a similar nature that had any relation to either the Northwest Airways or Colonel Brittin?

Answer. No, sir.

Question. Will you state whether or not any distinction was made in the handling of that file between Northwest Airway matters and Colonel Brittin's own matters?

Answer. Everything—we considered the two files synonymous, and everything that the colonel might have done or brought into the office, regardless of what it was, went into that one file.

Question. After the first part of Colonel Brittin's association in your office, to which you have testified, and when you found that your office force could no longer take care of his work, who did his work?

Answer. Miss Pattie Stone, the public stenographer on our floor of the National Press Building.

Question. And, as a matter of fact, did Colonel Brittin, through that stenographer, transact a large routine amount of business of his own?

Answer. Yes. He made our office his headquarters, and she came there and took his work.

Question. What became of the papers and documents that were drawn as a result of that arrangement?

Answer. That I do not know. Colonel Brittin usually, I believe, took them. Only occasionally there would be something around belonging to him.

Question. What would be done with that occasional paper that was left there that came to your attention?

Answer. Why, I would naturally put it into his file.

Question. What file?

Answer. The Northwest Airways file.

Question. Do you recall the day the transaction occurred which is here the subject of the Senate inquisition—the removal of papers from the Northwest Airways file by Colonel Brittin?

Answer. Yes, sir.

Question. Were you in the office that day?

Answer. Yes, sir.

Question. Did you see Colonel Brittin when he came to that office?

Answer. Yes, sir.

Question. To whose office in that firm did he go?

Answer. Why, he dashed in the door as he always does, and I said, "Hello, Colonel!" He said, "Hello", and went right by me. At least, I was in the file room, and he came—when I saw him he was just dashing into that long hallway in our rooms.

Question. Leading to whose office?

Answer. Leading to Mr. Lee's office.

Question. Can you state whether or not he went into Mr. Lee's office?

Mr. McCARRAN. Just a moment; I should like to have her conclude the answer.

Mr. RICHARDSON. I thought she had.

The WITNESS. I said I was in the file room; and when I went out Colonel Brittin was just starting in a long hall-

way from our reception room, off of which my office and Mr. MacCracken's office and Mr. Lee's office opened; and I said, "Hello, Colonel!" as I always do, and he said, "Hello", and went right on, dashed right on into Mr. Lee's office.

By Mr. RICHARDSON:

Question. You saw him go into Mr. Lee's room?

Answer. I did.

Question. Did you see him leave the office?

Answer. I did.

Question. What do you have to say, from your recollection now, as to whether it was a short or long period of time before he left?

Answer. My idea is that it was—it would probably not have been over—I am frank to say that I am confused and quite hazy about all the things that happened at that time; but to the very best of my knowledge it would have been something between 10 and 20 minutes.

Question. Did you see him have anything in his possession or hand as he left?

Answer. I did not.

Question. He appeared externally the same as you saw him when he came in?

Answer. Yes, sir.

Mr. McCARRAN. I suggest that the witness testify.

Mr. RICHARDSON. I suggest, sir, that the witness is testifying.

Mr. McCARRAN. I suggest that the witness testify.

Mr. RICHARDSON. I agree with the suggestion. [To the witness:] Will you please continue to testify?

By Mr. RICHARDSON:

Question. I want to ask you further how personal your association with Colonel Brittin was in the performance of work in that office during the period he was associated there?

Answer. Why, I would say I grew to know Colonel Brittin very well.

Question. Did you work for him?

Answer. Why, I had to. I mean, it was quite—there was only one other girl in the office, and Colonel Brittin spent most of his time there for quite a period, so, naturally, I did.

Question. Are you able to state your impressions of Colonel Brittin with respect to his manner, demeanor, customs of work, and habits in connection with his work?

Answer. Well, I should be able to.

Question. Will you please tell the Senate in your own language?

Answer. Well, when Colonel Brittin first came to our office he was, as everybody knows, a very—he did not even know we existed. He would not even say "Good morning" when he came in in the morning; but after a time I guess he came to realize we might have had some intelligence or something, and became quite friendly. Of course, he is an extremely impetuous man, and quite unreasonable. I mean he has a naturally nervous temperament, and when he comes in he would dash in and want immediate service. It used to irritate me extremely at first, but after I saw—I mean it was a situation that you simply could not allow that, and I used to frequently say to him when he came in and wanted service immediately, and could not brook any interference, I would say, "Now, keep still; just sit down, and I will do it for you"; and after a time I think Colonel Brittin and I got very friendly. As I say, he is a difficult man, and I cannot say that I know him as well as anybody else who ever came into our office; but I do feel that after a time, when I got used to his idiosyncrasies and way of doing work, that I found him to be a very fine man, although extremely hard to work for.

Mr. RICHARDSON. Take the witness.

Cross-examination by Mr. BLACK:

Question. Miss Murphy, will you look at this letter of August 15, 1933, addressed to Mr. Lilly, and see if you recognize the pencil memorandum on the top?

Answer (after examining paper). I do not.

Question. Was it customary to place on any of the correspondence that was in the office a notation as to whether it was Mr. MacCracken's copy or someone else's copy?

Answer. Not that we ever did in our office; and I do not know that—there is very little correspondence that we ever had of Colonel Brittin's in our office.

Question. Were you there when the correspondence was taken out by Mr. Givvin?

Answer. I was.

Question. Were you in the office where it was taken out?

Answer. I was—you mean in Mr. MacCracken's office?

Question. Yes.

Answer. I went in and out there a number of times.

Question. What time was that?

Answer. I am unable to state exactly, but I would say perhaps somewhere in the vicinity of 6 o'clock—5:30—any time from 5 on to 6 o'clock. I do not know.

Question. Can you look at that letter and recognize the typewriter it was written on?

Answer. It was not written on any typewriter in our office; and I assume, from the heading of it, that it was written by Miss Stone. I am not able to state. I do not know the type of her machine.

Question. Was she in your office?

Answer. No, sir. She is a public stenographer in our building.

Question. Would she come to your office to do the work?

Answer. She would come there for dictation.

Question. And then, when the letter was written for Colonel Brittin, would she bring it back to your office?

Answer. In some cases, and I think frequently—Colonel Brittin could seldom wait for anybody to write a letter. He would pace the floor and everything else while you were writing it, and for that reason he frequently went to her office probably three or four times before she would have a long letter like this finished. So in most cases, in a great many cases, it did not come to our office. I do not know; I paid little attention to his correspondence.

Question. Did you see him go to the public stenographer's office?

Answer. Oh, many times.

Question. How close was it to Mr. MacCracken's office?

Answer. It is around one corridor and up the other. She is opposite the elevator as you get off of our——

Question. Have you talked to Mr. MacCracken this morning?

Answer. I have not.

Question. Do you know where he is?

Answer. I do not.

Question. When did you last talk with him?

Answer. About quarter of 10 yesterday morning.

Question. Did he tell you where he was going?

Answer. He left for Mr. Frank Hogan's office.

Question. Have you talked to Mr. Hogan since then?

Answer. Yes, sir.

Question. When did you talk with him last?

Answer. About 3:30 or 4 o'clock yesterday afternoon.

Question. Did he tell you where Mr. MacCracken was?

Answer. He did not.

Question. Did he tell you he knew?

Answer. He did not. We were not discussing that.

Question. Mr. MacCracken was representing the Northwest Airways at the time that letter was written, was he not?

Answer. Yes, sir.

Question. He was their representative here in connection with air mail transactions, was he not?

Answer. I do not believe he had any air mail—well, he was advising for Colonel Brittin in an advisory capacity.

Question. And Colonel Brittin was also the representative of the Northwest Airways?

Answer. Yes, sir.

Question. And at that time their office was in the same place?

Answer. No; Colonel Brittin used our office. At that time Mr. Lee was not in our office at all.

Question. But at that time Colonel Brittin used the office of Mr. MacCracken?

Answer. Used Mr. Lee's room.

Question. As his office?
Answer. Yes.
Question. You did not see Mr. Brittin take any files out?
Answer. I did not.
Question. Did you get the files for him?
Answer. I did.
Question. Who asked you to do that?
Answer. Mr. Lee.
Question. What did he tell you?
Answer. Just asked me to bring in the Northwest Airways file.
Question. And you brought in the Northwest Airways file to the room where Colonel Brittin was?
Answer. I did.
Question. And Colonel Brittin was there at that time?
Answer. Yes, sir.
Question. To whom did you give the file?
Answer. I cannot remember. I probably laid it down on the desk. I frankly cannot. I gave it to nobody, I don't imagine; I just brought it in and laid it on his desk and turned around and went out.
Question. And Colonel Brittin and Mr. Lee were in the office together at that time?
Answer. They were.
Question. And about 10 or 15 minutes later Colonel Brittin left?
Answer. Yes, sir.
Question. What time was it when Mr. Givvin was in the office that day?
Answer. As I said before, I am somewhat hazy. It would be between 5—sometime after 5 o'clock, I know.
Question. How late?
Answer. Well, I do not know. It was about 8:30 or 9 o'clock when I left the office that night, and I was extremely busy, and I frankly am unable to say the exact hour.
Question. Were any other files examined that night after Mr. Givvin left, by you or Mr. MacCracken or Mr. Lee?
Answer. No, sir. My time was entirely taken up with sending out telegrams.
Question. Were any files examined by Mr. MacCracken or Mr. Lee after Mr. Givvin left?
Answer. No, sir. Mr. MacCracken left immediately after Mr. Givvin, and Mr. Lee, I believe, had already left quite sometime before. I was the last one in the office that night.

The VICE PRESIDENT. Are there any further questions to be asked of the witness? If not, the witness will stand excused; or do you want her retained for future action?

Mr. RICHARDSON. We do not, sir.

The VICE PRESIDENT. The witness is excused.

Mr. RICHARDSON. Will you have Mr. Lee come in, Mr. Sergeant at Arms?

TESTIMONY OF FREDERIC P. LEE

The oath was administered to the witness by the Vice President.

Direct examination by Mr. RICHARDSON:

Question. Will you please state your name?
Answer. Frederic P. Lee.
Question. Your occupation?
Answer. Lawyer.
Question. How old are you?
Answer. Forty-one.
Question. Where do you live?
Answer. Bethesda, Md.
Question. How long have you lived there?
Answer. Since 1919.
Question. Are you at present engaged in the duties of your profession?
Answer. I am.
Question. Are you a member of any firm?
Answer. The firm of MacCracken & Lee.
Question. Do your duties with that firm occupy your entire attention at the present time?
Answer. At the present time; yes.
Question. Have they during the last 6 or 8 months?
Answer. That cannot be answered categorically, Mr. President. I could only answer it by an explanation.
Question. Do so.
Answer. I have been out of the office practically all of the time from last March until January 1.
Question. Why?
Answer. On March 7 Secretary Wallace commandeered me to represent him on the agricultural bill, to draft the legislation, and appear before the Senate committees, and that took up, according to my recollection, until about sometime along in June. Subsequent to that Assistant Secretary Tugwell asked me to do some work which took, I would say, 10 days or so, on the food and drugs amendment, and then I got back to the office for a day or two or three, and then the Agricultural Adjustment Administrator, Mr. Peek, asked me to serve as a personal counsel. He compensated me. The other services were all voluntary, and without expense, but Mr. Peek's arrangement was as a private counsel. It was done after the approval of the Solicitor of the Department had been obtained, and after notice to various Members of Congress with the request whether there was any objection to it. I spent practically all my time thereafter—it was thought it would take only a small part of my time, but practically it took all day and most of the evening for a few months, up to shortly before the first of the year, when Mr. Peek ceased to be Agricultural Adjustment Administrator, and then I remained with him until the Sunday before the first of the year, helping him prepare a report for the President on export trade matters. So, as I stated originally, while those were services rendered or contributed by the firm, and I suppose a part of the firm's services, I do not think I could have answered your question categorically.
Question. Prior to performing that work, what, if any, experience had you had in connection with matters of that sort, legislation, the preparation of legislation?
Answer. I became assistant legislative counsel of the House in 1919—the House of Representatives—and served there, my recollection is, until sometime in 1923, when I became legislative counsel of the Senate and served until, I think, sometime in August 1930. A large share of that work was the drafting of legislation, memoranda, legal opinions concerning legislation, appearances before the committees, and there was even some little litigation at one time on behalf of one of the Senate committees.
Question. Are you acquainted with Mr. L. H. Brittin, one of these respondents?
Answer. I met Colonel Brittin two or three times prior to the time he came into my office, but only to be introduced to him and say "How do you do", and nothing else. The first time I ever saw Colonel Brittin to talk to him anything more than a "How do you do" was on the day he entered my office on the matter which I understand is in question here.
Question. Will you in your own way, Mr. Lee, to the very best of your recollection, tell the Senate what occurred—the time of day, the place, who were present, in connection with the taking of these records from the office of your firm which is the subject of the inquisition here?
Answer. Well, it was a week ago last Thursday, Colonel Brittin came—sort of burst into my office. My recollection is he was unannounced. It was after lunch. I had had a late lunch. My best judgment would be it was around about 2:30 in the afternoon, and the colonel came in, and I said, "How do you do" to him, "Take a seat", and he immediately started to say, "No, Mr. Lee; I spent considerable time in your office off and on last summer, and I think there were some personal papers left here which I suppose are in the Northwest Airways file", and asked to see that file. I rang the buzzer for Miss Murphy and told her to bring in the file. While that was being done, I told the colonel—asked him to be seated, and told him that my understanding was he was entitled to inspect those papers in order to ascertain whether or not he would waive his privilege as a client regarding protection of confidential com-

munications between attorney and lawyer [client]. He had not at that time waived his privilege. I also told the colonel that our air mail contract papers were under subpena, and he was not entitled to those, and that neither was he entitled to any of the papers that belonged to the firm; that is, they would all be communications to or from Mr. MacCracken, and any firm memoranda; and the colonel said, "These are purely personal papers that I think I left here." I had considerable reason to believe that the colonel might have personal papers.

Question. Why?

Answer. Well, once or twice I came back to my office during the summer and found the colonel seated at the desk with papers all spread out, and he apologized immediately and wanted to leave the room, and I would tell him I was just gathering in my mail or something and was going to leave right away and it was all right, but I asked the secretaries what it was all about, and they said the colonel was making our office a sort of a temporary headquarters and attending to quite a number of his private affairs there—sometimes he was using them as stenographers, but in the main he was using other people, but all his correspondence came in there, and it had, a lot of it, nothing to do—in fact, as I understood, practically all of it had nothing to do with any of the Northwest Airways legal matters that he was transacting with Mr. MacCracken.

I had also—well, now, Mr. President, some of these additional reasons that I have for thinking that Mr. Brittin might have some personal affairs there I am perfectly willing to tell them, yet it seems to me that——

The VICE PRESIDENT. Mr. Witness, it is a matter for the counsel on the part of the respondents and the committee in charge of this proceeding to determine as to the legitimacy of the testimony and its proper introduction at this point, unless you desire to claim some immunity.

The WITNESS. No; I claim no immunity whatever. I am perfectly——

The VICE PRESIDENT. Go ahead with your statement and tell all about it.

The WITNESS. Well, I had heard rumors off and on that Colonel Brittin had had a good deal of difficulty with some of the officials of his firm, with his directors and president, and it had been rumored frequently he was likely to lose his job with the firm, and that he had had a lot of difficulty of that sort. I had also heard that he had had some marital troubles, and I had heard that he had been in the hospital during the summer, and a lot of things of that sort, all of which made it reasonable to me that he might well have personal papers around there having nothing to do with air mail matters.

Well, Miss Murphy brought the papers in. The colonel was—say this [indicating] is my desk. The colonel was seated at this end [indicating] of the desk. Miss Murphy brought them in and laid them in front of the colonel here [indicating], and I sat back and smoked a cigarette. And he looked them through. The colonel took out a number of papers.

By Mr. RICHARDSON:

Question. Will you describe the file?

Answer. Well, the file was one of these paper jackets. I would say it was about that thick [the witness indicating with his hands].

Mr. AUSTIN. Will you state that in inches?

Mr. NEBEKER. Six or eight inches.

Mr. AUSTIN. State that estimate in inches, so the record will show.

Answer. Well, I had never seen the file before in my life. That is the first time I had seen it, and I have never seen it since. My judgment would be that it was probably 2 or 3 inches thick, and my impression is of it, as the colonel went thumbing it through, that most of it was—oh, looked like memoranda of various sorts; at least, that that was predominant. But I have a very indistinct recollection of that file. The only time I ever saw it, as I say, was that time when the colonel was thumbing it through.

Now, the colonel looked through the things, and he looked right hastily. My judgment is he was not in the office over 10 minutes at the best, and he set aside a few papers to his right. When he got through he said to me, "Mr. Lee, these are purely personal papers." "Well", I said to the colonel, "of course, Colonel, I do not want to read your purely personal matters." I said, "I would like to take those papers long enough to satisfy myself that they do not belong to the firm, but I assure you I am not going to read your personal stuff."

So I took the papers up and went at them very hastily, looking at only two things: the addressee, the person it was sent to, and the person that sent it. I just would look at the top of the thing and then at the bottom of it. My recollection is one or two of those papers were—you had to turn the page in order to get to the signature. My recollection is that all of them had either Colonel Brittin's typed signature or possibly his initials at the bottom. There were none of them sent by Mr. MacCracken, and there were none of them to Mr. MacCracken. The people that they were sent to I never had heard of or did not know any of them. I did want to make sure of one thing, though, as—well, as just a sort of a check. I made certain that none of them were sent to any Post Office Department official or on the heading of them. They were not addressed to anybody I knew of as being Government, or Government official, or Government title like that; neither were any of them addressed to any other air transport company. And then having looked at the signatures down there I said, "Colonel, these obviously do not belong to our files. You assure me they are your personal papers, and under those circumstances I believe you are entitled to them." Colonel Brittin took the papers, folded them up, as I recall it, and put them in his inside coat pocket, and then immediately left the office. I did not walk out with him.

That was all of that particular transaction, Mr. Counsel.

By Mr. RICHARDSON:

Question. May I ask you how many papers there were taken, to the best of your recollection?

Answer. Mr. President, I did not count them, but I am pretty fairly clear there were a small number. My best judgment would be somewhere around 4 or 5 letters and 1 or 2 telegrams. I mean I do not want to swear that there were just that exact number of papers, because I did not count them, but it took me only just a very few seconds to take a look at those papers, and that is the best of my recollection. If there is any substantially—there might be just a few different, but only 1 or 2 or 3, I would say.

Question. Will you search your recollection, sir, and tell the Senate whether to the best of your recollection there were among those letters any letters having four pages within the single letter?

Answer. Well, Mr. President, I recall having in the case of 1 or 2 letters to turn over the page to find the signature. I do not have any definite recollection of having to turn over more than 1 or 2 pages at the best. I do not recall having turned over 3 or 4 pages, but I am not wholly certain on that, sir.

Question. Have you, other than your recollection, any name of any person to whom any of these were addressed?

Answer. I did not charge my memory with whom those papers were sent to, and I have no recollection of the people they were sent to, excepting one. When you are as doubtful as I am about such a situation, you hate to speak with any certainty, but I have a fairly definite recollection that one of them was addressed to Miss Stein. That stuck out in my memory I suppose because she is a woman.

Mr. RICHARDSON. Cross-examine.

Cross-examination by Mr. BLACK:

Question. Do you know Mr. Lilly?

Answer. No, sir. I might add this, Senator: At the time that Colonel Brittin came into the office I knew no one in the Northwest Airways. I did not know the name of their officials, and I do not think this day I know whether their main office is in St. Paul or Minneapolis. I was told subse-

quently in a discussion with Mr. Richardson that Mr. Lilly, the president of the Northwest Airways, was coming to town. That is the first time I ever recall having heard his name.

Question. Will you look at that letter [handing letter to witness] and see if it was in that group?

Answer. In my judgment, not, Senator.

Question. Why?

Answer. Is that all there is to that letter?

Question. That is all that was recovered. [Laughter.]

Answer. The reason I ask that is that my recollection is to the effect that every letter that Colonel Brittin took had somebody's name at the top that it was sent to. This does not have anything there except "My dear Ben."

Question. If you recall that all of them had a name, would not your recollection be refreshed by seeing the name?

Answer. I do not know, sir. I did not charge my memory with it and was not trying to do so.

Question. Look at this one [handing witness a letter]. What was that letter that you just looked at, the date of it and to whom it was addressed?

Answer. It says "My Dear Ben", and the date is "Hay-Adams House, Washington, D.C., August 9, 1933."

Question. Now look at the next letter. What is the date of it and to whom is it addressed?

Answer. That says "My Dear Mr. Lilly", and the date is "1152 National Press Building, Washington, D.C., August 28."

Question. 1933?

Answer. 1933.

Question. Do you remember that one?

Answer. I do not. It seems to me that Lilly is a sufficiently unusual name that I would have remembered it if it was there, but I do not remember.

Question. All right. Did you read any of these letters to see whether or not they were on the subject of air mail?

Answer. I did not.

Question. Look at the top of that letter and see what it is about, and see if you can recall having observed the same subject discussed in any of these letters?

Answer. Do you mean read the first paragraph of it?

Question. You need not read it into the record; just read it.

Answer (after reading letter). I know nothing about that conference, sir. I have no recollection of having seen that language. I did not read—I speak quite sincerely—I did not read anything except the top of a letter and the bottom of a letter. To the best of my recollection, the letters had the name of somebody they were sent to at the top.

Question. Did you not notice that a number of them simply had the initials at the bottom?

Answer. As I said before, Senator, my recollection is that some of them had Mr. Brittin's name typed, and I am inclined to think that some of them had initials.

Question. They had his name initialed, did they not—L. H. B.?

Answer. I am inclined to think that some of them had initials and some of them had his full name typed—to the best of my recollection.

Question. They were also carbon copies, were they not? They were not original letters?

Answer. There were no original letters in any that I saw.

Question. But they were carbon copies written somewhat like the one you have before you? Were they written in single space?

Answer. Yes, sir; I am quite certain about that, because my recollection is that they were practically all single-spaced letters, and I was a bit impressed by the voluminousness of the correspondence.

Question. Some of them were very long, were they not?

Answer. My recollection is, as I said earlier, that I had to turn a page, possibly two pages of some of them in order to reach the signature.

Question. And then you found some of them with the initials "L. H. B."?

Answer. I think so. I am not clear as to that. My impression is that some of them had his full name and some of them had "L. H. B." but I am not clear as to that. My impression also is that there was a telegram or two there and that the telegrams had down in the corner "Charge MacCracken & Lee."

Question. Did you see Mr. MacCracken today?

Answer. No, sir.

Question. Do you know where he is?

Answer. I do not. I have not the slightest idea.

Question. Has anyone told you?

Answer. The only information I have received is that Miss Murphy told me on my way up here that Mr. Hogan's office had phoned her that communications for Mr. MacCracken should be sent to Mr. Hogan's office.

Mr. BLACK. Is that Frank Hogan, the lawyer?

Answer. It was his office, she said; I do not know from whom she received the message.

Question. And you cannot say whether or not the letters that are given you there are the same letters that you saw or not, can you?

Answer. No; I cannot, Senator. This "My Dear Ben" letter—I do not recall any letter like that.

Question. Now look at this letter to Mr. K. R. Ferguson, dated September 28, 1933. Say if you remember anything like that. In the first place may I ask you if that is not exactly the kind of paper that the letters were on that you delivered to Mr. Brittin?

Answer. My only recollection as to the paper was that it was this size and this general character of paper. They were carbons.

Question. May I ask you next if it is also true that the letters you delivered to him were written in single space, as that one is?

Answer. That is my recollection; yes, sir.

Question. Is it also true that they had paragraphs that impressed you somewhat with their length?

Answer. They impressed me as to their length. I just assumed that they had paragraphs. I have no definite recollection on that point.

Question. And you did not read a thing in any one of those letters that would give you any idea as to the contents of the letters?

Answer. I did not. I told you exactly what happened there. Colonel Brittin told me they were his personal letters. I responded to him that I did not want to read any personal correspondence of the colonel's, but I asked him to turn them over to me just to check, that they did not belong to us, that they were not our letters. I made that check. That was all that I did in the way of inspecting those letters.

Question. I will ask you to look at this telegram dated September 19, 1933, addressed to Mr. A. H. Brown, and see if you recall it.

Answer. I do not recall that particular telegram. There are two things, though, that I might add. I have a sort of vague recollection that in those addresses I saw at the top there were some of them, or one or maybe two of them, that somewhere had on them a date in the Northwest part of the country. My impression would have been Seattle or Portland; something like that. This one is "Billings." And also my impression was that a telegram or two that I saw there were fairly long telegrams and were single-spaced.

Question. And were charged at the bottom to MacCracken & Lee?

Answer. That is my impression, sir; yes, sir.

Question. Is that one so charged?

Answer. That is.

Question. Suppose you read the telegram into the RECORD.

Answer. The telegram is as follows:

SEPTEMBER 19, 1933.

A. H. BROWN, BROWN & JONES,
Securities Building, Billings, Mont.:

Reference my previous telegram. If the Spokane Chamber of ——— will insist that the early extension of the Northwest Airways to Spokane is the only air mail service that will adequately meet their requirements and if it will urge the Postmaster General personally to use his influence to induce the National Parks Airlines to sell out to the Northwest Airways on a reasonable basis, so that National Parks present north and south mileage, which is not needed, can be turned around by us to fill in the gap between

Billings and Spokane, which is needed, and if it will insist at the same time that pending this arrangement no further extensions be granted to National Parks, as such extensions will only complicate negotiations, I feel that we will have won a hundred percent victory.

BRITTIN.

Question. You do remember a telegram of about that length and charged at the bottom to MacCracken & Lee, as that one is?

Answer. I remember a telegram of substantially that length; yes, sir.

Question. And charged at the bottom to MacCracken & Lee, as that one is?

Answer. Yes, sir. I am pretty clear that those telegrams, or one or two of them—I do not remember which, but substantially that number—were charged at the bottom to MacCracken & Lee.

Question. And that it was addressed to someone in the Northwest?

Answer. No; I do not remember, sir, that a telegram was addressed there. All I say is that I have a rather vague recollection that in that list of communications there were one or two of them addressed to somebody in the far Northwest.

Question. The notation at the bottom "Charge to MacCracken & Lee" indicates that it was a paid telegram charged to the firm of MacCracken & Lee by the telegraph company, does it not?

Answer. Yes, sir; I think that is so.

Mr. BLACK. That is all.

The VICE PRESIDENT. Are there any further questions?

Mr. RICHARDSON. Just one or two questions, Mr. President.

Redirect examination by Mr. RICHARDSON:

Question. By "far Northwest" do you or do you not have in mind the Puget Sound country?

Answer. That is what I have in mind, sir; but I just have that sort of a vague impression. I never thought of it before until I saw "Billings, Mont." I think I had farther West in mind than that.

Question. And in order to make the identification of ordinary common carbon copies complete they were in the English language and written on white paper?

Answer. Is that a question, sir? I do not understand.

Question. I am asking you; I want to make the identification complete.

Answer. Oh, yes; of course, they were in the English language, and my impression is that they were all on white paper. Of course the telegrams were not.

Mr. RICHARDSON. We have no further questions.

The VICE PRESIDENT. Are there any further questions?

Mr. ROBINSON of Arkansas. Mr. President, I desire to submit three questions to the witness.

The VICE PRESIDENT. The Senator from Arkansas propounds three questions, which will be read to the witness.

The legislative clerk read the first question, as follows:

You thought it proper to examine the papers to pass judgment on whether they should be withdrawn from the files and delivered to Mr. Brittin?

Answer. I had a duty. I mean I knew that the subpena was outstanding and it covered all air mail contract papers, and I should do nothing that would prevent Mr. MacCracken from delivering all air mail contract papers to the Senate. I did not want to dispute the colonel, and took his word as an honorable gentleman that they were personal papers, but I wanted to make what check I could without deliberately reading through what were claimed to be private personal papers, or I think "purely personal papers" were the words the colonel used; and so I made that much of a check.

The VICE PRESIDENT. The clerk will read the second question propounded by the Senator from Arkansas.

The legislative clerk read the second question, as follows:

Why did you assume you were entitled to examine the papers taken by Mr. Brittin and that the committee should not see them?

Answer. The subpena covered only the ocean and air mail contract papers. It did not cover any other type of papers. I suppose that even in the files that the committee has seen, in the jackets that bore the air transport company names in the files—my own judgment is, and it is purely a guess now—that 50 percent of the papers now in possession of the committee have no relation to air mail contract papers at all.

The committee subpenaed certain definite papers. Other papers were not subpenaed. If a gentleman had come to my office and left purely personal papers, and because he was afraid they would be made public he wanted to get them and had a right to them, I had no right to withhold his purely personal papers from him. I did want to do everything that I then thought was necessary to protect that subpena of the Senate. The truth of the matter is that I should have done a lot more than I did. I should have read those papers through. I am not defending myself from that. I am simply stating what I did actually do.

The VICE PRESIDENT. The clerk will read the next question of the Senator from Arkansas.

The legislative clerk read as follows:

If you did not read the papers and do not know whether they related to mail contracts, how did you reach the conclusion that they were immaterial to the investigation?

Answer. They were none of them sent to or from the firm of MacCracken & Lee. They were obviously not firm papers. In the second place, Mr. Brittin said and resaid several times to me, "They are purely personal papers", and when I picked them up and examined the superscription and the signature they were all signed by Colonel Brittin. There were not any of them sent by my firm; there were not any of them sent to my firm; there were none of them sent to any Government officials or any people in the Post Office Department or anything like that; there were not any of them sent to any other aviation companies, that I recall. That is what I was looking for—to make sure there were not any of them of that character. Then I would have done more than merely inspect the superscription.

Mr. ROBINSON of Arkansas. I desire to submit a further question.

The VICE PRESIDENT. The clerk will read the question submitted by the Senator from Arkansas.

The legislative clerk read as follows:

How many of the papers delivered to Mr. Brittin were memoranda?

Answer. To my judgment, Senator, I do not remember anything excepting what I would call letters and telegrams. I do not recall anything like these blue-backed memorandums that, I take it, you have in mind, or something that did not start off as the heading for a letter. I do not remember anything of that sort.

Mr. ROBINSON of Arkansas. I had in mind more particularly reference to memoranda. I thought the witness had stated that some of them were memoranda, or, perhaps, Mr. Brittin stated some of them were memoranda. I was merely trying to get at the fact. I thought perhaps someone would know what papers were taken from the file.

The WITNESS. I do not know what Colonel Brittin stated. To my recollection they were all of them correspondence, and there was not anything like a memorandum in there, to the best of my recollection.

The VICE PRESIDENT. Are there any further questions of the witness?

By Mr. McCARRAN:

Question. Had you seen the subpena that was served on Mr. MacCracken?

Answer. I had not seen the subpena, but I knew it was in existence and it had been read to me and I was trying to confine myself——

Question (interposing). It had been read to you?

Answer. It had been read to me.

Question. Who read it to you?

Answer. It had been read to me by Mr. MacCracken.

Question. When.

Answer. Some time Wednesday afternoon.

Question. That was before Colonel Brittin came to your office?

Answer. That is correct.

Question. You knew the contents of the subpena?

Answer. I did.

Question. You knew its mandate?

Answer. I did.

Mr. McCARRAN. That is all.

The VICE PRESIDENT. Are there any further questions?

Mr. RICHARDSON. No further questions.

The VICE PRESIDENT. Shall the witness be excused?

Mr. RICHARDSON. So far as we are concerned, he may be excused.

The VICE PRESIDENT. The witness is excused.

Mr. RICHARDSON. The respondent, Brittin, has no more witnesses to offer at this time.

Mr. BLACK. May I ask if Miss Murphy has gone back? Is she still here?

The SERGEANT AT ARMS. She is in the gallery.

Mr. BLACK. Will the Sergeant at Arms call her back for a further question?

FURTHER TESTIMONY OF MISS JOAN C. MURPHY

Further cross-examination by Mr. BLACK:

Question. Miss Murphy, with whom did you talk at Mr. Hogan's office this morning about Mr. MacCracken?

Answer. With Mr. Guider.

Question. How do you spell his name?

Answer. G-u-i-d-e-r, I believe.

Question. What did he tell you?

Answer. He simply asked me if there was anything particular in the mail this morning.

Question. What else was said?

Answer. He asked me if there was anything came in if I would send it to him.

Question. Did he say for what purpose?

Answer. No; he did not.

Question. Did he tell you if you wanted to get in touch with Mr. MacCracken to do it through Mr. Hogan's office or through him?

Answer. Yes; he did.

Question. Just what did he tell you?

Answer. Mr. Guider called me and said Mr. MacCracken wanted to know if there was anything in the mail this morning, and I said nothing but what could wait. He said Mr. MacCracken, as I believe, if I remember correctly, had had a dreadful night, or something of the sort, and if I wanted to get in touch with him it could be done through him.

Question. Through Mr. Guider?

Answer. Through Mr. Guider; yes.

Mr. BLACK. That is all.

The VICE PRESIDENT. Are there other questions?

Mr. RICHARDSON. That is all.

The VICE PRESIDENT. The witness is excused. The Chair understands that counsel for the respondent Brittin has closed his testimony. Has the committee anything further?

RECESS

Mr. ROBINSON of Arkansas. Mr. President, it is suggested that counsel and others are not in the habit of passing over the luncheon hour without some refreshment. It is also suggested that it is rather trying upon Senators to be present without an opportunity to have lunch. Therefore I move that the Senate stand in recess until 10 minutes past 1 o'clock.

The motion was agreed to; and (at 12 o'clock and 25 minutes p.m.) the Senate took a recess until 1:10 o'clock p.m.

At the expiration of the recess the Senate reassembled.

The VICE PRESIDENT. Does the committee desire to offer any further testimony concerning the respondents?

Mr. BLACK. The committee desires to call the inspector, but I do not know his name.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Robinson, Ind.
Ashurst	Davis	La Follette	Russell
Austin	Dickinson	Lewis	Schall
Bachman	Dieterich	Logan	Sheppard
Bailey	Dill	Lonergan	Shipstead
Bankhead	Duffy	Long	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Black	Fletcher	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrnes	Gore	Neely	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Van Nuys
Carey	Hastings	O'Mahoney	Wagner
Clark	Hatch	Overton	Walsh
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Johnson	Pope	
Costigan	Kean	Reed	
Couzens	Keyes	Robinson, Ark.	

Mr. LEWIS. I desire to announce that the senior Senator from Virginia [Mr. GLASS] is necessarily detained from the Senate by illness.

I also wish to announce that the junior Senator from Virginia [Mr. BYRD] and the junior Senator from North Carolina [Mr. REYNOLDS] are detained from the Senate on official business.

The PRESIDING OFFICER (Mr. BONE in the chair). Eighty-nine Senators having answered to their names, a quorum is present.

Mr. BLACK. I will call Mr. Bradley as the next witness.

TESTIMONY OF J. A. BRADLEY

The oath was administered to the witness by the Vice President.

Direct examination by Mr. BLACK:

Question. Will you state your name?

Answer. J. A. Bradley.

Question. Where do you live?

Answer. Lincoln, Nebr.

Question. What is your occupation?

Answer. Post-office inspector.

Question. How long have you been connected with the Post Office Department as an inspector.

Answer. About 7 years.

Question. I will ask if you went to the National Press Building last week in connection with a search for any papers?

Answer. Yes, sir.

Question. When did you go down?

Answer. The evening of Monday, February 5.

Question. Who went with you?

Answer. Inspector R. F. Rittelmeyer.

Question. How do you spell that name?

Answer. R-i-t-t-e-l-m-e-y-e-r; and Clyde Fleming and V. V. Sugg.

Question. Where did you go?

Answer. We went to the basement of the National Press Building.

Question. Did you find any of the waste papers in the basement?

Answer. Yes, sir.

Question. How were they in the basement? In what repository were they?

Answer. They were in a large storage room in the basement, about 300 gunny sacks full of waste papers.

Question. Did you proceed to make a search of those sacks?

Answer. Yes, sir; we made a systematic search of the sacks.

Question. How did you proceed?

Answer. We arranged a temporary table and started in on one end of the accumulation of sacks and proceeded to examine each individual sack right straight through until about 12 o'clock that night.

Question. By that time had you found any papers in connection with air mail transactions?

Answer. Yes, sir. There were a few papers that came from Colonel Brittin's office at 1090 National Press Building, but they were not of the date for which we were searching. They were as of February 2.

Question. You mean you found the sack as of the date of February 2?

A. Yes, sir.

Question. Did you find any others at a later time?

Answer. Yes; the following evening we found others.

Question. What date was that? First, how did you ascertain the date that the papers had been placed in the sack?

Answer. Each stack was dumped, and, of course, we were anxious to find Washington daily newspapers. That is a fairly good indication as to the date. Then we took the envelops showing the postmarks and thereby arrived fairly accurately at the actual date that the trash was taken away from the individual offices.

Question. Did you later find any other papers?

Answer. Yes, sir; the following evening we found quite a few other papers.

Question. What date did the papers in that sack appear to have been placed in it?

Answer. February 1.

Question. February 1?

Answer. Thursday, February 1; yes, sir.

Question. And the other date at which you had found them was what?

Answer. Friday, February 2.

Question. Friday, February 2?

Answer. Yes, sir.

Question. Outside of the two dates, Thursday, February 1, and Friday, February 2, did you find any other air mail papers of any kind?

Answer. No, sir.

Question. I will ask you to look at the letter which I hand you, dated August 15, 1933, addressed to Mr. Lilly, and see if you can identify that letter.

Answer. Yes, sir; I can.

Question. How do you identify it?

Answer. By my initials on the back of each sheet.

Question. When did you place your initials on the back of each sheet?

Answer. It was at the time these papers were assembled.

Question. Assembled? What do you mean by "assembled"?

Answer. They were all in pieces. They were torn when we obtained them out of the sack, and we got them together, pieced them together, and some of them were initialed at that time and two or three were initialed in Mr. Patterson's office subsequently.

Question. Is the letter which is before you now one of the letters that you assembled from torn pieces of paper?

Answer. Yes, sir.

Question. It appears on each page there to have been put together. Was it torn exactly as shown by these fragmentary pieces?

Answer. Yes, sir; just that way.

Mr. BLACK. I would suggest that that letter should be marked as an exhibit. It has not yet been marked as an exhibit, although reference has been made to it.

The VICE PRESIDENT. Without objection, the letter will be marked "Exhibit A" for the record.

(The paper was marked "Exhibit A.")

By Mr. BLACK:

Question. On the top of that letter is there any pencil memorandum?

Answer. Yes, sir; there is.

Question. What is the pencil memorandum?

Answer. "MacCracken copy."

Question. Was that on the letter when you found it?

Answer. Yes, sir.

Mr. BLACK. We offer that letter now, exhibit A.

By Mr. BLACK:

Question. I send you another letter, which will be marked "Exhibit B", dated August 28, 1933, and ask if you can identify that letter?

Answer. Yes, sir; I can.

Question. Where did you get that letter?

Answer. Out of the trash.

Question. Out of which trash?

Answer. Out of the trash the evening of February 6 in the basement of the National Press Building.

Question. In what sack did you find it?

Answer. It was in a sack as of February 1.

Question. In other words, the other papers in there showed you it was February 1?

Answer. Yes, sir.

Mr. BLACK. I will ask that that be marked "Exhibit B", and I offer it.

The VICE PRESIDENT. Without objection, it is so ordered.

(The paper was marked "Exhibit B.")

By Mr. BLACK:

Question. I send you a letter dated February 28, 1933, addressed to Mr. K. R. Ferguson, signed "L. H. B.", and ask if you can identify it?—and let it be marked "Exhibit C."

Answer. Yes, sir; I can identify it.

Question. Where did you get it?

Answer. In the same place, National Press Building, on the evening of February 6.

Question. In what sack?

Answer. In the same sack that came from the tenth floor as of February 1.

Question. Was it also torn into pieces?

Answer. Yes, sir.

Question. Were all three of these torn into pieces?

Answer. Yes, sir.

Question. And they were assembled by you and those working with you?

Answer. That is right.

Question. At a later date?

Answer. Yes, sir.

Mr. BLACK. We offer that letter in evidence.

The VICE PRESIDENT. Without objection, it will be marked "Exhibit C."

(The paper was marked "Exhibit C.")

By Mr. BLACK:

Question. I send you a letter dated August 9, 1933, addressed "My Dear Ben" and signed "L. H. Brittin" and ask if you can identify it. I will let it be marked "Exhibit D."

(The paper was marked "Exhibit D.")

Answer. Yes, sir; I can identify it.

Question. Where did you get it?

Answer. In the same sack in the basement of the National Press Building on February 6, in the sack as of February 1 from the tenth floor.

Question. Was it also torn into pieces?

Answer. Yes, sir.

Question. I send you a letter dated August 16, 1933, addressed to "My Dear Mr. Lilly" and signed "L. H. Brittin" and ask you to identify it and let it be marked "Exhibit E."

(The paper was marked "Exhibit E.")

Answer. Yes, sir; I can identify it.

Question. What is it?

Answer. It is a letter we found in torn condition the evening of February 6 in the basement of the National Press Building in a sack from the tenth floor as of February 1.

Question. I send you a memorandum marked "Memoranda." Let it be marked "Exhibit F." I ask if you can identify it?

(The paper was marked "Exhibit F.")

Answer. Yes, sir; I identify it.

Question. Where did you get it?

Answer. In the basement of the National Press Building on the evening of February 6 in the sack from the tenth floor of the National Press Building as of February 1.

Question. I send you a copy of a day letter dated August 1, 1933, signed "Brittin", marked "Charge MacCracken & Lee", and ask if you can identify it?

Answer (after examining paper). Yes, sir.

Mr. BLACK. Let it be marked "Exhibit G."

(The paper was marked "Exhibit G.")

By Mr. BLACK:

Question. What is that? Where did you find it?

Answer. The torn fragments of that day letter were found in a sack of trash in the National Press building on the evening of February 6, taken from a sack from the tenth floor as of February 1.

Question. I send you another letter dated September 28, signed "L. H. B.", addressed to Mr. K. R. Ferguson, and ask if you can identify it? Let it be marked "Exhibit H."

(The paper was marked "Exhibit H.")

Answer. Yes, sir; I can.

By Mr. BLACK:

Question. Where did you get it?

Answer. From a sack of trash in the basement of the National Press Building on the evening of February 6, coming from a sack from the tenth floor as of February 1.

Question. I send you a telegram dated September 19, signed by "Brittin", "Charge MacCracken & Lee", addressed to Mr. A. H. Brown, and ask if you can identify it? Let it be marked with the next exhibit number.

Answer (after examining paper). Yes, sir; I can.

(The paper was marked "Exhibit I.")

By Mr. BLACK:

Question. Where did you find it?

Answer. In a sack of trash in the basement of the National Press Building on February 6, coming from a sack from the tenth floor as of February 1.

Question. I send you another letter dated January 26, to Col. L. H. Brittin, from Mr. John H. Druar, and ask if you can identify it, and state where you found it?

Answer (after examining paper). Yes, sir; I can identify it.

Mr. BLACK. Let it be marked the next exhibit, and offered, also.

(The paper was marked "Exhibit J.")

By Mr. BLACK:

Question. Where did you get it?

Answer. It was found in a sack of trash in the basement of the National Press Building on the evening of February 6, coming from a sack from the tenth floor as of February 1.

Question. I will ask you to look at the remainder of these papers. I shall not offer them at the present time, but shall have them identified and turn them over to counsel for Colonel Brittin. See if you can identify each one of them.

(The witness examined the papers.)

Mr. BLACK. While that is being done, Mr. President, if I did not make the statement in each instance that I offered the papers in evidence, I do now offer each of the previous exhibits in evidence.

The VICE PRESIDENT. They are offered and marked as exhibits according to the letters suggested by the Senator from Alabama.

Does the Senator desire these to be also offered in evidence?

Mr. BLACK. I am simply having them identified, and shall ask some questions and then turn them over to counsel in order that he may see the remainder; and if he desires any of them placed in the RECORD we shall then do so.

The WITNESS. Yes, sir; I can identify them.

By Mr. BLACK:

Question. Where did you get those?

Answer. These were taken from the basement of the National Press Building on February 6, from a sack from the tenth floor as of February 1.

Question. There is one other that I did not have. By mistake I did not send it up. Was it also one of the papers?

Answer. Yes, sir.

Question. I send you now the remainder, in order that you may identify them, which are not offered as exhibits. Do you identify that entire group as the remainder now, Mr. Bradley?

Answer (after examining papers). Senator, these do not have my initials. They have Mr. Rittelmeyer's initials on them; and while they have every appearance of being from that group, I presume he——

Question. Both of you put your initials on them and brought them up here together?

Answer. Yes, sir.

Mr. BLACK. We will ask that those simply be marked as "Exhibit X", without offering them as evidence to place in the record, but in order that counsel may see them and ascertain whether or not he desires to ask any questions about them.

The VICE PRESIDENT. Without objection, it is so ordered.

By Mr. WHITE:

Question. May I ask the witness how many letters or telegrams there are there which have been identified but which have not been introduced in evidence?

Answer. In this group, Senator, and in that one there?

Question. In both of the groups that you have identified, but which the chairman of the committee did not offer in evidence.

Answer. I presume there would be 20 on a guess, Senator; perhaps more.

Question. Will you not just run over them and see?

Answer. Yes, sir; I shall be glad to.

(The witness counted the papers.)

Mr. KING. Mr. President, while the witness is counting those papers, may I ask counsel for the respondent whether he has read in this morning's CONGRESSIONAL RECORD the letters beginning on page 2260 and ending on page 2264, and whether he admits, if he has read these letters, that the RECORD here is a correct reproduction of the letters which were offered and identified yesterday?

Mr. RICHARDSON. Senator, I have in mind, sir, that one of the letters that was presented yesterday had at the top of it a reference to "Hay-Adams House", and I do not find in the CONGRESSIONAL RECORD any designation of "Hay-Adams House." Of course that is vitally important. I have not checked the other letters to know how many other things have been left out of those copies.

Mr. KING. I wish counsel would examine them, because it is unnecessary to have them printed again, now that they have been formally offered, if the RECORD correctly represents the letters which were produced yesterday and which have been formally offered today.

Mr. RICHARDSON. I will ask if I may do that when the Senate is progressing with the hearing of the other cases.

By Mr. WHITE:

Question. Now may I have an answer?

Answer. I count 27, Senator.

Mr. BLACK. That is all. Will you let Mr. Richardson have those letters now?

The VICE PRESIDENT. Are there any other questions?

Mr. BLACK. He does not want the ones that were identified, I presume, at this time. He wants to keep them separate. The ones that I wanted kept separate are the ones that had not been offered in evidence—in that envelop.

(Certain papers were turned over to Mr. Richardson.)

Mr. BLACK. Let me ask you one other question.

By Mr. BLACK:

Question. Were these sacks arranged according to the floors from which they came?

Answer. No, sir. We hoped they would be, but they were not.

Question. How did you designate the floor—by the contents?

Answer. By the contents; yes, sir.

Question. In other words, you had the names of the occupants of the various floors?

Answer. Yes, sir.

Question. And would find the mail in the bag, or the papers in the bag, and would by that means determine the floor from which the papers came?

Answer. Yes, sir; that is it.

Cross-examination by Mr. RICHARDSON:

Question. Mr. Inspector, there was no designation, then, sir, upon any of these bags which gave you any key at all

to where the letters came from, or when they came. Is that correct?

Answer. That is right—no outside designation whatever.

Question. And when you say that letters were secured and are embraced in the letters which have been identified here as of date of February 1, you are simply presenting to the Senate the conclusion which you arrived at, based upon a method where you checked in a particular sack through the different dates of letters that were in there, that in all probability the letters there involved came down there on that particular date?

Answer. Yes, sir. The evidence was very conclusive.

Question. To you?

Answer. We were the ones making the examination.

Question. Precisely; but it was your conclusion as to the date?

Answer. Yes, sir.

Question. Based upon the fact that in a sack you found letters and other memoranda bearing a distinct date?

Answer. Yes, sir.

Question. And you concluded, because the letters in that sack bore a particular date, that the waste paper that went into that sack came down to the basement on that date?

Answer. There were not only letters——

Question. That can be answered "yes" or "no", sir.

Mr. McCARRAN. I ask that the witness be permitted to answer.

Mr. RICHARDSON. So do I.

The WITNESS. Well, that answer should be qualified, sir.

By Mr. RICHARDSON:

Question. Qualify it as you wish.

Answer. For the reason that every sack contained a certain number of daily papers from Washington, and that helped also in the identification.

Question. And it was from the dates of the papers, newspapers, letters, and documents in the sack that you reached the conclusion that was satisfactory to you that all of those papers came into that sack on that day?

Answer. Yes, sir; absolutely.

Question. If they had not come into the sack on that day, the contents of the sack would have looked just the same; would it not?

Answer. Yes, sir.

Question. How many sacks did you examine?

Answer. Approximately 300.

Question. All through.

Answer. Well, so nearly through that we were satisfied. In some cases we were able to eliminate sacks. For instance, we would open a sack, and if it contained a newspaper, a daily newspaper from Washington as of February 2, we knew that was not the sack we were looking for.

Question. And if there had happened to be put in that sack, by the attendant who rustles scrap paper for the building, a letter that had been deposited in the waste-paper basket the previous day, you never would have found it, would you?

Answer. Well, we depended not on one letter, sir. We satisfied ourselves from probably 8 or 10 particular exhibits before we were sure.

Question. Eight or ten of the documents found in the sack when you examined the date permitted you to arrive at a conclusion——

Answer. Yes, sir.

Question (continuing). Of when all the papers——

Answer. That is right.

Question (continuing). In a gunny sack came into the gunny sack?

Answer. Yes.

Question. Put there by someone you did not know?

Answer. Yes, sir.

Question. At a time you knew not of, for a purpose with which you were not acquainted; is that not so?

Answer. You are putting it in a rather round-about way, but that is virtually what it is.

Question. Just another word and I am through. And as the result of the examination of the sacks that you examined, are these papers that you have identified here all of the papers of whatever kind, manner, or description that you could find containing anything that brought them back to the respondent here, Brittin?

Answer. Yes, sir. That is, every scrap of paper that we could find that we were satisfied belonged—had belonged at any time to Colonel Brittin, had been in his possession, we have brought before the committee here.

Question. And you found those papers in the February 1 sack?

Answer. Yes, sir.

Question. That you have described to the Senate?

Answer. Yes, sir.

Question. So that in your theory, as you saw it—and I appreciate it, sir—in your theory, as you saw it, there were placed in that sack on February 1 in the National Press Building over 30 documents traceable to Colonel Brittin?

Answer. The February 1st date there might be just a little bit misleading in this way, as going into the sack on February 1. I said as of February 1, because those charwomen go on duty at a quarter to 11 at night and work until 6 o'clock the next morning, and they may have been placed in there at any time from a quarter to 11 at night until 6 o'clock the next morning.

Question. You are not recanting at all this identification system you worked out, are you?

Answer. I think you will have to make yourself a little more clear.

Question. I wonder whether you have any doubt in your own mind, sir, as to the accuracy——

Answer (interposing). Not the slightest.

Question (continuing). Of the conclusion that you arrived at as to when a particular piece of waste paper was placed in a gunny sack?

Answer. Not the slightest, sir, as of February 1.

Question. Just by way of inquiry. How did you conclude that this belonged to Colonel Brittin [handing paper to the witness]? It is from exhibit X.

Answer. I did not know that that did come from Colonel Brittin. Just in that line, the same kind of stationery, the same as some of the others, and I said, "We will take no chances and we will just bring it up."

Question. You have not indulged in that liberal method of soul communication, have you, with any other papers that have been offered here?

Answer. I think not. I think it is just a matter of playing safe on that, sir, and you will find that the others are more or less connected.

Mr. RICHARDSON. That is all.

The VICE PRESIDENT. Are there any other questions?

Redirect examination by Mr. BLACK:

Question. In other words, when you found these scraps you could not tell, when they were first discovered, whether they would fit into this jigsaw puzzle or not?

Answer. No, sir; I could not.

Question. And you got this scrap along with other scraps?

Answer. Yes, sir.

Question. And you have pieced together the parts which you have there, and they show that they were Colonel Brittin's, do they not?

Answer. They do; yes, sir.

Question. So, so far as they are concerned, there can be no question but what they are Colonel Brittin's. Now may I ask you this further question? You opened up all of those sacks, did you not?

Answer. Yes, sir.

Question. And you found out from the 300 sacks, and observing the mail that was in them, that the custom with reference to those sacks, as shown by the 300, was such that you would find the mail of a certain day in a certain sack?

Answer. That is right.

Question. And you found that with reference to the particular day in which you found this correspondence which was destroyed?

Answer. Yes, sir.

Question. And you had been informed before you went down there, the date that Colonel Brittin had said he destroyed his correspondence, had you not?

Answer. Yes, sir.

Question. And you were looking for that date so far as this sack was concerned?

Answer. Yes, sir.

Question. And you did find in that sack the particular letters which have been referred to, and finally pieced them together?

Answer. Yes, sir.

Question. I assume that in bringing those pieces out of there you probably found some pieces of some parts of correspondence that you could not piece up with anything else, did you not?

Answer. Yes, sir. That is the part that he (Mr. Richardson) referred to there.

Question. And that is the best you could get, and you got all you could?

Answer. That is right.

Question. Did you have any other pieces that indicated that you were missing anything of correspondence like that?

Answer. Oh, yes. We were unable to find quite a few pieces to complete the file.

Question. And you brought them back in that way?

Answer. Yes, sir.

Question. Incomplete?

Answer. That is right, sir.

Mr. BLACK. All right.

The VICE PRESIDENT. Are there any further questions?

By Mr. WHITE:

Question. Were there incomplete pieces other than those which have been identified here?

Answer. I think not, sir. I believe everything is here. I noticed an envelop with some envelops in here a moment ago that I had not identified.

Re-cross-examination by Mr. RICHARDSON:

Question. Mr. Inspector, how do you account, in this working theory of yours, for what has become of the missing parts of letters you cannot find?

Answer. I just do not account for it, sir. I know that we searched and searched and got everything that we could. It is possible that we overlooked a few little fragments. It is possible that they may have fallen out from a hole in a gunny sack, something like that.

Question. It indicates to your mind, does it not, that between the time of deposit of a torn letter in the waste-basket and the time you took it out of the sack part of the letter had been lost, does it not?

Answer. Something happened to part of those letters, because we did not have fragments; and whether in the human equation we overlooked them or whether they were lost in the sack we have no way of knowing.

Question. And the losing of a piece of paper could apply just as well to a complete letter as to a fragment, could it not?

Answer. I presume it could; yes.

Mr. RICHARDSON. That is all.

The VICE PRESIDENT. Any further questions of the witness?

Mr. AUSTIN. I should like to ask a question.

The VICE PRESIDENT. The Senator from Vermont.

By Mr. AUSTIN:

Question. Did you examine sacks which you thought represented the 10 days preceding February 1?

Answer. Yes, sir. We started in—there were some of those sacks from around January 21, 22, and on up, clear up to the date of our visit up there.

Question. You examined every one of them?

Answer. Yes, sir.

Question. And every piece of paper in them?

Answer. No, sir; not every piece of paper. Might I explain we were able to eliminate a good many of those sacks conclusively that they were not the date for which we were searching, and therefore we had no further interest in them.

Question. Were you not searching for waste from Colonel Brittin's office on any of those dates?

Answer. No, sir. Searching for waste as of February 1.

Question. And so you cannot testify that there may not have been waste from Colonel Brittin's office contained in each one of the gunny sacks for 10 days preceding the 1st day of February, can you?

Answer. There were—yes; I would have to qualify that a little ways, because the sacks we had reason to believe were of February 1 and February 2, along in there; we were much more careful in going through those than we were of those further back either way.

Question. Well, were you not interested to find Colonel Brittin's waste paper for 10 days preceding February 1?

Answer. No, sir.

Question. You did not look for it at all?

Answer. No, sir.

Question. How many sacks for each day did you find?

Answer. There are approximately 50 sacks that come down there each day. It is hauled away from the building about twice a week.

Question. How many sacks for each floor?

Answer. There are about four, an average of four, from the tenth floor particularly, that we know about.

Question. Did you find all these pieces of waste paper in one sack?

Answer. Yes, sir; right in the bottom of the sack.

Question. Do you remember how many sacks from the first floor which you concluded were taken down on February 1 were there?

Answer. From the first floor?

Question. Did I say the first? I meant the tenth floor.

Answer. No; I could not, but I should say there were at least four. I could not say positively, because we knew we had a number of false alarms, and we were rather of the opinion that we might find something and did not.

Mr. AUSTIN. That is all.

The VICE PRESIDENT. Are there any further questions?

Mr. BLACK. I just want to ask him one more question to make a matter clear.

By Mr. BLACK:

Question. When you went down there, you were informed that Colonel Brittin had testified that he had torn up and thrown into the waste-paper basket letters on a certain day, were you not?

Answer. Yes, sir.

Question. And you went down to look for those letters which had been torn up, according to Colonel Brittin's statement, on that certain day?

Answer. That is right.

By Mr. AUSTIN:

Question. I should like to ask the witness at whose instance did you make this search?

Answer. It was on our own initiative, sir.

Question. To whom do you refer when you say "our"?

Answer. Inspector Rittelmeyer and I were working together on this case, and we decided that it would be a good idea to look through that trash.

Question. Whom do you represent?

Answer. We represent—we are working for the Post Office Department, but we are also working for the Senate committee investigating this case.

Question. You had no special instructions for this search?

Answer. Not for this search, no sir; until later, we informed Mr. Patterson what we were doing, and he said, "That is fine."

Mr. AUSTIN. That is all.

The VICE PRESIDENT. Are there any further questions? May the witness stand excused?

Mr. BLACK. He may stand excused.

The VICE PRESIDENT. Are there any further witnesses?

Mr. BLACK. I would suggest now that we proceed with the witnesses for the other respondents.

The VICE PRESIDENT. The case is closed as to respondent Brittin temporarily at least.

Mr. NEBEKER. The respondent Hanshue will have two witnesses, and I will now call Mr. Voorhes.

TESTIMONY OF SOL W. VOORHES

The oath was administered to the witness by the Vice President.

Direct examination by Mr. NEBEKER:

Question. Mr. Voorhes, can you hear me all right from here?

Answer. I can.

Question. Give your full name, please.

Answer. Sol W. Voorhes.

Question. How old are you, Mr. Voorhes?

Answer. Thirty-three.

Question. What, if any connection, do you have with the Western Air Express?

Answer. Traveling auditor.

Question. How long have you occupied that position?

Answer. Since January 2, 1930.

Question. Was that the first connection you had with the Western Air Express?

Answer. That is right.

Question. In a general way, what are your duties in that capacity?

Answer. The investigation of various accounts of the company at the various agencies that we have in the various States.

Question. As traveling auditor, is it occasionally necessary for you to visit New York City?

Answer. It is, sir.

Question. By the way, where is your home?

Answer. Los Angeles, Calif.

Question. Is that the office with which you are connected, generally?

Answer. That is.

Question. Your headquarters?

Answer. Right.

Question. Were you in New York City on February 2, 1934?

Answer. On what date, sir?

Question. February 2.

Answer. Right.

Question. And also on February 1?

Answer. That is right.

Question. Were you stopping at a hotel there?

Answer. Yes, sir.

Question. Give the name of the hotel.

Answer. Essex House.

Question. Was any other official of the company stopping there at the same time?

Answer. Yes; Mr. Hanshue and Mr. C. W. France.

Question. Mr. Hanshue is the respondent here?

Answer. That is right.

Question. Mr. France occupies what position?

Answer. Division superintendent of the Rocky Mountain division.

Question. Did you all have adjacent rooms, or rooms on different floors?

Answer. Mr. France and I had the same room, Mr. Hanshue a room on the fourteenth floor, and ours was on the thirty-sixth.

Question. Calling your attention to the date, February 1, 1934, I will ask you whether you recall a conversation over the telephone between Mr. Hanshue and Mr. William P. MacCracken, Jr., of Washington, D.C.?

Answer. I do.

Question. Did you have anything to do with making that call?

Answer. I got Mr. MacCracken on the phone for Mr. Hanshue.

Question. About what time of day was that?

Answer. Somewhere between 10 and 11 o'clock in the morning.

Question. Were you there at the time Mr. Hanshue talked to Mr. MacCracken over the phone?

Answer. I was.

Question. Will you state, in substance, what Mr. Hanshue said?

Answer. Mr. Hanshue said that he had received Mr. MacCracken's wire that morning and he did not know what it was all about.

Question. Just a moment. Is that the wire that Mr. Hanshue testified about in his testimony—a "night letter" received from Mr. MacCracken?

Answer. I should judge it is, sir.

Question. All right. Proceed. What did Mr. Hanshue say?

Answer. That he did not know what was in those files. He did not know how much time—and he asked Mr. MacCracken how much time he would have before signing the release, and asked if it would be all right if he would instruct Mr. Givvin to go down and determine what was in the files and report to him.

Question. Is Mr. Givvin one of the respondents in this case?

Answer. That is right.

Question. In that conversation was anything said about taking any of the papers out of those files?

Answer. No, sir.

Question. Do you know whether or not subsequent to that telephone communication Mr. Hanshue had communication with anyone else in Washington?

Answer. He had a communication from Mr. Givvin.

Question. About how long after the conversation with Mr. MacCracken?

Answer. Probably an hour.

Question. Did you have anything to do with putting through that call?

Answer. I put through a call first for Mr. Givvin, and he was reported as not in the hotel.

Question. I did not just get that answer.

Answer. I put through a call first for Mr. Givvin, but he was reported as not being in the hotel.

Question. Did he afterward make a return call?

Answer. That is right.

Question. For yourself or Mr. Hanshue?

Answer. For myself.

Question. Did Mr. Hanshue or you have any conversation with Mr. Givvin at that time with regard to the papers in controversy here?

Answer. No, sir; not relative to the papers in controversy.

Question. Did Mr. Hanshue talk with Mr. Givvin?

Answer. He did.

Question. You may state, in substance, what you heard of that conversation.

Answer. He told Mr. Givvin that he had received a wire from Mr. MacCracken that morning relative to the files; that he had talked with Mr. MacCracken; that he had told Mr. MacCracken he would have Mr. Givvin get in touch with him, and he suggested that Mr. Givvin contact Mr. MacCracken, arrange at his convenience to go down and look over the files, and report back to him what he found down there.

Question. In that conversation did Mr. Hanshue say anything about taking any of the papers out of the files?

Answer. He did not.

Question. I believe you stated—I am asking you this because it is not quite clear to me—that there was not any conversation about the papers in controversy in this case. I had reference to the papers that were in Mr. MacCracken's files.

Answer. That is right.

Question. Did you have any conversation with Mr. Givvin later on in the day about some other subject?

Answer. I did late that evening.

Mr. McCARRAN. Mr. President, may we have that question read, please?

The Official Reporter read as follows:

Did you have any conversation with Mr. Givvin later on in the day about some other subject?
Answer. I did late that evening.

By Mr. NEBEKER:

Question. That was about what time?

Answer. Somewhere between 10:30 and 11 o'clock that night.

Question. Was that on your call or Mr. Givvin's?

Answer. I believe on the return of my call.

Question. We are not concerned with the conversation unless the Senate desires it. That was with regard to other matters. Was there anything said about the papers at that time that were in the MacCracken files?

Answer. Mr. Givvin told me that he had some papers that he did not know what to do with. He had tried to get Mr. Hanshue and had not located him. He said he thought probably he had better put them in an envelop and mail them that night and asked should he mail them to me. I said: "That is O.K."

Question. Is that all that was said about those papers in that conversation?

Answer. That is right.

Question. Do you know of any other conversation that took place between you or Hanshue and Givvin prior to the time that some papers reached you in New York City?

Answer. I do not.

Question. Did you receive some papers on the morning of February 2 from Mr. Givvin?

Answer. I did.

Question. About what time?

Answer. Somewhere between 9 and 10—about 9:30, I believe.

Question. Where did you receive those papers?

Answer. At the Essex House, New York City.

Question. Was that in the mail in the morning?

Answer. It was.

Question. What did you do with them?

Answer. I took them up to my room along with other mail.

Question. Did you open the envelop at that time?

Answer. Not at that particular time; no.

Question. Did you later on?

Answer. I did open it later on.

Question. And did you look over the papers to some extent?

Answer. I went through them very casually; yes, sir.

Question. Very what?

Answer. Very hastily.

Question. By the way, was Mr. Hanshue there at the time?

Answer. He was not.

Question. After you looked them over, what did you do with them?

Answer. I put them in a drawer in a combination desk and dresser.

Question. What did you do with the envelop?

Answer. I put it in the waste-paper basket.

Question. There has been some little confusion as to whether those papers were put in a bureau drawer or a desk. Will you explain that?

Answer. This combination of desk and bureau is rather unique; I have never seen one like it. It has about 4 drawers underneath, and 1 folds out for a desk, and there are about 6 or 7 compartments above for putting in various articles.

Question. When was the next time that you saw those papers?

Answer. Approximately at a quarter of 4 that afternoon.

Question. Under what circumstances, and who was there at the time?

Answer. In the room were Mr. Hanshue, Mr. Cahlin, and Mr. France.

Question. Who is Mr. France?

Answer. Mr. France is division superintendent of the Rocky Mountain Division.

Question. He is an official of the company?

Answer. That is right.

Question. Mr. Cahlin, did you say?

Answer. That is right.

Question. Does he have any official connection with the company?

Answer. None whatsoever.

Question. Did Mr. Cahlin have anything to do with the papers at all in any way?

Answer. No, sir.

Question. Did Mr. France?

Answer. No, sir.

Question. Now state just what did take place at the time about 4 o'clock on February 2 that you saw the papers in the possession or in the hands of Mr. Hanshue.

Answer. I was at the office of the North American on some company business when I received a telephone call. Mr. Hanshue asked me over the phone what I had done with the papers that Mr. Givvin had sent that morning. He said he had information that they were wanted in Washington and told me to hurry up and come back and get them. I told him where they were. I hurried immediately over to the hotel. When I got in the room, he was just going through the top of the papers; he had not gone through them all.

Question. Did he have them all out in his hands?

Answer. He had them all out on a little table in the center of the room.

Question. How long would you say you observed him looking at the papers?

Answer. Not over a minute or two.

Question. Then what was done with them?

Answer. I took the envelop out of the wastebasket, picked the papers up, and Mr. Hanshue put on his coat and hat; I did the same; and we returned to the North American.

Question. Did you put the papers in the old envelop?

Answer. I put them in the old envelop.

Question. And you and Mr. Hanshue walked together over to the North American office?

Answer. That is right.

Question. What was done with the papers at that time?

Answer. I went over there to get a larger envelop, a new envelop, to put them in to send them back to Mr. Givvin.

Question. How did you intend to send them back at first?

Answer. I intended to mail them.

Question. Did you put them in an envelop at that time?

Answer. I got another envelop over there and put them in and sealed the envelop, borrowed a pen and addressed it to Mr. Givvin, care of the Mayflower Hotel, Washington.

Question. Let me go back now. When you took the papers out of the hotel, what, if anything, did you do to convince yourself that all the papers were taken with you?

Answer. When I took the papers up off the table on which Mr. Hanshue had been looking at them, I went over to the drawer and looked into the drawer to make sure that he had gotten them all when he picked them up—that he had gotten them all out of the drawer.

Question. Did you put all those papers into the new envelop?

Answer. I did, sir.

Question. What did you do with the envelop after you put them in?

Answer. The old envelop?

Question. No; the new envelop.

Answer. I addressed the new envelop to Mr. Givvin and was getting ready to mail it, but Mr. Hanshue suggested that it would be better for me to return with them personally.

Question. State whether or not you sealed the envelop.

Answer. I did seal it.

Question. In what way?

Answer. It was a clasp envelop, and we sealed it with paper tape, gummed tape.

Question. Just say why they were not sent by mail.

Answer. Mr. Hanshue thought it would be better and probably a safer return if I brought them back personally to be sure of getting them here.

Question. Did he give you any instructions as to when to do it?

Answer. Immediately; he told me to attempt to get the next train. That was about 4:15, and he thought pos-

sibly I might be able to get the Congressional Limited. I tried, but did not, and took the 5:30 train.

Question. What time did you arrive in Washington?

Answer. About 10 minutes of 10.

Question. Did you see Mr. Givvin that night?

Answer. I did; about 10 minutes after 10.

Question. Did you occupy the same room with him in the Hotel Mayflower?

Answer. I did.

Question. Did you have the papers with you in his room?

Answer. I did.

Question. To whom did you deliver those papers?

Answer. I delivered the papers next morning in a sealed envelop to Mr. Givvin.

Question. Were you in the room most of the day of February 2?

Answer. I was, most of the day.

Question. And how many times were you out of the room, if you recall?

Answer. I was out of the room twice by myself and once when we all went to lunch.

Question. How long were you away?

Answer. The first time about 20 minutes. The second time, in the afternoon when I went to the North American office, I was gone about 45 minutes.

Question. And the rest of the time you were there, were you?

Answer. I was there; that is right.

Question. Were the papers ever taken out of that room that day until you took them over to the North American office?

Answer. They were not.

Question. Who was present, if anybody, in the room the first time you went away?

Answer. Mr. France.

Question. You may state whether or not Mr. France showed any interest at all in those papers.

Answer. He showed none whatsoever.

Question. Did he ever have them in his hands?

Answer. He did not.

Question. The second time you were away, who, if you know, was in the room?

Answer. Mr. Hanshue, Mr. France, and Mr. Cahlin.

Question. The three of them?

Answer. The three of them.

Question. Did you see any papers taken out of that file? I will call it a file.

Answer. I did not.

Mr. NEBEKER. I think you may cross-examine.

Cross-examination by Mr. BLACK:

Question. You say you heard a conversation between Mr. Givvin and Mr. Hanshue over the phone?

Answer. I did, sir.

Question. Did you hear Mr. Hanshue say to Mr. Givvin these words—"I think I have some personal papers in those files. You might look them over. If you think they are personal and have no reference to the subject matter you might take them"?

Answer. I did not.

Question. Do you deny he said that?

Answer. He might have said in substance, "I have some papers there; I do not know what they are", but he did ask him to go down and contact with MacCracken, go down and see what there was in those files and give him a report on it.

Question. You deny he told Mr. Givvin to take them out?

Answer. I do.

Question. And if Mr. Givvin said that, it is not correct?

Answer. I think that is a misunderstanding.

Question. With reference to the conversation between you and Mr. Givvin, Mr. Givvin says he tried to call Mr. Hanshue and could not locate him.

Answer. That is what he told later.

Question. Then he finally got in touch with you?

Answer. That is right.

Question. Did he not tell you "I have these papers"?

Answer. He did not, sir.

Question. That is not correct?

Answer. That is not the way I understood it.

Question. If Mr. Givvin said that, that is not correct?

Answer. That is not the way I understood it.

Question. Did you not then say—"Mr. Hanshue is not here. I do not know where he is. However, I will try to get in touch with him"?

Answer. That is right.

Question. Then did Mr. Givvin not say—"In the meantime I have got these papers and do not know what to do with them. I might as well put them in the mail"?

Answer. The exact wording I do not recall, sir. He told me he had a bunch of papers that he did not know what to do with, that he would put them in the mail and send them to me, and I said "O.K."

Question. Why did Mr. Hanshue want him to go down and look at the papers and make a report to him about the papers in Mr. MacCracken's office that had been subpenaed?

Answer. I do not know, sir.

Mr. NEBEKER. Mr. President, I shall have to object to that question. In the very nature of the case this witness is not competent to pass on what went through Mr. Hanshue's mind.

Mr. KING. The witness has already answered, and it seems to me there is no necessity for further discussion.

By Mr. BLACK:

Question. You had been with Mr. Hanshue that day?

Answer. Yes, sir.

Question. You knew he had received information that these papers had been summoned by the Senate committee?

Answer. I knew that he had received information from Mr. MacCracken that his files had been subpenaed.

Question. And you called Mr. MacCracken?

Answer. I did.

Question. And had a conversation with him?

Answer. That is right.

Question. You knew later on he called Mr. Givvin?

Answer. That is right.

Question. And told Mr. Givvin only to go down and look at them?

Answer. That is right.

Question. You knew Mr. Givvin was a subordinate of Mr. Hanshue?

Answer. That is right.

Question. It was his duty to obey instructions?

Answer. That is right.

Question. You knew Mr. Givvin went down there to get those papers and brought them back and mailed them to you in New York, did you not?

Answer. I do not know that Mr. Givvin had gone down, because there was very little discussion over the phone that evening.

Question. You know he did that?

Answer. I know now that he did.

Question. You know he is the direct subordinate of Mr. Hanshue and has been his secretary?

Answer. That is right.

Question. These papers were up there all day?

Answer. That is right.

Question. All of them related to ocean or air mail business, did they not?

Answer. I cannot say they all did. I did not go through them closely enough. I saw some that were evidently personal matters.

Question. What was personal in any one of these letters? What do you call "personal" in any one of those you saw?

Answer. I remember a letter, sir, to a gentleman—I cannot recall the name now, I think it was Mr. Heenan—that did not appear to me to have anything to do with the matter before the committee at that time. I did not even go through the papers closely enough to warrant remembering very much, if any, of the contents.

Question. Do you remember seeing the memorandum from Mr. Hanshue with reference to the transactions with Postmaster General Brown?

Answer. I remember seeing it. I did not read it completely.

Question. You knew it was with reference to business with the Government, did you not?

Answer. I did, sir.

Question. Will you look at this memorandum and see if you saw it there? Identify it by date, please.

Answer (after examining paper). There is no date on it, sir. I remember seeing that memorandum.

Question. You remember seeing that memorandum?

Answer. Yes.

Question. It was altogether with relation to a transaction between the T.A.P and Western Air Express and the activities of the Postmaster General in connection with it, was it not?

Answer. I believe it was. As I said, I did not read it completely.

Mr. BLACK. We will ask that the memorandum numbered 16 be marked "Voorhes Exhibit K", and offer it in evidence at this time.

The PRESIDENT pro tempore. Is there objection to having it offered in evidence? If not, it will be admitted in evidence and marked as requested.

(The paper was marked "Exhibit Voorhes K.")

Mr. BLACK. That is all.

The PRESIDENT pro tempore. The witness will be excused.

Mr. NEBEKER. We will call Mr. France.

TESTIMONY OF CHARLES W. FRANCE

The oath was administered to the witness by the President pro tempore.

Direct examination by Mr. NEBEKER:

Question. State your full name.

Answer. Charles W. France.

Question. What connection, if any, do you have with the Western Air Express?

Answer. Division superintendent, Denver, Colo.

Question. Is that your home—Denver?

Answer. Yes, sir.

Question. How long have you been division superintendent?

Answer. Since June 1, 1929.

Question. Were you in New York City on February 1?

Answer. Yes, sir.

Question. Were you stopping at a hotel there?

Answer. The Essex House.

Question. Who were stopping there of the company officials during the same time?

Answer. Mr. Voorhes and Mr. Hanshue.

Question. Did you occupy the same room with Mr. Voorhes?

Answer. Yes, sir.

Question. Do you recall an envelop with some papers forwarded from Mr. Givvin from Washington to New York coming into the room sometime that day?

Answer. No, sir; I do not.

Question. You were not there when they were brought in?

Answer. I was in the room practically the entire day except the time I was out for lunch.

Question. Were you at all concerned with these papers?

Answer. No, sir.

Question. Did you ever have any of them in your hands?

Answer. No, sir.

Question. Did you see them, if you know?

Answer. I do not know that I saw them.

Question. Mr. Voorhes, when on the stand, testified that he was out of the room for about 20 minutes, I think he said, in the morning, at which time you were in the room alone?

Answer. That is correct.

Question. Did you have anything to do with those papers at that time?

Answer. No, sir.

Question. Do you recall ever seeing the papers in the hands of Mr. Hanshue?

Answer. I do not know that they were the papers in question because I never examined the papers.

Question. He did have some papers there while you were in the room?

Answer. Yes, sir.

Question. Were you in the room also a second time when Mr. Voorhes went away later on?

Answer. Yes, sir. Let me clarify that. Do you mean any time during the day Mr. Hanshue had some papers, or in the morning when Mr. Voorhes left he had some papers?

Question. Any time on that day.

Answer. That is true in the afternoon. I did not see Mr. Hanshue with any papers in the morning.

Question. Coming to the second time when Mr. Voorhes was away from the room, who were there during the time he was away?

Answer. Mr. Hanshue and Mr. Cahlin.

Question. Is Mr. Cahlin the man Mr. Hanshue spoke about in his testimony, a friend of his, a newspaper man?

Answer. Yes, sir.

Question. Did you have any connection at all with the Western Air Express?

Answer. Not to my knowledge.

Question. During the time Mr. Voorhes was away did anyone have anything to do with those papers in that room?

Answer. Mr. Hanshue had some papers shortly before Mr. Voorhes returned, a very few minutes.

Question. But up to that time had anybody touched those papers?

Answer. No, sir.

Question. Did anybody touch those papers at all in your presence, with the exception of Mr. Hanshue and Mr. Voorhes?

Answer. No, sir.

Question. Were you there at the time Mr. Hanshue and Mr. Voorhes left to go over to the North American office?

Answer. Yes, sir.

Question. Did you observe what was done just before they left?

Answer. Mr. Voorhes picked an envelop out of the waste-paper basket, slipped the papers——

Question. Some papers?

Answer. Some papers—I do not know whether they were these papers—in the envelop, and they both went out together.

Mr. McCARRAN. Mr. President, may we have the question and the answer of the witness read?

The PRESIDENT pro tempore. The Official Reporter will read, as requested.

The Official Reporter read as follows:

Question. Did you observe what was done just before they left?
Answer. Mr. Voorhes picked an envelop out of the waste-paper basket, slipped the papers——
Question. Some papers?
Answer. Some papers—I do not know whether they were these papers—in the envelop, and they both went out together.

The PRESIDENT pro tempore. Let us have a little more order in the Senate and also in the galleries. It is very difficult for counsel to hear the testimony of the witness.

Mr. McCARRAN. Does counsel desire to have that answer stand as it is?

Mr. NEBEKER. I could not catch it myself.

Mr. McCARRAN. I think it would be well for you to hear it.

Mr. NEBEKER. I should like to hear the question again, please.

The Official Reporter again read the matter referred to.

The WITNESS. By that I mean that I do not know what was in the papers. I never examined them; but they were the papers that Mr. Hanshue was looking at just before Mr. Voorhes came in.

Mr. NEBEKER. I think that is all.

Cross-examination by Mr. BLACK:

Question. That is all you know about it?

Answer. That is all.

Mr. BLACK. That is all.

The PRESIDENT pro tempore. The witness is excused.

Mr. NEBEKER. That is all, Mr. President.

The PRESIDENT pro tempore. What is the further desire of the counsel?

Mr. BLACK (to counsel for the respondents). Have you anything more?

Mr. NEBEKER. No, sir; we are through.

Mr. BLACK. Does Mr. Givvin intend to testify?

Mr. NEBEKER. He has testified.

Mr. BLACK. If he has testified, the statement he made you consider to be his testimony?

Mr. NEBEKER. Yes.

Mr. BLACK. I should like to ask him two questions.

Mr. NEBEKER. Certainly.

FURTHER TESTIMONY OF GILBERT L. GIVVIN

Cross-examination by Mr. BLACK:

Question. Mr. Givvin, you were Mr. Hanshue's secretary for quite a while; were you not?

Answer. Yes, sir.

Question. How long?

Answer. For about 2 years.

Question. And when did you cease to be his secretary?

Answer. The latter part of April 1933.

Question. And since then you have been here in Washington, representing the Western Air Express?

Answer. Yes, sir.

Question. And Mr. Hanshue holds what official position with them?

Answer. As president of the Western Air Express.

Question. So that you are directly subordinate to him still; are you not?

Answer. Yes, sir.

Question. When you testified before the committee—and you referred this morning in your statement to the fact that the testimony you gave before the committee was before the Senate—these questions and answers occurred, which I think you will recall (page 5340):

The CHAIRMAN. What else did he say?

Mr. GIVVIN. He said there was some question about the files in Mr. MacCracken's office, and that it might be best for me to go down and look over the files in Mr. MacCracken's office before he gave a release on them.

The CHAIRMAN. Did he tell you which ones to get out?

Mr. GIVVIN. No, sir.

The CHAIRMAN. You are sure about that?

Mr. GIVVIN. Absolutely.

The CHAIRMAN. Did he suggest whether or not you should get any out?

Mr. GIVVIN. Yes; he did. He said, "I think I have some personal papers in those files, and you might look them over, and if you think they are personal and have no reference to the subject matter you might take them."

The CHAIRMAN. And you went down?

Mr. GIVVIN. Yes, sir.

When you testified to that before the committee, was it the truth?

Answer. Yes, sir; I thought it was the truth at that time.

Question. Do you think so yet?

Answer. No; I do not.

Question. Why?

Answer. For this reason: When I testified before the committee, may I say that the afternoon before, when I was brought up to be interviewed by the investigators for this committee, they had me up there in the room and were asking me questions for quite a long period, over 2 hours, and they insisted that I had some instructions to go down there and take those papers out, which I did not have, and I told them so at that time; and naturally I was more or less confused on the whole issue, and——

Question. You are talking about what occurred the day before you testified?

Answer. Yes; but I am leading up to this testimony.

Question. All right.

Answer. So then I came up the following morning at 9:30. Never having had any experience along those lines of submitting testimony, or anything else, I was pretty nervous that morning that I was on the stand. I tried to tell a truthful story, and I did the best I could.

Question. And you state now that this did not happen, and the statement you made before the committee was not correct?

Answer. No; that statement was not correct.

Question. Then when you stated before the committee that Mr. Hanshue had said:

I think I have some personal papers in those files, and you might look them over, and if you think they are personal and have no reference to the subject matter you might take them—

You state now that is not true?

Answer. No; I do not believe that was, because I have particular reference to this subject matter. I do not know how that word got in there.

Question. Now, let us see the next one. You have talked to Mr. Hanshue about this particular statement, have you not, since he got here?

Answer. Why, naturally we discussed it; yes.

Question. You have gone over your testimony with him personally, and gone over that particular part; have you not?

Answer. No, sir; I have not.

Question. You have a copy of the record, have you not?

Answer. Yes, sir; I do.

Question. And you and Mr. Hanshue went over it in the presence of others, did you not?

Answer. In the presence of our attorney.

Question. All right; and you went over this particular sentence here, did you not? You read it, did you not?

Answer. Oh, I read that; yes.

Question. And you read it while Mr. Hanshue was there, and you all read it together, did you not?

Answer. No; I do not believe we did.

Question. Did you not go over the whole testimony together and your whole answers together?

Answer. No. In this conference we had with our attorney, naturally there was reference to my testimony, as to what I had testified before, and I referred the attorney to my testimony.

Question. Well, you had the testimony there, did you not, and discussed the fact? Do you mean that you had a conference with Mr. Hanshue on these statements, and that he and you did not discuss this all-important statement you had made about his instructing you to go and get the files?

Answer. Well, that was included in the entire conference; yes, sir.

Question. It was included; and what did you say to them then in the conference about it? Did you deny that statement then, or did they tell you that he had not said it to you, and you were mistaken?

Answer. No; they did not tell me that at all.

Question. What was said about that particular thing?

Answer. Well, I naturally, in view of the fact that I testified to that, I said, "Well, I testified in the proceedings before the committee."

Question. And you told them you had testified that Mr. Hanshue told you to go down and get them; did you not?

Answer. Yes, sir; I did.

Question. All right. Then what was said with reference to this statement that you gave in your other testimony, on page 5347:

Mr. GIVVIN. I returned to the hotel and I tried to get in touch with Mr. Hanshue, but I could not locate him. Later on in the evening I finally got in touch with Mr. Voorhes, who is one of our men up in New York with Mr. Hanshue, and I told him I had these papers.

Is that what you told him?

Answer. I told him I had the papers.

Question. You told him you had the papers?

Answer. I told him I had some papers.

Question. Wait a minute; which did you tell him? Did you tell him you had some papers, or you had the papers?

Answer. In the conversation with Mr. Voorhes I said I had these papers.

Question. In other words, you were referring, were you not, to the papers that Mr. Hanshue had talked to you about that morning?

Answer. No, sir.

Question. You were not?

Answer. I was referring to the papers I took out of Mr. MacCracken's files.

Question. But if they had not told you to take them out, why did you not tell Mr. Voorhes the first thing, "I have taken some papers out of the files?"

Answer. Well, I did not think it was necessary to tell Mr. Voorhes about these papers.

Question. Just exactly, now, what was it you did tell Mr. Voorhes?

Answer. I said, "I have some papers for Mr. Hanshue, belonging to Mr. Hanshue, and I do not know what to do with them. I might just as well put them in the mail and send them up to you."

Question. Did you tell him where you got them?

Answer. No; I do not believe I did.

Question. You knew it was not necessary, did you not, Mr. Givvin, because you knew that he knew where they came from?

Answer. No; I did not.

Mr. BLACK. That is all.

The WITNESS. I believe——

Mr. BLACK. Is there another statement you want to make?

The WITNESS. I believe, farther along in my testimony there, I testified on the stand that Mr. Hanshue did not tell me to take any papers from the files.

(A copy of the testimony was handed to the witness, and examined by him.)

The WITNESS. This is the statement I referred to, on page 5363.

Mr. BLACK. All right; read it.

Mr. WHITE. What page?

The WITNESS. Five thousand three hundred and sixty-three.

The PRESIDENT pro tempore. The witness may read it.

The WITNESS (reading):

Mr. GIVVIN. He said, "You might go down and look them over."
The CHAIRMAN. He told you, did he not, that you should go down and see what should not appear before the committee and take it out?
Mr. GIVVIN. No; just that which, in my personal judgment, was personal.
The CHAIRMAN. But you just said a moment ago he told you to go down and look and see if there was anything in it that should not go before the committee.
Mr. GIVVIN. Anything that was personal, that did not concern the committee. He did not, for instance, tell me to take out any personal matters and correspondence.

By Mr. BLACK:

Question. Do you state that you understand that what you have read means that you were saying that he had not told you to remove that correspondence?

Answer. At that time in the proceedings; yes.

Question. Read that again.

Answer (reading):

Mr. GIVVIN. He said, "You might go down and look them over."
The CHAIRMAN. He told you, did he not, that you should go down and see what should not appear before the committee and take it out?
Mr. GIVVIN. No; just that which in my personal judgment was personal.

Question. All right. Now, wait just a minute. What you meant there again was, was it not, that Mr. Hanshue had told you just to take that out that you thought was personal? That was what you were saying, was it not?

Answer. Mr. Hanshue—as I mentioned in my testimony, Mr. Hanshue mentioned the personal papers.

Question. Did he tell you to take them out?

Answer. No; he told me to make a report on them.

Question. Mr. Givvin, who told you to change your statement on that?

Answer. No one told me.

Question. Why did you change it?

Answer. Well, I, looking back at a clear—having a little time to look this thing over, and more or less try to bring this conversation to my mind, I can see now where I went along in this conversation that I was not—I was all mixed up before the committee when I testified.

Question. But, Mr. Givvin, you went down and got this correspondence, did you not?

Answer. Yes, sir.

Answer. And you testified, did you not, that you went down and got it because Mr. Hanshue told you to?

Answer. That appears in the testimony.

Question. That is what you swore, is it not?

Answer. Yes, sir.

Question. Now, why have you changed?

Answer. Well, I do not believe that my testimony at that time was correct.

Question. All right.

Answer. I tried to bring out the fact that Mr. Hanshue did not tell me to take any particular papers, or any definite papers of any kind; and I believe if you will ask these gentlemen who interviewed me the other night, I think I made that statement to them, too.

By Mr. WHITE:

Question. Whom do you mean by "the gentlemen who interviewed you the other night"?

Answer. Before I testified on the committee I was called up to Mr. Patterson's office, and——

Question. You are referring to investigators for the committee?

Answer. Yes, sir.

Question. How many were there?

Answer. There were three.

Mr. BLACK. That is all I care to ask.

The PRESIDENT pro tempore. Are there any further questions of this witness? If not, he will be excused.

Are there any further witnesses to be examined?

Mr. BLACK. Is that all?

Mr. NEBEKER. That is all.

Mr. BLACK. Mr. President, at this point I think, probably, we could save putting on a witness to prove something that I think is known to the respondents in connection with the jurisdictional features of the proceedings; and that is that the committee has had investigators going to a large number of offices and summoning the papers and correspondence relevant to this inquiry; that the committee now has investigators at a number of offices of air mail operators and ocean mail operators in connection with the correspondence, memoranda, files, and telegrams concerning ocean and air mail contracts. I did not suppose that would be questioned. If it is, I could prove the extent to which that is being done.

Mr. AUSTIN. Mr. President, I think it is a matter of note which should appear in the record, in view of the statement of the Senator from Alabama [Mr. BLACK] that important witnesses who ought to be called to represent air mail operators who have been publicly stigmatized as guilty of fraud have not been heard as yet; and the evidence necessary to enable the committee to ascertain correctly whether fraud has occurred or not is not all in. As one member of the committee, I desire to go on record as not ready to pass upon that question until the evidence is in and men charged with wrongdoing have an opportunity to be heard.

Mr. BLACK. Mr. President, I do not understand the object of the statement made by my colleague on the committee. No reference was made to that which he has discussed. The Senator, of course, has a perfect right at any time to express himself on the Senate floor. I shall not go into the subject to which he has alluded, because it is wholly and completely dissociated from the proceedings now engaging the attention of the Senate. Personally, I very much regret that this should have been selected as the time and place to make that statement. What I wanted to get clear in the record for the purpose of showing that the Senate has jurisdiction in this particular case—and I did not care to offer the evidence to do so—was that investigations have been made, and are being made, which require the production of books, papers, memorandums, and correspondence, and that therefore it is of importance to see that the Senate's rights in this regard are protected in any proceeding that comes. I am not stating that now in connection with what

should be done in this case, but merely as a jurisdictional fact.

Mr. AUSTIN. Mr. President, if I may be permitted, I do not willingly subject myself to castigation by the chairman of the committee and remain silent under it. I assume that it is the duty of the Senate, when summoning witnesses from outside of the Senate to the bar of the Senate for trial, to present the case as it is, and fully, so that they may have an opportunity to make a complete answer if they see fit to do so. If it is going to appear here in this court that the evidence has been taken upon the subject of fraud—which, of course, is the basis, the real foundation, of this charge of contempt—I think they are entitled to know that we do not all consider that the evidence has been fully presented yet.

Mr. BLACK. Mr. President, I repeat the statement I made has no connection of any kind or character, directly or indirectly, with any question of fraud. As I viewed it—and I felt sure that the respondents and their attorneys knew that such was the case—I considered that the record should show that investigations have been made and are being made, and I believe Colonel Brittin himself testified that the Senate investigations were being made into the Northwest Airways. I simply wanted to make that statement in order that we could obviate the necessity of putting on a self-evident fact in connection with the jurisdiction, if that has any importance in connection with it. I again state that there is no question of fraud suggested by me in this connection whatever, directly or indirectly; and I hope that may end the statements on the question.

Mr. RICHARDSON. Mr. President, would the Senator include in his comments the further statement, as the fact is, that the committee are not now trying to secure or desirous of securing any further evidence or papers or documents or testimony from any of these respondents at this time?

Mr. BLACK. Not in this proceeding.

Mr. RICHARDSON. Or in any other proceeding that is in existence at this time for which any papers have been served?

Mr. BLACK. No; that would not be correct, because at the present time investigators are looking into certain correspondence and records.

Mr. RICHARDSON. I wanted the record to show that so far as Colonel Brittin is concerned, we are ready, willing, and anxious, at any time the committee may call on us for it, to testify or produce any papers or documents that we have in our possession which the committee thinks germane to their investigation, and I do not want by the suggestion made—the purpose of which I think I perceive—to allow the record to stand as though we still obstruct any course of operation which the committee desires to follow at this time.

The PRESIDENT pro tempore. What is the further pleasure of the counsel on both sides in this matter?

Mr. BLACK. Just one moment. The suggestion has been made that we have not placed in the record the entire correspondence that was returned. That correspondence is here and was offered to the Senate a few days ago. I do not see any reason for placing all the correspondence in the record. It is in connection with Mr. Hanshue and Mr. Givvin. However, I will state that the correspondence that came back is here, and if counsel thinks that all of that correspondence should go into the record and be printed, it will, of course, be perfectly satisfactory to us.

Mr. WHITE. Mr. President, I agree with the Senator from Alabama that there is no good purpose to be served in extending this correspondence in the record. I do think it important that the record should show that the committee and the Senate now have in their possession the correspondence which is referred to in these proceedings.

The PRESIDENT pro tempore. What is the further pleasure of counsel on each side in this matter?

Mr. BLACK. That is all. Counsel probably desires to proceed, under the rule, to argue the matter.

Mr. ROBINSON of Arkansas. Then, Mr. President, under the order heretofore entered, I suggest that the deliberations be in closed executive session.

Mr. BLACK. The deliberations are to be in closed executive session, but under the order counsel have been given the right to present arguments if they so desire.

The PRESIDENT pro tempore. Let the Chair have the attention of the Senator from Alabama, who is in charge of this proceeding on behalf of the committee. Is the understanding of the Chair correct that the testimony in this proceeding is closed?

Mr. BLACK. That is correct.

The PRESIDENT pro tempore. Are counsel prepared to proceed with the argument at this time?

Mr. RICHARDSON. We are ready.

The PRESIDENT pro tempore. Counsel are ready to proceed. Is there any suggestion by counsel in the matter as to a limitation or division of time?

Mr. BLACK. It is not the intention of the committee, may I state to the President, to argue the cases at this time. Unless some members of the committee may desire to do so, it has not been the intention of the committee to argue them.

Mr. ROBINSON of Arkansas. What is the desire of the committee?

Mr. BLACK. We desire to permit counsel for the respondents to argue. That privilege was provided for in the order.

The PRESIDENT pro tempore. Do counsel for the respondents at this time desire to make any argument or statement?

Mr. RICHARDSON. Yes, Mr. President.

Mr. McCARRAN. I take it that the fact that counsel for the respondents will open the argument will not preclude members of the committee from presenting their views by way of argument in conclusion?

The PRESIDENT pro tempore. The Chair believes that under the order adopted any member of the committee, or any of the counsel, may at any time before the close of the proceedings make such argument as is desired, unless there shall be some agreement otherwise as between the committee and the counsel for the respondents.

Mr. ROBINSON of Arkansas. Mr. President, it occurs to me that there should be some discussion and arrangement of the procedure and of the time that is to be taken in the discussion of the cases. I suggest to the chairman of the committee and to the attorneys that they confer for a few moments so that the Senate may be informed as to that matter, and to that end I move that the Senate take a recess for 10 minutes.

The motion was agreed to; and (at 2 o'clock and 55 minutes p.m.) the Senate took a recess for 10 minutes.

At the conclusion of the recess the Senate reassembled.

The PRESIDENT pro tempore. Are counsel for the respondents ready to proceed with the argument? If so, may the Chair understand if any agreement has been reached by the committee and counsel for the respondents with regard to the division of time for the argument or the time to be taken by the argument.

Mr. RICHARDSON. Mr. President, it has been suggested by Senator KING that on our side we would divide 1 hour.

The PRESIDENT pro tempore. Mr. Richardson, counsel for the respondent L. H. Brittin, is recognized.

Mr. BLACK. Mr. President, before counsel proceeds may I state that the Senator from Nevada [Mr. McCARRAN] has already suggested that the committee does not desire to present any opening argument, but if there shall be any facts which need reply, some member of the committee will desire to reply.

Mr. ROBINSON of Arkansas. I believe I will suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	King	Robinson, Ind.
Ashurst	Davis	La Follette	Russell
Austin	Dickinson	Lewis	Schall
Bachman	Dieterich	Logan	Sheppard
Bailey	Dill	Lonergan	Shipstead
Bankhead	Duffy	Long	Smith
Barbour	Erickson	McAdoo	Steiwer
Barkley	Fess	McCarran	Stephens
Black	Fletcher	McGill	Thomas, Okla.
Bone	Frazier	McKellar	Thomas, Utah
Brown	George	McNary	Thompson
Bulkley	Gibson	Metcalf	Townsend
Bulow	Goldsborough	Murphy	Trammell
Byrnes	Gore	Neely	Tydings
Capper	Hale	Norris	Vandenberg
Caraway	Harrison	Nye	Van Nuys
Carey	Hastings	O'Mahoney	Wagner
Clark	Hatch	Overton	Walsh
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Johnson	Pope	
Costigan	Kean	Reed	
Couzens	Keyes	Robinson, Ark.	

Mr. LEWIS. I desire to repeat the announcement that the senior Senator from Virginia [Mr. GLASS] is detained from the Senate by illness, and that the junior Senator from Virginia [Mr. BYRD] and the Senator from North Carolina [Mr. REYNOLDS] are detained on official business.

The PRESIDENT pro tempore. Eighty-nine Senators having answered to their names, a quorum is present. Mr. Richardson, counsel for the respondent, L. H. Brittin, is recognized.

ARGUMENT OF SETH W. RICHARDSON, ESQ., ON BEHALF OF RESPONDENT L. H. BRITTIN

Mr. RICHARDSON. Mr. President and Senators, I suppose there lies across the threshold of this proceeding a most serious attack on the jurisdiction of this body. I have no desire or intention to make a legal argument to you, but before you conclude your deliberations in this matter someone should make such an argument. There has been no discussion in the CONGRESSIONAL RECORD which I have seen which indicates to us that there has been by the Members of this body any careful examination into the question of your jurisdiction to proceed; and at the outset of the response, which, as a lawyer, I felt it necessary to make in this proceeding, we have respectfully called the attention of the Senate to our solemn belief that under the law there is no jurisdiction in this body to proceed in this matter. It may not be dismissed with a wave of the hand; it may not be dismissed under the casual theory that the Senate has an inherent power to punish for contempt. It requires examination of the decisions of the Supreme Court as culminated in the case of *Marshall* v. *Gordon* (243 U.S. 521), decided in 1917 by Mr. Chief Justice White, wherein those of us on our side of this controversy as lawyers are of the opinion that it is determined beyond the question of reasonable argument that in a case such as this submitted here there is not the slightest jurisdiction in this body to proceed.

I make reference to it that it may at all times appear in the record that we have made that contention; and as I think of the lawyers there are in this body, the peers of any at the bar of this country, to whose decision in a legal question I would defer at once, I ask them, before this proceeding passes into history, to examine into the law of this matter in order that there may not lightly be made in this country, by this the greatest of all deliberative bodies, a decision on a proposition which in the future, when considered by our highest court, may be found entirely irrelevant. When you shall have made that examination it will be, of course, your conscientious duty to follow your own opinion concerning it.

In that connection permit me to say we are not oblivious to what appears in the public press with reference to what other persons may deem necessary in the protection of their own rights. There ought not to come to the citizen any time when he must play a game with his Government, with the Senate of the United States, as to how and when he may protect his rights. If the unfortunate time may come when you seek to administer a punishment upon my client, I want extended to me by the Senate a free, full, fair opportunity to serve the necessary papers that will give me the opportunity to have tested, if we shall conclude to have it tested, what our legal rights as a citizen are. I do not want to be compelled to play fast and loose with a vigilant Sergeant at Arms who is trying to get my client into some place where the law may not operate, because, as I understand it, the Constitution of the United States presses down upon the shoulders of the Senate just as heavily as it does upon the shoulders of L. H. Brittin. All we want, when you come to act, is a chance for our "white alley" if we are right on this constitutional question. I pass with those remarks to the question of the merits of the situation which we have come here as citizens and presented to you as best we could.

Senators, I am the prey of conflicting emotions. I have just come from a long course of years in which I, as an attorney for the United States, conducted many of its legal affairs, a course which has taken me many places and into almost every kind of litigation. That may be the reason why there are in my mind today certain fixed convictions which make me doubt whether Colonel Brittin ought to have asked me to be his counsel. What do I mean?

Strangely enough—and I speak with utmost frankness—strangely enough, I am one person who still retains in his heart the deepest and most solemn respect for the Congress of the United States. I am one who believes, not just that you may like to hear it, but who believes that when this body ceases to exist there will be but little chance for political liberty in this country.

I recognize from my association with the Government that it is essential for your work that you have your committees and that your committees be permitted to go here and there among the people throughout the length and breadth of the land for the purpose of ascertaining how best you can enact legislation. I have no patience with the man who cavils with his Government and who seeks to set up his personal rights when the Government is trying to work out legislation as best it can.

But I tell you one thing which you may know, Senators, when I say that there is on the part of the average citizen, unacquainted with these things, a hostility to the Federal Government which exists today. I myself have taken grand jury after grand jury and sat down and conducted a primer school to make jurors of the highest class understand that after all the Federal part of this Government is a part of their government. You have today before you certain bills—the bill that was argued just yesterday by the distinguished Senator from Kentucky [Mr. LOGAN]—bills that are predicated upon the suspicion which the humble citizen has of Federal court procedure. So that while I welcome congressional investigation, while I believe thoroughly that the right of the citizen and his privacy should step aside when the Government calls, just as it does in time of war, I recognize the fact that there are many citizens of this country who do not so regard the activities of Congress and the Federal Government.

Mr. CONNALLY. Mr. President, I rise to a point of order.

The PRESIDENT pro tempore. The Senator from Texas will state the point of order.

Mr. CONNALLY. I thought we were supposed to hear an argument of the case and not a lecture.

The PRESIDENT pro tempore. The Chair overrules the point of order.

Mr. RICHARDSON. I realize that the Senator's complaint is just. I realize that it has that appearance to him, but I trust that the other 95 Senators will see that my purpose beyond it is to lead up to the situation that confronted this friend of mine. That is why this response which I filed, which one of the papers this morning said went back into the boyhood days of Colonel Brittin—that is why I made it so long, because you have a human being here, and I want you to know what kind of a human being he is so that if my explanation is good as to what he did you will agree with me as to what ought to be done with him.

I ask you, Senators, when you come to decide this case to read the response, because it is evidence here. I made no attempt to go over with Colonel Brittin the course of what

I consider the legitimate testimony because he filed a sworn response and that should stand as his testimony until there is something offered to contradict it. It is his story. It is the story of how 8 years ago he organized an airplane company and how on his shoulders alone for 8 years, from hotel to hotel, from office to office, he was carrying a load of papers and documents, running around until he came to be as the little Irish girl told you this morning—how hurried he was and how nervous he was and how wrought up he was. Right in the middle of it came the announcement, "They are going to take all the files from MacCracken & Lee's office", and on the spur of the moment, spasmodically, without much thought, he ran up to that office. It is a very fortunate thing for us that he went to Mr. Lee and did not go to Mr. MacCracken, under the circumstances involved in this case. He went to Mr. Lee. There was no concealment. He went to Mr. Lee and said, "I want to see those files. There is some stuff in there I want." Mr. Lee said, "Sure, you are entitled to see them", and he got them. Mr. Lee said himself he did not make the examination he should, but how was Brittin to know that? Lee was one of his lawyers, and he put the papers in Lee's hands and said, "Can I take them?" How can he tell how Lee looked at them? Lee said, "I think it is all right to take them. Take them and go about your business."

Lee said there were 5 or 6 papers. There are 30 papers offered here. Where did the other 24 or 25 come from? Brittin tells you that he had been cleaning out the files in his office. He is completely corroborated by the testimony of the young post-office inspector who was here. I have no fault with the post-office inspector's collection of these torn documents. I think he did a good job. My experience with postal inspectors is that they do a good job. I would be willing to accept the theory he worked out as to how each gunny sack should be dated. But as a matter of fact, when you come to consider that you have a man's future at stake which will be blasted if you make a mistake, I say that you should not depend upon whether a charwoman put all of the February 1 scrap paper in a gunny sack or whether she did not.

They produced and there is in this file a fragment of a letter. Where is the rest of the letter? If that has been lost, perhaps other letters have been lost. I think these boys did the best they could, and I have no criticism of them.

Colonel Brittin stood here, and I think you will do me the credit to believe that I know enough about the examination of witnesses so that if I had wanted to make up a story for him I would have made up a better one than he told with reference to what he could remember of these documents. I cannot understand how a man can look at a bunch of letters and have no more recollection of them, but as I have talked with the girls with whom he worked and observed his single-track mind—and it is nothing but an airplane mind—I am not at all surprised. Mr. Lee did not remember much more than Mr. Brittin did, and they both had a duty.

That is the situation. I said I thought Colonel Brittin might have had different counsel, because I do not entertain any doubt whatever but that Colonel Brittin did wrong from the standpoint of something better to do. I think he should have taken those papers, if he wanted them, and gone to the distinguished chairman of this committee and said, "Mr. BLACK, let me have these letters. They are mine, and I do not want my friends embarrassed." But he did not know Senator BLACK, and there are those out on the hustings who do not like to go to a strange United States Senator and make a request. On the spur of the moment, he took the letters away. He had the advice of counsel, but we are not hiding behind it. I simply use it for the purpose of showing you that there was no surreptitious, sleight-of-hand work in getting those letters.

I call your attention to one thing more. The committee suggested very properly to these witnesses an identification of these letters which appear here as exhibits. Mr. Lee says that he had an impression that the letters Colonel Brittin took were some of them from the far Northwest. He thinks, as far as he can recollect, that there were no four-page letters there. He thinks, because the name "Lilly" was an unusual name, that he did not see the name "Lilly." He said there were no letters exhibited to him that did not have addresses. He said there were no memorandums, so far as he saw among the letters, and he remembers there was the name "Stein." That is what he remembers. Every one of those things, with the exception of the telegram here addressed to Stein, bars any theory that the letters shown here are the letters taken out.

That, I think, is all I have to say.

I cannot make over Colonel Brittin. I cannot go on and tell you about his air line. The distinguished Senator from Louisiana [Mr. LONG] objected to that yesterday; but the Northwest Airways is this man right here [indicating Mr. Brittin] and has been for the last 8 years. The papers filed here, the exhibits introduced by the committee, show that in his letters he was contending that he was representing the last lone, independent airways line there was in the United States.

I am interested, and I like to hear the tale, because his airplanes fly over my home. From Seattle to Spokane it is 300 miles. From Spokane to Billings it is three or four hundred miles. From Billings to Bismarck it is three or four hundred miles. From Bismarck to Fargo is 200 miles. From Fargo to Minneapolis is 280 miles. From Minneapolis to Chicago is 400 miles. You people in the East know nothing about distances like that. That is our airplane line; and there is not an airport that the C.W.A. has put in in those cities, practically, that has not been put in by Colonel Brittin, acting for them; and so the airways is Brittin.

I do not only want, Senators, to have you let Mr. Brittin go. Mercy? Why, certainly—wide, deep, and overflowing, if it is necessary to have it, to let him go. I want something more, presumptuous as it may seem. I want the Senate to say to him that they do not believe that he is guilty of moral turpitude; that they do no believe that he sinned knowingly; that they do not believe that he did this with a malign intent.

If you say that, there is some hope in the future for pleasure to a man who has spent in part his past life in the uniform of his country. It is not much to ask from the Senate. It is everything to Colonel Brittin.

That is all I have to ask of you, and that is all I wish to say in his behalf.

ARGUMENT OF FRANK K. NEBEKER, ESQ., ON BEHALF OF THE RESPONDENTS HANSHUE AND GIVVIN

The PRESIDENT pro tempore. Mr. Nebeker, counsel for respondents, Hanshue and Givvin, is recognized.

Mr. NEBEKER. Mr. President and Senators, I feel as though I owe you an apology in advance; and I certainly ought to say, in justice to myself, that I cannot make the contribution to this discussion today that I should like to be able to make, for this reason:

My clients, Mr. Hanshue and Mr. Givvin, and the witnesses whom I have put on the stand came to my office day before yesterday about noon, and they were all strangers to me. I never had seen one of them before, and my entire time since then has been spent in an attempt to get at the actual facts of the case.

I have had no time to make a study of a very interesting question of law that this honorable body will have to determine. I should like to have been helpful in that regard, but I am unable to say more than this:

In the case of Marshall against Gordan, Chief Justice White made a reconsideration of the powers of the Senate in contempt cases. He went back to the beginning of jurisdiction in Great Britain, and he followed it down and made a study de novo of the entire question; and to my mind it seemed to be entirely conclusive upon at least one or two points. To tell you the truth, my only study of that case took place out here, just adjacent to the Senate Chamber. I have not had any time whatever to make any further study of the law; but, as I read that case, my un-

derstanding of the law is that the Senate does not have power to administer punishment per se. Punishment, as administered by the Senate in contempt proceedings, as I understand, is to remove a block that gets in the way of the exercise of its functions and jurisdiction.

Any sort of punishment can be imposed for that purpose; but for punishment as such, I think you will find that there is no such power in the Senate; and it arises from the division of powers in our Government as distinguished from the British Parliament.

With that being my understanding, I should like to proceed briefly to the evidence in our case; and I speak of our case as the case of Mr. Hanshue and Mr. Givvin. I should like, if you please, to have that kept constantly in mind. The responsibility of their case is enough for me without assuming any responsibility for anybody else.

They testified in their own behalf. Two witnesses were put upon the stand in their behalf, and those witnesses were Mr. France and Mr. Voorhes.

It would be unfortunate if this case were disposed of by just thumbing or running through the record and not finding out whether the testimony of this witness had any bearing upon this, that, or the other respondent's case, but just lumping them all together and passing upon all of the cases in that way. I ask, Senators, that particular attention be given to the evidence that has been introduced here in behalf of Mr. Hanshue and Mr. Givvin.

With the idea in mind that what your contempt proceedings are supposed to effectuate is to remove any obstructions in the way of legislation, how do we stand?

Assume, to begin with, that there was contempt on the part of Mr. Hanshue. Let us say that the evidence was clear to the effect that Mr. Hanshue knowingly and intentionally took files which he thought were germane to some matter that was under consideration in the Senate. Let us concede that for the purposes of the argument. We are not, of course, conceding anything of the kind. He was in New York City. He was not under subpena. He never has been under subpena. Papers were sent to him; and let us say again, for the purposes of the argument, that they were sent to him at his request. That may possibly put him in contempt under the law as I understand it; but did he not purge himself of that contempt? If it were humanly possible for him to do so, he has done it.

He received those papers in New York on Friday morning, the 2d of this month. He did not get around to see the papers himself until in the afternoon of that day, or shortly after noon of that day. He and Mr. France and Mr. Voorhes all testified that the papers were kept intact; that no paper was taken from them; that they were all put together in a new envelop, brought to Washington, and left finally on the table of this honorable committee, and they are now in its possession.

I say that that is as complete a purging of contempt, if contempt existed, as was humanly within the power of any man.

But to go back to Mr. Hanshue's case, the great preponderance of the testimony in this case is that Mr. Hanshue did not know that any papers were being taken from those files. Now, Mr. Givvin on the stand—it is shown, and it must be admitted—has made contradictory statements upon that subject. There is not any doubt about that. That evidence is before you; and, in passing, I will say that I have had enough experience with human beings to know that such things are quite possible as Mr. Givvin has stated the matter. Take a man, a young man, who has had no experience in court, and have some experienced investigators examine him for 3 hours, especially if he had already done the thing which seemed to give color to the fact that he had been requested to do that thing—namely, to send those papers—and how easy it is for him to get in his mind that he has had the request!

I will say to you in all sincerity, Senators, after being with these gentlemen, I was going to say, almost night and day since the moment I first met them, that I have not any doubt at all in my mind that Mr. Givvin did not receive those instructions.

In addition to the fact that he has purged the contempt, if contempt there were, the other point I should like to have you keep in mind is that he has removed this obstruction which is the very cornerstone of your jurisdiction. When it comes to punishing a past contempt, one which has spent its force, which no longer constitutes an obstruction to the exercise of your power and jurisdiction, I say you will find that you do not have the jurisdiction. That is where your power ends; and from there on it becomes a justiciable question for the courts.

That is the law as I understand it.

Now as to Mr. Givvin, let us take the most unfavorable construction that we can place upon his testimony and upon his situation. It does not amount to anything more than contempt at its inception, I take it. Let us say that it was contempt there. Can he not be given, ought he not to be given, a locus penitentiae in which to purge himself of any contempt there was? Has he not done so? Was there anything else he could do that he has not done? As soon as he got those papers back into his hands, he hastened up here and took them to the office of the secretary of the committee. From then on he kept those papers in his hands in such a way as to insure their reaching the committee; and he finally deposited them upon the table of the committee and left them there.

I am sure, Senators, that you cannot find a case in all of the books where that does not constitute the purging of a contempt, even if contempt there was.

You must recall that the situation in this case was quite peculiar. As I say, these men were not under subpena. The only intimation Mr. Hanshue had when he telephoned to Mr. MacCracken and to Mr. Givvin on the evening of February 1 was the wire from Mr. MacCracken. Mr. MacCracken had been Mr. Hanshue's attorney. He was not at that particular time, but he had been over long periods of time. Just read that telegram, if you will, please. Any man in reading that telegram, getting it from his own lawyer, would assume that the only question Mr. Hanshue had to pass upon was the question as to whether he would release, as he expressed it, Mr. MacCracken from the privilege, from holding those papers on account of their being confidential communications between them. He had no idea at that time of anything else. Mr. Hanshue would have had the right to assume at that time, "All I need to say to Mr. MacCracken is 'I'll not waive my privilege'", and stand on it, and he had no reasons to think that that would not have been a perfect bar to the use of those papers if he did not wish them to be used. That was all.

With that information, and that alone, these papers started back to Washington. A telegram came from Senator BLACK later on. The time is given in the testimony of Mr. Hanshue. Mr. Voorhes was on his way to Washington at that very time with instructions to hasten those papers into the hands of the commitee.

With that very brief and, I will say from my standpoint and from my clients', very unsatisfactory statement, I will close.

ORDER OF PROCEDURE

The PRESIDENT pro tempore. The Chair inquires if there are any arguments to be made by members of the committee?

Mr. BLACK. There are no further arguments, Mr. President.

Mr. LEWIS. Mr. President, a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. LEWIS. Is there to be no presentation to the Senate by the representatives of the committee, or some member of the committee, of the cause, from the standpoint of those who are preferring the prosecution?

The PRESIDENT pro tempore. The Chair was told, in answer to a question addressed to the chairman of the committee [Mr. BLACK], that there was no further argument to be made at this time.

Mr. BARKLEY. Mr. President, a further parliamentary inquiry.

The PRESIDENT pro tempore. The Senator from Kentucky will state it.

Mr. BARKLEY. Does that mean that when the Senate, acting as a court and as a jury, passing upon this question, goes into executive session, there will be no statement from the committee or any argument on the part of the members of the committee to the Senate as to the merits of the cases?

Mr. ROBINSON of Arkansas. Mr. President, the order which has been agreed to provides that the deliberations of the Senate on these matters shall be in closed executive session. I therefore move that the Senate proceed to the consideration of the cases in closed executive session. I will state, however, before the motion is put, that according to suggestions that have been made by numerous Senators, the matter may go over until Monday, and I think it proper to determine that in closed executive session.

Mr. McNARY. Mr. President, do I understand the Senator from Arkansas [Mr. ROBINSON] to say that he desires to have the matter go over until Monday?

In view of the fact that a great many Senators must be away Monday on account of services in connection with the observation of Lincoln's Birthday, I suggest that we go over until Tuesday.

Mr. ROBINSON of Arkansas. Mr. President, I think that will have to be determined in closed executive session.

Mr. McNARY. Very well; but I thought it was the intention of the Senator from Arkansas that when we recess later this aftenoon it would be to meet on Monday, at which time the Senate would begin consideration of the cases. That is not satisfactory, Mr. President, for the reason I stated, and I suggest that when we take a recess we do so until Tuesday.

Mr. ROBINSON of Arkansas. Mr. President, I think the question of procedure in our deliberations will have to be determined in closed executive session.

Mr. McNARY. Very well. I did not want to be foreclosed.

DELIBERATIONS WITH CLOSED DOORS

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas that the Senate proceed to the consideration of the cases in closed executive session.

The motion was agreed to; and (at 3 o'clock and 50 minutes p.m.) the Senate proceeded to deliberate with closed doors.

After about 25 minutes in closed executive session the doors were reopened.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR., ET AL.

During the proceedings with closed doors, on the motion of Mr. ROBINSON of Arkansas, the following order was adopted:

Ordered, That further consideration of the pending contempt proceedings be deferred until noon Tuesday, February 13, 1934, at which time they shall be resumed; and that the respondents stand upon the present citation and be instructed to appear at said time.

During the proceedings with closed doors, on request of Mr. BARKLEY, the decision of the Supreme Court in the case of *Marshall* v. *Gordon* (243 U.S.), and on request of Mr. WAGNER, the decision in the case of *McGrain* v. *Daugherty* (273 U.S.), and the decision in the case of *In re Chapman* (166 U.S.), were ordered to be printed in the RECORD, as follows:

[From United States Reports, vol. 243]

MARSHALL *v.* GORDON, SERGEANT AT ARMS OF THE HOUSE OF REPRESENTATIVES OF THE UNITED STATES

APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE SOUTHERN DISTRICT OF NEW YORK

No. 606. Argued December 11, 12, 1916—Decided April 23, 1917

Appellant, while United States attorney for the southern district of New York, conducted a grand jury investigation which led to the indictment of a Member of the House of Representatives. Acting on charges of misfeasance and nonfeasance made by the Member against appellant in part before the indictment and renewed with additions afterwards, the House, by resolution, directed its Judiciary Committee to make inquiry and report concerning appellant's liability to impeachment. Such inquiry being in progress through a subcommittee, appellant addressed to the subcommittee's chairman and gave to the press a letter, charging the subcommittee with an endeavor to probe into and frustrate the action of the grand jury, and couched in terms calculated to arouse the indignation of the Members of that committee and those of the House generally. Thereafter, appellant was arrested in New York by the Sergeant at Arms pursuant to a resolution of the House whereby the letter was characterized as defamatory and insulting and as tending to bring that body into public contempt and ridicule, and whereby appellant in writing and publishing such letter was adjudged to be in contempt of the House in violating its privileges, honor, and dignity. He applied for habeas corpus.

Held: (1) That the proceedings concerning which the alleged contempt was committed were not impeachment proceedings.

(2) That, whether they were impeachment proceedings or not, the House was without power by its own action, as distinct from such action as might be taken under criminal laws, to arrest or punish for such acts as were committed by appellant.

No express power to punish for contempt was granted to the House of Representatives, save the power to deal with contempts committed by its own Members (Constitution, art. I, sec. 5).

The possession by Congress of the commingled legislative and judicial authority to punish for contempts which was exerted by the House of Commons is at variance with the view and tendency existing in this country when the Constitution was adopted, as evidenced by the manner in which the subject was treated in many State constitutions, beginning at or about that time and continuing thereafter.

Such commingling of powers would be destructive of the basic constitutional distinction between legislative, executive, and judicial power, and repugnant to limitations which the Constitution fixes expressly; hence there is no warrant whatever for implying such a dual power in aid of other powers expressly granted to Congress.

The House has implied power to deal directly with contempt so far as is necessary to preserve and exercise the legislative authority expressly granted.

Being, however, a power of self-preservation, a means and not an end, the power does not extend to infliction of punishment as such; it is a power to prevent acts which in and of themselves inherently prevent or obstruct the discharge of legislative duty and to compel the doing of those things which are essential to the performance of the legislative functions.

As pointed out in *Anderson* v. *Dunn* (6 Wheat. 204), this implied power, in its exercise, is limited to imprisonment during the session of the body affected by the contempt.

The authority does not cease when the act complained of has been committed, but includes the right to determine in the use of legitimate and fair discretion how far from the nature and character of the act there is necessity for repression to prevent immediate recurrence, i.e., the continued existence of the interference or obstruction to the exercise of legislative power.

In such case, unless there be manifest an absolute disregard of discretion and a mere exertion of arbitrary power coming within the reach of constitutional limitations, the exercise of the authority is not subject to judicial interference.

The power is the same in quantity and quality, whether exerted on behalf of the impeachment powers or of the others to which it is ancillary.

The legislative power to provide by criminal laws for the prosecution and punishment of wrongful acts—not here involved.

The case is stated in the opinion.

Mr. Charles P. Spooner and Mr. Jesse C. Adkins, with whom Mr. John C. Spooner was on the brief, for appellant:

No express power is given by the Constitution to the House of Representatives to punish for contempt; the House has no general power to punish any act as a crime (Constitution, art. I, sec. 5; *Kilbourn* v. *Thompson*, 103 U.S. 168, 182).

A contempt proceeding is either civil or criminal (*Gompers* v. *Buck Stove & Range Co.*, 221 U.S. 418, 441; *Gompers* v. *United States*, 233 U.S. 604, 610). A civil proceeding is merely process and may be enforced by the House of Representatives when necessary to the performance of its functions. A criminal contempt proceeding is punishment for crime and may be exercised only by the judiciary (Constitution, art. III, secs. 1, 2, amendments V, VI). The Continental Congress suffered many indignities (5 Elliott's Debates, 2d ed., pp. 92–94; 1 Curtis' Constitutional History, p. 149; 1 McMaster's History of United States, pp. 133, 183); but the States were jealous of the powers of the Federal Government (1 Curtis' Constitutional History, pp. 153, 154, 159). Congress was given ample power of self-protection by exclusive jurisdiction over the District of Columbia, and power to pass all necessary laws to carry into execution express powers (Constitution, art. I, sec. 8, cl. 17, 18; Federalist, No. 42; 2 Story, Constitution, sec. 1218; 1 Curtis' Constitutional History, p. 487; 1 Tucker, Constitution, sec. 205).

The power to punish for contempt is not impliedly conferred on Congress, either by analogy to the House of Commons or by necessity. While the House of Commons has such a power, it was derived from the fact that Parliament was originally a court. The House of Representatives was never a court, and does not derive this power by analogy (*Kilbourn* v. *Thompson*, 103 U.S. 168, 183, 184, 188, 189; *Kielley* v. *Carson*, 4 Moore, P.C., 63). Such a power is not necessary to enable it to perform its duties or to exercise the powers expressly conferred by the Constitution.

The power claimed is exceedingly broad. It might result in conflict between the judiciary and Congress, as actually happened in England (*Stockdale* v. *Hansard*, 9 Ad. & El. 1; *Sheriff of Middle-*

sex, 11 Ad. & El. 273.) Such a power would practically destroy the freedom of the press and of public discussion, for every critic of either body of Congress or any Member thereof might be imprisoned at the whim of Congress, and without trial by the courts. If Congress exercises such power, it will have little time left in which to legislate. On the other hand, Congress must have some power of self-help; the line of demarcation is logical and plain. The principle is that applicable to all grants of powers (*McCulloch* v. *Maryland*, 4 Wheat. 316; *Ex parte Yarbrough*, 110 U.S. 651, 658), and is embodied in the maxim Quando lex aliquid alicui concedit, concedere videtur et id sine quo res ipsa non potest (5 Coke, 47). Congress may preserve decorum in its deliberations, compel attendance of its Members, admit and expel them, and punish them for disorder. Possibly it may imprison its own Members in the execution of these duties, but compulsory attendance or expulsion would be sufficient punishment. Congress has all power, by removal from its Halls and by coercive imprisonment, necessary to self-preservation, but no power to punish for crime. That is for the judiciary.

Anderson v. *Dunn* (6 Wheat. 204) held that the House had implied power to punish for contempt. The Privy Council declined to follow it in *Kielley* v. *Carson*, supra. It was overruled in *Kilbourn* v. *Thompson* (103 U.S. 168), where it was held that the Constitution conferred no express power on either House to punish for contempts, and no such right was derived by analogy to Parliament. The court declined to decide whether any such power was implied from necessity, but said that little aid for that proposition was found in the late English cases, which are quoted from approvingly. The trend of the opinion is against the existence of such power. The power sustained in *In re Chapman* (166 U.S. 661) was that of coercion to compel testimony and was merely process (Ib. 8 App. Cas. D.C. 315. See also *Interstate Commerce Commission* v. *Brimson*, 154 U.S. 447).

The English cases support the proposition (*Kielley* v. *Carson*, 4 Moore P.C. 63; *Fenton* v. *Hampton*, 11 Moore P.C. 347; *Doyle* v. *Falconer*, L.R., 1 P.C. 328; *Hill* v. *Weldon*, 5 New Brunswick 1.)

Administrative tribunals perform functions closely akin to the judicial, without this power, e.g., the Interstate Commerce Commission, the Patent Office, the General Land Office.

Not all courts have the power to punish for contempt (*Rinehart* v. *Lance*, 43 N.J.L. 311; *In re Mason*, 43 Fed. Rep. 510, 515; *Queen* v. *Lefroy*, L.R., 8 Q.B. 134).

The fact that the House was investigating a charge of impeachment does not alter the case. The legislative power is of greater importance; such a distinction would be difficult of application. The House, when sitting in an impeachment inquiry is not a court, nor has it power to punish criminal contempts by analogy to courts. Impeachment in the United States is a political and not a judicial act; its object is to remove from office, not to punish for crime; that is left to the courts. (See 26 Harv. Law Rev., p. 684.)

A court renders judgment usually reviewable, and the judges may be impeached. The House charges that a man is unfit to hold office, and there is no review of its action. Judges are appointed as experts in law, and are sworn to do impartial justice; a court proceeds according to settled rules of law and upon adequate evidence; the House proceeds in its ordinary legislative capacity, and need not take evidence; its Members are not selected as lawyers and take no judicial oath.

The House is not to be likened to a grand jury. The true analogy is to the prosecuting attorney; his functions are identical with those of the House, but neither is judicial.

Not every court has power to punish for contempt committed out of its presence. The King originally was personally present with the curia regis, and any insult to the court was an offense against the sovereign (1 Hawk. P.C., ch. 6, sec. 3; 4 Black Com., pp. 121–126). It was prosecuted only by ordinary criminal procedure (*Gompers* v. *United States*, 233 U.S. 604; 3 Trans. Royal Hist. Soc., N.S., p. 147.) The first summary prosecution for a contempt for libelling a court occurred in 1720 (24 L.Q.R., pp. 184, 266, article by John Charles Fox). In Pennsylvania the State courts as early as 1809 were forbidden to prosecute libel as contempt (Thomas, Constructive Contempt, p. 26).

The act of 1831, which became section 725, Revised Statutes, and is now section 268, Judicial Code, forbids the Federal courts to punish indirect contempts in a summary way (Ex parte Poulston, 19 Fed. Cas. 1205; *In re Daniels*, 131 Fed. Rep. 95. Contra: *United States* v. *Toledo Newspaper Co.*, 220 Fed. Rep. 458; *United States* v. *Huff*, 206 Fed. Rep. 715; *In re Independent Pub. Co.*, 228 Fed. Rep. 787).

The most strained doctrine of implied powers will not grant a power to one tribunal by analogy to another when there is grave doubt of the existence of such power in the analogous tribunal.

Mr. D-Cady Herrick, with whom Mr. Henry M. Goldfogle and Mr. Martin W. Littleton were on the brief, for appellee:

The only question open in habeas corpus is that of jurisdiction (*In re Chapman*, 156 U.S. 211, 215; *In re Taylor*, 149 U.S. 164; *Kingsley* v. *Anderson*, 171 U.S. 101–106; Ex parte Kearney, 7 Wheat. 29, 42, 43). If the House of Representatives had jurisdiction no court can review its action, and it must be treated as sole judge of the question whether the facts constituted a contempt of its power, dignity, and authority. *In re Debs*, 158 U.S. 564, 595–600. Each department of the Government is supreme with its own sphere and immune from intrusion by the others. (See *Henry* v. *Henkel*, 235 U.S. 219, 227, 228.) For the court to review the action of the House would be to draw to itself, in the first instance, the control of all proceedings relative to contempts by either branch of Congress. *Kilbourn* v. *Thompson* (103 U.S. 168) is distinguishable in that it was an action for damages, brought after the House had acted and punished complainant for contempt, wherein the legality of its action was directly questioned.

Congress has power to punish for contempts committed against it when engaged in any matter within its jurisdiction.

The English cases touching the power of Parliament having been so fully considered in the *Kilbourn case*, and in the *Nugent case* (18 Fed. Cas. 471), we deem it unnecessary to discuss them or consider whether Congress in either branch can trace the power back to Parliament. We confine ourselves to what Congress has done and what the courts of this country have decided.

The power was exercised in the cases of Randall (1795) and Duane (1800) (Hinds' Precedents, pp. 1047–1052; Story Const., sec. 848). These were followed by a number of others (Hinds' Precedents, vols. 2 and 3, pp. 1047 et seq). It was sustained in *Anderson* v. *Dunn* (6 Wheat. 204; Hinds' Precedents, pp. 1056 et seq.), and the *Nugent case*, supra (Hinds' Precedents, pp. 1110 et seq.).

The law as settled by Anderson against Dunn was followed by courts and textwriters in this country and remained unquestioned until *Kilbourn* v. *Thompson* (see *Ex parte Dalton* 44 Ohio St. 142; Story Const., sec. 847, pp. 614–615; Rawle Const., c. 4, p. 48; Hare's Am. Const. Law, vol. 2, pp. 850–851).

Kilbourn against Thompson is authority only for the proposition that where the matter under investigation is beyond the jurisdiction of the House there is no authority in either House to compel a witness to testify as to the subject under investigation; and the opinion clearly indicates (p. 193) that if it had been an impeachment proceeding Kilbourn could have been punished for contempt for refusing to answer question propounded to him as a witness before the committee conducting the investigation. The question whether the power exists as one necessary to enable either House to exercise successfully its function of legislation was not decided.

Either House may punish disorderly behavior of its Members, compel attendance of witnesses, and the production of papers in election and impeachment cases and in any case that may involve the existence of those bodies (*Interstate Commerce Commission* v. *Brimson*, 154 U.S. 447, 485). Refusal to answer pertinent questions in a matter of inquiry within the jurisdiction of the Senate constitutes a contempt of that body, and by statute is also punishable as an offense against the United States (*In re Chapman*, 166 U.S. 661).

If the House, through its committee, was engaged in a judicial proceeding at the time of the commission of the alleged contempt, then within the reasoning of *Kilbourn* v. *Thompson* it had power and jurisdiction to punish for contempt. The committee was considering charges that appellant had committed impeachable offenses and impeaching him therefor, and was engaged in taking evidence in relation thereto. Impeachments are judicial proceedings (Wilson's Works, vol. 2, p. 45, citing 2 Hale, P.C., p. 150; 4 Black Com., p. 256; Hare's Am. Const. Law, p. 855; *Kilbourn* v. *Thompson*, supra, pp. 190, 191). The House of Representatives and the Judiciary Committe acting for it and as a part of it is as much a portion of the court of impeachment as a grand jury is a part of the court to which it is attached. A publication in relation to the grand jury is punishable as a contempt. *Percival* v. *State* (50 Am. St. Rep. (note) 575). In matters over which the House has jurisdiction it may subpena witnesses and punish for contempt for not appearing, or refusing to testify; and the writing and publication of letters attacking the honesty of the motives and integrity of the House is a matter much more likely to discredit Congress and bring it into contempt than merely disobeying its subpena.

If the power exists at all, it must exist for all kinds of contempts, and, once conceded, it is not divisible. The courts will not interfere (the House having jurisdiction in the premises) to say that it can punish for one kind of contempt and not for another.

The House has jurisdiction to punish, as an exercise of power necessary to enable it to fully exercise the powers expressly conferred. Congress has power to make all laws which shall be necessary and proper for carrying into execution the powers expressly granted by article 1 of the Constitution—legislative powers; but it is the fundamental law that, in addition, by implication, in the absence of any express limitations thereon, it possesses those necessary to enable it to discharge the duties and obligations expressly conferred upon it (*United States* v. *Fisher* (2 Cranch, 358, 396); *McCulloch* v. *Maryland* (4 Wheat. 316, 413, 421); *Legal Tender Cases* (12 Wall. 457, 533, 534, 538); *United States* v. *Gettysburg Electric Ry.* (160 668, 681)).

In the light of the interpretations given to the word "necessary" in the clause of the Constitution above quoted, it can hardly be denied that the power to punish for contempt is a power necessary to enable Congress to perform the functions allotted to it by the Constitution. In exercising legislative functions, or when considering charges of impeachment, its members should be free from assaults upon their integrity or the honesty of their motives; they should be as uninfluenced in their deliberations as should the courts; and to that end they should have the same means of protecting themselves from disturbing influences. The power to punish for contempt is inherent in all courts of justice and legislative bodies (*Yates* v. *Lansing* (9 Johns 385, 416); *Anderson* v. *Dunn* (6 Wheat. 204, 226–228); *In re Chapman*, supra (p. 668)).

For Congress, or either branch of it, when acting within its jurisdiction, to itself summarily punish those guilty of contempt is to proceed by direction and not by indirection to a legitimate end by means not prohibited by the Constitution (*McCulloch* v.

Maryland, supra, p. 421) and by a method peculiarly appropriate and plainly adapted to its protection.

Mr. Chief Justice White delivered the opinion of the Court.

These are the facts: A Member of the House of Representatives on the floor charged the appellant, who was the district attorney of the southern district of New York, with many acts of misfeasance and nonfeasance. When this was done the grand jury in the southern district of New York was engaged in investigating alleged illegal conduct of the Member in relation to the Sherman antitrust law and asserted illegal activities of an organization known as Labor's National Peace Council to which the Member belonged. The investigation as to the latter subject not having been yet reported upon by the grand jury, that body found an indictment against the Member for a violation of the Sherman law. Subsequently calling attention to his previous charges and stating others, the Member requested that the Judiciary Committee be directed to inquire and report concerning the charges against the appellant insofar as they constituted impeachable offenses. After the adoption of this resolution a subcommittee was appointed which proceeded to New York to take testimony. Friction there arose between the subcommittee and the office of the district attorney based upon the assertion that the subcommittee was seeking to unlawfully penetrate the proceedings of the grand jury relating to the indictment and the investigations in question. In a daily newspaper an article appeared charging that the writer was informed that the subcommittee was endeavoring rather to investigate and frustrate the action of the grand jury than to investigate the conduct of the district attorney. When called upon by the subcommittee to disclose the name of his informant the writer declined to do so and proceedings for contempt of the House were threatened. The district attorney thereupon addressed a letter to the chairman of the subcommittee avowing that he was the informant referred to in the article, averring that the charges were true and repeating them in amplified form in language which was certainly unparliamentary and manifestly ill-tempered and which was well calculated to arouse the indignation not only of the members of the subcommittee but of those of the House generally. This letter was given to the press so that it might be published contemporaneously with its receipt by the chairman of the subcommittee. The Judiciary Committee reported the matter to the House, and a select committee was appointed to consider the subject. The district attorney was called before that committee and reasserted the charges made in the letter, averring that they were justified by the circumstances and stating that they would under the same conditions be made again. Thereupon the select committee made a report and stated its conclusions and recommendations to the House as follows:

"We conclude and find that the aforesaid letter written and published by said H. Snowden Marshall to Hon. C. C. Carlin, chairman of the subcommittee of the Judiciary Committee of the House of Representatives, on March 4, 1916, * * * is as a whole and in several of the separate sentences defamatory and insulting and tends to bring the House into public contempt and ridicule, and that the said H. Snowden Marshall, by writing and publishing the same, is guilty of contempt of the House of Representatives of the United States because of the violation of its privileges, its honor, and its dignity."

Upon the adoption of this report under the authority of the House a formal warrant for arrest was issued and its execution by the Sergeant at Arms in New York was followed by an application for discharge on habeas corpus and the correctness of the judgment of the court below refusing the same is the matter before us on this direct appeal.

Whether the House had power under the Constitution to deal with the conduct of the district attorney in writing the letter as a contempt of its authority and to inflict punishment upon the writer for such contempt as a matter of legislative power—that is, without subjecting him to the statutory modes of trial provided for criminal offenses protected by the limitations and safeguards which the Constitution imposes as to such subject—is the question which is before us. There is unity between the parties only in one respect; that is, that the existence of constitutional power is the sole matter to be decided. As to all else there is entire discord, every premise of law or authority relied upon by the one side being challenged in some respects by the other. We consider, therefore, that the shortest way to meet and dispose of the issue is to treat the subject as one of first impression, and we proceed to do so.

Undoubtedly what went before the adoption of the Constitution may be resorted to for the purpose of throwing light on its provisions. Certain is it that authority was possessed by the House of Commons in England to punish for contempt directly; that is, without the intervention of courts, and that such power included a variety of acts and many forms of punishment, including the right to fix a prolonged term of imprisonment. Indubitable also is it, however, that this power rested upon an assumed blending of legislative and judicial authority possessed by the Parliament when the Lords and Commons were one, and continued to operate after the division of the Parliament into two houses either because the interblended power was thought to continue to reside in the Commons or by the force of routine the mere reminiscence of the commingled powers led to a continued exercise of the wide authority as to contempt formerly existing long after the foundation of judicial-legislative power upon which it rested had ceased to exist. That this exercise of the right of legislative-judicial power to exert the authority stated prevailed in England at the time of the adoption of the Constitution and for some time after has been so often recognized by the decided cases relied upon and by decisions of this court, some of which are in the margin,[1] as to make it too certain for anything but statement.

Clear also is it, however, that in the State governments prior to the formation of the Constitution the incompatibility of the intermixture of the legislative and judicial power was recognized and the duty of separating the two was felt, as was manifested by provisions contained in some of the State constitutions enacted prior to the adoption of the Constitution of the United States, as illustrated by the following articles in the constitutions of Maryland and Massachusetts.

"That the house of delegates may punish, by imprisonment, any person who shall be guilty of a contempt in their view, by any disorderly or riotous behavior, or by threats to, or abuse of their members, or by any obstruction to their proceedings. They may also punish, by imprisonment, any person who shall be guilty of a breach of privilege, by arresting on civil process, or by assaulting any of their members, during their sitting, or on their way to, or return from the house of delegates, or by any assault of, or obstruction to their officers, in the execution of any order or process, or by assaulting or obstructing any witness, or any other person, attending on, or on their way to or from the house, or by rescuing any person committed by the house; and the senate may exercise the same power in similar cases" (Constitution of Maryland, 1776, art. XII).

"They (the house of representatives) shall have authority to punish by imprisonment every person, not a member, who shall be guilty of disrespect to the house, by any disorderly or contemptuous behavior in its presense; or who, in the town where the general court is sitting, and during the time of its sitting, shall threaten harm to the body or estate of any of its members, for anything said or done in the house; or who shall assault any of them therefor; or who shall assault or arrest any witness, or other person, ordered to attend the house, in his way in going or returning; or who shall rescue any person arrested by the order of the house.

"And no member of the house of representatives shall be arrested, or held to bail on mesne process, during his going unto, returning from, or his attending the general assembly.

"The senate shall have the same powers in the like cases; and the governor and council shall have the same authority to punish in like cases: *Provided*, That no imprisonment, on the warrant or order of the governor, council, senate, or house of representatives, for either of the above-described offenses, be for a term exceeding 30 days" (Constitution of Massachusetts, 1780, pt. 2, ch. 1, sec. 3, arts. X and XI).

The similarity of the provisions points to the identity of the evil which they were intended to reach. Clearly they operate to destroy the admixture of judicial and legislative power as prevailing in the House of Commons since the provisions in both the State constitutions and the limitations accompanying them are wholly incompatible with judicial authority. Moreover, as under State constitutions all governmental power not denied is possessed, the provisions were clearly not intended to give legislative power as such, for full legislative power to deal with the enumerated acts as criminal offenses and provide for their punishment accordingly already obtained. The object, therefore, of the provisions could only have been to recognize the right of the legislative power to deal with the particular acts without reference to their violation of the criminal law and their susceptibility of being punished under that law because of the necessity of such a legislative authority to prevent or punish the acts independently because of the destruction of legislative power which would arise from such acts if such authority was not possessed.

How dominant these views were can be measured by the fact that in various other States almost contemporaneously with the adoption of the Constitution similar provisions were written into their constitutions and continued to be adopted until it is true to say that they became if not universal, certainly largely predominant in the States.[2]

No power was expressly conferred by the Constitution of the United States on the subject except that given to the House to deal with contempt committed by its own Members (art. I, sec. 5). As the rule concerning the Constitution of the United States is that powers not delegated were reserved to the people or the States, it follows that no other express authority to deal with contempt can be conceived of. It comes then to this, was such an authority implied from the powers granted? As it is unthinkable that in any case from a power expressly granted there can be implied the authority to destroy the grant made, and as the possession by Congress of the commingled legislative-judicial authority as to contempts which was exerted in the House of Commons would be absolutely destructive of the distinction between legislative, executive and judicial authority which is interwoven in the very fabric of the Constitution and would disregard express limitations therein, it must follow that there is no ground whatever for assuming that any implication as to such a power may be deduced from any grant of authority made to Congress by the

[1] *Brass Crosby's case*, 3 Wils. 188; *Burdett* v. *Abbot*, 14 East, 1; *Stockdale* v. *Hansard*, 9 Ad. and El. 1; *Anderson* v. *Dunn*, 6 Wheat. 204; *Kilbourn* v. *Thompson*, 103 U.S. 168.

[2] 1790, South Carolina, art. I, sec. 13; 1792, New Hampshire, pt. 2, secs. 22 and 23; 1796, Tennessee, art. I, sec. 11; 1798, Georgia, art. I, sec. 13; 1802, Ohio, art. I, sec. 14; 1816, Indiana, art. III, sec. 14; 1817, Mississippi, art. III, sec. 20; 1818, Illinois, art. II, sec. 13; 1820, Maine, art. V, pt. 3, sec. 6; 1820, Missouri, art. III, sec. 19.

Constitution. This conclusion has long since been authoritatively settled and is not open to be disputed (*Anderson* v. *Dunn*, 6 Wheat. 204; *Kilbourn* v. *Thompson*, 103 U.S. 168). Whether the right to deal with contempt in the limited way provided in the State constitutions may be implied in Congress as the result of the legislative power granted, must depend upon how far such limited power is ancillary or incidental to the power granted to Congress, a subject which we shall hereafter approach.

The rule of constitutional interpretation announced in *McCulloch* v. *Maryland* (4 Wheat. 316), that that which was reasonably appropriate and relevant to the exercise of a granted power was to be considered as accompanying the grant, has been so universally applied that it suffices merely to state it. And as there is nothing in the inherent nature of the power to deal with contempt which causes it to be an exception to such rule, there can be no reason for refusing to apply it to that subject.

Thus in *Anderson* v. *Dunn*, supra, which was an action for false imprisonment against the Sergeant at Arms of the House for having executed a warrant for arrest issued by that body in a contempt proceeding, after holding as we have already said, that the power possessed by the House of Commons was incompatible with the Constitution and could not be exerted by the House, it was yet explicitly decided that from the power to legislate given by the Constitution to Congress there was to be implied the right of Congress to preserve itself, that is, to deal by way of contempt with direct obstructions to its legislative duties. In *Kilbourn* v. *Thompson*, supra, which was also a cause of false imprisonment for arrest under a warrant issued by order of the House in a contempt proceeding, although the want of right of the House of Representatives to exert the judicial-legislative power possessed by the House of Commons was expressly reiterated, the question was reserved as to the right to imply an authority in the House of Representatives to deal with contempt as to a subject matter within its jurisdiction, the particular case having been decided on the ground that the subject with which the contempt proceedings were concerned was totally beyond the jurisdiction of the House to investigate. But in *In re Chapman* (166 U.S. 661), the principle of the existence of an implied legislative authority under certain conditions to deal with contempt was again considered and upheld. The case was this: Chapman had refused to testify in a Senate proceeding and was indicted under section 102 of the Revised Statutes making such refusal criminal. He sued out a habeas corpus on the ground that the subject of the refusal was exclusively cognizable by the Senate and that therefore the statute was unconstitutional as a wrongful delegation by the Senate of its authority and because to subject him to prosecution under the statute might submit him to double jeopardy, that is, leave him after punishment under the statute to be dealt with by the Senate as for contempt. After demonstrating the want of merit in the argument as to delegation of authority, the proposition was held to be unsound and the contention as to double jeopardy was also adversely disposed of on the ground of the distinction between the implied right to punish for contempt and the authority to provide by statute for punishment for wrongful acts and to prosecute under the same for a failure to testify, the court saying that "the two being diverso intuito and capable of standing together", they were susceptible of being separately exercised.

And light is thrown upon the right to imply legislative power to deal directly by way of contempt without criminal prosecution with acts the prevention of which is necessary to preserve legislative authority, by the decision of the privy council in *Kielley* v. *Carson* (4 Moo. P.C. 63) which was fully stated in *Kilbourn* v. *Thompson*, supra, but which we again state. The case was this: Kielley was adjudged by the House of Assembly of Newfoundland guilty of contempt for having reproached a member in coarse and threatening language for words spoken in debate in the house. A warrant was issued and Kielley was arrested. When brought before the house he refused to apologize and indulged in further violent language toward the member and was committed. Having been discharged on habeas corpus proceedings, he brought an action for false imprisonment against the speaker and other members of the house. As a justification the defendants pleaded that they had acted under the authority of the house. A demurrer to the plea was overruled, and there was a judgment for the defendants. The appeal was twice heard by the Privy Council, the court on the second argument having been composed of the Lord Chancellor (Lyndhurst), Lords Brougham, Denman, Abinger, Cottenham, and Campbell, the vice chancellor (Shadwell), the lord chief justice of the common pleas (Tindal), Mr. Justice Erskine, Lushington, and Baron Parke.

The opinion on reversal was written by Parke, B., who said:

"The main question raised by the pleadings, * * * was whether the house of assembly had the power to arrest and bring before them, with a view to punishment, a person charged by one of its members with having used insolent language to him out of the doors of the house, in reference to his conduct as a member of the assembly; in other words, whether the house had the power, such as is possessed by both Houses of Parliament in England, to adjudicate upon a complaint of contempt or breach of privilege."

After pointing out that the power was not expressly granted to the local legislature by the Crown, it was said the question was "whether by law, the power of committing for a contempt, not in the presence of the assembly, is incident to every local legislature."

"The statute law on this subject being silent, the common law is to govern it; and what is the common law, depends upon principle and precedent.

"Their lordships see no reason to think, that in the principle of the common law, any other powers are given them, than such as are necessary to the existence of such a body, and the proper exercise of the functions which it is intended to execute. These powers are granted by the very act of its establishment, an act which on both sides, it is admitted, it was competent for the Crown to perform. This is the principle which governs all legal incidents." And after quoting the aphorism of the Roman law to the effect that the conferring of a given power carried with it by implication the right to do those things which were necessary to the carrying out of the power given, the opinion proceeded: "In conformity to this principle we feel no doubt that such an assembly has the right of protecting itself from all impediments to the due course of its proceeding. To the full extent of every measure which it may be really necessary to adopt, to secure the free exercise of their legislative functions, they are justified in acting by the principle of the common law. But the power of punishing anyone for past misconduct as a contempt of its authority, and adjudicating upon the fact of such contempt, and the measure of punishment as a judicial body, irresponsible to the party accused, whatever the real facts may be, is of a very different character, and by no means essentially necessary for the exercise of its functions by a local legislature, whether representative or not. All these functions may be well performed without this extraordinary power, and with the aid of the ordinary tribunals to investigate and punish contemptuous insults and interruptions."

There can be no doubt that the ruling in the case just stated upheld the existence of the implied power to punish for contempt as distinct from legislative authority and yet flowing from it. It thus becomes apparent that from a doctrinal point of view the English rule concerning legislative bodies generally came to be in exact accord with that which was recognized in *Anderson* v. *Dunn*, supra, as belonging to Congress, that is, that in virtue of the grant of legislative authority there would be a power implied to deal with contempt insofar as that authority was necessary to preserve and carry out the legislative authority given. While the doctrine of *Kielley* v. *Carson* was thus in substantive principle the same as that announced in *Anderson* v. *Dunn*, we must not be understood as accepting the application which was made of the rule to the particular case there in question since, as we shall hereafter have occasion to show, we think that the application was not consistent with the rule which the case announced and would, if applied, unwarrantedly limit the implied power of Congress to deal with contempt.

What does this implied power embrace? is thus the question. In answering, it must be borne in mind that the power rests simply upon the implication that the right has been given to do that which is essential to the execution of some other and substantive authority expressly conferred. The power is therefore but a force implied to bring into existence the conditions to which constitutional limitations apply. It is a means to an end and not the end itself. Hence it rests solely upon the right of self-preservation to enable the public powers given to be exerted.

These principles are plainly the result of what was decided in *Anderson* v. *Dunn*, supra, since in that case in answering the question what was the rule by which the extent of the implied power of legislative assemblies to deal with contempt was controlled, it was declared to be "the least possible power adequate to the end proposed" (6 Wheat. 231), which was but a form of stating that as it resulted from implication and not from legislative will, the legislative will was powerless to extend it further than implication would justify. The concrete application of the definition and the principle upon which it rests were aptly illustrated in *In re Chapman*, supra, where, because of the distinction existing between the two which was drawn, the implied power was decided not to come under the operation of a constitutional limitation applicable to a case resting upon the exercise of substantive legislative power.

Without undertaking to inclusively mention the subjects embraced in the implied power, we think from the very nature of that power it is clear that it does not embrace punishment for contempt as punishment, since it rests only upon the right of self-preservation; that is, the right to prevent acts which in and of themselves inherently obstruct or prevent the discharge of legislative duty or the refusal to do that which there is an inherent legislative power to compel in order that legislative functions may be performed. And the essential nature of the power also makes clear the cogency and application of the two limitations which were expressly pointed out in *Anderson* v. *Dunn*, supra, that is, that the power even when applied to subjects which justified its exercise is limited to imprisonment and such imprisonment may not be extended beyond the session of the body in which the contempt occurred. Not only the adjudged cases but congressional action in enacting legislation as well as in exerting the implied power conclusively sustain the views just stated. Take for instance the statute referred to in In re Chapman, where, not at all interfering with the implied congressional power to deal with the refusal to give testimony in a matter where there was a right to exact it, the substantive power had been exerted to make such refusal a crime, the two being distinct the one from the other. So, also, when the difference between the judicial and legislative powers are considered and the divergent elements which in the nature of things enter into the determination of what is self-preservation in the two cases, the same result is established by the statutory provisions dealing with the judicial authority to summarily punish for contempt; that is, without resorting to the modes of trial required by constitutional limitations or otherwise for substantive offenses under the criminal law. Act

of March 2, 1831 (4 Stat. 487). The legislative history of the exertion of the implied power to deal with contempt by the Senate or House of Representatives when viewed comprehensively from the beginning points to the distinction upon which the power rests and sustains the limitations inhering in it which we have stated. The principal instances are mentioned in the margin[3] and they all except two or three deal with either physical obstruction of the legislative body in the discharge of its duties, or physical assault upon its Members for action taken or words spoken in the body, or obstruction of its officers in the performance of their official duties, or the prevention of Members from attending so that their duties might be performed, or finally with contumacy in refusing to obey orders to produce documents or give testimony which there was a right to compel. In the two or three instances not embraced in the classes we think it plainly appears that for the moment the distinction was overlooked which existed between the legislative power to make criminal every form of act which can constitute a contempt to be punished according to the orderly process of law and the accessory implied power to deal with particular acts as contempts outside of the ordinary process of law because of the effect such particular acts may have in preventing the exercise of legislative authority. And in the debates which ensued when the various cases were under consideration it would seem that the difference between the legislative and the judicial power was also sometimes forgotten; that is to say, the legislative right to exercise discretion was confounded with the want of judicial power to interfere with the legislative discretion when lawfully exerted. But these considerations are accidental and do not change the concrete result manifested by considering the subject from the beginning. Thus we have been able to discover no single instance where in the exertion of the power to compel testimony restraint was ever made to extend beyond the time when the witness should signify his willingness to testify, the penalty or punishment for the refusal remaining controlled by the general criminal law. So again we have been able to discover no instance, except the two or three above referred to, where acts of physical interference were treated as within the implied power unless they possessed the obstructive or preventive characteristics which we have stated, or any case where any restraint was imposed after it became manifest that there was no room for a legislative judgment as to the virtual continuance of the wrongful interference which was the subject of consideration. And this latter statement causes us to say, referring to *Kielley* v. *Carson*, supra, that where a particular act because of its interference with the right of self-preservation comes within the jurisdiction of the House to deal with directly under its implied power to preserve its functions, and therefore without resort to judicial proceedings under the general criminal law, we are of opinion that authority does not cease to exist because the act complained of had been committed when the authority was exerted, for to so hold would be to admit the authority and at the same time to deny it. On the contrary, when an act is of such a character as to subject it to be dealt with as a contempt under the implied authority, we are of opinion that jurisdiction is acquired by Congress to act on the subject and therefore there necessarily results from this power the right to determine in the use of legitimate and fair discretion how far from the nature and character of the act there is necessity for repression to prevent immediate recurrence; that is to say, the continued existence of the interference or obstruction to the exercise of the legislative power. And, of course, in such case as in every other, unless there be manifest an absolute disregard of discretion and a mere exertion of arbitrary power coming within the reach of constitutional limitations, the exercise of the authority is not subject to judicial interference.

It remains only to consider whether the acts which were dealt with in the case at hand were of such a character as to bring them within the implied power to deal with contempt; that is, the accessory power possessed to prevent the right to exert the powers given from being obstructed and virtually destroyed. That they were not would seem to be demonstrated by the fact that the contentions relied upon in the elaborate arguments at bar to sustain the authority were principally rested not upon such assumption but upon the application and controlling force of the rule governing in the House of Commons. But aside from this, coming to test the question by a consideration of the conclusion upon which the contempt proceedings were based, as expressed in the report of the select committee, which we have previously quoted, and the action of the House of Representatives based on it, there is room only for the conclusion that the contempt was deemed to result from the writing of the letter, not because of any obstruction to the performance of legislative duty resulting from the letter or because the preservation of the power of the House to carry out its legislative authority was endangered by its writing, but because of the effect and operation which the irritating and ill-tempered statements made in the letter would produce upon the public mind or because of the sense of indignation which it may be assumed was produced by the letter upon the members of the committee and of the House generally. But to state this situation is to demonstrate that the contempt relied upon was not intrinsic to the right of the House to preserve the means of discharging its legislative duties, but was extrinsic to the discharge of such duties, and related only to the presumed operation which the letter might have upon the public mind and the indignation naturally felt by members of the committee on the subject. But these considerations plainly serve to mark the broad boundary line which separates the limited implied power to deal with classes of acts as contempts for self-preservation and the comprehensive legislative power to provide by law for punishment for wrongful acts.

The conclusions which we have stated bring about a concordant operation of all the powers of the legislative and judicial departments of the Government, express or implied, as contemplated by the Constitution. And as this is considered, the reverent thought may not be repressed that the result is due to the wise foresight of the fathers manifested in State constitutions even before the adoption of the Constitution of the United States by which they substituted for the intermingling of the legislative and judicial power to deal with contempt as it existed in the House of Commons a system permitting the dealing with that subject in such a way as to prevent the obstruction of the legislative powers granted, and secure their free exertion, and yet at the same time not substantially interfere with the great guaranties and limitations concerning the exertion of the power to criminally punish—a beneficient result which additionally arises from the golden silence by which the framers of the Constitution left the subject to be controlled by the implication of authority resulting from the powers granted.

It is suggested in argument that whatever be the general rule, it is here not applicable because the House was considering and its committee contemplating impeachment proceedings. The argument is irrelevant because we are of opinion that the premise upon which it rests is unfounded. But indulging in the assumption to the contrary we think it is wholly without merit as we see no reason for holding that if the situation suggested be assumed it authorized a disregard of the plain purposes and objects of the Constitution as we have stated them. Besides it must be apparent that the suggestion could not be accepted without the conclusion that under the hypothesis stated the implied power to deal with contempt as ancillary to the legislative power had been transformed into judicial authority and become subject to all the restrictions and limitations imposed by the Constitution upon that authority, a conclusion which would frustrate and destroy the very purpose which the proposition is advanced to accomplish and would create a worse evil than that which the wisdom of the fathers corrected before the Constitution of the United States was adopted. How can this be escaped, since it is manifest that if the argument were to be sustained those things which, as pointed out in In re Chapman, supra, were distinct and did not therefore, the one frustrate the other—the implied legislative authority to compel the giving of testimony and the right criminally to punish for failure to do so—would become one and the same and the exercise of one would therefore be the exertion of, and the exhausting of the right to resort to, the other? Again, accepting the proposition, by what process of reasoning could the conclusion be escaped that the right to exert implied authority by way of contempt proceedings insofar as essential to preserve legislative power would become itself an exertion of legislative power and thus at once be subject to the limitations as to modes of trial exacted by the guaranty of the Constitution on that subject? We repeat, out of abundance of precaution, we are called upon to consider not the legislative power of Congress to provide for punishment and prosecution under the criminal laws in the amplest degree for any and every wrongful act, since we are alone called upon to determine the limits and extent of an ancillary and implied authority essential to preserve the fullest legislative power, which would necessarily perish by operation of the Constitution if not confined to the particular ancillary atmosphere from which alone the power arises and upon which its existence depends.

It follows from what we have said that the court below erred in refusing to grant the writ of habeas corpus and its action must be and it is therefore, reversed, and the case remanded with directions to discharge the relator from custody.

And it is so ordered.

[From U.S. Rpts., vol. 273]

McGRAIN v. DAUGHERTY

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF OHIO

No. 28. Argued December 5, 1924. Decided January 17, 1927

1. Deputies, with authority to execute warrants, may be appointed by the Sergeant at Arms of the Senate, under a standing order of the Senate, such appointments being sanctioned by practice and by acts of Congress fixing the compensation of the appointees and providing for its payment (p. 154).

2. Such deputy may serve a warrant of attachment issued by the President of the Senate and addressed only to the Sergeant at Arms, in pursuance of a Senate resolution contemplating service by either (p. 155).

3. A warrant of the Senate for attachment of a person who ignored a subpena from a Senate committee, is supported by oath

[3] 1795, attempt to bribe Members of the House; 1800, publication of criticism of the Senate; 1809, assault on a Member of the House; 1818, attempt to bribe a Member of the House; 1828, assault on the secretary to the President in the Capitol; 1832, assault on a Member of the House; 1835, assault on a Member of the House; 1842, contumacious witness; 1857, contumacious witness; 1858, contumacious witness; 1859, contumacious witness; 1865, assault on a Member of the House; 1866, assault on a clerk of a committee of the House; 1870, assault on a Member of the House; 1871, contumacious witness; 1874, contumacious witness; 1876, contumacious witness; 1894, contumacious witness; 1913, assault on a Member of the House.

within the requirement of the fourth amendment when based upon the committee's report of the facts of the contumacy, made on the committee's own knowledge and having the sanction of the oath of office of its members (p. 156).

4. Subpenas issued by a committee of the Senate to bring before it a witness to testify in an investigation authorized by the Senate, are as if issued by the Senate itself (p. 158).

5. Therefore, in case of disobedience, the fact that the subpena, and the contumacy, related only to testimony sought by a committee, is not a valid objection to a resolution of the Senate, and warrant issued thereon, requiring the defaulting witness to appear before the bar of the Senate itself, then and there to give the desired testimony (p. 158).

6. Each House of Congress has power, through its own process, to compel a private individual to appear before it or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution (p. 160).

7. This has support in long practice of the Houses separately, and in repeated acts of Congress, all amounting to a practical construction of the Constitution (pp. 161, 167, 174).

8. The two Houses of Congress in their separate relations have not only such powers as are expressly granted them by the Constitution but also such auxiliary powers as are necessary and appropriate to make the express powers effective, but neither is invested with "general" power to inquire into private affairs and compel disclosures (p. 173).

9. A witness may rightfully refuse to answer where the bounds of the power are exceeded or the questions are not pertinent to the matter under inquiry (p. 176).

10. A resolution of the Senate directing a committee to investigate the administration of the Department of Justice—whether its functions were being properly discharged or were being neglected or misdirected, and particularly whether the Attorney General and his assistants were performing or neglecting their duties in respect of the institution and prosecution of proceedings to punish crimes and enforce appropriate remedies against the wrongdoers, specific instances of alleged neglect being recited—concerned a subject on which legislation could be had which would be materially aided by the information which the investigation was calculated to elicit (p. 176).

11. It is to be presumed that the object of the Senate in ordering such an investigation is to aid it in legislating (p. 178).

12. It is not a valid objection to such investigation that it might disclose wrongdoing or crime by a public officer named in the resolution (p. 179).

13. A resolution of the Senate directing attachment of a witness who had disobeyed a committee subpena to such an investigation, and declaring that his testimony is sought with the purpose of obtaining "information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper", supports the inference, from the earlier resolution, of a legislative object. The suggestion of "other action" does not overcome the other part of the declaration and thereby invalidate the attachment proceedings (p. 180).

14. In view of the character of the Senate as a continuing body, and its power to continue or revive, with its original functions, the committee before which the investigation herein involved was pending, the question of the legality of the attachment of the respondent as a contumacious witness did not become moot with the expiration of the Congress during which the investigation and the attachment were ordered (p. 180).

Two Hundred and Ninety-nine Federal, 620, reversed.

Appeal from a final order of the district court, in habeas corpus, discharging the respondent Mally S. Daugherty from the custody of John J. McGrain, Deputy Sergeant at Arms of the Senate, by whom he had been arrested, as a contumacious witness, under a warrant of attachment issued by the President of the Senate in pursuance of a Senate resolution.

Mr. George W. Wickersham, special assistant to the Attorney General, with whom Attorney General Stone and Mr. William T. Chantland, special assistant to the Attorney General, were on the brief, for the appellant.

Each House of Congress has power to conduct an investigation in aid of its legislative functions, to compel attendance before it of witnesses, and the production of books and papers which may throw light upon the subject of inquiry; subject, of course, to protection against the invasion of such privileges as those against unreasonable searches and seizures, self-incrimination, and the like. This power is for the purpose of aiding each House more fitly to discharge its legislative duties. The investigation ordered by the Senate resolution of March 1 was of that character; and the court below erred in the construction it put upon the resolution and in holding the entire proceeding void. For many years it has been the practice of both Houses of Congress to conduct investigations into matters of public interest within the general domain of Federal jurisdiction, and to summon witnesses to appear and give testimony and produce books and papers bearing upon the questions under investigation. (See secs. 102 and 104, Rev. Stat.) The power of the respective Houses to compel the attendance and testimony of witnesses in order to secure information necessary or useful to enable them to perform their legislative functions was thus recognized by law and defiance of that power made punishable as a crime against the United States. This was without impairing in the slightest the right of a House to employ the power regarding contempt to compel obedience to its orders (In re Chapman, 166 U.S. 661). The power of each House was asserted from the beginning, not because it was exercised by the House of Commons in England, but because it is "necessary or proper for carrying into execution" the powers vested by the Constitution in Congress, and each House thereof.

In December 1859 the Senate, by resolution, appointed a committee to inquire into the facts concerning the invasion and seizure of the armory and arsenal at Harper's Ferry and to report facts and recommend legislation, the committee to have power to send for persons and papers. In February 1860 a resolution was adopted directing the Sergeant at Arms to take into his custody the body of Thaddeus Hyatt, and to have the same forthwith before the bar of the Senate to answer as for a contempt of its authority. Pursuant to this resolution, Hyatt was brought before the bar, and a resolution was adopted, after a long debate, by a vote of 44 ayes and 10 noes, directing him to be committed by the Sergeant at Arms to the common jail of the District of Columbia, to be kept in close custody until he should signify his willingness to answer the questions propounded by the Senate (Cong. Globe, 1st sess. 36th, pp. 1102, 1105). In upholding the existence of the power, the Senate did not divide on sectional lines, and the vote was overwhelmingly in support of the asserted power.

The question seems never to have been squarely decided in this Court. In some cases, the point was expressly reserved for future decision; in others there are expressions of opinion strongly favoring the existence of the power (*Kilbourn* v. *Thompson*, 103 U.S. 168). See *Burnham* v. *Morrissey* (14 Gray (Mass.) 226), *Anderson* v. *Dunn* (6 Wheat. 204).

The Massachusetts court in the above case did not reach its conclusions from any analogy to the privileges of Parliament, nor from any residuum of power left in the legislature because not taken away by the State constitution. The power was recognized as necessary to the functions expressly delegated to the legislature by the constitution. The same principle is equally applicable to each House of Congress under the Constitution of the United States.

The point was reserved in *Harriman* v. *Interstate Commerce Commission* (211 U.S. 407) and *Henry* v. *Henkel* (235 U.S. 219). *Kilbourn* v. *Thompson*, *supra*, and *Interstate Commerce Commission* v. *Brimson* (154 U.S. 447) seem slightly hostile to such a power. *Marshall* v. *Gordon* (243 U.S. 521, 543) contains an argumentative dictum in favor of the right. See the instances of legislative action cited, with approval, on the margin of the report (Cf. Hinds' Precedents, vol. 3: 21, 24).

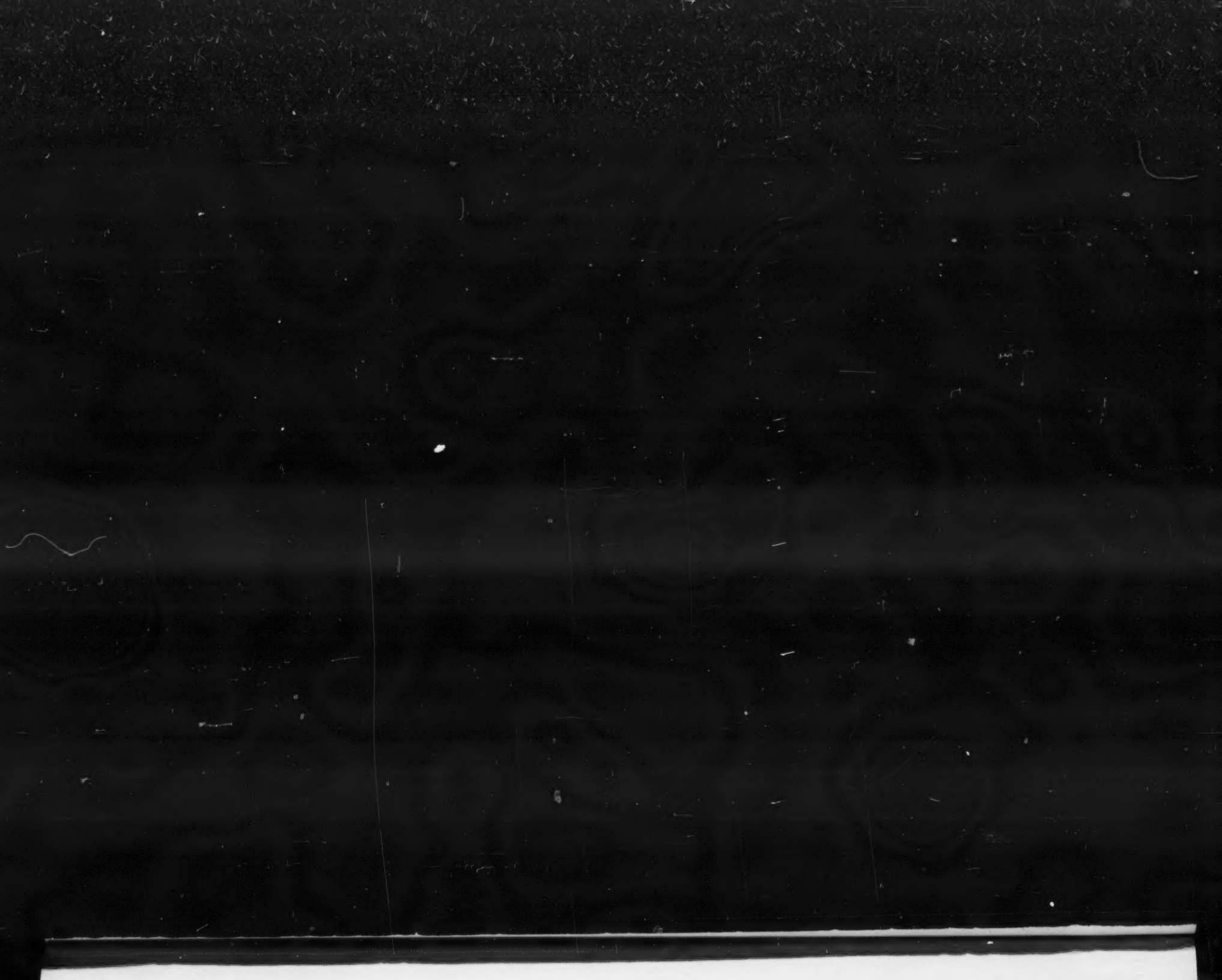
A final proof that the express constitutional grant of certain judicial powers to Congress, or a House thereof, does not negative the implication of further powers of that nature (see *Anderson* v. *Dunn*, 6 Wheat. at p. 232), exists in the fact that the Constitution expressly forbids the exercise of the parliamentary judicial power of passing bills of attainder (art. I, sec. 9). Where there are both express grants and express prohibitions, the application of the principle expressio unius is self-contradictory, and so the field is left clear for ordinary implication with no bias ab initio against it.

The matter in the Kilbourn case was a settled debt, an executed transaction, one that should not be undone by legislative but only by judicial act, if at all, and which was being considered in the district court which was the proper forum of the bankruptcy proceedings. In re Chapman (166 U.S. 661), is of value here chiefly for the presumption of validity conceded to the Senate's resolution. The opinion shows that the usual presumption of validity of legislative acts applies to the resolution of a single House, indicates a qualification on the Kilbourn case, and disposes of the District Court's point in the present case, that a legislative purpose was not expressly averred in the original resolution but only in the one directing Daugherty's arrest. It also shows that that case is not to be distinguished on the ground that the proceedings were under the statute, but that the Senate could have proceeded directly.

In *Marshall* v. *Gordon* (243 U.S. 521), "the contempt relied upon was not intrinsic to the right of the House to preserve the means of discharging its legislative duties" (p. 546). That is to say, while the right to punish contempts obstructing legislation was upheld, the letter sent by Marshall was not deemed to amount to an obstruction.

The rule to be derived from these contempt cases may be summarized thus: In addition to the express power to "punish its Members for disorderly behavior" (Constitution, art. I, sec. 5), each House has an implied power to punish outsiders for contempts (*Anderson v. Dunn*, supra), but no such power is implied in aid of a proceeding outside the jurisdiction of the House (*Kilbourn* v. *Thompson*, supra); however, a presumption of validity attaches to a resolution of either House, just as to legislation of both Houses jointly, so that all doubts are to resolve in its favor (In re Chapman), and an investigation of a public officer or department is therefore presumed legislative in purpose and therefore valid until the contrary is shown (*Marshall* v. *Gordon*, semble).

The power rests upon the well-settled rule of unexpressed power necessary or proper to the exercise of express powers, being recognized by the courts as necessarily a part of the constitutional grant. The leading case, of course, is *McCulloch* v. *Maryland* (4 Wheat. 316). That the principle of that case justifies the implication in favor of either House of Congress having power to punish contempts is recognized in *Marshall* v. *Gordon*, page 537. Multiplication of the cases following *McCulloch* v. *Maryland*, or of the practical arguments to show that the gathering of information



by the compulsion of contempt proceedings is appropriate, if not imperative, for legislation under modern conditions, seems unnecessary.

A similar question arises where boards or commissions exercising delegated legislative power seek to compel testimony and the production of documents in the aid of its exercise. *Harriman* v. *Interstate Commerce Commission* (211 U.S. 407) and the language of the majority opinion is qualified by *Smith* v. *Interstate Commerce Commission* (245 U.S. 33). While the cases last cited are not controlling, they indicate a trend away from the idea expressed in the earlier cases and the opinion in the court below, that testimony can be compelled only in an investigation into a specific breach of existing law—a judicial inquiry. Furthermore, the case for a House of Congress investigating by its own committee is much stronger than that of an administrative body acting under delegated powers.

The question of the power of either House to compel testimony in aid of legislation has not been decided adversely in any of the inferior Federal courts. (See *Ex Parte Nugent*, Fed. Cas., 10375 (1848); *In re Pacific Railway Commission* (32 Fed. 241); *Henry* v. *Henkel*, supra; and 207 Fed. 805; *Briggs* v. *Mackeller* (2 Abbott's Pratice, N.Y., 30); *United States* v. *Sinclair* (52 Wash.L.Rept. 451) (July 1924).)

A number of State court decisions have upheld the existence of the power here contended for (*Briggs* v. *Mackellar* (2 Abbott's Practice, N.Y., 30, 1835); *People* v. *Keeler* (99 N.Y. 463, 1885); *Matter of Barnes* (204 N.Y. 108, 1912); *Burnham* v. *Morrissey* (14 Gray, 226); *State* v. *Guilbert* (75 Ohio St. 1, distg.); *State* v. *Brewster* (89 N.J.L. 858, 1916); *In re Falvey* (7 Wis. 630, 1858); *Ex parte Parker* (74 S.C. 466, 1906)).

It is submitted that the district court's distinction between the rule which obtains in States where the whole legislative power is vested in the legislature and those where all powers not expressly granted are reserved to the people, is wholly unsound in its application to the powers of Congress under the Constitution. The rule finally worked out by the courts and expressed by Chief Justice White in *Marshall* v. *Gordon*, supra, is based upon the doctrine of the grant by the Constitution of all powers necessary or proper to the use of the powers expressly granted. Each House has power to do whatever is customarily required to enable it intelligently to participate in the making of laws. Such implied power cannot be reserved to the States, respectively, or to the people, for it can only be exercised by the House itself. If it be not vested in such House, it exists nowhere. That it does exist in each House, and constantly has been exercised for nearly a century past, is abundantly demonstrated.

The English cases dealing with the powers of the House of Commons to compel testimony and punish for contempt of its process are interesting as furnishing a historical background, but are not otherwise of great importance, their authority having been rejected by the Supreme Court (*Kilbourn* v. *Thompson*, supra), disregarded in Massachusetts and rejected in New York, both of which uphold the power (*Burnham* v. *Morrissey*, supra; *People* v. *Keeler*, 99 N.Y. 463, 473), and rejected in Ohio, which denies it (*State* v. *Guilbert*, supra; *Regina* v. *Paty*, 2 Ld. Raym. 1105; *Murray's Case*, 1 Wils. 299; *Brass Crosby's Case*, 3 Wils. 188; *Rex* v. *Flower*, 8 T.R. 314; *Burdett* v. *Abbott*, 14 East, 1; *Stockdale* v. *Hansard*, 9 Ad. and E. 1; *Stockdale* v. *Hansard*, 11 Ad. and E. 253; *Case of Sheriff of Middlesex*, 11 Ad. and E. 273).

Colonial cases: *Beaumont* v. *Barrett* (1 Moo. P.C. 59); *Kielley* v. *Carson* (4 Moo. P.C. 63); *Fenton* v. *Hampton* (11 Moo. P.C. 347); *Doyle* v. *Falconer* (L.R., 1 P.C. 328); *Ex parte Dansereau* (XIX Lower Canada Jurist, 210); *Ex parte Brown* (5 B. and S. 280).

The investigation ordered by the Senate, in the course of which the testimony of appellee and the production of books and records of the bank of which he is president were required, was legislative in its character. The investigation of the Attorney General's office was the exact action ordered. It is impossible to separate the person occupying that office, and his assistants, from the office; and the resolution of March 1 directed the committee to investigate circumstances and facts concerning the alleged failure of the Attorney General to prosecute and defend cases wherein the Government of the United States was interested, and to inquire into his activities and those of his assistants in the Department, which would in any manner tend to impair their efficiency or influence as representatives of the Government. The resolution of April 26, by which the issuance of a warrant was ordered to bring the body of the appellee before the bar of the Senate, then and there to answer questions pertinent to the matter under inquiry, is predicated upon a recital that "the appearance and testimony of the said M. S. Daugherty is material and necessary in order that the committee may properly execute the functions imposed upon it and may obtain information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper." (See *Chapman case*, 166 U.S. 661; *People* v. *Keeler*, supra; *Kilbourn* v. *Thompson*, supra; *In re Falvey*, supra; *People* v. *Webb*, 5 N.Y. Supp., 885; *People* v. *Milliken*, 185 N.Y. 35; *Matter of Barnes*, supra.)

The Department of Justice is one of the great executive branches of the Government. It is created by statute (Rev. Stat., title VIII). The duties of the Attorney General and his assistants are in great measure defined by law. Annually Congress, with the concurrence of both Houses, appropriates large sums of money to be expended for the purpose of enforcing the law or defending the Government against claims in the courts, under the direction of the Attorney General and his assistants. Can it possibly be said that the discovery of any facts showing the neglect or failure of the Attorney General or his assistants properly to discharge the duties imposed upon them by law cannot be and would not naturally be used by Congress as the basis for new legislation safeguarding the interests of the Government and making more improbable in the future the commission of any illegal or improper acts which might be shown to have been committed in the past? Appellee by refusing to appear in response to either subpena and be sworn to testify, can only succeed in this case by establishing that the entire proceeding was void as beyond the constitutional powers of the Senate. Questions as to the materiality or relevancy of evidence are for later consideration.

Messrs. Arthur I. Vorys and John P. Phillips, with whom Mr. Webb I. Vorys was on the brief, for the appellee.

The arrest is the result of an attempt of the Senate to vest its committee with judicial power in a case which is not among those specifically enumerated. The Court must determine the nature of the power which the Senate is attempting to exercise, and is not concluded by any post litem avowal made after the summons was issued, served, and resisted, and after a court of competent jurisdiction had enjoined the exercise of the power. In *Kilbourn* v. *Thompson* (103 U.S. 168), *In re Chapman* (166 U.S. 661), and *Marshall* v. *Gordon* (243 U.S. 521) this Court examined the resolutions under which the investigations were being conducted and found that they were sufficient to exhibit the nature of the investigations and the purpose of the investigators. But the Court is not limited to the formal words of this resolution, for it is the fact which is determinative and which this Court must find. What the Senate intends to do and in fact is doing determines the character of its proceedings. It cannot be said that as the Senate has not declared what it intends to do at the conclusion of the investigation, therefore the investigation is not judicial and not executive, and consequently it must be legislative in character. Nor that, as the Senate at the end of the investigation can do nothing in a judicial or executive capacity, therefore it must be assumed that its action, if any, will be in a legislative capacity.

The preamble of Senate Resolution No. 157, which clearly indicates its purpose, was stricken out upon final passage of the resolution, not because the purpose of the Senate had changed in any particular but because the Senate did not desire to condemn the Attorney General without a trial. Throughout the debate upon the resolution the idea recurs constantly that the Attorney General is to be placed on trial. There is no suggestion of legislative action or, in fact, of any action other than the ascertainment of facts with respect to the charges of malfeasance in office of Harry M. Daugherty and the publication of the same for the purpose of forcing him to resign. Only twice during the whole debate was there any pretense that the investigators were to engage in anything other than a trial of Mr. Daugherty.

The committee has assumed all of the functions of prosecutor, judge, and jury with apparently none of the customary rules governing evidence and procedure. The Court, however, need go no further than the resolution which, in apt words, reposes in the investigating committee judicial duties, and judicial duties alone. The personal cast of the resolution, the inability of the committee to do anything except to try the facts concerning the charges contained in the resolution and the total inability of the Senate to use the findings of the investigating committee for any purpose other than to pillory Harry M. Daugherty before the American people, clearly demonstrate that the proceeding is an attempt to usurp the judicial function. Of most important significance, is the fact that the first hint of any pretense that this inquisition was being conducted for legislative purposes was the ex post facto recital of a "basis for such legislation and other action" in the resolution of April 26, 1924, authorizing a warrant for the arrest of the appellee. This afterthought was inserted after the proceeding and injunction in the Fayette County Court and when the Senate knew that the validity of its resolution had been challenged in that proceeding on the ground that it conferred judicial authority. The Senate of the United States cannot override the constitutional rights of a private citizen by a mere additional word or gesture.

The Senate when acting in its legislative capacity has no power to arrest in order to compel testimony; the Senate can compel testimony only in cases where it has judicial power specifically granted by the Constitution. Any argument which begins with an assertion that citizens owe a duty to give testimony and thereupon asserts that Congress, or a branch thereof, may enforce this duty by its own processes, will result in nullifying the express division of powers among the three branches of Government.

At the time our Constitution was adopted the process of arrest resided solely in the judiciary. *Marshall* v. *Gordon* (243 U.S. 521, 533). In England the power to arrest and punish was retained by the House of Commons because of ancient privilege and prescription and not because of legislative right. The power of arrest has never been accorded to inferior legislative or administrative bodies. In the few instances in which such an attempt has been made the power has been denied whenever it has been challenged in the courts (*Langenberg* v. *Decker* (131 Ind. 471); *Re Sims* (54 Kans. 1); *Kielley* v. *Carson* (4 Moo. P.C. 63); *Fenton* v. *Hampton* (11 Moo. P.C. 347); *Ex Parte Dansereau* (19 Lower Canada Jurist, 210)).

This Court has never decided that the Congress, or either branch of it, has power, in its legislative capacity, to cause the arrest of a witness in order to compel him to testify. The intimations of the learned jurists to the contrary are so plain that it is impossible to piece out what opposing counsel have called "expressions

strongly favoring the existence of the power" (*Kilbourn* v. *Thompson*, 103 U.S. 168; *Interstate Commerce Comm.* v. *Brimson*, 154 U.S. 447; *In re Chapman*, 166 U.S. 661; *Harriman* v. *Interstate Commerce Comm.*, 211 U.S. 407; *Marshall* v. *Gordon, supra; Boyd* v. *United States* 116 U.S. 616; *Ellis* v. *Interstate Commerce Comm.*, 237 U.S. 434; *Federal Trade Commission* v. *American Tobacco Co.*, 264 U.S. 298; *Ex parte Nugent*, Fed. Cas. 10375; *Re Pacific Ry. Comm.*, 32 Fed. 250; *Smith* v. *Interstate Commerce Comm.*, 245 U.S. 33).

Congress, under the Federal Constitution, has only those powers which are granted to it, but many of the State legislatures differ from the English Parliament only in the degree of their powers, having all powers not expressly or impliedly denied by the State constitutions. From this it follows that the same canons of interpretation do not apply to the State legislatures and the National Congress. *People* v. *Keeler*, 99 N.Y. 463; *Ex parte Parker*, 74 S.C. 466; *Burnham* v. *Morrissey*, 14 Gray (Mass.) 226; *Whitcomb's Case*, 120 Mass. 118. Those who have contended that the power to compel testimony is a legislative power have urged it as a necessity. The proponents of this argument resort to the famous definition and amplification of the word "necessary" of Mr. Chief Justice Marshall in *McCulloch* v. *Maryland*, 4 Wheat. 306. The reasoning is fallacious and circuitous. Marshall was considering the power of the United States to establish a national bank. He referred to clause 18 of article I, section 8 of the Constitution, in which Congress was given power to make laws which shall be necessary and proper for carrying into execution the powers expressly given. He was not implying a grant of power which, because it might be convenient or appropriate in the exercise of another power, would therefore be permitted to override the constitutional guaranties of the private citizen. In the cases which have followed and adopted Mr. Chief Justice Marshall's definition, no case has implied such a grant from convenience so as to override the express guaranties of the Bill of Rights contained in the first 10 amendments. Not even when Congress is given an express power can that power be exercised in derogation of the express guaranties of individual liberty. *Interstate Commerce Commission* v. *Brimson*, 154 U.S. 447. If Congress has no such power where there is a specific grant, certainly Congress cannot destroy personal guaranties through any implied grant incidental to the general power to enact laws. The only satisfactory determination of the substantive question in this case should be that the power to arrest a recusant witness is a judicial process and confined to the jurisdiction of the courts, and that the Senate has no power to arrest a recusant witness except in the cases in which the Constitution gives the Senate judicial power.

If Congress has power to compel the production of evidence, to aid Congress in formulating further legislation, then Congress, both Houses concurring, must declare its purpose and the demand for the information. The Senate cannot legislate, and the Senate cannot compel testimony relating to proposed legislation which the Senate alone has in mind (Constitution, art. I, sec. 1; see *State* v. *Guilbert*, 75 D.S. 1).

If a witness may be compelled to testify in order to aid the Senate in the formulation of legislation, then it must be shown what legislation the Senate has in view and that the evidence sought is pertinent to the subject matter of legislation under consideration, and the testimony of the witness can be compelled only through judicial process of the court. In order to justify the compulsory discovery of evidence, it must appear for what purpose the testimony is sought and the materiality of the evidence must be affirmatively shown (*Federal Trade Commission* v. *American Tobacco Co.* (264 U.S. 298); *Hale* v. *Henkel* (201 U.S. 43); *Matter of Barnes* (204 N.Y. 108); *United States* v. *Searles* (25 Wash. L.Rep. 384)).

Senate Resolution No. 157 not only does not show what subjects of legislation were in contemplation, but does show the purpose of the investigation, namely, to determine as to the alleged guilt of Harry M. Daugherty. There is nothing in the record to show what proposed subject matters of legislation were under consideration, and in no way can it be seen that the testimony of the appellee or the books and records of the bank and the accounts of the bank's customer could furnish information that would be useful in framing any legislation shown to have been in the mind of the Senate or of any Member thereof.

The warrant issued by the President pro tempore of the Senate was not supported by oath or affirmation, as required by the Federal Constitution. Even a bench warrant must be supported by oath. No arrest or attachment for contempt can issue from any court where the contempt is constructive or outside of the presence of the court without a supporting affidavit.

The arrest of Mr. Daugherty is illegal for the reason that it was made under a warrant to bring him forcibly before the Senate to answer the Senate's questions before he had been subpenaed by the Senate and had refused to obey the Senate.

This Court will respect the jurisdiction and order of the State court, and will make no order which may effectuate a violation of the injunction or conflict with the purpose and spirit of the injunction.

The law does not provide for any deputy Sergeant at Arms. If there were such an officer, this warrant could not be executed by him because it is directed to the Sergeant at Arms, and not to a deputy.

Mr. Justice Van Devanter delivered the opinion of the Court.

This is an appeal from the final order in a proceeding in habeas corpus discharging a recusant witness held in custody under process of attachment issued from the United States Senate in the course of an investigation which it was making of the administration of the Department of Justice. A full statement of the case is necessary.

The Department of Justice is one of the great executive departments established by congressional enactment and has charge, among other things, of the initiation and prosecution of all suits, civil and criminal, which may be brought in the right and name of the United States to compel obedience or punish disobedience to its laws, to recover property obtained from it by unlawful or fraudulent means, or to safeguard its rights in other respects; and also of the assertion and protection of its interests when it or its officers are sued by others. The Attorney General is the head of the Department, and its functions are all to be exercised under his supervision and direction.[1]

Harry M. Daugherty became the Attorney General March 5, 1921, and held that office until March 28, 1924, when he resigned. Late in that period various charges of misfeasance and nonfeasance in the Department of Justice after he became its supervising head were brought to the attention of the Senate by individual Senators and made the basis of an insistent demand that the Department be investigated to the end that the practices and deficiencies which, according to the charges, were operating to prevent or impair its right administration might be definitely ascertained and that appropriate and effective measures might be taken to remedy or eliminate the evil. The Senate regarded the charges as grave and requiring legislative attention and action. Accordingly it formulated, passed, and invited the House of Representatives to pass (and that body did pass) two measures taking important litigation then in immediate contemplation out of the control of the Department of Justice and placing the same in charge of special counsel to be appointed by the President; [2] and also adopted a resolution authorizing and directing a select committee of five Senators—

"to investigate circumstances and facts, and report the same to the Senate, concerning the alleged failure of Harry M. Daugherty, Attorney General of the United States, to prosecute properly violators of the Sherman Antitrust Act and the Clayton Act against monopolies and unlawful restraint of trade; the alleged neglect and failure of the said Harry M. Daugherty, Attorney General of the United States, to arrest and prosecute Albert B. Fall, Harry F. Sinclair, E. L. Doheny, C. R. Forbes, and their co-conspirators in defrauding the Government, as well as the alleged neglect and failure of the said Attorney General to arrest and prosecute many others for violations of Federal statutes, and his alleged failure to prosecute properly, efficiently, and promptly, and to defend, all manner of civil and criminal actions wherein the Government of the United States is interested as a party plaintiff or defendant. And said committee is further directed to inquire into, investigate, and report to the Senate the activities of the said Harry M. Daugherty, Attorney General, and any of his assistants in the Department of Justice which would in any manner tend to impair their efficiency or influence as representatives of the Government of the United States."

The resolution also authorized the committee to send for books and papers, to subpena witnesses, to administer oaths, and to sit at such times and places as it might deem advisable.[3]

In the course of the investigation the committee issued and caused to be duly served on Mally S. Daugherty—who was a brother of Harry M. Daugherty and president of the Midland National Bank, of Washington Court House, Ohio—a subpena commanding him to appear before the committee for the purpose of giving testimony bearing on the subject under investigation, and to bring with him the "deposit ledgers of the Midland National Bank since November 1, 1920; also note files and transcript of owners of every safety vault; also records of income drafts; also records of any individual account or accounts showing withdrawals of amounts of $25,000 or over during above period." The witness failed to appear.

A little later in the course of the investigation, the committee issued and caused to be duly served on the same witness another subpena commanding him to appear before it for the purpose of giving testimony relating to the subject under consideration—nothing being said in this subpena about bringing records, books, or papers. The witness again failed to appear; and no excuse was offered by him for either failure.

The committee then made a report to the Senate, stating that the subpenas had been issued; that according to the officer's returns, copies of which accompanied the report, the witness was personally served; and that he had failed and refused to appear.[4] After a reading of the report the Senate adopted a resolution reciting these facts and proceeding as follows: [5]

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[1] Rev. Stats., secs. 346, 350, 359, 360, 361, 367; Judicial Code, secs. 185, 212; c. 382, secs. 3, 5, 25 Stat. 858, 859; c. 647, sec. 4, 26 Stat. 209; c. 3935, 34 Stat. 816; c. 323, sec. 15, 38 Stat. 736; *United States* v. *San Jacinto Tin Co.* (125 U.S. 273, 278); *Kern River Co.* v. *United States* (257 U.S. 147, 155); *Ponzi* v. *Fessenden* (258 U.S. 254, 262).

[2] CONGRESSIONAL RECORD, 68th Cong., 1st sess., pp. 1520, 1521, 1728; c. 16, 43 Stat. 5; CONGRESSIONAL RECORD, 68th Cong., 1st sess., pp. 1591, 1974; c. 39, 43 Stat. 15; c. 42, 43 Stat. 16.

[3] For the full resolution and two amendments adopted shortly thereafter see CONGRESSIONAL RECORD, 68th Cong., 1st Sess., pp. 3299, 3409–3410, 3548, 4126.

[4] S.Rept. 475, 68th Cong., 1st sess.

[5] CONGRESSIONAL RECORD, 68th Cong., 1st sess., pp. 7215–7217.

"Whereas the appearance and testimony of the said M. S. Daugherty is material and necessary in order that the committee may properly execute the functions imposed upon it and may obtain information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper: Therefore be it

"*Resolved*, That the President of the Senate pro tempore issue his warrant commanding the Sergeant at Arms or his deputy to take into custody the body of the said M. S. Daugherty wherever found, and to bring the said M. S. Daugherty before the bar of the Senate, then and there to answer such questions pertinent to the matter under inquiry as the Senate may order the President of the Senate pro tempore to propound; and to keep the said M. S. Daugherty in custody to await the further order of the Senate."

It will be observed from the terms of the resolution that the warrant was to be issued in furtherance of the effort to obtain the personal testimony of the witness and, like the second subpena, was not intended to exact from him the production of the various records, books, and papers named in the first subpena.

The warrant was issued agreeably to the resolution and was addressed simply to the Sergeant at Arms. That officer on receiving the warrant endorsed thereon a direction that it be executed by John J. McGrain, already his deputy, and delivered it to him for execution.

The deputy, proceeding under the warrant, took the witness into custody at Cincinnati, Ohio, with the purpose of bringing him before the bar of the Senate as commanded; whereupon the witness petitioned the Federal district court in Cincinnati for a writ of habeas corpus. The writ was granted and the deputy made due return, setting forth the warrant and the cause of the detention. After a hearing the court held the attachment and detention unlawful and discharged the witness, the decision being put on the ground that the Senate in directing the investigation and in ordering the attachment exceeded its powers under the Constitution (299 Fed. 620). The deputy prayed and was allowed a direct appeal to this court under section 238 of the Judicial Code as then existing.

We have given the case earnest and prolonged consideration because the principal questions involved are of unusual importance and delicacy. They are (a) whether the Senate—or the House of Representatives, both being on the same plane in this regard—has power, through its own process, to compel a private individual to appear before it, or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution, and (b) whether it sufficiently appears that the process was being employed in this instance to obtain testimony for that purpose.

Other questions are presented which in regular course should be taken up first.

The witness challenges the authority of the deputy to execute the warrant on two grounds—that there was no provision of law for a deputy, and that, even if there were such a provision, a deputy could not execute the warrant because it was addressed simply to the Sergeant at Arms. We are of opinion that neither ground is tenable.

The Senate adopted in 1889 and has retained ever since a standing order declaring that the Sergeant at Arms may appoint deputies "to serve process or perform other duties" in his stead, that they shall be "officers of the Senate", and that acts done and returns made by them "shall have like effect and be of the same validity as if performed or made by the Sergeant at Arms in person."[6] In actual practice the Senate has given full effect to the order; and Congress has sanctioned the practice under it by recognizing the deputies—sometimes called assistants—as officers of the Senate, by fixing their compensation and by making appropriations to pay them.[7] Thus there was ample provision of law for a deputy.

The fact that the warrant was addressed simply to the Sergeant at Arms is not of special significance. His authority was not to be tested by the warrant alone. Other criteria were to be considered. The standing order and the resolution under which the warrant was issued plainly contemplated that he was to be free to execute the warrant in person or to direct a deputy to execute it. They expressed the intention of the Senate; and the words of the warrant were to be taken, as they well could be, in a sense which would give effect to that intention. Thus understood, the warrant admissibly could be executed by a deputy if the Sergeant at Arms so directed, which he did.

The case of *Sanborn* v. *Carleton* (15 Gray 399), on which the witness relies, related to a warrant issued to the Sergeant at Arms in 1860, which he deputed another to execute. At that time there was no standing rule or statute permitting him to act through a deputy; nor was there anything in the resolution under which the warrant was issued indicative of a purpose to permit him to do so. All that was decided was that in the absence of a permissive provision, in the warrant or elsewhere, he could not commit its execution to another. The provision which was absent in that case and deemed essential is present in this.

The witness points to the provision in the fourth amendment to the Constitution declaring "no warrants shall issue but upon probable cause supported by oath or affirmation" and contends that the warrant was void because the report of the committee on which it was based was unsworn. We think the contention overlooks the relation of the committee to the Senate and to the matters reported, and puts aside the accepted interpretation of the constitutional provision.

The committee was a part of the Senate, and its Members were acting under their oath of office as Senators. The matters reported pertained to their proceedings and were within their own knowledge. They had issued the subpenas, had received and examined the officer's returns thereon (copies of which accompanied the report), and knew the witness had not obeyed either subpena or offered any excuse for his failure to do so.

The constitutional provision was not intended to establish a new principle but to affirm and preserve a cherished rule of the common law designed to prevent the issue of groundless warrants. In legislative practice committee reports are regarded as made under the sanction of the oath of office of its members; and where the matters reported are within the committee's knowledge and constitute probable cause for an attachment such reports are acted on and given effect without requiring that they be supported by further oath or affirmation. This is not a new practice but one which has come down from an early period. It was well recognized before the constitutional provision was adopted, has been followed ever since, and appears never to have been challenged until now. Thus it amounts to a practical interpretation, long continued, of both the original common-law rule and the affirming constitutional provision, and should be given effect accordingly.[8]

The principle underlying the legislative practice has also been recognized and applied in judicial proceedings. This is illustrated by the settled rulings that courts in dealing with contempts committed in their presence may order commitments without other proof than their own knowledge of the occurrence,[9] and that they may issue attachments, based on their own knowledge of the default, where intended witnesses or jurors fail to appear in obedience to process shown by the officer's return to have been duly served.[10] A further illustration is found in the rulings that grand jurors, acting under the sanction of their oaths as such, may find and return indictments based solely on their own knowledge of the particular offenses, and that warrants may be issued on such indictments without further oath or affirmation;[11] and still another is found in the practice which recognizes that where grand jurors, under their oath as such, report to the court that a witness brought before them has refused to testify, the court may act on that report, although otherwise unsworn, and order the witness brought before it by attachment.[12]

We think the legislative practice, fortified as it is by the judicial practice, shows that the report of the committee—which was based on the committee's own knowledge and made under the sanction of the oath of office of its members—was sufficiently supported by oath to satisfy the constitutional requirements.

The witness also points to the provision in the warrant and in the resolution under which it was issued requiring that he be "brought before the bar of the Senate, then and there" to give testimony "pertinent to the subject under inquiry", and contends that an essential prerequisite to such an attachment was wanting, because he neither had been subpenaed to appear and testify before the Senate nor had refused to do so. The argument in support of the contention proceeds on the assumption that the warrant of attachment "is to be treated precisely the same as if no subpena had been issued by the committee, and the same as if the witness had not refused to testify before the committee." In our opinion, the contention and the assumption are both untenable. The committee was acting for the Senate and under its authorization, and, therefore, the subpenas which the committee issued and the witness refused to obey are to be treated as if issued by the Senate. The warrant was issued as an auxiliary process to compel him to give the testimony sought by the subpenas; and its nature in this respect is not affected by the direction that his testimony be given at the bar of the Senate instead of before the committee. If the Senate deemed it proper, in view of his contumacy, to give that direction it was at liberty to do so.

The witness sets up an interlocutory injunction granted by a State court at Washington Courthouse, Ohio, in a suit brought by the Midland National Bank against two members of the investigating committee, and contends that the attachment was in violation of that injunction and, therefore, unlawful. The contention is plainly ill-founded. The injunction was granted the same day the second subpena was served, but whether earlier or later in the day does not appear. All that the record discloses about the injunction is comprised in the paragraph copied in the

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[6] Senate Journal 47, 51–1, Dec. 17, 1889; Senate Rules and Manual, 68th Cong., p. 114.

[7] 41 Stat. 632, 1253; 42 Stat. 424, 1266; 45 Stat. 33, 580, 1289.

[8] *Prigg* v. *Pennsylvania*, 16 Pet. 539, 620–621; *The Laura*, 114 U.S. 411, 416; *McPherson* v. *Blacker*, 146 U.S. 1, 35–36; *Ex parte Grossman*, 267 U.S. 87, 118; *Myers* v. *United States*, 272 U.S. 52.

[9] *Ex parte Terry*, 128 U.S. 289, 307 et seq.; *Holcomb* v. *Cornish*, 8 Conn. 375; 4 Blackst. Com. 286.

[10] *Robbins* v. *Gorham*, 25 N.Y. 588; *Wilson* v. *State*, 57 Ind. 71.

[11] *Hale* v. *Henkel*, 201 U.S. 43, 60–62; *Regina* v. *Russell*, 2 Car. & Mar. 247; *Commonwealth* v. *Hayden*, 163 Mass. 453, 455; decision of Mr. Justice Catron reported in Wharton's Cr. Pl. & Pr., 8th ed., pp. 224–226.

[12] See *Hale* v. *Henkel*, supra; *Blair* v. *United States*, 250 U.S. 273; *Nelson* v. *United States*, 201 U.S. 92, 95; equity rule 52, 226 U.S. Appendix, 15; *Heard* v. *Pierce*, 8 Cush. 338.

margin from the witness' petition for habeas corpus.[13] But it is apparent from what is disclosed that the injunction did not purport to place any restraint on the witness, nor to restrain the committee from demanding that he appear and testify personally to what he knew respecting the subject under investigation; and also that what the injunction did purport to restrain has no bearing on the power of the Senate to enforce that demand by attachment.

In approaching the principal questions, which remain to be considered, two observations are in order. One is that we are not now concerned with the direction in the first subpena that the witness produce various records, books, and papers of the Midland National Bank. That direction was not repeated in the second subpena, and is not sought to be enforced by the attachment. This was recognized by the court below (299 Fed. 623) and is conceded by counsel for the appellant. The other is that we are not now concerned with the right of the Senate to propound or the duty of the witness to answer specific questions, for as yet no questions have been propounded to him. He is asserting—and is standing on his assertion—that the Senate is without power to interrogate him, even if the questions propounded be pertinent and otherwise legitimate, which, for present purposes, must be assumed.

The first of the principal questions—the one which the witness particularly presses on our attention—is, as before shown, whether the Senate—or the House of Representatives, both being on the same plane in this regard—has power, through its own process, to compel a private individual to appear before it or one of its committees and give testimony needed to enable it efficiently to exercise a legislative function belonging to it under the Constitution.

The Constitution provides for a Congress consisting of a Senate and House of Representatives and invests it with "all legislative powers" granted to the United States, and with power "to make all laws which shall be necessary and proper" for carrying into execution these powers and "all other powers" vested by the Constitution in the United States or in any department or officer thereof (art. I, secs. 1, 8). Other provisions show that, while bills can become laws only after being considered and passed by both Houses of Congress, each House is to be distinct from the other, to have its own officers and rules, and to exercise its legislative function independently[14] (art. I, secs. 2, 3, 5, 7). But there is no provision expressly investing either House with power to make investigations and exact testimony to the end that it may exercise its legislative function advisedly and effectively. So the question arises whether this power is so far incidental to the legislative function as to be implied.

In actual legislative practice power to secure needed information by such means has long been treated as an attribute of the power to legislate. It was so regarded in the British Parliament and in the colonial legislatures before the American Revolution; and a like view has prevailed and been carried into effect in both Houses of Congress and in most of the State legislatures.[15]

This power was both asserted and exerted by the House of Representatives in 1792, when it appointed a select committee to inquire into the St. Clair expedition and authorized the committee to send for necessary persons, papers, and records. Mr. Madison, who had taken an important part in framing the Constitution only 5 years before, and four of his associates in that work, were members of the House of Representatives at the time, and all voted for the inquiry (3 Cong. Ann. 494). Other exertions of the power by the House of Representatives, as also by the Senate, are shown in the citations already made. Among those by the Senate, the inquiry ordered in 1859 respecting the raid by John Brown and his adherents on the armory and arsenal of the United States at Harper's Ferry is of special significance. The resolution directing the inquiry authorized the committee to send for persons and papers, to inquire into the facts pertaining to the raid and the means by which it was organized and supported, and to report what legislation, if any, was necessary to preserve the peace of the country and protect the public property. The resolution was briefly discussed and adopted without opposition (Cong. Globe, 36th Cong., 1st sess., pp. 141, 152). Later on the committee reported that Thaddeus Hyatt, although subpenaed to appear as a witness, had refused to do so; whereupon the Senate ordered that he be attached and brought before it to answer for his refusal. When he was brought in he answered by challenging the power of the Senate to direct the inquiry and exact testimony to aid it in exercising its legislative function. The question of power thus presented was thoroughly discussed by several Senators—Mr. Sumner of Massachusetts taking the lead in denying the power and Mr. Fessenden of Maine in supporting it. Sectional and party lines were put aside and the question was debated and determined with special regard to principle and precedent. The vote was taken on a resolution pronouncing the witness's answer insufficient and directing that he be committed until he should signify that he was ready and willing to testify. The resolution was adopted—44 Senators voting for it and 10 against (Congressional Globe, 36th Cong., 1st sess., pp. 1100–1109, 3006–3007). The arguments advanced in support of the power are fairly reflected by the following excerpts from the debate:

"Mr. FESSENDEN of Maine. Where will you stop? Stop, I say, just at that point where we have gone far enough to accomplish the purposes for which we were created; and these purposes are defined in the Constitution. What are they? The great purpose is legislation. There are some other things, but I speak of legislation as the principal purpose. Now, what do we propose to do here? We propose to legislate upon a given state of facts, perhaps, or under a given necessity. Well, sir, proposing to legislate, we want information. We have it not ourselves. It is not to be presumed that we know everything; and if anybody does presume it, it is a very great mistake, as we know by experience. We want information on certain subjects. How are we to get it? The Senator says, ask for it. I am ready to ask for it; but suppose the person whom we ask will not give it to us, what then? Have we not power to compel him to come before us? Is this power, which has been exercised by Parliament, and by all legislative bodies down to the present day without dispute—the power to inquire into subjects upon which they are disposed to legislate—lost to us? Are we not in the possession of it? Are we deprived of it simply because we hold our power here under a Constitution which defines what our duties are, and what we are called upon to do?

"Congress have appointed committees after committees, time after time, to make inquiries on subjects of legislation. Had we not power to do it? Nobody questioned our authority to do it. We have given them authority to send for persons and papers during the recess. Nobody questioned our authority. We appoint committees during the session, with power to send for persons and papers. Have we not that authority, if necessary to legislation?

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"Sir, with regard to myself, all I have to inquire into is: Is this a legitimate and proper object, committed to me under the Constitution; and then, as to the mode of accomplishing it, I am ready to use judiciously, calmly, moderately, all the power which I believe is necessary and inherent, in order to do that which I am appointed to do; and, I take it, I violate no rights, either of the people generally or of the individual, by that course."

"Mr. CRITTENDEN of Kentucky. I come now to a question where the cooperation of the two branches is not necessary. There are some things that the Senate may do. How? According to a mode of its own. Are we to ask the other branch of the Legislature to concede by law to us the power of making such an inquiry as we are now making? Has not each branch the right to make what inquiries and investigation it thinks proper to make for its own action? Undoubtedly. You say we must have a law for it. Can we have a law? Is it not, from the very nature of the case, incidental to you as a Senate, if you, as a Senate, have the power of instituting an inquiry and of proceeding with that inquiry? I have endeavored to show that we have that power. We have a right, in consequence of it, a necessary incidental power, to summon witnesses, if witnesses are necessary. Do we require the concurrence of the other House to that? It is a power of our own. If you have a right to do the thing of your own motion, you must have all powers that are necessary to do it.

"The means of carrying into effect by law all the granted powers is given where legislation is applicable and necessary; but there are subordinate matters, not amounting to laws; there are inquiries of the one House or the other House, which each House has a right to conduct; which each has, from the beginning, exercised the power to conduct; and each has, from the beginning, summoned witnesses. This has been the practice of the Government from the beginning; and if we have a right to summon the witness, all the rest follows as a matter of course."

The deliberate solution of the question on that occasion has been accepted and followed on other occasions by both Houses of Congress, and never has been rejected or questioned by either.

The State courts quite generally have held that the power to legislate carries with it by necessary implication ample authority to obtain information needed in the rightful exercise of that power, and to employ compulsory process for the purpose.

In *Burnham* v. *Morrisey* (14 Gray 226, 239), the Supreme Judicial Court of Massachusetts, in sustaining an exertion of this power by one branch of the legislature of that Commonwealth, said:

"The house of representatives has many duties to perform, which necessarily require it to receive evidence and examine witnesses. * * * It has often occasion to acquire certain knowledge of facts in order to the proper performance of legislative

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[13] "On the 11th day of April 1924 in an action in the Court of Common Pleas of said Fayette County, Ohio, in which said The Midland National Bank was plaintiff and said B. K. Wheeler and Smith W. Brookhart were defendants, upon the petition of said bank, said court granted a temporary restraining order enjoining and restraining said defendants and their agents, servants, and employees from entering into said banking room and from taking, examining, or investigating any of the books, accounts, records, promissory notes, securities, letters, correspondence, papers, or any other property of said bank or of its depositors, borrowers, or customers in said banking room and from in any manner molesting and interfering with the business and affairs of said bank, its officers, agents, servants, and the business of its depositors, borrowers, and customers with said bank until the further order of said court. The said defendants were duly served with process in said action and duly served with copies of said temporary restraining order on said 11th day of April 1924, and said injunction has not been modified by said court and no further order has been made in said case by said court, and said injunction is in full force and effect."

[14] Story, Constitution, secs. 545 et seq.; 1 Kent's Com., p. 222.

[15] May's Parliamentary Practice, 2d ed., pp. 80, 295, 299; Cushing's Legislative Practice, secs. 634, 1901–3; 3 Hinds' Precedents, secs. 1722, 1725, 1727, 1813–20; Cooley's Constitutional Limitations, 6th ed., p. 161.

duties. We therefore think it clear that it has the constitutional right to take evidence, to summon witnesses, and to compel them to appear and testify. This power to summon and examine witnesses it may exercise by means of committees."

In *Wilckens* v. *Willet* (1 Keyes 521, 525), a case which presented the question whether the House of Representatives of the United States possesses this power, the Court of Appeals of New York said:

"That the power exists there admits of no doubt whatever. It is a necessary incident to the sovereign power of making laws; and its exercise is often indispensable to the great end of enlightened, judicious, and wholesome legislation."

In *People* v. *Keeler* (99 N.Y. 463, 482, 483), where the validity of a statute of New York recognizing and giving effect to this power was drawn in question, the court of appeals approvingly quoted what it had said in *Wilckens* v. *Willet*, and added:

"It is difficult to conceive any constitutional objection which can be raised to the provision authorizing legislative committees to take testimony and to summon witnesses. In many cases it may be indispensable to intelligent and effectual legislation to ascertain the facts which are claimed to give rise to the necessity for such legislation, and the remedy required, and, irrespective of the question whether in the absence of a statute to that effect either house would have the power to imprison a recusant witness, I cannot yield to the claim that a statute authorizing it to enforce its process in that manner is in excess of the legislative power. To await the slow process of indictment and prosecution for a misdemeanor might prove quite ineffectual, and necessary legislation might be obstructed and perhaps defeated, if the legislative body had no other and more summary means of enforcing its right to obtain the required information. That the power may be abused is no ground for denying its existence. It is a limited power, and should be kept within its proper bounds; and, when these are exceeded a jurisdictional question is presented which is cognizable in the courts."

"* * * Throughout this Union the practice of legislative bodies, and in this State, the statutes existing at the time the present Constitution was adopted, and whose validity has never before been questioned by our courts, afford strong arguments in favor of the recognition of the right of either house to compel the attendance of witnesses for legislative purposes, as one which has been generally conceded to be an appropriate adjunct to the power of legislation, and one which, to say the least, the State legislature has constitutional authority to regulate and enforce by statute."

Other decisions by State courts recognizing and sustaining the legislative practice are found in *Falvey* v. *Massing* (7 Wis. 630, 635–638); *State* v. *Frear* (138 Wis. 173); *Ex parte Parker* (74 S.C. 466, 470); *Sullivan* v. *Hill* (73 W.Va. 49, 53); *Lowe* v. *Summers* (69 Mo. App. 637, 649–650). An instructive decision on the question is also found in *Ex parte Dansereau* (1875) (19 L.C.Jur. 210) where the legislative assembly of the Province of Quebec was held to possess this power as a necessary incident of its power to legislate.

We have referred to the practice of the two Houses of Congress; and we now shall notice some significant congressional enactments. May 3, 1798 (c. 36, 1 Stat. 554), Congress provided that oaths or affirmations might be administered to witnesses by the President of the Senate, the Speaker of the House of Representatives, the chairman of a committee of the whole, or the chairman of a select committee, "in any case under their examination." February 8, 1817 (c. 10, 3 Stat. 345), it enlarged that provision so as to include the chairman of a standing committee. January 24, 1857 (c. 19, 11 Stat. 155), it passed "An act more effectually to enforce the attendance of witnesses on the summons of either House of Congress, and to compel them to discover testimony." This act provided, first, that any person summoned as a witness to give testimony or produce papers in any matter under inquiry before either House of Congress, or any committee of either House, who should willfully make default, or, if appearing, should refuse to answer any question pertinent to the inquiry, should, in addition to the pains and penalties then existing,[16] be deemed guilty of a misdemeanor and be subject to indictment and punishment as there prescribed; and, secondly, that no person should be excused from giving evidence in such an inquiry on the ground that it might tend to incriminate or disgrace him, nor be held to answer criminally, or be subjected to any penalty or forfeiture, for any fact or act as to which he was required to testify, excepting that he might be subjected to prosecution for perjury committed while so testifying. January 24, 1862 (c. 11, 12 Stat. 333), Congress modified the immunity provision in particulars not material here. These enactments are now embodied in sections 101–104 and 859 of Revised Statutes. They show very plainly that Congress intended thereby (a) to recognize the power of either House to institute inquiries and exact evidence touching subjects within its jurisdiction and on which it was disposed to act;[17] (b) to recognize that such inquiries may be conducted through committees; (c) to subject defaulting and contumacious witnesses to indictment and punishment in the courts, and thereby to enable either House to exert the power of inquiry "more effectually";[18] and (d) to open the way for obtaining evidence in such an inquiry, which otherwise could not be obtained, by exempting witnesses required to give evidence therein from criminal and penal prosecution in respect of matters disclosed by their evidence.

Four decisions of this Court are cited and more or less relied on, and we now turn to them.

The first decision was in *Anderson* v. *Dunn* (6 Wheat. 204). The question there was whether, under the Constitution, the House of Representatives has power to attach and punish a person other than a Member for contempt of its authority—in fact an attempt to bribe one of its Members. The Court regarded the power as essential to the effective exertion of other powers expressly granted and, therefore, as implied. The argument advanced to the contrary was that as the Constitution expressly grants to each House power to punish or expel its own Members and says nothing about punishing others, the implication or inference, if any, is that power to punish one who is not a Member is neither given nor intended. The Court answered this by saying:

Page 225: "There is not in the whole of that admirable instrument a grant of powers which does not draw after it others, not expressed but vital to their exercise; not substantive and independent, indeed, but auxiliary and subordinate."

Page 233: "This argument proves too much, for its direct application would lead to annihilation of almost every power of Congress. To enforce its laws upon any subject without the sanction of punishment is obviously impossible. Yet there is an express grant of power to punish in one class of cases and one only, and all the punishing power exercised by Congress in any cases, except those which relate to piracy and offenses against the laws of nations, is derived from implication. Nor did the idea ever occur to anyone that the express grant in one class of cases repelled the assumption of the punishing power in any other. The truth is that the exercise of the powers given over their own Members was of such a delicate nature that a constitutional provision became necessary to assert or communicate it. Constituted, as that body is, of the delegates of confederated States, some such provision was necessary to guard against their mutual jealousy, since every proceeding against a representative would indirectly affect the honor or interests of the State which sent him."

The next decision was in *Kilbourn* v. *Thompson* (103 U.S. 168). The question there was whether the House of Representatives had exceeded its power in directing one of its committees to make a particular investigation. The decision was that it had. The principles announced and applied in the case are—that neither House of Congress possesses a "general power of making inquiry into the private affairs of the citizen"; that the power actually possessed is limited to inquiries relating to matters of which the particular House "has jurisdiction" and in respect of which it rightfully may take other action; that if the inquiry relates to "a matter wherein relief or redress could be had only by a judicial proceeding", it is not within the range of this power but must be left to the courts, conformably to the constitutional separation of governmental powers; and that for the purpose of determining the essential character of the inquiry, recourse may be had to the resolution or order under which it is made. The Court examined the resolution which was the basis of the particular inquiry and ascertained therefrom that the inquiry related to a private real-estate pool or partnership in the District of Columbia. Jay Cooke & Co. had had an interest in the pool but had become bankrupts, and their estate was in course of administration in a Federal bankruptcy court in Pennsylvania. The United States was one of their creditors. The trustee in the bankruptcy proceeding had effected a settlement of the bankrupts' interest in the pool, and, of course, his action was subject to examination and approval or disapproval by the bankruptcy court. Some of the creditors, including the United States, were dissatisfied with the settlement. In these circumstances, disclosed in the preamble, the resolution directed the committee "to inquire into the matter and history of said real-estate pool and the character of said settlement, with the amount of property involved in which Jay Cooke & Co. were interested and the amount paid or to be paid in said settlement, with power to send for persons and papers and report to the House." The Court pointed out that the resolution contained no suggestion of contemplated legislation; that the matter was one in respect to which no valid legislation could be had; that the bankrupts' estate and the trustee's settlement were still pending in the bankruptcy court; and that the United States and other creditors were free to press their claims in that proceeding. And on these grounds the Court held that in undertaking the investigation "The House of Representatives not only exceeded the limit of its own authority but it assumed power which could only be properly exercised by another branch of the Government, because it was in its nature clearly judicial."

The case has been cited at times, and is cited to us now, as strongly intimating, if not holding, that neither House of Congress

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[16] The reference is to the power of the particular House to deal with the contempt (*In re Chapman*, 166 U.S. 661, 671–672).

[17] In construing sec. 1 of the act of 1857 as reproduced in sec. 102 of the Revised Statutes, this Court said in *In re Chapman* (166 U.S. 661, 667):

"It is true that the reference is to 'any' matter under inquiry, and so on, and it is suggested that this is fatally defective because too broad and unlimited in its extent; but nothing is better settled than that statues should receive a sensible construction, such as will effectuate the legislative intention, and, if possible, so as to avoid an unjust or an absurd conclusion, *Lau Ow Bew* v. *United States* (144 U.S. 47, 59); and we think that the word 'any', as used in these sections, refers to matters within the jurisdiction of the two Houses of Congress, before them for consideration and proper for their action; to questions pertinent thereto; and to facts or papers bearing thereon."

[18] This Court has said of the act of 1857 that "it was necessary and proper for carrying into execution the powers vested in Congress and in each House thereof (*In re Chapman*, 166 U.S. 661, 671).

has power to make inquiries and exact evidence in aid of contemplated legislation. There are expressions in the opinion which, separately considered, might bear such an interpretation; but that this was not intended is shown by the immediately succeeding statement (p. 189) that "This latter proposition is one which we do not propose to decide in the present case because we are able to decide the case without passing upon the existence or nonexistence of such a power in aid of the legislative function."

Next in order is *In re Chapman* (166 U.S. 661). The inquiry there in question was conducted under a resolution of the Senate and related to charges, published in the press, that Senators were yielding to corrupt influences in considering a tariff bill then before the Senate and were speculating in stocks the value of which would be affected by pending amendments to the bill. Chapman appeared before the committee in response to a subpena, but refused to answer questions pertinent to the inquiry, and was indicted and convicted under the act of 1857 for his refusal. The Court sustained the constitutional validity of the act of 1857, and, after referring to the constitutional provision empowering either House to punish its Members for disorderly behavior and by a vote of two thirds to expel a Member, held that the inquiry related to the integrity and fidelity of Senators in the discharge of their duties, and therefore to a matter "within the range of the constitutional powers of the Senate" and in respect of which it could compel witnesses to appear and testify. In overruling an objection that the inquiry was without any defined or admissible purpose, in that the preamble and resolution made no reference to any contemplated expulsion, censure, or other action by the Senate, the court held that they adequately disclosed a subject matter of which the Senate had jurisdiction, that it was not essential that the Senate declare in advance what it meditated doing, and that the assumption could not be indulged that the Senate was making the inquiry without a legitimate object.

The case is relied on here as fully sustaining the power of either House to conduct investigations and exact testimony from witnesses for legislative purposes. In the course of the opinion (p. 671) it is said that disclosures by witnesses may be compelled constitutionally "to enable the respective bodies to discharge their legitimate functions, and that it was to effect this that the act of 1857 was passed"; and also "We grant that Congress could not divest itself, or either of its Houses, of the essential and inherent power to punish for contempt, in cases to which the power of either House properly extended; but, because Congress, by the act of 1857, sought to aid each of the Houses in the discharge of its constitutional functions, it does not follow that any delegation of the power in each to punish for contempt was involved." The terms "legitimate functions" and "constitutional functions" are broad and might well be regarded as including the legislative function, but as the case in hand did not call for any expression respecting that function, it hardly can be said that these terms were purposely used as including it.

The latest case is *Marshall* v. *Gordon* (243 U.S. 521). The question there was whether the House of Representatives exceeded its power in punishing, as for a contempt of its authority, a person—not a Member—who had written, published, and sent to the chairman of one of its committees an ill-tempered and irritating letter respecting the action and purposes of the committee. Power to make inquiries and obtain evidence by compulsory process was not involved. The Court recognized distinctly that the House of Representatives has implied power to punish a person not a Member for contempt, as was ruled in *Anderson* v. *Dunn*, supra, but held that its action in this instance was without constitutional justification. The decision was put on the ground that the letter, while offensive and vexatious, was not calculated or likely to affect the House in any of its proceedings or in the exercise of any of its functions—in short, that the act which was punished as a contempt was not of such a character as to bring it within the rule that an express power draws after it others which are necessary and appropriate to give effect to it.

While these cases are not decisive of the question we are considering, they definitely settle two propositions which we recognize as entirely sound and having a bearing on its solution: One, that the two Houses of Congress, in their separate relations, possess not only such powers as are expressly granted to them by the Constitution, but such auxiliary powers as are necessary and appropriate to make the express powers effective; and, the other, that neither House is invested with "general" power to inquire into private affairs and compel disclosures, but only with such limited power of inquiry as is shown to exist when the rule of constitutional interpretation just stated is rightly applied. The latter proposition has further support in *Harriman* v. *Interstate Commerce Commission* (211 U.S. 407, 417–419), and *Federal Trade Commission* v. *American Tobacco Co.* (264 U.S. 298, 305–306).

With this review of the legislative practice, congressional enactments, and court decisions, we proceed to a statement of our conclusions on the question.

We are of opinion that the power of inquiry—with process to enforce it—is an essential and appropriate auxiliary to the legislative function. It was so regarded and employed in American legislatures before the Constitution was framed and ratified. Both Houses of Congress took this view of it early in their history—the House of Representatives with the approving votes of Mr. Madison and other Members whose service in the convention which framed the Constitution gives special significance to their action—and both Houses have employed the power accordingly up to the present time. The acts of 1798 and 1857, judged by their comprehensive terms, were intended to recognize the existence of this power in both Houses and to enable them to employ it "more effectually" than before. So, when their practice in the matter is appraised according to the circumstances in which it was begun and to those in which it has been continued, it falls nothing short of a practical construction, long continued, of the constitutional provisions respecting their powers, and therefore should be taken as fixing the meaning of those provisions, if otherwise doubtful.[19]

We are further of opinion that the provisions are not of doubtful meaning, but, as was held by this Court in the cases we have reviewed, are intended to be effectively exercised, and therefore to carry with them such auxiliary powers as are necessary and appropriate to that end. While the power to exact information in aid of the legislative function was not involved in those cases, the rule of interpretation applied there is applicable here. A legislative body cannot legislate wisely or effectively in the absence of information respecting the conditions which the legislation is intended to affect or change; and where the legislative body does not itself possess the requisite information—which not infrequently is true—recourse must be had to others who do possess it. Experience has taught that mere requests for such information often are unavailing, and also that information which is volunteered is not always accurate or complete; so some means of compulsion are essential to obtain what is needed. All this was true before and when the Constitution was framed and adopted. In that period the power of inquiry—with enforcing process—was regarded and employed as a necessary and appropriate attribute of the power to legislate—indeed, was treated as inhering in it. Thus there is ample warrant for thinking, as we do, that the constitutional provisions which commit the legislative function to the two Houses are intended to include this attribute to the end that the function may be effectively exercised.

The contention is earnestly made on behalf of the witness that this power of inquiry, if sustained, may be abusively and oppressively exerted. If this be so, it affords no ground for denying the power. The same contention might be directed against the power to legislate, and, of course, would be unavailing. We must assume, for present purposes, that neither House will be disposed to exert the power beyond its proper bounds, or without due regard to the rights of witnesses. But if, contrary to this assumption, controlling limitations or restrictions are disregarded, the decisions in *Kilbourn* v. *Thompson* and *Marshall* v. *Gordon* point to admissible measures of relief. And it is a necessary deduction from the decisions in *Kilbourn* v. *Thompson* and In re Chapman that a witness rightfully may refuse to answer where the bounds of the power are exceeded or the questions are not pertinent to the matter under inquiry.

We come now to the question whether it sufficiently appears that the purpose for which the witness' testimony was sought was to obtain information in aid of the legislative function. The Court below answered the question in the negative and put its decision largely on this ground, as is shown by the following excerpts from its opinion (299 Fed. 638, 639, 640):

"It will be noted that in the second resolution the Senate has expressly avowed that the investigation is in aid of other action than legislation. Its purpose is to 'obtain information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper.' This indicates that the Senate is contemplating the taking of action other than legislative as the outcome of the investigation, at least the possibility of so doing. The extreme personal cast of the original resolutions; the spirit of hostility toward the then Attorney General which they breathe; that it was not avowed that legislative action was had in view until after the action of the Senate had been challenged; and that the avowal then was coupled with an avowal that other action was had in view—are calculated to create the impression that the idea of legislative action being in contemplation was an afterthought.

"That the Senate has in contemplation the possibility of taking action other than legislation as an outcome of the investigation, as thus expressly avowed, would seem of itself to invalidate the entire proceeding. But whether so or not, the Senate's action is invalid and absolutely void in that, in ordering and conducting the investigation, it is exercising the judicial function, and power to exercise that function, in such a case as we have here, has not been conferred upon it expressly or by fair implication. What it is proposing to do is to determine the guilt of the Attorney General of the shortcomings and wrongdoings set forth in the resolutions. It is 'to hear, adjudge, and condemn.' In so doing it is exercising the judicial function.

"What the Senate is engaged in doing is not investigating the Attorney General's office; it is investigating the former Attorney General. What it has done is to put him on trial before it. In so doing it is exercising the judicial function. This it has no power to do."

We are of opinion that the Court's ruling on this question was wrong, and that it sufficiently appears, when the proceedings are rightly interpreted, that the object of the investigation and of the effort to secure the witness' testimony was to obtain information for legislative purposes.

It is quite true that the resolution directing the investigation does not in terms avow that it is intended to be in aid of legislation; but it does show that the subject to be investigated was the administration of the Department of Justice—whether its functions were being properly discharged or were being neglected or misdirected, and particularly whether the Attorney General

[19] *Stuart* v. *Laird*, 1 Cr. 299, 309; *Martin* v. *Hunter's Lessee*, 1 Wheat. 304, 351; *Ames* v. *Kansas*, 111 U.S. 449, 469; *Knowlton* v. *Moore*, 178 U.S. 41, 56, 92; *Fairbank* v. *United States*, 181 U.S. 283, 306, et seq.

and his assistants were performing or neglecting their duties in respect of the institution and prosecution of proceedings to punish crimes and enforce appropriate remedies against the wrongdoers—specific instances of alleged neglect being recited. Plainly the subject was one on which legislation could be had and would be materially aided by the information which the investigation was calculated to elicit. This becomes manifest when it is reflected that the functions of the Department of Justice, the powers and duties of the Attorney General and the duties of his assistants, are all subject to regulation by congressional legislation, and that the Department is maintained and its activities are carried on under such appropriations as in the judgment of Congress are needed from year to year.

The only legitimate object the Senate could have in ordering the investigation was to aid it in legislating; and we think the subject matter was such that the presumption should be indulged that this was the real object. An express avowal of the object would have been better; but in view of the particular subject matter was not indispensable. In the Chapman case, where the resolution contained no avowal, this Court pointed out that it plainly related to a subject matter of which the Senate had jurisdiction, and said "We cannot assume on this record that the action of the Senate was without a legitimate object"; and also that "it was certainly not necessary that the resolutions should declare in advance what the Senate meditated doing when the investigation was concluded" (166 U.S. 669–670). In *People* v. *Keeler* (99 N.Y. 463), where the Court of Appeals of New York sustained an investigation ordered by the senate of that State where the resolution contained no avowal, but disclosed that it definitely related to the administration of a public office the duties of which were subject to legislative regulation, the court said (pp. 485, 487): "Where public institutions under the control of the State are ordered to be investigated it is generally with the view of some legislative action respecting them, and the same may be said in respect of public officers." And again: "We are bound to presume that the action of the legislative body was with a legitimate object if it is capable of being so construed, and we have no right to assume that the contrary was intended."

While we rest our conclusion respecting the object of the investigation on the grounds just stated, it is well to observe that this view of what was intended is not new but was shown in the debate on the resolution.[20]

Of course, our concern is with the substance of the resolution and not with any nice questions of propriety respecting its direct reference to the then Attorney General by name. The resolution, like the charges which prompted its adoption, related to the activities of the Department while he was its supervising officer; and the reference to him by name served to designate the period to which the investigation was directed.

We think the resolution and proceedings give no warrant for thinking the Senate was attempting or intending to try the Attorney General at its bar or before its committee for any crime or wrongdoing. Nor do we think it a valid objection to the investigation that it might possibly disclose crime or wrongdoing on his part.

The second resolution—the one directing that the witness be attached—declares that his testimony is sought with the purpose of obtaining "information necessary as a basis for such legislative and other action as the Senate may deem necessary and proper." This avowal of contemplated legislation is in accord with what we think is the right interpretation of the earlier resolution directing the investigation. The suggested possibility of "other action" if deemed "necessary or proper" is, of course, open to criticism in that there is no other action in the matter which would be within the power of the Senate. But we do not assent to the view that this indefinite and untenable suggestion invalidates the entire proceeding. The right view in our opinion is that it takes nothing from the lawful object avowed in the same resolution and rightly inferable from the earlier one. It is not as if an inadmissible or unlawful object were affirmatively and definitely avowed.

We conclude that the investigation was ordered for a legitimate object; that the witness wrongfully refused to appear and testify before the committee and was lawfully attached; that the Senate is entitled to have him give testimony pertinent to the inquiry, either at its bar or before the committee; and that the district court erred in discharging him from custody under the attachment.

Another question has arisen which should be noticed. It is whether the case has become moot. The investigation was ordered and the committee appointed during the Sixty-eighth Congress. That Congress expired March 4, 1925. The resolution ordering the investigation in terms limited the committee's authority to the period of the Sixty-eighth Congress; but this apparently was changed by a later and amendatory resolution authorizing the committee to sit at such times and places as it might deem advisable or necessary.[21] It is said in Jefferson's Manual: [22] "Neither House can continue any portion of itself in any parliamentary function beyond the end of the session without the consent of the other two branches. When done, it is by a bill constituting them commissioners for the particular purpose." But the context shows that the reference is to the two Houses of Parliament when adjourned by prorogation or dissolution by the King. The rule may be the same with the House of Representatives whose Members are all elected for the period of a single Congress; but it cannot well be the same with the Senate, which is a continuing body whose Members are elected for a term of 6 years and so divided into classes that the seats of one third only become vacant at the end of each Congress, two thirds always continuing into the next Congress, save as vacancies may occur through death or resignation.

Mr. Hinds, in his collection of precedents, says: "The Senate, as a continuing body, may continue its committees through the recess following the expiration of a Congress"; [23] and, after quoting the above statement from Jefferson's Manual, he says: "The Senate, however, being a continuing body, gives authority to its committees during the recess after the expiration of a Congress." [24] So far as we are advised, the select committee having this investigation in charge has neither made a final report nor been discharged; nor has it been continued by an affirmative order. Apparently its activities have been suspended pending the decision of this case. But, be this as it may, it is certain that the committee may be continued or revived now by motion to that effect, and, if continued or revived, will have all its original powers.[25] This being so, and the Senate being a continuing body, the case cannot be said to have become moot in the ordinary sense. The situation is measurably like that in *Southern Pacific Terminal Co.* v. *Interstate Commerce Commission* (219 U.S. 498, 514–516), where it was held that a suit to enjoin the enforcement of an order of the Interstate Commerce Commission did not become moot through the expiration of the order where it was capable of repetition by the Commission and was a matter of public interest. Our judgment may yet be carried into effect and the investigation proceeded with from the point at which it apparently was interrupted by reason of the habeas corpus proceedings. In these circumstances we think a judgment should be rendered as was done in the case cited.

What has been said requires that the final order in the district court discharging the witness from custody be reversed.

Final order reversed.

Mr. Justice Stone did not participate in the consideration or decision of the case.

[From U.S. Rpts., vol. 166]

IN RE CHAPMAN, PETITIONER

ORIGINAL

No. 11. Original. Argued March 24, 1897. Decided April 19, 1897

The legislation contained in sections 102 and 104 of the Revised Statutes was originally enacted "more effectually to enforce the attendance of witnesses on the summons of either House of Congress, and to compel them to discover testimony"; and, when reasonably construed, is not open to the objection that it conflicts with the provisions of the Constitution.

Statutes should receive a sensible construction, such as will effectuate the legislative intention, and avoid, if possible, an unjust or absurd conclusion.

Runkle v. *United States* (122 U.S. 543) again questioned, as it has not been approved in subsequent decisions.

Congress possesses the constitutional power to enact a statute to enforce the attendance of witnesses, and to compel them to make disclosure of evidence to enable the respective bodies to discharge their legislative functions.

While Congress cannot divest itself or either of its Houses of the inherent power to punish for contempt, it may provide that contumacy in a witness called to testify in a matter properly under consideration by either House, and deliberately refusing to answer questions pertinent thereto, shall be a misdemeanor against the United States.

This is a petition for a writ of habeas corpus, filed on leave, and a rule thereon entered, to which return was duly made.

The petition alleges as follows: That petitioner is a citizen of the United States and a resident of the city of New York, in the State of New York, and that he is now restrained of his liberty by the marshal of the United States for the District of Columbia. That on the 1st of October 1894, in the Supreme Court of the District of Columbia, holding a criminal term, the grand jury em-

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[20] Senator GEORGE said: "It is not a trial now that is proposed, and there has been no trial proposed save the civil and criminal actions to be instituted and prosecuted by counsel employed under the resolution giving to the President the power to employ counsel. We are not to try the Attorney General. He is not to go upon trial. Shall we say the legislative branch of the Government shall stickle and halt and hesitate because a man's public reputation, his public character, may suffer because of that legislative action? Has not the Senate power to appoint a committee to investigate any department of the Government, any department supported by the Senate in part by appropriations made by the Congress? If the Senate has the right to investigate the department, is the Senate to hesitate, is the Senate to refuse to do its duty merely because the public character or the public reputation of some one who is investigated may be thereby smirched, to use the term that has been used so often in the debate? * * * It is sufficient for me to know that there are grounds upon which I may justly base my vote for the resolution; and I am willing to leave it to the agent created by the Senate to proceed with the investigation fearlessly upon principle, not for the purpose of trying but for the purpose of ascertaining facts which the Senate is entitled to have within its possession in order that it may properly function as a legislative body" (CONGRESSIONAL RECORD, 68th Cong., 1st sess., pp. 3397, 3398).

[21] CONGRESSIONAL RECORD, 68th Cong., 1st sess., p. 4126.

[22] Senate Rules and Manual, 1925, p. 303.

[23] Vol. 4, sec. 4544.

[24] Vol. 4, sec. 4545.

[25] Hinds' Precedents, vol. 4, secs. 4396, 4400, 4404, 4405.

panelled in said court at said term thereof found an indictment against petitioner based on section 102 of the Revised Statutes of the United States, to which petitioner filed a demurrer alleging, among other objections, the unconstitutionality of the acts of Congress on which the indictment was based; that the demurrer was overruled and petitioner ordered to plead thereto; that the Court of Appeals for the District of Columbia allowed an appeal from the order overruling the demurrer and subsequently affirmed it (*Chapman* v. *United States*, 5 D.C.App. 122), whereupon petitioner applied to this court for leave to file a petition for a writ of habeas corpus, which application was denied (*In re Chapman, petitioner*, 156 U.S. 211). That thereafter petitioner filed a petition in the court of appeals for a writ of prohibition to prevent the trial court from unlawfully assuming jurisdiction to try petitioner on said indictment, which petition was denied, and thereupon petitioner duly prosecuted an appeal and writ of error to this court from such order denying said petition, which are still pending, this court having refused to advance the cause; and having also declined to stay the proceedings below. That, thereupon, the trial of petitioner under the indictment was proceeded with and a verdict of guilty returned; motions in arrest of judgment and for new trial were made and overruled; and on February 1, 1896, the trial court entered its judgment and sentence on said verdict, that petitioner be imprisoned in the jail of the District of Columbia for the period of 1 month from date of arrival, and to pay a fine of $100, from which judgment and sentence petitioner prosecuted an appeal to the court of appeals; that court affirmed the judgment and sentence of the trial court (*Chapman* v. *United States*, 8 D.C.App. 302), but allowed a writ of error to remove the cause of this court for review, which writ was dismissed for want of jurisdiction (*Chapman* v. *United States*, 164 U.S. 436).

That petitioner was then surrendered in open court by his bondsmen and committed into the custody of the United States marshal for the District, who now holds and confines him and deprives him of his liberty.

The petition further alleged that the act of Congress under which petitioner was prosecuted was unconstitutional, and the imprisonment of petitioner unlawful, on various grounds set forth at length.

Petitioner attached duly certified copies of the record and proceedings, judgment and sentence, under the aforesaid indictment against him, and prayed that the same be considered in connection with the petition; and also referred to the record in the matter of the application of petitioner for a writ of prohibition.

The indictment averred that the House of Representatives had passed a certain tariff bill, which was pending in the Senate, with a very large number of proposed amendments thereto, during the months thereafter mentioned, and, among them, certain amendments providing for duties on sugar different from the provisions of the bill as it had been sent to the Senate, the adoption or rejection of which by the Senate would materially affect the market value of the stock of the American Sugar Refining Co. That the Senate adopted a preamble and resolutions raising a special committee and clothing it with full power of investigation into certain charges, made in designated newspapers, that members of the Senate were yielding to corrupt influences in the consideration of said legislation. That the investigation was commenced, and, in the course of it, petitioner, being a member of a firm of stock brokers in the city of New York, dealing in the stock of the American Sugar Refining Co., appeared as a witness, and was asked whether the firm of which the witness was a member had bought or sold what were known as "sugar stocks" during the month of February, 1894, and after the 1st day of that month, for or in the interest, directly or indirectly, of any United States Senator; had the firm, during the month of March 1894, bought or sold any stocks or securities, known as "sugar stocks", for or in the interest, directly or indirectly, of any United States Senator; had the said firm during the month of April done so; had the said firm during the month of May done so; was the said firm at that time carrying any sugar stock for the benefit of or in the interest, directly or indirectly, of any United States Senator. But petitioner then and there wilfully refused to answer each of the questions so propounded, all of which were pertinent to the inquiry then and there being made by the said committee under the resolutions aforesaid.

Mr. George F. Edwards and Mr. A. J. Dittenhoefer for petitioner. Mr. Jeremiah M. Wilson was on their brief.

Mr. Solicitor General, for the United States, opposing.

Mr. Chief Justice Fuller, after stating the case, delivered the opinion of the court.

It is insisted that the Supreme Court of the District of Columbia, sitting as a criminal court, had no jurisdiction; that the questions were not authorized under the Constitution; and that the act of Congress under which petitioner was indicted and tried is unconstitutional.

Sections 102, 103, and 104, and section 859, of the Revised Statutes, are as follows:

"SEC. 102. Every person who, having been summoned as a witness by the authority of either House of Congress, to give testimony or to produce papers upon any matter under inquiry before either House, or any committee of either House of Congress, wilfully makes default, or who, having appeared, refuses to answer any question pertinent to the question under inquiry, shall be deemed guilty of a misdemeanor, punishable by a fine of not more than $1,000 nor less than $100, and imprisonment in a common jail for not less than 1 month nor more than 12 months.

"SEC. 103. No witness is privileged to refuse to testify to any fact, or to produce any paper, respecting which he shall be examined by either House of Congress, or by any committee of either House, upon the ground that his testimony to such fact or his production of such paper may tend to disgrace him or otherwise render him infamous.

"SEC. 104. Whenever a witness summoned as mentioned in section 102 fails to testify, and the facts are reported to either House, the President of the Senate or the Speaker of the House, as the case may be, shall certify the fact under the seal of the Senate or House to the district attorney for the District of Columbia, whose duty it shall be to bring the matter before the grand jury for their action."

"SEC. 859. No testimony given by a witness before either House, or before any committee of either House of Congress shall be used as evidence in any criminal proceeding against him in any court, except in a prosecution for perjury committed in giving such testimony. But an official paper or record produced by him is not within the said privilege."

These sections were derived from an act of January 24, 1857, entitled "An act more effectually to enforce the attendance of witnesses on the summons of either House of Congress, and to compel them to discover testimony" (11 Stat. 155, c. 19),[1] as amended by an act entitled "An act amending the provisions of the second section of the act of January 24, 1857, enforcing the attendance of witnesses before committees of either House of Congress" approved January 24, 1862 (12 Stat. 333, c. 11),[2] both of which are given in the margin.

From the record of the proceedings on the trial, accompanying and made part of the petition, it appears that petitioner, in declining to answer the questions propounded, expressly stated that he did not do so on the ground that to answer might expose him, or tend to expose him, to criminal prosecution; nor did he object that his answers might tend to disgrace him. Section 103 had, in fact, no bearing on the controversy in regard to this witness, and it is difficult to see how he can properly raise the question as to its constitutionality, notwithstanding section 859. And we cannot concur in the view that sections 102 and 103 are so inseparably connected that it can be reasonably concluded that if section 103 were not sustainable, section 102 would, therefore, be invalid. In

[1] That any person summoned as a witness by the authority of either House of Congress to give testimony or to produce papers upon any matter before either House, or any committee of either House of Congress, who shall wilfully make default, or who, appearing, shall refuse to answer any question pertinent to the matter of inquiry in consideration before the House or committee by which he shall be examined, shall in addition to the pains and penalties now existing, be liable to indictment as and for a misdemeanor, in any court of the United States having jurisdiction thereof, and on conviction, shall pay a fine not exceeding $1,000 and not less than $100, and suffer imprisonment in the common jail not less than 1 month nor more than 12 months.

SEC. 2. That no person examined and testifying before either House of Congress, or any committee of either House, shall be held to answer criminally in any court of justice, or subject to any penalty or forfeiture for any fact or act touching which he shall be required to testify before either House of Congress or any committee of either House as to which he shall have testified whether before or after the date of this act, and that no statement made or paper produced by any witness before either House of Congress or before any committee of either House, shall be competent testimony in any criminal proceeding against such witness in any court of justice; and no witness shall hereafter be allowed to refuse to testify to any fact or to produce any paper touching which he shall be examined by either House of Congress, or any committee of either House, for the reason that his testimony touching such fact or the production of such paper may tend to disgrace him or otherwise render him infamous: *Provided*, That nothing in this act shall be construed to exempt any witness from prosecution and punishment for perjury committed by him in testifying as aforesaid.

SEC. 3. That when a witness shall fail to testify, as provided in the previous sections of this act, and the facts shall be reported to the House, it shall be the duty of the Speaker of the House or the President of the Senate to certify the fact under the seal of the House or Senate to the district attorney for the District of Columbia, whose duty it shall be to bring the matter before the grand jury for their action."

[2] That the testimony of a witness examined and testifying before either House of Congress, or any committee of either House of Congress, shall not be used as evidence in any criminal proceeding against such witness in any court of justice: *Provided, however*, That no official paper or record, produced by such witness on such examination, shall be held or taken to be included within the privilege of said evidence so as to protect such witness from any criminal proceeding as aforesaid; and no witness shall hereafter be allowed to refuse to testify to any fact, or to produce any paper touching which he shall be examined by either House of Congress, or any committee of either House, for the reason that his testimony touching such fact, or the production of such paper, may tend to disgrace him or otherwise render him infamous: *Provided*, That nothing in this act shall be construed to exempt any witness from prosecution and punishment for perjury committed by him in testifying as aforesaid.

other words, we do not think that there is ground for the belief that Congress would not have enacted section 102, if it had been supposed that a particular class of witnesses, to which petitioner did not belong, if they refused to answer by reason of constitutional privilege, could not be deprived of that privilege by section 103.

Laying section 103 out of view, we are of opinion that sections 102 and 104 were intended, in the language of the title of the original act of January 24, 1857, "more effectually to enforce the attendance of witnesses on the summons of either House of Congress, and to compel them to discover testimony." To secure this result it was provided that when a person summoned as a witness by either House to give testimony or produce papers, upon any matter under inquiry before either House, or any committee of either House, wilfully fails to appear, or appearing, refuses to answer "any question pertinent to the question under inquiry", he shall be deemed guilty of a misdemeanor and punished accordingly. And it was also provided that when, under such circumstances, the facts are reported to either House, the President of the Senate or the Speaker of the House, as the case may be, shall certify the fact under the seal of the Senate or House to the district attorney for the District of Columbia, that the matter may be brought before the grand jury for their action.

It is true that the reference is to "any" matter under inquiry, and so on, and it is suggested that this is fatally defective because too broad and unlimited in its extent; but nothing is better settled than that statutes should receive a sensible construction, such as will effectuate the legislative intention, and, if possible, so as to avoid an unjust or an absurd conclusion (*Lau Ow Bew* v. *United States*, 144 U.S. 47, 59); and we think that the word "any", as used in these sections, refers to matters within the jurisdiction of the two Houses of Congress before them for consideration and proper for their action, to questions pertinent thereto, and to facts or papers bearing thereon. When the facts are reported to the particular House the question or questions may undoubtedly be withdrawn or modified, or the presiding officer directed not to certify; but if such a contingency occurs, or if no report is made or certificate issued, that would be matter of defense, and the facts of report and certificate need not be set out in an indictment under the statute. In this case we must assume that there was such report and certificate, and indeed we do not understand this to be controverted, as it could not well be, in view of the Senate proceedings as disclosed by its Journal and otherwise (Senate Journal, 53d Cong., 2d sess., p. 238; S.Rept. No. 477, ib.; CONGRESSIONAL RECORD, ib., p. 6143).

Under the Constitution the Senate of the United States has the power to try impeachments; to judge of the elections, returns, and qualifications of its own Members; to determine the rules of its proceedings, punish its Members for disorderly behavior, and, with the concurrence of two thirds, expel a Member; and it necessarily possesses the inherent power of self-protection.

According to the preamble and resolutions, the integrity and purity of Members of the Senate had been questioned in a manner calculated to destroy public confidence in the body, and in such respects as might subject Members to censure or expulsion. The Senate, by the action taken, signifying its judgment that it was called upon to vindicate itself from aspersion and to deal with such of its Members as might have been guilty of misbehavior and brought reproach upon it, obviously had jurisdiction of the subject matter of the inquiry it directed and power to compel the attendance of witnesses, and to require them to answer any question pertinent thereto. And the pursuit of such inquiry by the questions propounded in this instance was not, in our judgment, in violation of the security against unreasonable searches and seizures protected by the fourth amendment.

In *Kilbourn* v. *Thompson* (103 U.S. 168), among other important rulings, it was held that there existed no general power in Congress, or in either House, to make inquiry into the private affairs of a citizen; that neither House could, on the allegation that an insolvent debtor of the United States was interested in a private business partnership, investigate the affairs of that partnership as a mere matter of private concern; and that consequently there was no authority in either House to compel a witness to testify on the subject. The case at bar is wholly different. Specific charges publicly made against Senators had been brought to the attention of the Senate, and the Senate had determined that investigation was necessary. The subject matter as affecting the Senate was within the jurisdiction of the Senate. The questions were not intrusions into the affairs of the citizen; they did not seek to ascertain any facts as to the conduct, methods, extent, or details of the business of the firm in question, but only whether that firm, confessedly engaged in buying and selling stocks, and the particular stock named, was employed by any Senator to buy or sell for him any of that stock whose market price might be affected by the Senate's action. We cannot regard these questions as amounting to an unreasonable search into the private affairs of the witness simply because he may have been in some degree connected with the alleged transactions, and as investigations of this sort are within the power of either of the two Houses they cannot be defeated on purely sentimental grounds.

The questions were undoubtedly pertinent to the subject matter of the inquiry. The resolutions directed the committee to inquire "whether any Senator has been, or is, speculating in what are known as 'sugar stocks' during the consideration of the tariff bill now before the Senate." What the Senate might or might not do upon the facts when ascertained we cannot say, nor are we called upon to inquire whether such ventures might be defensible, as contended in argument, but it is plain that negative answers would have cleared that body of what the Senate regarded as offensive imputations, while affirmative answers might have led to further action on the part of the Senate within its constitutional powers.

Nor will it do to hold that the Senate had no jurisdiction to pursue the particular inquiry because the preamble and resolutions did not specify that the proceedings were taken for the purpose of censure or expulsion, if certain facts were disclosed by the investigation. The matter was within the range of the constitutional powers of the Senate. The resolutions adequately indicated that the transactions referred to were deemed by the Senate reprehensible and deserving of condemnation and punishment. The right to expel extends to all cases where the offense is such as in the judgment of the Senate is inconsistent with the trust and duty of a Member (1 Story on Constitution, sec. 838). Reference is there made to the case of William Blount, who was expelled from the Senate in July, 1797, for "a high misdemeanor entirely inconsistent with his public trust and duty as a Senator." The offense charged against him, said Mr. Justice Story, was an attempt to seduce an American agent among the Indians from his duty, and to alienate the affections and confidence of the Indians from the public authorities of the United States, and a negotiation for services in behalf of the British Government among the Indians. It was not a statutable offense nor was it committed in his official character, nor was it committed during the session of Congress, nor at the seat of Government.

Commenting on this case, Mr. Sergeant says in his work on Constitutional Law (2d ed., p. 302): "In the resolution, the Senate declared him guilty of a high misdemeanor, though no presentment or indictment had been found against him and no prosecution at law was ever commenced upon the case. And, it seems, no law existed to authorize such prosecution."

The two Houses of Congress have several times acted upon this rule of law, and the cases may be found, together with debates on the general subject, in both Houses of great value, in Smith's Digest of Decisions and Precedents (S.Doc. No. 278, 53d Cong., 2d sess.). The reasons for maintaining the right inviolate are eloquently presented in the report of the committee in the case of John Smith, accused in 1807 of participating in the imputed treason of Aaron Burr (1 Hall's Am. Law Jour., 459; Smith's Digest, p. 23).

We cannot assume on this record that the action of the Senate was without a legitimate object, and so encroach upon the province of that body. Indeed, we think it affirmatively appears that the Senate was acting within its right, and it was certainly not necessary that the resolutions should declare in advance what the Senate meditated doing when the investigation was concluded.

Doubtless certain general principles announced in *Runkle* v. *United States* (122 U.S. 543, 555), cited by petitioner's counsel as conclusive, were correctly set forth, but that case has not been approved in subsequent decisions on the same subject, and the presumptions in favor of official action have been held to preclude collateral attack on the sentences of courts martial, though courts of special and limited jurisdiction. (*United States* v. *Fletcher*, 148 U. S. 84; *Swain* v. *United States*, 165 U.S. 553.)

Counsel contend with great ability that the law under consideration is necessarily subject to being impaled on one or the other of two horns of a dilemma, either inflicting a fatal wound. The one alternative is that the law delegates to the District of Columbia criminal court the exclusive jurisdiction and power to punish as contempt the acts denounced, and thus deprives the Houses of Congress of their constitutional functions in the particular class of cases. The other alternative is that if the law should be interpreted as leaving in the Houses the power to punish such acts, and vesting in addition jurisdiction in the District criminal court to punish the same acts as misdemeanors, then the law is invalid because subjecting recalcitrant witnesses to be twice put in jeopardy for the same offence contrary to the fifth amendment.

"The refusal to answer pertinent questions in a matter of inquiry within the jurisdiction of the Senate, of course, constitutes a contempt of that body, and by the statute this is also made an offense against the United States."

The history of congressional investigations demonstrates the difficulties under which the two Houses have labored, respectively, in compelling unwilling witnesses to disclose facts deemed essential to taking definitive action, and we quite agree with Chief Justice Alvey, delivering the opinion of the court of appeals, "that Congress possessed the constitutional power to enact a statute to enforce the attendance of witnesses and to compel them to make disclosure of evidence to enable the respective bodies to discharge their legitimate functions"; and that it was to effect this that the act of 1857 was passed. It was an act necessary and proper for carrying into execution the powers vested in Congress and in each House thereof. We grant that Congress could not divest itself, or either of its Houses, of the essential and inherent power to punish for contempt, in cases to which the power of either House properly extended; but, because Congress, by the act of 1857, sought to aid each of the Houses in the discharge of its constitutional functions, it does not follow that any delegation of the power in each to punish for contempt was involved; and the statute is not open to objection on that account.

"Nevertheless, although the power to punish for contempt still remains in each House, we must decline to decide that this law is invalid because it provides that contumacy in a witness called to testify in a matter properly under consideration by either House, and deliberately refusing to answer questions pertinent thereto, shall be a misdemeanor against the United States, who are interested that the authority of neither of their departments,

nor of any branch thereof, shall be defied and set at naught. It is improbable that in any case cumulative penalities would be imposed, whether by way of punishment merely, or of eliciting the answers desired, but it is quite clear that the contumacious witness is not subjected to jeopardy twice for the same offense, since the same act may be an offense against one jurisdiction and also an offense against another; and indictable statutory offenses may be punished as such, while the offenders may likewise be subjected to punishment for the same acts as contempts, the two being diverso intuitu and capable of standing together." *General Houston's case*, Attorney General Butler (2 Ops. Attys. Gen. 655); *Rex.* v. *Lord Ossulston* (2 Strange, 1107); *Cross* v. *North Carolina* (132 U.S. 131); *In re Debs, petitioner* (158 U.S. 564); *State* v. *Woodfin* (5 Iredell, 199); *Yates* v. *Lansing* (9 Johns. 395); *State* v. *Williams* (2 Speers (Law) 26); *Foster* v. *Commonwealth* (8 W. & S. 77).

In our opinion the law is not open to constitutional objection, and the record does not exhibit a case in which, on any ground, it can be held that the Supreme Court of the District, sitting as a criminal court, had no jurisdiction to render judgment.

Writ denied.

Mr. Justice Harlan concurred in the result.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the bill (S. 860) for the relief of George W. Edgerly.

The message also announced that the House had passed the bill (S. 558) for the relief of Beryl M. McHam, with an amendment, in which it requested the concurrence of the Senate.

The message further announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 320. An act for the relief of Hugh Callahan;

H.R. 883. An act for the relief of Roy Beck;

H.R. 889. An act for the relief of Frank Ferst; and

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army, which were ordered to be placed on the calendar.

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Donald A. Draughon, of Puerto Rico, to be United States marshal, district of Puerto Rico, to succeed Harry S. Hubbard, resigned.

The VICE PRESIDENT. The reports will be placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. The calendar is in order. The first order of business on the calendar will be stated.

DIPLOMATIC AND FOREIGN SERVICE

The Chief Clerk read the nomination of Jefferson Caffery, of Louisiana, to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Mr. LONG. Mr. President, I ask that the nomination go over at this time.

The VICE PRESIDENT. Without objection, the nomination will be passed over.

FEDERAL DEPOSIT INSURANCE CORPORATION

The Chief Clerk read the nomination of Leo T. Crowley, of Wisconsin, to be a member of the Federal Deposit Insurance Corporation.

Mr. VANDENBERG. I ask that the nomination go over for the day.

The VICE PRESIDENT. The nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of Harry C. Blanton to be United States attorney for the eastern district of Missouri.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Hugh O'Neill to be United States attorney, division no. 2, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Joseph W. Kehoe to be United States attorney, division no. 3, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Joseph B. Reing to be United States marshal for the eastern district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Chester J. Todd to be United States marshal, division no. 3, district of Alaska.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Percy Brewington to be United States marshal for the middle district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of J. Hilary Keenan to be United States marshal for the western district of Pennsylvania.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Frank J. Duffy to be collector of customs, customs collection district no. 26, Nogales, Ariz.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Harry T. Foley to be surveyor of customs, district no. 10, New York, N.Y.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

DEPARTMENT OF COMMERCE

The Chief Clerk read the nomination of Richard Spencer, of Illinois, to be First Assistant Commissioner of Patents.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

PUERTO RICO

The Chief Clerk read the nomination of José Padin to be commissioner of education for Puerto Rico.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc. That completes the calendar.

The Senate resumed legislative session.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following joint resolution of the Legislature of the State of Wisconsin, which was referred to the Committee on Post Offices and Post Roads:

Joint resolution memorializing the Congress of the United States to enact legislation setting aside a definite amount from the Public Works Administration funds and allocating such amount among the several States for highway construction purposes

Whereas there are now pending in the Congress of the United States bills relating to the distribution of Federal funds among the several States for highway construction purposes; and

Whereas highway construction is a desirable type of public works in that it provides the maximum of employment in proportion to the cost involved; and

Whereas during the current year at least it is advisable and necessary that highway construction be included within the Public Works Administration and that a certain amount of the Public Works Administration funds be set aside and allocated to the several States for highway construction; and

Whereas under the 1933 allotments of Public Works funds Wisconsin's share was $9,724,000: Now, therefore, be it

Resolved by the assembly (the senate concurring) That this legislature respectfully memorializes the Congress of the United States to enact legislation providing that a certain designated portion of the Public Works Administration funds, of not less than $400,000,000, be made available for highway construction purposes, and that such designated portion be allocated among the several States in the same manner as the 1933 allotment was made; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

The VICE PRESIDENT also laid before the Senate the following concurrent resolution of the Legislature of the State of South Carolina, which was referred to the Committee on Military Affairs:

Concurrent resolution memorializing Congress to make provision for the establishment of armories at Clemson College, S.C., and at other places throughout the United States

Whereas the founders of our Government, in the Constitution indicated the defense compatible with our ideal and institutions when they charged Congress and the people "To provide for the common defense"; and

Whereas since the foundation of our Government, this principle has been recognized and adhered to; and

Whereas in every national emergency Congress has rightly and of necessity called our citizens to the colors, which is the constitutional method of raising armies, and the method that will be followed in future national emergencies; and

Whereas Congress in the National Defense Act has wisely provided for the organization of a citizens' army, its equipment, and officer personnel. It is regarding the training of this officer personnel, that they may be as competent as possible, we are concerned. They are to be partially trained in peace time, then complete training will be had by an intensive course immediately after the mobilization is authorized by Congress, and while the man power is being inducted into the service, and equipment assembled, the time will be short and no unnecessary delay in the commencing of this intensive training for these officers must be permitted; and

Whereas the officer personnel for our citizens' army, which will represent more than 85 percent of our numerical military strength, will come largely from the Reserve Officers' Training Corps of our schools and colleges, a source which furnished more than 50,000 officers and 100,000 noncommissioned officers in the World War; and

Whereas it has been suggested that not less than 25 Federal armories be erected at land grant colleges throughout the United States; that the funds be designated for this purpose by Congress in the appropriation to be made available for public works; that these buildings will be used for the furtherance of instruction in military science and tactics and the storage of Federal property used or to be used in the giving of such training; and

Whereas the construction at the present time of such armories would also provide employment and work for many of our people out of employment and thereby in that way assist in accomplishing the purposes of the National Recovery Act: Now, therefore, be it

Resolved by the senate (the house concurring), That we respectfully urge the Congress of the United States to enact the necessary legislation to provide for the erection of armories throughout the United States, and that one such armory be placed at Clemson College, S.C.; be it further

Resolved, That a copy of this resolution be mailed to the Clerk of the House of Representatives of the United States and the Clerk of the United States Senate and to each Member of Congress from the State of South Carolina.

Adopted February 1, 1934.

House concurrence February 6, 1934.

A true copy:

JAS. H. FOWLES,
Clerk of South Carolina Senate.

The VICE PRESIDENT also laid before the Senate a petition of sundry citizens of the State of Washington, being Federal employees, praying for the passage of legislation, sponsored by the American Federation of Labor and the American Federation of Government Employees, to immediately abolish the 15-percent pay cut, which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from John P. Curley, graduate manager of the Boston College Athletic Association, in the State of Massachusetts, praying for the repeal of the admissions tax affecting intercollegiate athletic contests, which was referred to the Committee on Finance.

He also laid before the Senate a letter from John Moian, of Cleveland, Ohio, submitting a plan to help toward economic recovery known as "assured living" which would provide $1 per day to be paid to all needy citizens to be financed from the surpluses of large corporations, which was referred to the Committee on Finance.

He also laid before the Senate a letter from the Great Lakes Harbors Association, Milwaukee, Wis., transmitting a petition of sundry mayors of cities bordering the Great Lakes in the States of Indiana, Michigan, Minnesota, New York, Ohio, and Wisconsin, praying for the immediate ratification of the pending Great Lakes-St. Lawrence Deep Waterway Treaty, which, with the accompanying papers, was ordered to lie on the table.

He also laid before the Senate resolutions endorsed by a mass meeting at Trades Council Hall by the provisional committee, Charles Zuber, secretary, in the State of Ohio, protesting against reduction or discontinuance of the C.W.A. program, and favoring the immediate reemployment of all discharged workmen, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted at a meeting of 1,000 C.W.A. workers at Chabot Park, Oakland, Calif., held under the auspices of the Construction Workers Industrial Union, favoring the continuation of all C.W.A. work, a 30-hour week, a minimum wage of 60 cents an hour for unskilled labor, and a minimum of $1.10 an hour for skilled labor, which was ordered to lie on the table.

Mr. BARKLEY presented the following resolution of the House of Representatives of the State of Kentucky, which was referred to the Committee on the Judiciary:

IN THE HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
February 6, 1934.

Mr. Belknap, of the county of Oldham, offered the following resolution, viz:

"Whereas there are now before Congress some six bills to make the punishment of lynching a duty of the Federal Government; and

"Whereas there is in Congress much pressure to pass a bill putting upon the county where a lynching occurs heavy damages to be paid to the family of anyone lynched; and

"Whereas this would work untold injustice to innocent people in these counties; and

"Whereas the control of lynching is prima facie a State function; and

"Whereas adequate legislation can be and is being presented to State legislatures: Therefore be it

"*Resolved by the House of Representatives of the Commonwealth of Kentucky*, That Congress be asked to leave these matters to the States; and be it further

"*Resolved*, That copies of this resolution be sent to our Senators and Representatives and to the President of the United States."

This resolution was adopted by the house.

Attest:

J. ERWIN SANDERS,
Chief Clerk, House of Representatives.

Mr. TYDINGS presented resolutions adopted by Fresno Lodge, No. 723, Order of B'nai B'rith, and a meeting of Temple Beth Israel, both of Fresno, Calif.; the Albert C. Ritchie Civic Club of Maryland; Montefiore Lodge, No. 70, Order of B'nai B'rith, of Buffalo, N.Y.; and Lodge No. 863, Order of B'nai B'rith, of Lorain, Ohio, endorsing Senate Resolution 154 (submitted by Mr. TYDINGS) opposing alleged discrimination against Jews in Germany, which were referred to the Committee on Foreign Relations.

REPORTS OF COMMITTEES

Mr. PITTMAN, from the Committee on Foreign Relations, to which was referred the bill (S. 1401) to pay a gratuity to

Emma Ferguson Starrett, reported it without amendment and submitted a report (No. 282) thereon.

Mr. BANKHEAD, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1974) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, reported it with amendments and submitted a report (No. 283) thereon.

Mr. FESS, from the Committee on Foreign Relations, to which was referred the bill (S. 1997) to compensate Harriet C. Holaday, reported it without amendment and submitted a report (No. 284) thereon.

Mr. KING, from the Committee on the District of Columbia, to which was referred the bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions, and for other purposes, reported it with amendments and submitted a report (No. 285) thereon.

Mr. HAYDEN, from the Committee on Appropriations, to which was referred the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 286) thereon.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that that committee presented to the President of the United States the following enrolled bills:

On February 8, 1934:

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458)";

S. 284. An act authorizing the conveyance of certain lands to School District No. 28, Deschutes County, Oreg.;

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.; and

S. 2152. An act granting certain property to the State of Michigan for institutional purposes.

On February 9, 1934:

S. 248. An act for the relief of Rolando B. Moffett;

S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming;

S. 381. An act for the relief of Samson Davis; and

S. 727. An act for the relief of Francis N. Dominick.

BILLS AND JOINT RESOLUTION INTRODUCED

Bills and a joint resolution were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 2705) to authorize the Reconstruction Finance Corporation to finance certain self-liquidating Public Works projects; to the Committee on Banking and Currency.

A bill (S. 2706) granting a pension to John N. Aull (with accompanying papers); and

A bill (S. 2707) granting a pension to Martha L. Stonerock (with accompanying papers); to the Committee on Pensions.

By Mr. COUZENS:

A bill (S. 2708) providing for the use by the State of Michigan of the old post-office building in Lansing, Mich.; to the Committee on Public Buildings and Grounds.

A bill (S. 2709) for the relief of Trifune Korac; and

A bill (S. 2710) to refund to the estate of Clinton G. Edgar income tax erroneously or illegally collected (with accompanying papers); to the Committee on Claims.

By Mr. GIBSON:

A bill (S. 2711) to amend an act entitled "An act for the retirement of employees in the classified Civil Service, and for other purposes", approved May 22, 1920; to the Committee on Civil Service.

A bill (S. 2712) for the relief of Yvonne Hale; to the Committee on Claims.

A bill (S. 2713) for the relief of the estate of Anna Elizabeth Rice Denison; to the Committee on Foreign Relations.

By Mr. KING:

A bill (S. 2714) to amend section 895 of the Code of Law of the District of Columbia; to the Committee on the District of Columbia.

By Mr. CAPPER:

A bill (S. 2715) conferring jurisdiction upon the Court of Claims to hear and determine the claims of certain Indians of the Iowa Tribe of Indians of Kansas and Nebraska against the United States; to the Committee on Claims.

By Mr. CONNALLY:

A bill (S. 2716) authorizing the retirement of First Lt. Lucius L. Handly, Medical Corps, United States Army; to the Committee on Military Affairs.

By Mr. SHEPPARD:

A bill (S. 2717) for the relief of First Lt. Francis H. Kuhn (with accompanying papers); to the Committee on Claims.

By Mr. THOMPSON:

A bill (S. 2718) for the relief of Nancy P. Marsh; to the Committee on Claims.

By Mr. TOWNSEND:

A bill (S. 2719) for the relief of A. Randolph Holladay; to the Committee on Claims.

By Mr. SMITH:

A bill (S. 2720) for the relief of George M. Wright; to the Committee on Claims.

A bill (S. 2721) for the relief of James Austin Smith; to the Committee on Finance.

A bill (S. 2722) granting a pension to Samuel W. Orr; and

A bill (S. 2723) granting a pension to Philip Pierson; to the Committee on Pensions.

By Mr. TRAMMELL:

A bill (S. 2724) to provide for a customs examination building at Tampa, Fla.; to the Committee on Public Buildings and Grounds.

By Mr. TYDINGS:

A bill (S. 2725) for the relief of Louis E. LeBrun (with an accompanying paper); to the Committee on Commerce.

A bill (S. 2726) relating to the residence requirements for naturalization purposes of alien wives of members of the Diplomatic and Consular Service of the United States and wives of other employees of the United States Government stationed abroad; to the Committee on Immigration.

A bill (S. 2727) to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties; to the Committee on the Judiciary.

A bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

A bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. ASHURST:

A bill (S. 2730) making it unlawful to pay, or agree to pay, any ransom or reward for the release of kidnaped persons; to the Committee on the Judiciary.

By Mr. DILL and Mr. BONE:

A joint resolution (S.J.Res. 85) to provide relief for damages caused by unusual floods in the State of Washington in 1933 and 1934, to aid in preventing a recurrence of similar floods, and for other purposes; to the Committee on Finance.

UNIFORM LABOR LAWS AMONG THE STATES

Mr. WALSH. Mr. President, I introduce a joint resolution to authorize the several States to negotiate compacts or agreements to promote greater uniformity in the laws of such States affecting labor and industries, which I ask be referred to the appropriate committee.

Also, I request that copy of letter which has been addressed to me by Senator Henry Parkman, Jr., of the Commonwealth of Massachusetts, who is chairman of the Massachusetts Commission on Interstate Compacts Affecting Labor and Industries, be printed in the RECORD.

There being no objection, the joint resolution (S.J.Res. 84) to authorize the several States to negotiate compacts or agreements to promote greater uniformity in the laws of such States affecting labor and industries, was read twice by its title and referred to the Committee on the Judiciary, and the accompanying letter was ordered to be printed in the RECORD, as follows:

COMMISSION ON INTERSTATE COMPACTS
AFFECTING LABOR AND INDUSTRY,
January 13, 1934.

Hon. DAVID I. WALSH,
Senate Office Building, Washington, D.C.

DEAR SENATOR: I am enclosing suggested draft of an enabling act to be passed by Congress, authorizing the States to enter into compacts or agreements among themselves for uniform labor laws. I have sent a copy to Congressman MCCORMACK, with whom I have talked from time to time about the possibilities of the use of the compact and whom I have kept informed in some detail of the progress that this commission has been making in negotiations with other States. The possibilities of this sort of cooperation appear so good, particularly at this time, that the Governor has recommended and this commission is asking an extension of its authority to enable us to negotiate with other States, such as those, for example, in the southeastern section, with whom we are most in competition in the textile industry.

It occurred to us on this commission, and I was instructed by a joint conference of commissioners from New York, Connecticut, Rhode Island, New Hampshire, and Massachusetts to request you and Congressman MCCORMACK jointly to introduce enabling legislation of this general character.

With best regards, I am, sincerely yours,

HENRY PARKMAN, JR.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred to the Committee on Military Affairs:

H.R. 305. An act for the relief of Ernest B. Butte;

H.R. 320. An act for the relief of Hugh Callahan;

H.R. 883. An act for the relief of Roy Beck;

H.R. 889. An act for the relief of Frank Ferst; and

H.R. 891. An act for the relief of Albert N. Eichenlaub, alias Albert N. Oakleaf.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

REVISION OF FOOD AND DRUG ACT

Mr. DAVIS. Mr. President, I send to the desk a letter signed by H. L. McGuire, manager of the Loose-Wiles Biscuit Co., of Pittsburgh, and ask that it be printed in the RECORD. Mr. McGuire discusses exhaustively certain features of Senate bill 2000. I ask also that it be referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *January 17, 1934.*

JAMES J. DAVIS,
United States Senator,
Care of Senate Office Building, Washington, D.C.

MY DEAR SENATOR DAVIS: There is now under consideration by the Committee on Commerce of the United States Senate, Senate bill 2000, introduced by Senator COPELAND, of New York, and commonly known as the "new food and drug act", being originally the Tugwell bill as revised by Senator COPELAND.

Feeling that you may not have the time to carefully examine into all of the provisions of the bill, we are, for your guidance, pointing out certain sections and features which, from our standpoint, are impractical and objectionable.

At the outset we want to express the assurance that we have no criticism of the purposes of this bill but endorse its spirit and intent, with the elimination of certain features which are explained below:

Section 7, paragraph (f), subdivision (2), requires that the label carry "the common or usual name of each ingredient such food bears or contains in order of predominance by weight, except that spices, flavors, and colorings, other than those sold as such, may be designated as spices, flavors, and colorings without naming each: *Provided*, That to the extent that a statement on the label of each ingredient in order of predominance by weight is impracticable because of normal variations in ingredients or their quantities, usual to manufacturing or packing processes, reasonable variations from such order shall be permitted, and exemptions as to packages of assorted food shall be established by regulations promulgated by the Secretary."

In the manufacture of many food products it is frequently necessary in the interests of economy to consumers, to vary formulas in accordance with variations in the prices of raw materials. Frequently one ingredient is replaced with another of equal wholesomeness, in order to prevent an increase of cost that would eventually be added to the price of the product. Labels are printed in large quantities, also for the sake of economy. If the labels carry a fixed and definite list of ingredients as they must under this provision, then flexibility of formulas in the interests of economy to the consumer is impossible.

Even though the provision does not require the statement as to the quantity or percentage of each ingredient, and spices, flavors, and colors need not be mentioned by name, still it is a fact that in a great many instances a simple listing of the ingredients, particularly in order of predominance by weight, will reveal to a competitor or to one having intimate knowledge of the processes involved in manufacturing the product, sufficient information to permit a duplication of the product and a consequent destruction of a very valuable trade asset.

We believe that a practical revelation of a trade secret by this means is an invasion of private rights not warranted in the interest of public welfare.

Furthermore, the increasing tendency to smaller-sized and, therefore, less costly packages of food as a result of limited consumer purchasing power had led to the use of labels which are too small in size to carry a list of ingredients (in many cases at least 15 items) in addition to other information required on the label by law. The provision is wholly impractical as applied to a vast number of products.

To modify printing plates to provide for the listing of ingredients and the further revising of the plates every time improvement in the product, to the benefit of the consumer, is made would place a great burden on industry, which is already heavily burdened by increased labor and raw-material costs and taxes resulting from the recovery program. In this company at least 2,000 plates are in use for labels of one sort or another. Some of these could be modified, but most of them would have to be entirely replaced. Art work resulting from rearrangement of designs to provide space for listing ingredients is also very costly. The initial cost of plate changes and art work would most certainly be not less than $150,000.

If this expense for a single moderately sized company is multiplied in proportion to the size of the entire food industry, it can be readily seen that the cost will run into millions. It is an unwarranted burden at this time.

We feel that the public interests can be amply protected by a section in the bill which provides that formulas for all goods, drugs, and cosmetics are to be given to the Secretary of Agriculture or his officer on request.

We call attention to the fact that no such provision for the listing of all ingredients of a drug or cosmetic is included in this bill, except for certain compounds presumably harmful and which are specifically mentioned by name.

Why should the ingredients of a food product have to be listed, and listed in order of predominance by weight as well, when the ingredients of a cosmetic do not have to be listed on the label? This is unfair and unwarranted discrimination.

These representations with reference to this particular section in the bill are made in good faith. We are using only wholesome, harmless ingredients—are willing to submit all our formulas to the scrutiny of the Secretary of Agriculture or his agent at any time. We have nothing whatever to hide.

Our experience has been that the vast majority of consumers are not in the least interested in having a list of ingredients on the label, and that such a list would be of interest only to competitors who were endeavoring to duplicate our products.

We also feel that the enormous cost involved in complying with such a section as this is not warranted, especially at the present time. Such cost is beyond our control and might eventually involve an increase in the price to the consumer.

We respectfully urge that this section be replaced by one providing for the availability of formulas to the Secretary of Agriculture upon request.

We trust you will have time and inclination to examine the points above alluded to; and if there is any further information you might desire from us, we shall be glad to promptly act on your request.

With best wishes, we remain,

Very truly yours,

LOOSE-WILES BISCUIT CO.,
H. L. MCGUIRE, *Manager.*

BITUMINOUS-COAL INDUSTRY

Mr. DAVIS. Mr. President, I ask unanimous consent to have published in the RECORD and appropriately referred a letter from Mr. Charles Dunlap, president of the Berwind-White Coal Mining Co. This is one of the largest coal-producing companies in the East.

There being no objection, the letter was referred to the Committee on Mines and Mining, and ordered to be printed in the RECORD as follows:

THE BERWIND-WHITE COAL MINING CO.,
New York, February 5, 1934.

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

DEAR SENATOR DAVIS: As president of one of the largest coal-producing companies in Pennsylvania and West Virginia, may I not call to your attention a few facts concerning the unfair competitive condition existing between the natural-gas industry and the bituminous-coal industry, which will shortly be presented to you in proposed legislation to place an excise tax on the natural-gas industry.

As producers of bituminous coal under a code of fair competition approved by the President, we are interested in carrying out the aims and purposes of the N.R.A., which, in the last analysis, are to give employment to labor at a living wage in industry producing a reasonable profit on capital invested. It is becoming more and more difficult to accomplish this in the coal industry, and one of our chief difficulties is attributable to the fact that natural gas is uncontrolled in production and unregulated as to trade practices throughout the country. We contend that natural gas is a temporary type of fuel and available to only a few localities at a reasonable rate.

A few figures will illustrate what I have in mind: In 1926, the year which has been taken as the basis for economic estimates as being normal, 573 million tons of bituminous coal were produced, while in 1933, approximately 328 million tons were produced, representing a reduction of 245 million tons. The general depression of business had much to do with this reduction, but it is conservatively estimated that approximately 40,000,000 tons of bituminous coal was replaced by natural gas in the period cited. For example, in 1932, bituminous coal supplied about one half of the energy that it supplied in 1918, and natural gas furnished more than double the amount of energy in 1932 that it supplied in 1918. To further illustrate this condition, and using 1918 as an index of 100, we find that the bituminous coal rate of growth stands at 53, whereas natural gas stands at 216. And further, in 1918, bituminous coal furnished 69.5 percent of the energy used in this country, while in 1932 it furnished approximately 45 percent. Natural gas in 1918 furnished only 3.6 percent and in 1932 it furnished 9.3 percent.

It is estimated that the total quantity of natural gas now being produced is equivalent in heating value to about 70,000,000 tons of bituminous coal. We concede there is a natural market for natural gas, but we do not concede it to be in the interest of the people as a whole for a natural resource to be dumped on the market as is being done with gas in a number of districts.

In securing rates for the sale of natural gas for domestic consumption, the distributing companies lay great stress upon the fact that natural gas is a luxury fuel, and for that reason ask for a preferred rate. Thus having secured high rates, they then turn to industry and offer gas at rates which are unreasonable and detrimental to other fuels in competition.

The loss of approximately 40,000,000 tons of coal to natural gas means that about 40,000 miners are annually deprived of work. Those laborers engaged in other branches of industry in handling coal easily outnumber those who are directly displaced in coal mines. Thus, more than 100,000 employees are annually thrown out of work because of this displacement of bituminous coal by natural gas.

From 65 to 70 percent of the cost of producing bituminous coal goes to labor. We have no figures comparable for natural gas but we understand it is so small that it is constantly referred to as a "laborless" industry. As a matter of fact, all of the employees of the natural-gas industry are less than 50,000—a smaller number of people than have actually been displaced in the bituminous-coal industry by the substitution of natural gas.

A great natural resource, which actually is a luxury in its use as a competitive fuel with coal, is being wasted. May we not depend on your support to help us solve this vital problem.

Very truly yours,

CHARLES DUNLAP, *President.*

ANTIFIREARMS LEGISLATION

Mr. DAVIS. Mr. President, I submit a letter received from Mr. Edward S. Weil, of Pittsburgh, expressing his opposition to Senate bills 2258 and 885, which I ask may be printed in the RECORD and referred to the appropriate committee.

There being no objection, the letter was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *February 9, 1934.*

Senator JAMES J. DAVIS,
Washington, D.C.

DEAR SIR: Please vote against Senate bills 2258 and 885, which are antifirearms bills of the most vicious sort. It is notable that these bills originate from New York, where the recent exposure of conditions in the Welfare Island Prison shows the prison completely dominated by criminals through their organized political influence. The real purpose of all antifirearms law is to disarm people and make them helpless. I have studied this problem for many years and know whereof I speak. The persons who try to put these laws through are working to benefit their partners in crime, the organized underworld. The originator of the Sullivan law boasted that he could have any man in New York killed for $50. They want to extend this low cost of murdering their enemies to the whole country by gradually disarming everyone except their friends, the gunmen. I strongly stand for the right of every man to possess arms for self-defense, and no restrictions whatever should be passed against them. Machine guns should be outlawed, as they are too bulky for self-defense and are therefore weapons of attack.

I agree with you that experiments with inflation are very dangerous, because when the time comes to put on the brakes there will be a still greater cry for more. This is exactly what happened in 1926, when the Federal Reserve Board started to put on the brakes to reduce the previous 5 years' inflation and its results. The brakes were put on by raising the rediscount rate (interest) gradually and selling the Government bonds for the purpose of retiring the printing-press money (I call it that) which had been put out in the course of the previous 5 years to buy those same bonds. The purpose of putting out what I call "printing-press money" was to produce a controlled form of inflation. It's a long, complicated story, but to make it short, the governor of the Bank of England came over here and with other influences succeeded in getting the Federal Reserve Board to reverse its policy of deflation, which means that it increased our already inflated condition to a condition of superinflation, without the intervening deflation which was necessary. This produced what we thought was the new era, but was only a superflated condition which can only be corrected by a corresponding superdeflation. Inflation is the same thing as spending money that has been borrowed. It may be borrowed in many ways that do not appear like borrowing. For instance, cutting the gold content of the dollar is borrowing or legal stealing, as the intention is not to pay it back. But it will be paid back by the inevitable working of economic law. Anyone who welches on all or part of his obligations whether openly or by legal trickery will have to pay higher interest rates on future obligations. I predict that in 18 months the Government will have to pay 6 or more percent on long-term borrowings.

Deflation is the same thing as paying back borrowed money, and it hurts just as much to deflate as to pay debts. It is necessary to deflate for the same reason that it is necessary to pay old debts before you can expect to get credit for new ones.

In closing, I will say that I think we should have an amendment to the Constitution to prevent simple-minded legislators from giving America away to foreigners without adequate security. They have valuable colonial possessions, islands which could be used by us for defenses, besides valuable property on our own territory which would make good security. Russia will be the next nation to borrow from Uncle Sam and then welch on it. Our legislators will not be satisfied until the taxpayers have been bled to death.

Yours truly,

EDWARD S. WEIL,
2502 Glasgow Street, Pittsburgh (4), Pa.

MESSAGE FROM THE HOUSE—ENROLLED BILL SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the enrolled bill (S. 860) for the relief of George W. Edgerly, and it was signed by the President pro tempore.

JEWISH PERSECUTIONS—ARTICLE BY MAX J. KOHLER

Mr. WAGNER. Mr. President, I ask unanimous consent to have printed in the RECORD an article by Max J. Kohler, entitled "The United States and German-Jewish Persecutions—Precedents for Popular and Governmental Action."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE UNITED STATES AND GERMAN-JEWISH PERSECUTIONS—PRECEDENTS FOR POPULAR AND GOVERNMENTAL ACTION

By Max J. Kohler

In an article by me which was published in the New York Times on March 24, 1933, as to the practice of our Government in aid of victims of religious and racial persecution, including both our own citizens and residents of foreign countries, in the general interest of humanity, I collected many precedents, herein enlarged, which evidence I think an important historic policy on the part of our Government.

I. As to the right of American citizens, whether native or naturalized, and their wives and minor children, to our Government's protection in Germany, there is, of course, no occasion for any discussion. Title 8, section 13, of the United States Code, reenacting Revised Statutes, section 2000, which was itself declaratory of subsisting law, in terms formulates this governmental obligation as to citizens, and Professor Borchard's important work on Diplomatic Protection of Citizens Abroad emphasizes the same. The leading case of *Yick Wo* v. *Hopkins* (118 U.S. 356), as to the right of citizens of foreign countries here to the enjoyment of substantially all the civil rights enjoyed by our own citizens under our Constitution, also measures the reciprocal rights we have a right to expect from other countries in treating our own citizens abroad. In the leading case of *Truax* v. *Raich* (239 U.S. 33), these principles were applied to overthrow legislation limiting ordinary employment to United States citizens. Under our citi-

zenship laws, pursuant to which the wives and certain minor children of citizens may not at once acquire abroad the American citizenship of the husband and father, the same right of protection arises in favor of such wives and children, inchoate citizens. The rules of international law recognize that aliens residing in foreign lands, though not full citizens, ought as to civil rights enjoy similar protection, in view of the unity of the family tie. In our long controversy with Russia as to anti-Jewish discriminations, we continuously emphasized the fact that religious differences may not detract from the rights of Jewish citizens holding American passports under our Constitution and fundamental principles (Termination of the Treaty of 1832 between the United States and Russia—Hearing before the Committee on Foreign Affairs of the House of Representatives, Dec. 11, 1911, rev. ed., pp. 105 et seq.). As stated by Secretary Evarts under date of September 4, 1880 (p. 111), copied from our Foreign Relations 1880 (p. 880):

"It should be made clear to the Government of Russia that in view of this Government, the religion professed by one of its citizens has no relation whatever to that citizen's right to the protection of the United States, and that in the eye of this Government an injury officially dealt to Mr. Pinkos at St. Petersburg, on the sole ground that he is a Jew, presents the same aspect that an injury officially done to a citizen of Russia in New York for the reason that he attends any particular church there would be in the view of His Majesty's Government."

Said Acting Secretary John Hay, under date of October 22, 1880, in instructions to our Minister to Russia (id., p. 115; from Foreign Relations for 1881, p. 993):

"It is hoped that you will press your representations to the successful establishment of the principle of religious toleration for our citizens peacefully residing or traveling abroad, which we as a Nation have such a deep interest in maintaining."

Again, under date of March 3, 1881, Secretary Evarts wrote (id., p. 124; Foreign Relations, 1881, p. 1007):

"This Government does not know or inquire into the religion of the American citizen it protects. It cannot take cognizance of the methods by which the Russian authorities may arrive at the conclusion or conjecture that any given American citizen professes the Jewish faith. The discussion of the recent cases has not as yet developed any judicial procedure whereby an American citizen, otherwise unoffending against the laws, is to be convicted of Judaism, if that be an offense under Russian law; and we are indisposed to regard it as a maintainable point that a religious belief is, or can be, a military offense, to be dealt with under the arbitrary methods incident to the existence of a 'state of siege.'"

Said Secretary Blaine on July 29, 1881 (id., p. 129; Foreign Relations, 1881, p. 1030):

"I need hardly enlarge on the point that the Government of the United States concludes its treaties with foreign states for the equal protection of all classes of American citizens. It can make absolutely no discrimination between them, whatever be their origin or creed. So that they abide by the laws at home or abroad it must give them due protection and expect like protection for them. Any unfriendly or discriminatory act against them on the part of a foreign power with which we are at peace would call for our earnest remonstrance, whether a treaty existed or not."

On July 1, 1904, Secretary Hay wrote (id., p. 220, Foreign Relations, 1904, p. 790):

"You will make known to His Excellency [Count Lamsdorff] the views of this Government as to the expediency of putting an end to such discriminations between different classes of American citizens on account of their religious faith when seeking to avail themselves of the common privilege of civilized peoples to visit other friendly countries for business or travel. That such discriminatory treatment is naturally a matter of much concern to this Government is a proposition which His Excellency will readily comprehend without dissent. In no other country in the world is a class discrimination applied to our visiting citizens."

The continued representations our Government made in 1895 to Turkey, protesting against Turkish prohibition of emigration of Armenian relatives of American citizens of Armenian extraction not themselves citizens, should also be noted (U.S. Foreign Relations, 1895, II, 1471–1473; 1896, p. 924; this citation is augmented hereinbefore, pp. 11–13).

Again, under date of August 22, 1895, Acting Secretary Adde wrote (id., p. 186; Foreign Relations, 1895, p. 1067):

"Viewed in the light of an invidious discrimination tending to discredit and humiliate American Jews in the eyes of their fellow citizens, it is plain that the action of Russian consular officers does produce its effect within American territory, and not exclusively in Russian jurisdiction."

When Russia claimed that the discrimination was a racial and not a religious one, our Government replied that "the two questions are inseparable" (id., p. 180; Foreign Relations, 1895, p. 1058). Similarly in *Yick Wo* v. *Hopkins*, supra, a racial discrimination effected by unlawful administration of law was held violative of the due process of law accorded by the fourteenth amendment.

In connection with the Kelley case, in which a purely political right was involved, our Government emphatically expressed its disapproval of Austria's course in declining to receive Mr. Kelley as United States Minister because his wife was a Jewess. President Cleveland, in his annual message to Congress on December 8, 1885, said that Austria's course "could not be acquiesced in without violation of my oath of office and the precepts of the Constitution, since they necessarily involved a limitation in favor of a foreign government, upon the right of selection by the Executive, and required such an application of a religious test as a qualification for office under the United States as would have resulted in the practical disfranchisement of a large class of our citizens and the abandonment of a vital principle of our Government" (Richardson's Messages of the Presidents, vol. VIII, pp. 325-326).

In connection with this Kelley case, Secretary Bayard wrote on May 18, 1885 (Foreign Relations for 1885, pp. 48-51, summarized in Moore's International Law Digest IV, pp. 480-483):

"It is not within the power of the President, nor of the Congress, nor of any judicial tribunal in the United States to take or even hear testimony, or in any mode to inquire into or decide upon the religious belief of any official, and the proposition to allow this to be done by any foreign government is necessarily and a fortiori inadmissible. To suffer an infraction of this essential principle would lead to a disfranchisement of our citizens because of their religious belief, and thus impair or destroy the most important end which our Constitution of Government was intended to secure.

"Religious liberty is the chief cornerstone of the American system of government, and provisions for its security are embedded in the written charter and interwoven in the moral fabric of its laws. Anything that tends to invade a right so essential and sacred must be carefully guarded against, and I am satisfied that my countrymen, ever mindful of the sufferings and sacrifices necessary to obtain it, will never consent to its impairment for any reason or under any pretext whatsoever. * * *

"It is not believed by the President that a doctrine and practice so destructive of religious liberty and freedom of conscience, so devoid of catholicity, and so opposed to the spirit of the age in which we live, can for a moment be accepted by the great family of civilized nations or be allowed to control their diplomatic intercourse. Certain it is, it will never, in my belief, be accepted by the people of the United States, nor by any administration which represents their sentiments."

See also Moore's International Law Digest IV, page 1 et seq., 97 et seq.

In connection with Russian discriminations, Secretary Evarts on June 28, 1880 (Termination of the Treaty of 1832, etc., p. 109; Foreign Relations, 1880, p. 875), wrote:

"It is confidently submitted to His Majesty's Government whether in the event Mr. Pinkos should be finally expelled from Russia or be otherwise interrupted in his peaceful occupation, on the sole ground that his religious views are of one kind rather than another, he would not be justly entitled to make reclamation for the damage and loss to which he might be subjected."

Again, on September 4, 1880 (id., p. 111; Foreign Relations for 1880, p. 880), Secretary Evarts wrote: "It is evident that the losses incurred by the abandonment of his business in St. Petersburg will afford Mr. Pinkos ground for reclamation, if no other cause can be shown for the official breaking up of his business than the religious views he entertained. The direct application to have Mr. Pinkos indemnified, however, may be deferred until he shall make it appear what those losses were."

The Pinkos case is considered at some length in Moore's International Law Digest IV, pages 114–116, as also unlawful racial discriminations (IV, p. 109), and religious discriminations (IV, p. 111, et seq.). (See also VI, p. 247, et seq.; p. 333, et seq.)

In this connection it is interesting to note the arbitral decision in the case of Mme. Chevreu, lately published in the American Journal of International Law, January 1933 (p. 153, et seq.), by which heavy damages were awarded against England for arrest and expulsion of the French subject involved from British territory without adequate investigation in war time. Of course, liability arises for failure to accord adequate protection from violence, as well as for governmental direct acts, especially where there is popular approval of such violence or of other unlawful discriminations (Moore's International Law Digest VI, pp. 809–883; Borchard, supra, p. 220, et seq.).

II. But international law, and especially American precedents, have advanced far beyond mere intervention on behalf of our own citizens, where religious rights are involved, and this has become our historic American policy. As far back as 1870 Charles Sumner, then Chairman of the Senate Committee on Foreign Relations, when offering a resolution of inquiry into Rumanian anti-Jewish atrocities, said he did so "in the interest of humanity and in that guardianship of humanity which belongs to the Great Republic" (Congressional Globe, 41st Cong., 2d sess., pt. 5, pp. 4044–45).

In the able address above cited by Oscar S. Straus, on Humanitarian Diplomacy of the United States, in his The American Spirit (pp. 19–38), a number of notable instances of intermediation by our Government on behalf of non-American religious and political victims of persecution are collated and analyzed. He wisely calls these "intercessions", instead of "interventions." Among other instances he enumerated were our intercession on behalf of Greek independence; on behalf of Kossuth and other victims of the abortive revolutions of 1848 (herein before considered); on behalf of Cuba; on behalf of Christians (particularly missionaries and Armenians) in the Orient (hereinbefore considered), and on behalf of Jews in Russia and Rumania; especially since the Hague Conventions. It is significant that so many instances of such intercession by our Government on behalf of persecuted Jews who were not our citizens have taken place, beginning in 1840, and it is obvious that these have been largely actuated by the circumstance that our country was the pioneer in establishing complete religious liberty, and because Jews constitute purely a religious sect, having no other country of their own to appeal to, when persecuted by their own country of nationality. Passages from H. C. Hodges' work on The Doctrine of Intervention (1915) were quoted in Kohler and Wolf's Jewish

Disabilities in the Balkan States, American Contributions Toward Their Removal, with Particular Reference to the Congress of Berlin (pp. 94–97).

The leading instances in which our Government thus interceded for persecuted Jews were: (1) On behalf of Jewish victims of the Damascus blood accusations of 1840; (2) our efforts, particularly Minister Fay's, on behalf of Jewish emancipation in Switzerland; (3) our course in behalf of the Rumanian Jews, particularly in connection with Benjamin F. Peixotto's appointment as United States consul to Rumania in the early seventies; (4) our course in connection with Jewish persecutions in the Balkans at the Congress of Berlin in 1878, and thereafter; (5) President Cleveland's and Secretary Bayard's course toward Austria in connection with the Keiley case in 1885; (6) Secretary Hay's famous Rumanian note of 1902; (7) President Roosevelt's course toward Russia in connection with the Kishineff massacre petition; (8) the movement which led to the abrogation in 1911 of our treaty with Russia of 1832, because of anti-Jewish discriminations; and (9) President Wilson's and Colonel House's course at the Peace Conference of 1919 in connection with minority protection treaties and cessation of Polish anti-Jewish actions.

Some of these precedents deserve consideration at somewhat greater length. First in order was our course in connection with the Damascus blood accusations of 1840, namely, prosecutions based on the atrocious fabrication that Jews use non-Jewish blood for ritual purposes. This incident is considered in Moore's International Law Digest VI, 347, but more fully in Dr. Cyrus Adler's book "Jews in the Diplomatic Correspondence of the United States" (pp. 4–6), being no. 15 of the publications of the American-Jewish Historical Society (1906). (Also publications American-Jewish Historical Society, no. 8, pp. 141–5.) The latter works may in this instance be supplemented by a significant letter which I myself was privileged to publish more than 30 years ago from a transcript made for me by the State Department, reading as follows, being a letter dated August 17, 1840, sent by Secretary of State John Forsyth under President Van Buren to David Porter, our Minister to Turkey (Publications No. 9, pp. 153–4):

"SIR: In common with the people of the United States, the President has learned with profound feeling of surprise and pain, the atrocious cruelties which have been practiced upon the Jews of Damascus and Rhodes, in consequence of charges extravagant and strikingly similar to those, which in less enlightened ages, were made pretexts for the persecution and spoliation of these unfortunate people. As the scenes of these barbarities are in the Mahomedan dominions, and, as such inhuman practices are not of an infrequent occurrence in the East, the President has directed me to instruct you to do everything in your power with the government of His Imperial Highness, the Sultan, to whom you are accredited, consistent with discretion and your diplomatic character, to prevent or mitigate these horrors—the bare recital of which has caused a shudder throughout the civilized world; and in an especial manner, to direct your philanthropic efforts against the employment of torture in order to compel the confession of imputed guilt. The President is of the opinion that from no one can such generous endeavors proceed with so much propriety and effect, as from the representative of a friendly power, whose institutions, political and civil, place upon the same footing, the worshippers of God, of every faith and form, acknowledging no distinction between the Mahomedan, the Jew, and the Christian. Should you, in carrying out these instructions, find it necessary or proper to address yourself to any of the Turkish authorities, you will refer to this distinctive characteristic of our Government, as investing with a peculiar propriety and right, the interposition of your good offices in behalf of an oppressed and persecuted race, among whose kindred are found some of the most worthy and patriotic of our citizens. In communicating to you the wishes of the President, I do not think it advisable to give you more explicit and minute instructions, but earnestly commend to your zeal and discretion a subject which appeals so strongly to the universal sentiments of justice and humanity.

"I am, sir, your obedient servant,

"JOHN FORSYTH."

(2) The invaluable and long-continued efforts of our Government to effectuate Jewish emancipation in Switzerland were described at length by Mr. Sol. M. Stroock in Publications of the American Jewish Historical Society (no. 11, pp. 7–52), and Dr. Cyrus Adler's above-cited work contains some additional transcripts of official documents (pp. 25–39). Several of the Swiss Cantons maintained laws forbidding Jews to settle there, and they were absolutely repealed only through an amendment of the Swiss Constitution, according full religious liberty, finally adopted in 1874. Secretary of State Lewis Cass, under date of November 5, 1857, wrote to our Minister in Switzerland, Theodore S. Fay:

"I am directed by him (President Buchanan) to instruct you to use all the means in your power to effect the removal of the odious restrictions complained of, which, it is understood, are contained in the laws of but four of the Swiss Cantons."

Minister Fay replied under date of January 19, 1858: "I shall endeavor to present the question in so clear a light as to demonstrate that a more liberal course is required by the dignity and even by the material interest of Switzerland herself. I hope also to procure a larger interpretation of the law in favor of our fellow-citizen, that some practical benefit may immediately result." Accordingly, on May 26, 1859, Mr. Fay presented his classical detailed "Israelite Note" to the Swiss Government, and it was so convincing that it was promptly printed in German and French by his authority, and was a potent factor in inducing the cantonal laws to be changed. Secretary (then Senator) Cass had previously condemned this discrimination in the Senate, under date of May 15, 1854, saying:

"Jew and Gentile, all are equal in this land of law and liberty, and as the former suffers most illiberal persecution, his case is entitled to the most commiseration."

Again, he wrote as to our principle of religious liberty:

"I mean to say that it suits all nations and all times as the law of the right implanted by the divine Law Giver in the human breast, and whoever fails, be the guilty party prince or people or priest, will in vain seek to avoid the just consequence of presumptuous intolerance."

(3) As to our course concerning Rumanian persecutions, Benjamin F. Peixotto, himself a Jew, was appointed United States consul to that principality for the express purpose of promoting Jewish emancipation and the cessation of anti-Jewish activity. President Grant handing him a letter of credence dated December 8, 1870, which concluded with the words: "The United States, knowing no distinction of her own citizens on account of religion or nationality, naturally believes in a civilization the world over which will secure the same universal views." I was privileged in connection with the late Simon Wolf to write a detailed account of our relations to Jewish emancipation there in above-cited volume entitled "Jewish Disabilities in the Balkan States, etc."—constituting no. 24 of the Publications of the American Jewish Historical Society. It was in connection with those Balkan anti-Jewish activities that Charles Sumner uttered the words quoted hereinbefore.

(4) The book just cited contains details as to action by the great powers at the Congress of Berlin in 1878 in order to accord Jews full and equal rights in the Balkan States, including excerpts from the protocol of the Congress of Berlin. It was there that Prince Bismarck, president of the congress, described these religious liberty clauses as provisions "which have in view an advance in civilization and against which doubtless no cabinet will have objections in principle" (p. 57); and also stated (p. 64): "The assent of Germany is always given for every motion favorable to religious liberty." In Dr. Cyrus Adler's above-cited work attention was called to the fact that John A. Kasson, United States Minister to Austria, under date of June 5, 1878, first suggested that Jewish disabilities be placed on the agenda of the congress (pp. 48–50). In his dispatch to the State Department Mr. Kasson wrote:

"It would be to the honor of the United States Government if it could initiate a plan by which at once the condition of American Hebrews, resident or traveling in Rumania, and the conditions of natives of the same race, could be ameliorated and their equality before the law at least partially assured. The European congress is about to assemble and will be asked to recognize the independence of Rumania. Would there be any just objection to the United States Government offering on its part, if the European powers would on their part, make the same condition, to recognize the independence of that country, and to enter into treaty stipulations with its government, only upon the fundamental preliminary agreements:

"1. That all citizens or subjects of any such foreign nationality shall, irrespective of race or religious belief, be entitled to equal rights and protection under the treaty and under their laws.

"2. That all subjects or citizens under the jurisdiction of the Rumanian Government shall, irrespective of their race or religious belief, have equal rights of trade and commerce with the citizens or subjects of the foreign governments making such treaty; equal rights in the purchase, consumption, barter, or sale of the products of such foreign country, and in sales of Rumanian products to such aliens; equal rights to make contracts with the citizens or subjects of such foreign government, and to be equally protected by the laws in the exercise of the rights so secured.

* * * Your own judgment will improve, doubtless, the form of action above suggested; but it will be sufficient, I hope, to attract your attention to a question, the favorable solution of which would greatly gratify the American people and evoke especial gratitude from that race which has found in the United States absolute legal equality and security, and the occasion of the Congress is most favorable for giving it effect if approved.

"JOHN A. KASSON."

In above-cited work by Simon Wolf and myself (p. 42), a dispatch from Bayard Taylor, then United States Minister at Berlin, was quoted concerning his own efforts on behalf of Jewish rights at that congress, despite the fact that the United States did not participate officially; it is as follows:

"The chief interest which the Government and people of the United States have in the treaty is its enforcement of religious liberty in Rumania, Bulgaria, and eastern Roumelia. This is the only point which I felt at liberty to present unofficially to several members of the congress, and I am glad to report that it was opposed by none of the statesmen present."

(5) President Cleveland's and Secretary Bayard's utterances as to the Keiley affair have already been adequately quoted herein.

(6) Secretary Hay's famous Rumanian note of 1902 was also considered at some length in above-cited work, Jewish Disabilities in the Balkan States (pp. 81–82; 133 et seq.). The note was prepared at the special direction of President Theodore Roosevelt, and was expressly framed to embrace non-American victims of Rumanian persecution. In Dr. Cyrus Adler's above-cited work, page 54, the note is reprinted in full from our Foreign Relations for 1902, page 910 et seq. The following passages from it are particularly germane:

"The political disabilities of the Jews in Rumania, their exclusion from the public service and the learned professions, the limitations of their civil rights, and the imposition upon them of exceptional taxes, involving, as they do, wrongs repugnant to the moral sense of liberal modern peoples, are not so directly in point for my present purpose as the public acts which attack the inherent right of man as a breadwinner in the ways of agriculture and trade. The Jews are prohibited from owning land or even from cultivating it as common laborers. They are debarred from residing in the rural districts. Many branches of petty trade and manual production are closed to them in the overcrowded cities where they are forced to dwell and engage, against fearful odds, in the desperate struggle for existence. * * * Human beings so circumstanced have virtually no alternatives but submissive suffering or flight to some land less unfavorable to them. Removal under such conditions is not and cannot be the healthy, intelligent emigration of a free and self-reliant being. It must be, in most cases, the mere transplantation of an artificially produced diseased growth to a new place. * * * The teachings of history and the experience of our own Nation show that the Jews possess in a high degree the mental and moral qualifications of conscientious citizenhood. No class of emigrants is more welcome to our shores when coming equipped and inspired with the high purpose to give the best service of heart and brain to the land they adopt of their own free will. But when they come as outcasts, made doubly paupers by physical and moral oppression in their native land, and thrown upon the long-suffering generosity of a more-favored community, their migration lacks the essential conditions which make alien immigration either acceptable or beneficial. So well is this appreciated on the continent that, even in the countries where antisemitism has no foothold it is difficult for these fleeing Jews to obtain any lodgment. America is their only goal.

"The United States offers asylum to the oppressed of all lands. But its sympathy with them in no wise impairs its liberty and right to weigh the acts of the oppressor in the light of their effects upon this country, and to judge accordingly. * * *

"Whether consciously and of purpose or not, these helpless people, burdened and spurned by their native land, are forced by the sovereign power of Rumania upon the charity of the United States. This Government cannot be a tacit party to such an international wrong. It is constrained to protest against the treatment to which the Jews of Rumania are subjected, not alone because it has unimpeachable ground to remonstrate against the resultant injury to itself, but in the name of humanity. The United States may not authoritatively appeal to the stipulations of the Treaty of Berlin, to which it was not and cannot become a signatory, but it does earnestly appeal to the principles consigned therein, because they are the principles of international law and eternal justice, advocating the broad toleration which that solemn compact enjoins, and standing ready to lend its moral support to the fulfillment thereof by its cosignatories, for the act of Rumania itself has effectively joined the United States to them as an interested party in this regard."

At the Bucharest Peace Conference, at the close of the Balkan war, our Minister at Bucharest on August 5, 1913, at the direction of Secretary Bryan, suggested inclusion of a religious- and civil-liberty provision in the peace treaty for the protection of Jewish inhabitants of territory about to be transferred from Bulgaria to Rumanian sovereignty, with the result that appropriate declarations were made by the Rumanian plenipotentiary (Kohler & Wolf's Jewish Disabilities in the Balkan States, pp. 91–94).

The United States, at Secretary Root's instance, also participated in the Algeciras Conference of 1906, chiefly for the protection of the Jews in Morocco (Kohler's Jewish Rights at International Congresses, in American Jewish Year Book of 1917–18, p. 155, quoting the official protocol for April 2, 1906, of that conference appearing in Nouveau Recueil General de Traites, 2d series, vol. 34, pt. 1, pp. 229–230).

(7) President Theodore Roosevelt's course in connection with the Kishineff massacre petition in 1903, was outlined herein, and is described at length in Oscar S. Straus' Under Four Administrations (pp. 171–3). In order to ensure knowledge by the Czar himself of the feelings of America at large about these anti-Jewish atrocities, the entire contents of the petition were embodied in a dispatch, inquiring whether the Czar would receive the petition.

(8) The controversy with Russia, resulting in the abrogation of our treaty of 1832 because of discriminations against Jewish holders of American passports, called forth the despatches, excerpts from which appeared in section 1 hereof, besides many others. Most of these were collated in the 261-page volume published by our Government above cited, entitled "Termination of the Treaty of 1832 between the United States and Russia—Hearing before the Committee on Foreign Affairs of the House of Representatives, Monday, December 11, 1911", which also includes statements before the committee and the proceedings of an important mass meeting at Carnegie Hall, December 6, 1911. A related volume was published by the Government, which contains the Senate hearing of the same month. Dr. Cyrus Adler's above-cited work conveniently reprints many of our state papers on the subject (pp. 73–115). In the supplementary American chapters of a work entitled "God in Freedom", by Luigi Luzzatti, late Prime Minister of Italy, the history of the abrogation movement was outlined by me, and a famous address in aid of it by Louis Marshall also appeared (pp. 705–734). It is not well known, however, that Secretary Blaine sought to initiate an avowed joint diplomatic movement with England against Russia's course, not confined to discriminations against American and English citizens, respectively. This despatch does not appear in our published Foreign Relations, probably because the efforts to induce England to join us were still pending when the volume of our Foreign Relations in question was published. I quote from a photostatic transcript in my possession of Secretary Blaine's instructions to James Russell Lowell, then United States Minister at London, dated November 22, 1881, the following excerpts:

"I am well aware that the domestic enactments of a state toward its own subjects is not generally regarded as a fit matter for the intervention of another independent power. But when such enactments directly affect the liberty and property of foreigners who resort to a country under the supposed guarantee of treaties framed for the most liberal ends, when the conscience of an alien owing no allegiance whatever to the local sovereignty, is brought under the harsh yoke of bigotry or prejudice which bows the necks of the natives, and when enlightened appeals made to humanity, to the principles of just reciprocity and to the advancing spirit of the age, in behalf of tolerance, are met with intimations of a purpose to still further burden the unhappy sufferers and so to necessarily increase the disability of foreigners of like creed resorting to Russia, it becomes in a high sense a moral duty to our citizens and to the doctrines of religious freedom we so strongly uphold, to seek proper protection for those citizens and tolerance for their creed, in foreign lands, even at the risk of criticism of the municipal laws of other States.

"It cannot but be inexpressibly painful to the enlightened statesmen of Great Britain, as well as of America, to see a discarded prejudice of the dark ages gravely revived at this day—to witness an attempt to base the policy of a great and sovereign state on the mistaken theory that thrift is a crime of which the unthrifty are the innocent victims, and that discontent and disaffection are to be diminished by increasing the causes from which they arise. No student of history need be reminded of the lessons taught by the persecutions of the Jews in Central Europe, and on the Spanish peninsula. Then, as now, in Russia, the Hebrew fared better in business than his neighbor; then, as now, his economy and patient industry bred capital, and capital bred envy, and envy persecution, and persecution disaffection and social separation. The old tradition moves in its unvarying circle—the Jews are made a people apart from other peoples, not of their volition, but because they have been repressed and ostracized by the communities in which they are mixed. The ghetto of medieval times still preaches its eloquent lesson, which the nations have done well to heed. In Great Britain and in the United States, the Israelite is not segregated from his fellowmen, a social Esau, alike repellent and repelled. His equal part in our social framework is unchallenged; his thrift and industry add to the wealth of the state; and his loyalty and patriotism are unquestionable. So, likewise, in the great states of Europe, until we reach the Russian frontier, the Carpathian chain on the Strait of Gibraltar. The Empire of the Czar, in its treatment of native Hebrews, ranks strangely with the Rumania of the past before the enlightened counsels of the Treaty of Berlin prevailed, and with the Morocco of the present.

"It was perfectly clear to the mind of the late President that an amelioration of the treatment of American Israelites in Russia could only result from a very decided betterment of the condition of the native Hebrews—that any steps taken toward the relief of one would necessarily react in favor of the other—and that, under the peculiar and abnormal aspects of the case, it is competent and proper to urge upon Russia action in consonance with the spirit of the age. To his successor in the chief magistracy, these conclusions are no less evident. And I am charged by the President to bring the subject to the formal attention of Her Brittanic Majesty's Government in the firm belief that the community of interests between the United States and England in this great question of civil rights and equal tolerance of creed for their respective citizens in foreign parts will lead to consideration of the matter with a view to common action thereon. Should the views of the two Governments be found to agree herein, it would seem, moreover, a propitious time to initiate a movement which might also embrace other powers whose service in the work of progress is commensurate with our own, to the end that Russia may be beneficially influenced by their cumulative representations and that their several citizens and subjects visiting the territory of the Empire on law-observing missions of private interest, shall no longer find their subjection of conscience to military forms and procedure which obtains nowhere else in Europe.

"You may read this despatch to Lord Granville and, if he desires it, leave with him a copy. You will say to him at the same time that, while abating no part of his intention to press upon the Russian Government the just claim of American citizens to less harsh treatment in the Empire by reason of their faith, the President will await with pleasure an opportunity for a free interchange of views upon the subject with the Government of Her Majesty."

When Mr. Lowell presented this despatch to Lord Granville, the latter stated that "Her Majesty's Government would always be most happy to act in concert with that of the United States on any question regarding religious liberty", but ultimately, apparently for political reasons, England did not cooperate with us in the plan.

(9) The course of President Wilson and Colonel House at the Peace Conference of 1919 in promoting the adoption of minority protective-treaty clauses, including protection to religious minorities, is, of course, well known. It was my privilege to publish a detailed history of this movement in another one of the supple-

mentary chapters of Luzzatti's God in Freedom, pages 735–794, and reprint as part thereof an address on some phases of the subject by the late Louis Marshall, who played so important a role in their adoption. Related to the same is President Wilson's appointment of the so-called "Morgenthau mission" to investigate Polish atrocities against the Jews (id., p. 792). Reference is made to these chapters as also to the authoritative exposition of the Polish minorities treaty by the Allies, signed on their behalf by M. Clemenceau (id., pp. 745–750). These show how largely protection of Jewish minorities from violence and from civil, political, and religious discrimination was aimed at by these treaties. Although the treaties themselves were imposed only on newly erected States, like Poland, it should be remembered that the declaration that infractions of the rights of racial, religious, or linguistic minorities "constitute obligations of international concern"—found in the Polish treaty—is the statement of a general principle of international law. (See Polish Treaty, American Journal of International Law, October 1919 Supplement, pp. 423–433.) As heretofore shown (p. 39), Secretary Hay so treated the similar clauses of the Treaty of Berlin.

III. The United States, however, is not limited to general consideration of humanity and mere "intercession" in connection with Germany's treatment of her racial, religious, or linguistic minorities, for Germany made express pledges to the United States and the other Allies at the Peace Conference guaranteeing protection of her own religious and racial minorities equal to that established for Poland's minorities by express treaty. These pledges prohibit not merely physical violence to her Jewish inhabitants but accord to them equality of civil and political rights of all kinds. Each of the many anti-Semitic planks of the National Socialist Party platform directly contravenes these pledges.[1] At the Peace Conference Germany herself was aware, before the treaty was completed, that she would lose territory inhabited by Germans to Poland and other states by enforced cession. Accordingly, her delegates on May 29, 1919, delivered a written pledge to the Allies binding herself to accord equal protection, but asked for treaty minority protective clauses in the Polish and other treaties establishing new states. Her written pledge is as follows (Kraus & Rödiger's Urkunden zum Friedensvertrag von Versailles von 28 Juni 1919, vol. I, p. 456, translated in International Conciliation, October 1919, no. 143, p. 30, entitled "Comments by the German Delegation on the Conditions of Peace"):

"Germany advocates in principle the protection of national minorities. The protection may be settled to the best purpose within the scope of the League of Nations. Germany, on her part, however, must demand such assurances as are already fixed by the peace treaty, for those German minorities which, by cession, will pass over into alien sovereignty. Such minorities must be afforded the possibility of cultivating their German characteristics, especially through permission to maintain and attend German schools and churches, and to publish German papers. A still more extensive cultural autonomy based on national registration (Kolcster) would be desirable. Germany on her part is resolved to treat minorities of alien origin in her territories according to the same principles." (See also Miller's The Drafting of the Covenant, II, 759).

A few days before this was written, the draft of the minority protective clauses of the Polish treaty had been submitted by the Committee on New States of the Peace Conference to Poland, and Germany knew their tenor, so that this was said with express reference to such clauses, which Germany asked to have imposed on Poland and other new states. Accordingly, the Allies accepted Germany's offer, and on the one hand overruled the protests of the new states at being thus discriminated against, and on the other abandoned any intention to bind Germany by such express treaty limitations, accepting her pledge instead. This was in terms stated to Germany by the Allies under date of June 16, 1919, officially, to the effect that they "are prepared to accord guaranties under the protection of the League of Nations for the educational, religious, and cultural rights of German minorities transferred from the German Empire to the new states created by treaty. They take note of the statement of the German delegates that Germany is determined to treat foreign minorities within her territory according to the same principles" (Miller's Drafting of the Covenant, I, 548; International Conciliation, November 1919, no. 144, p. 21, quoted by me in Luzzatti's God in Freedom, p. 773)[2]

Germany's guaranties were accepted all the more freely because she herself had imposed minority protective clauses on Rumania by the peace of Bucharest of May 7, 1918, covering equality of religious, civil, and political rights, including the Jews specifically (id., pp. 773–774).

Accordingly, Germany stands pledged to the United States and the other Allies to carry out all the provisions for the protection of her religious, racial, and linguistic minorities that are contained in the Polish minority treaty. These include:

(1) "Full and complete protection of life and liberty to all inhabitants * * * without distinction of birth, nationality, language, race, or religion," and "free exercise, whether public or private, of any creed, religion, or belief, whose practices are not inconsistent with public order or public morals" (art. 2).

(2) Recognition as nationals, ipso facto and without the requirement of any formality of German, Austrian, Hungarian, or Russian nationals habitually resident at the date of the coming into force of the present treaty (art. 3).

(3) Admission and declaration to be nationals ipso facto and without the requirement of any formality of persons born in said territory of parents habitually resident there (art. 4).

(4) Undertaking that no hindrance shall be placed in the way of the exercise of the right to choose nationality (art. 5).

(5) All persons born in said territory not nationals of another state shall ipso facto become (German) nationals (art 6).

(6) All nationals shall be equal before the law and shall enjoy the same civil and political rights without distinction as to race, language, or religion. Difference of religion, creed, or confession shall not prejudice any national in matters relating to the enjoyment of civil or religious rights, as, for instance, admission to public employments, functions and honors, or the exercise of professions and industries. No restrictions shall be imposed on the free use by any national of any language in private intercourse, in religion, in the press, or in publications of any kind or at public meetings (art. 7).

(7) Nationals who belong to racial, religious, or linguistic minorities shall enjoy the same treatment of security in law and in fact as the other nationals (art. 8).

It will be remembered that Germany successfully invoked the jurisdiction of the World Court to enforce these very articles as against Poland (Advisory Opinion No. 7 of Sept. 15, 1923). When these treaty clauses were being drafted, strong efforts were made to authorize the minorities involved themselves to bring complaints against their infracting state before the League of Nations and the World Court, but President Wilson (who more than anyone else was responsible for their adoption) rejected these suggestions, stating that it would be dangerous and ill-advised to permit such a course, and he let enforcement rest instead on the complaints of other nations. He said at a conference with Louis Marshall and Dr. Cyrus Adler in Paris on May 26, 1919 (to quote from a contemporary record of the interview, appearing in the Luzzatti book, pp. 784–785):

"The President spoke at some length on this subject, explaining that he thought it was not in the interest of the minorities themselves that they should make the appeal, and indeed they could not unless they were recognized as an independent corporate or legal entity, which he considered inadvisable. As for the Jews, it seemed to him that the Jews of America and England would keep a close watch over the affairs of their brethren in eastern Europe, and if there were any infractions of the treaty they would have the right to bring them to the attention of their government and through their governments to the League of Nations."

While Germany possibly succeeded in eliminating League of Nations jurisdiction by giving the voluntary pledges instead,[3] the obligation created by these pledges remains and is enforceable by our own Government. It is obvious that President Wilson relied chiefly upon representation from our own Government (and England) to enforce Jewish minority rights. I understand it to be a fact that some of the Jews of Germany do not regard themselves as a "minority group", not even a religious minority, in view of the equality of rights provisions of the German constitutions of 1871 and 1919, but the present German Government treats them as such and as devoid of fundamental rights, and the treaties expressly impose obligations quite independent of any law, constitution, or regulation of an infracting State. Under these treaties the Jews clearly constitute a "religious minority" in a country inhabited by a majority of Christians, and it was so held by the committee of legal experts whom the Council of the League of Nations called in for advice in the Bernheim case, presently to be considered. (See infra, pp. 62–63.)

We Jews constitute a "religious minority" even in the United States, where constitutions accord us "equal rights." As applied to citizens, such racial or religious discriminations are unthinkable for the American people. As concerns resident aliens, too, as seen, we accord them substantially all the civil and religious rights of citizens, though we have curtailed admission of aliens in order to preserve American standards of living. As said by President Theodore Roosevelt in a famous passage in his Presidential message of 1906 with respect to the Japanese school question of California: "Not only must we treat all nations fairly,

[1] See the platform reprinted in Alfred Rosenberg: Wesen, Grundsätze und Ziele der N.S.D.A. (1930); also Mildred S. Wertheimer's The Hitler Movement in Germany (Foreign Policy Information Service), and her The Jews in the Third Reich, Oct. 11, 1933. See now also The Jews in Nazi Germany, published by the American Jewish Committee (1933, pp. 39–41), and James Waterman Wise's Swastika—the Nazi Terror (N.Y., 1933, pp. 39–42), quoting Hitlerism, the Iron Fist in Germany, by Nordicus.

[2] See emphasis on these pledges in the protest signed by 51 distinguished members of the New York bar, reprinted in the Jews in Nazi Germany, pp. 93–94. The signers included two former United States Secretaries of State, Elihu Root and Bainbridge Colby, acting Secretary of State Polk, two former United States Ambassadors, John W. Davis and James W. Gerard, and such distinguished leaders of the American bar as Charles C. Burlingham, Samuel Seabury, George W. Wickersham, Henry W. Taft, Charles H. Strong, Victor J. Dowling, Morgan J. O'Brien, James A. O'Gorman, C. E. Hughes, Jr., Joseph H. Choate, Jr., Ogden L. Mills, Raymond B. Fosdick, Paul D. Cravath, Charles S. Whitman, Nathan L. Miller, and George Gordon Battle.

[3] But see to the contrary Hon. Norman Bentwich's pamphlet the League of Nations and Racial Persecution in Germany (London, 1933) and Rev. Sidney E. Goldstein's The League of Nations and the Grounds for Action in Behalf of the Jews of Germany (N.Y., 1933); also Report of Sixth Committee of League of Nations Assembly, Oct. 10, 1933.

but we must treat with justice and good will all immigrants who come here under the law. Whether they are Catholics or Protestants, Jew or Gentile, whether they come from England or Germany, Russia, Japan, or Italy, matters nothing. All we have a right to question is the man's conduct."

That these pledges are legally, and not merely morally, binding, follows from a very recent analogous opinion of the World Court in the Eastern Greenland case, involving conflicting claims by Denmark and Norway, handed down April 5, 1933, which was considered by Prof. James W. Garner in an editorial in the July 1933 issue of the American Journal of International Law (pp. 493–7) entitled "The International Binding Force of Unilateral Oral Declarations." Other similar precedents were also collated there by Professor Garner. The case involved a promissory oral declaration by the Norwegian Minister of Foreign Affairs, made July 22, 1919, to the Danish Minister of Foreign Affairs to the effect that "plans of the Danish Government over eastern Greenland would meet with no opposition on the part of Norway." The declaration was at once reduced to writing and initialed by the Norwegian Minister, but not ratified by their Parliament, not registered with the Secretariat of the League. Norway conceded before the World Court the fact of the making of the declaration, but contended that it was merely a diplomatic assurance of Norway's benevolent attitude, and not a binding promise having the force of a treaty obligation; also that her Minister of Foreign Affairs was not competent to bind his state by such declaration, that international law attributes legal force only to those acts of a foreign minister which fall within his constitutional authority. The court, however, sustained the obligatory character of this assurance, saying in the majority opinion:

"The Court considers it beyond all dispute that a reply of this nature given by the Minister of Foreign Affairs on behalf of his Government in response to a request by the diplomatic representative of a foreign power, in regard to a question falling within his province, is binding upon the country to which the Minister belongs."

Judge Anzilotti's dissenting opinion turned on other grounds, and also admitted that the declaration, although a verbal one, was a valid agreement, and as such binding upon Norway, particularly since both parties were agreed as to its existence and tenor, and therefore no question of proof was involved. He thought that the question whether Norwegian constitutional law authorized the Foreign Minister to make the declaration was one which did not concern Denmark. It was M. Ihlen's duty to refrain from giving his reply until he had obtained any consent that might be required under the Norwegian laws. If he violated those laws, that involved a question of national responsibility which was of no concern to Denmark, and had no effect upon the binding force of the Norwegian declaration.

Prof. Alexander N. Sack has kindly called my attention to the following additional authorities as to the binding character of such pledges:

"Hall's International Law, eighth edition, edited by A. P. Higgins (1924) 383: 'Usage has not prescribed any necessary form of international contract. A valid agreement is therefore concluded as soon as one party has signified his intention to do or to refrain from a given act, conditionally upon the acceptance of his declaration of intention by the other party as constituting an engagement, and so soon as such acceptance is clearly indicated. Between the binding force of contracts which barely fulfill these requirements, and of those which are couched in solemn form, there is no difference. From the moment that consent on both sides is clearly established, by whatever means it may be shown, a treaty exists of which the obligatory force is complete.'

"Hall, ibidem, at 385: 'Tacit ratification takes place * * * when persons * * * enter into obligations in notes or in any other way for which express ratification is not required by custom, without their action being repudiated so soon as it becomes known to the authority in fact capable of definitely binding the State.' (See also Bluntschli, Droit International, no. 417.)"

By the treaty between the United States and Germany signed August 25, 1921 (Treaties, Conventions, International Acts Protocols, and Agreements Between the United States and Other Powers, 1910–23, vol. III, p. 2596 et seq.), the United States reserved the right to enforce these pledges and similar rights. It was there recited and provided:

"Considering that the United States, acting in conjunction with its cobelligerants, entered into an armistice * * * in order that a treaty of peace might be concluded;

"Considering that the Treaty of Versailles * * * came into force * * * but had not been ratified by the United States;

"Considering that the Congress of the United States passed a joint resolution, approved by the President July 2, 1921, which reads in part as follows:

"'*Resolved*, * * * that the state of war * * * is hereby declared at an end * * *' (Sec. 2.) That in making this declaration, and as a part of it, there are expressly reserved to the United States of America and its nationals any and all rights * * * to which it or they have become entitled under the terms of the armistice * * * or which, under the Treaty of Versailles, have been stipulated for its or their benefit; or to which it is entitled as one of the principal allied and associated powers * * * or otherwise * * *.'

"ARTICLE I. Germany undertakes to accord to the United States, and the United States shall have and enjoy, all the rights * * * specified in the aforesaid joint resolution * * *."

In article II of this treaty, subdivision 2, it was provided that the United States "shall not be bound by the provisions of part I of that treaty * * * which relate to the covenant of the League of Nations, nor shall the United States be bound by any action taken by the League of Nations, or by the council or by the assembly thereof, unless the United States shall expressly give its assent to such action." By subdivision 4 "the United States is privileged to participate in the Reparation Commission, * * * and in any other commission established under the treaty or under any agreement supplemental thereto, * * * (but) is not bound to participate in any such commission unless it shall elect to do so."

Our treaty of friendship, commerce, and consular rights with Germany of December 8, 1923, proclaimed October 14, 1925 (42 U.S.Stat.L. 2132) also contains comprehensive religious liberty provisions.

Stresemann, in his famous speech before the German Reichstag of February 9, 1926, said:

"We can champion the cause of German minorities abroad with full conviction and good conscience only if we accord to minorities in our German fatherland the same rights which we demand for Germans abroad" (Erler, "Das Recht der Minderheiten", 1931, p. 197).

In the official communication to the League entitled "Observations of the German Government Regarding the Guaranties Assumed by the League of Nations in Respect of the Provisions for the Protection of Minorities", dated April 12, 1929 (League of Nations—Protection of Linguistic, Racial, or Religious Minorities by the League of Nations—Resolutions and Extracts, etc., 2d ed., March 1931, p. 199), it was said:

"The preservation of the racial characteristics of minorities, as well as their cultural, linguistic, and religious liberties, must be assured to them. Responsibility for this guaranty is incumbent, in the first place, upon the countries to which the minorities belong. They must recognize the safeguarding of these minority rights as a fundamental law, the effects of which cannot be restricted by any other laws, regulations, or official measures of any kind whatever. This fundamental law has, moreover, been given an international character. Its observation has been placed under the guaranty of the highest international organization, the League of Nations. It is general and unrestricted. It implies, in the first place, constant supervision over the treatment of the minorities in the various signatory states, and, further, intervention in cases of concrete infraction of the provisions regarding the protection of minorities. The whole system thus defined constitutes an important and permanent corollary to the fact that, by the 1919 treaties of peace, numerous populations were detached from their national communities and placed under the sovereignty of another state."

The distinguished German publicist, Carl Georg Bruns, published an interesting German paper on Minority Rights as International Legal Rights in Zeitschrift für Völkerrecht, vol. XIV, Supplement II (1928), which is reprinted in his posthumous volume Gesammelte Schriften zur Minderheitenfrage (1933, pp. 22–76), which also contains other relevant matter, including a discussion of Stresemann's Minderheiten Politik (pp. 294–299), reprinted from Nation und Staat, III, no. 1, pp. 2–6, (Oct. 1929):[1] In the discussion of the Bernheim petition before the League of Nations Council, as we will see hereafter, M. Paul-Boncour, the French delegate, and others, regarded Germany's pledges as legally binding with respect to the Jews. (See infra, pp. 56–57.)

The Assembly of the League of Nations, in September 1922, adopted a resolution, reading (Luzzatti's God in Freedom, p. 770):

"The Assembly expresses the hope that the states which are not bound by any legal obligation to the League with respect to minorities will nevertheless observe in the treatment of their own racial, religious, or linguistic minorities at least as high a standard of justice and toleration as is required by any of the treaties and by the regular action of the council."

M. Paul-Boncour, the French delegate, said he had too great a respect for League procedure to desire this problem to be dealt with outside the special limited case of Upper Silesia, at present under discussion. He would not be completely frank with himself, however, nor with the Council, if he did not say that, all the same, this particular case was only one aspect of a more general and more moving problem, and that the League of Nations, which had shown such legitimate anxiety for the rights of minorities belonging to nationalities living within other frontiers, could not really ignore the rights of a race scattered throughout all countries. He ventured to point out that, in making this observation, the representative of France remained faithful to a very ancient tradition of his country. It must never be forgotten that France had been the first, in her own internal arrangements, in the national sphere to emancipate the Jews even before the revolution and during the ministry of Turgot, and that it was she who had first placed the problem on an international plane. In 1878, at the Congress of

[1] See also Dr. Joseph Roucek's The Minority Principle as a Problem of Political Science and his article The Problems of Minorities and the League of Nations, published in Journal of Comparative Legislation and International Law, 3d series, vol. XV, pt. I, February 1933, pp. 67–76. Art. XI, par. 2, of the Covenant of the League of Nations provides: "It is also declared to be the friendly right of each member of the League to bring to the attention of the Assembly or of the Council any circumstance whatever affecting international relations which threatens to disturb international peace or the good understanding between nations upon which peace depends." See also Sir John Simon's address of Apr. 13, 1933, in British Parliamentary Debates, 5th series, vol. 276, p. 2807 et seq.

Berlin, when new nations, new countries, were being brought into existence—Serbia, Rumania, and Bulgaria—France, faithful to another of her traditions, supported the revival of these nations and stipulated, as a counterpart, that the Jews should be given equality of rights. The friendship which then and now bound her to these countries had never been weakened because of the condition on which she had then insisted. M. Paul-Boncour's statement was animated by the same spirit. It could not be less firm; he was convinced, moreover, that there was no disagreement on this point between him and the representative of Germany. In the discussions on the peace treaties Germany had desired the minority treaties. She had, at the same time, insisted very strongly—and her attitude was deserving of appreciation—that she would herself, in her own territory, insure respect for the rights of minorities. This she very properly desired to see embodied in the treaties in regard to other States. It seemed to M. Paul-Boncour that there could really be no difference of opinion on the substance of the matter among the Members of the Council, and it was for that reason that he earnestly hoped the League of Nations would be able to make its views known within a short time.

Count Raczynski, the Polish delegate, pointed out that the German representative had to some extent abandoned the position which representatives of Germany had hitherto taken up. Indeed, they had endeavored to give as wide an interpretation as possible to the texts relating to the protection of minorities. There was now a difference. He knew very well that, from the point of view of formal law, the Council could deal only with the position of the Jewish minority in Upper Silesia. All the members of the Council had, however, at least a moral right to make a pressing appeal to the German Government to insure equal treatment for all the Jews in Germany. The representative of Poland thought this moral right followed from the declaration made by the German delegation at the peace conference on May 29, 1919, of which the allied and associated powers had taken note on June 16, 1919, and which the representative of France had mentioned. Count Raczynski also desired to call attention to the resolution adopted by the Assembly of the League of Nations on September 22, 1922, when the Assembly expressed the hope "that the States which are not bound by any legal obligation to the League with respect to minorities will nevertheless observe in the treatment of their own racial, religious, or linguistic minorities at least as high a standard of justice and toleration as is required by any of the treaties and by the regular action of the Council." He expressed the hope that the German Government would not refuse to take account of the recommendation contained in that resolution, for Germany, since her entry into the League of Nations, had always claimed proudly that she was the champion of racial, religious, and linguistic minorities. He could not, moreover, forget the statements which the official representatives of the German Government had made at Geneva. In those statements—Count Raczynski was thinking of the statements of M. Curtius on September 22, 1930, and M. von Rosenberg on October 6, 1932—German Government had recognized the value of making the protection of minorities general, and had even declared its readiness to participate actively in doing so.

The affair at present before the Council would doubtless cause the members of the Council to reflect on the minority problem in general. The striking example of the Jewish minority in Germany, which had legal protection only in a small portion of German territory, must doubtless lead to the conclusion that the present system for the protection of minorities had all the defects of an inadequate system. It must appear to all states with minority undertakings, especially at a moment like the present, when the urgent need for the protection of minorities was felt elsewhere than in their own countries, as an unequal system, clearly contrary to the principle of the equality of states. To public opinion, the system must appear to be incomplete and to contain serious gaps, owing to the very fact that it included only certain arbitrarily selected States. There were minorities everywhere. Who, therefore, was to guarantee that, owing to the evolution of public affairs in a particular country having no minority obligations, the minorities living there would never have cause to complain of unequal treatment? A minimum of rights must be guaranteed to every human being, whatever his race, religion, or mother tongue. That minimum must be independent of the effects of changes in public life which it was impossible to foresee. The Polish representative therefore made an earnest appeal to all his colleagues on the Council to reflect on this serious question, the urgency and importance of which were brought out very clearly in the unfortunate affair before the Council. In Count Raczynski's opinion, the next Assembly should, during its debates, go fully into a problem, the discussion of which appeared necessary to the conscience of all nations and all statesmen.

OPINION OF THE COMMITTEE OF JURISTS

The question put by the Council of the League of Nations to the undersigned on May 30, 1933, refers to the petition dated May 12, 1933, addressed to the Council by M. Franz Bernheim on the basis of article 147 of the convention relating to Upper Silesia.

This question is whether, with a view to determining the Council's incompetence to take a decision on the said petition, it can be validly argued:

1. That the petitioner does not belong to the minority, because he has no sufficient connection with Upper Silesia;

2. (a) That the petitioner has not himself suffered from the laws and other enactments to which he calls attention as contrary to articles 66, 67, 75, 80, and 83 of the convention;

(b) That the enforcement of those laws has not yet given rise to a permanent de facto situation in Upper Silesia.

For the reasons hereinafter set out, the undersigned feel bound to reply in the negative to the questions put to them.

1. It appears from the petition that the person above named is a German national of Jewish origin; that, at the time when the provisions referred to in the petition were enacted, he was at Gleiwitz, in Upper Silesia; that he was domiciled in that town and resided there from September 30, 1931, to April 30, 1933, as an employee in the local branch of the Deutsches Familien-Kaufhaus; and that he is now temporarily staying at Prague.

If these facts are correct—and they have not been disputed—the undersigned conclude that M. Franz Bernheim must be regarded legally as belonging to a minority within the meaning of article 147 of the convention.

The provisions referred to in the petition establish discriminations against the non-Aryan section of the population and, as far as Upper Silesia is concerned, therefore related to racial minorities within the meaning of the convention. Monsieur Bernheim, being of non-Aryan origin, belongs to one of these minorities.

There is no provision in part III of the convention to justify the conclusion that a German petitioner must either have been domiciled in the plebiscite area for a certain minimum period, or have connections with it of a specific nature, such as origin or family ties, or possess the nationality of the State of Prussia.

The fact that at the time of presenting the petition the petitioner was not in the plebiscite area does not deprive him of the right conferred upon him by article 147, at all events in the circumstances of the case as revealed by the petition and referred to above.

2. (a) Article 147 lays down that the Council is competent to pronounce on all individual or collective petitions relating to the provisions of part III of the convention and directly addressed to it by members of minorities.

The text is general: It covers all petitions, without any restrictions other than those that may be established by part III of the convention.

But we find nothing in article 147 or in part III to justify the removal of petitions from the Council's jurisdiction on the ground that the measures to which they relate have not affected the petitioners themselves. The only interest the petitioners are required to have is that resulting from their being actually members of a minority.

(b) Again, there is nothing in article 147 or in the other provisions of part III that makes it possible to contest validly the competence of the Council to deal with a petition complaining of laws and regulations, the enforcement of which has not yet given rise to a permanent de facto situation.

On the contrary, it results from part III of the convention (art. 67, par. 1; 68; and 75, par. 1) that the intention was that all nationals of the state should be equal before the law, and that that equality should exist both in law and in fact. Nor is any distinction permitted according to whether the de facto situation is permanent or not. Hence the right of petitioner may be exercised even though it be still possible to secure redress at the hands of the national authorities for the action complained of.

MAX HUBER.
M. BOURQUIN.
M. PEDROSO.

PHILIPPINE ISLANDS—ARTICLE BY W. F. PALMER

Mr. WALSH. Mr. President, I ask unanimous consent to have printed in the RECORD an article which appeared in the New Outlook for February 1934, entitled "Islands or Else", by Wayne Francis Palmer.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New Outlook of February 1934]

ISLANDS OR ELSE—

By Wayne Francis Palmer

The United States is face to face with a grave decision. Are we or are we not to abandon the Philippine Islands and our Far East trade to Japan? This country has not raised the question, and, unfortunately, it cannot answer it, because the answer today rests with the Japanese.

This situation has just been clarified in a statement of brutal frankness by one of the most able officers in the Japanese Navy, Admiral Suetsugu, commander in chief of the combined Imperial Fleets. His pronouncement becomes the more important because of the position he holds. He has been quoted as saying:

"World envy parallels the steady rise of the Japanese in world affairs. * * *

"The entire issues involved transcend diplomacy. Anglo-Japanese competition in cotton is responsible for today's deplorable diplomacy. Likewise America's eagerness for China trade, as well as our own ideas for the development of Manchuria, places agreements between America and Japan in the darkest light.

"Heretofore the United States sold heavy industrial products here while we traded cotton and materials. As long as the different lines of trade did not clash, that situation prevailed, but Japan's cotton and yarn business is not our only merchandise now.

"We build warships. It is not difficult to produce airplanes and automobiles; and a trade war between Japan and America is inevitable.

"The economic clash in the China market is similar to the situation there between Great Britain and Germany prior to the World War, which created a 10-year economic clash before the war itself. * * *

"America better prepare herself by concentrating her vessels in the San Francisco zone. * * *

"The time has passed when the powers can force us with threats. Any country scheming with such a psychology will find itself greatly mistaken. * * *

"We do not believe that diplomacy will settle the issues and we are determined to prepare for the worst possibilities of an economic and political clash."

This is a frank warning to the United States to keep out of the Far East, or else. Even a representative of the Ministry of Foreign Affairs, Mr. Hirota, has outlined Japanese aims: "If the United States desires an amicable solution of the pending problems * * * the United States should keep her hands off Far Eastern affairs and place implicit confidence in Japan's efforts to maintain peace and order in Asia. The world should be divided into three parts under the influence of American, European, and Asiatic Monroe Doctrines."

There are many of our so-called "leaders" who already are advising caution in the discussion of a possible war between the United States and Japan. It is even suggested that the matter should not be mentioned. Obviously, this attitude of turning one's back on an unpleasant situation cannot be agreed with, neither can agreement be found with that type of mind which believes the chosen few should discuss these matters behind closed doors.

It is not jingoistic to discuss our possible war efforts with a nation that so obviously is preparing for war with us. We must face the facts and the rank and file of the American people should know them because it seems that in the end they are the ones who fight the wars, as well as dig up the income taxes later to pay for them.

Granted that a war between these two nations is without any basis of common sense, and that future historians will be unable to definitely assign the reasons for such a clash, nevertheless, it must be counted as a possibility, if not a certainty, and our people should sense the problem that they face, and insofar as it is possible, seek a solution.

American pride will demand that we take the position that no nation may dictate to us in our policy of foreign trade. Unfortunately we must face the fact that Japan is in a position today not only to bar us from the trade of the Far East, but she is also able to cut off our communications with the Philippines.

The Japanese mandate islands may serve Japan at such a moment as she may decree, as an insurmountable obstacle in the path of our merchant shipping as well as our men-of-war. A vast area of 2,000,000 miles on our path to the Far East is completely dominated by these islands for a depth of 1,000 miles and running 2,500 miles along the Equator.

These islands became the property of Japan by reason of an interesting series of incidents. In 1917 Great Britain, seeing that the United States was to enter the war, rushed through an agreement with Japan that the German Pacific islands north of the Equator would go to Japan, while she would take those to the south. At the Peace Conference in January of 1919 the American delegation was amazed to learn about this for the first time. American comment was caustic but Balfour claimed that when he was in the United States in 1917, he had advised this Government to that effect. Such apparently was not the case.

Finally on signing the Treaty of Versailles all German colonial territories were turned over by her to the principal allied and associated powers and assigned to mandatory nations for administration only. It makes little difference, however, that Japan undertook a sacred trust of civilization when she assumed the responsibility of administering this territory because these islands are now as much Japanese property as Tokyo itself. What little speculation still remained on this point has been dispelled by Admiral Suetsugu when he said, "We will not return the mandated islands, only at the cost of war, and if the powers attempt to snatch them from Japan, a clash is inevitable."

The primary point at issue is: Will Japan risk a war of force? Today she is waging a highly successful economic war which appears impossible to defeat excepting by one means, and that is for Japan herself to take up the sword. To a western nation the answer would be clear under such conditions. We would be entirely content to receive the economic benefits that were accruing to us and we would sit back and see our industries, banks, and commerce thrive.

We make a mistake to judge the Japanese through our western eyes. Their great successes in the marts of commerce are not received at home with enthusiasm. Japan is only relatively a few years removed from the old feudal system. There are many men still alive who can remember back before 1871, when the clans of the Satzuma, Cochu, Kizen, and Toza held sway. Their rulers were the lords of all the lands and the people over whom they held power. Fidelity could be generously and promptly rewarded.

Today new leaders, the industrialists, have forced themselves to the front and they are not greeted with either respect or enthusiasm in the hearts of the people. They resent that these interlopers are rapidly assuming the power of the land. Today's hard and fast industrial system, devoid of all flexibility, and built on a foundation of harshness does not grip either the loyalty or enthusiasm of their people. They would not look with regret on the return to the days of their fathers.

Obviously, the attitude of the rank and file is greatly magnified in the minds of the survivors of those feudal lords who now find themselves in positions of high command in the Army and Navy and who face eclipse by the industrialists.

A competent observer who understands the Japanese, having been born in Tokyo and lived there from time to time, has just returned from Manchoukuo and Japan. In discussing the new puppet state he noted that much chagrin is apparent in Army and Navy circles because to date the industrialists are the real beneficiaries of the efforts of the military group in Manchoukuo. It was frankly stated by an officer in high command that they would rather abandon this entire venture than see it further aggrandize their industrialists. In order to prevent this, the Army has presented a plan to assume control of all railroads in Manchoukuo, feeling that, after all, this will make them the real dictators in that land of their conquest and only from them can the favors be secured. Japan will not hesitate to risk her industrial gains, because she can see greater gains to come from war.

The great difference of political conceptions between the United States and Japan provides one of the real causes for war. It is felt that the American influence so dominates China that it excludes the chance of her adoption of the Japanese concepts. This feeling is exemplified by the bitter wave which swept over Japan when the United States recently set up a credit of $50,000,000 to permit China to purchase wheat and cotton from us. It is these great differences in background and viewpoint that transcend diplomacy.

Too much faith in this country is placed on the fact that we are Japan's best customer and that she will not risk losing this great outlet for her raw silk. In only rare instances does a nation permanently lose her markets because of war. Germany is proving that today. Did our bankers hesitate to rush into Germany after the war to force loans on her people? Trade goes where it can regardless of past animosities.

Japan knows this as she must also know that this country anyway is becoming less and less a customer for her silks and that the time probably is not far distant when our artificial silks will entirely replace her silkworm industry.

All that she needs to do regarding imports and exports, in preparing for a war, is to estimate the length of time necessary to attain her military objectives, then import a sufficient excess of commodities which she will require during that period. Apparently, in anticipation of war, Japan has for the past year doubled her munition imports from France. She has had also to size up her financial requirements to offset the loss of wartime exports, and again we see the French with a financial mission resident in Tokyo. After war she knows, as we know, that her normal markets would again be opened to her.

The Japanese as a nation and as individuals feel that Japan today is facing her destiny. The gods have decreed success to her ventures, and as the outstanding symbol of this favor, as they approached the "great 1935", the one thing most desired by the nation has happened—the birth of a male heir to the throne. They feel now that nothing can stop Japan on her march forward.

The coup in Manchoukuo has only excited her imagination. She sees a large portion of Siberia with its vast resources in her possession. She casts her eyes westward toward Mongolia and outer Mongolia, where she finds a people by race and sympathy not opposed to her conquest. No wonder Russia is anxious because this trek would see the army of Japan one half the distance from Tokyo to Moscow.

China and the rest of the world look on in concern because it is felt that as the boy Emporer, Pu-yi, ascends the throne of Manchoukuo, an effort will be made to reunite all of China under his rule, which would, of course, be the rule of Japan.

For years Japan has looked with longing at the shores of the China Sea. To her it is the sea of the future. Today it offers the only practical means of attack from the sea on this vast empire that she is building in imagination and in fact. The China Sea is guarded in the interests of the western nations by the vulnerable British base at Hong Kong; by the small French base at Saigon, the fall of which will carry with it all of French Indo-China; and lastly by the feeble defenses of the Philippines, which are merely an invitation to attack.

Our island empire will fall a few days after the outbreak of war and therein lies the great danger to this country. Regardless of how little we value these islands today, the minute that they pass by force into the hands of any foreign power, to every American they will become the priceless jewel that will be the prize for which we must risk our very existence, if necessary, to regain.

We must take it as a fact that Japan looks upon war with the United States as inevitable. It is apparent that Japan feels that she must also fight Russia. The questions in her mind have been: Which one first, and when? In perplexity, since our recognition of Soviet Russia, she now has a third question: Will it be both at once?

As for the United States there are three roads which we can take—we can accept the dictation of Japan and withdraw from the Far East; we can proceed as we are at the present time and face a later inevitable disaster from which we will ultimately emerge victorious; or we can provide against aggressive action by guaranteeing our communications with the Philippines and the Far East.

The principal difficulty that our naval forces have to face in the Pacific is their inability to pass through the Japanese mandate island area. An understanding of this problem is simple, but the answer is difficult. Running south from Tokyo is a series of islands forming on the globe a gigantic inverted "T." The west-

ern tip is only 500 miles from the Philippines, while its eastern tip reaches within 2,000 miles of Honolulu, less than the distance just flown nonstop by our naval squadron in a routine flight to that point from San Francisco.

Japan is said to have developed a series of strong bases throughout these islands at 500-mile intervals. She does not deny building aviation fields and developing harbors. Of course, these are described as commercial aids, but inasmuch as there is not sufficient commerce in these islands to warrant these improvements they must be regarded as potential bases for war.

The bases mentioned are: One in the Parry group, about 500 miles below the mainland of Japan, Maug, and a third at Saipan, which is only 150 miles from our outpost position of Guam. The Pelew Island base is at the western end of the "T" and is understood to be under substantial military development, because it would be the jumping-off place for the Philippines. Moving to the east, bases are mentioned at Truk, Ponape, Eniwetok, Jaluit, and Wotje.

Treaties between Japan and the United States forbid the fortification of any of these islands, but the shadow of doubt is cast over this mandatory by the fact that Japan will not permit an inspection of what is actually being done in this region. On February 11, 1923, as a consideration for our acknowledging the right of Japan to exercise this mandate, K. Shidehara, Japanese Ambassador, wrote, "I have the honor to assure you, under authorization of my Government, that the usual comity will be extended to nationals and vessels of the United States in visiting harbors and waters of those islands."

Only one case is necessary to show that this provision of the treaty has not been kept. It was desired to send a party of scientists on an American man-of-war this winter to the islands of Losap and Oroluk, of the Caroline group, to study an eclipse of the sun that will be visible only in that region. This request was denied. This and many similar incidents show clearly that Japan does not wish the outside world to know what is being done within that region.

These islands, stretching as they do for 2,500 miles between Hawaii and the Philippines, are obviously of little commercial value. The total area is just a little more than 800 square miles, while their number is estimated at about 1,400, many of which are merely exposed rocks. Strategically, however, they are of immense value.

The formation of all islands in this region fall into two classifications, coral and basaltic or volcanic. The former are low-lying atolls with harbors for submarines, destroyers, and even light cruisers that could hardly be equalled by the engineering skill of man. Sandy strips along their shores offer excellent flying fields for land planes while the still waters of their lagoons offer excellent advantages to flying boats. A few palm trees can serve as concealment for such little base organization as might be required. The islands themselves lie so close to the sea that they are not readily visible from a distance. With the expenditure of small sums these many natural bases offer splendid facilities for the swarms of airplanes and the schools of submarines that will make this area impenetrable.

Supplementing these atolls are the volcanic islands, such as Ponape, the administrative center of the Japanese mandate. This Gibraltar of the South Seas, measuring only 12 miles wide by 18 long, is the foundation for peaks that rise to a height of 2,580 feet above the sea. One side of the island is a sheer rock rising out of the sea to 1,000 feet, but as if these natural gun emplacements were not enough, the island is surrounded, a short disance off shore, by a dozen extinct volcanic promontories so lofty as to sometimes lose their peaks in the clouds. Nature has served well in contributing this ring of outlying fortresses. If the 16-inch guns that are so persistently reported as being in position are actually there, there is no fleet in the world that could dislodge the island garrison.

Finally, there is that type of island which combines the ideal harbor of the atoll and the natural fortress of the volcanic island. Truk is of this type and must be regarded as one of nature's great creations. Here the circular protective reef formed by coral growth has left a great lagoon 140 miles in circumference. Within this basin that could serve as the anchorage for a great fleet, are 10 lofty basaltic islands reaching as high as 1,400 feet.

Lying as the principal bases do at 500-mile intervals across the shipping lanes from the United States to the Far East, it is very easy to see why they control that area. With abundant airplanes, submarines, and wireless stations no fleet would dare to penetrate it.

If the time comes when the United States is forced by public opinion to move to the recapture of the Philippines one of two routes must be chosen: To the northward by the way of the Aleutian Islands, or to the south of the Japanese mandatory.

The Aleutian Island route, of course, suggests itself, first, because this archipelago of 150 islands, stretching from Alaska to the Kamchatka coast of Asia, is our possession, having come to us many years ago as a part of the Alaskan purchase. Strange to say, we know little about it; apparently less than the Japanese.

Last spring it was decided to send a surveying party to study the possibilities of establishing a base in these islands at such time as treaties might permit. Every attempt was made to keep the departure of the U.S.S. *Argonne* on this mission a secret, but just before the sailing the entire story appeared in a west coast newspaper. In great embarrassment the Navy Department finally emerged from behind the doors of a hurried conference and produced a back-dated letter showing that this was a merely routine trip made at the request of the Department of Commerce.

However, when the *Argonne* returned after a trip in that forbidding region to the north, it was found that the Japanese knew much more about the Aleutian Islands than we did, and that for some time they have been sending merchant ships on regular runs out of Seattle to Japan by a route through the Bering Sea north of these islands. Here swift ocean currents pick them up and speed them on their way home. This region that we own, for which we have no charts, and concerning which we wished to maintain secrecy, now turns out to be an old story to the Japanese.

On a number of calls by our revenue cutters or fishery patrols, Japanese vessels have been seen putting hurriedly out to sea, and evidence discovered on the islands indicating a prolonged sojourn. Yet this is known to be a military area. The general opinion, however, is that the Aleutians offer no possibility for a sustained effort in time of war. They are bleak and wind-blown and offer a haven neither to the surface ships nor to the craft of the air.

Only one way remains for the march of our fleet to the Far East, and that is south of the Equator through the maze of South Sea islands that hold so much of romance for all of us. It may occur to the reader that the fleet could sail to the south of Australia, avoid many obstacles, and take the enemy from the rear by surprise. First of all, this route would require 11,000 miles of steaming from our west coast to the Philippines. Even our light cruisers would be taxed for fuel for such a trip. For our battleships and destroyers it would be impossible. Even through arrangements were made to replenish fuel along the way, it must be noted that such a route would allow the enemy to concentrate their forces off our west coast or Honolulu. Our fleet must always keep itself in a position to advance, yet able to intercept any sudden movement of the enemy. If our fleet, moving at 18 knots, were to the south of Australia, our coast would be left defenseless and open to a sudden, lightninglike attack by a squadron of enemy cruisers whose fuel capacity would permit them to make the round trip across the Pacific at 35-knot speed. They could do their damage to the California coast and rejoin their battle fleet in time to greet our forces.

Our course to the Far East is prescribed. The great problem that we have to face is the lack of fleet and aviation bases in the areas through which we must pass. To protect such an advance would require a system of fleet anchorages in protected harbors, sheltered by great siege guns and surrounded by vast mine fields. Oil stored in great volume would be necessary. Aviation fields and drydocks would be needed to repair the injured men-of-war.

With the exception of the large guns, all of these facilities could be provided today under the Washington Treaty, which prohibits the development of naval bases or the erection of fortifications. The proposed developments can be classed as "commercial" requirements. We have had a lesson in this.

Permanent drydocks would not be built. To do so would be folly. Rather our shipyards should be put to work building self-propelled floating docks capable of lifting our largest battleships. These could be used at such locations as future operations might demand. As the fleet advanced and the line of communication in its rear became secure, these huge ships of salvage could move from base to base, and when we met the enemy fleet we would not sacrifice fine ships, only slightly injured, because our docking facilities were a quarter of the way around the globe. It is this glaring lack in the Far East that in the event of war will probably cost us more ships than we will actually lose during the period of battle.

Flanking these fleet bases will be required a double line of lesser bases at intervals of about 500 miles. These will serve as posts of observation for the submarines and airplanes, for on these two weapons will devolve the duty of continuous patrol and the guarding of this great sea highway.

While the submarines and airplanes are vital to the safety of the fleet, it must be realized that the center of power of the United States at sea will move forward with the battle fleet. Only will we have attained victory when this fleet is able either to seek out and destroy the enemy battle fleet or is able to exert such pressure on the enemy homeland that enemy resources and resistance will fail them.

There is the problem—and half of the solution. The other half concerns the acquisition of the islands for these bases without which there is no solution, for in all that area south of the Equator we have only one protected anchorage. That is at Tutuila, in the Samoan group.

All the other islands required are the possessions or the mandates of France, Great Britain, Australia, and New Zealand. Each of these nations is in great debt to the United States because of war loans. They say that they cannot pay their accounts without risking their stability. Certainly their position would not be weakened were they to part with these islands. In fact, Australia and New Zealand would have the comforting thought that there was a belt of United States territory between them and the Japanese "big, bad wolf."

Here is an opportunity for these defaulting nations to sell some real estate and by this commercial transaction reduce the debts that they have attempted to cancel or avoid by propaganda. Such an act on their part would greatly change the attitude of the individual Americans who today, in their own poverty and suffering, are taking a stubborn, bitter attitude toward the defaulters that cannot tend to the mutual comity that should exist beween the contracting parties of the war loans.

There can be no claim by France or Great Britain that they cannot part with these islands for sentimental reasons. Much of

the subject territory came to them as a result of the war and, in fact, they do not even hold title to it today. The islands that they have held for many years can hardly claim the ties of blood because what blood relationship has developed would hardly be the subject of boasting in either London or Paris.

Such a trans-Pacific sea highway should include all islands within a belt 1,000 miles in width until it nears its terminus at the Philippines, where it could narrow to a point. In the western area several islands would be required from the Netherlands, and, of course, these could only be secured by direct purchase.

Once these islands were in our possession we should move as rapidly as possible to prepare aviation fields, harbors, bombproof oil storage, and radio stations. Back in the United States we should prepare the large and small guns necessary for the defense of these bases. An ample fleet of self-propelled floating drydocks should be constructed, the Navy should be built up to full treaty strength, and the man power provided to officer and man this Navy. Naval aviation should be increased to the point where we have several thousand planes ready to take the air with trained pilots at the controls in order that the fleet may have its full complement of planes and leave an abundance to patrol this sea highway and to clear out the air in advance of the fleet.

Too much attention has been paid over the recent years by our statesmen and naval authorities to the matter of ship construction to the total exclusion of the other great factors which loom so large in sea power—personnel and fleet bases. The matter of man power is clear, but the question of fleet bases unfortunately is not so obvious to those who have been responsible for determining our naval policies.

For instance, it is folly for us to maintain that we have parity with Great Britain just because we have the same tonnage of ships in similar categories. A world-wide map shows a girdle of fleet bases standing ready to supplement the efforts of Britain's fleets in any area that her admiralty may elect to operate. By the aid of these bases her fleets have flexibility of action in all the waters of the globe. They have protected anchorages to which they can retire for repairs and for the rest and recreation of the crews, while when our fleet puts to sea it is, with the exception of Hawaii, without a haven in all the vast expanse of the Pacific. Our ships must carry not only the fuel necessary to permit them to reach their objectives but they must also limit these objectives so that they will have sufficient fuel to assure their return to the coast of the United States.

Once our ships have passed beyond the protection of the submarine nets their crews cannot for 1 minute be off the alert. When our politicians at the 1922 disarmament conference temporarily abandoned the development of Pacific bases they left for the Navy its most difficult problem.

Japan sees the year 1935 as the start of her march to her destiny. Let us sense the danger of the situation and in an orderly peacetime program prepare against the eventualities that the commander in chief of the Japanese combined fleet has warned us to expect.

If this is done we will continue to live in peace and comity with our neighbor across the Pacific. If we strengthen our armor where we are vulnerable, Japan will put away the sword. She sees herself today as playing a sure thing.

THE MATCH INDUSTRY

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD a letter I have just received from the Columbia Match Co., of Cleveland, Ohio. The information therein contained is of vital interest to my State, where, in the city of Cloquet, a match factory was forced to close because of foreign imports and price regulations and restrictions of the N.R.A.

The residents of that town are waiting for action on a hearing now pending before the Tariff Commission, most of them in distress or on public relief, while foreigners ship in matches, and the Democratic administration abolishes the antidumping restrictions against Russia, which will further increase imports. The American consumer gets no benefit from it, as anyone knows who has bought matches.

On the other hand, take, for instance, the lumber industry. In the lumber code, export sales are excluded from the minimum-price provisions. Where the lumber companies have to meet foreign competition they can cut their price, but the administration approves of the proposition that the American consumer should be mulcted.

In either case, the theory is anti-American and unjust. We need an embargo against foreign imports to protect our people. We do not need the N.R.A. to fix unjust prices for the American consumer, and to foster monopolies and combinations in restraint of trade with governmental sanction.

This country started out to save the world for democracy under the Wilson Democratic administration, as a result of which we became so entangled in European affairs that we are practically bankrupt and minus our own democracy. For years we kept up partnership with foreign nations to foster international trade with our own money; and when that became impossible the whole trade relationship ended, and Europe set up all sorts of trade barriers to prevent us from selling her any of our surplus goods. Hence, on every hand we see what appears to be overproduction, with starvation in the midst of plenty; and one method of curing that is for this administration to abolish the plenty!

It lifts prices by law, and fails to shut out imports. It negotiates loans with Russia, removes our antidumping restrictions against her, and keeps right on with the usual Democratic internationalism. Instead of a new deal, it is still the same old Democratic deal. What we need is not so much a new deal as an administration that will remember the admonition of the Father of our Country, "Beware of entangling alliances." We need an administration that will protect America for Americans—that will see America first.

A subservient Congress gave this administration the power to place an embargo on imports. If the administration is in earnest about abolishing the depression, an embargo upon the importation of foods competing with those made and raised in this country would stop it and put our unemployed to work. Our foreign commerce at its best has never exceeded 8 percent of our whole commerce, and today it is not more than 5 percent, which leaves the amount of commerce done between the States at 95 percent. A 5-day week would put every man, woman, and child that wants to work at it within 6 months, if such an embargo were put into effect.

We prate about our foreign commerce. Why not heal ourselves? Why not attend to America first? After we are on our feet we can monkey around with internationalism. I realize that the head of the administration, before he became Governor of New York, was a member of the board of directors of the International Bankers Association, and I realize that there is about $15,000,000,000 loaned abroad, and that the only way to get this back is to lower tariffs and allow foreign goods to be shipped into our country, which only puts our people out of work. The policy of internationalism, both in the Wilson administration and in the present administration, has brought about and is continuing the depression.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CLEVELAND, OHIO, *February 6, 1934.*

Hon. THOMAS D. SCHALL,
Washington, D.C.

MY DEAR SENATOR: The following facts regarding the match industry of the United States are respectfully submitted for your consideration:

1. Foreign matches imported in 1933 total more than 13 train loads of 50 cars each—667 cars—or 13.9 cars for each State. This is fully 50 percent of the smokers' size "Strike-on-box" matches consumed in the United States.

2. Foreign matches being sold, delivered at an average price of 42 cents a gross, when American matches, made under the N.R.A. match code, cost approximately 70 cents per gross.

3. Consumers pay same price for foreign matches, closing our factories and allowing foreign factories to operate.

4. American factories now existing can produce conservatively three times the quantity used.

5. America is a natural match-producing country, as we have an abundance of all the needed raw materials.

6. We produce a quality far superior to foreign matches for which the consumer pays the old pre-war price—1 cent for smokers' size and 5 cents for household size—with our manufacturers assuming a high excise tax.

7. Under the N.R.A. match code our manufacturers increased employment 20 percent and increased wages from 23 to 43 percent.

8. This increase in employment is being nullified because of foreign importations. Factories have laid off employees, and future outlook not bright.

9. The Government is losing a large revenue by foreigners evading part of the import duty of 20 cents a gross by the mere coloring of splints with a cheap analine dye and entering them as fancy matches as low as 6 cents per gross, only 30 percent of protection intended by Congress.

10. American match manufacturers pay approximately 24 percent of their net return from sales in excise tax.

11. American match industry has but one market for its product, being barred from most foreign countries by government monopolies.

12. American match industry has suffered for many years with foreign match imports, causing the closing of more than 10 factories in the last 10 years.

The American match industry on February 1 and 2 appeared before the United States Tariff Commission to protest against foreign importations of matches under provisions of section 3, National Industrial Recovery Act. Our plea is now before the Commission, that all imported matches be restricted, subject to an equalization fee, or sold at a fair American price.

I earnestly request your support in righting the injury to the American match industry by your asking the President to act under provisions of N.I.R.A. and grant the relief the American match industry is seeking.

The President has full authority under the above section of N.I.R.A. to grant this form of relief to an industry that has lost 50 percent of its home, and only, market for "strike on box" and penny size matches.

Yours very truly,

COLUMBIA MATCH CO.,
J. H. WEAVER, *President*.

P.S.—Foreign match imports are not the only menace to our industry, as lighters are not subject to any excise tax, and the Government is losing revenue through failure to place a tax on lighters commensurate with match tax.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 4 o'clock and 20 minutes p.m.) the Senate took a recess until Monday, February 12, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 10, (legislative day of Feb. 6), 1934

ENVOYS EXTRAORDINARY AND MINISTERS PLENIPOTENTIARIES

J. Butler Wright, of Wyoming, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Czechoslovakia.

George S. Messersmith, of Delaware, to be Envoy Extraordinary and Minister Plenipotentiary of the United States of America to Uruguay.

POSTMASTERS

ALABAMA

W. Cooper Green to be postmaster at Birmingham, Ala., in place of J. G. Bass. Incumbent's commission expired December 11, 1932.

ARKANSAS

Verna C. Payne to be postmaster at Arkansas City, Ark., in place of Louis Reitzammer, deceased.

William M. McQueen to be postmaster at Des Arc, Ark., in place of D. I. Bowen. Incumbent's commission expired November 22, 1933.

Halton B. Stewart to be postmaster at Greenwood, Ark., in place of J. W. Bell. Incumbent's commission expired December 16, 1933.

Ruth D. Slaton to be postmaster at Joiner, Ark., in place of R. D. Slaton. Incumbent's commission expired December 11, 1932.

Earl E. Sterling to be postmaster at Mammoth Spring, Ark., in place of T. D. Peck. Incumbent's commission expired December 18, 1933.

Norine C. Wilkerson to be postmaster at Newport, Ark., in place of Belle Armour, transferred.

William F. Bryant to be postmaster at Quitman, Ark., in place of J. H. Ward, retired.

Ernest R. Maddox to be postmaster at Rison, Ark., in place of Searcy Elrod, resigned.

Simon O. Norris to be postmaster at Williford, Ark., in place of Van Beavers, resigned.

CALIFORNIA

Ethel R. Costello to be postmaster at Acampo, Calif., in place of E. R. Costello. Incumbent's commission expired February 10, 1934.

Robert A. Clothier to be postmaster at Cotati, Calif., in place of R. C. Ross, deceased.

Elaine M. Strohl to be postmaster at Imola, Calif., in place of J. C. McCabe. Incumbent's commission expired December 19, 1932.

James A. Drace to be postmaster at Linden, Calif., in place of M. M. Seymour. Incumbent's commission expired December 11, 1932.

Edmund V. Murphy to be postmaster at Madera, Calif., in place of T. P. Cosgrave, removed.

John J. Nestor to be postmaster at Mojave, Calif., in place of G. V. Beane, removed.

Janet R. Carroll to be postmaster at Pebble Beach, Calif., in place of J. R. Carroll. Incumbent's commission expired December 16, 1933.

William W. R. Reeves to be postmaster at Suisun City, Calif., in place of W. A. Woods, removed.

Edith I. Day to be postmaster at Woodlake, Calif., in place of W. E. Shuck. Incumbent's commission expired June 7, 1933.

COLORADO

George M. Griffin to be postmaster at Brighton, Colo., in place of A. C. Hulen. Incumbent's commission expired September 18, 1933.

Carl E. Wagner to be postmaster at Fort Morgan, Colo., in place of E. L. Boillot. Incumbent's commission expired December 16, 1933.

John F. Redman to be postmaster at Greeley, Colo., in place of D. R. Greigg. Incumbent's commission expired December 16, 1933.

CONNECTICUT

Paul F. Sherran to be postmaster at Darien, Conn., in place of C. W. Brage, removed.

William H. Russell to be postmaster at Southport, Conn., in place of H. B. MacQuarrie. Incumbent's commission expired June 19, 1933.

Albert E. Lennox to be postmaster at Windsor, Conn., in place of Erle Rogers. Incumbent's commission expired January 18, 1933.

DELAWARE

Daniel G. Conant to be postmaster at Rehoboth Beach, Del., in place of J. F. Phillips. Incumbent's commission expired January 31, 1932.

FLORIDA

Anna W. Lewis to be postmaster at Everglades, Fla., in place of A. W. Lewis. Incumbent's commission expired February 1, 1934.

Henry A. Drake to be postmaster at Port Saint Joe, Fla., in place of H. A. Drake. Incumbent's commission expired January 9, 1934.

GEORGIA

Ulmer L. Cox to be postmaster at Baxley, Ga., in place of W. F. Boone, removed.

Lewis L. Wolfe to be postmaster at Brunswick, Ga., in place of H. R. Smith, removed.

Grover C. Oliver to be postmaster at Clarkesville, Ga., in place of L. A. Mauldin, resigned.

John A. Walker to be postmaster at Cochran, Ga., in place of H. F. Bullard, deceased.

Kirby A. Kemp to be postmaster at Cumming, Ga., in place of A. C. Kennemore. Incumbent's commission expired April 11, 1932.

Annie H. Thomas to be postmaster at Dawson, Ga., in place of A. H. Thomas. Incumbent's commission expired January 16, 1933.

L'Bertie Rushing to be postmaster at Glennville, Ga., in place of L'Bertie Rushing. Incumbent's commission expired January 31, 1933.

Cora W. Rogers to be postmaster at Jasper, Ga., in place of Robert Turner. Incumbent's commission expired May 23, 1933.

Henry B. McCoy to be postmaster at Woodbury, Ga., in place of W. S. Williams, resigned.

IDAHO

George Alley to be postmaster at Bancroft, Idaho, in place of George Alley. Incumbent's commission expired January 11, 1934.

Frank M. Heistand to be postmaster at Hazelton, Idaho, in place of C. H. Dunn. Incumbent's commission expired December 10, 1932.

ILLINOIS

Daniel E. Sexton to be postmaster at Carlinville, Ill., in place of G. C. Schoenherr. Incumbent's commission expired March 2, 1933.

Clarence B. Muchmore to be postmaster at Charleston, Ill., in place of W. C. Bisson. Incumbent's commission expired September 18, 1933.

Deane J. McAlister to be postmaster at Greenville, Ill., in place of Seymour Van Deusen, removed.

Margaret Hawley to be postmaster at Sandoval, Ill., in place of A. M. Peters. Incumbent's commission expired May 28, 1930.

Emil A. Rahm to be postmaster at Staunton, Ill., in place of C. W. Faulstich. Incumbent's commission expired February 11, 1933.

Ora C. Maze to be postmaster at Tower Hill, Ill., in place of M. E. Eiler, resigned.

INDIANA

Frank Ulmer to be postmaster at Bluffton, Ind., in place of R. C. Thomas. Incumbent's commission expired December 18, 1933.

IOWA

Frederick W. Werner to be postmaster at Amana, Iowa, in place of F. W. Werner. Incumbent's commission expired January 22, 1934.

John A. Hull to be postmaster at Boone, Iowa, in place of A. M. Burnside. Incumbent's commission expired February 28, 1933.

Julius J. Chekal to be postmaster at Fort Atkinson, Iowa, in place of Elizabeth Summers. Incumbent's commission expired December 20, 1932.

Philip T. Vaughan to be postmaster at Fort Dodge, Iowa, in place of H. E. Blomgren. Incumbent's commission expired December 13, 1932.

Frank J. A. Huber to be postmaster at Hawkeye, Iowa, in place of G. E. Jones. Incumbent's commission expired December 13, 1932.

Frank M. Wheeless to be postmaster at Hopkinton, Iowa, in place of H. S. Pierce. Incumbent's commission expired May 2, 1933.

Charles F. Brobeil to be postmaster at Lytton, Iowa, in place of C. F. Brobeil. Incumbent's commission expired January 8, 1934.

Paul J. Kehoe to be postmaster at Manchester, Iowa, in place of F. E. Dutton. Incumbent's commission expired February 8, 1933.

Simon H. Wareham to be postmaster at Peterson, Iowa, in place of R. E. Sitz. Incumbent's commission expired January 19, 1933.

Frank M. Halbach to be postmaster at Pringhar, Iowa, in place of C. D. Bourke. Incumbent's commission expired December 20, 1932.

KENTUCKY

Dycie B. Chism to be postmaster at Camp Taylor, Ky., in place of D. B. Chism. Incumbent's commission expired September 18, 1933.

John S. Hollan to be postmaster at Jackson, Ky., in place of J. P. Crain, resigned.

Theophilus B. Terry to be postmaster at Sonora, Ky., in place of A. R. Hornback, retired.

LOUISIANA

Auburtin H. Barre to be postmaster at Mooringsport, La., in place of A. H. Barre. Incumbent's commission expired February 1, 1934.

MAINE

George I. McIntosh to be postmaster at Lisbon Falls, Maine, in place of W. H. Smith. Incumbent's commission expired April 24, 1933.

Leo M. Cyr to be postmaster at Rockwood, Maine, in place of L. M. Cyr. Incumbent's commission expired January 31, 1934.

Nellie O. Gardner to be postmaster at Smyrna Mills, Maine, in place of N. O. Gardner. Incumbent's commission expired January 16, 1934.

Allie D. Richards to be postmaster at Strong, Maine, in place of G. G. Winters. Incumbent's commission expired January 15, 1933.

Joseph M. Gerrish to be postmaster at Winter Harbor, Maine, in place of J. M. Gerrish. Incumbent's commission expired January 31, 1934.

MARYLAND

James G. Archer to be postmaster at Bel Air, Md., in place of L. J. Williams. Incumbent's commission expired March 2, 1933.

Bushrod P. Nash to be postmaster at Brentwood, Md., in place of C. M. Stuart. Incumbent's commission expired February 28, 1933.

Howard Raymond Hamilton to be postmaster at Cardiff, Md., in place of J. R. Watson. Incumbent's commission expired December 10, 1932.

James F. Rafferty to be postmaster at Cockeysville, Md., in place of P. E. Frantz. Incumbent's commission expired September 19, 1933.

Henry Holland Hawkins to be postmaster at La Plata, Md., in place of M. N. Yates. Incumbent's commission expired December 18, 1932.

Ralph Sellman to be postmaster at Mount Airy, Md., in place of C. D. Routzahn, deceased.

MASSACHUSETTS

Clarence R. Halloran to be postmaster at Framingham, Mass., in place of R. H. Parker, deceased.

James E. Williams to be postmaster at North Dighton, Mass., in place of J. E. Williams. Incumbent's commission expired January 22, 1934.

John R. Parker to be postmaster at Rockland, Mass., in place of E. C. Cobb. Incumbent's commission expired May 29, 1933.

Roger W. Cahoon, Jr., to be postmaster at West Harwich, Mass., in place of R. W. Cahoon, Jr. Incumbent's commission expired January 28, 1934.

MICHIGAN

Charles P. Sawyer to be postmaster at Newaygo, Mich., in place of A. L. Sturgis. Incumbent's commission expired March 2, 1933.

Victoria Jesionowski to be postmaster at Posen, Mich., in place of Victoria Jesionowski. Incumbent's commission expired January 28, 1934.

MINNESOTA

Lambert J. Dols to be postmaster at Cologne, Minn., in place of L. J. Dols. Incumbent's commission expired January 31, 1934.

Anton Malmberg to be postmaster at Lafayette, Minn., in place of Anton Malmberg. Incumbent's commission expired January 22, 1934.

Ruth Stevens to be postmaster at St. Paul Park, Minn., in place of Ruth Stevens. Incumbent's commission expired September 30, 1933.

MISSISSIPPI

Lillie Burns to be postmaster at Brandon, Miss., in place of Lillie Burns. Incumbent's commission expired March 5, 1932.

Ivy G. Hill to be postmaster at Cleveland, Miss., in place of I. E. Roberts, deceased.

Florence Churchwell to be postmaster at Leakesville, Miss., in place of Florence Churchwell. Incumbent's commission expired October 2, 1933.

Annette T. Parker to be postmaster at Liberty, Miss., in place of S. Q. Stratton. Incumbent's commission expired December 16, 1930.

Leroy N. Mixon to be postmaster at Shubuta, Miss., in place of L. B. Fairchild, removed.

Ossie J. Page to be postmaster at Sumrall, Miss., in place of O. J. Page. Incumbent's commission expired January 28, 1934.

Alfis F. Holcomb to be postmaster at Waynesboro, Miss., in place of A. F. Holcomb. Incumbent's commission expired January 28, 1934.

MISSOURI

Lurla F. Irey to be postmaster at Fortuna, Mo., in place of E. J. Lehman. Incumbent's commission expired December 10, 1932.

Albert Linxwiler to be postmaster at Jefferson City, Mo., in place of B. H. Linhardt, resigned.

Earl F. Wick to be postmaster at Rich Hill, Mo., in place of J. E. Klumpp, removed.

Rector A. Henderson to be postmaster at Tina, Mo., in place of May Venard, resigned.

Edna P. Largent to be postmaster at Wheatland, Mo., in place of W. P. Murphy, resigned.

MONTANA

Dudley W. Greene to be postmaster at Columbia Falls, Mont., in place of L. E. Robinson, resigned.

NEBRASKA

Louis C. Kuster to be postmaster at Tecumseh, Nebr., in place of P. A. Brundage. Incumbent's commission expired February 26, 1931.

NEW MEXICO

Joseph Q. Welch to be postmaster at Dawson, N.Mex., in place of W. G. Lujan. Incumbent's commission expired May 16, 1932.

Selah C. Hoy to be postmaster at East Vaughn, N.Mex., in place of Ona Tudor. Incumbent's commission expired February 28, 1931.

NEW YORK

Pierce D. Kane to be postmaster at Averill Park, N.Y., in place of C. H. Werger, deceased.

Sherman H. Covell to be postmaster at Central Square, N.Y., in place of O. G. Fuller, removed.

Eugene E. Towell to be postmaster at Fillmore, N.Y., in place of M. J. Lahr, resigned.

Thomas J. Hartnett to be postmaster at Hempstead, N.Y., in place of F. M. Sealey, transferred.

Edward J. Butler to be postmaster at Newport, N.Y., in place of M. C. Harris. Incumbent's commission expired February 28, 1933.

Joseph S. Portanova to be postmaster at Purchase, N.Y., in place of E. E. Ridout. Incumbent's commission expired December 12, 1932.

Bertha E. Damon to be postmaster at Rushford, N.Y., in place of H. H. Thomas, deceased.

Jacob C. Kopperger to be postmaster at Stottville, N.Y., in place of J. C. Kopperger. Incumbent's commission expired January 9, 1934.

Frank B. Mead to be postmaster at Victor, N.Y., in place of N. L. Lobdell. Incumbent's commission expired May 23, 1933.

Marantha Knapp to be postmaster at West Nyack, N.Y., in place of M. E. Harring. Incumbent's commission expired December 12, 1932.

NORTH CAROLINA

James A. Bonner to be postmaster at Aurora, N.C., in place of J. T. Wilkinson. Incumbent's commission expired October 31, 1933.

Berder B. Long to be postmaster at Cullowhee, N.C., in place of E. N. Painter. Incumbent's commission expired December 20, 1932.

Newberry McDevitt to be postmaster at Marshall, N.C., in place of H. C. Rector. Incumbent's commission expired January 29, 1933.

William H. Stearns to be postmaster at Tryon, N.C., in place of S. B. Edwards, removed.

OHIO

Michael J. Callaghan to be postmaster at Bellevue, Ohio, in place of F. H. Schuster. Incumbent's commission expired February 25, 1933.

Edward R. Reichenbach to be postmaster at Bluffton, Ohio, in place of M. M. Murray. Incumbent's commission expired December 8, 1932.

Michael F. O'Donnell to be postmaster at Cleveland, Ohio, in place of H. A. Taylor, removed.

Marion J. Lacer to be postmaster at Clyde, Ohio, in place of R. H. Brown, resigned.

Williard R. Hower to be postmaster at Doylestown, Ohio, in place of Edwin Seedhouse. Incumbent's commission expired December 20, 1932.

Ralph C. Benedum to be postmaster at East Liverpool, Ohio, in place of J. T. Wood, deceased.

Charles F. Hildebolt to be postmaster at Eaton, Ohio, in place of E. C. Newby. Incumbent's commission expired December 7, 1932.

Dudley F. Briggs, Jr., to be postmaster at Frankfort, Ohio, in place of S. W. McNeill, removed.

Helen Stoltz to be postmaster at Gettysburg, Ohio, in place of E. E. Unger. Incumbent's commission expired December 7, 1932.

Olive Kast to be postmaster at Holloway, Ohio, in place of V. F. Stevens. Incumbent's commission expired December 11, 1932.

William Ransom Shaw to be postmaster at McDermott, Ohio, in place of D. F. Duncan. Incumbent's commission expired September 18, 1933.

Mark B. Strahl to be postmaster at Malta, Ohio, in place of G. T. Newman. Incumbent's commission expired January 30, 1933.

Robert L. Hagerty to be postmaster at Mingo Junction, Ohio, in place of J. M. McConnell. Incumbent's commission expired December 20, 1932.

William E. Farmer to be postmaster at Piketon, Ohio, in place of R. D. Fishburn, removed.

Charles A. Ferren to be postmaster at St. Clairsville, Ohio, in place of Rodney Barnes, removed.

Theodore A. Lauber to be postmaster at Sandusky, Ohio, in place of E. H. Mack, deceased.

Paul M. Keyser to be postmaster at Shadyside, Ohio, in place of Jesse Gamble. Incumbent's commission expired December 16, 1933.

George V. Wise to be postmaster at Shreve, Ohio, in place of L. C. Crawford, resigned.

John E. Kassell to be postmaster at South Zanesville, Ohio, in place of H. H. Collins. Incumbent's commission expired December 16, 1933.

Arnold M. Speir to be postmaster at State Soldiers Home, Ohio, in place of G. F. Barto. Incumbent's commission expired March 27, 1932.

James Connor to be postmaster at Toronto, Ohio, in place of R. E. Campbell. Incumbent's commission expired January 5, 1933.

Harry R. Schoner to be postmaster at Uniontown, Ohio, in place of O. S. Bodemer. Incumbent's commission expired September 18, 1933.

Charles A. Trinter to be postmaster at Vermilion, Ohio, in place of C. F. Decker, deceased.

William I. Dague to be postmaster at Wadsworth, Ohio, in place of W. D. Westenbarger. Incumbent's commission expired December 7, 1932.

Robert E. Jennings to be postmaster at West Milton, Ohio, in place of R. C. Niles. Incumbent's commission expired January 15, 1933.

Henry C. Stapf to be postmaster at Willard, Ohio, in place of F. B. James, resigned.

OKLAHOMA

Millard H. Wright to be postmaster at Eufaula, Okla., in place of C. H. Wilson. Incumbent's commission expired January 19, 1933.

Mary B. Weathers to be postmaster at Grove, Okla., in place of J. P. Hurst. Incumbent's commission expired January 19, 1933.

Hugh Johnson to be postmaster at Hugo, Okla., in place of H. A. Babb, removed.

Dolva E. Grubbs to be postmaster at Jenks, Okla., in place of M. S. Chambers. Incumbent's commission expired May 26, 1932.

Hiram Impson to be postmaster at McAlester, Okla., in place of J. L. Shinaberger. Incumbent's commission expired December 16, 1933.

Rex T. Strickland to be postmaster at Madill, Okla., in place of J. W. Vandervort. Incumbent's commission expired January 28, 1934.

Charles W. Jeffress to be postmaster at Morris, Okla., in place of S. E. Wright. Incumbent's commission expired May 27, 1933.

John V. Cavender to be postmaster at Porum, Okla., in place of E. A. Plunkett. Incumbent's commission expired December 12, 1932.

McGilbray D. Harmon to be postmaster at Webbers Falls, Okla., in place of P. C. Singleton. Incumbent's commission expired December 12, 1932.

OREGON

Ruby O. Roberts to be postmaster at Ione, Oreg., in place of R. O. Roberts. Incumbent's commission expired February 6, 1934.

PENNSYLVANIA

Emilie D. Stoneback to be postmaster at Black Lick, Pa., in place of C. O. Smith. Incumbent's commission expired February 8, 1933.

Frank H. Black to be postmaster at Greensboro, Pa., in place of C. J. Williamson, resigned.

Robert A. Rupp to be postmaster at Hamburg, Pa., in place of A. L. Shomo, deceased.

Kathryn K. Endy to be postmaster at Stony Creek Mills, Pa., in place of K. K. Endy. Incumbent's commission expired October 31, 1933.

PUERTO RICO

Teresa Melendez to be postmaster at Arroyo, P.R., in place of Teresa Melendez. Incumbent's commission expired February 14, 1934.

SOUTH CAROLINA

William C. Coward to be postmaster at Cheraw, S.C., in place of C. F. Pendleton, removed.

William S. Gibson to be postmaster at Sharon, S.C., in place of P. B. Kennedy, deceased.

David E. Sauls to be postmaster at Smoaks, S.C., in place of D. E. Sauls. Incumbent's commission expired January 31, 1934.

George C. Cartwright to be postmaster at York, S.C., in place of G. H. Hart, resigned.

SOUTH DAKOTA

Gertrude S. Severson to be postmaster at Brandt, S.Dak., in place of J. A. Nannestad. Incumbent's commission expired March 2, 1933.

James R. Kohlman to be postmaster at Conde, S.Dak., in place of E. F. Vandenburg. Incumbent's commission expired December 20, 1932.

Alfred E. Paine to be postmaster at Doland, S.Dak., in place of Norman Lockwood. Incumbent's commission expired December 20, 1932.

Norbert F. King to be postmaster at Frankfort, S.Dak., in place of C. L. Adams, resigned.

Alex C. Lembcke to be postmaster at Garretson, S.Dak., in place of L. M. Stromme. Incumbent's commission expired December 12, 1932.

Robert H. Benner to be postmaster at Gary, S.Dak., in place of R. H. Benner. Incumbent's commission expired January 6, 1934.

Mary A. Ralph to be postmaster at Henry, S.Dak., in place of A. E. Lewis. Incumbent's commission expired May 26, 1932.

Sam P. Madsen to be postmaster at Hurley, S.Dak., in place of H. K. Sanborn. Incumbent's commission expired December 12, 1932.

Charles E. Stutenroth to be postmaster at Redfield, S.Dak., in place of D. C. Brown. Incumbent's commission expired December 12, 1932.

Oscar I. Ohman to be postmaster at Toronto, S.Dak., in place of H. O. Ramynke. Incumbent's commission expired December 12, 1932.

TENNESSEE

James D. Clemmer to be postmaster at Benton, Tenn., in place of C. S. Harrison, resigned.

Alexander L. Allison to be postmaster at Dover, Tenn., in place of Roe Austin. Incumbent's commission expired January 11, 1933.

Etoile Johnson to be postmaster at Doyle, Tenn., in place of A. P. Johnson, deceased.

Roscoe T. Carroll to be postmaster at Estill Springs, Tenn., in place of R. T. Carroll. Incumbent's commission expired December 16, 1933.

Hugh C. McKellar to be postmaster at Memphis, Tenn., in place of E. V. Sheely. Incumbent's commission expired February 28, 1933.

David H. Ensley to be postmaster at Old Hickory, Tenn., in place of M. M. Carson. Incumbent's commission expired February 28, 1933.

Joseph H. Sevier to be postmaster at Savannah, Tenn., in place of W. R. Hurst. Incumbent's commission expired December 16, 1933.

Nell E. Coleman to be postmaster at Smyrna, Tenn., in place of M. A. Coleman. Incumbent's commission expired February 28, 1933.

James H. Davenport to be postmaster at Soddy, Tenn., in place of O. M. Millard, resigned.

James R. Hennessee to be postmaster at Sparta, Tenn., in place of S. C. Dodson, resigned.

TEXAS

Andrew J. McDonald to be postmaster at Alvord, Tex., in place of J. F. Furlow, resigned.

Leslie L. Cates to be postmaster at Ben Wheeler, Tex., in place of L. L. Cates. Incumbent's commission expired January 16, 1934.

Marvin A. Anderson to be postmaster at Cleveland, Tex., in place of W. A. White, resigned.

Edgar W. Brooks to be postmaster at Eldorado, Tex., in place of A. J. Atkins. Incumbent's commission expired February 28, 1933.

Gladys Waters to be postmaster at Grandview, Tex., in place of E. H. McCowan. Incumbent's commission expires February 14, 1934.

Baxter Orr to be postmaster at Idalou, Tex., in place of M. L. Carr, resigned.

Samuel C. Rhinehart to be postmaster at Iraan, Tex., in place of M. J. Randolph. Incumbent's commission expired December 7, 1932.

Jennie W. Reynolds to be postmaster at Mason, Tex., in place of J. W. Reynolds. Incumbent's commission expires February 14, 1934.

Herbert Meurer to be postmaster at Muenster, Tex., in place of C. A. Reiter. Incumbent's commission expired December 18, 1932.

Mae Whitley to be postmaster at New Waverly, Tex., in place of Connie Stewart. Incumbent's commission expired February 8, 1933.

Virginia Mansell to be postmaster at Overton, Tex., in place of W. F. Neal, resigned.

Louise McElroy to be postmaster at Shepherd, Tex., in place of W. L. Everitt. Incumbent's commission expired December 7, 1932.

UTAH

Wells P. Starley to be postmaster at Fillmore, Utah, in place of H. E. Day. Incumbent's commission expired February 28, 1933.

James Walton to be postmaster at Tremonton, Utah, in place of R. S. Calderwood. Incumbent's commission expired January 8, 1933.

VIRGINIA

King Forsyth to be postmaster at Esmont, Va., in place of H. P. McCary. Incumbent's commission expired December 12, 1932.

James H. Ashby to be postmaster at Exmore, Va., in place of T. C. Bunting, resigned.

Regina E. Selby to be postmaster at Greenbackville, Va., in place of C. V. Bevans. Incumbent's commission expired January 29, 1933.

Howard O. Rock to be postmaster at Irvington, Va., in place of Bernard Willing, resigned.

Arthur Gartrell to be postmaster at Middleburg, Va., in place of H. D. Gray, resigned.

Martin E. Kline to be postmaster at Middletown, Va., in place of J. T. Reely. Incumbent's commission expired February 8, 1933.

John H. Tyler to be postmaster at Upperville, Va., in place of J. H. Tyler. Incumbent's commission expired February 25, 1933.

WASHINGTON

Adrian C. Gehres to be postmaster at Connell, Wash., in place of A. B. Cass, deceased.

Oscar W. Behrmann to be postmaster at Fairfield, Wash., in place of O. W. Behrmann. Incumbent's commission expired January 28, 1934.

Gerald H. McFaul to be postmaster at Ione, Wash., in place of B. E. Lambert. Incumbent's commission expired January 26, 1933.

George P. Fishburne to be postmaster at Tacoma, Wash., in place of C. J. Backus, deceased.

Edward Johnson to be postmaster at Twisp, Wash, in place of H. A. Mykrantz. Incumbent's commission expired January 26, 1933.

Grover C. Hutchens to be postmaster at Waitsburg, Wash., in place of J. H. Adams, deceased.

WEST VIRGINIA

Marion L. Taylor to be postmaster at Ansted, W.Va., in place of L. C. Martindale, removed.

Thomas R. Moore to be postmaster at Charles Town, W.Va., in place of J. W. Irvin. Incumbent's commission expired January 30, 1933.

Russell W. Casto to be postmaster at Nitro, W.Va., in place of O. E. Kessler. Incumbent's commission expired November 6, 1933.

Vesta Lee Connell to be postmaster at Pennsboro, W.Va., in place of T. E. Clovis. Incumbent's commission expired February 14, 1933.

Lawrence E. Poling to be postmaster at Philippi, W.Va., in place of T. C. Scott, resigned.

J. Wade Bell to be postmaster at Quinwood, W.Va., in place of J. W. Bell. Incumbent's commission expired February 15, 1933.

James B. Saville to be postmaster at Romney, W.Va., in place of T. E. Pownall, removed.

Ruskin J. Wiseman to be postmaster at Summersville, W.Va., in place of O. G. Robinson, resigned.

Ben Gillespie to be postmaster at Sutton, W.Va., in place of E. T. Morrison, removed.

WISCONSIN

Helen A. Tuttle to be postmaster at Balsam Lake, Wis., in place of M. L. Spencer. Incumbent's commission expired January 5, 1933.

Joseph O. Goff to be postmaster at Bristol, Wis., in place of J. O. Goff. Incumbent's commission expired October 10, 1933.

Alphonse J. McGuire to be postmaster at Highland, Wis., in place of M. B. Abdoo. Incumbent's commission expired January 29, 1933.

Cyril H. Eldridge to be postmaster at Hilbert, Wis., in place of Rudolph Zimmer. Incumbent's commission expired January 21, 1933.

Ronald F. North to be postmaster at Eau Claire, Wis., in place of H. M. Johnson. Incumbent's commission expired February 25, 1933.

Leo J. Ford to be postmaster at Janesville, Wis., in place of G. F. Kimball. Incumbent's commission expired February 8, 1933.

Malcolm R. Dalton to be postmaster at Silverlake, Wis., in place of F. M. Lewis. Incumbent's commission expired September 30, 1933.

John C. Reinke to be postmaster at Stone Lake, Wis., in place of J. M. McGeorge. Incumbent's commission expired February 25, 1933.

Edward Laneville to be postmaster at Withee, Wis., in place of Arthur Miller. Incumbent's commission expired February 28, 1933.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 10 (legislative day of Feb. 6), 1934

UNITED STATES ATTORNEYS

Harry C. Blanton to be United States attorney, eastern district of Missouri.

Hugh O'Neill to be United States attorney, division no. 2, district of Alaska.

Joseph W. Kehoe to be United States attorney, division no. 3, district of Alaska.

UNITED STATES MARSHALS

Joseph B. Reing to be United States marshal, eastern district of Pennsylvania.

Chester J. Todd to be United States marshal, division no. 3, district of Alaska.

Percy Brewington to be United States marshal, middle district of Pennsylvania.

J. Hilary Keenan to be United States marshal, western district of Pennsylvania.

COLLECTOR OF CUSTOMS

Frank J. Duffy to be collector of customs, customs collection district no. 26, Nogales, Ariz.

SURVEYOR OF CUSTOMS

Harry T. Foley to be surveyor of customs, district no. 10, New York, N.Y.

FIRST ASSISTANT COMMISSIONER OF PATENTS

Richard Spencer to be First Assistant Commissioner of Patents.

COMMISSIONER OF EDUCATION FOR PUERTO RICO

Jose Padin to be commissioner of education for Puerto Rico.

POSTMASTERS

COLORADO

Nicholas C. Huffaker, Hot Sulphur Springs.
Oren E. Stallings, Yuma.

DELAWARE

Inga K. Tubbs, Selbyville.

FLORIDA

Fred H. Gibbons, Archer.
Jefferson Gaines, Bocagrande.
Elmer N. Burnett, Brewster.
Charles A. Miller, Crystal River.
Edward L. Powe, De Land.
Betsy R. Rives, Dunedin.
Frank W. Dole, Fellsmere.
Hermina C. Hammers, Fort Barrancas.
Elmer W. McCreary, Gainesville.
Emma S. Fletcher, Havana.
Frederick S. Archer, Howey In The Hills.
Adam E. Koehler, Jacksonville Beach.
Myrtis Lawson, Jasper.
Morton O. Brawner, Pensacola.
Burdett Loomis, Jr., Pierce.
Jean A. Hopkins, Reddick.
Dudley H. Morgan, River Junction.
J. Herman Manucy, St. Augustine.
Maude M. B. Martin, Sebastian.
Oscar C. McDaniel, Sneads.
Girard N. Denning, Winter Park.

GEORGIA

George T. Groover, Statesboro.

HAWAII

Henry K. Pali, Kaunakakai.
Antonio D. Furtado, Lahaina.
Margaret de Coite Souza, Makawao.

IDAHO

Anna R. Briggs, Atlanta.
Claude Ballard, Fairfield.
Benjamin F. Shaw, Grangeville.
Ida M. Helton, Homedale.
Homer W. Woodall, Soda Springs.

INDIANA

Jennette R. Winkelmann, Austin.
Asa C. Clark, Bedford.
Charles H. Apple, French Lick.
Irven V. Tyler, Georgetown.
Charles A. Webster, North Vernon.

IOWA

Harry A. Northup, Audubon.
Arthur A. Dingman, Aurelia.
Daisy Oldham, Avoca.
Price G. Thompson, Casey.
Jessie Branagan, Emmetsburg.
Thomas J. McManus, Keokuk.
Rollin J. Gilchrist, Marengo.
Amelia Sondag, Portsmouth.
Edward M. Bratton, Shellsburg.
John I. Haldeman, Shenandoah.
Cotton Etter, Sigourney.
Arthur O. Reinhardt, Van Horne.

KANSAS

George O. Hunt, Belle Plaine.
Charles E. Drumm, Centralia.
Max Y. Sawyer, Galena.
Thomas W. Sloan, Garfield.
Arley M. Kistler, Leon.
Marvin A. Raven, Linn.
Henderson E. Six, Lyons.
Grace E. Wilson, Milford.
Walter R. Ives, Mount Hope.
George E. Smysor, Mulvane.
Arthur H. Pendergrass, Rosalia.
David H. Pugh, Tampa.
Amos A. Belsley, Wellington.

MARYLAND

Theodore M. Purnell, Berlin.
Thomas B. T. Radcliffe, Cambridge.
William B. Usilton, Chestertown.
Edwin S. Worthington, Darlington.
Lewis H. Stoner, Emmitsburg.
Frank Vodopivec, Jr., Kitzmiller.
Helena R. Guyther, Mechanicsville.
Charles W. Carney, Mount Savage.
Charles L. Connell, Western Port.
Charles W. Klee, Westminster.
LeRoy C. Barrick, Woodsboro.

MASSACHUSETTS

Harriet A. Goggin, Seekonk.
Charles E. Cook, Uxbridge.
Felix Pasqualino, Wakefield.

MISSISSIPPI

Fletcher N. Womack, Crenshaw.
Joseph W. George, Greenwood.
Levi G. Bassett, Louin.
John B. Vinson, Magee.
Cecil D. Chadwick, Walnut Grove.

MISSOURI

Felix P. Wulff, Argyle.
Ralph R. Breckenridge, Bosworth.
Nettie Morgan, Camdenton.
Kenneth C. Patton, Clarksville.
Harry F. Yeager, New London.
John C. Hains, Slater.
Alexander Rankin, Tarkio.
Jesse A. Twyman, Triplett.
Mahlon N. White, Warsaw.
Gertrude R. Maupin, Watson.

NEBRASKA

Francis W. Purdy, Hildreth.
James T. Haffey, Oxford.
Homer S. King, York.

NEW JERSEY

John W. Penrod, Sr., Beach Haven.
Raphael C. Devlin, Matawan.

NEW MEXICO

James W. Patterson, Fort Sumner.

NEW YORK

Frank V. Wiatrowski, Angola.
Lillian O'Connor, Briarcliff Manor.

SOUTH CAROLINA

Lorna M. Hutson, Hardeeville.
Clarence A. Power, Laurens.
Henry D. Stansell, Pelzer.

SOUTH DAKOTA

Granvel N. Collins, Camp Crook.
George M. Foltz, Herrick.
Anna A. Dithmer, Kadoka.

TEXAS

Kenneth McKenzie, Alba.
James O. Allen, Arp.
Edgar L. Watson, Athens.
Prentice A. Hayes, Barstow.
John R. Griffin, Blooming Grove.
Earl E. Frost, Bridgeport.
William T. Burnett, Brownsville.
Minnie P. Irving, Center Point.
Nadyne Goodman, Collinsville.
Gilbert McGloin, Corpus Christi.
Kathleen H. Corn, Crockett.
Walter B. Luna, Dallas.
Carlos D. Berry, Dawson.
Burwell W. McKenzie, Denton.
Lonnie Childs, Fairfield.
Tom S. Kent, Jr., Grapeland.
Richard L. Hall, Greggton.
Thomas M. White, Hamilton.
Arch A. Gary, Henderson.
Roy S. Lively, Irving.
Esther L. Berry, Joinerville.
Edwin D. Holchak, Kenedy.
Georgia C. Wolfe, Lefors.
Harry S. Merts, McAllen.
Evlyn M. Berry, Mesquite.
Philpott Karner, Mexia.
Willie L. Nelson, Mount Vernon.
Benjamin F. Hobson, Paducah.
William P. Lawrence, Quitman.
Mary M. Ferrel, Roby.
John A. Nicholson, Sanger.
Edgar F. Bonorden, Sinton.
Mrs. Charles S. Fowler, South San Antonio.
John L. Brunner, Taylor.
Marcus E. Cannon, Thornton.
James P. Sharp, Tioga.
Walter J. Huff, Trenton.

VIRGINIA

Benjamin F. Britt, Boykins.
John S. White, Charlottesville.
Ira D. Newcomb, Clarksville.
Henry C. Swanson, Danville.
Burley M. Garner, Emporia.
Herbert B. Brockwell, Ettrick.
David J. Garber, Fort Humphreys.
George W. Mitchell, Gladys.
Emmett L. Allen, Glenallen.
Lucy M. Wing, Greenway.
Curtis E. Smith, Grundy.
Edward L. Graham, Lexington.
Margaret H. Hardy, McKenney.
Peter D. Holland, Moneta.
Joseph W. Harvey, Montross.
Harrison H. Dodge, Mount Vernon.
John W. Burger, Natural Bridge.
Leslie N. Ligon, Pamplin.
Ashton W. Gray, Petersburg.
John P. Mugler, Phoebus.
James V. Lewis, Prospect.
Joseph F. Judkins, Surry.

Frank L. Mitchell, Vinton.
Jesse F. West, Jr., Waverly.
R. Tyler Bland, West Point.

WISCONSIN

Charles N. Cody, Antigo.
John Heindl, Barton.
Ray Sornberger, Belmont.
Irene Knapmiller, Birchwood.
Perlee W. Dickey, Black River Falls.
Homer J. Samson, Cameron.
Ted Cole, Cashton.
George J. Armbruster, Cedarburg.
Earl F. Moldenhauer, Clintonville.
August H. LaRenzie, Eagle River.
Frank J. Shortner, Edgar.
Esther Cody, Lone Rock.
John K. Buhr, Marion.
Frank Hanley, North Freedom.
Thomas J. Burns, Oakfield.
W. Joseph Hand, Random Lake.
Joseph P. Kelly, Richland Center.
Mable A. DeWitt, Sayner.
Martin J. Williams, Winneconne.
Frank P. O'Meara, West Bend.

HOUSE OF REPRESENTATIVES

SATURDAY, FEBRUARY 10, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O God of wisdom and God of might, to Thee we lift our voice in prayer. Sound once more the chords of Thy heart as we again breathe heavenward. We pray that love and longing may be the pilots of our souls. In this moving world may we think benevolently of all men. The Lord remember all who have enduring qualities, the power to resist, the ability to serve, and who can endure hardness and temptation like a good soldier. Hasten the time, our Father, when the passion for wealth shall be subordinated to that higher and nobler passion for commonwealth. O Spirit of God, speak to us, lead us, guide us, give us truth and inspire us to noble deeds. Through Jesus Christ our Lord. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Crockett, its Chief Clerk, announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7199. An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards.

The message also announced that the Vice President had appointed Mr. HAYDEN a member of conference on the part of the Senate on the amendments of the Senate to the bill of the House (H.R.7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. BYRNS. Mr. Speaker, there has been considerable pressure from a great many Members of the House on both sides of the Chamber who have bills upon the Private Calendar to have an opportunity to consider these bills. This was impossible during the month of January, because of the necessity for the consideration of major bills that ought to have been passed and sent to the Senate for consideration.

It was found possible this week to set aside 2 days for this purpose, with the expectation that on adjournment yesterday the House would adjourn over until Monday.

The matter is not personal to me because I have not a single bill upon the Private Calendar, but I am anxious to see Members who have such bills on the calendar have the earliest possible opportunity to have them disposed of, one way or the other, because, of course, if these bills are passed it is important that they should be sent to the Senate.

Let me say, further, it may be 2 or 3 weeks before it will be possible to take up the Private Calendar again, because next week we expect to have the tax bill and after that there will be one or two appropriation bills, I am informed by the gentleman from Texas [Mr. BUCHANAN], which will be crowding upon the House and which ought to be considered and sent to the Senate. Then we probably will have a bill relating to the guaranteeing of home-loan bonds, and there may be some bill reported, in response to the message of the President, with reference to sugar. I do not know whether this will be done or not, but there will be other legislation which will probably crowd out consideration of the Private Calendar for 2 or, possibly, 3 weeks.

There are now about 60 bills or more on the calendar which are ready and which gentlemen on both sides of the Chamber have had an opportunity to examine, and I had thought yesterday the House would adjourn when the consideration of these bills was completed. There are something like 400 bills upon the calendar altogether and if we are to consider the calendar and give all gentlemen the chance which they want and which they ought to have, it is important we take up the Private Calendar today.

I have made this statement, Mr. Speaker, preliminary to a request for unanimous consent that it shall be in order today to call the Private Calendar for the consideration of bills unobjected to.

I now submit the request, Mr. Speaker.

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. So far as the gentleman from Tennessee has gone with his statement, I am in entire accord with it. I am just as much interested in having the Private Calendar called and giving each Member a chance to have his bill taken up and passed on by the House as anyone, but I do maintain that if we are going to do this, each bill should be considered on its merits and not be subject to some technical objection that some Member, for some special reason, may desire to make against a certain class of bills, as was indicated by the gentleman who said yesterday he was the official objector on the Democratic side. I am perfectly willing to go along with the gentleman, and I will submit any bill I have on the calendar. I have only one, I believe, that amounts to anything. I think, however, it should be understood we are going to consider the bills on their merits, and if we are to start on the calendar today I am willing to do so with the understanding that the bills shall be considered on their merits and that we shall start with no. 77 on the calendar, a bill that was objected to yesterday.

Mr. BYRNS. I do not see any reason, I will say to the gentleman, to make an exception. I have, however, no objection to starting at 77.

Mr. SNELL. In view of the way the matter has come about, I am sorry to object, but if they insist I shall have to object.

Mr. BLANTON. Mr. Speaker, I reserve the right to object. Who is going to determine whether or not a bill is considered on its merits—the minority leader or our young friend the gentleman from Washington [Mr. ZIONCHECK]? It is no pleasant task for the gentleman from Washington to perform, to come here and object to bills. It is a duty he is performing, and he has given his time to this work.

Mr. SNELL. Is the gentleman performing that duty now?

Mr. BLANTON. The gentleman from Washington has given his time to these bills, and he produced a pretty good argument sustaining his position. I thought he was rather the master of the situation when he and the gentleman from New York were engaged in a colloquy on the floor. Now, the gentleman from New York has said it was without reason; that there was no merit in his objection. Our friend the gentleman from Washington saw merit in it. Unanimous consent means just one thing—that a bill must be passed according to the wish of every one of the 435 Members. If there is any Member here who has any objection to a bill, it goes off. This is what unanimous-consent day is for; and the gentleman from New York has no right to put a question mark after the action of our good young friend from Washington. I admire him for the work he is doing here.

Mr. BYRNS. Let me say further, in reply to the gentleman from New York, it is just as the gentleman from Texas has said. Any Member upon the floor of the House, on either side of this Chamber, has the right to object to any bill which is sought to be passed by unanimous consent, because if he sits here when he is opposed to a bill and feels it ought not, for some reason satisfactory to himself, to be passed, he puts himself in the position, of course, of consenting to its passage.

Unfortunately, I was not on the floor at the particular moment this bill was up, and I have no information as to just what occurred; but the gentleman from Washington [Mr. ZIONCHECK] or any other gentleman or gentlewoman in this House has the right, whether sitting upon the front seat or the second seat or in any other seat in the House, to object to any request for the consideration of a bill when it is necessary to obtain unanimous consent.

I do not think we are justified, I will say in all frankness, when we impugn the motives of any Member who makes an objection on the ground that it is technical or that he is actuated by any motive other than that which makes him believe the bill should not be considered. I am sure the gentleman from Washington was actuated by the highest motives in any objection he made. I do not think anybody on the floor of the House would intimate otherwise.

Mr. BLANTON. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLANTON. There is a bill on the Private Calendar which would establish a precedent if passed that would eventually cost the Government $2,000,000,000. It behooves somebody on the majority and minority sides to object to a bill that establishes such a precedent.

Mr. DEEN. Will the gentleman yield?

Mr. BYRNS. I yield to the gentleman from Georgia.

Mr. DEEN. Reserving the right to object—and I shall object unless my bill, no. 78, which the minority leader objected to on yesterday because he and the gentleman from Washington had a disagreement over the objection to no. 77. I asked him what objection he had to my bill, and he said, "I have no objection to it on its merits, but I will object to it because my bill was objected to by the gentleman from Washington." Now, I have no objection, if my bill is considered, even if afterwards it is objected to on its merits, if I can have time to discuss it for a minute or two. But unless my bill is put back on the calendar and considered at this time I shall object.

Mr. ZIONCHECK. Reserving the right to object, as far as the bill of the gentleman from New York is concerned, if he wants to discuss it on its merits I am willing to discuss it, but I am more thoroughly prepared to object to it than I was yesterday.

Mr. SNELL. Then there is no use in considering it again if the gentleman is going to object to it anyway.

Mr. BYRNS. Mr. Speaker, I am willing to amend my request and ask that the consideration of the calendar begin at no. 77.

Mr. ZIONCHECK. I object, Mr. Speaker, to the colloquy yesterday being called a row. I have no personal interest in it.

Mr. BANKHEAD. Will the gentleman from Tennessee yield? It seems to me that we are approaching an amicable adjustment. I understood the gentleman from Washington to say that he would be willing to give further examination to the bill of the gentleman from New York, fortified by the facts and reasoning of the gentleman from New York, that he would withdraw his objection to the bill and fight it out on its merits on the floor.

Mr. SNELL. That would be satisfactory to me, but the gentleman from Washington said that he was going to object to it anyway.

Mr. BANKHEAD. I think we are making some headway.

Mr. BLACK. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. BLACK. Mr. Speaker, I had a thought when I put the bill of the minority leader near the top that I was doing him a favor. However, my legislative experience should have taught me that a bill at the head of the calendar was always knocked off, because when points of order and objections are made the boys get highly excited, and I am sorry now that I did not put it at the foot of the calendar.

Mr. FITZPATRICK. Will the gentleman from Tennessee yield?

Mr. BYRNS. I yield.

Mr. FITZPATRICK. The gentleman from Tennessee referred to an important bill to guarantee the bonds of the Home Loan Corporation. I would like to ask him if that bill is coming up in the near future. It is very important to guarantee the bonds of the Home Loan Corporation.

Mr. BYRNS. I am sorry I cannot give the gentleman any definite assurance, but the chairman of the committee that has jurisdiction of the bill told me that he hoped to get it up shortly.

Mr. ZIONCHECK. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. ZIONCHECK. I have no objection to starting with no. 77 on the calendar and discuss it on its merits, but that does not mean that I will not object to it.

Mr. SABATH. The gentleman means that he is willing that it should be considered on its merits, reserving the right to oppose it when the bill is called up?

Mr. SNELL. That is not what the gentleman said. He said, "I am going to object to it anyway."

Mr. BYRNS. Mr. Speaker, I think we can settle the whole question to the satisfaction of all the Membership. I ask unanimous consent that it be in order to consider the Private Calendar for bills unobjected to, beginning with no. 77 on the calendar.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Mr. Speaker, I reserve the right to object.

Mr. BLACK. Mr. Speaker, I think that request ought to be amended to start with bill no. 77 on the Private Calendar, whether objected to or not, because 77 is the bill of the gentleman from New York [Mr. SNELL]; also to consider 78, which was objected to.

Mr. SNELL. But that does not mean anything. The gentleman from Washington [Mr. ZIONCHECK] said he made up his mind that he would object to it.

Mr. BYRNS. Let me say to my friend from New York that I do not believe he can single out his bill——

Mr. SNELL. I do not ask to do that; it is the principle I am contending for.

Mr. BYRNS. And put that bill above the bills of other gentlemen. All gentlemen should have the same oppor-

tunity to present their bills, and if a bill is not objected to, it will be considered. Every Member of this House has the right to exercise the privilege of objecting to a bill if he sees fit to do it.

Mr. BLANTON. The gentleman ought to ask that the proceedings of yesterday be vacated as to nos. 77 and 78. With that understanding I shall not object.

Mr. BANKHEAD. Mr. Speaker, I reserve the right to object. I gratuitously injected myself into this matter a few moments ago trying to seek an adjustment of it. However, I do not want to go into this agreement with any possible misunderstanding about what the agreement is. As I understood the gentleman from Washington [Mr. ZIONCHECK], upon my inquiry, he said that he would be willing to waive his objection to the bill and allow it to be considered upon its merits.

Mr. ZIONCHECK. I am willing to be convinced, if his arguments are sound.

Mr. BANKHEAD. But the gentleman still reserves the right to object to the consideration of the bill?

Mr. ZIONCHECK. Yes.

Mr. BYRNS. That is fair.

Mr. MILLARD. Mr. Speaker, will the gentleman yield?

Mr. BYRNS. Yes.

Mr. MILLARD. The gentleman from Washington [Mr. ZIONCHECK] said yesterday he intended to object to every indemnity bill on the calendar.

Mr. BYRNS. I do not think the gentleman is going to do that.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that it be in order to call bills on the Private Calendar unobjected to, consider them in the House as in Committee of the Whole, beginning with no. 77. Is there objection?

There was no objection.

STOCK EXCHANGES (S.DOC. NO. 132)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce, and ordered printed:

To the Congress:

In my message to you last March proposing legislation for Federal supervision of national traffic in investment securities I said:

> This is but one step in our broad purpose of protecting investors and depositors. It should be followed by legislation relating to the better supervision of the purchase and sale of all property dealt with on exchanges.

This Congress has performed a useful service in regulating the investment business on the part of financial houses and in protecting the investing public in its acquisition of securities.

There remains the fact, however, that outside the field of legitimate investment, naked speculation has been made far too alluring and far too easy for those who could and for those who could not afford to gamble.

Such speculation has run the scale from the individual who has risked his pay envelop or his meager savings on a margin transaction involving stocks with whose true value he was wholly unfamiliar to the pool of individuals or corporations with large resources, often not their own, which sought by manipulation to raise or depress market quotations far out of line with reason, all of this resulting in loss to the average investor, who is of necessity personally uninformed.

The exchanges in many parts of the country which deal in securities and commodities conduct, of course, a national business because their customers live in every part of the country. The managers of these exchanges have, it is true, often taken steps to correct certain obvious abuses. We must be certain that abuses are eliminated and to this end a broad policy of national regulation is required.

It is my belief that exchanges for dealing in securities and commodities are necessary and of definite value to our commercial and agricultural life. Nevertheless, it should be our national policy to restrict, as far as possible, the use of these exchanges for purely speculative operations.

I, therefore, recommend to the Congress the enactment of legislation providing for the regulation by the Federal Government of the operations of exchanges dealing in securities and commodities for the protection of investors, for the safeguarding of values, and, so far as it may be possible, for the elimination of unnecessary, unwise, and destructive speculation.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 9, 1934.*

STELIO VASSILIADES (H.DOC. NO. 248)

The SPEAKER also laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Foreign Affairs and ordered printed:

To the Congress of the United States:

I inclose herewith a report which the Secretary of State has addressed to me in regard to a claim of Mr. Stelio Vassiliadis, former vice consul of Spain at Kiev, Russia, for expenditures made by him at that post from March 1, 1918, to the end of February 1920, in representing the interests of the United States at that post in the absence of the American consul, Mr. Douglas Jenkins, who was obliged to depart on account of war conditions.

I recommend that an appropriation in the amount suggested by the Secretary of State be authorized in order to reimburse Mr. Vassiliadis for the expeditures made by him during the above-mentioned period.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE.

[Enclosures: Report of the Secretary of State with enclosures.]

LEAVE TO ADDRESS THE HOUSE

Mr. LEWIS of Maryland. Mr. Speaker, I ask unanimous consent to address the House on Monday next for one half hour, immediately following the address of the gentleman from Michigan [Mr. DONDERO].

The SPEAKER. Is there objection?

There was no objection.

LIZZIE CALHOON

Mr. WARREN. Mr. Speaker, I present the following privileged report from the Committee on Accounts and ask for its immediate consideration.

The SPEAKER. The gentleman from North Carolina offers the following resolution, which the Clerk will report.

The Clerk read as follows:

House Resolution 241

Resolved, That there shall be paid out of the contingent fund of the House to Lizzie Calhoon, niece of William C. Allen, late an employee of the House, an amount equal to 6 months' compensation, and an additional amount, not exceeding $250, to defray funeral expenses of the said William C. Allen.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

REREFERENCE OF A BILL

Mr. BLAND. Mr. Speaker, on January 10, the bill (H.R. 6688) to amend section 2 of the act of February 13, 1893, was referred to the Committee on Interstate and Foreign Commerce. I have had the matter up with the Chairman of the Committee on Interstate and Foreign Commerce and it is agreed that the bill should be referred to the Committee on Merchant Marine, Radio, and Fisheries. I ask unanimous consent that that be done.

The SPEAKER. The gentleman from Virginia asks unanimous consent to rerefer the bill H.R. 6688 from the Committee on Interstate and Foreign Commerce to the Merchant Marine, Radio, and Fisheries. Is there objection?

There was no objection.

WHY THE C.W.A. SHOULD BE CONTINUED

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill H.R. 7525, the appropriation to the C.W.A.

The SPEAKER. Is there objection?

There was no objection.

Mr. KRAMER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill (H.R. 7527) making an additional appropriation of $950,000,000 to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

I shall gladly support this legislation providing for the continuation of the Civil Works program, now so well under way. I understand it must be discontinued by February 15 unless this additional appropriation is made.

The total amount to be appropriated is $950,000,000, and of this I understand that $500,000,000 will be assigned to relief work and $450,000,000 to the Civil Works program. It is estimated that these amounts will carry the relief work for another year and the Civil Works program until about the middle of May. It would be a mistake to extend this legislation to any definite date, or make any fixed division of the amount appropriated. Under the provisions of the act the President may extend the C.W.A. as long as the money lasts and curtail the relief fund if that seems necessary.

In the State of California, one district of which I have the honor to represent, the number of families on the relief rolls is very large and the monthly relief disbursements amount to many thousands of dollars. Southern California has a larger unit of unemployed than any other State, which is doubtless due to the climatic conditions there. Under the P.W.A. thousands have been given employment in reconstruction work in the building and repairing of roads, bridges, and public buildings. The opportunity opened up to countless men and women to earn their own living and care for their loved ones has driven hunger and fear and despair from thousands of homes, and has taken a vast number from the relief rolls and put them back on the pay rolls. It has been stated that work under the C.W.A. has meant the very necessities of life to more than 20,000 women and children, and courage and hope to heads of families who have found the employment so greatly needed. What a pity it would be to hamper this beneficent agency now when its work is just begun! Approximately 3,800,000 persons would be thrown out of employment if the C.W.A. program were to be terminated now, and this is unthinkable, unjust, inhuman, uneconomic.

Reconstruction, reforestation, irrigation projects, and municipal development as undertaken by the C.W.A. mean reviving business all along the line. As one of my colleagues has well said:

> The C.W.A. worker does not hoard his money or invest it in unnecessary productive enterprises. He hastens to distribute it among the grocer, the clothier, the furniture dealer, and the creditors whom he owes. Reviving business always means more revenue for the Government.

The projects in this upbuilding program in which California is most interested are irrigation development; the construction and repair of roads; the building of bridges; new public buildings, such as school houses, hospitals, post-office buildings; and municipal water and power projects.

An illustration of what has been accomplished by the C.W.A. and some of the other agencies which have been put in operation by the present administration is given in a letter which I received a few days ago from an old Chicago friend, in which he says:

> Well, you are all sure working hard, and it would be wonderful if the people would just stop and think for a moment of what our President and Congress have done so far. The C.W.A. and the N.R.A. are just wonderful things, so far as I can see. The eyes of the world are sure on America, and it won't take long now until everybody will be back on his job. That is the kind of President and Congress we must keep in Washington. We are all back at work, and think of it!—8 hours a day is a blessing, because it gives work to so many more people.

In addition to this letter, I have received several thousand letters and telegrams from my constituents in Los Angeles in which they urge me to support the C.W.A. extension.

BRIDGE ACROSS MISSOURI RIVER, WELDON SPRING, MO.

Mr. CANNON of Missouri. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 6799) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo. This is an emergency matter. I have consulted the majority leader [Mr. BYRNS] and the minority leader [Mr. SNELL] and they have no objection to its present consideration.

The SPEAKER. The gentleman from Missouri asks unanimous consent for the present consideration of the bill H.R. 6799, which the Clerk will report.

The Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo., authorized to be built by the State Highway Commission of Missouri by an act of Congress approved March 3, 1931, are hereby extended 2 and 5 years, respectively, from March 3, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The SPEAKER. Is there objection?

There was no objection.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

EMERGENCY RELIEF FOR REPAIR AND RECONSTRUCTION OF HOMES DAMAGED BY EARTHQUAKES AND OTHER CATASTROPHES

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent for the present consideration of the bill (H.R. 7599) to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. SNELL. Reserving the right to object, I suppose the gentleman from North Carolina intends to explain the bill to the House, does he not?

Mr. DOUGHTON of North Carolina. Briefly.

Mr. SNELL. The gentleman should give a brief outline of what this bill does and the reason for passing it in this way at this time.

Mr. DOUGHTON of North Carolina. Yes.

Mr. SNELL. There is no objection, Mr. Speaker.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That section 203 of title II of the National Industry Recovery Act is hereby amended by inserting at the end thereof the following new subsection:

"(e) The President is authorized and empowered through the Administrator to make loans to nonprofit corporations to finance or to aid in financing projects for the repair or reconstruction of buildings, structures, lands, and public-service systems (including water, irrigation, gas, electric, sewer, drainage, flood control, communication, or transportation systems and/or districts) in the United States damaged or destroyed by earthquake, tidal wave, flood, tornado, or cyclone, in the years 1933 and 1934 and deemed by the Administrator to be economically useful.

"Obligations accepted under this subsection shall be collateraled—

"(1) In case of any loan for the repair or reconstruction of private property (other than public-service systems or districts) by an obligation of the owner of such property, secured by a paramount lien except as to taxes and special assessments on the property to be repaired or reconstructed or on other property of the borrower.

"(2) In case of any loan for the repair or reconstruction of a privately owned public-service system by an obligation of the owner of such system, secured by a paramount lien thereon except as to taxes and special assessments; and

"(3) In case of any loan to a municipality, political subdivision of any State or Territory, public agency, board, or district by an obligation of such municipality, political subdivision, public agency, board, or district, payable from any source, including taxation or tax anticipation warrants.

"Loans made under this subsection shall be made upon such terms and conditions as the Administrator, subject to the approval of the President, shall prescribe, except that loans shall not be made for a period exceeding 10 years. No loan shall be

made under this subsection after December 31, 1934, but funds may be paid to a borrower under the terms of any agreement to make a loan entered into with a borrower pursuant to an application approved prior to January 1, 1935. The Administrator, subject to the approval of the President, shall, notwithstanding the provisions of section 206 of this title, prescribe such regulations as will most effectively expedite the repair and construction provided for by this subsection and effectively carry out the emergency relief purposes of this section."

Mr. DOUGHTON of North Carolina. Mr. Speaker, this bill was reported unanimously by the Committee on Ways and Means. Its purpose is to empower the President of the United States, through the Public Works Administration, to make loans to nonprofit corporations for the purposes of refinancing or to aid in refinancing loans for the construction of homes, the repair or rebuilding of homes destroyed by floods, cyclones, tornadoes, tidal waves, and other calamities over which the people have no control. It also provides that the security for such loans be a first lien on the property. The loans are not extended beyond 10 years.

The gentleman from California [Mr. EVANS], the gentleman who primarily brought the matter to the attention of the committee, was a member of the subcommittee which unanimously reported the bill, and I yield to him to make further explanation of the purposes of the bill.

Mr. FISH. Will the gentleman yield for a question first?

Mr. DOUGHTON of North Carolina. I yield.

Mr. FISH. How does this bill affect the authority of the Reconstruction Finance Corporation?

Mr. EVANS. Not at all.

Mr. DOUGHTON of North Carolina. Not at all. It has nothing to do with the authority of the Reconstruction Finance Corporation.

Mr. Speaker, I yield to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Speaker, I ask unanimous consent to return to section (e) of the bill for the purpose of offering an amendment as a precautionary matter only. On page 1, line 9, after the word "buildings", I want to amend by inserting "private homes." I think it is covered otherwise, but in order to eliminate any possible objection, I think it would be wise to insert that.

Mr. DOUGHTON of North Carolina. There is no objection to that.

The SPEAKER. The gentleman from California asks unanimous consent to return to section (e) of the bill for the purpose of offering an amendment. Is there objection?

There was no objection.

The Clerk read as follows:

Amendment offered by Mr. EVANS: Page 1, line 9, after the word "buildings", insert the words "private homes."

The amendment was agreed to.

Mr. EVANS. Mr. Speaker, during the year 1933 there were a number of disasters that occurred in this country similar to the ones covered in the bill before the House at this time. There was an earthquake in California. There were tidal waves on the south Atlantic coast, I think, affecting portions of the State of Virginia, and I understand some storms or tornadoes in Texas, all of which were covered as to the form of relief by the law as it then existed. In other words, private individuals whose homes were damaged or destroyed by those catastrophes were able to get loans from the United States Government, through the Public Works Administration, for the rehabilitation of those homes secured by first liens on their properties. That relief extended only to the year 1933, under the law. The purpose of this bill is to extend that relief for the year 1934, and to cover any damage that may have occurred at the time of the passing of the old year into the new year. In other words, in Los Angeles County, Calif., beginning on the evening of the 31st day of December last, and following through the following day, the 1st day of January 1934, a disastrous flood occurred in Los Angeles County, Calif., destroying something like 1,000 private homes, destroying water systems, school buildings and churches, and other semipublic buildings. In addition to the damage to property, approximately 50 persons lost their lives. Under the present condition of the law those people would be unable to get relief without an extension of the law as it existed last year. So, the purpose of this bill is to produce that effect. It does not apply to California only, but it will cover any sort of emergency that may occur in any State in the Union during the year 1934. No loan can be granted under this bill unless it is adequately and properly secured by first liens on the property to be repaired.

Mr. McFADDEN. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. McFADDEN. I should like to inquire whether the State of California is unable to give this relief?

Mr. EVANS. It is.

Mr. McFADDEN. And it has so stated?

Mr. EVANS. Well, I do not know that it has so stated; but I know personally that it is unable under the law to grant relief of this kind.

Mr. HEALEY. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. HEALEY. Does the gentleman's bill make any limitation on the amount that may be loaned to any one home owner?

Mr. EVANS. No; it does not; but may I say that throughout the administration of relief under the law last year it appeared that in nearly all cases they were modest home owners who made application for relief under this kind of law. I am in favor of extending the powers of the home loan law. I have supported the law on all occasions when it was before Congress.

Mr. HEALEY. Is there not any kind of limitation as to what proportion the loan should bear to the value of the premises?

Mr. EVANS. The law does not specify any limitation, but it is all in the discretion of the loaning powers—the President, through the Public Works Administration, will not make any loan unless it is adequately secured.

Mr. HEALEY. Does the gentleman not think it would be a splendid idea to have a general bill making it possible for home owners to borrow money from the Home Loan Corporation for repair and alteration of their homes?

Mr. EVANS. I think that very worthy of consideration.

Mr. LLOYD. Mr. Speaker, will the gentleman yield?

Mr. EVANS. I yield.

Mr. LLOYD. Does the gentleman's bill go far enough to include farms?

Mr. EVANS. No; it does not include farms as such, unless farms are construed as coming within the phrase "private property." And I am inclined to believe it would.

Mr. LLOYD. It includes just houses and buildings?

Mr. EVANS. The bill does not specify, but it covers all kinds of property. And I am inclined to believe it would cover farm property. Of course, it must be remembered that no relief can be obtained under this bill unless it is to cover damage caused by unusual floods, tornadoes, and such disasters.

Mr. THOMASON. Mr. Speaker, I move to strike out the last word.

Mr. Speaker, I have no objection to this bill, but if we are going to start amending the National Recovery Act, I again call attention to my bill (H.R. 6413) that would take care of some injustices that have been done certain of our good citizens. I can best illustrate, perhaps, by saying that in my own city a laundry entered into a contract with the Government about 2 weeks before the passage of the N.R.A. Act to do the laundry work at a big Government hospital in my city. The N.R.A. came along. The owners of this laundry are good patriotic citizens who wanted to comply with the law, and they did comply with it, which meant an increase in employees, as well as raising their pay and shortening hours. The result was that although the laundry in good faith entered into the contract and later complied with the new law, they did so at quite a financial loss. I understand there are many contractors over the country that were caught in this situation.

I took this matter up with Gen. Hugh Johnson, but it seems that the law in its present form does not cover the situation. The administration, even backed up by release no. 200, issued by the President, says that these injustices and inequalities ought to be ironed out. But if there is no authority under the law as it now exists, I hope the Ways and Means Committee when it begins to study the National Recovery Act with the purpose of amending it will give serious consideration to the resolution I introduced.

This is the purpose for which I rose, to again bring the subject to the attention of the House and to express the hope that the Ways and Means Committee will give consideration to the situation.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. THOMASON. I yield.

Mr. KVALE. The gentleman has a couple of minutes remaining. I should like to ask him a question. It may be a rather lengthy question, but I hope the gentleman will not object.

Will the gentleman join me in a request to the Ways and Means Committee and the Membership of Congress to remember that when measures come up for the assistance of people who have been devastated by tragedy in the form of earthquakes, or in the form of fire, in the form of flood, or in the form of hurricane, they also remember people who go through a similar but more protracted agony, a force just as devastating, just as dire in its consequences, but much more trying to the Haitians, the group that suffers from drought? Drought is nothing that strikes like a bolt out of the blue; it is something that creeps over a people; it is something that threatens; it is something that persists; it is something that taxes their patience and their very souls; it is something that breaks their morale; it is something that lasts for months; yet this group does not have the benefit of the instant surge of sympathy that goes out to those who suffer from earthquakes and these other striking calamities.

Mr. THOMASON. I am in sympathy with the statement made by the gentleman, for I live in a drought-stricken section of the country. A larger section of west Texas suffered tremendously last year and yet could get very little relief under the new agencies. The drought was so bad that the crops did not come up and they failed to get assistance from the A.A.A. I will join the gentleman from Minnesota in correcting this situation.

Mr. GIFFORD. Mr. Speaker, I rise in opposition to the pro forma amendment.

Mr. Speaker, I may say to the gentleman from California that I am not in opposition to his bill. We are very sympathetic with his request for this assistance. However, under the P.W.A. the gentleman's State has already been allotted $34,000,000; although up to January 20, we learn that the P.W.A. has put only 156 men to work in that State. Because of its wonderful climate, probably winter conditions cannot be the excuse for not getting these P.W.A. projects under way. It seems as if unreasonable delay existed in the National Recovery Act as far as this State is concerned.

Mr. EVANS. Mr. Speaker, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. EVANS. If I understood the gentleman correctly, he said that under P.W.A. there were but 156 men at work in California?

Mr. GIFFORD. Yes.

Mr. EVANS. May I state to the gentleman from Massachusetts, if he will yield for the purpose, that I know from telegrams I have received from my own district that when this one emergency occurred in Los Angeles County more than 2,000 C.W.A. men were sent there to clean up the debris, and they did it. So the statement that only 156 men were at work in the State of California is, in my opinion, absolutely incorrect. I refer to work under the C.W.A. I do not know what is being done under the P.W.A.

Mr. GIFFORD. Mr. Speaker, I quote from the RECORD of yesterday. Anybody can see it. Out of 93 projects allocated to California, only 8 seem to have gotten started, with only 156 men employed. In fact, the RECORD shows that in 20 States of the Union no men are yet employed on P.W.A. projects.

Mr. MILLARD. That is on the Public Works projects?

Mr. GIFFORD. Yes; on the Public Works projects. It seems to me this is moving very slowly. Is there no way to make this administration move faster in this matter, particularly in a State like California, where these excuses about wintry conditions do not hold?

May I express the hope that the P.W.A. projects in California will soon get into operation? A full explanation of the delay would be appreciated.

Mr. EVANS. I am in accord with the gentleman's general purpose.

Mr. DOCKWEILER. Mr. Speaker, I move to strike out the last three words.

Mr. Speaker, first of all I may state I am for this bill, which is quite natural. I think the district of my colleague [Mr. EVANS] and my own district and the Thirteenth District are the ones which received the greatest damage from this flood. It so happens that one of the great storm drains and one of the dry river beds coming down from the mountain sides come through the expanse of the Sixteenth Congressional District.

Naturally enough some of my area was flooded, and a great many of the homes around Venice, Ocean Park, and Del Ray were destroyed. Not only the storm drain system but some of the sewer systems were injured, and this bill provides that semipublic and public corporations and private individuals may borrow from a nonprofit corporation in order to secure money to reconstruct—not to build, but to reconstruct—and repair the injury that occurred.

Mr. Speaker, I hope the Members of the House will have deep sympathy and consideration for the Sixteenth Congressional District and the people that live in my district, as well as the people that live in my colleague's district, and will help and assist in the passage of this bill.

May I answer the gentleman from Massachusetts [Mr. GIFFORD] with respect to his criticism of the P.W.A. work in California? This is the first time that I learned that California has gotten so little from the P.W.A. or the Interior Department. I have always heard complaints from my colleagues that California has gotten more than its lion's share of the P.W.A. I have seen charts to that effect. I am not only reliably informed but I know from actual experience that we have commenced under the P.W.A. program a bridge across San Francisco Bay which is charged to the Public Works Administration, and that bridge across the bay from San Francisco to Oakland employs, to my knowledge, several thousand people. We have also started in the county of Los Angeles an aqueduct project to convey water from the Boulder Dam to Los Angeles and to all the municipalities in Los Angeles County, and that project is now employing several thousand men. All of this money is coming from the P.W.A. and it is charged up to us. We are securing those funds from the Public Works Administration. There are two items that represent perhaps eight or ten thousand employees under the Public Works Administration. There are many other items that I could cite, so I do not understand why the gentleman makes the statement that only 156 persons have so far secured employment under the P.W.A.

Mr. GIFFORD. Will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. GIFFORD. The gentleman will find in the RECORD yesterday the figures as of January 16. I think they are undoubtedly correct. The gentleman does not deny the figures, does he?

Mr. DOCKWEILER. I do not know where the gentleman secured the figures, but I know wherever he received them from they cannot be correct.

Mr. MEAD. Will the gentleman yield?

Mr. DOCKWEILER. I yield.

Mr. MEAD. It occurs to me that there is a misunderstanding. The gentleman from California [Mr. EVANS] was talking about the C.W.A. projects. The gentleman from Massachusetts [Mr. GIFFORD] was talking about Public Works projects federally controlled and administered, and

the gentleman is talking about Public Works loans to municipalities and other subdivisions.

Mr. DOCKWEILER. I am talking about the P.W.A. Under the C.W.A. there are 56,000 souls employed in Los Angeles County alone.

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The question is on the passage of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to proceed for 5 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

J. E. POPE AND NATIONAL OLD AGE PENSION ASSOCIATION

Mr. PATMAN. Mr. Speaker, during the summer and fall of last year I received many inquiries from constituents about the National Old Age Pension Association and Dr. J. E. Pope. I replied to each inquiry that I did not know anything about the organization or the one in charge of it, Dr. J. E. Pope. I told several people, however, that I did not see any reason why the people who were in favor of old-age pensions and old people should not be just as much entitled to a lobbyist in Washington as anyone else, but I did not know anything about Dr. Pope. I did not want to encourage them to send money to him, neither did I want to discourage them from sending money to him; I did not want to give an opinion about something I knew nothing about.

ADVERTISEMENTS FOR OLD-AGE PENSIONS

I was before the Rules Committee a week or 10 days ago, and a question came up about the National Old Age Pension Association getting contributions running into quite a sum of money from every section of the United States. At that time I made this statement, that one thing I had noticed about the Old Age Pension Association was that I had not seen any full-page advertisements for old people until the National Old Age Pension Association came into existence, and that I could see that much in favor of the organization.

POPE CHIEF COOK AND BOTTLE WASHER

I have had occasion to learn more about this organization and the so-called "Dr. J. E. Pope", and I feel that I should give my constituents and the country the benefit of this information. The information is this: This man, J. E. Pope, is the president, general manager, and the whole Old Age Pension Association. It has, according to my best information, no board of directors and no one else except just Dr. J. E. Pope. If he had been convicted of, say, murder back in 1904, then manslaughter in 1919, embezzlement in 1924, and maybe some other kind of crime in 1927, wholly disconnected, I would say let us not bring up the background, because it has no reference to what he is doing now. But if he has been indicted and convicted of similar offenses to what he is doing now, with a continuation of a system that he has carried on for a quarter of a century, I feel that the country and Members of Congress especially should and desire to know it.

NO REFLECTION ON CONGRESSMEN

I want it understood that I hope not a word I say will be considered as a reflection upon those good men who have cooperated with this man and his organization in an effort to be of assistance to the old-age pension movement. Instead of discouraging you from paying attention to what they have said over the radio and published in newspapers, I invite for your consideration the wonderful speeches and statements that have been made by them. What I am going to say, I hope, will not be construed in any way against those gentlemen who are colleagues of mine in this House and who have spoken over the radio under the auspices of this organization.

FEDERAL PENITENTIARY IN 1904

Back in 1903 this man, J. E. Pope, was indicted in Houston, Tex. He was tried on October 28, 1904. He represented himself as the general manager of the Gulf & Southwestern Land Co., which was nonexistent, and that he was prepared to make long-term loans at a low rate of interest. Applicants would be required to send $15 with each abstract, the money being for an alleged attorney's fee. Pope would keep the abstracts on his desk for a week or two and invariably return them with the statement that the attorney for the company had advised against the loan. He obtained between $600 and $700 out of this scheme.

He was indicted in the Federal court at Houston, Tex., tried and convicted, and given 18 months in the penitentiary at Leavenworth, Kans., for using the mails to defraud.

AGAIN CONVICTED IN 1919 FOR USING MAILS TO DEFRAUD

On February 14, 1919, he was again indicted at Longview, Tex., for using the mails to defraud. This time he advertised under the name of J. E. Pope Co. for watch salesmen. He acquired $10.75 from applicants for sample watches. Pope mailed out some watches and refunded the money in some cases where the victim became too insistent.

[Here the gavel fell.]

Mr. BLANTON. Mr. Speaker, I ask unanimous consent that the gentleman be allowed to proceed for 5 additional minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. PATMAN. A great many persons sent $10.75 and received neither the watch nor a position as salesman. It is not known how much he obtained as a result of this scheme, but by reason of this operation he was convicted of using the United States mails to defraud and given a fine of $500, which was paid.

In August 1919 he was also indicted, the record indicates, in another case in this connection, and evidently they were considered together.

AGAIN CONVICTED FOR USING MAILS TO DEFRAUD AND SENT TO JAIL IN 1924

In 1923, at Fort Worth, Tex., he was arrested again, on August 7. On December 17, 1923, at Fort Worth, Tex., he was indicted and pleaded guilty of using the United States mails to defraud and was given 60 days in jail and fined $500. In this case he used the aliases "J. E. Pope Co." and the "Petroleum Investment Trust." He sold interests in the Investment Trust, and a declaration of trust was never filed of record, the trust existing only on paper, letterheads, and advertising literature. Pope used some of the proceeds to purchase leases in his own name through brokers, and did not investigate to determine values. He acquired only one producing well, and that brought in between 25 and 50 barrels a day. He made extravagant claims and paid dividends that were not justified. According to his own figures, Pope received $283,732 from the sale of units, of which amount he was unable to account for $129,534.

This was in 1924. It appears there were two of these cases in Forth Worth, Tex., the aliases being "Petroleum Investment Co." and "J. E. Pope Oil Co.", one case numbered 87307–E and another case numbered 81388–E, and he was given 60 days in jail and a $500 fine.

AGAIN INDICTED FOR USING MAILS TO DEFRAUD IN 1927

In 1927 he was again arrested on March 31, at Denver, Colo. He was indicted at Pueblo, Colo. Pope operated under the name of "National Business Service Co." He was the whole company and posed as a successful stock broker, advertising that the company would finance or promote stock issues. Persons or firms who corresponded with him were required to advance a fee of $100. The evidence disclosed that the sale of stock and securities was of minor importance, and that Pope's profits were derived from the advanced fees, for which he furnished little or nothing. He took in over $10,000. The indictment, however, was dismissed because Pope had evidently reformed and was leading an honest life as a chiropodist at Tulsa, Okla. [Laughter.]

Mr. BLANTON. I notice he calls himself "doctor." Is he a doctor of finance or a doctor of the feet?

Mr. PATMAN. He is a foot doctor.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. PATMAN. I will be pleased to yield.

Mr. COCHRAN of Missouri. It happens that several months ago I was requested by Dr. Pope to let him use my name in connection with his organization. I wrote him a letter insisting that under no consideration would I do so, and then I called the attention of the postal authorities to his activities, because he was getting 10 cents from poor old colored people in St. Louis on becoming members of his organization. I condemned his scheme. I understand the Post Office Department is now investigating his activities.

Mr. TRUAX and Mr. MAY rose.

Mr. PATMAN. I hope the gentlemen will let me finish and then I shall be pleased to yield, if I am given the time, and I think this matter is of sufficient importance to justify taking the time. I want to tell you about his scheme.

The last indictment against Dr. Pope for using the mails to defraud was dismissed in 1929, and about 1931 or 1932, I do not know which, he commenced this new organization. I will leave it to you to decide whether or not it is intended to again use the mails to defraud.

Mr. TRUAX. Will the gentleman yield?

Mr. PATMAN. If the gentleman will let me go on about a minute until I finish my statement, I shall yield.

Mr. TRUAX. As one speaker who has talked over the radio——

Mr. PATMAN. I stated that I hoped they read your speech and considered every word of it.

Mr. TRUAX. I desire to have the privilege of asking some questions.

APPLICATION FORM MISLEADING

Mr. PATMAN. I shall be very pleased to endeavor to answer them if I can.

Here is the application form that was sent out by Dr. Pope, who represents the entire organization.

[Here the gavel fell.]

Mr. McCORMACK. Mr. Speaker, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

The SPEAKER pro tempore (Mr. WARREN). Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

VERY PARTICULAR THAT APPLICATIONS ARE ACCOUNTED FOR

Mr. PATMAN. This application is numbered. It is no. 103887B. It looks like an official application for something. It must be dated and certain information given and it is not good unless used within a reasonable time, it says. Down here on the part that is to be torn off it is stated—

This ballot is numbered. Please do not misplace it. Every ballot must be accounted for.

Over here it says:

Any man or woman who withholds or delays sending in this ballot is unwittingly working against us and against our cause.

HE PROMISES TO LOOK AFTER THEIR INTEREST UNTIL A PENSION IS OBTAINED

Over here it says that the purpose of the National Old Age Pension Association is twofold: First, to obtain legalized pensions for the aged of the United States of America; and, second, to continue to look after the interests and protection of each and every member of this association until pension payments actually start, leaving the impression thereby that some particular service is going to be rendered the club members who join this club.

MEMBERS URGED TO GET IN BEFORE BOOKS CLOSE

In order to join this club they must pay a very small, insignificant fee and, ordinarily, you would think this was an insignificant matter, because the fee is only 10 cents, which must be in coin—no stamps will be accepted—but at this time, and for several months past, he has been taking in from $300 to $700 a day in coins, from the poorest people all over the Nation, when they were filling out this application which said—I want you to listen to this—he goes ahead and tells his scheme, that he expects each person who is interested to send in a dime and then that person is to get five more to send in a dime, so that the one person can keep his membership in the organization. He will be dropped otherwise. Therefore he gets, in a way, 60 cents out of each one, and then he tells about the different schemes, and winds up by saying—

In this manner we expect to cover the whole United States in a short time.

Now listen to this:

After which we reserve the right to refuse to accept any further registrations.

Leaving the impression that the books might be closed and they might be left off the rolls.

At the bottom it says:

It is vitally important that every person who wants a Government pension should have his or her name on this roll.

What could anyone else infer except that he was going to get this pension; that this was a numbered application, and unless he got it in in time he would not be on the roll and would not get any pension. That is the only inference that anyone could get from that statement.

MANY COMPLAINED TO POST OFFICE DEPARTMENT

Complaints have been received through the chief inspector and inspector in charge of the Post Office Department as follows: 145 complaints while he was operating in Tulsa, Okla.; 139 complaints while operating in Washington, D.C. He operated at Tulsa from August 25, 1932, to September 30, 1933; at Washington, D.C., from October 1, 1933, to date.

Under date of April 8, 1933, it was reported that he was receiving from 600 to 1,000 letters daily. On November 25, 1933, it was estimated that for a period of 6 days he received 20,810 letters. At this time his daily receipts are estimated to average 5,000 letters.

The records show that he started to work in August 1932 as the National Pension Club, and later changed to the National Old Age Pension Association.

$40,000 ON HAND NOW

On April 4, 1933, he estimated his members or signers as over 32,000, and it was stated that he intended to increase the membership to 5,000,000. He reports that from August 25, 1932, to April 4, 1933, he received from all sources $1,774.32. His total expenditures for this period were $1,798.65. He states that some members would send in a dime and some 5 cents and some 1 cent. Each member, according to the application blank, is supposed to contribute a dime and secure five additional members. It is reported that he has about $40,000 on hand now.

VERY, VERY POOR PERSUADED TO CONTRIBUTE

Many of the complaints are submitted by prominent State, city, and county officials, making inquiry concerning the activities of the National Old Age Pension Association. In numerous letters it is stated that a lot of the people being circularized cannot even afford to contribute the small sum of a dime. It is impossible to make any definite statement as to what percentage of the complaints or inquiries are received from people of prominence or who are in a position to contribute to the association without undue hardship on them. A number of the letters stated that people were contributing 10 cents who had better by far put that much in the necessities of life in the way of purchasing food.

Mr. MAY. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MAY. I have in my files hundreds of printed pages issued to persons for old-age pensions by Judge Lehman, of Kansas. I am wondering whether or not there is a chain of connection between Dr. Pope and Judge Lehman.

Mr. PATMAN. I do not know of any connection.

Mr. TRUAX. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. TRUAX. The gentleman said that Dr. Pope had been investigated by the postal authorities on this "racket", as he called it.

Mr. PATMAN. I did not say that, but I understand he is being investigated.

Mr. TRUAX. I hold no brief for Dr. Pope, nor am I attempting to defend him. If he is guilty of fraud in his old-age pension association he should be given the works. I can confirm that, and I am informed that they have not found a single charge true. I made two radio speeches. Some of these charges came to me, and I made an investigation, and the postal inspector in charge of the work told me that no person had substantiated the charges against him. That was told me in the presence of two or three Members of this House.

Mr. PATMAN. Let me answer the gentleman. It is true that the Post Office Department has been investigating these charges, and I can tell the gentleman the reason why no action has been taken, if he wants to know.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. PATMAN. I yield.

Mr. MARTIN of Oregon. I have noticed reference to this in the public press and listened to radio addresses by prominent statesmen in this city. Has the gentleman investigated how this crook could get men to make radio addresses in his behalf?

Mr. PATMAN. In the most innocent way.

He was advocating a cause that we are all interested in. I would have been glad to cooperate with him had I not found out about this. All these gentlemen are innocent of any wrongdoing. They all made good speeches. I wish the gentleman would read their speeches. I am interested in old-age pensions. I don't want to do anything to injure the cause. The gentleman from Ohio [Mr. TRUAX] made a very fine speech and then shortly thereafter made another good one.

Mr. MARTIN of Oregon. I would hate to read a speech inspired by a crook.

Mr. TRUAX. I would state that I made no speech inspired by a crook.

Mr. MARTIN of Oregon. This man is reported to be a crook.

Mr. TRUAX. A lot of crooks have been reported that have never been turned up in this country.

Mr. PATMAN. Mr. Speaker, I know the Members of Congress who have spoken under the auspices of the National Old-Age Pension Association were acting in the very best faith and endeavoring to advance a worthy cause which I am sure a large number of House Members are in sympathy with. They were given the opportunity to present their views over national radio hookups on this very important subject in which they were already interested.

The SPEAKER pro tempore (Mr. WARREN). The time of the gentleman from Texas has again expired.

EMERGENCY RELIEF

Mr. BUCHANAN. Mr. Speaker, I ask unanimous consent, in the event the House adjourns today before the conference committee has prepared its report, that I may have until midnight tonight to file the conference report on the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Texas [Mr. BUCHANAN]?

There was no objection.

THE PRIVATE CALENDAR

The SPEAKER pro tempore (Mr. WARREN). The Clerk will call the Private Calendar, beginning with no. 77.

ALEX TERLIZZI

The first business on the Private Calendar was the bill (H.R. 1247) for the relief of Alex Terlizzi.

The SPEAKER. Is there objection?

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object. Yesterday I objected to this bill. I did not discuss it on its particular merits. I discussed it upon what I considered its general merits. Reading the CONGRESSIONAL RECORD of yesterday I find that the minority leader, the gentleman from New York [Mr. SNELL], takes the position that I objected to the bill because I was constitutionally opposed to bonding companies as such. I think any Member of the House who will read my remarks will find that I never made such a statement.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. SNELL. I should like to have the gentleman tell me what he means by the following language which is to be found in the RECORD of yesterday, February 9, 1934, on page 2290:

> I am going to object to any refund to a surety company for the loss of a bond.

Mr. ZIONCHECK. Does that mean that I am against bonding companies?

Mr. SNELL. I took it that way, and think the House does.

Mr. ZIONCHECK. I did not mean it as such, and when read as a whole my remarks carry a different meaning. I will explain my position. I want it understood definitely that when I object to a bill I object to it upon its merits, not because of any particular person who happened to introduce it, or because of any particular type of claimant. This particular bill is a bill for the refunding of $2,000 to a bonding company for a bond it put up on the 23d of July 1927 for Alex Terlizzi, for violation of the National Prohibition Act. It seems this man Terlizzi had a little 14 by 14 hamburger stand, next to a gas station. Prohibition agents found one pint of ale and three fourths of a quart of wine on one of the tables, and they arrested Terlizzi and took him down to the Federal commissioner. Immediately the commissioner set his bond at $2,000. I do not say that this particular bonding company asked the commissioner to fix such an exorbitant bond, but I do know it is a matter of common practice for bonding companies to always ask for exorbitant bonds, because they get larger premiums. Well, the $2,000 bond was put up, and collateral was given the bonding company for its security. Does the gentleman deny that?

Mr. SNELL. I do not understand the gentleman.

Mr. ZIONCHECK. Was collateral put up for this bond?

Mr. SNELL. This gentleman's brother put up collateral to the bonding company.

Mr. ZIONCHECK. Was it stock?

Mr. SNELL. I do not believe they had any. I could not tell the gentleman what it was.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. Yes.

Mr. BROWN of Kentucky. I happen to be on that committee and there is not anything in the record that shows that one dime's worth of property or collateral was ever put up to secure that bond. The only thing the report shows is that the bonding company wants its $2,000 back. I should like to finish the statement with this. The report shows that the court sent a letter to the last known place of address of this man, notifying him of his trial. If we agree to this, it is an open invitation to criminals to give fictitious addresses, and when their bond is forfeited, to have the bonding company get the money back.

Mr. ZIONCHECK. I was coming to that.

Mr. BLANCHARD. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. BLANCHARD. I do not know what value can be attached to a letter from an attorney, but there is a letter in the record in which it is positively stated that Mr. Terlizzi has been paying interest to his brothers who put up this money as collateral with the surety company, ever since it deposited the bond.

Mr. ZIONCHECK. That does not appear in the record as I have it.

Mr. BLANCHARD. That is not in the record of the report, but it is in the file.

Mr. ZIONCHECK. But that is immaterial, as far as this particular claim is concerned. The point is that the bond was actually put up on the 23d day of July 1927. On the 27th day of July 1927 an information was filed and the defendant was bound over. On the 19th day of October 1927 notice was sent to the defendant that he should appear

in the Federal court on the 26th day of that month. Nothing happened. The 26th day comes and he does not appear. I know, as a matter of common practice, that the bonding company likewise had notice, because whenever they put up a bond, their address is there, and they have their agent watching their interests in court. On the 26th day of October the forfeiture was ordered. Then again on the 13th day of January 1928 this man was again asked to appear, but he failed to appear again. Then on April 19, 1928, the bonding company was told that this man must either appear or civil proceedings would be instituted against them for the collection of this $2,000. On the 15th day of March, I think the record shows 1929, but it must be 1928, because it went along in chronological manner, an attorney appears for this man Terlizzi and states that he did not receive the two letters of notification. That is all that happens so far. Then in December 1928 the surety company is notified to send in a check for $2,000 or judgment will be taken against them. On December 17, 1928, the surety company sends in a check for $2,000 without protest. In other words, for 17 months this defendant was out on bond, a business man in a small town, and for 17 months, with a bond posted, this bonding company took no action whatsoever to find out what this man was doing and why he did not appear for trial to answer the charges and accusations made against him.

Then, 4 months later, Terlizzi comes in with his attorney and pleads guilty to one count and is fined in the sum of $25; in other words, 21 months after the bond had been posted. The law provides that as long as that money has never been paid into the Treasury of the United States the court can refund it at the discretion of the judge, but the bonding company paid this money in and waited such a period of time that the money went into the Treasury of the United States, with all the formalities.

Now, the irresistible deduction is that the collateral that was put up to secure this $2,000 bond had depreciated in value, and the bonding company cannot collect on it, so now they come to the Congress of the United States for a special enactment to get their $2,000 back.

Mr. BLANCHARD. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. BLANCHARD. Does the gentleman know that to be the fact?

Mr. ZIONCHECK. Well, the inference is undeniable. We cannot get away from that inference. Any time a bonding company takes no action for 17 months when they have a $2,000 bond posted, and the record shows that they did not make a move, it is undeniable that the security was far over the bonding company's liability, but as soon as the stock-market crash came the security became depreciated in value, they come here frantically to get their money back.

Mr. HOPE. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. HOPE. Does the gentleman know that stock was put up as security?

Mr. ZIONCHECK. I say that is the logical inference.

Mr. HOPE. The gentleman said he was going to discuss the merits of this particular case.

Mr. ZIONCHECK. I think I am.

Mr. HOPE. But, as a matter of fact, the gentleman is depending entirely upon inferences, and what he says occurs generally in such cases. Is that not the fact?

Mr. ZIONCHECK. It is. Now, the statement was made yesterday by the gentleman from New York [Mr. SNELL] that the usual custom is to return this money. The record shows that it has been done in only one instance, and perhaps in another instance.

Mr. HOPE. Is it necessary that we have precedent for this class of legislation?

Mr. ZIONCHECK. No. I am not a sticker for precedent, I will have the gentleman understand, but the statement was made that this was the custom, and I say one or two occasions do not make custom.

Mr. BLACK. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. BLACK. Mr. Speaker, the net result of all this is that a man named Terlizzi, who was indicted for a prohibition violation and subsequently, to the satisfaction of the court and the prosecutor, was fined $25, is as well to be fined an additional $2,000. That is all this thing comes to. Here is a man who put up collateral with a surety company and the surety company puts up a bond for him as is the usual case. Then there is great excitement for the time being. He subsequently comes in and his offense was so trivial that the United States took in open court a fine of $25 for it. Then the surety company comes to Congress to be relieved of the burden of paying for this man's original nonappearance for this petty offense, due to no fault of his own, but perhaps due to the miscarriage of the mails. This man Terlizzi, of all prohibition violators of the country, stands out and is fined $2,000 as well as $25. There is nothing else in this case.

Mr. BLANTON. Will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. BLANTON. That is not the question. The vital question is whether or not the bonding company which gives security for a man charged with an offense against the laws of the United States, and binding itself to produce him on the day set, shall let him hide out for 17 months without producing him. That is the question. It is a question of making the sureties produce the man on the proper day when it gives bond for him. [Applause.]

Mr. BLACK. Mr. Speaker, the surety companies have time and time again been a valuable asset to the United States in producing criminals who have forfeited bail where the Government had not been able to find them.

Furthermore, this burden does not fall on the surety company. This $2,000 burden falls on Terlizzi. Terlizzi has paid his fine. The judge was satisfied; the prosecutor was satisfied with $25; yet now we say that he shall be fined an additional $2,000. Congress went to the trouble of passing a resolution repealing the eighteenth amendment——

Mr. ZIONCHECK. Mr. Speaker, I did not yield for a speech.

Mr. BLANTON. Mr. Speaker, we are not going to have any prohibition argument here at this time.

Mr. BLANCHARD. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. BLACK. Mr. Speaker, the gentleman from Washington has no right to take me off my feet in this fashion.

Mr. ZIONCHECK. Mr. Speaker, I did not yield for a speech.

The SPEAKER pro tempore. Does the gentleman from Washington yield; and if so to whom?

Mr. ZIONCHECK. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. BLACK. Mr. Speaker, the chairman of the committee has a prior right to the floor.

Mr. ZIONCHECK. Mr. Speaker, I had the floor.

The SPEAKER pro tempore. The gentleman from Washington was recognized because he reserved the right to object.

Mr. BLANTON. And this is unanimous-consent day on the Private Calendar, when no chairman has any special rights.

The SPEAKER pro tempore. Does the gentleman from Washington yield further to the gentleman from New York?

Mr. BLACK. The gentleman from New York does not want any favors from the gentleman. He does not ask him to yield.

Mr. BLANTON. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The regular order is, Is there objection?

Mr. SNELL. Do not be too hasty in demanding the regular order.

Mr. BLANTON. Mr. Speaker, I withdraw my demand for the regular order if the minority leader wants to make a speech.

Mr. SNELL. I am not going to make much of a speech, but go a little easy on demanding the regular order.

Mr. BLANTON. If we can save time by not doing so, I will not demand the regular order.

Mr. ZIONCHECK. Mr. Speaker, I yield further to the gentleman from New York to say that he does not want any more time.

Mr. BLACK. I do not ask for it, Mr. Speaker.

Mr. ZIONCHECK. Mr. Speaker, I yield to the gentleman from Wisconsin.

Mr. BOILEAU. Are we to understand that this fine of $25 was imposed after the $2,000 had been forfeited?

Mr. ZIONCHECK. It was imposed 4 months after the forfeiture of the bond.

Mr. BOILEAU. Is there anything in the record to indicate that the court in imposing such a small fine took into consideration the fact that the bond of $2,000 had already been forfeited?

Mr. ZIONCHECK. There is no doubt but what that must have been taken into consideration.

Mr. BLANCHARD. There is nothing in the record to that effect.

Mr. ZIONCHECK. Well, the record is incomplete.

Mr. BLANTON. If we are going to stick to the record, there is nothing in the record to show that he ever put up any collateral either.

Mr. SNELL. Mr. Speaker, will the gentleman yield for a question?

Mr. ZIONCHECK. Yes; I yield to the gentleman from New York.

Mr. SNELL. I think the chronological statement made by the gentleman from Washington is practically correct. I call the gentleman's attention to the fact that the United States attorney for the district says it is the practice in this district to set aside the forfeiture of bail bonds if a defendant does appear and gives a reasonable excuse for his default.

Mr. ZIONCHECK. Will the gentleman permit a brief interruption at that point?

Mr. SNELL. Just as soon as I complete the statement.

Mr. ZIONCHECK. I beg the gentleman's pardon.

Mr. SNELL. The district attorney states that the notices he sent to the man were returned to his own office and that he therefore suspects the man did not get the notices.

Mr. ZIONCHECK. If the gentleman will permit, has the gentleman within his own knowledge ever known of a person who has opened a letter and then resealed it and returned it?

Mr. SNELL. I never did it, and within my own knowledge I do not know of anyone who has ever done it.

Mr. ZIONCHECK. It is done occasionally.

Mr. SNELL. That is not a fair accusation.

Mr. ZIONCHECK. I am not making that as an accusation, but it is a possibility.

Mr. SNELL. So far as my knowledge goes I have no knowledge about its being done.

Mr. ZIONCHECK. As far as the practice is concerned, has it been the practice to make refunds in cases where the claimant has slept upon his rights over 2 years?

Mr. SNELL. Well, going further, the Comptroller General, Mr. McCarl, makes practically the same statement in the last paragraph of his letter. I shall read it:

> I may state for your information that in several instances—

In several instances—

> the amounts of the forfeiture of bonds under similar circumstances have been refunded.

Mr. ZIONCHECK. Several—and then he mentions one.

Mr. SNELL. But he just called attention to several cases. I think I am safe in making the statement, and I ask the gentleman from New York, the chairman of the committee, to bear me out in it, that we have made several refunds on the floor of the House in the last 2 or 3 years. Am I not correct in this statement?

Mr. BLACK. Of course, the circumstances are never the same in all cases.

Mr. SNELL. No; but we have made refunds.

Mr. BLACK. We have made refunds; yes.

Mr. BROWN of Kentucky. Mr. Speaker, will the gentleman yield?

Mr. ZIONCHECK. I yield.

Mr. BROWN of Kentucky. Is there anything in the record that shows that the surety company has ever refunded the premium? Is not this a case where they want not only the premium but also to let the Government stand the loss?

Mr. SNELL. Mr. Speaker, will the gentleman yield further?

Mr. ZIONCHECK. I yield.

Mr. SNELL. The gentleman from Washington said yesterday that the premium was from 10 to 20 percent.

I have taken occasion to investigate that. The law of our State limits them to a 2-percent premium, and this bond was at the rate of 2 percent, which is the limit of the law in our State. So it could not have been over $40.

Mr. ZIONCHECK. Two percent a month?

Mr. SNELL. A year. As a matter of fact, the Government itself says that it cannot find any expense connected with this matter to exceed $12. If it would appease the gentleman to take the premium off and the $12, I would be perfectly willing.

Mr. HEALEY. Will the gentleman yield?

Mr. ZIONCHECK. I will yield to the gentleman.

Mr. HEALEY. It has been stated that there has been a loss to the Government. Will the gentleman explain what loss there is to the Government? After the fine has been paid, and the man has apparently paid for a violation of the law and the crime, have you not taken it out of him, as a matter of fact?

Mr. ZIONCHECK. The loss to the Government is this: The Government is compelled to conduct these courts. The Government is compelled to pay the salaries of the prosecuting and district attorney. It is compelled to pay all of the administrative expenses—the cost of apprehending the criminals. All the bonding companies do is to wait until someone is arrested, jumped on, and asked for a bond and then they ask for a large bond so that they can get a larger premium. I made the statement yesterday that the bonding companies did not lose on one bonded person out of a hundred. Since then I have found out I was in error. The true situation is that they do not lose 1 out of 250 to 300.

Mr. SNELL. The gentleman said he was going to discuss this bill on its merits, and, in my opinion, he has not done it. I am not a lawyer. I do not know how many they lose or how much money they lose, but I do know that the majority of them at the present time are in financial difficulty, and that the Federal Government has loaned them a lot of money; so the profits have not been exorbitant.

Mr. HASTINGS. Will the gentleman yield?

Mr. ZIONCHECK. I yield to the gentleman from Oklahoma.

Mr. HASTINGS. I will ask the gentleman whether or not the Government incurred any special expense because of this default?

Mr. SNELL. Twelve dollars is stated in the report.

Mr. MARTIN of Colorado. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. I object.

The SPEAKER pro tempore. Twenty-five minutes has been spent in the consideration of the bill that has just come up. The Chair thinks it was generally understood that this bill would have full discussion. Hereafter, however, and in order to expedite the business on the Private Calendar, the Chair will invoke the rule of the House which confines debate to 5 minutes when reservation of objection is made.

CALVIN M. HEAD

The Clerk called the next bill, H.R. 5163, for the relief of Calvin M. Head.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the sum of $600 be, and is hereby, appropriated, out of any money in the Treasury not otherwise appropriated, for the relief of Calvin M. Head, chief of police of Alma, Ga., whose car was burned by bootleggers while he was assisting enforcement officers in destruction of stills some distance from where automobile was parked at roadside.

With the following committee amendments:

On line 3, page 1, strike out "$600" and insert in lieu thereof "$350"; and in line 9, after the period, insert the following: "Such sum shall be in full settlement of all claims against the Government of the United States: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendments were agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

NATHAN A. BUCK

The Clerk called the next bill, H.R. 517, for the relief of Nathan A. Buck.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. GIFFORD. Mr. Speaker, I ask the gentleman to reserve his objection for a moment.

Mr. HOLLISTER. I reserve the objection, Mr. Speaker.

Mr. GIFFORD. I may say to the gentleman that I had no idea that objection could possibly be made to this bill. It was fully agreed to by the committee. This is a small matter. The damage has actually been proved. There cannot possibly be a general objection. Will the gentleman be kind enough to state his reasons for objecting?

Mr. HOLLISTER. The reason for my objection is this: It seems to those in charge of going over these various claims that the matter of liability should be considered from approximately the same point of view as if there was a private concern involved and that only those bills should be granted where there would be private liability, but because of the nature of things the Government cannot be sued in the courts.

Here is a case where on the navigable waters of the United States, a Government Geodetic Survey boat, in proper charge and doing its proper duty, happened to foul some oyster beds that were in the channel of this particular river. It is unfortunate for the owner of the oyster beds, but I cannot see on what ground the Government should be obliged to pay the loss of the oysterman.

Mr. GIFFORD. Of course, the boat was outside the channel. I am very familiar with these matters. For years I owned oyster beds myself. I know what the result is of a boat getting on an oyster bed and causing this sort of damage. This is a small matter. These people need to be reimbursed, and it is a shameful thing that this man has to come here over a little matter like this.

Mr. BLANTON. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. BLANTON. We are so used to the gentleman from Massachusetts from across the aisle lecturing us Democrats that we would like to ask for order so we can hear the lecture which he now is giving his own colleagues over there.

Mr. HOLLISTER. I think we have a perfect right to disagree on this matter. We are discussing this bill seriously and do not need the assistance of the gentleman from Texas.

Mr. GIFFORD. The amount of the damage has been clearly proved. The guilt was established and acknowledged. There was no excuse for it whatsoever. This is the only place the man can come. No attorney is asking a fee and the gentleman who writes me about this matter says not one cent of cost will be involved. It is the simplest little bill and it is impossible to understand why objection should be made.

Mr. HOLLISTER. All I can say in answer to the gentleman is that the record I have does not bear out the gentleman's statement. The gentleman says that the guilt is clearly established. There is a definite report here from the Department of Commerce to the effect that there was no guilt, that these men were doing their proper duty on a navigable stream. They may have been somewhat out of the channel, but they had a perfect right to be there, and as much so as anyone else. It was an unfortunate occurrence to the owner of the oyster bed that this happened, but I cannot see on what possible basis the Government should be asked to pay the damage.

Mr. GIFFORD. Witnesses observed the boat get out of the channel, and the testimony was that the men that manned that boat did not know the channel and did not know how to manage the boat. There were stakes clearly marking the spot. There was absolutely no excuse for the boat being where it was. This was all clearly established. This is too small a matter to bring an objection, and I hope the gentleman will withdraw it. These are particularly deserving people; they are needy people. I might go on to tell their personal circumstances, but I will not. It would be a very grave injustice to have the gentleman object to this particular bill. I would rather he object to something where a larger amount is involved.

Mr. HOLLISTER. I can only say, in answer to the gentleman, that hard cases make bad law, and the needy circumstances of the people involved cannot be taken into consideration in these matters.

Mr. GIFFORD. In these days we are taking them into consideration.

Mr. HOLLISTER. Often very unfortunately and very wrongly, in my judgment. I am sorry I cannot withdraw the objection.

The SPEAKER pro tempore. Is there objection?

Mr. HOLLISTER. I object.

ZOE E. TILGHMAN

The Clerk called the next bill, H.R. 2659, for the relief of Zoe A. Tilghman.

Mr. HOLLISTER. Mr. Speaker, I object.

Mr. SWANK. Mr. Speaker, will the gentleman withhold his objection?

Mr. HOLLISTER. I withhold it, Mr. Speaker.

Mr. SWANK. Mr. Speaker, this bill passed the Seventy-second Congress on the 16th day of February, a few days before Congress adjourned. This bill, along with a number of other measures, did not pass the Senate.

Mr. HOLLISTER. I realize that.

Mr. SWANK. This man, William Tilghman, was one of the most noted peace officers in the United States. He was at one time deputy sheriff under Bat Masterson, at Dodge City, Kans. Mr. Tilghman went to Oklahoma when the country was opened for settlement in 1889, and was a deputy United States marshal. At the time he was murdered he was not, however, a deputy United States marshal.

The little town of Cromwell sprang up in the oil country out there in Oklahoma and lawlessness was rampant and the citizens went to the Governor of Oklahoma to get a peace officer. Although Mr. Tilghman was 70 years old at this time, they finally prevailed upon him to take the job, as his name was so well known to all outlaws. He went to this little town of Cromwell and was murdered by a Federal prohibition officer by the name of Wiley Lynn.

I realize that the jury, when they tried this man Lynn for the murder of Mr. Tilghman, returned a verdict of not guilty, but the judge who heard the case, Judge Frank Matthews, a judge whom every Member of Congress from Oklahoma knows, said it was a miscarriage of justice.

Mr. HOLLISTER. If the gentleman will permit an interruption, let us assume he had been convicted of murder, would that really make any difference? After all, if a pro-

hibition agent or any other Government official goes out and murders somebody, should the Government pay damages?

Mr. SWANK. The policy, as I understand it, has always been that where a person is killed, through no fault of his own, by a Government agent, to allow a claim in the sum of $5,000.

Mr. HOLLISTER. Does the gentleman contend that this is the policy even though the killing is not in connection with the performance of duty?

Mr. SWANK. This man was a Federal prohibition officer and Mr. Tilghman arrested him. I do not know whether Mr. Tilghman knew that Lynn was an officer or not, but I may add that 2 years ago this past summer this same prohibition officer killed another officer in Oklahoma and was himself killed in the fight.

Mr. HOLLISTER. What I am really pointing out to the gentleman is, that conceding Lynn was the worst criminal imaginable, which apparently was near to the case, does that make the Government liable for murder committed by Lynn when he was not in the performance of his Government duties? I have been trying to find information in the record about the performance of duty.

Mr. SWANK. The Department says that Lynn apparently had a search warrant at the time of the killing. I believe that Lynn went to Cromwell that night to murder this old marshal. If the marshal had expected him, of course, this would not have happened.

Mr. HOLLISTER. Even if he went over there for the purpose of murdering this man I cannot see why the Government should have to pay for it, just because he happened to be a Government official or a Government agent.

Mr. SWANK. I may say to the gentleman that bills exactly similar to this have been passed many times by this House.

Mr. HOLLISTER. I would like to have the gentleman point them out to me.

Mr. SWANK. I hope the gentleman will not object.

[Here the gavel fell.]

Mr. HOLLISTER. I shall have to object, Mr. Speaker.

S. A. ROURKE

The Clerk called the next bill, H.R. 2660, for the relief of S. A. Rourke.

Mr. HOLLISTER. I object.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. HOLLISTER. Mr. Speaker, I withdraw the objection.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, in the next bill for 384 cases in St. Louis they charge about $13.55 a month as storage. In this bill for 800 cases they want $60 a month, which is about twice as much.

Mr. SWANK. The claimant here, as I remember the record, has submitted an affidavit that the officer, Mr. Brents, who is now deceased, agreed to pay him $60 a month.

Mr. ZIONCHECK. Would the gentleman from Oklahoma object to an amendment changing the amount from $1,373 to $850?

Mr. SWANK. I may say to the gentleman that I have no authority from the claimant to do that.

Mr. ZIONCHECK. This would be about $35 a month.

Mr. SWANK. I think that will be all right, and I will agree to that amendment.

Mr. ZIONCHECK. With such an amendment, I have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,373.04 to S. A. Rourke for storage in the Merchants Southwest Fireproof Warehouse Building, Oklahoma City, Okla., of 800 cases of Old Reserve Tonic from May 3, 1921, to July 6, 1923, which said tonic was stored and held in said warehouse by the United States marshal of the United States District Court for the Eastern District of Oklahoma pending certain proceedings concerning said tonic in said court:

With the following committee amendments:

Page 1, line 11, strike out the word "Eastern" and insert in lieu thereof the word "Western" and after line 2, page 2, insert the following: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

Mr. ZIONCHECK. Mr. Speaker, I offer an amendment. In line 5, on page 1, strike out "$1,373.04" and insert in lieu thereof "$850."

The Clerk read as follows:

Amendment offered by Mr. ZIONCHECK: Page 1, line 5, strike out "$1,373.04" and insert in lieu thereof "$850."

Mr. ROGERS of Oklahoma. This man is a friend of mine, and I do not think the amendment gives him what he is entitled to, but realizing that it is that or nothing, my colleague and I will have to accede.

The amendment was agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THE GENERAL WAREHOUSING CO.

The next business on the Private Calendar was the bill (H.R. 4395) for the relief of the General Warehousing Co.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the General Warehousing Co., of St. Louis, Mo., $937.50, said amount being charges accumulated for the storage of liquors placed in the company's warehouse by the United States marshal for the eastern district of Missouri at the direction of the special assistant to the Attorney General.

With the following committee amendments:

Page 1, line 5, after the amount "$937.50", insert "in full settlement of all claims against the Government of the United States."

At the end of the bill add: ": *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The committee amendments were agreed to.

The bill, as amended, was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MATT ANDRIASEVICH

The next business on the Private Calendar was the bill (H.R. 4578) for the relief of Matt Andriasevich.

Mr. HOLLISTER. I object.

Mr. BLACK. Will the gentleman withhold his objection? Here is a poor fellow who put up a Liberty bond, all he had in the world, for his man who was subject to deportation. Nobody has been hurt by it.

Mr. HOLLISTER. Why does not the gentleman from Washington object to the bill? Here is a man out on bond who never showed up at all.

Mr. ZIONCHECK. Reserving the right to object, this thought came to my mind, that this poor fellow was so illiterate he did not have the brains to go to a bonding company.

Mr. HOLLISTER. The gentleman does not take the position that these bills should be decided on their merits, but on the financial condition and mental capability of the per-

son involved. I cannot see any difference between this case and others that have been objected to by the gentleman from Washington.

Mr. BLACK. This man, after 10 years' work in this country, had saved this Liberty bond, all he had in the world. He put it up for a colleague who came from the old country and who did not do the right thing.

Mr. GRISWOLD. The record shows that the man is still at large, and it may be that we unloaded him on Canada.

Mr. HOLLISTER. I object.

EDITH L. PEEPS

The next business on the Private Calendar was the bill (H.R. 5031) a bill for the relief of Edith L. Peeps.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. Reserving the right to object, I would like to ask the proponents how much the doctor's bills were in this case?

Mr. BLANCHARD. I do not see the author of the bill, Mr. GUYER, on the floor, but I do know the facts about the case. In fact, the accident occurred in the State of Wisconsin. My recollection is that the doctor's and nurse's bills ran as high as $1,600.

Mr. ZIONCHECK. I have no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 to Edith L. Peeps as compensation for injuries sustained by reason of the negligence on the part of a special-delivery messenger of the Milwaukee (Wis.) post office whose truck struck and injured the said Edith L. Peeps, without fault or negligence on her part, October 30, 1931: *Provided*, That no part of the amount appropriated in this act shall be paid or delivered to or received by any agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction shall be fined in any sum not exceeding $1,000.

With the following committee amendment:

In line 6, strike out the words "as compensation" and insert in lieu thereof the words "in full settlement of all claims against the Government of the United States."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CAPT. L. P. WORRALL

The next business on the Private Calendar was the bill (H.R. 5402) for the relief of Capt. L. P. Worrall, Finance Department, United States Army.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. Without objection, a similar Senate bill (S. 2053) will be considered in lieu of the House bill.

There was no objection.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of L. P. Worrall, captain, Finance Department, United States Army, the sum of $956.40, said amount being public funds for which he is accountable and which were lost when a safe in the Finance Office at Fort Douglas, Utah, was dynamited and robbed at approximately 11 o'clock post meridian, October 28, 1932.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 5402) was laid on the table.

CHARLES C. BENNETT

The next business on the Private Calendar was the bill (H.R. 822) for the relief of Charles C. Bennett.

The SPEAKER pro tempore. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object in order to inquire of the chairman of the committee, who in his report refers to the North Carolina law, just what the North Carolina law is in regard to contributory negligence. The gentleman refers to the doctrine of contributory negligence under the North Carolina law, where this man was driving his car on the wrong side of the road, and concludes that the Government becomes responsible, although the other man was driving on the wrong side of the road. I am wondering what the North Carolina law is.

Mr. BLACK. Just where is that reference?

Mr. GRISWOLD. On page 3 of the report, in paragraph 4—

That the accident was the result of contributory negligence on the part of both parties to the accident—

And so forth.

Mr. BLACK. Oh, that is the finding of the War Department's Board of Officers and not the finding of the chairman of the committee, or of the committee. We adopted the report of the Board of Officers of the War Department.

Mr. HOLLISTER. Is it not true that a Senate bill is to be substituted for this?

Mr. BLACK. Yes.

Mr. HOLLISTER. There are two or three corrections that should be made in the House bill if the Senate bill is not substituted.

Mr. WARREN. The Senate bill will be substituted and contains both of the amendments which the gentleman from Ohio referred to.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. WARREN. Mr. Speaker, I ask unanimous consent that Senate 2552 be substituted in lieu of the House bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The SPEAKER pro tempore. The Clerk will report the Senate bill.

The Clerk read the Senate bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles C. Bennett, of the city of Candor, N.C., the sum of $5,000 in full settlement of all claims against the Government for bodily injuries sustained by him on December 16, 1927, when an automobile in which he was riding was in collision with a reconnaissance truck of the United States Army, the said truck being one of a fleet of trucks traveling toward Fort Bragg, N.C., driven by Pvt. Thomas C. Roberson, of Fort Bragg, N.C.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

A similar House bill (H.R. 822) was laid on the table.

CITY OF PERTH AMBOY, N.J.

The next business on the Private Calendar was the bill (H.R. 1298) for the relief of the city of Perth Amboy, N.J.

The SPEAKER pro tempore. Is there objection?

Mr. BLANTON. Mr. Speaker, I object. This bill would take $95,644.02 out of the Public Treasury.

Mr. SUTPHIN. Mr. Speaker, will the gentleman reserve his objection?

Mr. BLANTON. I reserve the objection, but I want to make this statement. This bill would pay to this city of Perth Amboy, N.J., the sum of $95,644.02 out of the Treasury of the United States, and I do not think that the Government of the United States is liable for anything. And that amount is without interest.

Mr. SUTPHIN. Without interest.

Mr. BLANTON. Just a moment. That is a tremendous sum of money to pay without a proper adjudication;

$95,644.02 is a large sum. To have a case of that kind tried in the Federal courts would consume at least a week, with a bevy of big lawyers on both sides of the table, and it would probably be appealed to a higher court to be passed on before being finally determined. That is not the kind of a claim against this Government that ought to be passed here in a minute and a half.

Mr. SUTPHIN. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Just one minute, and I will yield. This city had notice in December 1918, as shown by the report from the War Department, that the need for extra water there was decreasing, and that they would probably not need any more. I want to refer to the following excerpts from the report. I quote the following from the report made by Hon. Patrick J. Hurley, Acting Secretary of War, of date December 2, 1929:

> There is no existing law authorizing the settlement of this claim by the War Department. Any right of action against the Government which might have accrued to the city out of the transaction has become barred by expiration of the 6-year statute of limitations (28 U.S.C., sec. 41 (20) and sec. 262). Such relief, if any, as the city might have enjoyed under the act of March 2, 1929 (40 Stat. 1272), which authorized the Secretary of War to adjust, upon a fair and equitable basis, any agreement, express or implied, that had been entered into in good faith during the emergency, is not now available to it by reason of the claim not having been presented on or before June 30, 1919.
>
> No additional evidence has been submitted by the city since the previous consideration of the claim, and, therefore, the War Department is unable to change its conclusion in this respect and make a favorable recommendation.

From Acting Secretary of War F. T. Davison, dated May 8, 1930, I quote:

> The arsenal has always received its water supply from the Middlesex Water Co. stations near Avon Park by the main through Pumptown, Metuchen, and Bonhampton.
>
> No definite understanding between the Government and the city as to the length of the time the United States would need water can be established.
>
> An effort has been made to ascertain whether the city was notified prior to April 13, 1919, that the water would not be required. Mr. Hill, through whom the Government negotiated with the city, has advised that such a notice was not furnished by him, although he expressed the opinion that the city had been so notified by Government officials prior to that time. In view of the circumstances, it is reasonable to assume that his opinion is correct, as immediately after the armistice military activities at Raritan Arsenal were extensively reduced; sufficiently so, it is believed, that the matter could not have readily escaped the attention of the city authorities.

I quote the following from General Marshall, Chief of Construction:

> DECEMBER 5, 1918.
>
> From: Chief of construction division.
> To: Mr. Nicholas S. Hill, 100 William Street, New York, N.Y.
> Subject: Water supply—Raritan River Ordnance Depot, N.J.
>
> 1. Receipt of your letter of November 20, 1918, and two accompanying blueprints entitled "Map of Mains, City of Perth Amboy" and "Raritan Arsenal Profiles of Proposed Water Lines between Perth Amboy and Poplar Hill Tank" is acknowledged.
>
> 2. Owing to recent events the consumption of water incidental to munition manufacture and Government activities within the area served by the Middlesex Water Co. will decrease.
>
> 3. The proposed construction work was more or less temporary in character and would not form a useful or valuable addition to the water system of the Middlesex Water Co., for the company has already planned to develop an additional supply from an entirely different source and has installed a large supply main which is to form a part of its proposed development.
>
> 4. For these reasons it appears unnecessary for the Government to proceed with the proposed construction work which had been planned to relieve the water shortage which would have been serious if the war activities had continued.
>
> R. C. MARSHALL, Jr.,
> *Brigadier General, United States Army,*
> *Chief of Construction Division.*

Mr. SUTPHIN. When was this work commenced?

Mr. BLANTON. Just a moment. Not a single claim was filed against this Government during the rest of 1918 or in 1919.

Mr. SUTPHIN. Why? Because the Government promised to pay by its representatives on the ground.

Mr. BLANTON. There is not one single syllable of evidence here in this report that any authorized official of the Government ever promised to pay anything for this construction.

Mr. SUTPHIN. Who was the authorized official that incurred the obligation?

Mr. BLANTON. Just a minute. These engineers undoubtedly were acting both for the Government and for the city.

Mr. SUTPHIN. The gentleman is mistaken. The engineer is a man high in his profession in New York City. He was representing the Government on all those projects. He incurred the obligation.

Mr. BLANTON. Let me state to my good friend, the distinguished and able gentleman from New Jersey, who well represents his district here, that there is nothing personal in my attitude on this bill, or on any other bill.

Mr. SUTPHIN. This bill has been pending here since 1926.

Mr. BLANTON. The armistice was signed November 11, 1918, and General Marshall gave notice on December 5, 1918, that we did not need this water. In 1929, by the act of March 2, the Congress provided that on any contract, express or implied, the Secretary of War would have authority to adjust any claim on an equitable basis. If this city of Perth Amboy had any just claim against the Government surely they would have filed it in 1919.

Mr. SUTPHIN. They did file it, and they were promised payment year after year.

Mr. BLANTON. When was it filed?

Mr. SUTPHIN. If the gentleman will look through the report he will see that.

Mr. BLANTON. When was it filed with the Government? Not until 1926.

Mr. SUTPHIN. My predecessor in Congress filed it years ago.

Mr. BLANTON. The difference between my friend from New Jersey and myself is that the gentleman is assuming things and I have investigated the facts. There was no claim——

Mr. SUTPHIN. Was the gentleman at the various hearings held by the committee?

Mr. BLANTON. There was no claim filed before 1926.

Mr. SUTPHIN. Was the gentleman at the hearings held by the committee?

Mr. BLANTON. No; no. But I obtain facts that never reach the committee, and do not need to attend the hearings.

Mr. SUTPHIN. Of course the gentleman was not. He did not attend the hearings.

Mr. BLANTON. I was on that committee for several years, and I know how one-sided some hearings have been. Mr. Speaker, I must object.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. BLACK. Mr. Speaker, I ask unanimous consent that the gentleman from Texas be given 5 minutes and the gentleman from New Jersey [Mr. SUTPHIN] and the gentleman from New Jersey [Mr. EATON] each be given 5 minutes. This is an important bill.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York [Mr. BLACK]?

There was no objection.

Mr. SUTPHIN. Let me explain it.

Mr. BLANTON. Certainly. I will reserve my 5 minutes.

Mr. SUTPHIN. Mr. Speaker, in 1918, when the war was going on, the Government sent its engineer down to the city of Perth Amboy. Prior to that time they had built one of the largest munitions depots at Raritan Arsenal 5 or 6 miles away. They were shipping millions of projectiles out of there weekly. About 8 miles away they built an amputation hospital, no. 2, which was headed by Dr. Frederick N. Albee, one of the greatest orthopedic surgeons of this country today. They brought to that hospital all of the men from France who had had amputations, who had lost arms and legs. They had no water. They went down to the city of Perth Amboy and said, "We want you to extend your water plant and provide us with water. If you do not, we will take over your plant." The records show that. The engineer admits that, and has always said it was true.

They extended their water plant, for which they had no use. They laid this water main to Raritan Arsenal. They laid their mains to Colonia Hospital, the amputation hospital to which I have just referred. About 1919, however, the Government decided not to bring those veterans who had had amputations out to this Colonia Hospital. They transferred them to New York.

The Government never used the water mains. The city paid $95,000 for them. They have a bond issue outstanding today. They were of no use whatever to the city. They never have been used. Not a drop of water has ever passed through them. Mr. Speaker, the interest on $95,000, simple interest, the ordinary Liberty Loan rate of 4¼ percent, would amount to approximately $65,000 today. The money of these poor people is tied up in that water main which the Government directed them to lay. They have no use for it. They are not of any use today. If there was ever a more meritorious claim I would like to know what it is.

Mr. BLANTON. Will the gentleman yield?

Mr. SUTPHIN. Certainly.

Mr. BLANTON. What connection is there between the Middlesex Water Co. and Perth Amboy?

Mr. SUTPHIN. None whatever. The Middlesex Water Co. is a private corporation.

Mr. BLANTON. It is not the Perth Amboy Corporation?

Mr. SUTPHIN. No. This is a municipal corporation.

Mr. BLANTON. And the Middlesex Co. was an entirely different company?

Mr. SUTPHIN. Yes, privately owned.

The SPEAKER pro tempore. The time of the gentleman from New Jersey [Mr. SUTPHIN] has expired.

Mr. EATON. Mr. Speaker, owing to the redistricting of constituencies in New Jersey, I now represent the city of Perth Amboy, which city was formerly represented by my colleague [Mr. SUTPHIN].

In the first place, I do not believe there has ever come before this House a more meritorious bill than this. This city, at the command of its Government, incurred this expenditure and laid this burden on its resident taxpayers. Perth Amboy is an industrial city entirely. It has suffered tremendously during this depression and it needs this money. If ever a government owed anything to a people, it owes what this bill calls for to the people of Perth Amboy. They carried, at the command of our Government, 13 miles of pipe through territory outside the city limits, every foot of it. The pipe lies there now. The city had no use for it; did not want to do it; did it at the command of its Government; and the Government long ago, in honor, ought to have reimbursed the city for this expenditure. It is of the utmost importance that every particle of relief possible come to the people of Perth Amboy, who have thousands of unemployed walking the streets; whose banks have been closed and whose factories have been closed. They are in distress, and I do not know of any act that we could take today that would benefit as many of our deserving fellow citizens as to pass this bill. I sincerely hope the gentleman will withdraw his objection.

If the gentleman will permit, I would like to add that this city is overwhelmingly Democratic, although I am its Republican Representative now.

The SPEAKER pro tempore. The time of the gentleman from New Jersey [Mr. EATON] has expired.

Mr. BLANTON. Mr. Speaker, there is absolutely nothing personal about any objection that ever I shall make to any bill. I am one of those who watches closely all private bills. The minority has certain members to watch bills. It is a burden that rests not merely upon the majority or the minority, but it is a burden that rests upon Congress to see that improper bills are not passed. Somebody must watch these bills. They otherwise will get through here and they will cost the Government millions and hundreds of millions and even billions of dollars. You will have to watch them. I want to show you now what is in this case. It is my judgment this is an afterthought on behalf of the city of Perth Amboy, which arose before our present friends from New Jersey came here to Congress but long after the war.

This arsenal was worth a tremendous lot of money to Perth Amboy and to all that section of New Jersey. Its pay roll was tremendous during the war.

Mr. EATON. Did the people of Perth Amboy work there? They never did. Perth Amboy is 5 miles away.

Mr. BLANTON. The oil fields are 30 miles away from my home city of Abilene, but benefit comes to the city just the same.

Mr. EATON. Well, in Texas distance makes no difference.

Mr. BLANTON. A base hospital there, although some few miles from the gentleman's city, was worth a tremendous lot. I would like for such Government institutions to be planted close to my district. We would be glad to take them if the gentleman does not want them.

Mr. EATON. It would cause the gentleman a lot of grief.

Mr. BLANTON. I shall read what Brig. Gen. R. C. Marshall, of the United States Army, Chief of the Construction Division during the World War, on December 5, 1918, had to say:

> Owing to recent events the consumption of water incidental to munition manufacture and Government activities within the area served by the Middlesex Water Co. will decrease.

Mr. SUTPHIN. That is a different company. We are not talking about the Middlesex Water Co.

Mr. BLANTON. This is the company that then furnished water to the arsenal.

Mr. SUTPHIN. I beg the gentleman's pardon, but he is mistaken. The Middlesex Water Co. is privately owned.

Mr. BLANTON. Mr. Speaker, I refuse to yield further. I have already read from the report of the Acting Secretary of War, stating emphatically that this arsenal got its water from the Middlesex Water Co. The War Department ought to know what are the facts.

General Marshall goes on to say:

> 3. The proposed construction work was more or less temporary in character and would not form a useful or valuable addition to the water system of the Middlesex Water Co., for the company has already planned to develop an additional supply from an entirely different source and has installed a large supply main which is to form a part of its proposed development.
>
> 4. For these reasons it appears unnecessary for the Government to proceed with the proposed construction work which had been planned to relieve the water shortage which would have been serious if the war activities had continued.

That is signed by R. C. Marshall, brigadier general of the United States Army, Chief of the Division of Construction. And he sent that notice on December 5, 1918.

Now, Mr. Speaker, I think a great deal of my good friends from New Jersey, but to put through a bill like this, which is in effect to try a case involving $95,644.02 here in half a minute and then have the Speaker say, "Without objection, the bill will be considered as engrossed, read a third time, and passed, and a motion to reconsider laid on the table", is a ridiculous proceeding.

Mr. Speaker, I object.

CROP PRODUCTION AND HARVESTING LOANS

Mr. DOXEY. Mr. Speaker, I submit a conference report on the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes.

THE PRIVATE CALENDAR

WILSON G. BINGHAM

Mr. ROGERS of New Hampshire. Mr. Speaker, to correct a very evident injustice brought about by objection to Calendar No. 64, H.R. 2632, for the relief of Wilson G. Bingham, I ask unanimous consent to return to it.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

The Clerk read the title of the bill.

There being no objection, the Clerk read the bill, as follows:

> *Be it enacted, etc.*, That the President of the United States be, and he is hereby, authorized to summon Wilson G. Bingham, late captain of Infantry of the Regular Army of the United States, before a retiring board for the purpose of a hearing of

his case and to inquire into and determine all the facts touching on the nature of his disabilities and to find and report the disabilities which in its judgment has produced his incapacity and whether his disabilities are an incident of service; that upon the findings of such a board the President is further authorized, in his discretion, to nominate and appoint, by and with the advice and consent of the Senate, the said Wilson G. Bingham, a captain of Infantry, and place him immediately thereafter upon the retired list of the Army, with the same privileges and retired pay as are now or may hereafter be provided by law or regulation for the officers of the Regular Army: *Provided*, That the said Wilson G. Bingham shall not be entitled to any back pay or allowances by the passage of this act.

The bill was ordered to be engrossed and read a third time, was read the third time and passed.

A motion to reconsider was laid on the table.

ELLIS DUKE

The Clerk called the next bill, H.R. 3456, for the relief of Ellis Duke, also known as Elias Duke.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I call the attention of the House to the fact that this bill proposes to pay $2,250 for the loss of a truck that was confiscated by prohibition agents 8 months after its purchase. Its original purchase price was $2,245. This is only another instance showing how sums of money may be granted unjustly under this method of legislating. Mr. Speaker, I object.

WILLIAM HEROD

The Clerk called the next bill, H.R. 3780, for the relief of William Herod.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to William Herod the sum of $5,000 as compensation for injuries sustained by being injured by an automobile truck owned and operated by the Post Office Department.

With the following committee amendments:

Page 1, line 6, strike out the words "$5,000 as compensation" and insert in lieu thereof "$4,000 in full settlement of all claims against the Government of the United States."

On page 1, line 9, add the customary attorneys' fee amendment: "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The committee amendments were agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

LAURENCE R. LENNON

The Clerk called the next bill, H.R. 4245, for the relief of Laurence R. Lennon.

Mr. GRISWOLD. Mr. Speaker, reserving the right to object, will the chairman of the committee inform us what will be paid to this boy on the basis of a salary fixed at $150 a month?

Mr. BLACK. Frankly, I cannot answer the gentleman's question. We never know what anybody is going to be paid around here any more. It is problematical. I do not know.

Mr. GRISWOLD. I may say to the chairman of the committee that this is the case of a boy from the Citizens' Military Training Camps. The Federal Employees' Compensation Commission fixed his salary on the basis of $150 a month. The injury in question was the loss of the ring finger of his left hand at the middle phalange.

A veteran who actually lost his finger in battle would not get anything at all.

Mr. BLACK. There is some merit in the contention of the gentleman.

The SPEAKER pro tempore. Is there objection?

Mr. GRISWOLD. I object.

WILLIAM SULEM

The Clerk called the next bill, H.R. 4147, for the relief of William Sulem.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from New Jersey what the law is in reference to speed at intersections; is it 12 miles, 15 miles, 20 miles, or 40 miles an hour?

Mr. EATON. I cannot answer that. This accident occurred in 1925, and I do not recall what the law was then. The ordinary speed on highways in New Jersey now permitted by law is 40 miles.

Mr. ZIONCHECK. What is it at intersections?

Mr. EATON. I am not a lawyer. I drive a car, but I am careful going through intersections. This gentleman was driving at the rate of 15 miles an hour.

Mr. ZIONCHECK. Does the gentleman know what the speed at intersections is?

Mr. EATON. About 15 miles an hour. He was going 15 miles an hour. This post-office truck came squarely across on the wrong side of the street and ran into him.

Mr. ZIONCHECK. The report shows that the post-office truck made a turn to the left, then a turn to the right, then he made a turn to the left, and they both came together.

Mr. EATON. He was going so slowly he could not escape.

Mr. ZIONCHECK. But the report further shows that there were skid marks from the claimant's car 30 feet long in the intersection.

Mr. EATON. That shows how hard he was hit.

Mr. ZIONCHECK. I think the case clearly shows that there was contributory negligence.

Mr. EATON. The committee, under the very skillful and able leadership of Mr. BLACK, came to a different conclusion.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. I object.

GREAT AMERICAN INDEMNITY CO. OF NEW YORK

The Clerk called the next bill, H.R. 4249, for the relief of the Great American Indemnity Co. of New York.

Mr. ZIONCHECK. I object.

G. C. VANDOVER

The Clerk called the next bill, H.R. 4973, for the relief of G. C. Vandover.

Mr. TRUAX. Mr. Speaker, reserving the right to object, this bill is to pay to Mr. Vandover the sum of $2,500 for the loss of his right leg. I am going to object to this bill on the theory that we have taken money from war veterans who have lost legs, arms, and the sight of their eyes, and nothing is being done to correct this matter.

GREAT AMERICAN INDEMNITY CO. OF NEW YORK

Mr. MILLARD. Mr. Speaker, I ask unanimous consent that we return to Private Calendar No. 92, H.R. 4249, for the relief of the Great American Indemnity Co. of New York.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from New York?

There was no objection.

The Clerk read the title of the bill.

Mr. ZIONCHECK. Mr. Speaker, I reserve the right to object.

Mr. WADSWORTH. Mr. Speaker, this is another indemnity company bill, and I desire to make a plea to the gentleman from Washington and to the Members of the House to treat this bill on its merits.

Here is a bonding company that furnished bond for four persons accused of crime in the amount of $5,000 for each of them, or a total of $20,000. This happened in 1928. The company had no security or collateral back of the bonds. This is all shown in the report of the committee.

A notice for trial was sent out, but the notice did not reach the company. This is also shown in the report. When the day of trial came the four defendants did not show up. The bonding company joined with the Federal authorities in a systematic effort to recover these defendants. It suc-

ceeded, in cooperation with the Federal authorities, in apprehending the defendants and at the earliest possible time, which was sometime afterward, they were produced in court. Later they were tried and sentenced. In other words, the law took its course.

In the interval, however, judgment was filed against the bonding company for the total sum of $20,000, plus costs. The company paid $21,000, or a little over, as a result of this, and yet it produced the defendants in court the day after the judgment was filed or lodged against the company itself.

Mr. BLACK. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from New York.

Mr. BLACK. The defendants arrived in town the day the judgment was filed, but too late to be produced in court.

Mr. WADSWORTH. They could not be produced in court that day. The company was 1 day late. It did its best to live up to its obligation and did live up to its obligation. It paid over the money. The 4 men went to jail and the law took its course.

We ask that the company be reimbursed to the extent of $18,000, $2,000 being estimated to be the cost to which the Federal Government was probably put as a result of this delay in producing the defendants.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. WADSWORTH. I yield to the gentleman from Kentucky.

Mr. BROWN of Kentucky. If the Government is going to bear the loss on account of the signing of these bonds, may I ask if there is anything in this bill that gives the Government the fee which is collected for these bonds?

Mr. WADSWORTH. That is in the $2,000.

Mr. BROWN of Kentucky. The gentleman said that the $2,000 was the expense of apprehending the criminals. I want to know about the fee the company collected for signing these bonds. The Government should get that.

Mr. WADSWORTH. I do not know anything about the fee, or whether it ever collected anything.

Mr. HANCOCK of New York. Mr. Speaker, I understand the $2,000 deduction was made for the purpose of making allowance for the fee and any possible expense the Government was put to on account of the delay. There was no evidence of any expense whatever. A liberal estimate was made as to what expense might directly or indirectly have been involved, but so far as the record shows, there was not any additional expense.

Mr. WADSWORTH. This amount was recommended by an officer of the court.

The SPEAKER pro tempore. Is there objection?

Mr. ZIONCHECK. I object.

G. C. VANDOVER

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to return to Calendar No. 93, the bill (H.R. 4973) for the relief of G. C. Vandover. I understand the gentleman who objected is willing to reserve his objection for an explanation.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Missouri?

There was no objection.

The Clerk read the title of the bill.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like the gentleman from Missouri to make a statement about the bill.

Mr. WILLIAMS. Mr. Speaker, I understand objection is raised here as to the amount.

Mr. TRUAX. Not as to the amount, but the principle involved.

Mr. COCHRAN of Missouri. If the gentleman will permit, the objection was based upon the fact, as stated by the gentleman from Ohio [Mr. TRUAX], that the Government had taken away the compensation or pension of veterans, and therefore the gentleman objected to the bill. That seemed to be his only objection. That question is not involved here. I think this bill should be considered on its merits, because I happen to know something about it, having gone into the matter at one time at the request of the gentleman from Missouri. It is a most deserving case. The bill should be passed.

Mr. TRUAX. I am willing to so consider it.

Mr. WILLIAMS. I assume the gentleman from Ohio has read the report in this case, which sets out the facts.

Mr. TRUAX. The gentleman is correct.

Mr. WILLIAMS. The report has a statement concerning the injury to this man.

At the time he was injured he was trying to get back to the institution an escaped veteran. The veteran had escaped from the institution of which the claimant was bookkeeper and secretary. He made a trip to the adjoining county to try to return the veteran, and without any notice and without any warning and without any reason the veteran seized a gun and shot him. The veteran was, of course, demented. He had been in this hospital for the insane and had escaped. At this particular time the claimant was undoubtedly engaged in a service for the Government. The veteran had been placed in this hospital as a ward and as a patient by direction of the Public Health Service and his maintenance was paid for by the Government. Of course, the veteran escaped through no fault of this man at all, and he was sent there to try to recover him. They could not very well send to Washington or to Jefferson Barracks or to the Public Health Service for a guard or for a representative of the Veterans' Administration. If this had been done and if such a representative under like circumstances had received this injury, I take it there would be no question about his rights to recover.

The record shows that this man's leg had to be amputated as a result of this injury, and he will have to go through life handicapped in that way. It seems to me $2,500 is very small compensation for the injury which he has received.

Mr. TRUAX. Mr. Speaker, the gentleman is correct in his statement that $2,500 is small enough compensation, but I would call the gentleman's attention to the fact of what is being done every day. There are nearly 80,000 NP cases of World War veterans, and a lot of them have been kicked out of hospitals and have had their pensions reduced, and we are taking no steps here to do anything about it. The men who ought to be sponsoring such a measure are silent.

However, Mr. Speaker, I withdraw my objection to this bill.

Mr. HOLLISTER. Mr. Speaker, I reserve the right to object simply to call the attention of the gentleman to the fact that there are certain things that should be added to the bill to make it uniform. The bill should provide that this is in settlement of all claims against the United States, because there might be an indirect claim through some member of the family, or something of that kind, and there should also be the usual attorney's fee provision.

Mr. WILLIAMS. We agree to that.

Mr. HOLLISTER. Mr. Speaker, I withdraw the reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to G. C. Vandover the sum of $2,500. Such sum is in full compensation for injuries sustained by G. C. Vandover, who, while acting within his capacity as an employee of State Hospital No. 4, Farmington, Mo., had his right leg shot off by a discharged soldier, then a patient in such hospital and a Federal Government charge.

Mr. HOLLISTER. Mr. Speaker, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. HOLLISTER: On page 1, line 4, after the figures, insert "in full settlement of all claims against the Government of the United States", and at the end of the bill insert "*Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the pro-

visions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ANNA VOLKER

The next business on the Private Calendar was the bill (H.R. 5096) for the relief of Anna Volker.

The SPEAKER pro tempore. Is there objection?

Mr. HOLLISTER. I object.

FRANK SPECTOR

The next business on the Private Calendar was the bill (H.R. 5097) authorizing adjustment of the claim of Frank Spector.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. TRUAX. Reserving the right to object, I should like to ask the chairman of the committee why this claim has not been passed before. It goes back to February 1922.

Mr. BLACK. It is probably on account of the very sad history of objections which it incurred.

Mr. TRUAX. I object.

FLORENCE GLASS

The next business on the Private Calendar was the bill (H.R. 5228) to authorize the payment of hospital and other expenses arising from an injury to Florence Glass.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. HOLLISTER. Reserving the right to object, I should like to ask the gentleman, the author of the bill, if he would object to an amendment? There may be an indirect claim by the husband for remuneration, and I think there should be a general provision that this is in lieu of all claims against the United States.

Mr. BLACK. I will agree to that.

The Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the following creditors of Florence Glass the amounts specified after their names: Davis Memorial Hospital, Elkins, W.Va., $65.74; Dr. W. E. Whiteside, Parsons, W.Va., $6; Dr. Benjamine Ira Golden, Elkins, W.Va., $30; John W. Minear, Parsons, W.Va., $7. Such sums shall be paid in full settlement of all claims of the aforesaid creditors against Florence Glass arising out of injuries sustained by her on February 2, 1931, when she was struck by a large stone during the construction of a road in the Monongahela National Forest in West Virginia.

Mr. HOLLISTER. Mr. Speaker, I offer the following amendment: On page 2, line 3, insert "In full settlement of all claims against the Government of the United States."

The Clerk read as follows:

Amendment by Mr. HOLLISTER: Page 2, line 3, insert "In full settlement of all claims against the Government of the United States."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

SETTLEMENT, ALLOWANCE, AND PAYMENT OF CERTAIN CLAIMS

The next business on the Private Calendar was the bill (H.R. 5241) to authorize the settlement, allowance, and payment of certain claims, and for other purposes.

The Clerk read the title of the bill.

The SPEAKER pro tempore. Is there objection?

Mr. HOPE. Reserving the right to object, this bill contains a large number of items, the most of which are unobjectionable. I should like to call attention to two or three items which seems to me should not be included in the bill. Specifically, subsection (a), section 3, subsection (b), section 3, and section 5. I have no desire to object to the other items in the bill, which I believe are properly there. I will ask the chairman of the committee if he has any objection to amendment striking out those provisions?

Mr. BLACK. I have not.

The Clerk read the bill, as follows:

Be it enacted, etc., That payment to the American Appraisal Co. for services rendered in the amount of $750 for the appraisal of the Peter Lyall plant at Montreal, Canada, and for services rendered in the amount of $1,250 for the appraisal of the Long Island air reserve depot, New York, is hereby authorized to be made from the proceeds of the sale of surplus real estate under the jurisdiction of the War Department not as yet deposited in the Treasury to the credit of the military post construction fund, as provided for by the act of Congress approved March 12, 1926 (44 Stat. 203).

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized, notwithstanding the provisions of the act of July 16, 1914 (38 Stat. 508), to adjust and settle the claims of John A. Belian and the Standard Oil Co. in the amounts of $356 and $8.49, respectively, for rental and operation of an automobile used in connection with improvements to the road system in the Vicksburg National Military Park, Miss., during the fiscal year 1931, and to certify same for payment from the appropriation "Vicksburg National Military Park", 1931.

SEC. 3. That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims and certify the same to Congress:

(a) Jay Street terminal on account of damages suffered by reason of a collision with the bulkhead of claimant by the United States Army mine planter *General E.O.C. Ord*, in the East River on or about September 3, 1929: $1,097.

(b) A. J. Segel on account of damages suffered by reason of an Army recruiting sign falling, during a storm, on his automobile while parked on a public street on or about March 26, 1930: $10.

(c) Alleghany Forging Co. on account of damages suffered by reason of excess in freight, hauling, labor, and incidental expenses due to shipment by the United States of salvaged material, purchased by claimant, to wrong destination: $174.92.

(d) Walter Bell on account of damages suffered by reason of destruction of mature vines of a cranberry bog by fire, which started on Camp Dix Military Reservation, and extended over said bog on or about June 3, 1930: $2,500.

(e) Carl B. King Drilling Co., on account of damages suffered to its airplane due to an Army airplane running into it at Clover Field, Calif., on or about August 2, 1930: $1,722.03.

(f) M. Giacalone, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $309.61.

(g) Jact Buono, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $319.88.

(h) Joseph Asaro, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $309.

(i) Sam Harrison, on account of damages suffered by reason of a bomb dropping from an Army airship on a farmhouse owned by him near Scott Field, Ill.: $1,982.

SEC. 4. That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims of civilian employees of the Army and certify the same to Congress: Emil Johns, $22.23; John J. Spatz, Jr., $79.79; Perry W. Stolzenberg, $56.75; Paul D. McMahan, $42.38; Oliver B. Tinley, $42.35; Cleo Finch, $18; Jesse P. Goodin, $15.98; and Paul R. Gruhler, $20, on account of private property belonging to them which was lost, destroyed, or damaged in a fire in a Government building at Wright Field, Ohio, on or about January 2, 1931, while said claimants were engaged in saving Government property.

SEC. 5. That the payment of any and all the claims herein authorized shall be in full payment thereof by the Government: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

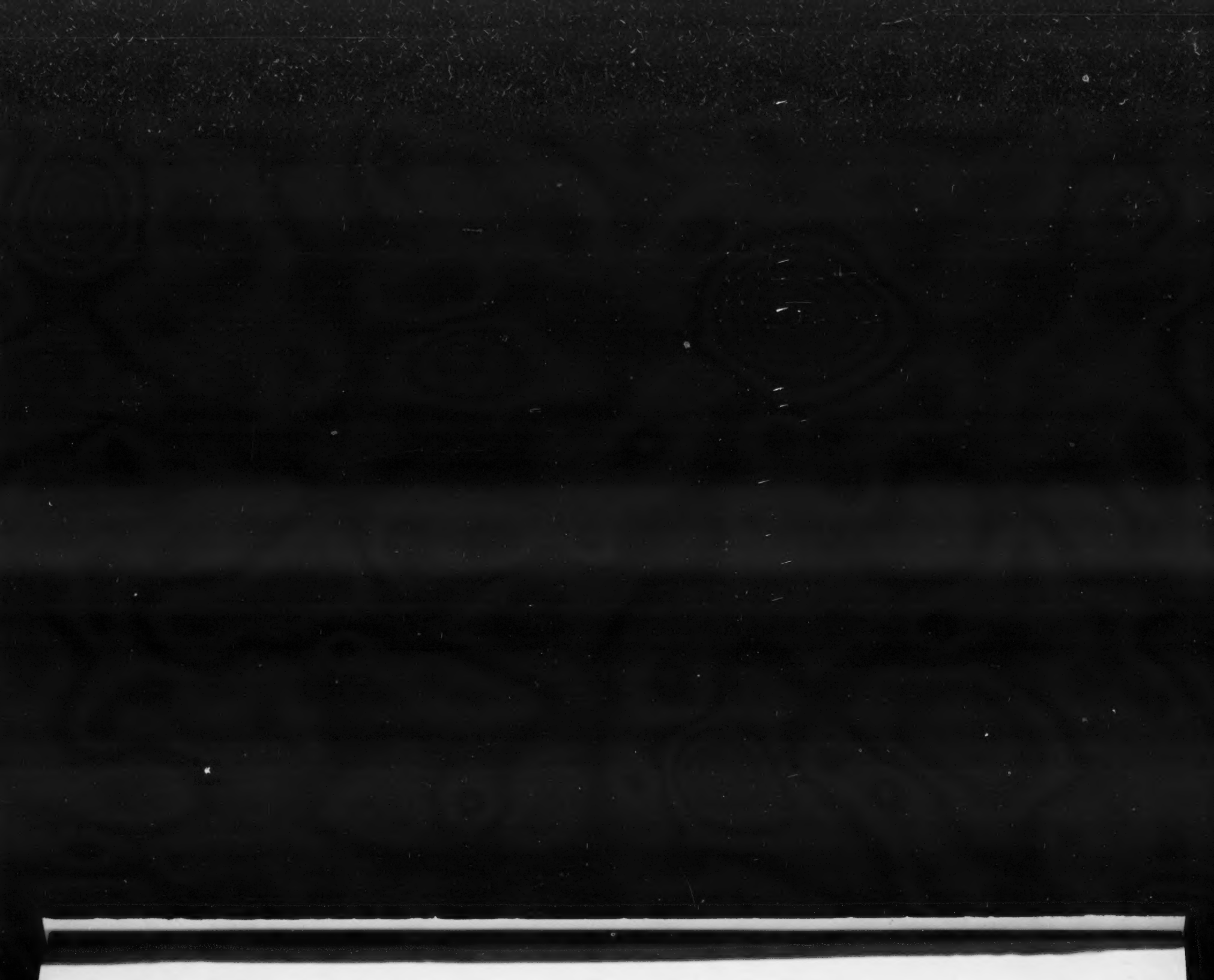
With the following committee amendments:

Page 3, line 17, strike out "$309.61" and insert "$459.61"; line 21, strike out "$319.88" and insert "$469.88"; line 25, strike out "$309" and insert "$459."

Page 4, renumber section "5" as "6."

On page 4 of said bill insert as section 5 the following:

"That the Comptroller General of the United States is hereby authorized to allow transportation accounts for private automobiles of officers, warrant officers, nurses, enlisted men, or civilian employees, shipped as their authorized baggage allowance from October 12, 1927, to October 10, 1929, and within the authorized weight allowance, at classification rates charged by the transportation companies: *Provided*, That where any amounts have been collected for shipments made during such period of the difference between classification rates and household goods rates as author-



ized by existing law, the payment, upon presentation of claims therefor, of amounts thus collected to those from whom collected is authorized and directed."

The committee amendments were agreed to.

Mr. HOPE. I offer the following amendment:

The Clerk read as follows:

Page 2, line 15, strike out lines 17 to 25, inclusive.

Mr. HOPE. The committee amendment to section 5 is the one to which I referred awhile ago, which I thought was objectionable, and the chairman of the committee says he has no objection to striking it out.

Mr. Speaker, inasmuch as the committee amendment, section 5, has been agreed to, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. HOPE: Page 4, line 16, strike out section 5.

The amendment was agreed to.

The Clerk concluded the reading of the bill.

Mr. HOPE. Mr. Speaker, I ask unanimous consent that the Clerk be authorized to make the necessary corrections in the bill, due to the fact that two paragraphs and one section have been stricken out.

The SPEAKER pro tempore. Without objection, it will be so ordered.

There was no objection.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed, and a motion to reconsider laid on the table.

WILLIAM C. CAMPBELL

The next business on the Private Calendar was the bill (H.R. 52(.) for the relief of William C. Campbell.

The SPEAKER pro tempore. Is there objection?

Mr. GRISWOLD. Mr. Speaker, I reserve the right to object. I am wondering if the gentleman from New York [Mr. BLACK] can tell us where the fault lies with the Government in this bill?

Mr. BLACK. The Government mailed the check to the wrong Indian.

Mr. GRISWOLD. My understanding is that the Government simply mailed out this check. It was mailed to the proper person, but the wrong man got it and cashed it and spent the money, and now, because he did that and is dead, they want the Government to pay it a second time.

Mr. BLACK. That is not so. Reading from a letter from the Department of the Interior:

The name of William C. Campbell appears on this roll as entitled to a full share of $129.29 in his own right and $64.64 representing half a share of his deceased son Louis Campbell. In some way the checks were mailed to a Mr. Campbell at Bloomfield, Nebr., where another Indian by the same name received the checks, cashed them, used the money, and later died, leaving no resources.

This bill comes to me from the Department. I do not know anything about these Indians.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to William C. Campbell, of Pawhuska, Okla., out of any money in the Treasury not otherwise appropriated, the sum of $64.64 in full satisfaction of his claim against the United States for one half of his deceased son's share in payment made to the Santee Sioux Indians in 1924, which was erroneously paid to another Indian of the same name.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider laid on the table.

SOME OF THE RESULTS OF THE MONTEVIDEO CONFERENCE

Mr. BANKHEAD. Mr. Speaker, I ask unanimous consent to insert in the RECORD as a part of my remarks an address delivered today at the National Press Club by the Secretary of State, Mr. Cordell Hull, on the subject of some of results of the Montevideo Conference.

The SPEAKER. Is there objection?

There was no objection.

Mr. BANKHEAD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered today at the National Press Club by the Secretary of State, Hon. Cordell Hull, on the subject of Some of the Results of the Montevideo Conference:

It is immensely gratifying to me that a special and renewed interest on your part in improved relations between the 21 American republics is primarily responsible for this luncheon occasion. The press, as the greatest single molder of public opinion, has correspondingly great responsibilities. You gentlemen, in manifesting keen interest in the recent Pan American Conference and in seeking to develop its true significance, are promptly meeting a vitally important responsibility. Not only members of the press, but every citizen with intelligence to recognize the vastly complicated and chaotic conditions in most parts of the world has an unsurpassed opportunity for service to his fellow beings. To be of such needed service, however, he must consecrate much more of his time and effort than the general public during recent years has been willing to devote to public and civic affairs. Peoples everywhere are now paying the penalty for this gross neglect of duty so frightful and far-reaching in its consequences.

The conference of American nations met at Montevideo under almost entirely unfavorable auspices. Some four or five of the most influential foreign offices in South America cabled in advance that there was no real chance for a successful conference now, and enumerated a formidable list of obstacles relating to the economic, the peace, the political, and other difficulties in the way. There were many sincere persons in the United States, including some of my friends of the press, who were utterly pessimistic as to the outcome. The depressed atmosphere resulting from the temporary failures, at least, of the London Economic Conference and the Geneva Disarmament Conference also hung low and enshrouded Montevideo. Economic skeptics and insane war sympathizers were loud in their declarations that international conference as a method of settling serious questions and of promoting human welfare was a failure. The statesmanship and leadership and public opinion in many other parts of the world had become stagnant, inert, and moribund, with the result that the hopes of the friends of peace and progress and the supporters of general economic rehabilitation were at an extremely low ebb. The fact, too, was universally recognized that suitable relationships between the American nations—personal, political, and economic—were not at all what they should be. Misunderstanding and prejudice and aloofness created in part by carefully disseminated propaganda, and absence of any substantial cooperation so invaluable alike to each country, characterized the relations between many of the American nations.

It was amidst these dark omens that the Seventh International Conference of American States convened. Unlike the usual type of conference where nations are assembled for a single session which must perform a special important task if its work is to be called a success, the Pan American is a regularly recurring conference with continuing programs not ordinarily calling for outstanding accomplishments. The delegates at Montevideo, notwithstanding, keenly realized that leadership with any definite programs in other nations had hopelessly sagged down, that these grave responsibilities were correspondingly shifted to this Western Hemisphere, and that therefore a supreme effort should be made to effect such major accomplishments as would justify the hopes and expectations of discouraged peoples in both the Old World and the New.

It is my unqualified opinion that the achievements of this recent Conference of American nations were such as to mark the beginning of a new era—a new epoch—in this hemisphere, and that at the same time the Conference set a wise example of initiative with a genuinely constructive program to the disorganized and low-spirited forces of peace, economic and social order in the nations beyond the seas.

I would really prefer that you do not accept the account of the accomplishments of this Conference given solely by the United States delegation, but that you and all others who feel a broad public and patriotic interest examine the utterances and declarations of the statesmen and the editors of the newspapers and magazines of any consequence in all of Central and South America, many of which were hitherto unfriendly, and be governed by their interpretation of the proceedings and the full significance of the Montevideo meeting.

One of the ablest of these editors said: "History from now on will have to reckon with a new reality, a new factor, fertile with unforeseen and great possibilities."

Another noted editor, who has not always been friendly to us in the past, said: "The Conference was able to close in an atmosphere of high proposals, of broad outlook, and of singular cordiality between the United States and other American countries." He then added that "the first result from the Conference is that the group formed by the United States and other American nations is united in an admirable unity of principles and of proposals affecting the destinies which each country is developing." Another outstanding publication, entirely lukewarm and skeptical heretofore, said: "Thanks to the sincere and intelligent labor of the Conference, the horizon of the free soil of the three Americas shines magnificiently like a cloudless sky." These are really fair appraisals of the work of the Conference as viewed generally in the nations south of us.

A new spirit inspired by the policy of the good neighbor was born at Montevideo. It was the spirit of the Golden Rule, which, though a very old and universal rule of conduct, has been too often neglected by nations as well as by individuals. Every effort was made at the recent Conference to restore its ancient and potent meaning and to urge all the world to take new heed of it. To make this proclamation and to set this example when other and older nations are threatening to become decadent by clinging Bourbon like to obsolete ideas and pursuing unsound or dangerous policies, including the odious and worse than infamous institution of war, was at every stage the righteous undertaking of the 21 patriotic, Christian, and humanitarian delegations assembled at Montevideo. The delegates keenly realized that a crisis had been thrust upon the New World and that it was absolutely incumbent upon the Conference to sound a new note, to broadcast a new spirit, and to proclaim a new day in the political, economic, peace, and cultural affairs of this hemisphere.

The delegates attending the Conference were as one as to the objectives they sought. The United States delegation proclaimed everywhere the policy of the good neighbor as so well defined by President Roosevelt when he said, "The good neighbor resolutely respects himself, and because he does so respects the rights of others." This doctrine bids every nation of the world take notice that each is secure in its frontiers, its rights, and its honor, and that nothing will be asked of it which cannot be justified under the law of nations or approved by the conscience of mankind. This modernized code of conduct among nations was wholeheartedly approved and accepted by the delegates present. The representatives of the United States solemnly reiterated this program of enlightened liberalism, of fair play, fair dealing, and mutual respect for the independence, the sovereignty, and the rights of nations. The so-called "right of conquest" was denounced, condemned, and outlawed.

Every person at all informed will agree that there has not within two generations existed cooperative relations at all close or effective among many of the 21 American republics, that vast opportunities for the promotion of their mutual welfare have been lost, and that pressing necessity exists for fuller understanding among all the Americas. The delegates at Montevideo consecrated themselves each day to these high aims and aspirations, and at the adjournment a complete revolution of feeling among all the American nations had taken place, and a whole-hearted attitude of friendliness, of understanding, and of implicit trust in the motives and purposes of each other had resulted. This close and unreserved relationship, which has been sadly lacking in the past, is the indispensable foundation on which all of the cooperative movements for the mutual benefit of the 240,000,000 population of this hemisphere must rest.

I wish I could suitably define and dramatize this intangible but all-important accomplishment of the recent Conference without which the people of this hemisphere would as heretofore be doomed to live as 21 almost separate, secluded countries, measurably isolated from each other politically, economically, and culturally. Without this spirit of mutual sympathy, cooperation, and collaboration there would be virtually no community organization anywhere by individuals to promote community interest and community welfare. What is true of communities is true of nations.

Having thus laid the solid foundation for future Pan-American accomplishments on the broadest scale, at the same time setting an example of unity, solidarity, and cooperation to the discordant and inharmonious nations in other hemispheres, the Conference of the American nations then proceeded to outline definite and concrete programs to promote peace, progress, and prosperity alike to the people of these two continents.

The feasibility of international cooperation as a method of promoting the mutual interests of nations was demonstrated anew by the recent Conference. It must be agreed, too, that wherever countries have common purposes, common interests, and common objectives they will suffer incalculable losses by failure to cooperate practically with each other. All of the American nations can thus promote their respective civilizations, their intellectual and cultural development, their peace, commerce, and many other logical relationships of great and lasting benefit to all.

A genuine peace revival with deep fervor was conducted through the entire proceedings of the Conference. The peace agencies of this hemisphere, 5 in number, hitherto inefficient because unsigned by some 15 governments, with the result that two wars had been permitted, were promptly strengthened by the signatures or pledges to sign of the 15 delinquent governments. Our peace machinery as thus strengthened will according to all human calculations prevent future wars in this hemisphere.

Peace in the Chaco was insistently demanded from the very outset by the Conference. Every delegate passionately condemned war as a blot on civilization, a cast-off relic of barbarism, wholly unjustifiable in the light of the adequate machinery for the peaceful settlement of all disputes among nations. No country adjacent to the Chaco controversy will in the future offer the least encouragement or justification for further attempts to fight by either country at war. An armistice of some weeks was agreed upon. Negotiations by the League of Nations agency are still in progress. There is ground for hope, not to say belief, that the Montevideo Conference laid the foundations for a return to sanity and to conditions of peace in the Chaco at no distant date.

While the American nations were thus consecrating all their efforts and emotions by concrete actions and utterances to the cause of peace, some statesmen in other countries were urging policies and preachments which they knew would probably lead to war, while numerous other statesmen were no longer vocal in support of conditions of peace. When, therefore, would it ever become more important and more incumbent upon the republics of this Western Hemisphere to speak out against war as the supreme scourge of the human race than at this time? In this vital respect the Montevideo Conference nobly performed its whole duty.

The vast trade possibilities mutually profitable to all of the American nations thus far have been sadly neglected. The natural resources of the three Americas, unexcelled in richness and variety, are largely undeveloped. They afford the basis for exchange and trade to and equally profitable extent by these 21 countries. Until recently communication and transportation between the two continents was hopelessly lacking. It is a matter of gratification, however, that some progress has been made. It is an axiom that international trade is the lifeblood of civilization. It brings people together, makes them prosperous materially, and enables them to pool their combined civilizations. With the proper degree of initiative, patience, and cooperation, a great volume of commerce, highly profitable to everyone, could be developed among the American nations within a few years.

Naturally these countries—all countries—are wrestling with serious panic conditions, which as a first step must be overcome. Public thought is as confused regarding the panic causes and remedies as economic conditions are chaotic in many parts of the world. For a generation we were taught that sufficiently high trade barriers would insure panic-proof prosperity. Ours and other important countries have for 12 years experienced almost airtight obstructions to commerce relating to articles the least competitive. This was called "economic isolation" in its extreme form.

We have been told that world conditions could have no serious effect on industry and business in a nation thus walled off, whereas it is now insisted that world causes are chiefly responsible for the depression. The paradoxical plea then follows that world remedies in the nature of practical international economic cooperation are not to any extent necessary for business recovery. The happy idea always held out is that to shut out imports remotely competitive will permit a corresponding increase of production at home, whereas there has for some years been a steady slump in the volume of domestic production and trade almost equal in percentage to the slump in international trade.

The laws and rules of production, exchange, and distribution developed and tested during the past 200 years clearly show the disastrous effects of extreme obstructions to international trade upon full and stable business prosperity, and that it is only through the mutually profitable exchange of goods that the nations today can adequately and permanently reduce unemployment, increase domestic prices, and satisfactorily improve the general economic conditions.

There must soon be brought about an abandonment of destructive economic rivalry and conflict. The world cannot hold out much longer with economic war raging everywhere and international finance and commerce virtually destroyed by every sort of ultrahigh tariffs, quotas, exchange restrictions, and other embargoes and prohibitions. The entire processes of exchange and distribution have for some time been broken down. The many nations whose economic lives and whose ability to pay indebtedness depend upon an export business are virtually helpless, while other nations having surpluses to sell and debts to collect are most injuriously affected, as has been demonstrated during the past 4 years to every person at all intelligent.

When the foreign markets of even a few great surplus-producing industries in a country are destroyed, those industries inevitably soon collapse, and this in turn undermines or dislocates the general price level, the credit situation, and the entire economic structure of the country. The United States has been to some extent in this unhappy industrial situation. We must sell abroad more of these surpluses. Many countries in South and Central America and elsewhere with raw materials to export are in a still worse plight.

The artificial and arbitrary restrictions which have paralyzed international commerce during recent years must be gradually but definitely readjusted downward to a reasonable and moderate level. It is economic suicide for each nation any longer to practice a policy of embargoes and prohibitions against international commerce equally profitable to the nations engaging in it.

Governments in most countries for some years have been under the influence of those who favor business isolation in its most extreme form. All the nations of the world sent delegations to the London Economic Conference, where the existence of these plain and palpable economic conditions were frankly recognized, and yet, pursuing the line of least resistance, there was a disposition on the part of but few resolutely to attack the network of obstructions which had choked to the lowest minimum the former great volume of international finance and commerce.

It was in these discouraging circumstances that the Montevideo Conference courageously attacked the destructive commercial policies which in part have spread business havoc everywhere and demanded that the skyscraping trade barriers be lowered to a moderate level. The Conference was not content with a mere expression of disapproval, but it proceeded unanimously to propose a definite, concrete, and comprehensive program for economic rehabilitation which would combine a policy of mutually profitable international trade with such domestic economic policies and programs as each nation may desire to maintain.

What service more timely and valuable to this hemisphere and to the world, exhausted by unprecedented panic conditions, could the Montevideo Conference have rendered than to lay this com-

pleted program of relief before each government? I wish I had the time today to restate it. It would be materially beneficial in this country to every efficient industry engaged in agriculture, or mining, or manufacturing.

It is equally to the interest of the people in every part of this hemisphere to cooperate to promote scientific, literary, and general cultural and intellectual development. The recent Conference adopted a resolution urging the press and news agencies to devote greater interest and space to news relating to the nations of America and recommending that frequent publicity be given to articles and original material reproduced from other newspapers relating to political, economic, and cultural developments in the other republics. Each country has a wealth of historical, scientific, literary, and other material which would be of unusual interest and value to the citizens of all the other American republics if obtainable through means of the press. Not one of our 21 countries, therefore, should neglect the opportunity to convey to the others the best results of its civilization from an artistic and cultural, as well as a scientific and economic point of view.

It is my earnest hope, therefore, that there may be a greater dissemination of descriptive and analytical articles written with a critical but true understanding of the countries, the peoples, and the civilizations described. We are all living our lives side by side, and fundamentally we have the same aspirations to freedom and advancement of cultural achievements. Our very presence on the same hemisphere makes neighbors of us all.

My experience from personal contact has been that there is no higher, finer type of citizen than those I met on my extensive visit throughout South and Central America. They maintain high moral and religious standards. They are as devoted to liberty under law, to justice and equality as any other citizenship on this planet. They are unexcelled in attractive personality—in courtesy, loyalty, kindness, and hospitality. A marvelous future is within the grasp of the people of the three Americas. Their success hangs on the degree of unity, solidarity, and cooperation they may be willing to practice.

It is my plea and my prayer, therefore, that the whole-hearted relations of friendliness and trust and cooperative understanding so thoroughly created in the minds and hearts of all as a result of the Montevideo Conference may live and bear rich fruit throughout future generations.

Mr. BLANTON. Mr. Speaker, I have seen a copy of a very important letter that our colleague from Kansas [Mr. AYRES] wrote to the State of Kansas relative to the Dr. J. E. Pope referred to earlier in the day. I think that letter ought to go in connection with the remarks of my colleague [Mr. PATMAN], and I ask unanimous consent that it be inserted at that point.

The SPEAKER. Is there objection?

There was no objection.

AGRICULTURAL APPROPRIATION BILL

Mr. MOTT. Mr. Speaker, I ask unanimous consent to extend my remarks on the agricultural appropriation bill and to include therein an argument made before the Agricultural Subcommittee of the Appropriations Committee on February 3, against the curtailment of appropriations for the agricultural experiment stations.

The SPEAKER. Is there objection?

There was no objection.

Mr. MOTT. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

Mr. MOTT. Mr. Chairman, I represent a State in which three of the agricultural experiment stations involved in this appropriation curtailment policy are located. The stations affected by the Budget estimate in Oregon are Medford, in the southern part of the First District, which I represent; the Hermiston station, in eastern Oregon; and the Pendelton station in eastern Oregon.

I do not profess, of course, to be an agricultural expert, but I do live in the country where these stations are located, and I know the effect the proposed curtailment will have on agriculture in that country. I also know the opinion of the farmers there in regard to this policy of economy, so-called, so far as the experiment stations are concerned. If I should say that the people of my State are shocked at the idea of your taking away the most vital part of two of our stations and eliminating another one altogether, I would be putting it very mildly indeed.

I have listened with much interest to the arguments in behalf of experiment stations throughout the United States which are affected by the program which the administration desires to put into operation. I endorse all of the statements which have been made in opposition to this policy. The stations in Oregon, perhaps, are in no different situation than those in other States, so far as the effect of this curtailment policy is concerned, but I desire, nevertheless, to present briefly the case of each of them.

THE PENDLETON STATION

The station at Pendleton was established 5 years ago at a cost of $35,000. The people of Umatilla County, Oreg., furnished $22,000 of this money, bought the land on which the station was built and deeded it to the Federal Government, not as an outright grant, but for the purpose of building and maintaining an agricultural experiment station for the benefit of the wheat-farming industry of that locality. The principal work of that station is investigation in regard to rotation of crops. This is in a country which produces wheat exclusively, and the farmers there have long been of the opinion that their future prosperity depends largely upon a successful system of crop rotation, which they have not to date worked out. They have made tremendous strides in this direction, however, through the information and help obtained from the Pendleton station. They feel that they have already been benefited to the extent of millions of dollars, and that if this station is now taken away, or if the activities in this regard are stopped, all of the money already expended and all the benefit that they have received will be totally wasted. Incidentally, I may say, they are rightly exasperated at the Government's disregard of the moral obligation to maintain this station after accepting $22,000 of the citizens' money to establish it.

THE HERMISTON STATION

The Hermiston station is in the cattle country of eastern Oregon. This Budget estimate, if carried out by your committee, would absolutely eliminate the Hermiston station. This is one of the few stations for the establishment of which the Federal Government furnished most of the money. It was moved to a new location only last year, and the Government expended $40,000 in moving it and in building an entirely new plant. Now they propose to close it altogether, and abandon the plant, although the total cost of operation is less than $10,000 per year.

The principal work of this station has been experimentation and instruction to the farmers on how to grow the crops upon which the cattle business in that section is almost entirely dependent. In that portion of eastern Oregon for the last two generations the country has been becoming gradually drier, and the cattle cannot longer subsist on the range alone. Crops must now be raised for those cattle. The principal crop is alfalfa, and this station actually is teaching the farmers there how to produce alfalfa crops and produce them profitably. It is also teaching them how to use water on land where the alfalfa is grown, after the water is brought there. We are spending millions of dollars on the Owyhee and other irrigation developments there, and in a few years we will have water in abundance. A vital part of the work of this station is teaching the farmers how to use this water in the production of forage crops. If that work is stopped now all of the benefit will cease and the entire expenditure of the Government in building this new station only last year will be totally wasted.

THE MEDFORD STATION

I come now to the station at Medford, in the southern part of the first district of Oregon. Medford is located in the famous Rogue River Valley, where the finest pears in the entire world are grown. The pear land of the Rogue River Valley is among the most valuable in the United States. The pears raised there are sold all over the world, and command the highest price of any pear grown in any country in the world. Millions of dollars have been invested in this industry, which to date has had to be operated on a very expensive scale.

The problem there is to raise the fruit at a lower cost than has been possible heretofore. Unless this can be accomplished much of this great investment will be lost. It has been determined that this can be done by a proper system of irrigation, and experimentation and instruction in that direction is the principal work of this station—to put water on the land where these pears are grown and to teach the farmers how to get the water and how to use it economically.

In order to give you an idea of the size of this industry and the magnitude of its production and transportation problem I may state that the people in this district raised about $4,000,000 worth of pears last year. It cost them nearly $4,000,000 to grow the pears and get them on the market, which is the eastern seaboard and the foreign countries. For years and years the people of the Rogue River Valley have been trying to get relief through the lowering of railroad rates. That, under present circumstances, seems to be a rather remote possibility. The Rogue River Valley has no outlet to a harbor on the Pacific coast, and its orchardists cannot, therefore, get the benefit of competitive water rates in transportation. The people in this valley who have invested millions of dollars in fruit property must find a way to lower the cost of putting their product on the market. They think now that they have found that way. They are convinced that the solution of their cost problem is going to depend largely upon the successful solution of the irrigation problem. The producers themselves are by no means alone in this opinion. All of the horticultural experts, both State and Federal, who have spent years of study on this matter, agree that this is the solution, and it was upon their recommendation that the Government has undertaken this experimental work. And this is precisely what the Medford station was built for—to teach the orchardists how to procure and use water and thus lower the total cost of producing and getting the fruit to market. When this is finally accomplished the Rogue River Valley, in addition to being the veritable Garden of Eden which it now is, will also be one of the most prosperous districts in the United States.

This Budget estimate now proposes to eliminate all of the irrigation work of the Medford station. Understand me, the proposal is not merely to curtail, but to eliminate. The result would be nothing less than a calamity. People from all over the United States have moved into this famous Rogue River Valley. They have invested their life savings in their orchards; they employ thousands of people, and they furnish to the country and to the world a product the equal of which can be grown nowhere else.

It is their unanimous opinion that their progress along the road to recovery and prosperity will be halted if these irrigation facilities at the Medford station are eliminated. To me such a proposal is unthinkable, and I cannot believe that this committee, for the sake of saving a few paltry dollars, will consent to it.

In connection with the proposed Budget cuts for Medford—which, as I have said would abolish the real function for which the station was intended—I again wish to call your attention to the disregard of the Secretary of Agriculture and the Director of the Budget to the moral obligation which the Government owes the people of Medford to continue the irrigation feature of that station. The citizens of the Rogue River Valley raised $5,000 in cash and gave it to the Government to help in the building and maintenance of this station. The Government accepted that money for the use for which it was given. The people there also donated the land on which the station was built—and for this land they paid $10,000. The deed conveying the land recited the condition upon which it was given. I do not intend to make further comment on this point, except to say that the people of my district believe that a policy of curtailment which contemplates a violation of the Government's moral obligation to carry on this work at Medford after accepting the peoples' money for that purpose—is an unjustified and indefensible policy. And in their belief in this regard I want to say also, that I heartily concur.

In conclusion, let me say that the people of my State estimate that the benefits already derived from the work of these three stations run into the millions of dollars. The total amount that the Government proposes to save by eliminating one station altogether and curtailing the most vital activities of the other two is $20,000 per year. So for the saving of $20,000 it is proposed by this Budget not only to eliminate this work that has actually meant millions of dollars to the people of our State, but it is proposed also to junk a large portion of the physical plants in which thousands of dollars have been recently invested, and to throw out of employment many of the honest, efficient, and highly trained men who have been operating these stations.

I say again our people are shocked at this proposal. They are unwilling to believe that either this committee or this Congress is going to undertake a policy in regard to their experiment-station work which is as illogical, as uneconomical, and as harmful as this one, even though it is recommended by the administration.

I trust your committee, having had the benefit of these hearings and of the testimony presented here from those affected in all parts of the country, may exercise your proper jurisdiction and restore the appropriation which the Agricultural Department and the Budget Director have so drastically curtailed in this Budget estimate.

I thank you very much.

Mr. SANDLIN. We are glad to have heard from you, Mr. MOTT.

WHO PAYS UNCLE SAM'S BILLS?

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the cost of government.

The SPEAKER. Is there objection?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, a group of women in my home city who make a conscientious study of public questions have asked me:

"What was the cost of the Federal Government to the average taxpayer last year?

"How much of this was raised by direct taxes? How much by indirect taxes?"

As a matter of public information I shall attempt to answer these questions: First, because they are exceedingly pertinent and evidence an interest in government which I am glad to encourage; second, because there is the most wide-spread belief on the part of millions of people that if they do not pay income taxes they escape Federal taxation altogether; and, third, because many who do pay income taxes think they alone are singled out for the support of the National Government.

A brief analysis of Federal revenue, both direct and indirect, should convince every person in the United States that he does pay Federal taxes, and therefore has a personal interest in every dollar voted out of the Federal Treasury. The false argument is too often made, even on this floor, that if you pass such and such a bill you will bring so many million dollars of Federal money into this and that county, whereas it is manifest that the average county must inexorably pay into the Federal Treasury every dollar that it receives, and that every person, without a single exception, who lives in the county must help pay that county's share. The superstition that someone else pays Federal taxes and that you are exempt has throughout the years been a fruitful cause of governmental extravagance.

Congressmen have themselves encouraged and traded on this superstition of the average voter that he is exempt from supporting the National Government. It is said that Members have boasted that they never voted against and appropriation and never voted for a tax, thus playing the game at both ends. Give the voters whatever they ask! Someone else "will pay the freight."

Last fiscal year was not an average year because for the first time in years indirect taxes exceeded direct or income taxes. The figures for 1933 are, however, as follows, as shown on page 327 and following pages of the Report of the Secretary of the Treasury, in even millions of dollars:

Income tax	$746,000,000
Miscellaneous internal revenue	858,000,000
Customs duties	251,000,000
	1,855,000,000

As the 1930 census shows 29,980,146 families in the United States, the actual tax money paid to Uncle Sam so that he could meet his bills (in part, he had a deficit!) averaged $61 to every family. This sum is unusually small because tax receipts were small. In a more normal year the average cost per family will run twice as much.

Of the total of $1,855,000,000, what might be roughly described as direct taxes were income taxes, $746,000,000, and Federal estate or inheritance and gift taxes, $34,000,000, aggregating $780,000,000, or 42 percent of the total; and indirect taxes—customs duties and miscellaneous taxes other than estate and gift taxes, totaled $1,075,000,000, or 58 percent of the entire amount of tax receipts.

(I am using "direct" and "indirect" in the popular sense, as I understand them to be, used in the question quoted in the beginning, rather than in the strict constitutional meaning of the words.)

From this it appears that "the little fellow", the factory worker, the shop girl, the street-car brakeman, or the farmer whose meager income was not subject to an income tax, and who, therefore thought, no doubt, that he was escaping Federal taxation altogether, actually paid in indirect taxation along with all others very close to 58 percent of all tax money paid in. And this despite the fact that the last Congress boosted rates on incomes to the highest peace-time levels in our history, reaching as high as 63 percent in the highest brackets. To which may be added, with respect to corporate earnings, 13¾ percent paid by the corporation, and a special 5 percent tax on its dividends, aggregating a total diversion to the Federal Treasury in certain cases of 81¾ percent of income.

There were other moneys received by the Treasury totaling $224,000,000, such as Panama Canal tolls, fines and penalties, immigration and naturalization fees, interest on debts of foreign governments, rentals from oil and mineral leases of public lands, interest on deferred collections, and so forth. But these do not fall in the general description of taxes.

Inheritance taxes certainly are not shifted, and it is generally agreed that income taxes such as those of the Federal Government—a tax on net (not gross) income or profits—are not shifted, although there is some dispute on this point under special circumstances such as the income-tax payer selling his product in a "seller's market", and so forth.

It should further be stated that no two economists will agree on every miscellaneous tax as to whether it is "direct" or "indirect"; that is, whether the man who pays it in the first instance does or does not shift it on to the ultimate consumer. Special circumstances decide this point. For instance, if an excise tax on matches, as an example, is so small that the effort to transfer it to the customer is not worth while it may be absorbed in gross profits and thus become a "direct" tax. If it is larger, the inevitable tendency is to shift the tax to the consumer so that it becomes "indirect." See Seligman, The Incidences of Taxation. We all know, of course, that the Federal gasoline tax, like so many other miscellaneous Federal taxes, is added to the sales price of the article and is finally paid by the consumer.

What are some of the miscellaneous Federal taxes? There is the gasoline tax just mentioned. Every time you buy 10

gallons of gasoline and a gallon of lubricating oil, you contribute 19 cents to Uncle Sam so he can pay his army of workers, take care of disabled veterans, prepare against future war, erect a public building, contribute to poor-relief, and so forth. Every time you buy a package of cigarettes, you pay 6 cents to meet these bills. The big tobacco companies are not taxpayers. They are tax collectors. The tax is paid by you. "Reach for a Lucky" and let your purse grow thinner!

Other miscellaneous Federal taxes which are either entirely or in large part added to the cost of goods sold and paid for by the ultimate consumer are: Automobiles, tires, tubes, accessories, cigars, smoking tobacco, matches, tooth paste and cosmetics, candy, chewing gum, fishing tackle, baseballs, checkerboards, sporting goods generally, fire and windstorm insurance policies, electric current to light your home, oleomargarine, soft drinks, beer, wine, liquor, cameras, firearms, mechanical refrigerators, radios, jewelry, furs, grape concentrate, brewer's wort, snuff, admission tickets, playing cards, steamship tickets, telegrams, telephone messages, bank checks, boats, oil transported by pipe line, deeds, stock and bond transfers, sales of cotton, produce and merchandise for future delivery, renovated butter, filled cheese, mixed flour, and so forth, and so forth. If we should have a general sales tax on all manufactured articles, the consumer—even though he be the town pauper—will, in probably the majority of all cases, pay the tax, or whoever supports him will pay it for him.

Then there are the customs duties on thousands and thousands of articles used by the poorest citizen as well as by the richest—chemicals, drugs, fuel oil, lumber, cement, china, earthenware, iron, manganese, wire, knives, needles, watches, shovels, sugar, tobacco, fruit, nuts, rugs, cloth, paper, leather, toys, and so forth, and so forth. Pages of fine print in the statutes are necessary to even name them. The importer pays the duty in the first instance, but he nearly always adds it in his invoice to the wholesaler, jobber, retailer, and finally John Citizen pays it to meet Uncle Sam's bills. In many cases the indirect tax is pyramided—that is, it is included in the 10-, 20-, 30-percent mark-ups as it passes down the line in the channels of trade to the consumer, so he finally pays more than the original tax. In such cases the jobber, wholesaler, and so forth, not only shift the entire tax but collect tribute on it as it passes through their hands. And yet some people want all income taxes repealed and sales taxes substituted in their place.

If anyone in America can read the foregoing list and say he pays no part of the cost of the Federal Government, he should come forward. Some circus will no doubt gladly pay him a handsome stipend as "America's greatest freak. The only man alive who pays no Federal tax."

I favor high taxes on large individual incomes and particularly on large inheritances. It is probable that the repeated reductions of these taxes under the regime of Secretary Mellon contributed materially to blowing up the bubble of wildcat speculation, known as the "Coolidge-Hoover bull market" which sucked into its maelstrom the savings of millions of people and finally blew up with a decline in the market value of stocks alone (not counting bonds—foreign and domestic, nor real estate, rural and urban, or commodity values) of $74,000,000,000 or twice the cost of the World War! See on this point Recovery, page 78, by Sir Arthur Salter. High income and estate taxes would have acted as a brake on that orgy of speculation and peculation and would have more equitably distributed the Nation's income.

But, Mr. Speaker, income and inheritance taxes never have and probably never will pay all of Uncle Sam's bills. They are certainly not doing so now. The rest of the tax bill will be collected from every household in America and from every American. And, of course, every person should contribute his just share of the support of his Government—and know that he is doing so!

Uncle Sam has just three ways to pay his bills and the name of all three is taxation. They are (1) taxes collected currently to balance outgo; (2) borrowing money by bond issues which is deferred taxation plus interest; and (3) printing money to pay Government costs and this is itself a hidden tax. Each one of these three taxes reaches into every pocketbook in the Nation.

There are, as stated, 29,980,146 families in the United States. There are, therefore, 29,980,146 heads of families who, directly or indirectly, pay taxes to support the Federal Government. They average $61 to the family—in a subnormal year.

Let us face that fact honestly. Possibly the realization that everyone pays Uncle Sam's bills will contribute to a wiser expenditure of public money—which is your money.

PRIVATE CALENDAR

GUILLERMO MEDINA

The Clerk called the next bill, H.R. 5243, to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama.

There being no objection, the Clerk read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $66.80 to Guillermo Medina in full compensation for the loss of personal property as the result of the capsizing of a United States Navy whaleboat off Galera Island, Gulf of Panama, on September 25, 1928.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

ADELPHIA BANK & TRUST CO. OF PHILADELPHIA

The Clerk called the next bill, H.R. 5247, authorizing adjustment of the claim of the Adelphia Bank & Trust Co. of Philadelphia.

Mr. ZIONCHECK. Mr. Speaker, I object.

Mr. BLACK. Mr. Speaker, several Members have suggested that we should suspend at this time.

ORDER OF BUSINESS—PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that on Tuesday next it be in order to call bills on the Private Calendar which are unobjected to.

I will say to the House that it is not anticipated that there will be any business of importance on Tuesday. There will be some matters to dispose of on Monday.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. Is it going to be the continued policy that any Private Calendar bill which has the words "bank" or "insurance company" in it will be objected to?

Mr. BYRNS. I have been sitting here all afternoon, and I thought some bills of that character had been passed. I may be mistaken.

Mr. BLANTON. I suggest that the gentleman from Washington [Mr. ZIONCHECK] answer that.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. HILDEBRANDT, for 1 week, on account of illness.

REVENUE BILL

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON of North Carolina. Mr. Speaker, for the information of the House, I would like to state that the revenue bill which has been authorized to be reported by the Ways and Means Committee is now in the document room and available to Members of the House. The report will be available on Tuesday morning, and it is hoped to call up the bill on Wednesday morning.

Mr. SNELL. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. SNELL. Did I understand the gentleman to say the bill was already in print?

Mr. DOUGHTON of North Carolina. Already in print in the document room.

Mr. SNELL. How about the report?

Mr. DOUGHTON of North Carolina. The report is not ready, and will not be ready until Tuesday morning. It is my purpose to send a copy of the report to each Member on Tuesday so that they will have an opportunity to study it.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER of Tennessee. Further in reply to the gentleman from New York, I may state that a copy of the bill in comparative print, I understand, has been placed in the post-office box of every Member of the House today.

SENATE ENROLLED BILL SIGNED

The SPEAKER announced his signature to an enrolled bill of the Senate of the following title:

S. 860. An act for the relief of George W. Edgerly.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 3 o'clock p.m.) the House adjourned until Monday, February 12, 1934, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MEAD: Committee on the Post Office and Post Roads. H.R. 7483. A bill to provide minimum pay for postal substitutes; with amendment (Rept. No. 699). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WARREN: Committee on Accounts. House Resolution 241. Resolution to pay to Lizzie Calhoon, niece of William C. Allen, 6 months' compensation and not to exceed $250 funeral expenses (Rept. No. 697). Ordered to be printed.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Interstate and Foreign Commerce was discharged from the consideration of the bill (H.R. 6688) to amend section 2 of the act of February 13, 1893, and the same was referred to the Committee on Merchant Marine, Radio, and Fisheries.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAYBURN: A bill (H.R. 7852) to provide for the registration of national securities exchanges operating in interstate and foreign commerce and through the mails and to prevent inequitable and unfair practices on such exchanges, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LOZIER: A bill (H.R. 7853) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Exective Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes"; to the Committee on World War Veterans' Legislation.

By Mr. FISH: A bill (H.R. 7854) authorizing loans by the Reconstruction Finance Corporation to religious and educational institutions; to the Committee on Banking and Currency.

By Mr. SABATH: A bill (H.R. 7855) to provide for the registration of national securities exchanges operating in interstate and foreign commerce and through the mails and to prevent inequitable and unfair practices on such exchanges, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. PIERCE: A bill (H.R. 7856) authorizing an appropriation for the construction and operation of Indian sawmills on the Warm Springs Reservation, Oreg.; to the Committee on Indian Affairs.

By Mr. McSWAIN: A bill (H.R. 7857) to authorize promotion upon retirement of warrant officers and enlisted men in the Army, Navy, Marine Corps, or Coast Guard to commissioned rank held by them during the World War or the Spanish-American War in recognition of such service; to the Committee on Military Affairs.

By Mr. BLAND: A bill (H.R. 7858) to provide for the addition or additions of certain lands to the Colonial National Monument in the State of Virginia; to the Committee on the Public Lands.

By Mr. LEA of California: A bill (H.R. 7859) authorizing the President to make rules and regulations in respect to alcoholic beverages in the Canal Zone, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. MONTAGUE: A bill (H.R. 7860) to provide for the addition or additions of certain lands to the Colonial National Monument in the State of Virginia; to the Committee on the Public Lands.

By Mrs. NORTON: A bill (H.R. 7861) to amend the Code of Law for the District of Columbia, approved March 3, 1901, as amended, by adding new sections relating to guardians for incompetent veterans, and for other purposes; to the Committee on the District of Columbia.

By Mr. DISNEY: A bill (H.R. 7862) for the relief of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection; to the Committee on Expenditures in the Executive Departments.

By Mr. SIMPSON: A bill (H.R. 7863) authorizing the Secretary of Commerce to dispose of part of the Grosse Point Lighthouse Reservation, Ill.; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: A bill (H.R. 7864) amending the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. McKEOWN: A bill (H.R. 7865) to validate certain conveyances by Kickapoo Indians of Oklahoma made prior to February 17, 1933, where a full and fair consideration has been paid, and to provide for actions in partition in certain cases, and for other purposes; to the Committee on Indian Affairs.

By Mr. JEFFERS: A bill (H.R. 7866) to provide for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; to the Committee on the Civil Service.

By Mr. SNYDER: A bill (H.R. 7867) to provide for the construction of a post-office building at Meyersdale, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. LOZIER: A bill (H.R. 7868) granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, or the China relief expedition, and their widows and dependents, and for other purposes; to the Committee on Pensions.

By Mr. RANDOLPH: A bill (H.R. 7869) authorizing the State Road Commission of West Virginia to construct, maintain, and operate a toll bridge across the Potomac River at or near Shepherdstown, Jefferson County, W.Va.; to the Committee on Interstate and Foreign Commerce.

By Mr. FORD: A bill (H.R. 7870) to authorize the Reconstruction Finance Corporation to finance certain self-liquidating public-works projects; to the Committee on Banking and Currency.

By Mr. SNYDER: A bill (H.R. 7871) to provide for the construction of a post-office building at Point Marion, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. McSWAIN: A bill (H.R. 7872) to provide more effectively for the national defense by further increasing

the effectiveness and efficiency of the Air Corps; to the Committee on Military Affairs.

By Mr. JOHNSON of Oklahoma: A bill (H.R. 7873) to provide for the cooperation of the Federal Government with the several States, Territories, and the District of Columbia in maintaining the public-school system, and for other purposes; to the Committee on Education.

By Mr. BUCKBEE: A bill (H.R. 7874) to authorize the county farm-debt adjustment committee to scale down the loans on farm lands to the amount which may be obtained by loan from the Federal land banks, and for other purposes; to the Committee on Agriculture.

By Mr. MURDOCK: A bill (H.R. 7875) to grant the right to cut timber in national forests for the construction of a railroad from Craig, Colo., or from Springville, Utah, to Ouray, Utah, or to a point on Green River near Ouray, Utah, or from Craig, Colo., to Springville, Utah; to the Committee on the Public Lands.

By Mr. KENNEY: A bill (H.R. 7876) to prohibit Federal courts from taking jurisdiction of suits to restrain the assessment or collection of State taxes, and for other purposes; to the Committee on Ways and Means.

By Mr. ROBERTSON: Resolution (H.Res. 263) to authorize payment of expenses of investigation authorized by House Resolution 237; to the Committee on Accounts.

By Mr. KRAMER: Resolution (H.Res. 264) to maintain the present policy of immigration exclusion of persons ineligible for citizenship by naturalization procedure; to the Committee on Immigration and Naturalization.

By Mr. IGLESIAS: Joint resolution (H.J.Res. 270) to make available to Puerto Rico certain appropriations for the fiscal year ending June 30, 1934, for experiment station and extension work, which have not been paid because of unfulfilled conditions; to the Committee on Agriculture.

By Mr. McREYNOLDS: Joint resolution (H.J.Res. 271) providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 7877) granting a pension to Lillie Z. Devin; to the Committee on Pensions.

By Mr. BOLTON: A bill (H.R. 7878) for the relief of Kenneth M. Lowe; to the Committee on Military Affairs.

By Mr. BURKE of Nebraska: A bill (H.R. 7879) granting a pension to Parrish E. Empey; to the Committee on Pensions.

Also, a bill (H.R. 7880) granting a pension to Eudora Elkins; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7881) granting an increase of pension to Esther J. Carpenter; to the Committee on Invalid Pensions.

By Mr. CALDWELL: A bill (H.R. 7882) for the relief of certain residents of the village of Warrington, State of Florida; to the Committee on Naval Affairs.

By Mr. COFFIN: A bill (H.R. 7883) for the relief of Lynn Bros.' Benevolent Hospital; to the Committee on Indian Affairs.

By Mr. COLLINS of California: A bill (H.R. 7884) for the relief of Charles W. Harlow; to the Committee on Claims.

By Mr. CROSSER of Ohio: A bill (H.R. 7885) for the relief of Marcella Leahy McNerney; to the Committee on Foreign Affairs.

By Mr. CROWE: A bill (H.R. 7886) granting a pension to John W. Raridon; to the Committee on Invalid Pensions.

By Mr. DOCKWEILER: A bill (H.R. 7887) for the relief of Louis Pitthan; to the Committee on Claims.

Also, a bill (H.R. 7888) for the relief of Grover C. Van Nest; to the Committee on Military Affairs.

By Mr. GRISWOLD: A bill (H.R. 7889) for the relief of John W. Shumaker; to the Committee on Military Affairs.

By Mr. McKEOWN: A bill (H.R. 7890) for the relief of Hugh R. Aselstine; to the Committee on Military Affairs.

By Mr. MARTIN of Colorado: A bill (H.R. 7891) for the relief of the Rocky Ford National Bank, Rocky Ford, Colo.; to the Committee on Claims.

By Mr. MONAGHAN of Montana: A bill (H.R. 7892) for the relief of Marie M. Leipheimer; to the Committee on Pensions.

By Mr. RAMSPECK: A bill (H.R. 7893) for the relief of Ralph LaVern Walker; to the Committee on Claims.

By Mr. SCHAEFER: A bill (H.R. 7894) granting an increase of pension to Katharina Reis; to the Committee on Invalid Pensions.

By Mr. STEAGALL: A bill (H.R. 7895) for the relief of Julian S. Hutchinson; to the Committee on Pensions.

Also, a bill (H.R. 7896) for the relief of Lillian R. Maugans; to the Committee on Claims.

Also, a bill (H.R. 7897) for the relief of W. L. Horn; to the Committee on Military Affairs.

Also, a bill (H.R. 7898) for the relief of Otto T. Faber; to the Committee on Claims.

By Mr. THOMPSON of Illinois: A bill (H.R. 7899) to correct the service record of George McFarland Hearne, deceased, formerly pharmacist's mate (third class), United States Navy; to the Committee on Naval Affairs.

By Mr. VINSON of Kentucky: A bill (H.R. 7900) for the relief of Leonard L. Williams; to the Committee on Military Affairs.

By Mr. WITHROW: A bill (H.R. 7901) to correct the military record of Harley M. Berkley; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2211. By Mr. CUMMINGS: Petition of the Church of the Brethren, of Haxtun, Colo., urging the passage of House bill 6097, providing for higher standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2212. Also, petition of Barbara Frietchie Tent No. 11, Daughters of Union Veterans of Civil War, Greeley, Colo., urging the passage of House bill 6097, providing for higher standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2213. By Mr. DARROW: Resolution of Vessel Owners' and Captains' Association, of Philadelphia, opposing the consolidation of the Coast Guard Service with the United States Navy; to the Committee on Appropriations.

2214. Also, resolution of Vessel Owners' and Captains' Association, of Philadelphia, opposing consolidation of railroads; to the Committee on Interstate and Foreign Commerce.

2215. By Mr. HOEPPEL: Petition of voters of the Twelfth Congressional District of California, urging restoration of pensions, hospitalization, and care of veterans of Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-second Congress; to the Committee on Appropriations.

2216. By Mr. IMHOFF: Petition of T. F. and Mary Rutledge, of Bergholz, Ohio, advocating the retention of the percentage depletion allowance in the Federal revenue act; to the Committee on Ways and Means.

2217. Also, petition of Ralph H. Irwin, Homeworth, Ohio, advocating the retention of the percentage depletion allowance in the Federal revenue act; to the Committee on Ways and Means.

2218. By Mr. MONAGHAN of Montana: Petition protesting against censorship of radios; to the Committee on Merchant Marine, Radio, and Fisheries.

2219. By Mr. POLK: Petition of Ladies Society of the Brotherhood of Locomotive Firemen and Enginemen, N. and W. Lodge, No. 553, Portsmouth, Ohio, protesting against any consolidation or merger of the railroads, particularly the "Prince plan", which would cause untold suffering by having husbands, fathers, and sons added to the army of unem-

ployed to seek charity that greater profits could go to the financial fraternities, etc.; to the Committee on Interstate and Foreign Commerce.

2220. Also, petition signed by members of Lodge No. 1011, International Association of Machinists, Portsmouth, Ohio, protesting against the Norfolk & Western Railroad Co. discharging employees because of their being affiliated with a standard labor union, etc.; to the Committee on Labor.

2221. By Mr. STRONG of Pennsylvania: Petition of Brookville Study Club, Brookville, Pa., favoring the Patman motion-picture bill; to the Committee on Interstate and Foreign Commerce.

2222. Also, petition of the Washington Township Parent-Teachers' Association, of Jefferson County, Pa., favoring Federal appropriations for the emergency support of the public schools; to the Committee on Appropriations.

2223. By Mr. WALDRON: Resolution adopted by the Vessel Owners' and Captains' Association of Philadelphia, Pa., protesting against a suggested merger of the various railroads having terminals at and passing through the city of Philadelphia, Pa.; to the Committee on Interstate and Foreign Commerce.

2224. Also, resolution adopted by the Vessel Owners' and Captains' Association of Philadelphia, Pa., opposing the consolidation of the United States Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2225. By Mr. KENNEY: Petition of the New Jersey Industrial Traffic League, favoring the passage of House bill 7058, which amends section 3 of the Interstate Commerce Act, as being beneficial to the common good; to the Committee on Interstate and Foreign Commerce.

SENATE

MONDAY, FEBRUARY 12, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days February 8, February 9, and February 10 was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 2053. An act for the relief of Capt. L. P. Worrall, Finance Department, United States Army; and

S. 2552. An act for the relief of Charles C. Bennett.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 2632. An act for the relief of Wilson G. Bingham;

H.R. 2660. An act for the relief of S. A. Rourke;

H.R. 3780. An act for the relief of William Herod;

H.R. 4395. An act for the relief of the General Warehousing Co.;

H.R. 4973. An act for the relief of G. C. Vandover;

H.R. 5031. An act for the relief of Edith L. Peeps;

H.R. 5163. An act for the relief of Calvin M. Head;

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.; and

H.R. 7599. An act to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ind.
Ashurst	Cutting	La Follette	Russell
Bachman	Davis	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Black	Duffy	Long	Smith
Bone	Erickson	McCarran	Steiwer
Borah	Fess	McGill	Stephens
Brown	Fletcher	McKellar	Thomas, Okla.
Bulkley	Frazier	McNary	Thomas, Utah
Bulow	George	Murphy	Thompson
Byrd	Gibson	Neely	Townsend
Byrnes	Goldsborough	Norris	Trammell
Capper	Gore	Nye	Tydings
Caraway	Harrison	O'Mahoney	Vandenberg
Carey	Hastings	Overton	Van Nuys
Clark	Hatch	Patterson	Wagner
Connally	Hayden	Pittman	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reynolds	
Costigan	Keyes	Robinson, Ark.	

Mr. HEBERT. I desire to announce that the following Senators are necessarily absent:

The senior Senator from Maine [Mr. HALE]; the junior Senator from Maine [Mr. WHITE]; the Senator from Vermont [Mr. AUSTIN]; the Senator from Pennsylvania [Mr. REED]; the Senator from West Virginia [Mr. HATFIELD]; the senior Senator from New Jersey [Mr. KEAN]; the junior Senator from New Jersey [Mr. BARBOUR]; the Senator from South Dakota [Mr. NORBECK]; the Senator from Connecticut [Mr. WALCOTT]; the Senator from Iowa [Mr. DICKINSON]; and the senior Senator from Rhode Island [Mr. METCALF].

I ask that this announcement may stand for the day.

Mr. LOGAN. I desire to announce that my colleague the senior Senator from Kentucky [Mr. BARKLEY] is absent on account of illness.

Mr. LEWIS. I desire to announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate by illness, and that the Senator from California [Mr. MCADOO] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present.

SUPPLEMENTAL ESTIMATE FOR THE INTERIOR DEPARTMENT (S.DOC. NO. 133)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting supplemental estimates of appropriations for the Department of the Interior, the fiscal year 1935, in total amount of $315,200, to supplement the amounts of estimates in the Budget for the fiscal year 1935 for cooperative vocational education and rehabilitation, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

SALARY SCHEDULES OF OFFICERS AND DIRECTORS OF PUBLIC-UTILITY CORPORATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Power Commission, transmitting, pursuant to Senate Resolution 75 (73d Cong., 1st sess., agreed to May 29, 1933), a report showing the salary schedules of the executive officers and directors of public-utility corporations engaged in the transportation of electrical energy in interstate commerce, and of other corporations licensed under the Federal Water Power Act, which, with the accompanying report, was referred to the Committee on Banking and Currency.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the Oklahoma Hardware and Implement Association, favoring the making of adequate appropriation to maintain

and continue in operation the Woodward and Lawton United States Experimental or Field Stations in the State of Oklahoma, which was referred to the Committee on Appropriations.

He also laid before the Senate a resolution of the board of aldermen of the city of Chelsea, Mass., favoring the passage of legislation providing for a national lottery to be conducted by the Veterans' Administration, which was referred to the Committee on Finance.

He also laid before the Senate a resolution adopted by the board of aldermen of the city of Chelsea, Mass., endorsing Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution adopted by the Seattle (Wash.) Typographical Union, No. 202, protesting against the passage of legislation tending to nullify in any manner the rights and privileges of labor to organize and bargain collectively, as provided in section 7–A of the National Industrial Recovery Act and the Anti-Injunction Act, which was referred to the Committee on the Judiciary.

He also laid before the Senate resolutions adopted by a meeting held under the auspices of the Philippine Civic Union at San Fernando, Pampanga, P.I., favoring the granting of Philippine independence, which were referred to the Committee on Territories and Insular Affairs.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. BORAH. I offer for printing in the RECORD a telegram from Frank Knox, of Chicago, relative to the St. Lawrence Waterway Treaty. I ask that the telegram may lie on the table.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

FEBRUARY 11, 1934.

Hon. WILLIAM E. BORAH,
United States Senate, Washington, D.C.:

Illinois Senator's position on St. Lawrence waterway fails to reflect large body public opinion of Chicago and of State and must not be interpreted as true attitude of Illinois public. State has for years maintained an active deep waterway commission for the furtherance of this project. Believe both Senators will find their position of arbitrary opposition to President Roosevelt's St. Lawrence seaway program will be repudiated at home.

Opposition to ratification of the St. Lawrence Seaway Treaty presents an unusually clear picture of the tactics employed by confederated special interests fighting a project conceived in the public interest. It simply reverses the political technique of the pork barrel.

Instead of a logrolling combination in favor of a grab bag of public expenditures for works primarily of local or private interest, we see in the leagued lobbies arrayed against the St. Lawrence Treaty with Canada bands of logrollers united against the execution of a public improvement which each confederate deems inimical to his special interest. The porcine motive is there, even when the pork hides behind the plea of economy. The fight against the treaty is a fight to save the bacon of vested interests that levy tribute upon the incomes of the people through capitalizing natural transportation handicaps which the ship channel would eliminate.

In the main the interests that combat the St. Lawrence Seaway fall under the following heads: 1. The seaport cities from Montreal to the Virginia Capes. 2. The trunk-line railroads connecting those ports with the production and market centers of the Middle West and the Great Plains. 3. Certain heavy industries, located at ship side on the Atlantic seaboard and the Lakes, which foresee competition in their present markets when the seaway gives a cheap water haul from and to all Lakes cities and the coastal cities of both North America and Europe. 4. Electric-power interests exposed to the potential competition of power to be generated along the seaway.

In addition to those well-defined economic interests there are other elements in the combination opposing the seaway. The historic opposition of St. Louis to East-West trade routes. First manifested years ago in the fight against railway bridges across the Mississippi. Reasserts itself in the seaway fight. Other opponents are influenced mainly by their belief that ratification of the treaty would forever determine the amount of water to be diverted from the Lakes to the Mississippi watershed, thus limiting the navigability of the Lakes-to-Gulf waterway, cutting down the amount of condensing water available for the generation of electric power in steam plants, and otherwise curtailing the economic employment of water diverted from Lake Michigan at Chicago. They cannot reconcile themselves to the fact that diversion is practically a separate matter from the seaway, a matter that has already been dealt with by the United States Supreme Court.

In this class of vain hopes and emotional resentments is the flag-waving nonsense about the surrender of American sovereignty over Lake Michigan, as if Canada's vested rights in lake levels had not long ago been recognized under the law of nations, and by treaty conforming to international law.

The special interests trying to block the treaty and stop the seaway, as is the custom of short-sighted interests influenced by their own lobbying henchmen, ignore the long-run gains likely to accrue to them, as well as to North America as a whole. The seaway is a continental betterment, designed to link the productive heart of the continent to the seven seas. By making the entire continent a more efficient productive and transport mechanism, the seaway is bound to benefit practically every useful industry now contributing to the incomes or goods and services available to the American and Canadian peoples.

All the world shared the benefits of Suez and Panama. Even those parts of the world from which some special traffic was diverted. The St. Lawrence Seaway, designed to link the West to blue water, is of the order of world-helping works.

FRANK KNOX.

CHICAGO, ILL.

Mr. DAVIS. Mr. President, on February 5 I asked consent to have printed in the RECORD two communications expressing opposition to ratification of the St. Lawrence Waterway Treaty, one from the Pittsburgh Chamber of Commerce and the second, written by Mr. A. F. Whitney, chairman of the Railway Labor Executives' Association. I now ask unanimous consent to have printed in the RECORD messages from Mr. Whitney and the Pittsburgh Chamber of Commerce opposing the treaty.

There being no objection, the communications were ordered to lie on the table and to be printed in the RECORD, as follows:

RAILWAY LABOR EXECUTIVES' ASSOCIATION,
Cleveland, Ohio, February 10, 1934.

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: Supplementing my letter to you of January 31, 1934, with reference to the St. Lawrence waterway project:

In my discussion of the assertion generally made that waterway transportation is incomparably cheaper than land traffic I called attention to the fact that railroad rates must cover the cost of roadbed, terminals, and all other incidentals of capital outlay, while the rates on waterways cover only the carriers' costs. In this connection I should have added that the railroads also pay from $300,000,000 to $400,000,000 taxes each year, while it is the rule that all public improvements, such as the St. Lawrence waterway would be, are exempt from taxation.

With kindest regards, I am, respectfully yours,

A. F. WHITNEY, *Chairman.*

PITTSBURGH, *February 8, 1934.*

Hon. JAMES J. DAVIS,
Senate Office Building, Washington, D.C.

DEAR SENATOR DAVIS: Relative to the message sent you on February 2 by our president, Mr. John S. Fisher, advising of protests against the ratification of the St. Lawrence Seaway Treaty, made at a public hearing held on that date, your attention is respectfully directed to the attached resolution of the Chamber of Commerce of Pittsburgh, approved by the board of directors at a meeting held today.

Please also note the attached copy of our letter to President Roosevelt calling attention to the tonnage of bituminous coal consumed by the northwest section moving to our own Great Lakes ports, which may be jeopardized by foreign coals as well as that shipped to Canada.

Your consideration and support of this resolution is respectfully urged.

Very truly yours,

CHAMBER OF COMMERCE OF PITTSBURGH,
By FRANK C. HARPER, *Secretary-Manager.*

PITTSBURGH, *February 8, 1934.*

The Honorable FRANKLIN D. ROOSEVELT,
President of the United States,
Washington, D.C.

DEAR MR. PRESIDENT: Your attention is respectfully directed to the attached copy of a resolution adopted by our board of directors today, which opposes the ratification of St. Lawrence Seaway Treaty, now pending in the Senate.

Your message advocating ratification was read at the public hearing held on February 2 in the Chamber of Commerce Auditorium and was given careful study by the joint subcommittee which prepared the report and by the rivers and harbors and general traffic committees prior to their approval and transmittal of the resolution to the board of directors.

The reasons cited in the resolution go far beyond mere selfish local considerations, concerning as they do the welfare of thousands of workers in the mining industry in the entire Appalachian bituminous area as well as railroad employees. In addition to the 10,000,000 tons of American coal going to Canada, there are 31,000,000 tons going to United States Great Lakes ports, some of which may also be displaced by cheap foreign coals.

We believe that the alleged savings in the cost of transportation that will result from the construction of the St. Lawrence

seaway are grossly exaggerated. Taking the typical saving mentioned in the summary of data referred to in your message (S.Doc. No. 110, p. 8) of $9,332 per ton on class 5 commodities from Philadelphia to Chicago, for example, the fact is that the rate for all-rail transportation is only $10.20 per ton and for rail-and-lake movement only $9.40 per ton, leaving only $0.868 and $0.068, respectively, for transportation via the seaway; whereas the fifth-class lake rate from Buffalo to Chicago is $7 per ton for a mere proportion of the total haul. Many of the heavy commodities take sixth class, 90 percent, and 80 percent of sixth class, the rates on which are as follows:

	All rail	Rail and lake
	Per ton	*Per ton*
Sixth class	$8.00	$7.40
90 percent of sixth	7.20	6.40
80 percent of sixth	6.60	6.00

We believe the same is true of other typical savings cited therein.

Respectfully yours,

CHAMBER OF COMMERCE OF PITTSBURGH,
By FRANK C. HARPER,
Secretary-Manager.

THE CHAMBER OF COMMERCE OF PITTSBURGH.

JOINT REPORT—RIVERS AND HARBORS AND GENERAL TRAFFIC COMMITTEES

To the Members, Board of Directors, Chamber of Commerce of Pittsburgh.

GENTLEMEN: Your rivers and harbors committee and general traffic committee at a joint meeting held on February 6, 1934, received the attached report of the joint subcommittee on the St. Lawrence Seaway submitting a resolution recommending that the Chamber of Commerce of Pittsburgh oppose the ratification of the St. Lawrence Seaway Treaty now pending in the United States Senate.

Following careful consideration thereof and the reasons stated therein, your rivers and harbors committee and general traffic committee approved the above mentioned resolution and respectfully submit it as their own and recommend its adoption.

Respectfully submitted.

Rivers and Harbors Committee: A. B. Shepherd (chairman), W. P. Buffington, J. H. Huggans, C. W. Trust, L. G. Hults, C. B. Ellis, A. J. Sevin, Benj. S. Thomas, A. L. Doggett, R. H. Miller, F. M. Ewing, Wm. T. Lowe, James A. Henderson.

General Traffic Committee: W. F. Morris, Jr. (chairman); J. E. Lose; C. S. Lamb; James F. Hillman; D. A. Rees; Alex W. Dann; John F. Flood; R. W. Hammitt.

THE CHAMBER OF COMMERCE OF PITTSBURGH.

To the Members River and Harbors Committee, General Traffic Committee, the Chamber of Commerce of Pittsburgh.

GENTLEMEN: Pursuant to requests that the Chamber of Commerce of Pittsburgh record its position on the St. Lawrence Seaway Treaty now pending in the United States Senate, on which President Roosevelt has advocated ratification, a public hearing thereon was held in the Chamber of Commerce Auditorium on February 2, 1934, with approximately 100 executives of industrial, power, railroad, river, and other interests in attendance.

Spokesmen for the various trade groups presented statements vigorously opposing the construction of the proposed St. Lawrence seaway, supporting their position with comprehensive arguments. No statements in favor of the project were presented.

Your joint subcommittee on the St. Lawrence Seaway Treaty, at a meeting held on February 6, 1934, gave careful consideration to the above-mentioned statements as well as the main arguments advanced by its proponents in its favor, and in connection therewith respectfully submit the following resolution, and reasons therefor, and recommend its approval and transmittal to the board of directors for adoption by the chamber:

"*Resolved*, That the Chamber of Commerce of Pittsburgh vigorously oppose the ratification of the St. Lawrence Seaway Treaty, providing for the construction of the Great Lakes-St. Lawrence seaway, including canals, locks, and dams for navigation and power purposes, which is now pending in the Senate of the United States, for the following reasons:

"1. That coal is one of the principal products of western Pennsylvania and the prosperity and welfare of the people of western Pennsylvania, including the Pittsburgh district, are in large measure influenced by and dependent upon the condition of the coal industry; that Canada affords an important market for bituminous coal mined in western Pennsylvania, it having imported 10,000,000 tons of coal from the United States in 1933; that the markets in eastern Canada for coal mined in the United States have already been seriously curtailed through the influx into those markets of coal from countries other than the United States; that construction of the proposed canal would open up additional and highly important consuming areas in Canada and in the United States for coal produced in countries other than the United States; that as to Canada alone the tonnage thus jeopardized is estimated to be not less than eight and a quarter million tons; that the staggering losses of coal tonnage of mines in western Pennsylvania and other coal-producing areas of the United States, made likely by construction of the proposed canal, would throw thousands of additional miners and other employees out of work and most injuriously affect the welfare and prosperity of the people of the Pittsburgh district, and the entire western Pennsylvania and other coal-producing areas.

"2. That it is estimated the proposed project will develop 5,000,000,000 kilowatt-hours of what its proponents designate as the cheapest electrical energy on the continent; that if this is so, this tremendous development of cheap power will draw both present and future industrial developments away from the Pittsburgh district; that this hydroelectric development will also supplant a very large amount of energy developed from steam plants and displace thousands of tons of coal now burned in such plants; that such hydroelectrical development would have a most injurious effect on the industrial life and prosperity of the Pittsburgh district; that the present capacity of American power plants is not fully utilized, and will not be for sometime, and, therefore, there is no need for the proposed project so far as additional power is concerned.

"3. The loss of the coal tonnage mentioned in paragraphs 1 and 2 would also be reflected in a greater unit cost of production at the mines and result in increased prices to the remaining consumers.

"4. That the Pittsburgh district is dependent in major degree on rail transportation; that the construction of the proposed canal would divert a large volume of freight from railroads which serve the Pittsburgh district; that these railroads can ill afford to lose the revenues they would otherwise derive from such tonnage; that the tendency of such loss of revenues might be to force increases in freight rates on tonnage remaining and impairment of service afforded the Pittsburgh district; that the railroads serving the Pittsburgh district are among the largest consumers of coal mined in western Pennsylvania district, and any reduction in tonnage transported would effect corresponding reduction in coal purchased and consumed by the railroads.

"5. That the estimated costs of the project variously range from $543,000,000 to $1,350,000,000; that the final costs of projects of similar class built in the past have generally very greatly exceeded the original estimates; that under the impending treaty the United States would pay 66⅔ percent of the original cost and advance to Canada the funds necessary to meet its share of the cost; that based on the most conservative estimates the taxpayers of the United States will be required to assume a staggering additional burden when the cry is for lower taxes; that the taxpayers of the Pittsburgh district will be called upon to contribute an immense sum to create a project that will be very hurtful to them in many ways.

"6. That the need for additional transportation facilities that existed in the years 1920 and 1921, when the study of the St. Lawrence seaway was made by the International Joint Committee has long since disappeared through additions, betterments, and increased efficiency of the railroads, as well as being augmented in an ever-increasing ratio by motor transportation as a result of the extension of improved highways, and, therefore, from a transportation standpoint there is now no real need for the project and it is one that ill can be afforded.

"7. That the loss of trade to Pittsburgh and other American industries, including glass, steel, and other industries, and loss of traffic to American railroads will be reflected in lower tax returns to the Federal Government to meet the expense of its construction and maintenance, as well as reduced taxes to States and local communities, reduced employment and purchases of material and supplies would also be involved.

"8. That the additional transportation capacity that would be provided by a 27-foot channel, as compared with that now available with the existing 14-foot channel, will not justify the enormous expense for its construction. Total cargoes through the St. Lawrence canals during 1933 amounted to 6,951,064 tons, as compared with the estimate by the War Department of 13,000,000 tons for the deeper channel, an addition of slightly over 6,000,000 tons.

"9. That the Interstate Commerce Commission has denied applications for the construction of new trunk-line railroads in eastern territory because it could not be shown that they would develop new traffic, and it would be the height of folly for the Government itself to provide for new transportation facilities by water which would not develop any substantial tonnage of new traffic.

"10. That the Government, through the Coordinator of Transportation, Public Works Administration, and Reconstruction Finance Corporation, is urging and aiding the railroads to purchase new cars, locomotives, rails, and other equipment and material as a part of its recovery program, notwithstanding that there are nearly 500,000 cars and 6,000 locomotives in serviceable condition in storage awaiting the needs of commerce.

"11. That the saving in transportation cost would be inconsequential, as the present basis of rates via existing facilities provides a very much smaller margin than that existing in the years 1920 and 1921, when freight rates, as well as prices, were at their peak. Further, such saving to the limited group of shippers or consumers benefited thereby would be more than offset by the greater tax burden imposed on all the people to cover the capital and maintenance charges because no tolls are to be levied. On grain, for example, the saving estimated at 4 cents per bushel would be at the expense of the taxpayer of 11 cents, almost 3 to 1.

"12. That Lake Michigan, the entire drainage area of which lies wholly within the United States, should not be internationalized, as it will be under the proposed treaty; and, further, that the entire body of the Great Lakes should not be opened to foreign ships which are not subject to the La Follette Seamen's Act.

"That the facts herein prominently set out are more elaborately dealt with in an appendix attached hereto and made a part hereof.

"And be it further

"*Resolved*, That copies of this resolution be sent to the President of the United States and the Senators from Pennsylvania."

Respectfully submitted.

J. E. LOSE, *Chairman*,
A. L. DOGGETT,
R. W. HAMMITT,
E. W. JUDY,
J. B. KEELER,
BENJ. S. THOMAS,
Joint Subcommittee on St. Lawrence Seaway Treaty.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

In view of the great interest being manifested by private individuals, public officials, trade organizations, and industrial and commercial corporations throughout the country in the proposed Great Lakes-St. Lawrence Waterway Treaty, which is at present before the United States Senate for ratification or rejection, it is a matter of general interest to have presented a number of pertinent considerations and comparisons which may lead to a clearer understanding of the project and its probable effect on the national economy of the United States.

A sound and reasonable premise should be that, as a general proposition, there is no objection to Federal expenditures for necessary inland waterways. However, any expenditure for that purpose should be economically justified, and any capital investment, whether made by our Government, acting for itself, or associated with another country, as in the case of the proposed St. Lawrence waterway project, should not be made when the effect thereof unnecessarily duplicates or materially destroys the value of existing facilities.

Before such an important step is taken it should be clearly proven that a new waterway of this magnitude will so greatly increase the commerce of the Nation as to justify beyond peradventure whatever harmful effect may occur to existing facilities of transporation, electric power plants, ports, etc., and likewise the extent to which new industries may be developed to displace those at present satisfactorily serving the country.

As a matter of fact, the study upon which this memorandum is based has forced the conclusion that the information available and upon which those favoring the building of the project have based their opinion, is much too meager to justify those (the Senators) who are to be responsible for the expenditure and results to vote affirmatively upon the ratification of the treaty. Indeed, all the documentary information on the subject, and there is an abundance of it, points overwhelmingly in the opposite direction, if the best interests of the country commercially and of the taxpayers upon whom the burden must fall are to be subserved.

There is far less need at the present time for additional transportation facilities than was perhaps the case at the time the study of this question was made by the International Joint Committee in 1920-21. Thirteen years have elapsed between the original investigation and the present-day consideration of the waterway. (See p. 158 of The St. Lawrence Navigation and Power Project, published by the Institute of Economics of the Brookings Institution in July 1929.)

Since 1920 marked changes for betterment have taken place in efficiency of the steam railroads, and it is important to take notice that the steam transportation system has been greatly augmented by the enormous development in highway transportation carried on by motor trucks and the expansion and improvement in inland waterways.

The fact is that at the present time the country is, and will be for years to come, oversupplied with transportation facilities.

What the steam transportation system is suffering from at the present time is the thousands of empty freight cars and idle locomotives stored awaiting the needs of commerce. As of December 1, 1933, United States railroads had a surplus of 470,165 freight cars and also had 5,752 engines stored in serviceable condition.

The later war years and the years 1919-20 were in every sense extraordinary. Traffic increased approximately 50 percent in 3 years, and it was necessary to single out much of the traffic for greatest possible expedition under priority orders that were issued by the Government to the carriers for the purpose of expediting most needed war materials, but which interfered greatly with the efficiency of the carriers. On the main line of the Pennsylvania Railroad at one time about 85 percent of the loaded cars were moved under these priority orders.

Some of these conditions continued for a year or more after the close of the war and others developed to retard a rehabilitation of the transportation service. Exports continued to move in heavy volume, the total traffic in 1920 exceeding that of 1918, and there was a general state of indecision during the period prior to the return of the railroads from Government to private operation (Mar. 1, 1920) which militated against restoration of effective railroad operations. Following the return of the carriers to private management came the shopmen's strike in 1922.

The extent to which steam transportation has been augmented by highway transportation is shown by the following data as compiled by the National Automobile Chamber of Commerce:

Highways	Miles		Percent of increase
	1921	1932	
Total surfaced	387,760	868,000	123.8
High-type surfaced	35,874	150,000	318.1
Low-type surfaced	351,886	718,000	104.0

Motor-truck registrations in 1921 were 1,117,100 and 1 in 1932, 3,233,000, an increase of 189.4 percent.

During the years 1923 to 1931, inclusive, the expenditures on the highways of this country totaled $13,000,000,000.

There need be no apprehension of a recurrence of the insufficient transportation that existed during the war years and to 1922. The capacity of steam carriers, particularly the Chicago-St. Louis-North Atlantic seaboard lines, may be increased without appreciable additions in trackage, terminal facilities having been in recent years expanded and improved, until there is at present an excessive capacity of the latter. The increased capacity of these carriers may be accomplished by electrification, improved signaling, wider adoption of such effective practices as longer locomotive runs, and the consolidation of railroads into fewer systems which will make decidedly more efficient the existing lines and eliminate much circuity in the routing of traffic.

The foregoing possibilities of increased efficiency, together with the slowing down of construction of competing transportation facilities, thus reducing diversion of traffic from existing facilities should ultimately permit of reductions in transportation charges to the public comparable with reductions in costs that could be accomplished.

It was the abnormal conditions, previously recited, prevailing during the years 1917 to 1922 as a result of the war traffic, and the unusual circumstances surrounding the handling thereof; namely, taking over of the railroads by the Government; returning them to private management; the crippling of the railroads by employees' strikes (effectually and permanently corrected by the Railway Labor Act of 1926) that furnished the basis upon which the construction of the St. Lawrence waterway was advocated as a needed additional facility to amplify those of the railroads.

In this connection, it is of interest to note that Mr. Herbert Hoover, one of the primary advocates of the St. Lawrence project, later admitted the improved efficiency and importance of our national economy of the American railroad system, when, on August 6, 1927, he made the following statement appearing in the New York Times of that date:

"The railroads during the past 5 years, by the great ability of their managers, have greatly reduced transportation costs and thus made rate reductions possible which would not otherwise have been the case. The result of this great reorganization upon the whole economic progress of the country has been far-reaching. Rapid dispatch has greatly reduced the inventories of the country, has contributed to the stabilization of production and employment, and has increased the efficiency of all production and distribution."

The Brookings Institution report, beginning at page 172, shows that with single locks (as it is proposed to build the waterway) the project would have a theoretical maximum carrying capacity (based on a capacity boat of 9,000 tons every hour during the 195 days of open navigation) of approximately 42,000,000 tons per annum.

To show what little relief to the transportation system would be derived from the proposed waterway, the average annual revenue tonnage (by no means the maximum carrying capacity) handled by the Baltimore & Ohio, Chesapeake & Ohio, Erie, New York Central, Norfolk & Western, and Pennsylvania Railroads in the 12-year period, 1921 to 1932, inclusive, was 674,195,375 tons, while the maximum carrying capacity of the waterway will be only 42,000,000 tons per annum, or approximately 6 percent.

The foregoing material dispels the thought that the St. Lawrence waterway is now or will in the future be needed because of insufficiency of the transportation facilities of the United States. On this account, at least, the huge expenditures necessary to complete the project would be sheer waste.

It is impossible, of course, to vouch for the various estimates that have been made as to the cost of the project, divided between navigation and power development, but the following table gives those prepared by different individuals or organizations who have given study to the project:

International Joint Commission	$543,429,000
Hugh L. Cooper, international engineer	1,350,000,000
E. P. Goodrich, consulting engineer	1,054,000,000
Dr. Harold G. Moulton, of Brookings Institution	712,000,000
President Hoover (in statement to Associated Press)	800,000,000
Average	891,886,000

And, to show a comparison between original estimates and the actual cost of completion on some of the larger similar projects, the following table will be of interest:

	Initial estimate	Actual cost
Trent Valley Canal	$6,960,000	$30,000,000
Welland Canal	40,000,000	120,000,000
Grand Trunk Pacific Ry	13,000,000	100,000,000
Manchester Ship Canal	40,000,000	80,000,000
Chicago Drainage Canal	16,000,000	53,000,000
Panama Canal	150,000,000	375,000,000
New York State Barge Canal	62,000,000	176,000,000
Total	327,960,000	934,000,000

Senator WAGNER, in Senate Executive Report No. 1, part 3, dated January 10, 1934, estimates that the annual overhead, including 4-percent interest on capital and 1 percent for depreciation, would total $24,170,000; and it has also conservatively been estimated that it will cost $12,000,000 per annum for overhead maintenance and operation because of the rigorous winters and regulation of ice levels, including the 16 or 17 locks, 50 percent of which, or $6,000,000, is to be charged to the United States. This would make the annual cost to the United States for overhead $30,170,500.

Although Mr. A. H. Ritter, of the Great Lakes-Tidewater Association, in 1925 estimated 30,174,000 tons as the total potential traffic available for the St. Lawrence waterway, subsequent analysis of tonnage factors showed that the total annual tonnage originating in the United States available for movement through the St. Lawrence waterway would not exceed 6,000,000 tons, of which about 2,250,000 tons would be derived from the grain trade.

Based on the annual cost to the United States of $30,170,500 for interest, depreciation, maintenance, and operation, it would appear that for every ton of freight of United States origin moved through the waterway the cost will be about $5 per ton.

This very properly raises the question as to how much longer the Government shall continue to furnish capital for development of projects of this nature entirely free to the users thereof. It does not appear that any suggestion has been made that there should be a toll for the vessels that will use this waterway.

In none of the engineering reports or written analyses bearing on this project does there seem to be any convincing proof that the St. Lawrence waterway would develop any appreciable amount of new traffic for our agricultural or industrial interests that would even remotely justify the expenditure, nor any complete investigation of the possibilities of the harm that may come to our own economic life by the opening up of this waterway to the cheaper coals of Nova Scotia and Great Britain; iron ore from Newfoundland, Spain, Sweden, South America, etc.; forest products; petroleum products; iron and steel; dairy products—to say nothing of the general run of manufactured articles of foreign countries. It is all well to say that the United States can protect itself against importation of these important commodities by imposition of protective duties; but then will surely follow the reaction of similar treatment by foreign countries against the products which we originate, thus nullifying the much-proclaimed increase in foreign commerce that the waterway will develop for us.

Much stress has been laid to the advocates of the St. Lawrence waterway on the advantages that will accrue, particularly to the Midwest agricultural interests, by increasing the potentiality of all export grain business and the possibility of reducing the transportation costs. Various experts have estimated that the cost of transporting wheat from the upper Lakes ports to Liverpool, for instance, would be reduced from 4 to 8 cents per bushel, and that the larger part of this saving would ultimately be reflected in a corresponding increase in the price received by the farmers. That this calculation is erroneous is proven by the following:

	Average rate per bushel	
	1933	5 years, 1929-33
	Cents	*Cents*
Fort William to Montreal	4.0	4.5
Montreal to Liverpool	5.5	6.5
Total	9.5	11.0

The explanation for the estimated reduction from 4 to 8 cents per bushel in transportation costs is doubtless due to the fact that at the time the treaty was first under consideration the all-water rate from Duluth to Fort William was about 10 cents per bushel, but this rate at the present time is 4 cents per bushel, as shown by the above rate table.

As of interest, it will be found that because of the higher prices prevailing in the United States in 1933 this country imported about 8,000,000 bushels of rye, in spite of the 15 cents per bushel duty. This indicates that if the St. Lawrence waterway will cheapen transportation we are more likely to be damaged by imports than we are to derive benefits from exports.

Less than 1 percent of our corn crop is exported, and of what there is exported of this commodity a goodly portion goes into Canada and Mexico, the movement of which would not be benefitted by the proposed project.

The British Government has placed a very definite obstacle in the way of our wheat competing with that originating in Canada. At the Imperial Conference held in Ottawa in the fall of 1932, a trade agreement was entered into whereby the United States origin wheat or Canadian wheat moving through the United States ports, in bond, would be assessed a special duty of 6 cents per bushel higher than Canadian wheat. The pound sterling at that time was about at par, and under the present rate of exchange the arbitrary on United States wheat would be approximately 8 cents plus per bushel higher than on Canadian wheat.

This illustrates how difficult it is for United States wheat to compete with Canadian wheat in what has formerly been one of our best foreign markets.

Another very important angle of the St. Lawrence project is that the treaty surrenders Lake Michigan as a United States body of water. In an editorial in the Toronto Mail and Empire of July 19, 1932, appears the following comment:

"The United States abandons its ancient contention that Lake Michigan is an American lake. The great body of water has forever, through this new treaty, become an international body of water."

The internationalization of Lake Michigan appears to be in and of itself too great a sacrifice to make. Thereby we are selling our birthright for a mess of pottage. Certainly the treaty concedes nothing to the United States that even slightly approaches this most valuable gift that we propose making to foreign nations.

No consideration seems to have been given to permitting the United States railroads the same right to operate vessels on the Great Lakes and the St. Lawrence waterway that is accorded to the Canadian railroads.

Ninety percent of all lands bordering on the St. Lawrence waterway, a distance of 1,182 miles, is owned by the Dominion of Canada.

In regard to the electrical energy to be ultimately developed under the terms of the treaty, the power plants, when fully and completely equipped to utilize the maximum flow available at the several power sites, would produce an aggregate capacity of almost 5,000,000 horsepower.

The power to be produced at the Soulanges and the Lachine sections will total about 2,923,000 horsepower. The generally accepted understanding is that the United States is to enjoy one half of the estimated 2,000,000 horsepower to be developed in the International Rapids section. It is evident, therefore, that out of approximately 5,000,000 horsepower, the ultimate capacity of the three sections, the United States will have but 1,000,000 horsepower—20 percent. The disposition of the Canadian Government is:

"Public opinion in Canada is opposed to the export of hydroelectric power, and is insistent that such power as may be rendered available on the St. Lawrence, whether from the wholly Canadian section or from the Canadian half of the international section, shall be utilized within the Dominion to stimulate Canadian industry and develop the national resources." (Note of Jan. 31, 1928, from the Canadian Minister to the Secretary of State.)

If it could be proven as a fact that the hydroelectric power to be developed will materially increase the industrial development, then the Canadian side seems to have the greater advantage, since 80 percent of the total power is to be produced within Canadian territory. The most serious aspect of this huge power development is the displacement of the power-producing fuels of Ohio, Pennsylvania, West Virginia, and Kentucky, and the consequent effect upon employment.

There are certain advocates of the St. Lawrence waterway who maintain that the project is justified more especially for the cheap power that will be furnished to the citizens of the upper North Atlantic States. However, it has been determined by independent engineers who have studied the problem that practically the only accessible markets capable of absorbing as much as 1,000,000 horsepower would be the metropolitan area of New York City and the Boston-Worcester region, but their findings also prove that the proceeds of sale of this power, when transmitted over an independent transmission system and sold at prices competing with large steam-electric plants already in existence, would not cover the costs involved for the Government.

While it is impossible to predict with certainty just what complications may arise, the situation is sufficiently important to direct a most careful comparison of article 4 of the treaty, which so definitely guarantees to the Canadian Government that the depth of water for shipping in the Harbor of Montreal and through the navigable channel of the St. Lawrence River below Montreal shall be maintained at depths now existing, or as may hereafter be increased by dredging or other harbor or channel improvements, with article 8, which hardly gives our Government a quid pro quo. (Copies of articles 4 and 8 of the treaty are appended.)

Article 4 appears to be most objectionable in that the United States is coguarantor of the water levels in Montreal Harbor and in the St. Lawrence River east thereof.

No voice whatever is given to the United States over the extent or character of construction or dredging operations that may take place at Montreal and the eastern end of the river. Any changes in this respect which the Canadian Government may elect to make might very readily affect the discharge of the river and hence the water levels. If the levels are reduced, the Cana-

dian Government may contend that there is insufficient water. If the levels are raised, the Canadian Government may contend that the discharge is too great.

On the whole it seems that article 4 of the treaty is too speculative and lends itself to the creation of extended controversies in future years.

Ordinary prudence requires that some thought be given to the situation that would exist in time of war. Naturally the nation that controls the mouth of the river will control the waterway. Since the proposed waterway runs for a long distance through foreign territory, it will most surely involve international complications in case of a war wherein the interests of the United States and Canada are not identical.

Of further interest on this phase of the subject the following is quoted from the statement of the Honorable Peter G. Ten Eyck before the Senate Committee on Foreign Relations in November 1932:

"It is not conducive to the continuance of harmonious and pleasant relations for two nations to enter into joint ownership and operation of such an important business project. Either one country or the other should build it, own it, and operate it, and have full control of it in peace time as well as in time of war."

JANUARY 1934.

[Extract from treaty between the United States and the Dominion of Canada, July 18, 1932]

ARTICLE IV

The high contracting parties agree:

(a) That the quantity of water utilized during any daily period for the production of power on either side of the international boundary in the international rapids section shall not exceed one half of the flow of water available for that purpose during such period;

(b) That, during the construction and upon the completion of the works provided for in article III, the flow of water out of Lake Ontario into the St. Lawrence River shall be controlled and the flow of water through the international section shall be regulated so that the navigable depths of water for shipping in the harbor of Montreal and throughout the navigable channel of the St. Lawrence River below Montreal, as such depths now exist or may hereafter be increased by dredging or other harbor or channel improvements, shall not be lessened or otherwise injuriously affected.

ARTICLE VIII

The high contracting parties recognizing their common interest in the preservation of the levels of the Great Lakes system, agree:

(a) 1. That the diversion of water from the Great Lakes system, through the Chicago Drainage Canal, shall be reduced by December 31, 1938, to the quantity permitted as of that date by the decree of the Supreme Court of the United States of April 21, 1930;

2. In the event of the Government of the United States proposing, in order to meet an emergency, an increase in the permitted diversion of water and in the event that the Government of Canada takes exception to the proposed increase, the matter shall be submitted, for final decision, to an arbitral tribunal which shall be empowered to authorize, for such time and to such extent as is necessary to meet such emergency, an increase in the diversion of water beyond the limits set forth in the preceding subparagraph and to stipulate such compensatory provisions as it may deem just and equitable; the arbitral tribunal shall consist of three members, one to be appointed by each of the Governments, and the third, who will be the chairman, to be selected by the Governments;

(b) That no diversion of water, other than the diversion referred to in paragraph (a) of this article, from the Great Lakes system or from the international section to another watershed shall hereafter be made except by authorization of the International Joint Commission;

(c) That each Government in its own territory shall measure the quantities of water which may at any point be diverted from or added to the Great Lakes system, and shall place the said measurements on record with the other Government semiannually;

(d) That in the event of diversions being made into the Great Lakes system from watersheds lying wholly within the borders of either country, the exclusive rights to the use of waters equivalent in quantity to any waters so diverted shall, notwithstanding the provisions of article IV (a), be vested in the country diverting such waters, and the quantity of water so diverted shall be at all times available to that country for use for power below the point of diversion, so long as it constitutes a part of boundary waters;

(e) That compensation works in the Niagara and St. Clair Rivers, designed to restore and maintain the Lake levels to their natural range, shall be undertaken at the cost of the United States as regards compensation for the diversion through the Chicago Drainage Canal, and at the cost of Canada as regards the diversion for power purposes, other than power used in the operation of the Welland Canal; the compensation works shall be subject to adjustment and alteration from time to time as may be necessary, and as may be mutually agreed upon by the Governments, to meet any changes effected in accordance with the provisions of this article in the water supply of the Great Lakes system above the said works, and the cost of such adjustment and alteration shall be borne by the party effecting such change in water supply.

PLAN FOR EXTENSION OF CREDIT

Mr. DAVIS. Mr. President, I ask unanimous consent to have published in the RECORD and referred to the Committee on Banking and Currency a letter from Charles W. Krepps, of the Pettibon Dairy Co., of Rochester, Pa., presenting a plan to extend credit directly to the people.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

ROCHESTER, PA., *February 9, 1934.*

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

DEAR SIR: I am embodying herewith a program presented by my boss to Gen. Hugh S. Johnson in connection with the Recovery Act, which I believe is worthy of your consideration; submitted as follows:

"In your program of adjustment you no doubt are doing the very best you know how, but did you ever stop to consider that the business men and small manufacturers have been carrying the load for the past 3 years, because the workingman was out of work or on so small an income it was impossible for him to carry his share of our burden? The large moneyed men continued to evade their honest share of the burden, as they have in the past. Therefore, the middle group has borne the burden of reduced volume, cut prices, and, most of all, inability to collect. The last of which has depleted his reserve capital, and most noticeably in the cases of those of us who have funds tied up in closed or restricted banks.

"We, as a group, are your most loyal supporters, but we cannot go on forever without capital. Give us funds to operate on or, best of all, give funds to the workingman to pay us with and we will start this thing called 'industry' again in a way that will be surprising. If the Government loaned the individual citizen enough to pay their back accounts for at least the necessities of life, and then kept a string upon those individuals until the debts were repaid, with a small amount of interest, it will release more frozen credit than anything under the sun. Small industries will start moving if given credit or capital; and most of all we ask for our own capital.

"My own little business is worth about $200,000. I have tied up in frozen accounts some $15,000, 90 percent of which are owed by people who were good pay, because we had always prided ourselves on being good collectors.

"If the administration will loosen the frozen credit, they will have nothing more to do, because a country that has ceased to produce enough to meet normal demands of the people for 4 years cannot possibly have an overproduction, if those people were given something to buy with.

"We, as a group, directly or indirectly, employ a large percentage of the people. We buy from large industries, and therefore are in a position to help both if you but give us what is rightfully our own, our frozen outstanding accounts. Then release the funds in our banks and demand that they again function. The banks are being forced out of business because we business men are really the ones loaning the money, and, of course, not collecting interest upon it. Interest that is really a necessity in the lifeblood of our commerce."

May I hear from you?

Yours very truly,

CHAS. W. KREPPS.

WILLIAM EDWARD PRESTON

Mr. DUFFY presented copy of a resolution adopted by the Common Council of the City of Wilwaukee, Wis., which was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

Whereas William Edward Preston has been a member of the United States Coast Guard Service since May 4, 1904; and

Whereas his record in the life-saving service of the Federal Government has been distinguished in the saving of human life and the salvaging of valuable property from the waters of the Great Lakes; and

Whereas many of the great port cities on the Great Lakes have combined in a movement to secure recognition for the brave, unselfish, and distinguished services rendered to humanity by William Edward Preston during his long career in the Government life-saving service by the passage of a special act of Congress bestowing upon him the Distinguished Service Medal: Therefore be it

Resolved by the Common Council of the City of Milwaukee, That it hereby endorses the movement to secure recognition of the service record of William Edward Preston, for almost 30 years a member of the United States Coast Guard Service, and hereby petitions the Congress of the United States to enact the necessary and proper legislation conferring upon William Edward Preston a Distinguished Service Medal.

OFFICE OF THE CITY CLERK,
Milwaukee, February 9, 1934.

I hereby certify that the foregoing is a copy of a resolution adopted by the Common Council of the City of Milwaukee on February 5, 1934.

FRANK A. KRAWZAK, *City Clerk.*

HOME OWNERS' LOAN CORPORATION

Mr. WALSH. Mr. President, I present and ask that there be printed in full in the RECORD and appropriately referred copy of resolution adopted by the City Council of Revere, Mass., urging a broadening of existing legislation affecting the Home Owners' Loan Corporation.

There being no objection, the resolution was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

CITY COUNCIL, CITY OF REVERE, MASS.,
February 9, 1934.

Hon. DAVID I. WALSH,
Senator, Washington, D.C.

DEAR SIR: At a regular meeting of the city council held on Monday, February 5, 1934, the following resolution was declared ordered accepted and adopted:

"*Resolved*, That the Revere City Council, in regular session assembled this 5th day of February 1934, go on record as highly endorsing pending legislation before Congress having for its purpose the furtherance of legislation amplifying the powers of the Home Owners' Loan Board so as to permit the loaning of money to home owners for the modernization and repair of present existing dwelling houses in need of the same.

"That the Revere City Council believes that such legislation is now sorely needed, in view of the fact that the files of the Home Loan Board are now crowded with requests for assistance in the repair and modernization of homes. That, because of the present act creating the Home Loan Board, and the financial structure of the same, the Board is now unable to loan money except for new construction, with only minor provisions for elementary repairs such as painting, weatherproofing, and the like.

"That a copy of this resolution be submitted to Congressmen CONNERY and HEALEY and to Senators WALSH and COOLIDGE, for their assistance in the furtherance of the desired legislation."

Approved by his honor the mayor, Andrew A. Casassa, February 7, 1934.

Attest:

ALBERT J. BROWN, *City Clerk.*

PURCHASE BY GOVERNMENT OF SCHOOL TEXTBOOKS

Mr. WALSH. Mr. President, I present and ask that it be referred to the appropriate committee a petition, with accompanying papers, from citizens of Norwood, Mass., urging that $50,000,000 be made available by the Federal Government for the purchase of textbooks for the public-school children of the United States.

The petition has been signed by thousands of bookbinders, book-cloth makers, pressmen, compositors, foundrymen, paper makers, superintendents of schools, principals, teachers, pupils, and parents.

There being no objection, the petition and related papers were referred to the Committee on Appropriations and ordered to be printed in the RECORD, as follows:

NORWOOD, MASS., *February 2, 1934.*

Hon. DAVID I. WALSH,
United States Senator, Washington, D.C.

DEAR SIR: As the sponsor of the enclosed school textbook petition, it seems proper that I should outline what has been done here in Norwood, Mass., pertaining to this movement, which has not been promoted or signed by any manufacturer or member of any firm connected with the school textbook manufacturing industry.

On December 11, 1933, I discussed the merits and possibilities of this petition with Mr. Leonard W. Grant, superintendent of schools in Norwood, and secured his endorsement and support, which has been a major factor in this movement. On the same date I secured the endorsement and support of Local No. 176 of the International Brotherhood of Bookbinders of Norwood, Mass. On January 9, 1934, the Boston Allied Printing Trades Council endorsed this petition, and on January 24, 1934, Mr. John B. Haggerty, international president of the International Brotherhood of Bookbinders and chairman of the board of governors of the International Allied Printing Trades Association, visited Norwood, Mass., and while here gave me his personal endorsement and approval of this program.

Enclosed you will find letters of endorsement from others who are interested in this petition, also a list of a few of the sources behind the material which actually goes into a textbook, and shows that a great many people would have to go to work in order to produce this material.

Educational authorities and employees of various textbook manufacturing firms believe that it is time that something was done by the Federal Government to relieve unemployment in this particular industry and to supply our schools with textbooks which are badly needed.

Although the State of Massachusetts is superior to many other States in regard to educational equipment, particularly textbooks, there is no reason why this Commonwealth should not lead the way in this movement. We who ask your aid in carrying this proposition to a successful conclusion extend to you our full support and cooperation and feel confident that you are the one person who can accomplish this for us.

Respectfully yours,

THOMAS A. KERR.

JANUARY 18, 1934.

Mr. THOMAS A. KERR,
Norwood, Mass.

DEAR MR. KERR: I have your letter of January 16 and have read with much interest the copy of the petition which you and your associates propose to send to Senator WALSH for the purpose of enlisting his aid in obtaining a Federal grant to be distributed to cities and towns throughout the country, under proper regulations, for the purchase of textbooks for use in the public schools of the United States.

I am very glad, indeed, to endorse this movement, which would have a twofold benefit: First, in providing wide-spread employment throughout the book making industry of the country and its allied trades; second, in replacing the old and worn-out textbooks, which have had to be used under conditions which have existed and which are a constant menace to the health of the children. I think it is very generally recognized that the limitation which has been imposed by municipalities upon new purchases of school supplies is not likely to be changed in the immediate future, and it would, therefore, appear to be a most commendable project under such circumstances to seek to meet the emergency through Federal action.

With kindest regards, I am, sincerely yours,

FRANK G. ALLEN.

DEPARTMENT OF PUBLIC SCHOOLS,
Norwood, Mass., January 26, 1934.

Mr. THOMAS A. KERR,
Norwood, Mass.

MY DEAR MR. KERR: I am very glad to endorse the project which you have been working on of obtaining Federal assistance for the improvement of teaching materials, particularly schoolbooks. I am well enough acquainted with the situation to know that the children in many systems have been almost entirely deprived of proper textbooks due to decreased amounts for books in the school budgets and the ever-increasing enrollment. It is further to be regretted that very old books are being used generally and that thousands of these are insanitary and should long ago have been surveyed from use.

I sincerely hope that the petition which you are submitting will reach the proper authorities and receive the recognition and approval which it well merits.

Very truly yours,

L. W. GRANT.

We, as members of the Norwood school committee, endorse this petition.

JOHN J. CONLEY, *Chairman.*
CHRISTINE L. PROBERT.
GLADIUS M. MEAD.
EUGENE L. CONNALLY.
HAROLD E. SHAW.
JOSEPHIUS A. CHANDLER.

THE COMMONWEALTH OF MASSACHUSETTS,
HOUSE OF REPRESENTATIVES,
Statehouse, Boston.

To whom it may concern:

We, the undersigned, do most heartily endorse the petition hereto annexed, believing that said petition is of great importance and that such a movement will greatly assist in reducing unemployment as well as help in upholding our high standard of education.

FRANK B. COUGHLIN,
Representative of Eighth Norfolk District.
SAMUEL H. WRAGG,
Senator of Norfolk-Middlesex Senatorial District.

Hon. DAVID I. WALSH,
United States Senator, Washington, D.C.

SIR: We, the undersigned bookbinders, book-cloth makers, pressmen, compositors, foundrymen, papermakers, superintendents of schools, principals, teachers, pupils, parents, and others interested in the welfare of our public schools, and also desiring to increase employment among those persons engaged in producing and distributing school textbooks, do petition you to use influence at your command, to make available an allotment of Federal money for the purchase of textbooks for the public-school children of the United States.

We believe that a grant of Federal money, not to be less than $50,000,000, should be made available for this purpose; based on such regulations of distribution as may be arranged by a Federal governing agency. We further believe that cities and towns desiring to participate in such a distribution of Federal funds for the above-outlined purpose should be required to appropriate sums for the same purpose in proportion to schedules decided upon by the Federal governing agency.

Recent conferences with school boards and educators in the State of Massachusetts prove that the shortage of textbooks in schools is acute, owing to the steady reductions in appropriations

for this item during the past 3 years, and the increased enrollment of pupils. Studies which are on file in the division of education of the Department of the Interior, and in the National Education Association, show that this situation is a national one and that school children in practically every community of the United States have been forced to use dilapidated, germ-laden textbooks. There are indications that this situation is to continue and that even more reductions in appropriations for textbooks and teaching materials will be brought about in 1934. Educational standards have been lowered and the morale of teachers and pupils has been affected because of this textbook shortage.

The work involved in printing textbooks and making them available for school children would stimulate activity country wide in the employment of the tradesmen named in the above paragraph, most of whom are working at best only part time, many not at all, and some on day-labor assignments in the Public Works program. Most of the latter group are not adapted to perform the duties assigned to them in this particular program, being accustomed to an entirely different type of work in the manufacture of school textbooks.

Trusting that you will see fit to do all in your power to help out this cause, we, as citizens vitally interested in this proposal, make this appeal to you.

THOMAS A. KERR,
Bookbinder, Norwood, Mass.
CATHERINE M. KERR,
Home, Norwood, Mass.
DAVID A. EARLY,
Bookbinder, Norwood, Mass.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which was referred the bill (S. 305) for the relief of William T. J. Ryan, reported it with an amendment and submitted a report (No. 287) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry, reported it without amendment and submitted a report (No. 288) thereon.

Mr. TYDINGS, from the Committee on Territories and Insular Affairs, to which was referred the bill (S. 2107) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico, reported it with amendments and submitted a report (No. 289) thereon.

He also, from the same committee, to which was referred the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors, reported it without recommendation.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii (Rept. No. 290); and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes (Rept. No. 291).

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn. (Rept. No. 292); and

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn. (Rept. No. 293).

Mr. BYRNES (for Mr. GLASS), from the Committee on Appropriations, to which was referred the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 294) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of James B. Frazier, Jr., of Tennessee, to be United States attorney, eastern district of Tennessee, to succeed William J. Carter, resigned.

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of Wayne Bezona, of Washington, to be United States Marshal, eastern district of Washington, to succeed David T. Ham, whose term expires February 19, 1934.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. JOHNSON:

A bill (S. 2731) for the relief of the State of California; to the Committee on the Judiciary.

(Mr. COSTIGAN introduced Senate bill 2732, which was referred to the Committee on Finance, and appears under a separate heading.)

By Mr. STEIWER:

A bill (S. 2733) to add certain lands to the Ochoco National Forest in the State of Oregon; to the Committee on Public Lands and Surveys.

By Mr. CAREY:

A bill (S. 2734) authorizing loans by Federal land banks to partnerships, associations, and corporations in certain cases; to the Committee on Banking and Currency.

By Mr. WAGNER:

A bill (S. 2735) to amend sections 5136 and 5153 of the Revised Statutes as respectively amended; to the Committee on the Judiciary.

By Mr. SHIPSTEAD:

A bill (S. 2736) granting an increase of pension to Elizabeth Files (with accompanying papers); to the Committee on Pensions.

A bill (S. 2737) authorizing the Secretary of the Interior to purchase certain lands from Andrew P. Jorgensen; to the Committee on Public Lands and Surveys.

By Mr. VANDENBERG:

A bill (S. 2738) for the relief of Edward H. Cotcher; to the Committee on Military Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 2739) granting an increase of pension to Alma H. Aultman; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2740) for the relief of George H. Sandel; to the Committee on Military Affairs.

A bill (S. 2741) granting a pension to Alice E. Pillsbury; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 2742) to authorize the Secretary of War to abandon or evacuate real estate no longer required for cemeterial purposes in Europe, and for other purposes; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes; to the Committee on Post Offices and Post Roads.

By Mr. DAVIS:

A bill (S. 2744) for the relief of Anna Carroll Taussig; to the Committee on Claims.

By Mr. NORRIS:

A bill (S. 2745) to provide for changing the time of the meeting of Congress, the beginning of the terms of Members of Congress, and the time when the electoral votes shall be

counted, and for other purposes; to the Committee on the Judiciary.

By Mr. BONE:

A bill (S. 2746) to amend the National Industrial Recovery Act with respect to the acquisition of Public Works projects; to the Committee on Finance.

A bill (S. 2747) to authorize the President to finance, or aid in financing, the construction or acquisition of electric systems or works, useful in receiving electricity generated at works owned or controlled by the United States, or any agency thereof, and for other purposes; to the Committee on Interstate Commerce.

By Mr. PITTMAN:

A bill (S. 2748) to authorize an appropriation for the reimbursement of Stelio Vassiliadis; to the Committee on Foreign Relations.

PRICES AND MARKETING OF SUGAR

Mr. COSTIGAN. Mr. President, on Thursday, February 8, 1934, the President of the United States transmitted to the Congress a message on sugar. At this time I desire to introduce a bill which embodies the administration's proposals and to make a brief prefatory statement about it.

As suggested by me when the message was received, the importance of President Roosevelt's message on sugar will impress the country. It is a new treatment of a difficult subject. It probably will be as acceptable to widely scattered sugar groups as any proposals effectively possible at this hour. Public opinion will doubtless wish to give its minimum safeguards a fair trial. Incidentally it substitutes a first test of the combination of a more moderate tariff and, if needed to assure pre-war purchasing returns for farmers, a bounty, in place of the higher and higher tariffs which for years have proven increasingly unsatisfactory to farmers in sugar-producing States.

The President favors, in substance, the inclusion of sugar beets and sugarcane among basic agricultural commodities in the Roosevelt Farm Act; lower tariff duties on sugar; processing taxes equivalent in amount to the proposed reduction in duties; quotas affecting imports and domestic production, based on a rule of average marketing or production during a 3-year period; and stability of returns to farmers rather than to speculators, offering better prices per ton for beets and cane and making possible improved living conditions for field workers.

For the domestic sugar industry, and especially domestic growers, the saving anchor of the plan is the proposed inclusion in the Agricultural Adjustment Act of sugar beets and sugarcane as basic agricultural commodities, an amendment to that act presented by me and approved by the Senate a year ago, and again offered by me at the opening of the present session of Congress. This amendment will broaden the President's existing power under the flexible tariff provisions to reduce the tariff on sugar on the Tariff Commission's recommendation. Fortunately, the amendment will make possible a program of moderate but better and more stable prices for sugar farmers without increased prices to American consumers—a decided novelty in the history of sugar tariffs and of agricultural relief.

Moreover, a reduction of about half a cent per pound in our sugar-tariff duties has been recommended by the Tariff Commission under the flexible-tariff provisions of the law which was enacted by Republican Congresses under Republican Presidents Harding and Hoover. If President Roosevelt merely followed the Tariff Commission's recommendations, as the tariff law contemplates, that reduction would tend to increase imports and would leave our continental American sugar farmers outside the circle of farm relief. Accordingly if the country at the present hour cares to consider the welfare of sugar-growing farmers in the United States, other parts of the President's announced program should receive prompt congressional consideration.

The possible quota restriction on production here and abroad is a subject on which opinions will differ. Leaders of the sugar industry in their discussions of the quota agreement last summer and fall prepared the way for prompt action on these administration proposals.

It should not be forgotten that there are further possibilities of profit for our domestic sugar producers in marketing codes which are yet to be written.

It is refreshing to find at last an administration which gives first place to the welfare of farmers rather than the prices of stocks and bonds. Here is a plan which makes some help possible for farmers without increasing the burdens on consumers. It provides, through quota restrictions and tariff reductions, the first check in many years on unregulated and destructive production and competition. It undertakes to limit Cuban sugar production for the continental American market to about half of Cuba's earlier sugar exports, yet gives that distracted island a chance to reestablish stable government and create larger markets in which we may sell American exports. Furthermore, it begins the process of preparing the Philippine Islands for the change which now appears certain, to an independent status, which will almost certainly limit their tariff-free sales in this country.

As a result of long official experience with perplexing sugar problems as a member of the United States Tariff Commission, I am convinced that President Roosevelt and the Department of Agriculture are inaugurating a program which, with due allowances for different views, is so balanced that it gives promise of sounder economic conditions in the United States and in our island Territories and possessions.

Mr. President, I send to the desk for appropriate reference the bill of which I have spoken and ask that it be printed with my remarks. I ask also that following the printed bill, there be included in the CONGRESSIONAL RECORD a careful memorandum prepared by Mr. Prew Savoy, chief of the processing tax section of the Department of Agriculture, summarizing the various sections of the bill.

There being no objection, the bill (S. 2732) (to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes), was read twice by its title, referred to the Committee on Finance, and, with the memorandum, ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That subsection (b) of section 9 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of the first sentence and inserting a colon and the following: "*Provided, however*, That in the case of sugar beets and sugarcane the rate of the processing tax shall in no event be in excess of the amount of the reduction, by the President, of the tariff on sugar in effect on January 1, 1934, under paragraph 501 of the Tariff Act of 1930."

SEC. 2. Subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is amended by adding after paragraph (4) thereof the following:

"(5) In case of sugar beets and sugarcane—

"(A) The term 'processing' means the processing of sugar beets or sugarcane into refined sugar or into any sugar which is not to be further refined. When raw sugar is produced by one person and the final refining is done by another person, the final refining of the sugar shall be deemed to be the processing.

"(B) The term 'processor' means the person completing the processing.

"(C) The term 'sugar' means sugar in any form whatsoever, derived from sugar beets or sugarcane, including also molasses, raw sugar, direct-consumption sugar, and any mixture containing sugar (except blackstrap molasses, beet molasses, and sirups), and, for the purposes of section 8a (1) of this act, sirups. Such molasses, raw sugar, direct-consumption sugar, sugar mixtures and sirups, included within the word 'sugar' as herein defined, shall be considered to constitute sugar to the extent of their total sugar content.

"(D) The term 'blackstrap molasses' means the commercially so designated byproduct of the cane-sugar industry, not used for human consumption or for the extraction of sugar, and the total sugar content of which does not exceed 55 percent.

"(E) The term 'beet molasses' means the commercially so designated byproduct of the beet-sugar industry, not used for human consumption, or for the extraction of sugar except as delivered from one beet factory to another for such purpose.

"(F) The term 'raw sugar' means sugar, as defined above, manufactured or marketed in, or brought into, the United States, in any form whatsoever, for the purpose of being, or which shall be, further refined.

"(G) The term 'direct-consumption sugar' means sugar, as defined above, manufactured or marketed in, or brought into, the United States in any form whatsoever, for any purpose other than to be further refined.

"(H) Whenever any person has paid a tax on the processing of sugarbeets or sugarcane into sugar, he shall not be liable for a

tax on any byproduct thereof, unless such byproduct is further refined."

SEC. 3. Section 8 of the Agricultural Adjustment Act, as amended, is amended by adding at the end thereof the following new section:

"SEC. 8a. (1) Having due regard to the welfare of domestic producers and to the protection of domestic consumers and to a just relation between the prices received by domestic producers and the prices paid by domestic consumers, the Secretary of Agriculture may, in order to effectuate the declared policy of this act, from time to time, by orders or regulations, forbid processors, handlers of sugar, and others (A) from importing sugar into continental United States for consumption, or which shall be consumed therein, and/or from marketing, transporting, receiving, or processing sugar from the Territory of Hawaii, Virgin Islands, Puerto Rico, Philippine Islands, and from foreign countries, including Cuba, respectively, in excess of quotas based on average importations therefrom into continental United States for consumption, or which was actually consumed therein during such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, and the Secretary of Agriculture may by orders or regulations allot such quotas from time to time among the processors, handlers of sugar, and others, and from time to time readjust such quotas or allotments; and/or (B) from marketing, in the current of or in competition with, or so as to burden, obstruct, or in any way affect, interstate or foreign commerce, sugar manufactured from sugar beets and/or sugar cane produced in the continental United States beet-sugar producing area, the State of Louisiana, the State of Florida, and any other State or States, in excess of quotas equal to the production or the marketings of sugar manufactured from sugar beets and/or sugar cane produced in such area, the State of Louisiana, the State of Florida, and such other State or States, respectively, in such 3 years, respectively, in the years 1925–33, inclusive, as the Secretary of Agriculture may, from time to time, determine to be the most representative respective 3 years, and the Secretary of Agriculture may by orders or regulations allot such quotas from time to time among the processors, handlers of sugar, and others, and from time to time readjust such quotas or allotments.

"(2) The Secretary of Agriculture may (A) for any year determine the quota for any area producing less than 250,000 long tons of sugar during the next preceding year, without reference to the aforesaid 3-year periods, and (B) readjust from time to time any quota or allotment fixed pursuant thereto.

"(3) Any person violating any order or regulation of the Secretary of Agriculture issued under this section shall, upon conviction, be punished by a fine of not more than $5,000 and by imprisonment for not more than 2 years.

"(4) Any person exceeding any quota or allotment fixed for him under this section by the Secretary of Agriculture, and any other person knowingly participating, or aiding, in the exceeding of said quota or allotment, shall forfeit to the United States a sum equal to three times the current market value of such excess, which forfeiture shall be recoverable in a civil suit brought in the name of the United States. All sums recovered shall be paid into the Treasury and are hereby appropriated to be available to the Secretary of Agriculture for the purposes named in section 12 (b) of this act.

"(5) The several district courts of the United States are hereby vested with jurisdiction to prevent and restrain any person from violating the provisions of this section and of any order or regulation issued by the Secretary of Agriculture pursuant to this section.

"(6) Upon the request of the Secretary of Agriculture, it shall be the duty of the several district attorneys of the United States, in their respective districts, under the directions of the Attorney General, to institute proceedings to enforce the remedies and to collect the forfeitures provided for in this section."

SEC. 4. Paragraph (5) of subsection (d) of section 9 of the Agricultural Adjustment Act, as amended, is hereby renumbered (6).

SEC. 5. Section 9 of the Agricultural Adjustment Act, as amended, is amended by adding after subsection (e) thereof the following new subsection:

"(f) For the purposes of part 2 of this title, processing shall be held to include manufacturing."

SEC. 6. Subsection (f) of section 10 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of such subsection and adding a semicolon and the following: "except that, in the case of sugar beets and sugar cane, the President, if he finds it necessary in order to effectuate the declared policy of this act, is authorized by proclamation to make the provisions of this title applicable to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam."

SEC. 7. Section 11 of the Agricultural Adjustment Act, as amended, is amended by adding after the word "tobacco" a comma and the words "sugar beets and sugar cane."

SEC. 8. Subsection (c) of section 15 of the Agricultural Adjustment Act, as amended, is amended by striking out the period at the end of such subsection and adding a colon and the following: "*Provided further*, That the President, in his discretion, is authorized by proclamation to decree that all or part of the taxes collected upon the processing in continental United States of sugar coming from the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the island of Guam shall not be covered into the general fund of the Treasury of the United States, but shall be held as a separate fund and paid into the Treasury of the said possessions, respectively, to be used and expended by the governments thereof for the benefit of agriculture, and/or paid as rental or benefit payments in connection with the reduction in the acreage or reduction in the production for market, or both, of sugar beets and/or sugar cane, in any of the said possessions, through agreements with producers or by other voluntary methods."

MEMORANDUM IN RE BILL MAKING SUGAR BEETS AND SUGAR CANE BASIC AGRICULTURAL COMMODITIES

Section 1: This section protects the consumer against the possibility of a processing tax in excess of the amount of any reduction of the tariff by providing that the rate of the processing tax shall not exceed the amount of the reduction by the President of the tariff on sugar under paragraph 501 of the Tariff Act of 1930, as it existed on January 1, 1934.

Section 2: This section defines the term "processing" in the case of sugar beets and sugar cane in substance as that term in relation to other commodities is defined in section 9 (d) of the act, and in addition makes certain that in the case where raw sugar is produced by one person and the final refining is done by another person, the act of final refining shall be deemed to be the processing. The other definitions are for the purpose of making clear certain words used in defining the word "processing." To avoid any uncertainty upon importation, raw sugar is sugar which is to be further refined and direct-consumption sugar is sugar which is not to be further refined. Raw sugar is subject to the processing tax upon being further refined. Direct-consumption sugar is liable for a compensating tax under section 15 (e) when it comes in as an import; raw sugar is not. Subdivision VIII provides that when a person has paid a tax on the processing of sugar beets and sugar cane into sugar he shall not be liable for a tax on the byproduct thereof, even though it may have a sugar content, unless such byproduct is further refined. This provision prevents a pyramiding of part of the tax.

Section 3: This section—

(1) Gives the Secretary power (a) to fix quotas for imports of sugar to continental United States for consumption therein, from the Territory of Hawaii, the Virgin Islands, Puerto Rico, the Philippine Islands, and foreign countries, including Cuba, and to allot such quotas among processors and handlers of sugar, and (b) to fix quotas for marketings of sugar produced in the several sugar-producing areas of continental United States and to allot such quotas among processors of sugar. The base period of any such country or area is the most representative period of 3 years in the years 1925–33, inclusive. The broad base permits flexibility and is primarily to work out the quotas for Puerto Rico and Hawaii. For further flexibility the Secretary is authorized (a) to fix such quotas with due regard to the welfare of domestic producers and the protection of domestic consumers and (b) to readjust any quota or allotment fixed.

(2) Provides that the Secretary of Agriculture is not required to use the base period mentioned above for any area producing less than 250,000 long tons of sugar per year.

(3) Authorizes punishment by a fine of not more than $5,000, and imprisonment for not more than 2 years for any violation of any order or regulation of the Secretary of Agriculture.

(4) Provides for triple damages in case any quota or allotment is exceeded.

(5) Gives the courts power to prevent and restrain violations of the provisions relating to sugar beets and sugar cane.

(6) Imposes the duty on district attorneys of the United States to institute proceedings to enforce the remedies and collect the damages.

Section 4: This section renumbers paragraph 5 of section 9(d) to read (6).

Section 5: This section provides that in part 2 of title 1 of the act processing includes manufacturing.

Section 6: This section gives the President power to make the provisions of title 1 of the act applicable to the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the Island of Guam, if found necessary, in order to effectuate the declared policy of the act.

Section 7: This section makes sugar beets and sugar cane basic agricultural commodities.

Section 8: This section gives the President power to direct that taxes collected upon the processing in continental United States of sugar coming from the Philippine Islands, the Virgin Islands, American Samoa, the Canal Zone, and/or the Island of Guam shall be held as a separate fund and paid into the respective treasuries of the said possessions to be used by their respective governments for the benefit of agriculture or paid as rental or benefit payments in connection with the reduction in acreage or reduction in the production for market of sugar beets and sugar cane in such countries.

PREW SAVOY,
Chief Processing Tax Section,
Department of Agriculture.

Mr. VANDENBERG. Mr. President, may I inquire to what committee the sugar bill will be referred?

The VICE PRESIDENT. To the Committee on Finance. The message of the President was referred to that committee, so the bill also will be referred to it.

Mr. VANDENBERG. Was it the request of the author of the bill that it be referred to the Committee on Finance?

The VICE PRESIDENT. It was not. No request was made by the author of the bill.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 2632. An act for the relief of Wilson G. Bingham; to the Committee on Military Affairs.

H.R. 2660. An act for the relief of S. A. Rourke;

H.R. 3780. An act for the relief of William Herod;

H.R. 4395. An act for the relief of the General Warehousing Co.;

H.R. 4973. An act for the relief of G. C. Vandover;

H.R. 5031. An act for the relief of Edith L. Peeps;

H.R. 5163. An act for the relief of Calvin M. Head;

H.R. 5228. An act to authorize the payment of hospital and other expenses arising from an injury to Florence Glass;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell; and

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama; to the Committee on Claims.

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.; to the Committee on Commerce.

H.R. 7599. An act to provide emergency aid for the repair or reconstruction of homes and other property damaged by earthquake, tidal wave, flood, tornado, or cyclone in 1933 and 1934; to the Committee on Finance.

PROPOSED DEFENSE COMMISSION

Mr. VANDENBERG. Mr. President, I desire to submit a resolution for reference to the Committee on Military Affairs. I think it deals with the most practical contribution we can make to the cause of peace. I want to make a brief observation in connection with it:

Two years ago the Congress ordained a so-called "War Policies Commission", upon which I had the honor to serve with others of my colleagues, and which reported a comprehensive program for demonetizing war and equalizing its burdens. The purpose, long promoted by the American Legion, is to take the profit out of war. At the present time, when there is so much discussion of commercial motives in respect both to preparedness and to war, it seems to me we should not lose the value of the report which was made by the War Policies Commission. We should revive it and diligently pursue it to a conclusion. The work which was then done should now be taken up anew and pushed to a finality, inasmuch as in this direction lies the most practical pacifism. There should be no profiteers either in preparedness or in war. Therefore I submit a concurrent resolution and ask that it be printed in the RECORD and referred to the Committee on Military Affairs.

The resolution would assure contemporary attention to the previous recommendations seeking to demonetize war. It would bring these recommendations down to date in the light of late developments. It would then cut to the heart of the whole commercial motive by inquiring into the advisability of putting the whole manufacture of armaments and war munitions into a Government monopoly. In my view, peace can gain no larger stimulus than in a movement which totally democratizes the war defenses of the Republic. Since the American Legion shares this view, at least to the extent contemplated by the first section of my resolution, we should thus find a common ground upon which both the soldier and the pacifist can stand.

There being no objection, the concurrent resolution (S. Con.Res. 9) was referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

Whereas the influence of the commercial motive is an inevitable factor in considerations involving the maintenance of the national defense; and

Whereas the influence of the commercial motive is one of the inevitable factors often believed to stimulate and sustain wars; and

Whereas the Seventy-first Congress, by Public Resolution No. 98, approved June 27, 1930, responding to the long-standing demands of the American war veterans, speaking through the American Legion, for legislation to "take the profit out of war", created a War Policies Commission which reported recommendations on December 7, 1931, and on March 7, 1932, to demonetize war and to equalize the burdens thereof; and

Whereas these recommendations never have been translated into the statutes: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That a new Commission, to be known as the Defense Commission, is hereby created to consist of 12 members as follows: The Secretary of War, the Secretary of the Navy, the Attorney General, the Secretary of the Interior, 4 Senators to be designated by the Vice President, 4 Representatives to be designated by the Speaker of the House, and that this Commission is instructed to investigate and report within 12 months upon

(a) A review of the findings of the War Policies Commission, and such specific legislation as it recommends to accomplish the purposes set forth in such findings and in the preamble to this resolution; and

(b) An inquiry into the desirability of creating a Government monopoly in respect to the manufacture of armaments and munitions.

For the purposes of this resolution the Commission, or any duly authorize subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Congress until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the Commission, which shall not exceed $25,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

BEEF AND BEEF PRODUCTS

Mr. CAREY. I send to the desk a resolution and ask that it may be read and lie on the table.

There being no objection, the resolution (S.Res. 182) was read and ordered to lie on the table, as follows:

Resolved, That the United States Tariff Commission is directed, under the authority conferred by section 336 of the Tariff Act of 1930, and for the purposes of that section to investigate the differences in the costs of production of the following domestic articles and of any like or similar foreign articles: Beef and beef products dutiable under the provisions of paragraphs 701 and 706 of such act.

INFORMATION RELATIVE TO WAR DEBTS

Mr. ROBINSON of Indiana. Mr. President, I submit a resolution and ask that it be read at the desk. After it shall have been read, I shall ask unanimous consent for its immediate consideration. If it shall lead to any discussion, of course I will withdraw the request.

The VICE PRESIDENT. The resolution will be read.

The legislative clerk read the resolution (S.Res. 181), as follows:

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the United States Senate with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation? (2) What steps have been taken to induce France, Belgium, or any other defaulting nations to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreements approved by the Congress? (3) What, if any, verbal or written understanding, assurance, or agreement has been entered into by the present administration offering to accept a reduction in the payment of principal or interest, or both, on any of the war debts since the joint resolution adopted by the Congress, approved December 23, 1931, expressly declaring against further reduction or cancelation of war debts? (4) What, if any, verbal or written assurances have been given or negotiations entered into by the present administration with any foreign nation regarding tariff concessions or trade agreements in respect to war-debt payments?

The VICE PRESIDENT. Is there objection to the immediate consideration of the resolution?

Mr. ROBINSON of Arkansas. Mr. President, I do not object to the introduction of the resolution, but I do object to its present consideration.

The VICE PRESIDENT. The resolution will go over under the rule.

STUDY OF MERCHANT MARINE AND AERONAUTIC SERVICES

Mr. COPELAND submitted a resolution (S.Res. 183), which was read and ordered to lie over under the rule, as follows:

Resolved, That the Committee on Commerce or a subcommittee thereof give study to the merchant marine and aeronautic services with a view to the preservation and promotion of the commerce and trade of the United States.

AIR MAIL CONTRACTS—TELEGRAM OF COLONEL LINDBERGH

Mr. SCHALL. Mr. President, in view of the proceedings in the Senate relative to air mail contracts and alleged violations of officials both in connection with the making of contracts and in their conduct toward the Senate, I think the RECORD should contain the views of the best-known man in the world in the field of aviation on the subject at hand, and I therefore ask permission to insert in the RECORD the telegram of Col. Charles A. Lindbergh.

There being no objection, the telegram was ordered to be printed in the RECORD, as follows:

[From the Washington Star of Feb. 12, 1934]

The text of Lindbergh's telegram to the President follows:

"Your action affects fundamentally the industry to which I have devoted the last 12 years of my life. Therefore I respectfully present to you the following consideration:

URGES JUST TRIAL

"The personal and business lives of American citizens have been built up around the right of just trial before conviction. Your order of cancelation of all air mail contracts condemns the largest portion of our commercial aviation without just trial.

"The officers of a number of the organizations affected have not been given the opportunity to a hearing, and improper acts by many companies affected have not been established.

"No one can rightfully object to drastic action being taken, provided the guilt implied is first established; but it is the right of any American individual or organization to receive fair trial.

"Your present action does not discriminate between innocence and guilt and places no premium on honest business.

"Americans have set their lives in building in this country the finest commercial air lines in the world. The United States today is in the lead in almost every branch of commercial aviation.

"In America we have commercial aircraft, engines, equipment, and air lines superior to those of any other country. The greatest part of this progress has been brought about through the air mail. Certainly most individuals in the industry believe that this development has been carried on in cooperation with the existing Government and according to law.

"If this is not the case, it seems the right of the industry and in keeping with American tradition that facts to the contrary be definitely established. Unless these facts leave no alternative, condemnation of commercial aviation by cancelation of all mail contracts and the use of the Army on commercial air lines will unnecessarily and greatly damage all American aviation."

NAVAL CONSTRUCTION

Mr. TRAMMELL. Mr. President, I understand the motion which I made a few days ago to take up the naval construction bill, being House bill 6604, for the building of a Navy to treaty strength, is now the unfinished business, is it not?

Mr. KING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. KING. Is the bill the unfinished business or is simply the motion to take it up the question before the Senate?

The VICE PRESIDENT. The motion to take up the bill is the unfinished business.

ANNIVERSARY OF ABRAHAM LINCOLN'S BIRTHDAY

Mr. FESS. Mr. President, the interest in the words and work of Abraham Lincoln does not lessen from year to year. Every year brings from publishing houses additional volumes giving new information in regard to this great leader.

I have just recently read a letter written by Victor Hugo in 1865 and published for the first time a short while ago in a new life of Victor Hugo written by the curator of what is known as the "Hugo Museum." The letter is in sharp contrast with the contemporary opinion expressed by other foreign leaders, such, for example, as the Duke of Devonshire, who was traveling in the United States during the time of the Civil War and who wrote a letter to his home giving his impressions after a visit at the White House.

Secretary Seward had taken the duke to see the President. The duke, writing home to a friend, said:

I have just had a short conference with President Lincoln. He is the strangest Yankee I ever saw. It would appear to me that he is about as well fitted for the position that he holds as a fire shovel.

In these words a great British statesman, whose family runs back almost to the days of William the Conqueror, expressed his opinion of Mr. Lincoln just before Lincoln was assassinated.

In contrast with that opinion of a foreign observer is the statement of Victor Hugo. This letter was written to Mr. Sandford, the then American Minister to Belgium. I read only the latter part of it:

A man came forth from the humblest rank of the Nation. This man of the people won, by his integrity, the Chief Magistracy of the greatest nation in the universe. With no other genius than a sense of duty, that lighthouse guiding him in the dark of the night, he fell on the very day of the immolation of his precursor, a victim of all his great deeds. Glory to the man of the people! Lincoln's grave broadens the base of the immense pyramid of America's greatness. More than ever, your Nation has become the guide among the nations, the star among the nations, the Nation pointing out to its sister nations the granite way to liberty and to universal fraternity.

To you, sir, I present the wishes of an exile for the people which best welcomes exiles and opens its broad bosom to them.

Liberty may crumble in Europe; these things have been known to happen; but its gleam shines over the New World of which I am, in my soul, a devoted citizen.

VICTOR HUGO.

That was written a few days after the death of Mr. Lincoln in April of 1865.

Mr. President, with no desire to take the time of the Senate unduly, I think it is appropriate on this day to say a few words about the man whose birth is today celebrated.

Some men are remembered for what they say. Others are remembered for what they do. Very few men are remembered both for what they say and for what they do.

Shakespeare will not be remembered for anything he ever accomplished, but he will be for what he wrote. The great inventor will not be remembered for anything he said, but he will be for what he accomplished. Abraham Lincoln holds the unique position of being memorialized not only for what he said but for what he accomplished.

His active life in official capacity did not comprehend over 7 or 8 years, and yet in those short years he crowded both utterances expressing great principles and the accomplishment of great deeds in a manner equaled by probably no other American who ever lived.

A very distinguished Democratic leader from Ohio was in my office last week. As he passed the portrait of Lincoln that hangs on the walls of the office, he pointed his hand to it and said: "In my judgment, there is the greatest American yet produced."

If we judge Mr. Lincoln from what he said, we wonder as to its source, because he was not educated according to the common acceptation of the term. I think less than 8 months would comprehend all the schooling he ever had, and yet he spoke the English language better than any other man who lived in his day.

There hangs on the walls of one of the colleges of Oxford University the letter written by Mr. Lincoln to Mrs. Bixby. That has been chosen of all that has been written in the English language as the finest specimen of a letter of condolence in our literature.

In the British Museum, where there are so many books that if piled on one shelf they would reach more than 50 miles, there is found one speech of Lincoln. It is pronounced by the highest authority on English the finest short speech uttered in the English language up to this time. It is the famous Gettysburg Address.

Lincoln said at Gettysburg:

The world will little note nor long remember what we say here, but it can never forget what they—

Speaking of the soldiers—

did here.

Obviously Mr. Lincoln had no conception that what he was saying would be prized as a masterpiece of literature, and, though the Gettysburg Address will live as long as our lan-

guage shall survive, yet I do not believe that it represents the high-water mark of Mr. Lincoln's utterances. I believe his second inaugural address will take a higher rank. It is literally a prose poem:

> Fondly do we hope—fervently do we pray—that this mighty scourge of war may speedily pass away.

There is nothing finer in the realm of poetry than that piece of prose.

I do not know of any more sublime sentiment expressed in our language than that expressed by Mr. Lincoln on the 11th of February in the city of Springfield, when he bade farewell to his friends in that city on the occasion of leaving for Washington to be inaugurated. Yesterday was the anniversary of that wonderful address. He made a series of short addresses on the trip, including an address at Indianapolis, another one at Cincinnati, and one at Cleveland. In fact, he went by way of Pittsburgh and then to Cleveland. He made an address at Buffalo, one at Albany, another at New York, but the famous address of the trip was at Philadelphia, in front of old Independence Hall. It was on that occasion that he said, on the 22d day of February, the anniversary of Washington's birth, that all the principles upon which he had ever stood politically, as far as he knew, were couched in the Declaration of Independence, which had been adopted in that hall; and then he made this remarkable statement:

> Can the Government be saved on the principles of that document? If it can, I will be the happiest man in it. If it cannot, I was about to say I would rather be assassinated upon this spot than to surrender the principles.

Just 4 years after that statement Mr. Lincoln's body was lying in state in old Independence Hall.

Mr. President, these are only a few of the unusually brilliant literary utterances of this unlettered man. I have ever thought that the conclusion of his first inaugural was one of the jewels of his literary productions:

> The mystic chords of memory, stretching from every battlefield and patriot grave to every living heart and hearthstone all over this broad land, will yet swell the chorus of the Union, when again touched, as surely they will be, by the better angels of our nature.

Mr. Seward, the scholar, tried to improve upon that statement, and rewrote it, but Mr. Lincoln would not have Mr. Seward's copy. He chose his own.

As to the spirit of Mr. Lincoln, I regard him as the greatest representative of the love of humanity among all the public men in our history. I think his attitude toward the South represented that spirit as well as anything he ever did.

Those familiar with the life of Lincoln know that the reconstruction problem was the one which disturbed him most. He had his greatest conflict with radicals such as Thaddeus Stevens and others. He worked assiduously to open the way for the States which had seceded by their own steps to volunteer to return under the Constitution and become again what they had been. He insisted that after the Civil War they should be treated as States under the Constitution as they had been prior to the Civil War. That was his great struggle. Just before he was assassinated Mr. Lincoln made a very brief statement to a group of people, representing, largely, the South, who appeared at the south portico of the White House, and on that occasion he said:

> In the near future I will have something else to say to you in reference to these matters.

He had in mind reconstruction. The sentiment to which he referred was never uttered. The opportunity for him further to express himself on the problem was closed because of the assassin's bullet.

Mr. President, if Mr. Lincoln should be judged by what he did, his accomplishments would cover virtually only 6 or 7 years, especially his 4 years in the Presidency. These deeds stand out like towers in a city compared to the accomplishments of men in a nation. He preserved the Union as it was. He did everything in his power to heal the sore that was inevitable; and had he been permitted to live to have given direction to the years immediately after the war, the current of history would almost certainly have been somewhat different.

Mr. President, we do not go afield when we revive in our memories the great words of this great man and reappraise his great deeds. So long as the principles of Abraham Lincoln are the dominating principles of any republic, there is no doubt of its perpetuity.

It was because of this new letter which had come to my attention, published only a short while ago, which was stated to be the first time it had ever been published, that I suggested to the leader of the majority in the Senate and to the leader on this side of the aisle that I should like to take a little time to express a few words about Mr. Lincoln on this day. I thank the Senator from Arkansas and the Senator from Oregon.

Mr. DILL. Mr. President, I was impressed, as I listened to the Senator from Ohio [Mr. FESS], with the fact that when he assumes the attitude of an educator or lecturer he rises to certain heights in his addresses that he does not reach at any other time in making speeches in this Chamber. I think this is due to the fact that his addresses on historic characters are really the fruit of his many years of study and teaching of history as a younger man. He has given us this morning another contribution, through the CONGRESSIONAL RECORD, that shows his broad and intimate knowledge of America's great characters, and if anyone shall write his biography I am sure he will find the finest results of his efforts in the making of speeches along the lines of his address to us this morning. He spoke spontaneously; he spoke without notes, impromptu, as it were; and yet his address will read like a finished production. I think there is no one in this body or anywhere else who has a finer background of historic information from which he can speak on characters such as Lincoln than has the Senator from Ohio.

Now, Mr. President, having said that, I cannot refrain from saying a word myself about the character of Lincoln, who grows larger with the years. To me the most striking thing about his history is that he is one man in the history of the world who, regardless of the heights of honor and power to which he was lifted, never lost his common touch. Born in a log cabin, raised to the loftiest position within the gift of the people of his land, with a million men to do his will, he never lost the simple common emotions or failed to allow them to control his actions. He died, after winning all these honors and exercising all these powers, in the room of a German student on Tenth Street, here in Washington, D.C. Thus his life began and ended in the simplicity which was so dominant throughout his entire career.

Mr. ROBINSON of Arkansas. Mr. President, throughout the Nation the people are assembling on this anniversary of Abraham Lincoln's birthday to pay tribute to his memory.

Mr. Lincoln first attracted national attention in the forum of public debate, not alone by reason of his rare ability to express his thoughts in clear and forceful English, but also by reason of the issues he raised, issues which were to culminate in a clash of arms such as had never before occurred on the Western Hemisphere.

By temperament Abraham Lincoln was peculiarly fitted to serve as President during such a period as that of the War between the States. God knows that the loss and sorrow which attended that conflict were great enough to cause succeeding generations to mourn. If one possessed of a different temperament from that of Mr. Lincoln had been the Chief Executive of the Nation when Mr. Lincoln served, no human mind can conceive of the sorrow and suffering which might have then occurred and which certainly would have followed the war.

It is the fact that Mr. Lincoln's great abilities as a debater and as an Executive were overshadowed by his kindliness of disposition and his tender sympathies which will make his name familiar to all the generations of Americans yet to come.

Throughout the Southland Mr. Lincoln is loved and respected for the reason that when there came to him the power and opportunity to oppress he proved himself generous and just, in spite of the fact that the forces of vin-

dictiveness and hatred were running riot in the Congress and in many parts of the Nation.

Removed as we are from the days in which he lived and served we are apt to forget that while he sat in the White House and listened to the beat of the drums, the thunder of the guns, and the tread of the armies which were advancing for the destruction of the Union, he still hoped and prayed for a composition of those difficulties in such a way as would not only preserve the Union but perpetuate the best traditions and institutions of the South.

During that time, when so harassed and so annoyed by mighty problems and great difficulties, he was vexed and annoyed by criticisms and denunciations from those who professed themselves to be his friends and supporters.

Those facts and circumstances recall a statement that Mr. Lincoln made, published in the New York Times under this date, illustrating the necessity for the exercise of temperate judgment and prudence, and for the support of him who, by the choice of the public, had become the leader of the Republic, and I venture to suggest in this solemn presence that his remarks are fitting and appropriate to be repeated in this time, when another sits in the White House charged with the weightiest responsibilities that have been borne by any President since the days of Mr. Lincoln, embarrassed by problems which are new and harassed by snipers firing from under cover. I quote the article in the New York Times referred to:

He could say so much in so little. The allegories that flowed from his lips were universal, like the Fables of Aesop. One of them we might well hear today. It came forth when some excited visitors at the White House were chiding him for his conduct of affairs. He listened resignedly, then said:

"Gentlemen, suppose all the property you are worth was in gold, and you had put it into the hands of Blondin to carry across the Niagara River on a rope. Would you shake the cable, or keep shouting to him, 'Blondin, stand up a little straighter; Blondin, stoop a little more; go a little faster; lean a little more to the north; lean a little more to the south!' No. You would hold your breath, as well as your tongue, and keep your hands off until he was safe over."

Mr. President, it is seldom that the contemporaries of a great man can measure with accuracy the value of his achievements. In the centuries to come Mr. Lincoln's figure will tower above the level of mediocrity among the gigantic figures of all time, because he served with patience, efficiency, fortitude, and humility in a time of great necessity.

Mr. LEWIS. Mr. President, I essay to follow the eminent Senator from Ohio [Mr. FESS], eminent educator, tutor, and statesman, and my own colleague the Senator from Arkansas [Mr. ROBINSON], the leader of the side of democracy—not that I feel that anything I may say is necessary, nor must it be construed that I feel that any expression of theirs needs amendment in any form from me. I beg the liberty of the Senate to indulge me for the moment I shall occupy the floor upon the theory as to which I offer my justification.

I am one of those who represent the State of Illinois in this honorable assembly. It is from Illinois the great patriot of this hour, to whom we pay this tribute, came. He is to her the great offspring who led humanity, spoke for justice, and stands today before the earth as the emblem of advance and the spiritual elevation of the plain people of the world.

Mr. President, my great State, Illinois, praises God for the faith she has in and for what the religion transmitted from the fathers means to her. She holds the praise of Lincoln for the faith he transmitted to the great mass of common people that they may take new life, new hope in existence of themselves and of a free land for a free people.

We pause for a moment to contemplate that in the day when Lincoln spoke the voice of America in behalf of the masses of mankind they, the numbers, were the most overtrodden, heavily burdened of all the humanity of earth. Little was the regard paid to the humble citizen. Less respect was held for his rights. There was then maintained the "divinity of kings", that sovereignty which it was assumed was born and transmitted to it from God; that it was ordained to give them the privilege of oppressing the poor, distributing the property of the masses to favorites of royalty—ever ignoring their cry for liberty, as it discredited them with persecution in answer to their wail for justice.

We turn in this moment to contemplate the past, as we may measure for a moment the present. We ask ourselves, "What is the influence of Lincoln today? Where are the kings whose followers scoffed the form of government of America? Where are the emperors who ruled by scepter, and dared to destroy all of humanity or mankind, either by the decree of royal force or by the force of death through armies in war? Who hears of them now? Who cares for their ukases or their judgments?"

We recall, sir, that it is in King Richard II where Shakespeare recalls to us that the king, seeing the Bishop of Carlisle in the back row of an assembly, beckoned him to come closer to where the throne exerted its power, and as the Bishop of Carlisle advanced the king said:

For God's sake, let us sit upon the ground
And tell sad stories of the death of kings:
How some have been depos'd: some slain in war.
Some haunted by the ghosts they have depos'd,
Some poison'd by their wives; some sleeping kill'd,
All murder'd.

And to quote further—

Or as the rooks which fly from place to place
Will take their refuge with the humblest,
That they may find some safeguard 'gainst the hand
Protruding in the dark and taking life
In vengeance for great wrong and persecution
They put on the defenseless.

We look at the world. Where are these kings and emperors who in the dark penetrated the course of mankind and with murder and persecution would have robbed them of all the rights transmitted to them by their Creator? We see, sir, the example of Lincoln, his patience, his humanity often expressed, but above all, sir, the confidence in the masses, in the belief they would work out their own salvation, in his complete trust in that plain man whose inspiration followed his prayers to God, and whose whole direction of life was for the love and the preservation of his home and his children.

We look through the world in this hour and behold that it is the common, plain people who are again the kings of their own civilization, who stand and damn the face of the emperors. Where emperors have now fallen, where kings are in exile, where royalty is scoffed, it is the masses of mankind who rise up to assert the sovereignty and prosperity of human life as the true end of the creation of God and the security of liberty. Sir, the example of Lincoln, the influence he exerted upon humanity, has widened out as the waves of the sea, and have touched every shore, near and far.

Mr. President, we pause in this moment to extend through this honorable Senate our congratulations to the countries of the world which, through their plain people, the masses who created liberty, adjusted the rights of property, distributed what was mercy to their own children—we congratulate them that in the pursuit of the example of Lincoln, and profiting by what America gave to the world in the model of government, these nations have achieved so high, profited so greatly, moved to liberty and the enjoyment of all that which justice could impart to their people and their generations. The Senate sends the world on this natal day of Lincoln the message that America, through her spokesmen such as Abraham Lincoln, has been the guide of the world and today assures the hope of mankind for the future of equal justice to nations, universal peace to the world, a new faith in God, and the establishment, in the end, sir, of a universal justice to all mankind.

Mr. DAVIS. Mr. President, as we unite to praise Lincoln today, we reflect upon his loyalty to the principles of unity and freedom. The cause for which he gave his life is still ours today. To conquer the depression we must rise to national unity, and if we are to insure prosperity we must perpetuate the institutions of a free people.

As a youth, seeking employment, I traveled through southern Illinois in the mill district until at last I stood by Lincoln's tomb in Springfield. In the inspiration of that hour

I recalled what we owe to him and the many other great souls who have kindled the flames on the hearth of freedom. I remembered how Lincoln was revered by my kinsfolk in the little mining and mill town of Tredegar in South Wales. The struggle which Lincoln waged for freedom was very real to those Welsh people, and is still fresh in their minds today. They recall how, in the interest of free labor, they were willing to forego the profits derived from the manufacture of American cotton which was contraband during the Civil War. The iron works of Tredegar had less to do because of the stalwart stand taken by British labor in the cause of freedom, but the loss in the pay envelopes was endured in order that labor everywhere might be free.

Today when we wrestle with the codes of fair competition, seeking to improve the standards of living for our people and to abolish child labor, we are continuing the struggle which Lincoln has set in our hearts. Today when we place national unity above partisan considerations we come to a fuller understanding of the cause for which Lincoln laid down his life. With us as with him the problem is to achieve unity without the sacrifice of liberty. If we attain unity through the loss of liberty, we shall indeed have proved unworthy of the great leadership he has given us.

We may well be glad that the bitter sectional strife of Lincoln's day has been quieted. Today the West is not pitted against the East, nor the North against the South. This we may say openly, without fear of contradiction, so well did Lincoln do his work. His words in the second inaugural address apply today as then, "With malice toward none, with charity for all, with firmness in the right as God gives us to see the right, let us press on to finish the work we are in, to bind up the Nation's wounds, to care for him who has borne the battle, and his widow and orphan, to do all which may achieve and cherish a just and lasting peace among ourselves and with all nations."

Mr. LONG. Mr. President, in connection with the remarks made on Lincoln's Birthday, I send to the desk and ask to have the clerk read the marked portion of an article from the American Progress of Thursday, January 4, 1934.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the American Progress, Jan. 4, 1934]

The Great Emancipator, Abraham Lincoln, said just before his assassination: "I see in the near future a crisis approaching that unnerves me and causes me to tremble for the safety of my country. Corporations have been enthroned, an era of corruption in high places will follow, and the money power of the country will endeavor to prolong its reign by working upon the prejudice of the people, until the wealth is aggregated in a few hands, and the Republic is destroyed."

Mr. COPELAND. Mr. President, with the exception of the addresses made in the Senate today, I know of no more illuminating recent study of Lincoln than an article on Lincoln appearing in the New York Times of yesterday. It is from the pen of Emanuel Hertz. I ask unanimous consent that it may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times Magazine of Sunday, Feb. 11, 1934]

LINCOLN, THE MAN, NOW EMERGES—ON HIS ONE HUNDRED AND TWENTY-FIFTH ANNIVERSARY THERE IS AVAILABLE IN THE HERNDON PAPERS A NEW PORTRAIT OF THE PRESIDENT AS A FELLOW BEING, BUT THE STATESMAN OF GREAT STATURE REMAINS UNDIMMED

By Emanuel Hertz

Abraham Lincoln is understood more clearly by the world today, on the eve of the one hundred and twenty-fifth anniversary of his birth, than ever before. New clues to his character, his personality, and his motives appear from the dusty archives of the past to correct and to fill out our various conceptions of him. And, contrary to the apprehensive expectations of many devoted Lincoln scholars, he gains rather than loses in the clearer light.

A mountain when wrapped in mist may seem more majestic than when sharply disclosed in the sunlight. But Lincoln, as he comes distinctly into view, only looms in larger impressiveness. It is not true of most men who have risen to a brief hour of greatness in human affairs as he did. Posthumous observation reduces them; the perspective of history lowers them in the skyline. Lincoln is one of the rare exceptions who increase in the world's respect after their time.

Such men as he who emerge in periods of bitter partisanship and passion cannot be adequately appraised by their contemporaries either for the good or for the ill that they do. Their stature cannot be measured by the cartoons of their foes, nor yet by the effigies which their friends erect in admiration of them. They outgrow their shrines. The plaster of attempted deification crumbles away, the well-meant gloss wears thin, and when they stand revealed at last in their simple humanity they seem all the greater for their humanness.

The misrepresentation of Lincoln, grievous in his lifetime, went on after his death. Sentiment, as if atoning for early harshness, swung to the opposite extreme and gave the world a second false picture. Those who flattered his memory in 1870, like those who reviled him in 1860, were caricaturists. Fulsome praise had followed malicious blame in concealing the true Lincoln. He who had been "an uncouth bumpkin, a poor country lawyer, a fanatical abolitionist, a secession sympathizer, a President by accident"—his own generation called him all those things—now became a saint, a martyr, a hero so glorified that it was not Lincoln we saw, but an image.

The few who sought in love and honesty to show him clearly were denounced, and are still denounced, as traducers; the world loves its idols and detests iconoclasts. But the light cannot always be dimmed, tinted, or distorted. The Lincoln whose memory we of today revere is a human being, and seems to us to be the more sublime for having achieved all that he did on earth as a man rather than as a god.

In this time of national crisis as serious as that in which he lived, it is to Lincoln, the man, that we give thought; for it was as a man that he met his emergency and overcame it. We can understand how it was that after he was gone he seemed to his mourning countrymen to have been an envoy from a higher world, sent to lend a hand in the troubled affairs of mortals. Yet a mortal he was, like any of us. Whether a divine will destined him we cannot know. We do know, from the testimony of a multitude of witnesses, that he rose to be the saver of the Union through all the commonplace ambitions and struggles and disappointments of ordinary men. He made mistakes; he met defeats; he stumbled often; and he knew the pain of regret.

By a strange combination of circumstances, as we reach Lincoln's one hundred and twenty-fifth anniversary, there is available for the first time the most important collection of unused Lincoln material in existence; the hoard of some 2,200 items gathered by Lincoln's last law partner, William H. Herndon, supplemented by Jesse W. Weik, and recently acquired by Gabriel Wells of this city. Those who look through the collection, as I have been privileged to do, discover a new and a very real Lincoln, different from our conventional imagination of what Lincoln was; a Lincoln whom an everyday man can recognize as a fellow being, yet a towering personality still.

For a quarter of a century Herndon sought out people who had known Lincoln as a friend or otherwise and induced them to contribute to his fund of first-hand information. The letters alone constitute a panorama of Lincoln's generation; letters from great folk, like Wendell Phillips, Garrison, Thaddeus Stevens, Bissell, Washburn, Speed, Giddings, Alexander McClure, Lyman Trumbull, and letters from "just folks" like John and Dennis Hanks and the Johnstons. Their names would fill a column.

But for Herndon's persistence, few of them would have reduced to writing what they knew about Lincoln. There can be no gainsaying the devotion of this recorder who hunted down and gathered every possible shred of material. He let no detail, however trivial, escape him.

Herndon answered hundreds of inquiries about Lincoln and kept copies of his answers. He preserved everything he could find that bore on Lincoln's career, and from his own intimate knowledge he wrote monographs on various phases of Lincoln's life and character. These Herndon treasures will forever be the original source, and almost the only source, of a true understanding of Lincoln in his law practice, in his early political adventures, and in his relations with his fellow citizens in his home town.

It has been the habit of many authors to state that they have examined this collection and have based some of their conclusions upon documents contained therein. There is evidence of their failure to mention as many as a thousand of these important items. The greater part of the collection has never been reprinted, very likely never read, by any Lincoln student. If Weik himself had read all, he would have written an entirely different book. Some of this biographical matter is dross, no doubt, yet much of it is gold and is still untouched.

Out of it all may come eventually, a definitive life of Lincoln that will plumb those depths of his great nature which have never yet been sounded. His periods of melancholy; his courtships; his blighted romance with Anne Rutledge; his broken engagement, afterward mended, with Mary Todd; his happiness, or unhappiness, at home; his Presidential patronage; his gratitude; his relations with Lamon and David Davis; his part in the nomination of Andrew Johnson—these and many other matters are still open questions that have never been honestly or adequately answered. Perhaps the answers are here, and the truth will come out at last.

A glance through the available material makes possible already a new appraisal of Lincoln. We find many items of the kind that members of his family and idealizing biographers like Nicolay and Hay would naturally reject. Lincoln was scarcely dead before the mythmaking began. It tolerated no fact that

did not fit into the representation of the man as superlatively good, superhumanly magnanimous, paternaturally sanctified. It dominated the schoolbooks and through them gave us the too beatific personage who is Lincoln to most of us today.

There are as many Lincolns, I dare say, as there are people who think and talk and write about Lincoln. We all remold him to our heart's desire. Most of us, I fear, see him as a stock figure only: A farm boy reading by the firelight, a youth splitting rails, a young man flatboating down the great river to New Orleans and saddened by the slave auction there; then, suddenly, the President of a divided Nation, emancipating the bondmen, speaking imperishable words at Gettysburg, pardoning the sleeping sentry, and dying a patriot's death—a sketchily outlined figure with many blanks to be filled in, and always noble with a nobility not quite of this earth.

But slowly, as the years pass, we begin to see him in the flesh, a man among men, a seeker groping for light amid darkness; a man of strong feeling and of private sorrows; one who could be coldly shrewd on occasion, who had spells of excessive thrift, of laziness, of self-pity, even as you and I; one who was careless in keeping his accounts, liked to plague his rivals with outlandish tricks, and had a Rabelaisian fondness for shady stories. Such revelations from Herndon's memorabilia only endear Lincoln to us, for they show him achieving nobleness in spite of any and all limitations. The nobility of the real Lincoln is positive. The early analysts asked us to believe it was the negative nobility of one who could not err.

Fame and history are not snobbish, precisely, yet they care more for a great man's glamorous years than for his years of obscurity, and thus they tend to minimize his essential humanity and to separate him from common life. We rejoice that our Lincoln is translated from the lowly earth to the skies, but we cannot afford to surrender him entirely to the high society of immortality. For the sake of the example that his life contains for all of us who must find courage in trying times, we need to be reassured that he once shared our clay. We need to know what qualities of human heart and mind helped him to carry on.

Men have said that Lincoln must have been divinely inspired, as when he cornered and discomfited the brilliant Douglas at Freeport and brought the Nation's malignant canker into plain sight where it could no longer be ignored. Inspiration may have prompted his course, but a worn and faded notebook in the Herndon collection is proof that Lincoln made ready for those epochal debates as any other man would have done. Carefully for his fray with the "Little Giant" of Illinois politics he forearmed himself. Anxiously he assembled ammunition of fact and word, counting on no aid from heaven. Handy in a pocket of his baggy coat this small book went with him to Ottawa, to Galesburg, to Alton, and the rest of the seven towns whose pride it is today that they heard him in that never-forgotten series of platform battles.

Touch it gently, for it is very old, this prompt book that Lincoln made. Unlatch the tarnished brass clasp and read. Here, at the start, is the second paragraph of the Declaration of Independence, beginning: "We hold these truths to be self-evident: That all men are created equal." On the same page is Henry Clay's pledge: "I never can, and never will, and no earthly power will make me vote, directly or indirectly, to spread slavery over territory where it does not exist."

Then newspaper clippings, 185 of them; tables of statistics; excerpts from Douglas' speeches, neatly pasted on the notebook pages; and some words of Lincoln's own that had already startled the land: "'A house divided against itself cannot stand.' I believe this Government cannot endure permanently half slave and half free. I do not expect the Union to be dissolved. I do not expect the house to fall. But I do expect it will cease to be divided. It will become all one thing or all the other."

That audacious statement would ruin him, his party friends thought. He half thought so himself. The adroit Douglas might refer to it and give it sinister meaning. It needed precise wording in repetition and explanation, so Lincoln set it down in the little book.

He was not a Jove thundering from a lofty plane of omniscience. He was a man of the earth who went to his speaking dates humbly in the caboose of a freight train or in an overcrowded day coach. He was a fellow of those who trudged or galloped or drove along the dusty Illinois roads to hear and to cheer and to ponder. What lay beyond the veil of autumn dust above the little towns; what awaited him because of the words he spoke to the throngs from those bunting-decked, open-air rostrums, he could not see.

He was an orator, yes, as any sower of ideas had to be in the days before press service and radio; but even that quality in him was not a gift. The shy, awkward, often tongue-tied man had acquired it through years of hard effort that began when, as a boy, he heard a Breckinridge speak. Aside from his practiced eloquence, he was Everyman, doing whatever day's work he found to do, guided by the sense of honor which most men have in common, and frankly impelled by the very human aspirations which he had in common with most men in politics. Surely we think no less of him for having been one of us.

Again, with the zest for victory and the awareness of frailty which we all must feel in hours of stress, Lincoln made a notebook on slavery, a priceless relic which his biographers seem to have overlooked completely. Here it is today. In its contents which are as numerous as those of the Douglas Debates book, scholars may some day trace the slow forming of his opinion on the ominous issue. He was no born abolitionist like Lovejoy or Garrison. When he was urged to speak at an early antislavery meeting, the politician in him found it convenient to leave town, knowing that the time was not yet ripe.

But the subject haunted him; he gathered facts and arguments; and when the moment came to speak out he was ready as was no other man in America. He spoke, and abolitionists and slave owners alike were disappointed. To the very last he respected the property rights of slave ownership; he would liberate the Negroes by compensating their masters. To him slavery's worst harm was its menace to the integrity of the Union; and the world at last acknowledged his view.

We have a glimpse of the real man as with greatest care he indexed the notebook and made it a gem of strategy and preparedness, the source of each clipping, each piece of information, meticulously recorded. Here are such entries as the words of Washington, Jefferson, Franklin, and Webster on slavery; the Cincinnati platform; tables of slavery statistics; editorials on the subject and a complete chronology of slavery in the United States. The study of years is condensed in this memorandum book.

From it we see why it was that Lincoln's statements could not be challenged on the score of accuracy. We understand why Douglas repeatedly complained that he would rather face the whole United States Senate than Lincoln alone. And we know how it was that the prairie lawyer, with the gaunt, angular frame and the high-pitched grating voice, could sway the sophisticated audience at Cooper Union and the crowds that heard him in cultured New England. He had thought the thing through and was ready for them.

To historians the 30 years in Lincoln's life before 1860 are not always distinct, yet they are the richest field for all who seek to discern the real Lincoln and to discover detail and color for a full picture of him as a workaday American. In comments from his neighbors and colleagues, found in the Herndon-Weik lore, we learn that Lincoln was quick with righteous anger when anger was needed, but that he was long-suffering with slow witnesses and dull juries and with his children, just as he was later on at Washington with every visitor from back home who wanted to shake his hand and with that class in officialdom whom John Hay called "the patent-leather, kid-glove set, who know no more of him than an owl does of a comet blazing into its blinking eyes." Here is the very letter that Hay wrote to Herndon expressing that sentiment.

Here, too, is an anecdote, in the junior partner's handwriting, that illuminates Lincoln's court-room methods and his sympathy with humble minds. In a tight case that he defended in Coles County the jury retired to consider the verdict, then returned to ask the judge what he had meant by "the preponderance of evidence." The court put on its dignity and instructed the jury verbosely and intricately as to what was meant. The jury retired again, found that there was still confusion, and reappeared in the court room.

By consent of the court, the lawyer for the plaintiff tried his hand at explaining but only added darkness to midnight. Lincoln then asked the court if he might try; and receiving assent, he said:

"Gentlemen of the jury, did you ever see a pair of steelyards or a pair of store scales? If you did, I can explain, I think, to your satisfaction, the meaning of the phrase.

"If the plaintiff has introduced any evidence in the case, put that in the scale and have it weighed. Say it weighs 16 ounces. If the defendant has introduced any evidence, put that in the scale; and if that evidence weighs 16 ounces, the scales are balanced and there is no preponderance of evidence on either side. If the plaintiff's evidence weighs one grain of wheat more than the defendant's, then the plaintiff has the preponderance of evidence—his side of the scales goes down: is the heavier. If the defendant's evidence weighs one grain of wheat more than the plaintiff's, then the defendant's side of the scales goes down. The movement of the scale tells what is the preponderance of evidence. Now apply this illustration to the state of your mind on weighing the evidence."

"We see the point, Abe," said the jury, and promptly brought in a verdict for Lincoln's client. Herndon remarks: "The defendant had the preponderance of evidence—rather, the plaintiff didn't have it."

The story has had many versions, some of them not complimentary to Lincoln; but this version, we may be sure, is the simple truth. It shows Lincoln schooled to patience in common life for the ordeal in the White House, where he needed to be patient with hotheaded abolitionists and rebellious southerners alike.

We remember how that kindly indulgence of his was extended to the superior-feeling Chase; to the overwrought Seward, who proposed a foreign war as a means of holding the Union together; to Greeley, self-appointed spokesman of the country; to McClellan when that popularity-conscious general declined to receive his Commander in Chief, having retired for the night—yes, and to Mary Todd, whom Herndon called "a tigress." Concerning a tantrum of hers, "It does me no harm", said Lincoln, "and it makes her feel better." And he was patient with Herndon, who was a better Boswell than a law partner.

Lincoln brought that quality with him from ordinary life in Illinois. Men called it weakness, but we know it was his strength. No aristocrat born to the noblesse oblige tradition ever practiced generous behavior better than this greatest commoner of his century. For the sake of a cause he forgave open insult. For the sake of loyalty to a friend he even condoned unworthiness.

We have new light in the Herndon miscellany in Delahay, who offered Lincoln support from Kansas at the 1860 convention and

asked for $200. Lincoln replied to him, "I cannot enter the ring on the money basis; first, because, in the main, it is wrong; and secondly, I have not and cannot get the money." Yet he promised him $100 for expenses to Chicago and when the Kansan failed of election as a delegate, sent him the money anyway and invited him to come on as a spectator. We read of Lincoln's subsequent patience with his supporter's conduct as a Federal judge and we say that he forgave too much. Yet was it not that same patience of his, shown in crisis after crisis at Washington, that enabled him to save the Union?

We peer into the past and see Lincoln as he was before glory had singled him out: Lincoln the breadwinner, the lawyer, the local politician, the neighbor. He is a storekeeper for a year, with an inebriate for a partner, and for 15 years thereafter he gives his savings to pay off the notes of the firm—his "national debt", as he said. That was when men began calling him "Honest Abe."

He is a village postmaster, a surveyor. He is running for the legislature, actually running as well as wrestling, swinging the scythe, and otherwise demonstrating his strength to the satisfaction of his constituents. Eventually they like him so well that they send him to Congress, where he writes, in the Congressional Directory, "Education defective", and enters a resolution baiting President Polk about the Mexicon War, the Spot Resolution, so-called. "Show us the particular spot on our soil, Mr. President, where invading Mexicans have shed the blood of our citizens." No militarist was Lincoln, though he had once gone gunning for Black Hawk.

Now the young lawyer doing Major Stuart's office work; then in Judge Logan's office, helping with the best law practice of his part of the State; and last in partnership with Herndon—"Lincoln & Herndon" the shingle read from 1843 until long after Lincoln's death. From the files of that dingy office came hundreds of legal documents to show us Lincoln as a worker.

He is at his desk intently studying the law of a case the while eating an apple. "He loved apples", his partner wrote in a memorandum which we have. "He would wrap his forefinger and his thumb around the equatorial part of the apple and commence eating at the blossom end, never using a knife"—an inconsequential glimpse, yet it makes us a little better acquainted with the man.

He is saying, "If I can only get this case freed from technicalities and swung to the jury, I'll win it", and Herndon is urging him to strive for a better grasp of the rules of evidence, pleading, and practice. It was Lincoln's failing in court and his success on the stump and in the White House, to put his trust less in rules than in common sense and abstract justice.

His mind continually sought, we are told by lawyers whose letters are here, for the essential fact, the fundamental principle; it cut through a maze of obscuring particulars to the central point at issue and it dwelt on that. "A thing not morally right should not be legally right", he insisted. He lost many a case through ignoring the rules, and won many another in the same way. "Discourage litigation", even at the sacrifice of a fee. "We can doubtless win your case for you * * * but we would advise you to try your hand at making $600 some other way."

Though wanting in the formalities of the law he was keen at diagnosis. He groped until the salient fact of the case was clear to him; then went straight to the point and made judge and jury see it. That was why, after his return from Congress, he became a trial lawyer, a lawyer's lawyer, trusted for his honesty of mind and his high sense of professional ethics.

We see him on the circuit for almost a decade, in company with other lawyers, following Judge David Davis over several counties, driving the rough country roads in a buggy, attending a court that sometimes sat out of doors under the trees. Again he is dining at a country inn. "He never complained about the food. He was satisfied with anything that would fill up. He ate and went about his business though the food was 'cussed bad', as 8 out of 10 at the table would say." According to Judge Davis, he once said at dinner, "Well, in the absence of anything to eat, I will jump into this cabbage."

We hear him telling stories in a hotel room, before a log fire, when bench and bar fraternized at the end of the day. We see him in his yard at home at 1 o'clock at night, returned from one of those journeys of his, splitting kindling wood by moonlight to get himself a warm supper.

The Herndon legal documents show that clients followed Lincoln and remained faithful; he handled series of cases for Nathaniel Hay, the Alton Railroad, and many other employers. But hard knocks were plentiful. The world knows how he prepared to take part in a controversy over the McCormick reaper patents, only to be set aside unceremoniously in favor of a city lawyer, Stanton, who afterward was a member of his Cabinet. Such a slight was bound to hurt, and Lincoln never afterward felt like visiting Cincinnati, where it occurred.

His fees were unbelievably low. Judge Davis once exclaimed, "Lincoln, your picayune charges will impoverish the bar." That was when a fellow attorney had collected a large sum for their joint services and Lincoln had declined to share in what he regarded as an overcharge. When he ventured to ask $2,000 for successfully defending the Illinois Central Railroad from an attempt by a county to tax its property, the railroad company rejected his claim. At the advice of other lawyers he then sued for a fee of $5,000 and got a judgment. But such rewards were rare.

For a young lawyer Lincoln had more cases in a given year than many leaders of the bar in Chicago and New York in a similar period of the beginning of their practice; and they were of such importance that, if proper charges had been made, he would have become prosperous, and the legends about his extreme poverty would never have arisen. It might be interesting for the bar associations of the counties making up the eighth circuit to examine the Lincoln cases that have just now come to light and assess the charges that would be made today.

Years of hardest work were those. Judge Davis, who saw Lincoln constantly in that period, who shared beds in crowded country taverns with him and afterward managed his interests on the floor of the 1860 convention, tells us, in a long statement that has been preserved:

"As a lawyer, when he attacked meanness and littleness, vice and fraud, he was most powerful, was merciless in his castigations. * * * He never took advantage of a man's low character to prejudice the jury. He thought that his duty to his client extended to what was honorable and high-minded, just and noble, nothing further. * * *

"He shrank from controversy as a general rule, hated quarrels, hated to say any hard and sharp thing of any man, and never stepped beyond this except when duty, honor, and principle demanded it. * * * He was slow to form his opinions; he was deliberate and cool and demanded the light of all the facts.

"When Lincoln was elected President he swore in his soul he would act justly. Justice was his leading characteristic, modified by mercy when possible. He studied where the truth of a thing lay, and he acted on his conviction. He had unsurpassed reasoning powers. His logical faculties were great. * * * He had no powers of organization; thought he had no administrative ability till he went to Washington. A man when forced to do can do more than he or his friends dream of."

If we think of Lincoln as an adroit politician forever seeking office, we ignore the evidence that has come down to us. Here is abundant testimony that he had lost interest in such honors in those years just after 1850, though he was unwittingly preparing himself for them. He was reading more than anyone but Herndon knew. "Education, defective", he had declared, and posterity had been inclined to take him at his word; but the legend that his only books were the Bible, Blackstone, Aesop, Shakespeare, Byron, and Burns has had credence long enough.

Some of his authors in the law-office years were Emerson, Carlyle, Theodore Parker, McNaught, Strauss, Monnel, Buchner, Feuerbach, Buckle, Spencer, Darwin, Lecky, Lewis, Renan, Kant, and Fichte. In one of Parker's sermons, printed in a newspaper, he found suggestion for the ringing words "government of the people, by the people, for the people." A photograph of the newspaper is preserved, with the Boston minister's striking passages marked with pencil—Lincoln's own marks, we are told.

In those years he was thinking, too; brooding over the omnious issues that oppressed all public-minded men, and storing up resolutions for the challenge that he would at last send forth. But, most of all, he was working diligently at his profession, giving it the best he had, namely, his gift of getting at the truth of things, and strengthening that best in himself for a need and a purpose of which he can hardly have dreamed.

Douglas, when he brought about the repeal of the Missouri Compromise, and Chief Justice Taney, when he wrote the Dred Scott decision virtually nationalizing slavery, had as little notion of what the slow, arduous toil of that Illinois lawyer would come to mean. It meant, for one thing, that Douglas, hurrying home from the Senate to pacify an aroused State, found an unexpected lion in his path.

He found a thinker trained to think through all sophistry to the essential point at issue; a speaker trained in understanding human nature and in making the point clear to lowly minds. "This Nation cannot endure permanently half slave and half free." Moreover, he found a man whose intellectual honesty made him fearless. Friends warned Lincoln against "the d——d fool utterance", but Lincoln said: "The time has come when it should be uttered. If it is decreed that I should go down because of this speech, then let me go down linked to the truth."

Douglas triumphed in that first great clash of the irrepressible conflict. Douglas went back to the Senate, while Lincoln went back to the circuit and the law work—he was poor, indeed, after all those months of debating. But 2 years later the Democratic Party split on Douglas because of the position Lincoln had compelled Douglas to take in the Illinois debates, and Douglas got only 12 votes in the electoral college to Lincoln's 180. We must give Douglas credit for being one of the few politicians who applauded Lincoln's first inaugural address.

There is a quaint description of Lincoln's conduct on the fateful election day in 1860 which has never been fully told in print. We find it in Herndon's handwriting:

"I went to Mr. Lincoln's office in the statehouse and said to Lincoln, 'Lincoln, you ought to go and vote for the State ticket.' He replied, 'Do you really think I ought to vote?'—to which I said, 'Most certainly you ought; 1 vote may gain or lose the Government, legislature, etc.' He then remarked, 'I guess I will go, but wait until I cut off the Presidential electors at the top of the ticket.'

"He then cut off the top of the ticket—note the chivalry of the man. Colonel Lamon and Colonel Ellsworth and myself only were in the room. I winked to those men and said to them to go along with Lincoln and see him safely through the mass of men at the voting place. They understood me. Lamon went on the right side of Lincoln, Ellsworth on the left, and I at Lincoln's back, just behind him.

"As we approached the polling place the vast mass of men who had gathered to vote and to see Lincoln vote, as it was whispered that Herndon had gotten Lincoln to vote or agree to do so, opened

a wide gap for him to pass on to the voting place. The Republicans yelled and shouted as Lincoln approached. He was allowed to vote unnoticed, and when he had voted and come out of the court room, the voting place, they again yelled and shouted.

"I must say that the Democrats on that day and place paid about as much respect to Lincoln as the Republicans did—they acted politely, civilly, and respectfully, raising their hats to him as he passed on through them to vote. They acted nobly on that day and at that place and time. Lincoln voted and was glad of it."

We are allowed also to glance at a scene at Lincoln's home when the notification committee arrived. Lincoln had consulted John W. Bunn, among others in Springfield, regarding the propriety of offering wine to the notifiers. At first it was deemed appropriate to comply with the custom then in vogue in entertaining guests who ranked as high as the members of the committee; but after some reflection Lincoln dissented, holding that as he himself did not drink wine it could be omitted in his own house.

After the committee's departure, Lincoln and Bunn met in the street, and Bunn asked how the guests had taken to the cold water. "Greatly to my surprise", Lincoln answered, "they drank freely of it. One of them confided that they had just come from a sumptuous dinner at the hotel, where they were given bountiful quantities of everything to drink but water. When they reached my house they were so dry, notwithstanding the refreshments at the hotel, that water was stimulant enough to satisfy their appetites."

In that connection we have some new testimony as to Lincoln's attitude toward tobacco and liquor, over which there has been much wrangling. While he did not smoke or chew, he did occasionally "take a horn", though never with any enjoyment. "On the day of his nomination, or on the day before", his partner informs us, "he played ball with the boys and drank beer two or three times in the course of the game. He was excited at that particular moment in his career and drank to steady his nerves. He often said, 'I never drink much, and am entitled to no credit therefor, because I hate the stuff.'" And he once told an inquirer, "It is unpleasant to me and always makes me feel flabby and undone."

Immense constitutional and international questions confronted Lincoln throughout his administration. He answered them all, and there was no miracle or accident about his success. He was adequately prepared and competent; he needed only to apply the principles he had followed in dealing with simpler problems in Illinois.

His patience, his courage, his faith in the right-mindedness of everyday people, and, above all, his clarity of insight, gave him greatness when the Nation needed a great leader. Now that he belongs to the ages the world takes pride in the countless instances of his power to see the vital thing and to put it into vital words. Recall, if you will, a few of them.

At Gettysburg: "It is for us, the living, rather, to be dedicated here * * *." At the second inauguration: "With firmness in the right, as God gives us to see the right * * *." His letter to Greeley: "My paramount object in this struggle is to save the Union, and is not either to save or to destroy slavery." His letter to Hooker, who had said the Government needed a dictator: "Only those generals who gain successes can set up dictators." And his later message to the same field commander, who, when Lee was mysteriously marching toward the frightened North, thought of attacking Richmond: "I think Lee's army, and not Richmond, is your sure objective."

He could say so much in so little. The allegories that flowed from his lips were universal, like the Fables of Aesop. One of them we might well hear today. It came forth when some excited visitors at the White House were chiding him for his conduct of affairs. He listened resignedly, then said:

"Gentlemen, suppose all the property you are worth was in gold, and you had put it into the hands of Blondin to carry across the Niagara River on a rope. Would you shake the cable or keep shouting to him, 'Blondin, stand up a little straighter—Blondin, stoop a little more—go a little faster—lean a little more to the north—lean a little more to the south!' No. You would hold your breath, as well as your tongue, and keep your hands off until he was safe over."

Pride thrills to think that one of ours could have performed so well the task that fell to him. Abraham Lincoln was but a man, all myths to the contrary notwithstanding. When a body of ministers proclaimed that Heaven had revealed to them that the ill luck of the Northern armies was a sign of God's displeasure with the administration for letting slavery continue, Lincoln replied that he wished the divine will as to his course might be revealed to him directly. He added, "If I can learn what it is, I will do it. These are not, however, the days of miracles." He was doing the best he could as a plain human being.

We shall see him more and more clearly in that light as time goes on, and his stature will not diminish.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, and that the House insisted upon its disagreement to the amendment of the Senate, no. 4, to the said bill.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR.

Mr. LA FOLLETTE. Mr. President, I was about to speak to a question of personal privilege, but I am advised by the Senator from Arkansas [Mr. ROBINSON] that it is the desire of the majority leader to proceed with the matter of the Senate against Mr. MacCracken, and, under all the circumstances, I feel it is incumbent upon me to yield for that purpose. So soon, however, as the proceedings in that matter shall have been concluded, I shall seek recognition of the Chair on a question of personal privilege.

The VICE PRESIDENT. The Senator will have recognition when he desires.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the unfinished business may be temporarily laid aside and that Mr. MacCracken be brought before the Senate.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ind.
Ashurst	Cutting	La Follette	Russell
Bachman	Davis	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Black	Duffy	Long	Smith
Bone	Erickson	McCarran	Steiwer
Borah	Fess	McGill	Stephens
Brown	Fletcher	McKellar	Thomas, Okla.
Bulkley	Frazier	McNary	Thomas, Utah
Bulow	George	Murphy	Thompson
Byrd	Gibson	Neely	Townsend
Brynes	Goldsborough	Norris	Trammell
Capper	Gore	Nye	Tydings
Caraway	Harrison	O'Mahoney	Vandenberg
Carey	Hastings	Overton	Van Nuys
Clark	Hatch	Patterson	Wagner
Connally	Hayden	Pittman	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reynolds	
Costigan	Keyes	Robinson, Ark.	

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The Senate will receive a report from the Sergeant at Arms.

The Sergeant at Arms read as follows:

To the PRESIDENT OF THE SENATE:

In pursuance of the warrant of the Senate directing me to forthwith arrest and bring to the bar of the Senate William P. MacCracken, Jr., I have, this 12th day of February 1934, arrested and taken into custody the said William P. MacCracken, Jr., and I do now bring him to the bar of the Senate.

CHESLEY W. JURNEY,
Sergeant at Arms, United States Senate.

Mr. William P. MacCracken, Jr., and his counsel, Frank J. Hogan, Esq., of Washington, D.C., entered the Chamber and took seats in the area in front and to the right of the Vice President's desk.

The VICE PRESIDENT. What is the will of the Senate concerning the respondent, William P. MacCracken, Jr.?

Mr. BLACK. Mr. President, I assume we should proceed in accordance with the citation and under the rules which have heretofore been passed upon by the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Presiding Officer read to Mr. MacCracken the order, as was done in the other cases.

Mr. McNARY. Mr. President, I shall not interpose any objection to proceeding at this time. I only want to note the necessary absence of the two Republican members of the committee because it was expected, by reason of the order entered on Saturday and contained in the RECORD, that

matters concerning the other respondents would go over until Tuesday. I do not know the situation, whether it would be possible to continue this proceeding until tomorrow because of the necessary absence of the two Republican members of the committee.

I might also add that 11 Members on the Republican side of the Senate are absent because of today's being the anniversary of the birth of Abraham Lincoln. I only mention that, not desiring at all to deny the gentleman cited here any right or to object to going forward at the earliest moment. I merely desire to call the attention of the chairman of the committee to the necessary absence of the two Republican members of the committee and of the nine other Republican Members of the Senate. I do not wish to do anything that will involve in any way the rights of Mr. MacCracken or of the Senate, and I shall make no objection, except as I have heretofore stated.

Mr. BLACK. Mr. President, I fully realize that insofar as the proceedings against the other three respondents are concerned it was understood that we were to wait until tomorrow. Personally I regret very much that the two members of the committee, the Senator from Maine [Mr. WHITE] and the Senator from Vermont [Mr. AUSTIN], are not present today. I know of no reason, aside from the fact that some Senators are away, why we should not now proceed in order. Of course we do not want to do anything to which a Senator would have any reasonable ground of objection and I think it very proper that the attention of the Senate should be called to the fact that those Senators are absent. At the same time, since the respondent is here I do not know of any other course we can pursue except to proceed, unless the Senate is of the opinion that the matter should be delayed. It is my judgment that it will probably be better to proceed at the present time.

Mr. McNARY. If the rights of the Senate and of the public as represented by the Senate, and of Mr. MacCracken, should remain in status quo, I would very much like to have the matter go over until tomorrow, until Republican Members may return, particularly the two Republican Members of the committee. But, not being conversant with the procedure that is about to follow, I am not advised as to what the status would be. For that reason, as I said, I feel somewhat embarrassed by a want of knowledge on the subject matter.

It is very clear to the Senator from Oregon and to other Members of the Senate that if any action is to be taken peremptorily, as large a membership as possible should be present. If testimony is to be taken it is proper that Republican Members of the Senate should be in attendance, not at all because it involves anything partisan, but because they are Members of the Senate and two members of the committee.

Again I observe that if any rights are to be in any way overthrown and if the public is to suffer, or if the respondent is to be put to any inconvenience, I shall not make any request for delay at this time.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from Oregon that those matters probably will develop themselves as the proceedings advance.

Mr. McNARY. Very well. As I said, I am not cognizant of the procedure to be followed, and I shall not make any objection at this time. So far as I am concerned, we may proceed.

The VICE PRESIDENT. Will Mr. MacCracken rise in his place?

Mr. MacCracken rose.

The VICE PRESIDENT. William P. MacCracken, Jr., you have been brought before the Senate, by its order, to show cause why you should not be punished for contempt of the Senate on account of the destruction and removal of certain papers, files, and memoranda from the files of William P. MacCracken, Jr., after a subpena requiring the production of such papers, files, and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts.

The clerk will read the report unless the gentleman is familiar with it and desires to waive the reading of the report.

Mr. HOGAN. The report need not be read, Mr. President. We are entirely familiar with it.

The VICE PRESIDENT. What is the wish of the Senate?

Mr. MacCracken, have you anything to say in excuse or extenuation of your connection with or participation in the matters described in such report and resolution?

Mr. HOGAN. Mr. President, on behalf of Mr. William P. MacCracken, Jr., I present a paper, which I ask to have read.

The VICE PRESIDENT. Without objection, the clerk will read the paper.

Mr. BLACK. Mr. President, may I suggest that the counsel's name be placed in the record, in order that the record may be in all things complete.

Mr. HOGAN. Mr. President, I had informed the Sergeant at Arms that my name is Frank J. Hogan and that I appear here as counsel for William P. MacCracken, Jr.

The Chief Clerk read as follows:

WASHINGTON, D.C., *February 12, 1934.*

To the Senate of the United States:

Being advised and convinced that the proceedings which have resulted in my appearance before your honorable body are alike violative of the constitutional powers of the Senate and my constitutional rights as a citizen of this country, I respectfully deny the Senate's right or power to try or pass judgment upon me for the matters and things set forth in the citation ordered to be issued by the Senate on February 5, and in the void warrant issued to your Sergeant at Arms on February 9, 1934.

I respectfully refer to my statement of the facts and of the applicable law, as I understand it, contained in my communication to the Senate dated February 9, 1934.

WILLIAM P. MACCRACKEN, JR.

The VICE PRESIDENT. What is the wish of the Senate?

Mr. BLACK. Mr. President, as I understand, that is the only reply the respondent desires to make. I think we should ascertain that before proceeding further.

The VICE PRESIDENT. It is so stated by him.

Mr. HOGAN. Mr. President, there is no other position that Mr. MacCracken desires to or will take except that which he has respectfully submitted in the document just read by the clerk.

Mr. BLACK. Mr. President, the evidence taken before the committee has already been submitted to the Senate. The committee was acting for the Senate. It was the Senate insofar as that evidence is concerned. I simply ask at this time that the report be offered and the evidence attached to it.

The VICE PRESIDENT. The Senator from Alabama asks unanimous consent that the report of the Senate committee, and the evidence taken concerning this case, be printed in the RECORD and considered as the statement of the committee.

Mr. BLACK. And that they be read, unless the reading of the evidence shall be waived by the respondent or his counsel.

The VICE PRESIDENT. Does the respondent waive the reading?

Mr. HOGAN. Mr. President, to be entirely consistent in the position which we have deferentially, but nevertheless frankly stated—that this is a proceeding that is entirely beyond the power of this honorable body—we make no request with respect to whether papers be read or not.

Mr. BLACK. Mr. President, I ask that the report and the evidence be read.

The VICE PRESIDENT. The clerk will read the report and the evidence.

The Chief Clerk read as follows:

INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

Mr. BLACK, from the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, submitted the following report (pursuant to S.Res. 349 (72d Cong.)):

Your committee, appointed and selected by the Senate, under Senate Resolution No. 349, Seventy-second Congress, second session, report as follows:

(1) The committee has been engaged in public hearings and did on the 31st day of January 1934 cause to be served on William P. MacCracken, of Washington, D.C., a summons, a copy of which is

hereto attached, marked "Exhibit A" and which exhibit is made a part of this report.

(2) The said William P. MacCracken has appeared before this special committee, but has failed, refused, and declined to bring with him to the committee, or to make available for inspection, his correspondence and memorandums relating to air mail contracts.

(3) The said William P. MacCracken has not only failed, declined, and refused to bring such correspondence and memorandums to the committee, or to make it available for the committee's use, but has declined in an open session of the Senate committee, room 318, Senate Office Building, held on January 31, 1934, and has again declined at a public session of the committee, held on February 2, 1934, to bring said papers and correspondence to the committee and the said Mr. MacCracken admitted in open session of the special committee hearing on February 2, 1934, that between the date of the serving of the subpena and the time of his testimony, two certain files of correspondence concerning air mail had been removed from his office with his knowledge and consent.

(4) The said William P. MacCracken has based his refusal upon the claim that he is an attorney, and as such attorney has a right to determine for himself whether or not correspondence and memorandums with reference to air mail contracts, or what he designates as private and confidential communications, between himself and air mail operators whom he designates as his clients.

(5) The committee makes a report to this Senate and requests that the Senate, by proper resolution, take such action as the Senate deems wise to bring the said William P. MacCracken before the bar of the Senate and to require that William P. MacCracken produce papers and correspondence herein set out, in order that the committee may have available this material evidence to carry out the duties imposed upon your committee by the terms of the resolution under which it is acting.

UNITED STATES OF AMERICA,
CONGRESS OF THE UNITED STATES.

To WILLIAM P. MACCRACKEN, JR.,
1152 National Press Building, Washington, D.C., greeting:

Pursuant to lawful authority, you are hereby commanded to appear before the Senate Committee on Ocean Mail and Air Mail Contracts of the Senate of the United States, instanter, at 12:30 p.m., at their committee, room 101, Senate Office Building, then and there to testify what you may know relative to the subject matters under consideration by said committee.

Bring all books of account, bank pass books, canceled checks, check stubs, deposit slips, papers, memorandums, correspondence, maps, copies of telegrams relating to air mail and ocean-mail contracts.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To J. A. Bradley and L. F. Rittelmeyer, to serve and return.

Given under my hand, by order of the committee, this 31st day of January, A.D. 1934.

HUGO L. BLACK,
Chairman Special Committee on Investigation, of Air Mail and Ocean Mail Contracts.

Service accepted 12:20 p.m. January 31, 1934.
WILLIAM P. MACCRACKEN, JR.

[S.Rept. 254, pt. 2, 73d Cong., 2d sess.]

INVESTIGATION OF AIR MAIL AND OCEAN-MAIL CONTRACTS

Mr. BLACK, from the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, submitted the following further report (pursuant to S.Res. 349 (72d Cong.)):

Your committee, appointed under Senate Resolution No. 349, Seventy-second Congress, asks to make this further partial report in connection with the performance of its duties under the resolution in addition to the previous report (no. 254) made February 2, 1934:

1. Subsequent to the service of subpena upon William P. MacCracken, Jr., as set forth in Report No. 254 to this Senate, made on February 2, 1934, the committee issued a subpena duces tecum to Col. L. H. Brittin and to Gilbert Givvin, copies of which subpenas are hereto attached marked "Exhibits A and B."

2. On February 3, 1934, the committee met in room 318, Senate Office Building, and Col. L. H. Brittin and Gilbert Givvin appeared before the committee and testified.

3. The evidence of Gilbert Givvin showed in substance that the said Gilbert Givvin is an employee of the Western Air Express, Inc., and that Harris M. Hanshue is an officer of the Western Air Express, Inc. That after service of the subpena duces tecum upon William P. MacCracken, Jr., as shown in Report 254, the said William P. MacCracken, Jr., sent a telegram to Harris M. Hanshue as follows:

"I have today been subpenaed to produce before the Black committee all papers, memoranda, correspondence, maps, copies of telegrams relating to air and ocean mail contracts. Insofar as these involve confidential communications between us, as attorney and client, I have felt it my duty to assert, and I have asserted, the privilege which the law places around such communications. The privilege may be waived only by you as client. The committee has requested me to inquire whether you desire to waive this privilege and authorize me to make these documents available to the committee investigators. Please wire your decision.

"(Signed) WILLIAM P. MACCRACKEN, JR."

4. That after said telegram had been sent to the said Harris M. Hanshue and received by him, and after the said William P. MacCracken, Jr., had declined to produce his papers, memoranda, maps, correspondence, and telegrams relating to air mail and ocean mail contracts, before your special committee, the said Harris M. Hanshue communicated with Gilbert Givvin and directed him to proceed to the office of William P. MacCracken, Jr., and remove from the files of the said William P. MacCracken, Jr., certain papers, memoranda, or correspondence contained in the files then under subpena of your committee. That thereafter the said Gilbert Givvin went to the office of William P. MacCracken, Jr., and did remove letters, telegrams, papers, and memoranda from the files of such papers contained in the "Western Air" file and did send such letters, telegrams, papers, and memoranda to another employee of the Western Air Express named Voorhes, addressing the same to the said Voorhes at the Essex House, New York City, which hotel was the New York living address of the said Voorhes and the said Harris M. Hanshue.

5. That after said files had been removed from the office of William P. MacCracken, Jr., the said Harris M. Hanshue sent a telegram to William P. MacCracken, Jr., and sent a copy of such telegram to the chairman of this committee, stating that the Western Air Express, Inc., had no objection to the committee inspecting all papers in the Western Air Express, Inc., files in the William P. MacCracken, Jr., office.

6. That on the 2d day of February 1934, the said Harris M. Hanshue sent a certain file of papers to Washington by the said Voorhes, which papers were turned over to the said Gilbert Givvin and which purported to be the letters, telegrams, and memoranda removed from the files of the said William P. MacCracken, Jr., but all of which were not identified by the said Gilbert Givvin before the committee as being the identical papers taken from the files of the office of William P. MacCracken, Jr. The evidence of the said Gilbert Givvin revealed that the said Harris M. Hanshue before directing Givvin to remove such papers told the said Givvin that the Senate committee was seeking the papers, memoranda, correspondence, maps, and copies of telegrams in the files of MacCracken and that he, the said Hanshue, wanted certain papers removed therefrom.

7. The said Gilbert Givvin further testified before your committee on February 3, 1934, that he did not actually or physically remove any part of the papers, memoranda, maps, correspondence, and telegrams set forth in the subpena of the said William P. MacCracken, Jr., but that said William P. MacCracken had said files in his own possession and made a decision as to which of said papers, memoranda, correspondence, and telegrams should be removed, and he, the said MacCracken, did actually remove said papers from the files himself and turn them over to the said Gilbert Givvin to be taken away from MacCracken's office and to be delivered to the said Hanshue.

8. On the 3d day of February 1934 Col. L. H. Brittin likewise appeared before your special committee and admitted that after he had received information that the Senate committee had served a subpena upon William P. MacCracken, Jr., to produce all of his papers, memoranda, correspondence, maps, and copies of telegrams, as shown in exhibit A of the report no. 254, made to this Senate, he, the said Col. L. H. Brittin, went to the office of William P. MacCracken, Jr., and removed from the files of the Northwest Airways, Inc., in said William P. MacCracken, Jr.'s office, certain letters and correspondence contained in such files.

At the time of such removal and prior thereto said L. H. Brittin was an officer of the Northwest Airways, Inc. The said L. H. Brittin admitted that after removing said correspondence he took it with him to his own office and there tore it into pieces and threw it into the waste-paper basket and that it cannot now be obtained.

9. The said L. H. Brittin stated that he secured the said files in the office of William P. MacCracken, Jr., from his law partner, one Frederic P. Lee, who willingly delivered them to the said L. H. Brittin at said time and place. The claim made by the said L. H. Brittin before the Senate committee was that he had certain correspondence in these files of a personal and confidential nature and that he did not want it made public through the Senate committee, but since the correspondence has already been destroyed the committee is unable to prove the truth or falsity of this statement from the correspondence itself.

After said correspondence was destroyed by the said L. H. Brittin he testified that he then gave his consent for the Northwest Airways, Inc., files to be inspected by the Senate committee.

The correspondence, papers, memoranda, and telegrams in the files of the said William P. MacCracken, Jr., constituted material and pertinent evidence for the committee to consider in connection with its investigation and recommendations for legislation concerning ocean mail and air mail Government contracts.

For the further information of the Senate there is attached hereto a stenographic report of the evidence before your committee, given by William P. MacCracken, Jr., L. H. Brittin, Gilbert Givvin, and J. A. Bradley. There is also presented to the Senate in a sealed envelop the letters, memoranda, and papers produced by Gilbert Givvin purporting to be the papers removed from said William P. MacCracken, Jr.'s files and sent to S. W. Voorhes.

Your committee believes that it is proper to report the foregoing facts to the Senate in order that the Senate may determine whether or not any action shall be taken by the Senate with a view to proceeding against the said William P. MacCracken, Jr., Harris M. Hanshue, L. H. Brittin, Frederic P. Lee, and Gilbert Givvin in the nature of a proceeding for contempt or otherwise, or for such other and appropriate action as the Senate may deem it proper to take.

Respectfully submitted.

EXHIBIT A

UNITED STATES OF AMERICA,
CONGRESS OF THE UNITED STATES.

To Mr. L. H. BRITTIN, *vice president Northwest Airways, Washington, D.C., greeting:*

Pursuant to lawful authority, you are hereby commanded to appear before the Investigating Committee on Ocean Mail and Air Mail Contracts of the Senate of the United States, on February 2, 1934, instanter, at their committee room, 101 Senate Office Building, Washington, D.C., then and there to testify what you may know relative to the subject matters under consideration by said committee.

Bring with you all files, records, data, and memoranda which you removed from the offices of Messrs. MacCracken & Lee.

Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

To A. G. Patterson, to serve and return.

Given under my hand, by order of the committee, this 2d day of February, A.D. 1934.

HUGO L. BLACK,
Chairman Committee on Ocean Mail and Air Mail Contracts.

Accepted February 2, 1934.

L. H. BRITTIN.

EXHIBIT B

UNITED STATES OF AMERICA,
CONGRESS OF THE UNITED STATES.

To Mr. GILBERT GIVVIN, *Mayflower Hotel, Washington, D.C., greeting:*

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GILBERT L. GIVVIN.

STATEMENT OF WILLIAM P. M'CRACKEN, JR.

Mr. MACCRACKEN. Mr. Chairman and members of the committee, I am here in response to a subpena which was served upon me this noon asking me, in addition to being present, to bring all books of accounts, passbooks, canceled checks, check stubs, deposit slips, papers, memoranda, correspondence, maps, and copies of telegrams relating to air mail and ocean mail contracts.

The gentlemen who served the subpena were informed by me that I was a member of the legal profession; that I would be very glad to furnish them with any matters which pertained to me personally, or to my firm, which is composed of myself and Frederic P. Lee, formerly legislative counsel of the Senate; that I would also be glad to furnish them with any papers or documents, such as called for in the subpena, as did not relate to confidential communications between attorney and client, but that as I understand the law, communications, whether oral or written, between attorney and client, are privileged, and it is not within the purview of the attorney to waive the privilege and that, therefore, I would have to go through the files to determine what correspondence was and what was not within the privilege.

I assured them, however, that my interpretation of that did not pertain to any correspondence that might have passed between our office and officials of the Government, either administrative or legislative.

Now, I can assure you gentlemen, that both on my professional honor and the honor of my partner, Mr. Lee, who I think is known to some or most of you, that anything we withhold under that understanding will be only withheld after it has gotten the joint judgment of my partner and myself.

It was suggested that the determination of that question should be left to the investigators to this committee, and I regret to inform you that if it should be your judgment—and I hope it will not, but it seemed to be theirs—we cannot accept that. The attorney cannot shift the responsibility of determining what is or what is not confidential communications between himself and anyone else. I think that is about the situation, Senator.

I would like, perhaps, before closing, to say that it is my desire to cooperate to the fullest extent in furnishing any information which I think I may properly do, without violating the ethics and the law which governs the legal profession. It is not only the matter of the canons of ethics but, as I understand the rule, it is one laid down by common law which makes an attorney who does violate that confidence, liable in damages to anyone who accuses him of wrongfully violating it, and in some cases he has even been held guilty of slander or libel, if it was written, as the case may be.

The CHAIRMAN. The summons was served to bring those matters up here, and it is your insistence, as I gather it—and I want to be absolutely sure of it before the committee takes it up—it is your insistence that the privilege extends to the point where the correspondence could not be brought here by subpena if, in your judgment, it was confidential?

Mr. MACCRACKEN. That is my understanding of the law, Senator, that it is not available for a court subpena or any subpena at all.

Senator KING. But it must be correspondence exclusively between the attorney and client?

Mr. MACCRACKEN. As I understand it.

Senator AUSTIN. Relating to his employment?

Mr. MACCRACKEN. Relating to the subject of his retainer.

The CHAIRMAN. As I understood from a brief statement made to me by Mr. Patterson, the question arose from circumstances like these—and I want to be sure we understand them fully——

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. The investigator asked for the correspondence and stated that it would not be necessary to bring it if you would permit them to go over it. Is that correct?

Mr. MACCRACKEN. He wanted to go through all the files in the law office regardless of what they pertained to. That was the first request. They wanted to go through all files and then he said, "We will limit it only so far as it pertains to air mail and ocean mail contracts."

The CHAIRMAN. May I ask if later there was an understanding that you would turn over to them such part as did not relate to letters directly between you and your client?

Mr. MACCRACKEN. That is correct, sir.

The CHAIRMAN. And then the question arose, by reason of the fact that you were to decide when a paper was reached whether they should see it or whether they should not?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. And it is on that issue that you and they disagreed?

Mr. MACCRACKEN. That is my understanding of it, sir.

The CHAIRMAN. And insofar as your permitting them to see those things which you selected as not being confidential, that was all right?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. And the sole issue is whether or not you should determine the privileged nature of the correspondence?

Mr. MACCRACKEN. That is correct, sir.

Senator KING. Only as between yourself and your clients?

Mr. MACCRACKEN. No, sir; only between myself and my clients.

Senator KING. And relating exclusively to the controversial matter?

Mr. MACCRACKEN. Yes, sir; and I am glad to assure the committee that any communication between myself and members of either the administrative branch of the Government or the executive branch or legislative branch—there has been none, as far as I know, with any member of the judicial branch—will be made available.

The CHAIRMAN. As I understand it, that is a privilege which the client can waive, is it not?

Mr. MACCRACKEN. That is my understanding of it.

The CHAIRMAN. May I ask whether you have endeavored to ascertain from them whether or not they would waive it?

Mr. MACCRACKEN. No, sir; I have not had any opportunity. This came up about 12 o'clock today when they came into my office. The subpena was returnable at 12:30 and I think I accepted service at 12:20.

The CHAIRMAN. Then, as I understand it, the sole issue is that when a file was taken out, you would select those letters that you believed to be privileged and they would not be permitted to see them and they insisted on seeing all of the letters in that file?

Mr. MACCRACKEN. Of course we were working very rapidly. I went through it and things clearly not privileged, I gave them the right-of-way. When I felt there was any doubt about it, I felt in the first instance I should resolve the doubt in favor of my client, but I told the investigators I wanted to go through the files again to make sure that I had not withheld anything that, in my opinion and in the opinion of my partner, we might both agree were not confidential, and if we did not agree they were confidential, we would turn them over to your investigator.

It was my purpose to go through those files I have gone through with them over again. Going through hastily, we want to be perfectly frank to the committee and say that we may have refused to show some things which upon later examination we will be willing to show, but you must remember that if you violate the confidence, there is no way of repairing it and therefore the first doubts were resolved that way. For that reason, perhaps, the investigators got the impression I was holding out a great deal of material from them. I think in the long run, they will get the bulk of it, but if a mistake is made, as I say, there is no way of correcting it.

Senator WHITE. I understood you to state that you did not include within the privileged class of communication any letters or other forms of communication that had passed between you and any Government official.

Mr. MACCRACKEN. That is correct, sir. I thought that was what they were most interested in and that is what I wanted to assure them they would get.

The CHAIRMAN. The committee has not had this exact question up before. We have had the question of lawyers' privilege——

Senator KING. I move we take a recess for 15 minutes and consider this matter.

(Whereupon the committee retired to consider the question in executive session.)

The CHAIRMAN. The committee will be in session. Mr. MacCracken, will you please be sworn?

TESTIMONY OF WILLIAM P. M'CRACKEN, JR.

(The witness was duly sworn by the chairman.)

The CHAIRMAN. Mr. MacCracken, may I ask you what air mail and ocean mail operators you have represented as a lawyer?

Mr. MACCRACKEN. May I answer the last part of the question first, because it is simpler?

The CHAIRMAN. Yes.

Mr. MACCRACKEN. I have never represented an ocean mail operator in the sense of operating by steamboats. I have represented operators that have flown over large bodies of water by aircraft.

Others that have had air mail contracts——

The CHAIRMAN. Have had or sought to obtain air mail contracts?

Mr. MACCRACKEN. I represented the Goodyear Zeppelin Corporation, which sought to get legislation——

The CHAIRMAN. May I ask you there if you represented them in the effort to have legislation passed?

Mr. MACCRACKEN. I represented them in the drafting of legislation and in the hearings before the committees and matters of that character.

The CHAIRMAN. That was the only legal representation you had for the Goodyear Zeppelin people?

Mr. MACCRACKEN. Yes, sir. I have done some work for the Goodyear Tire & Rubber Co.

The CHAIRMAN. In reference to the Goodyear Zeppelin Co., in representing them in an effort to obtain legislation, do you claim that that representation is privilege?

Mr. MACCRACKEN. No, sir; but communications between attorney and client are privileged.

The CHAIRMAN. You do claim privilege from divulging the correspondence between you and the Goodyear Zeppelin people at this time?

Mr. MACCRACKEN. As I say, as far as it might be considered confidential, and that is a matter which I would have to——

The CHAIRMAN. What I want to get at is, Do you claim now the privilege in reference to the Goodyear Zeppelin Co. that you have asserted in connection with correspondence passing between you and them with reference to their representation to aid them in securing legislation?

Mr. MACCRACKEN. I would say in answer to that, Senator, if any of it I felt were confidential, I would have to claim the privilege.

The CHAIRMAN. You do claim privilege——

Mr. MACCRACKEN. Insofar as it is confidential.

The CHAIRMAN. What would you consider confidential?

Mr. MACCRACKEN. Well, a hypothetical case—let me put this as a hypothetical case, and I think perhaps you will agree with me: Suppose that they had asked my opinion as to the constitutionality of a certain provision that was proposed to be incorporated into the bill. I would say that, without a waiver from the client, that that opinion was confidential and that the facts they submitted to me upon which I based the opinion, I would not be at liberty to disclose. I do not think there was such a case. I am merely trying to cite something without disclosing the confidences——

Senator WHITE. In effect, you claim to have the right to determine whether a particular communication is or is not of a privileged class?

Mr. MACCRACKEN. May I answer that by stating it a little differently, Senator? I claim that I am under the duty to do it—not that I have the right. I am not asserting any right.

Senator WHITE. I accept the correction.

Mr. MACCRACKEN. I feel that I am under a solemn duty.

Senator WHITE. You assert the privilege?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. That is the Goodyear Zeppelin?

Mr. MACCRACKEN. Yes, sir; that is right.

The CHAIRMAN. And you do assert that privilege as to the correspondence?

Mr. MACCRACKEN. If there is any. I have put some aside as under some doubt.

The CHAIRMAN. What is the next company you have represented?

Mr. MACCRACKEN. The Western Air Express.

The CHAIRMAN. Were you employed to represent them in connection with obtaining a contract or in connection with legislation?

Mr. MACCRACKEN. My original employment with the Western Air Express, Senator, dates back to 1925, when they got their first air mail contract, and I was retained at that time in connection with the preparation of their bid before the Post Office Department, and the objections which we filed to other bids at that time, as I recall.

The CHAIRMAN. Your representation of them, then, has been in connection with obtaining air mail contracts?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. And as to the correspondence that passed between you and them you assert the privilege?

Mr. MACCRACKEN. I say that I feel that I am under the duty. That is correct.

The CHAIRMAN. What is the next one you have represented?

Mr. MACCRACKEN. Pan American Airways.

The CHAIRMAN. Have you represented them in connection with obtaining air mail contracts?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. Have you represented them in connection with any other transactions with the Government besides obtaining air mail contracts?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. In what other lines?

Mr. MACCRACKEN. I have represented them before the Federal Radio Commission. We handle all their radio applications. We have represented them before the War Department; we have represented them before the Navy Department; we have taken up in their behalf——

The CHAIRMAN. Have you represented them in connection with the passage of legislation?

Mr. MACCRACKEN. Yes, sir—that is, in an attempt to get legislation passed, but not with its passage.

The CHAIRMAN. Now, with reference to your representation of the Pan American Airways, do you also assert the privilege with reference to correspondence?

Mr. MACCRACKEN. I believe that duty is on me.

The CHAIRMAN. Have you represented the Pan American Grace Co.?

Mr. MACCRACKEN. Only, I think, in connection with their applications before the Federal Radio Commission. There may have been—not in connection with getting of contracts. I never represented Pan American Grace in connection with getting of contracts.

The CHAIRMAN. What other companies have you represented in connection with the obtaining of contracts?

Mr. MACCRACKEN. In connection with the obtaining of contracts?

The CHAIRMAN. Or modifications of contracts?

Mr. MACCRACKEN. Well, the Kohler Aviation.

The CHAIRMAN. Did you represent them solely and exclusively in connection with obtaining air mail contracts?

Mr. MACCRACKEN. No, sir; not solely and exclusively. I did other things for them.

The CHAIRMAN. Any transactions with the Government?

Mr. MACCRACKEN. Well, some were with the Government and some with other parties. I think that applies also to Western Air Express; in fact, I know it does.

The CHAIRMAN. Have you represented them in connection with any legislation?

Mr. MACCRACKEN. No, sir.

The CHAIRMAN. Now, as I understand it, with reference to your correspondence and memorandums, and so forth, passing between you and the Kohler Aviation, you likewise claim the privilege of an attorney in that connection?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. And what other companies have you represented?

Mr. MACCRACKEN. Well, one of the companies which did not get an air mail contract was the Ludington Lines. I represented the Ludington Air Lines on two different occasions.

The CHAIRMAN. Was that in an effort to obtain contracts?

Mr. MACCRACKEN. Yes; that was the principal part of the representation. There may have been other things I did for them.

The CHAIRMAN. With reference to the Ludington Lines, do you also assert privilege with respect to that correspondence?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. What other lines have you represented?

Mr. MACCRACKEN. The Transcontinental & Western Air.

The CHAIRMAN. The Transcontinental & Western Air?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. Was that in connection with obtaining the contract from the Government for air mail?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. And do you likewise claim a privilege with reference to the Transcontinental & Western Air?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. What other companies have you represented?

Mr. MACCRACKEN. I represented Mr. Richard W. Robbins, individually, or at least I was retained by Mr. Richard W. Robbins, personally—I had better put it that way—to do some work on behalf of a company in which he was then interested.

The CHAIRMAN. Was that the Pittsburgh Aviation Industries, Inc.?

Mr. MACCRACKEN. Yes, sir; I was not employed by the company but by Mr. Robbins personally, as I understand by the retainer. That lasted just a year.

The CHAIRMAN. Did you represent them in connection with the buying out of Mr. Ball and in connection with the obtaining of contracts?

Mr. MACCRACKEN. I represented them in connection with buying out Mr. Ball—in buying the interest they bought of Mr. Ball.

The CHAIRMAN. Did you represent them in their efforts to obtain a mail contract between Pittsburgh and Norfolk?

Mr. MACCRACKEN. No, sir—yes; I think that is correct. I do not think they made any particular efforts between the latter part of October 1930 when they closed the deal. The deal with Mr. Ball was closed early in November.

The CHAIRMAN. You claim a privilege also in reference to that correspondence?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. What other companies have you represented?

Mr. MACCRACKEN. I did some work for Northwest Airways during the year just passed. That was where they wanted some opinions. I rendered some opinions for them. I do not think I ever handled any of their negotiations with the Post Office Department.

The CHAIRMAN. Do you assert a privilege in connection with that representation?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. In connection with correspondence, I mean?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. What others have you represented?

Mr. MACCRACKEN. Going back to 1925, I represented Colonial Air Transport, at the time that they got their original contract between New York and Boston, and I represented the National Air Transport——

The CHAIRMAN. In 1925?

Mr. MACCRACKEN. Yes, sir; 1925.

The CHAIRMAN. Are you sure about that date?

Mr. MACCRACKEN. Yes, sir; absolutely. It was the fall of 1925, that the contract was awarded. The service was started in 1926, but I am quite positive the bids were opened in September 1925.

The CHAIRMAN. When did you leave the Commerce Department?

Mr. MACCRACKEN. I went with the Department of Commerce in August of 1926. I had represented the Western Air, National Air Transport, and Colonial Air Transport before going with the Department of Commerce, and my representation of Western Air and Colonial Air Transport had terminated some months prior to my going with the Department. I mean when they got the contracts, that was the end of that representation as I recall it. It is pretty far back, but that is as I recall it.

The National Air Transport, I assisted in the organization of the company and represented them up to the 1st of August 1926. I was sworn in as Assistant Secretary of Commerce, I think, about the 11th or 12th of August 1926. I knew about the 1st of August I was to be sworn in. I terminated my employment then and have not represented them at any time since.

The CHAIRMAN. Are there any others that you represented? What about the New York and Buenos Aires?

Mr. MACCRACKEN. That was an effort to get a contract. I was chairman of the board of the New York and Buenos Aires Co., and also acted in a legal capacity for them.

The CHAIRMAN. Do you claim a privilege for that correspondence?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. Are there any others?

Mr. MACCRACKEN. I do not recall any others at the moment. There may have been some others that I did some minor things for. I will be glad to furnish you a complete list. There is no desire to hold back.

The CHAIRMAN. As I understand it, you are asserting the privilege because of the fact, as you feel you owe it to your clients not to divulge these confidential communications?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. Would you have any objection to wiring each of them and requesting that they release you so that the committee will have access to those papers?

Mr. MACCRACKEN. I do not think I should request them to do it. I should be glad to wire them that the committee had raised the question, and ask them what action they want me to take.

The CHAIRMAN. And you will wire each one and ask them whether or not they object to your turning over the correspondence to the committee and if they do not object you will turn over the correspondence to the committee?

Mr. MACCRACKEN. Suppose we leave it this way: May I draft a wire which I think should be sent out and submitted to the committee? I would like to send out a wire that will meet with the desires of the committee.

The CHAIRMAN. Suppose you do that now?

Mr. MACCRACKEN. I will be glad to.

(After a pause.)

The CHAIRMAN. The committee is going to leave, and I am going to stay here and look at the telegram.

Senator KING. Prepare one, taking your time, and submit it to the chairman.

The CHAIRMAN. The committee will adjourn until tomorrow morning at 10 o'clock.

(Whereupon at 5:40 o'clock, the hearing was adjourned until tomorrow, Thursday, Feb. 1, 1934, at 10 a.m.)

SPECIAL COMMITTEE ON INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS,
Friday, February 2, 1934.

The committee met, pursuant to adjournment, at 10:30 a.m. in room 318, Senate Office Building, Washington, D.C., Senator Hugo BLACK (chairman) presiding.

Present: Senators BLACK (chairman), MCCARRAN, KING, and WHITE.

Also present: Mr. A. G. Patterson, special investigator for the committee.

PROCEEDINGS

The CHAIRMAN. Mr. MacCracken, will you please take the stand?

TESTIMONY OF WILLIAM P. M'CRACKEN

(The witness had been previously sworn by the chairman.)

The CHAIRMAN. Mr. MacCracken, may I ask you to place in the record the telegram that you sent to the various companies?

Mr. MACCRACKEN. Yes, sir.

Senator WHITE. May we hear it read?

The CHAIRMAN. Yes.

Mr. MACCRACKEN. This was a night letter which was sent out January 31, 1934—that was day before yesterday, the day I appeared before the committee:

"I have today been subpenaed to produce before the Black committee all papers, memoranda, correspondence, maps, copies of telegrams relating to air and ocean mail contracts. Insofar as these involve confidential communications between us as attorney and client I have felt it my duty to assert, and I have asserted, the privilege which the law places around such communications. The privilege may be waived only by you as client. The committee has requested me to inquire whether you desire to waive this privilege and authorize me to make these documents available to the committee investigators. Please wire your decision.

"WILLIAM P. MACCRACKEN, JR."

That was sent to Horace M. Hanshue, president Western Air Express, 1775 Broadway, New York City; Richard W. Robbins, president Transcontinental & Western Air, 1775 Broadway, New York City; Goodyear-Zeppelin Corporation, attention Mr. Hartham, Akron, Ohio; Mr. Richard W. Robbins and Pittsburgh Aviation Industry Corporation, 1775 Broadway, New York City; Mr. J. T. Tripp, president Pan American Airways, Chrysler Building, New York City; C. T. Ludington, care Ludington Air Lines, Atlantic Building, Philadelphia, Pa.; Mr. J. B. Kohler, Kohler Aviation Corporation, municipal airport, Grand Rapids, Mich.; Col. L. H. Brittin, Northwest Airways, 1090 National Press Building, Washington, D.C.

Then I sent a similar telegram on yesterday as a day letter to Mr. Fremont C. Peck, president, South American Line, Inc., formerly New York, Bahia & Buenos Aires, Inc., 100 West Fifth Street, Wilmington, Del.

May I explain the reason for the delay in sending that wire? That was due to the fact that this company has been or is in the process of being liquidated, and I had a little difficulty in finding a name and address for it, and did not get it until yesterday, and then sent it as a day letter instead of sending a night letter the day before.

I also sent yesterday, at the suggestion of Mr. Robbins, a wire to Mr. Hann, who is president of Pittsburgh Aviation Industries Corporation in Pittsburgh. That does not appear on these telegrams, but I know if he asked me if I would send one there, as he is not actively connected with the company. You will recall this was originally with Mr. Robbins. He advised me before the year was up, the last 2 or 3 months of it were taken over by the corporation itself, and the personal relation did not continue throughout the full year. It was for only 1 year.

Then last night, after I heard from Mr. Patterson, I sent a day letter to the same people mentioned, with the exception of Mr. Peck, from whom I had not had time really to hear. The day letter is as follows:

"I have been requested to appear before Black committee tomorrow morning at 10 a.m. and advise them about reply to telegram sent you regarding waiver of privilege.

"WILLIAM P. MACCRACKEN, JR."

I think, of course, very few of them got it last night, because I did not hear from Mr. Patterson until 10 minutes to 6. It took us about 20 minutes to get the telegram filed, but I figured a day letter rushed would get there as quickly as a straight wire; and if they did not get them last night, they will get them this morning. I assume the committee would also like to have in the record the copies of replies I received?

The CHAIRMAN. Yes.

Mr. MACCRACKEN. I received the following reply from Kohler Aviation Corporation, signed, J. B. Kohler:

"This telegram is your authority to disclose to Black Committee any confidential communications or other papers held by you as our attorney relating to air mail matters. Confirming by letter.

"KOHLER AVIATION CORPORATION,
"J. B. KOHLER."

I might state also, if I may, that the investigators for the committee worked practically all day yesterday on these files and I had an appointment to meet them this morning and continue with them, but the committee's request took precedence over that.

I also received the following day letter from Akron, Ohio, addressed to me at the National Press Building:

"We authorize you to make documents as to relations between us as your clients and you as our attorney available to Black committee.

"F. M. HARPHAM,
"Vice President Goodyear Zeppelin Corporation."

I also received this telegram at the hotel last night from Ardmore, Pa.:

"Wire received. Will advise you not later than tomorrow night.

"C. T. LUDINGTON."

Those are all the telegrams that I have. I had a telephone call this morning from Mr. Thatch, general counsel of Pan American Airways, in which he stated that I would be furnished with authorization to make their files available to the committee investigators.

Senator WHITE. Who was that—Pan American?

Mr. MACCRACKEN. Pan American, Mr. Robert Thatch, their general counsel.

The CHAIRMAN. You had no other replies?

Mr. MACCRACKEN. I have had some telephone calls, Senator, in which the clients indicated that they would take counsel in regard to the matter and would let me hear from them promptly.

The CHAIRMAN. What clients were those?

Mr. MACCRACKEN. I had a call from Mr. Hanshue, of Western Air Express, and Mr. Robbins, of T. & W. A. I think that is all. That very nearly completes the list, I believe. I have not heard anything from Mr. Peck, of the old New York, Rio & Buenos Aires, but I feel that I have not had time for that.

The CHAIRMAN. Have you heard from the Northwest Airways?

Mr. MACCRACKEN. No, sir.

The CHAIRMAN. Mr. Brittin is in the city, is he not?

Mr. MACCRACKEN. I believe that he is.

The CHAIRMAN. Do you still decline to permit the committee to have access to the correspondence or to bring the correspondence to the committee in response to the subpena?

Senator KING. You mean as to all of those that he has not had waivers?

The CHAIRMAN. As to all or any.

Mr. MACCRACKEN. Of course, as to those where I have had waivers, I am making these files available. As to the others, my suggestion would be, if I may make a suggestion, that I be given a little further time in which to reply.

The CHAIRMAN. Do you still take the position that you decline to turn them over without their consent?

Mr. MACCRACKEN. I feel that that is my duty, insofar as they are confidential. Of course, this subpena is what we would call a blanket subpena. It is difficult to determine. There is no specific letter, or specific paper, or document called for in it. Therefore, the question of whether or not what the committee desires would fall within the rule with reference to confidential communications. It is almost impossible to determine; but insofar as it would fall within that category, I am still of the same opinion as to the duty which the law imposes upon me. Of course, I want it very clearly understood that I am making, that I will make, available, and be very glad to, all of the files which I have which do not come within that category—and have from the first, before I came up here.

The CHAIRMAN. The files that are in your office are in exactly the same condition as when the subpena was served, are they not? There have been none removed and none taken away?

Mr. MACCRACKEN. As far as they relate to ocean and air mail contracts, that is correct.

The CHAIRMAN. Have any of them been removed?

Mr. MACCRACKEN. You mean any files from the office?

The CHAIRMAN. Yes.

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. With reference to what?

Mr. MACCRACKEN. With reference to matters that did not pertain to air mail and ocean mail contracts. What happened was this, as I understand it. Some of the clients at times have used our offices as their personal office, as it were. That is, they have come in and dictated personal letters to the stenographers, which I never saw, don't know anything about, don't know the subject of them. Those were not part of our files.

The CHAIRMAN. Who has removed them?

Mr. MACCRACKEN. I understand—I didn't see him, but my partner, Mr. Lee, told me that Colonel Brittin had come and asked for some such correspondence, and some such correspondence was given to Mr. Givvin.

The CHAIRMAN. Who is Mr. Givvin?

Mr. MACCRACKEN. He is Mr. Hanshue's secretary.

The CHAIRMAN. Of the Transcontinental Air Express?

Mr. MACCRACKEN. Western Air Express.

The CHAIRMAN. Did you permit those to be moved?

Mr. MACCRACKEN. Yes, sir. I thought that that was proper.

Senator MCCARRAN. After the subpena was served?

Mr. MACCRACKEN. Yes, sir.

The CHAIRMAN. When were they removed?

Mr. MACCRACKEN. They were removed yesterday.

The CHAIRMAN. Have any others been removed?

Mr. MACCRACKEN. No, sir.

The CHAIRMAN. Were you there when they were removed?

Mr. MACCRACKEN. I was there when Mr. Givvin took the correspondence of Mr. Hanshue's. I was not in the room—I may have been in the office, I am not sure, but I did not see Colonel Brittin. All I know is that Mr. Lee told me, when he went over the file with him, he allowed him to take correspondence which was clearly that which had been dictated by Colonel Brittin to the stenographers, and with which neither he nor I had anything to do.

The CHAIRMAN. They were in your files, were they not?

Mr. MACCRACKEN. Yes, sir; but they were the property of our clients.

The CHAIRMAN. And Colonel Brittin is one of the gentlemen who has made no statement to you of any kind whatever?

Mr. MACCRACKEN. I asked Mr. Lee, when he told me about it, afterward, if Colonel Brittin had said what we should do with the official files, and he said no, that he had not. I personally have not talked to Colonel Brittin.

The CHAIRMAN. And you are sure that no other files of any kind have been taken away from the office and that they are all still there that were in your office at the time the subpena was served on you?

Mr. MACCRACKEN. To the best of my knowledge and belief, yes, sir.

The CHAIRMAN. There have been no letters removed except those?

Mr. MACCRACKEN. Not to my knowledge.

The CHAIRMAN. Except those?

Mr. MACCRACKEN. Except those.

The CHAIRMAN. I think the committee should make a decision as to what it should do.

Senator KING. Mr. Chairman, speaking for myself, I do not think that Colonel MacCracken is entitled to claim privilege with respect to any of the correspondence between himself and his clients. This is not a proceeding in a court of law. It is an investigation carried on by a committee of the Senate.

The rules of evidence which prevail in law may or may not apply; they may not be invoked by a witness to the same extent and to the same purpose that he could invoke those rules in a court of law.

The question of privilege does not extend to confidential communications between an attorney and his clients in a legislative investigation, and it would be for the committee, after examining the records, to determine whether they are pertinent or material.

If the committee believes the records to be pertinent to the inquiry and do shed light upon the transactions which are being investigated, then the committee would have the right, notwithstanding the claim of privilege, to have those records made a part of the proceedings of the committee.

However, the fact that they may be subpenaed and brought into the committee room does not mean that all of them are to go into the record. I think the witness would have the right then to contend that the correspondence or memoranda were not pertinent or germane or relevant to the inquiry. And if that were true, the objection to their admission might be properly interposed, but not upon the ground of privilege, but upon the ground that they are not pertinent to the inquiry. In other words, the rule of privilege, as I understand it, does not apply in legislative investigations.

I think that Hinds' Precedents establishes that rule, or, rather, it supports that view. This appears in Hinds' Precedents. It is a quotation from Dimock, Congressional Investigating Committee, and it states the situation with reference to the applicability of court rules of evidence to investigations as it exists at the present time:

"Personal guaranties—questions of personal guaranties, as we shall discover, are in many cases inextricably bound up with problems of committee procedure. To begin with, it may be stated as a general proposition that the constitutional guaranties relative to trials do not control the rules of procedure within the Congressional Chamber. Investigations, it may bear repeating, are not trials. Therefore, the rules of a court of law do not apply. This was early decided in the cases of Robert Randall and William Duane, in 1795, and in the famous case of John Smith, a Senator from Ohio, in the same year. Since then the question has been raised repeatedly, but the decisions by the committees, the two Houses, and the courts have been uniformly insistent in declaring that the two Houses of Congress were not bound to follow the principles nor the precedents of courts of law in conducting investigations."

I think that view is supported also in the case of *McGrain* v. *Daugherty*, which is found in Two Hundred and Seventy-third United States, 135. It is not necessary to examine that decision.

Mr. MACCRACKEN. May I trouble you for the citation to the Supreme Court case? Both of them, if I may have them.

Senator KING. The record which I read is found in Hinds' Precedents, and it is a quotation from Dimock—that is the offer—on Congressional Investigating Committees (273 U.S. 135).

Mr. MACCRACKEN. That is the Supreme Court case?

Senator KING. Yes. The other, I think, is page 153 of Dimock. I thought it was inserted in Hinds' Precedents. I think that it is, if I can turn to it.

Without further comment upon the matter, my opinion is that Colonel MacCracken will be required to submit for the consideration of the committee the documents referred to in the subpena, and the committee will then determine, after examination, which are material and pertinent to the inquiry. If they are, notwithstanding that it may be charged that they are confidential communications between attorney and client, I think they would be admissible.

I make the suggestion, without having consulted with my colleagues, that if this view is accepted by the witness so as to absolve the committee from the duty of looking over a large number of files—and as I understand, there are a large number of files—that Mr. Patterson, representing the committee, or such other person as the chairman designates, may, in the office of Mr. MacCracken, examine the files and those letters, communications, and documents which he thinks are pertinent or material or have any bearing upon the matters under investigation, that they may be brought to the committee and then the chairman and the committee will determine their relevancy and materiality, and if they, upon examination, find they are material and relevant to the inquiry, that they are then available, notwithstanding any claim of privilege that may be asserted by the witness.

Senator MCCARRAN. I want to supplement the remarks of Senator KING and discuss it from two angles. First of all, that which is disclosed this morning indicates one matter of a serious nature, when the subpena duces tecum was served upon the witness for the files and records, his acquiescence or permission given to the removal of any of those files impresses me as a direct violation of the summons and subpena itself. We could have immediately impounded those files in the condition in which they existed. We did not do that.

Now it is disclosed that certain of those files have been—I might perhaps with propriety use the words—"tampered with"; but I won't go that far. I will say they have been removed, according to the testimony of the witness himself. Those papers were in his files, in his custody, in his control. He had no right to permit them to be removed during the pendency of this preliminary hearing, and while the subpena was in full force and effect. That is the first thing.

Secondly, I view the position of Mr. MacCracken from just a little different angle. The immunity and the privilege granted to an attorney whereby he is not required under the rule to disclose confidential communications or confidential consultation between himself and his client does not and cannot extend to the phase of the attorney's work where he becomes a negotiator, so to speak,

sometimes called a lobbyist—call it by whatever name you like—any dealing between so-called "clients" and governmental agencies whereby he practically puts himself out of the atmosphere and category of an attorney and goes into the realm of a negotiator for the purpose of gaining an advantage for someone whom he represents from a governmental agency. I do not believe, from my reading of the rule, that the phase of the rule invoked by the witness is applicable in these cases any more than if one should engage a physician, who, under the rule, may also invoke the right not to disclose matters of a confidential nature. If I engage a physician to deal with a governmental agency, which might be done, could it be said with any degree of propriety that the physician could invoke the rule that he should not disclose confidential matters between himself and his client or his patient, as the case may be? It seems to me to be too far-fetched.

I think that whenever an individual or an attorney takes up the work of negotiating between individuals seeking special privilege from governmental agencies that all matters pertaining to his services in that respect are entirely excluded from the rule of privilege. I think the precedents go that far, and I think that common sense would go that far. Otherwise there would be no chance for disclosures, no chance nor opportunity for a committee to go to the depths that it should go in matters of this kind. While an attorney may perhaps advise his clients and be entirely, in some respects, protected from disclosing confidential communications when he steps out of the category of an attorney and goes into the practice before governmental agencies and governmental bureaus, he leaves behind him the immunity that the law throws about him in the first instance, and the rule will not protect him from making the disclosures of matters material and relevant.

Whether it is a question of materiality and relevancy stands in a different category; but as to materiality and relevancy, my position in that respect is that it is a matter for the tribunal or committee to determine. Those are my individual views on the matter.

Senator KING. Then you also support the view that in legislative investigation——

Senator MCCARRAN. I support the view as set out by you—that in legislative investigations the rule does not apply as it does in court proceedings.

Senator WHITE. Mr. Chairman, I am perfectly willing to make a matter of record my present thoughts about this situation. I believe in the rule of privilege. I think that rule rests on considerations of public policy and in good sense, and I should be reluctant in the extreme to see this committee violate it.

I have had no opportunity to study the law since this question arose, and I have no settled opinion as to whether the exceptions mentioned by Senator KING and Senator MCCARRAN are recognized in the law. I have some doubt about it.

But so far as I am concerned, Mr. Chairman, if clients in the circumstances which have existed during the past 2 or 3 days are ready to do such a fool thing as to go to these files and take any part of these papers while this question is under consideration by us, I cannot get enthusiastic in asserting or making any controversy for the principle which I believe in. As far as I am concerned, I have no objection at all to the action which the three majority members of this committee indicate they think ought to be taken. I cannot think of anything more foolish than what these clients of yours have done. I am not going to say any more in behalf of this principle of privilege in these immediate circumstances.

The CHAIRMAN. Mr. MacCracken, may I ask that you read the subpena which was sent to you?

Mr. MACCRACKEN [reading]:

"United States of America, Congress of the United States. To William P. MacCracken, Jr., 1152 National Press Building, Washington, D.C., Greeting:

"Pursuant to lawful authority, you are hereby commanded to appear before the Senate Committee on Ocean Mail and Air Mail Contracts of the Senate of the United States, on instanter, 1934, at 12 o'clock 30 m., at their committee room, 101 Senate Office Building, then and there to testify what you may know relative to the subject matters under consideration by said committee.

"Bring all books of account, bank-pass books, canceled checks, check stubs, deposit slips, papers, memorandums, correspondence, maps, copies of telegrams, relating to air mail and ocean mail contracts.

"Hereof fail not, as you will answer your default under the pains and penalties in such cases made and provided.

"To J. A. Bradley, L. F. Rittelmeyer to serve and return.

"Given under my hand, by order of the committee, this 31st day of January, in the year of our Lord 1934.

"HUGO L. BLACK,
"Chairman Committee on Investigation of "Air Mail and Ocean Mail Contracts."

Then there is the endorsement to be filled out on the back.

The CHAIRMAN. And in obedience to that you appeared before the committee? That subpena was not limited to papers which were in your files, which may have been written by someone else. As I construe that subpena, it called for all files. In deference to your suggestion of privilege and upon your statement made to the committee that upon your honor as a lawyer and that of your partner this committee could rest assured, as I recall it—you can correct me if I am incorrect—that the files were there and would remain there, the committee took this matter under advisement.

Mr. MACCRACKEN. I don't recall that. My recollection is, Senator, that what I stated was that my partner and myself would examine these files and only withhold such as we considered came within the rule of privilege. Now, if I made any such statement as the other it has slipped my memory. I may have done so.

And I want to state now that I realize, as I did not before, these circumstances, the mistake which we permitted to be made yesterday on this matter. I can assure you at the time there was no intention to violate any pledge which I had given to the committee.

With reference to the matter of further release on the privilege, Mr. Patterson has just handed me a copy of a telegram which he says was telephoned from my office. It reads as follows:

WILLIAM P. MACCRACKEN, Jr.,
National Press Building, Washington, D.C.:

With reference to your telegram you are hereby authorized to permit Senator Black's representatives to examine such correspondence as we have had with you as our attorney.

L. H. BRITTIN,
Ex-Vice President Northwest Airways.

That was evidently received this morning after I left for the hearing.

The CHAIRMAN. Whatever the exact statement that was made, the committee certainly had no right to anticipate that while this subpena was pending papers would be removed from the office.

I wish to make a few statements in connection with the entire broad subject, because I think it is of vital importance not only in connection with this but other questions that may arise concerning this committee and other committees.

In the first place, you have appeared before the committee and claimed that your correspondence, memoranda, and communications between yourself and certain clients are privileged. You base this claim upon the principle that certain confidential communications between a lawyer and his client are privileged to the extent that they cannot be used as evidence in connection with lawful employment over the objection of the attorney.

It is my belief in the first place that the employment of an attorney must be for legal subjects. It must come within the scope of what is generally recognized as legal duties. All of us know that the services with reference to negotiating with departments can be handled by others as well as by lawyers. I do not recognize and do not intend to recognize that the employment of a lawyer to negotiate with departments or with reference to legislation is within the scope of legal services. It can be performed by others as well as lawyers. Evidence before this committee which has not yet been offered shows that even interior decorators have been employed for these purposes, officials of companies, various individuals, so that in the first place I do not recognize that a claim can be based upon privilege for these negotiations with departments or for legislation simply because the man who happens to be employed is a lawyer.

There is a distinction which custom has brought about between services of a lawyer as a lawyer and services of a lawyer for some other purpose. If a lawyer should be employed to negotiate a trade for a wholesale mercantile establishment, certainly the communications would not be privileged, and the same thing in my judgment would apply to the employment of a lawyer to negotiate with the Government. It is not, in my judgment, a legal service, and for that reason, among others that have been suggested, it is my belief that a man, because he happens to be a lawyer, cannot claim a privilege for communications between himself and his employer. I recognize it as a contract of employment—not as a contract of employment as a lawyer.

In the next place, it is my belief that this privilege referred to, when legitimately invoked in a proper proceeding, should be protected where it is for a legal service and in connection with a proceeding where privilege is recognized. Whether the Senate committee should recognize the privilege or not, I do not base my opinion upon my judgment upon that principle.

It is my further opinion that evidence should not be considered as privileged where the employment is for other than legal employment as generally recognized, where it is for an unlawful purpose, or for the performance of duties contrary to public policy. Even if the original employment is legal but it is carried out in an unlawful manner or contrary to public policy, it is my judgment that such conduct would not then be privileged.

In other words, there is a clear and well recognized distinction between the kind of employment existing between attorney and client. When the nature of the employment of the attorney is such as to make the contract of employment void as against public policy or void by reason of the nature of the acts to be performed under the nature of the employment, or for other than legal services, manifestly this privilege should not be permitted to defeat justice.

It is my own belief that the employment of an attorney to aid in breaking down competitive bidding or to secure advantages over another competitive bidder is contrary to law and to public policy. The principle of competitive bidding for Government services or Government contracts is well grounded in our system. This principle of competitive bidding was devised and provided for the purpose of protecting the public and the taxpayers from exorbitant prices for services or for commodities.

Congress itself has recognized the extreme importance of preserving this competitive bidding system and has not only provided that contracts obtained by collusive bids are invalid but has expressly disqualified the bidder from obtaining a Government contract for a period of 5 years.

The evidence before this committee has already clearly demonstrated to my mind that there was a secret gathering of aviation

operators adjacent to the office of the Postmaster General for unlawful purposes. The public was excluded from this meeting. Only those acceptable to the Postmaster General and to the operators themselves were permitted to participate.

The evidence has also further disclosed that against the best interests of the Government and in order to unjustly, unfairly, and illegally award certain mail contracts to certain participants in this meeting, an agreement was reached by the participants and the Postmaster General dividing up the air mail routes among one another.

The chairman of this meeting was Mr. William P. MacCracken, and the arbitrator was Postmaster General Walter F. Brown. In my judgment, it would be contrary to the principles upon which the accepted idea of an attorney's privilege is based to extend it to communications relating to such transactions. Instead of protecting the ancient right of privileged communications between attorney and client, it is my judgment that such action on the part of this committee would open up a train of evils which would inevitably result in the destruction of this fundamental doctrine and would defeat the ends of justice and fair dealings.

Numerous authorities could be cited to support these principles. An argument on the subject can be found in the case of *Alexander* v. *United States* (138 U.S. 353).

It is my belief that this committee should immediately obtain access to all the correspondence and communications passing between Mr. MacCracken and the air mail operators referred to in his evidence or bring it before the committee, and should immediately issue a subpena duces tecum to Mr. Brittin and Mr. Givvin. I am not sure that they should not be cited for contempt.

I am not willing to recognize either in this case or in any other case a privilege under these circumstances. This privilege was intended to protect the relationship of lawyer and client in a bona fide legal representation concerning a legitimate and lawful subject matter, for the accomplishment of a purpose in a legal and lawful matter. It is my belief that the employment of attorneys or individuals in the city of Washington or at other places for the purpose of obtaining advantages before Government departments in the matter of governmental services or contracts in such way as to prevent, obstruct, or hinder legitimate competitive bidding is not an employment which should be looked upon with favor, and in fact, is contrary to the best interests of the public, and, therefore, contrary to the public policy of the Nation.

Now I believe to be the appropriate time and occasion to declare that Government contracts should be awarded, free from outside influences, which influence would be worthless if special advantages in obtaining such contracts was not the objective of the employment. It is my belief, as I have stated, that none of the communications to which reference has been made are privileged; that all letters, papers, communications, and records should be immediately produced for this committee or should be made available for their use.

The employment for obtaining Government contracts, in my judgment, should be discouraged, not encouraged. If the papers are not produced or made available, I believe this committee should take immediate appropriate legal steps to obtain them.

I have stated these views because of my belief of the great importance of the question which has been raised, not only as to the privilege claim but by reason of the practice which has grown up in Washington, particularly of employing people, lawyers and others, to aid in obtaining Government contracts. I do not believe that such employment for the purpose of aiding in the passage of legislation comes within the generally recognized scope of a lawyer's business. If it did, lawyers only would be employed, but others can practice in this way besides lawyers. No one can practice in the courts as a lawyer unless he has a license.

With reference to communications touching cases in the courts, so far as I am individually concerned, I would favor protecting them, either in a Senate committee or elsewhere, even though I do not believe that the Senate committee would be required to do so under the law as stated by Senator KING, but as a question of policy with reference to the preservation of this privilege, which is a part of the public policy of the Nation in connection with employment for legal purposes by a lawyer within the scope of a lawyer's business, I would favor protection of the privilege.

I do not make that statement with any view to leave the impression that a lawyer should decline that employment any more than any other individual should decline the employment, but I do draw a distinction in my own mind between the employment of a lawyer for services which can be as well performed by a doctor or an interior decorator or a man who simply lives in Washington and does nothing else, and the employment of a lawyer to perform the duties which his license gives him the exclusive right to practice. That is the distinction I am seeking to draw, and I want it clearly and distinctly understood that, so far as I am concerned as a member of this committee and as a Member of the Senate, I think this to be the appropriate time and place to take such action as will not encourage the continuation of practices before the departments with reference to matters which should be let by competitive bids, free, uninfluenced from outside sources.

For that reason I am perfectly willing to accede to the suggestion of Senator KING, if it meets with the witness's plan, to let the investigators go over the papers. But if that is not to be done, not only with reference to these gentlemen who have replied, including Colonel Brittin, who has replied after he got his papers back, but with reference to all of them, I favor immediately impounding the evidence. I state that without any criticism of you for claiming this privilege as an attorney.

It is my judgment that the duty of an attorney is to claim a privilege if he is serving as an attorney, and has a privilege to communication—I recognize that—but I take the position that they are not privileged, that the employment is not as an attorney, that it never has been as an attorney, and that by reason particularly of the special circumstances which have developed before this committee, even if the employment had been as an attorney, the circumstances of the meeting at the Post Office Department are sufficient to remove any privilege which might otherwise exist.

I would be very glad if, without the necessity of issuing any kind of papers, or enforcing the ruling of the committee by impounding the evidence, they should be immediately made available.

Senator WHITE. Mr. Chairman, I think you have made a very strong and a very persuasive statement. I should not want, without study of the question, to go on record as differing with the legal views you have expressed. I have had no opportunity to study this as a legal question. What you have said has so much impressed me, however, that I would not want to go on record as indicating a contrary view to that which you have expressed. I am perfectly willing to indicate my approval of the suggestion made by Senator KING, so that we may have, with respect to that, the unanimous action by the committee. As to the broad and general principle of law, I don't know that it is necessary for us to immediately decide it.

The CHAIRMAN. I don't think so.

Senator KING. Colonel MacCracken, are you willing that all the papers in your office now relating to these transactions referred to shall be examined by counsel for the committee or their representatives and that they shall select from the mass of memoranda, papers, and so on that you have such as they deem relevant or pertinent to the investigation which is being carried on by this committee, and that those papers so selected by them shall be brought to the committee and the committee then shall determine just what part or all they may desire to have inserted in the record as a part of the hearings?

Mr. MACCRACKEN. Mr. Chairman, before replying to Senator KING's question, may I make a statement? Will that meet with your approval, Senator KING?

Senator KING. Yes.

The CHAIRMAN. Go ahead.

Mr. MACCRACKEN. I feel sure that the chairman of this committee and the members of this committee would not want knowingly and willingly to reach and publish a judgment without hearing both sides of the case. My employment by these air mail contractors and those who sought contracts involved the performance of legal services as well as services which were perhaps not legal.

Whether you are working for a client in Washington or any other city in the United States, we all know that lawyers are constantly called upon to perform services which can be performed by laymen. Unfortunately, it is also true that laymen sometimes are called upon and do perform services which should be performed only by lawyers.

I tried to make my position clear to the committee when I appeared here day before yesterday, that insofar as any communications between myself and the officers of the Government or Members of Congress were concerned, that those I did not consider came within the privilege and any matters which had to do, perhaps, with negotiations that were not legal—it is difficult sometimes to determine where a knowledge of the law is essential and where it is not, and sometimes a man gets along without a lawyer when he should have one, even though they may not be performing legal duties within the definition of the law.

My desire was solely to perform the duty which I felt and which I feel every member of this committee recognizes a lawyer owes to his client. It is not a rule of evidence that is involved. It is a rule of law, a rule of the common law, the cloak of privilege which the common law throws around the confidential communications between an attorney and a client. The client is the one who determines whether or not those communications are confidential. Of course, the attorney in the first instance, if he is the one that is called upon to reveal them, is the one who is in duty bound to assert the privilege, but he has no right to waive it. I think that that is accepted as the law by all the members of the committee.

With reference to the distinction between court proceedings and legislative inquiries, I recognize, as Senator KING pointed out, that the strict rules of evidence with reference to hearsay testimony, secondary evidence, matters of that kind do not apply. But this is not a rule of evidence that is involved. It is a privilege, and as I say on that, it is one that I have no right to waive.

Now, I also feel that at this time I may be privileged myself to make a word of explanation with regard to the meeting which the chairman referred to in his opinion, and which he felt, because of my participation in that meeting, deprived my clients, both those whom I represented there and those whom I represented afterward—because there were some of the clients on these lists that I did not represent at that time, the majority of them I did not represent in that meeting, there are only two that I represented in that meeting—deprived them of the right of the privilege. That meeting was called by the Postmaster General. We were there at his invitation. We did not determine who should attend the meeting and who should not attend the meeting. A gentleman by the name of Mr. Moore, and I forget the other—was it Wolman—were among the first ones—I guess they were not the first—that had not been invited that came to my office and asked

if they could attend the meeting. I explained to them that I had nothing to do with the make-up of the personnel of that meeting, that we had been called there in an advisory capacity by the Postmaster General; that as far as I was concerned I would be very glad to have him and his client attend the meeting and that I would bring the matter to the attention of the Postmaster General, which I did, and they attended a subsequent meeting.

The gentleman who attended the meeting came on the last, or the next to the last day, as I recall it. The meeting was originally convened, if my recollection is correct, on the 19th of May 1930——

Senator KING. I have just had a call from the White House and it will be necessary for me to leave. Please excuse me.

Senator MCCARRAN. I have had a call, too. I mean no discourtesy to you, Mr. MacCracken.

Mr. MACCRACKEN. I appreciate that, and I appreciate the expression of frankness on the part of the members of this committee, and I have the highest regard for it. If I come to the conclusion that the duty which the law imposes upon me is in conflict with the opinion of the committee, I will do so with the very deepest regret. I would like, however, before winding that up, to continue my statement. I was saying that that meeting was originally called for the 19th of May, or it met on the 19th, as I recall it. The Postmaster General at that meeting recited the events which had led up to the passage of the 1930 amendment to the air mail law. I won't attempt to quote his language, but briefly the facts were these:

The original law was passed in 1925, as I recall it. At least that was when the first contracts were let. The contracts were let for a 4-year period. In 1928, when, as the result of unrestricted competitive bidding, lines had been bid in at ridicuously low prices—I don't recall whether the contract I am about to speak of was bid in in 1928 or 1929, but in one of those years, I think it was—that one was bid in at as low a rate as 9 cents a pound.

The result was that the first amendment in 1928 provided for an extension of the existing contract—that is, if, in the judgment of the Postmaster General, it was in the public interest—in order to protect the equities of the pioneers who had gone out and started these routes, not knowing what the return was going to be, and who had sustained substantial losses.

That legislation provided that the Postmaster General could accept a surrender of the contract any time before it expired, and after it had been in operation 2 years, and exchange therefor a route certificate which would be good for not to exceed 10 years from the time that operations started under the contract.

The consideration running to the Government for the extension of the time of the contract was that the Postmaster General should have the power to fix the rate of compensation to be paid the carrier which should not exceed the rate per pound which the carrier had bid in originally securing the contract.

While that law was passed under the administration of Postmaster General New, no action was ever taken under it. When Postmaster General Brown came into office, the first of these 4-year contracts was nearing the period of expiration. He was new to the air mail business, or, perhaps I should say, it was new to him.

The CHAIRMAN. What department had he been in before he went with the Post Office Department?

Mr. MACCRACKEN. He had been with the Department of Commerce.

The CHAIRMAN. What had he been doing in that Department?

Mr. MACCRACKEN. Assistant Secretary.

The CHAIRMAN. Which Assistant Secretary?

Mr. MACCRACKEN. The Assistant that had to do with matters not connected with aviation.

The CHAIRMAN. What did it have to do with?

Mr. MACCRACKEN. Domestic and foreign commerce, Bureau of Standards, Bureau of Lighthouse, save and except the Bureau of Aviation, and there was the Bureau of Standards again, as far as the acronautical activities were concerned; Bureau of Mines, Coast and Geodetic Survey. Again there was an exception there so far as their airway map program was concerned, and generally all the other bureaus.

The CHAIRMAN. That did include, however, did it not, the shipping, foreign and domestic commerce?

Mr. MACCRACKEN. I believe in the Bureau of Foreign and Domestic Commerce there was a division that had to do with marine transportation. I forget the exact name of it, but I recall that there was such a bureau.

The CHAIRMAN. And it is true, is it not, as I understand it, that Mr. Brown, as Assistant Secretary of Commerce, before he became Postmaster General, was in charge of the departments of the Secretary of Commerce that controlled the Merchant Marine insofar as it was controlled by the Department of Commerce?

Mr. MACCRACKEN. I believe that is correct, Senator. He was the one who was performing the duties. Perhaps I should let him answer on that, but there were only two Assistant Secretaries. Some of the work was delegated to the Solicitor of the Department at times.

The CHAIRMAN. But in 1926, before he became Postmaster General, he did have charge, for the Department of Commerce, of that department which had control over the merchant marine, did he not? And shipping?

Mr. MACCRACKEN. I think so.

The CHAIRMAN. And had had for several years?

Mr. MACCRACKEN. Not for several years, because I think he was only with the Department for about a year and a half, or less, maybe.

The CHAIRMAN. And that was immediately before he became Postmaster General?

Mr. MACCRACKEN. Yes, sir. He went from Assistant Secretary of Commerce to the postmaster generalship.

The CHAIRMAN. All right. Go right ahead.

Mr. MACCRACKEN. But in that connection, I should say that he evidenced no interest whatsoever that I can recall in aviation during the time that he was in the Department of Commerce. The Postmaster General, Mr. Brown, after he had had the time to familiarize himself with the situation with reference to air mail contracts, apparently reached the conclusion that the amendments which Congress had passed in 1928 would not suffice to enable these lines which had taken in their contracts at ridiculously low prices, that they were just losing money like water through a sieve, to continue, and apparently he came to the conclusion that the way to pay the air mail contractors was not on a poundage basis but on a mileage basis, and that they should all be treated equally.

As you are aware, the postal laws permit the Postmaster General, without competitive bidding, to put mail on all of the railroads. In that particular case, the rate paid by the Government is not fixed by the Postmaster General, but is fixed by the Interstate Commerce Commission, which would appear to be, on the face of it, and which I think is, an added protection to the carriers, because, if my recollection serves me correctly, the carriers on several occasions have gone to the Interstate Commerce Commission, over the opposition of the Post Office Department, and have had their rates increased.

The bill which the Postmaster General sent up to Congress, understand, was first introduced by Congressman Watres in the House. I think it was H.R. 9500, if I recall it correctly, and involves the precedent with reference to railway mail except that both in the certificate and in the case where mail was put on lines that had been operating 6 months under regular schedules over routes 250 or 400 miles—I am not sure which, both figures entered into it—the Postmaster General had the power to fix the rate and not the Interstate Commerce Commission. So that the only appeal which was left to a contractor who was not satisfied with the rate that the Postmaster General might fix was to the courts and not to the Commission. I was always of the opinion, and still am, that a contractor, under those circumstances, has the right of appeal to the court, although no such right, as far as I know, has ever been asserted.

That was the situation, as I understood it, with reference to the air mail when that legislation was sent up to Congress. There was opposition to it and the contracts were about to expire. Some of them had been extended under the 6 months' extension privilege.

One of the other provisions in the original legislations which was sent up—and it is in the act as passed—was that the Postmaster General could make any extension or consolidation of existing routes. Prior to that time it is my understanding that the Comptroller General had ruled that the Postmaster General could make an extension not to exceed 100 miles of an existing air-mail route, provided it did not extend the route beyond a thousand miles. I have forgotten whether it is in the opinion, but I have always understood the reason for the thousand-mile limitation was because the contractor was entitled to an added compensation under the original law if the carriage exceeded 1,000 miles.

Now, those are some of the complicated problems which were presented to the Postmaster General when he came to the matter of this legislation. The legislation which was finally passed was a compromise. It did not authorize him to put mail on any route that had been running, but it did give him these broad powers with reference to extensions and consolidations.

The legislation was passed, as I recall it, on the last of April in 1930. The contracts were to expire some time in May, those that had been extended. The first business at hand was the surrender of the contracts and the getting of the route certificates.

But to my mind the examination of the route certificates and any questions that arose in connection with it called for legal drafting, called for legal contracts, and was one of the things in which I represented the Western Air Express.

After that was out of the way, the Postmaster General then called a conference of the operators and he explained to them that this air mail map had grown up in a sort of hodge-podge fashion, that it was the intention of Congress that the pioneers, particularly those who had pioneered in passenger business, without air mail, and of whom there were a great many, should be given recognition and assistance. He had had some public hearings on the question of new routes in the Department, and now he wanted advice on and recommendations of this group of the operators, some of whom were mail contractors and some of whom were not. He put up the problem of existence of extensions; he put up the problem of extension of existing routes, and also of the establishment of two transcontinental routes.

As I recall it, he said that he had just one suggestion to make, and that was that the two new transcontinental routes should be competitive as between themselves, and with reference to the existing route. In other words, he wanted a competition of service from three transcontinental routes and he wanted them segregated, one from the other. He said, "It is not your problem to determine how this will be worked out. All I ask of you is your recommendations and I would like to get them as quickly as possible."

With that, he withdrew from the meeting. I understand some question has been raised as to how I happened to become chairman. As the Postmaster General was going out of the meeting, I think it was Mr. Cathell, a lawyer from New York,

who suggested to the Postmaster General that this was a rather large group and that somebody ought to be charged with the duty of presiding. The Postmaster General said to Mr. Cathell in reply, "I would prefer that you would select your own chairman, or organize in any way you see fit. The facilities of the post office for meeting places, and all that sort of thing, are at your disposal." With that, he walked out.

Then Mr. Cathell said, "I nominate Bill MacCracken." This was after the Postmaster General retired. Mr. Cathell said, "I nominate Bill MacCracken to act as chairman of the meeting, because, as I understand, he is here representing two clients, one of whom is an air mail contractor and the other is not, and I think he should be the presiding officer", or something to that effect.

He put the question, and it was unanimously carried, and from that time on I acted as chairman of the meeting. Before doing so I incidentally called my clients together, two of them, and said, "This matter may take me out of some of the discussions, because I intend to preside and not argue all the way through." They said, "That is all right; we will do our part of the presentation."

That meeting was not secret, as I regard it. We have no authority other than to make recommendations, and we finally made recommendations, the majority of which were not carried out, I think, as things have since turned out.

The CHAIRMAN. Are you sure about it?

Mr. MACCRACKEN. I haven't checked it to make sure on the majority, but they were not carried out right away, and a great many of them have never been carried out.

The CHAIRMAN. Which ones?

Mr. MACCRACKEN. There was never an extension to Lethbridge, which was recommended.

The CHAIRMAN. Who was to get it?

Mr. MACCRACKEN. The National Parks.

The CHAIRMAN. What other?

Mr. MACCRACKEN. It was a long time afterward before the Albany-Boston extension was in effect. It finally was.

The CHAIRMAN. Who got it?

Mr. MACCRACKEN. Aviation Corporation.

The CHAIRMAN. Who was recommended to get it?

Mr. MACCRACKEN. They were recommended, as I recall it. I don't think the Vancouver extension was ever put into effect. That was one where United was to get the first schedule and Varney was to get the second, according to the recommendations.

The CHAIRMAN. What others were not carried out?

Mr. MACCRACKEN. Well, let me see. I don't have my copy of that report with me.

The CHAIRMAN. Have you the map?

Mr. MACCRACKEN. No, sir.

The CHAIRMAN. What went with the map?

Mr. MACCRACKEN. The map was with the report.

The CHAIRMAN. Turned over to the Postmaster General?

Mr. MACCRACKEN. I think so, or to one of his assistants. I am not sure whether he took it or Mr. Glover or Mr. Wadsworth. I think they were all there in the meeting. What became of the map I don't know.

The CHAIRMAN. As a matter of fact, Mr. MacCracken, is it not true that every air mail contract that was awarded was awarded according to the recommendations made at that meeting?

Mr. MACCRACKEN. No, sir.

The CHAIRMAN. Which ones were not?

Mr. MACCRACKEN. I have just mentioned two.

The CHAIRMAN. You say they were not awarded?

Mr. MACCRACKEN. Oh, awarded. I remember very well when we turned in that report the Postmaster General said, "Gentlemen, you have decided"—not decided, but made recommendations——

The CHAIRMAN (interposing). I don't want to interrupt, but I asked you the question if it is not true that every air mail contract that was awarded was awarded according to these recommendations?

Mr. MACCRACKEN. You mean where there were definite recommendations?

The CHAIRMAN. For a certain company to get a certain line.

Mr. MACCRACKEN. Well, I would want to check on that. I am not absolutely certain about it. That is not true, Senator.

The CHAIRMAN. All right, which one did not get what was allotted to it?

Mr. MACCRACKEN. Western Air Express did not get the extension from Amarillo to Dallas.

The CHAIRMAN. Senator WHITE has suggested to me he understood the meeting was called for the purpose of passing on this question, which was true. Of course we want to have the correspondence before we go fully into this matter, and I told him that I was not objecting to your talking, because I thought you wanted to make this statement. We do not want to go fully into that matter at this time, but I don't want to deprive you of the right which you asked to make a statement, and that is what I told Senator WHITE.

Senator WHITE. I did not want to interrupt anything you might want to say which bore on this question of privilege, but I had assumed this was to be a meeting of but a very few moments, and I had made some appointments. I am late to them now and I was getting a little fretty. Will you confine yourself at this time to anything that bears on this question of privilege—if that is all right, Mr. Chairman, with you?

The CHAIRMAN. That is all right.

Mr. MACCRACKEN. There is, I believe, another side to the story with reference to what transpired in those conferences that led up to the recommendations to the Postmaster General and what transpired afterward, and as far as the facts and the happenings are concerned I trust that the chairman and the other members of the committee will reserve their judgment until they have heard both sides.

The CHAIRMAN. I should like to state to you, Mr. MacCracken, that I will be very glad to join with the other members of the committee in according you the privilege of making a statement or testifying at any time you desire to testify. I do not want to interrupt you now by reason of the fact that we have made some statements.

Mr. MACCRACKEN. I appreciate that, and I felt that they perhaps called for an answer, and I have attempted to make a partial answer.

Now, then, with reference to the matter of these files and records——

The CHAIRMAN (interposing). What the committee would like to know is this: If you will give them access immediately to these records so that we do not have to send down and impound them. Getting back to these files, may I ask if these files were taken in the daytime while the inspectors were there?

Mr. MACCRACKEN. I am not sure with reference to Colonel Brittin when he came in and got his. I think these papers which Mr. Givvin took were taken after the inspectors left.

The CHAIRMAN. The inspectors said to us that they stayed there throughout the day and no papers were removed while they were there.

Mr. MACCRACKEN. I cannot be sure, because I did not give Colonel Brittin his papers.

The CHAIRMAN. What time did you give them to Mr. Givvin?

Mr. MACCRACKEN. I think Mr. Givvin left the office between 6:30 and 7 o'clock.

The CHAIRMAN. Did you call him and ask him to come down?

Mr. MACCRACKEN. No, sir; he called me. I did not send for him.

The CHAIRMAN. Did he know about the examination that was going on?

Mr. MACCRACKEN. I think he did.

The CHAIRMAN. They got both papers, did they not, after the inspectors left?

Mr. MACCRACKEN. I don't believe that is the fact with reference to Colonel Brittin.

The CHAIRMAN. The inspectors state they knew nothing about it, certainly they were not told anything about it, according to the information they gave us, and they stated they remained there throughout the day until the office closed.

Mr. MACCRACKEN. I would have to check up with Mr. Lee, because he is the one who turned over the papers to Colonel Brittin.

The CHAIRMAN. Did you go back to the office with Mr. Givvin after it had closed?

Mr. MACCRACKEN. No, sir. He came while I was still there. I did not go back to the office after I left last night and went home, until this morning.

The CHAIRMAN. Of course, you understand that the attitude of the entire committee is that they want the papers, and if you will give them access to them now they can go right ahead and look at them. If not, the committee will send down and impound the papers.

Mr. MACCRACKEN. I regret exceedingly having done anything which would call forth the comment which has come from the committee. It was certainly unintentional on my part, and I will be only too glad to do what I can to rectify it.

Senator WHITE. It has made a very embarrassing situation for some of us who have been inclined to recognize this privilege which exists. So far as I am concerned, I had assumed, without any question whatsoever, that while this matter was being discussed in the committee, there would be no change in the status with respect to these papers, and it came as a shock and a disappointment to me to find that some of these papers, which were possibly within the reach of this subpena, had left your office. I just cannot justify that. I cannot see any possible justification for it, and, as I said a moment ago, I have lost some of my enthusiasm for the principle.

Mr. MACCRACKEN. I can assure you, Senator, I will do everything within my power to rectify that situation.

The CHAIRMAN. You mean you will try to get them back immediately?

Mr. MACCRACKEN. Yes, sir; certainly.

The CHAIRMAN. And will you let the inspectors now go ahead and see them, without the necessity of impounding the evidence?

Mr. MACCRACKEN. There is no occasion to impound the evidence, Senator, I think, in this matter.

The CHAIRMAN. Then you will permit them to see them?

Mr. MACCRACKEN. I have not said anything about seeing them, but I can assure you——

The CHAIRMAN (interposing). If they cannot see them now, the committee has decided to send down for them, if they are not to be granted access to them. They have ruled against your question of privilege unanimously, those of the members of the committee who were here.

Senator WHITE. I was in accord with the motion of Senator King, and I am in accord with it, because of the unusual circumstances which exist here.

The CHAIRMAN. So it is a question now for decision, whether we shall have to send for the records or whether you will make them available. That seems to me to be the most practical way, because they are there, and this committee has the power to obtain them.

Mr. MACCRACKEN. Of course, that is the question.

The CHAIRMAN. I do not think it is a question about the committee having the power to obtain them. The only question is whether you have the right to claim the privilege. Of course, if you do not desire to do that, we will send for them immediately. But we do not care to do that if it can be handled otherwise.

Mr. MACCRACKEN. May I be accorded the privilege of telephoning for some counsel and advice on this question, by an interested party?

The CHAIRMAN. If it is just a matter of a few minutes, we will wait here until you call up.

Mr. MACCRACKEN. Thank you.

(A short recess was taken to permit the witness to telephone.)

Mr. MACCRACKEN. Pursuant to the privilege accorded me by the committee to seek advice, I have done so, and I am again advised that this is a privilege which I have no right to waive.

The CHAIRMAN. All right.

Mr. MACCRACKEN. I am very sorry.

The CHAIRMAN. That is all.

The committee will adjourn until 10 o'clock, Tuesday morning, February 6, 1934.

(Whereupon, at 12:30 p.m., the hearing was adjourned until Tuesday, Feb. 6, 1934, at 10 a.m.)

Mr. BLACK. Mr. President, I suggest that the remainder of the evidence be read.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The testimony will be read.

The legislative clerk read as follows:

SPECIAL COMMITTEE ON INVESTIGATION OF AIR MAIL AND OCEAN MAIL CONTRACTS

SATURDAY, FEBRUARY 3, 1934.

The committee met at 11 a.m., in room 318, Senate Office Building, Washington, D.C., Senator HUGO BLACK (chairman), presiding.

Present: Senators BLACK (chairman), MCCARRAN, AUSTIN, and WHITE.

Also present: Mr. A. G. Patterson, special investigator for the committee.

PROCEEDINGS

The CHAIRMAN. The committee will please be in order. Colonel Brittin, will you please take the stand?

TESTIMONY OF COL. L. H. BRITTIN

(The witness was duly sworn by the chairman.)

The CHAIRMAN. What are your initials, Colonel?

Colonel BRITTIN. L. H. Brittin—B-r-i-t-t-i-n.

The CHAIRMAN. With what company, or air mail company, are you connected?

Colonel BRITTIN. The Northwest Airways.

The CHAIRMAN. What is your official position?

Colonel BRITTIN. Executive vice president.

The CHAIRMAN. Do you have an office in Washington at 1090 National Press Building?

Colonel BRITTIN. I do, Senator.

The CHAIRMAN. Did you have an office at 1090 National Press Building, Washington, for the last 10 days?

Colonel BRITTIN. Yes; I did.

The CHAIRMAN. Did you receive a telegram from Mr McCracken, William P. MacCracken, Jr., on January 31, 1934, with reference to his files and memoranda?

Colonel BRITTIN. I don't recall it, Senator; I don't recall any such telegram.

The CHAIRMAN. You replied to it, did you not?

Colonel BRITTIN. I don't recall. You will have to refresh my memory on that.

The CHAIRMAN. Will you read this [handing to the witness a copy of the proceedings of the committee of February 2]?

Colonel BRITTAIN (after examining minutes). Yes, sir; I received that telegram.

The CHAIRMAN. Will you read that so it will get in the record?

Colonel BRITTIN (reading):

"I have today been subpenaed to produce before the Black committee all papers, memoranda, correspondence, maps, copies of telegrams relating to air and ocean mail contracts. Insofar as these involve confidential communications between us as attorney and client I have felt it my duty to assert and I have asserted the privilege which the law places around such communiations. The privilege may be waived only by you as client. The committee has requested me to inquire whether you desire to waive this privilege and authorize me to make these documents available to the committee investigators. Please wire your decision.

"WILLIAM P. MACCRACKEN, JR."

The CHAIRMAN. When did you receive that telegram?

Colonel BRITTIN. I don't recall, Senator, but it must have been, of course, the day on which it was sent. It was sent to 1090 National Press Building.

The CHAIRMAN. Did you get it at the Press Building? Do you remember when you received it?

Colonel BRITTIN. No; right this minute I don't recall when I received it, but I must have received it there.

The CHAIRMAN. The first time you saw it, was it at the National Press Building?

Colonel BRITTIN. Yes.

The CHAIRMAN. Did you communicate with Mr. MacCracken then?

Colonel BRITTIN. No; I did not.

The CHAIRMAN. How long before you did communicate with him?

Colonel BRITTIN. I sent him a telegram assenting to this.

The CHAIRMAN. To what? You assented to this, but you assented how long after you received it?

Colonel BRITTIN. I presume it must have been within 24 hours.

The CHAIRMAN. Do you recall that you assented to it at the time Mr. MacCracken was before the committee the second time?

Colonel BRITTIN. I don't recall just when I assented to it, but I wrote a telegram in my office and sent it to Mr. MacCracken.

The CHAIRMAN. Now, in the meantime, before you sent the telegram assenting to the request, had you seen Mr. MacCracken?

Colonel BRITTIN. No; I had not.

The CHAIRMAN. You had not seen Mr. MacCracken at his office?

Colonel BRITTIN. No; I had not.

The CHAIRMAN. Did you go to his office?

Colonel BRITTIN. Yes, sir.

The CHAIRMAN. When?

Colonel BRITTIN. I don't recall just when I was there. It was either Wednesday or Thursday, I think, or maybe before that.

The CHAIRMAN. It was after you received the telegram from him, was it not?

Colonel BRITTIN. I am not clear on that, Senator.

The CHAIRMAN. Do you not know, Mr. Brittin, that your telegram was sent and reached Mr. MacCracken while he was sitting here testifying the second day, at the very time that he testified that you had already been to his office and had taken some of the files away?

Colonel BRITTIN. Well, then, that must have been the facts of the case, then.

The CHAIRMAN. How did you happen to go to his office?

Colonel BRITTIN. I just went to his office to inquire for Mr. MacCracken, and he was engaged.

The CHAIRMAN. What time of day or night was it?

Colonel BRITTIN. I think it was in the middle of the day, sometime; it was during office hours.

The CHAIRMAN. During the middle of the day?

Colonel BRITTIN. Well——

The CHAIRMAN. Did you see either of those two gentlemen sitting back there, Mr. Brittin?

Mr. Bradley, will you stand up?

(Mr. Bradley arose.)

The CHAIRMAN. Did you see him down there?

Colonel BRITTIN. No.

The CHAIRMAN. And you state that you were there in the daytime?

Colonel BRITTIN. Yes; I was.

The CHAIRMAN. Did you go into Mr. MacCracken's office?

Colonel BRITTIN. I went into his office.

The CHAIRMAN. Did you go in immediately when you got there?

Colonel BRITTIN. Yes; I went into his suite of offices. I did not get into Mr. MacCracken's private office.

The CHAIRMAN. Whose private office did you go to when you got in?

Colonel BRITTIN. I went to—Mr. MacCracken was engaged, and I first went to Mr. Lee's office.

The CHAIRMAN. Who is Mr. Lee?

Colonel BRITTIN. He is a partner of Mr. MacCracken, the firm of MacCracken & Lee.

The CHAIRMAN. What took place there?

Colonel BRITTIN. I asked Mr. Lee if I could see the files of the Northwest Airways. I stated to Mr. Lee—I had used his office, I had used the office of MacCracken & Lee as my Washington address last summer, and I felt that some of my personal papers might be mixed up in this Northwest file, and that I wanted to take my personal papers out, and he permitted me to see the file. I went through it—it was quite voluminous. I did not examine everything that was in it. It contained a lot of legal opinions on various matters, and I took about half a dozen papers that were purely personal, and turned the file back to MacCracken & Lee.

The CHAIRMAN. You knew at that time, did you not, Colonel Brittin, because you had already been notified by Mr. MacCracken, that the Senate committee had requested his files, correspondence, memoranda, and so forth, relating to air mail?

Colonel BRITTIN. Oh, yes.

The CHAIRMAN. You knew that?

Colonel BRITTIN. I did.

The CHAIRMAN. And it was for that reason that you went down to look over the file, was it not?

Colonel BRITTIN. For the reasons as stated. I went there for the purpose of taking some personal matters which had inadvertently gotten into the Northwest Airways file that had no relation whatever with the matters under consideration.

The CHAIRMAN. But you were prompted to go, were you not, by your knowledge of the fact that the Senate committee had a subpena outstanding, and that request had been made on you to know whether your company would waive any privilege which Mr. MacCracken might have?

Colonel BRITTIN. I knew that the files were about to be publicly examined.

The CHAIRMAN. And that is the reason that you went down and took part of the file out?

Colonel BRITTIN. I took six papers out.

The CHAIRMAN. What was the reason you went down and took part of them out?

Colonel BRITTIN. The reason I went there, as I stated, was that these were purely personal matters and did not belong in Mr. MacCracken's file.

The CHAIRMAN. But the reason you went to get them was that you did not want the Senate committee to get them?

Colonel BRITTIN. I did not think they had any relation——

The CHAIRMAN (interposing). That was the reason you went, Colonel Brittin, that you did not want the Senate committee to get those parts of the files? That was your object, was it not?

Colonel BRITTIN. It was not so much a matter of the Senate Committee, Senator, as it was a matter of public examination. Those were personal papers.

The CHAIRMAN. The thing you wanted to do was to take those files out before the Senate committee investigators got them?

Colonel BRITTIN. Before the public examination.

The CHAIRMAN. Before the examination by the Senate committee—that was the object, was it not?

Colonel BRITTIN. In a broad way, I suppose it was.

The CHAIRMAN. You knew that the Senate committee had sent a subpena down there, because Mr. MacCracken had notified you, and you had read it in the papers, also, hadn't you?

Colonel BRITTIN. Yes.

The CHAIRMAN. You took those letters out, and what did you do with them?

Colonel BRITTIN. I took them down to my office and tore them up, as I would any others papers, and threw them into the waste-paper basket.

The CHAIRMAN. Threw them in the waste-paper basket?

Colonel BRITTIN. Yes.

The CHAIRMAN. Did Mr. Lee agree for you to take them out?

Colonel BRITTIN. Well, the firm of MacCracken & Lee made no objection.

The CHAIRMAN. Did he tell you that it was taking papers out that the Senate committee wanted, or did he protest in any way?

Colonel BRITTIN. No.

The CHAIRMAN. He did not?

Colonel BRITTIN. No.

The CHAIRMAN. Then Mr. Lee agreed for you to take the papers out of the files?

Colonel BRITTIN. He did not protest, Senator.

The CHAIRMAN. He did not protest?

Colonel BRITTIN. No.

The CHAIRMAN. Where did he get that file from?

Colonel BRITTIN. From the—from the general files of the office.

The CHAIRMAN. Where were those general files?

Colonel BRITTIN. Why, I—I don't know where they were; I don't know where the files of MacCracken & Lee are.

The CHAIRMAN. Then Lee went out and got them for you, did he?

Colonel BRITTIN. He either did that or sent for one of the young ladies in the office.

The CHAIRMAN. Do you remember which he did do?

Colonel BRITTIN. No; I haven't a very clear remembrance of that.

The CHAIRMAN. Colonel Brittin, are you sure that you were there in the daytime?

Colonel BRITTIN. Absolutely, sir.

The CHAIRMAN. Which day was it that you were there?

Colonel BRITTIN. I tried to tell Mr. Patterson the other day, when he called me up there. I am not exactly clear as to what particular day, but I know I was there in his office during regular working hours, in the middle of the day sometime—sometime between 11 o'clock in the morning and probably 3 o'clock in the afternoon.

The CHAIRMAN. Did you talk with anybody about going up and getting them, before you went after them?

Colonel BRITTIN. No.

The CHAIRMAN. Did you have any advice to go get them?

Colonel BRITTIN. No.

Mr. NEELY. Mr. President, in behalf of economy of time and in order to save the throat of the clerk and the ears of Senators, I ask unanimous consent that after the clerk has indicated the name of the person conducting the examination and the name of the witness, the names be omitted before reading the question and the answer.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia? If not, the clerk will observe the suggestion.

The legislative clerk resumed and concluded the reading of the testimony of L. H. Brittin, as follows:

The CHAIRMAN. Did any lawyer advise you to go and get them?

Colonel BRITTIN. I would like to say, Senator, in answer to that question, I have not consulted counsel on this matter at all, and I have no lawyer here.

Perhaps, if I had, I would not have done it, because, to me, it was a perfectly natural and obvious thing to do, and I did not think that I was doing anything that would be misinterpreted or misunderstood.

The CHAIRMAN. To whom were these letters addressed that you took out?

Colonel BRITTIN. They were purely personal.

The CHAIRMAN. To whom were they addressed?

Colonel BRITTIN. Some of them were to my secretary.

The CHAIRMAN. When?

Colonel BRITTIN. In the fall.

The CHAIRMAN. To whom were the others addressed?

Colonel BRITTIN. Perhaps one or two telegrams, personal memoranda, and I think a couple of letters to my secretary. My secretary handled my personal correspondence for me.

The CHAIRMAN. You had an office at that time in Washington, did you not?

Colonel BRITTIN. I had just established an office.

The CHAIRMAN. Where was that office?

Colonel BRITTIN. At 1090 National Press Building.

The CHAIRMAN. Did you have a stenographer there?

Colonel BRITTIN. I had just employed a stenographer.

The CHAIRMAN. When?

Colonel BRITTIN. I guess about 10 days ago—perhaps 10 or 15 days ago.

The CHAIRMAN. You have not had an office in Washington until 10 days ago?

Colonel BRITTIN. No, sir; I have never had an office in Washington.

The CHAIRMAN. Now, these letters were filed in the Northwest Air Express file, were they not?

Colonel BRITTIN. Northwest Airways file.

The CHAIRMAN. Northwest Airways file, in Mr. MacCracken's office?

Colonel BRITTIN. They were filed there, but they had no business there.

The CHAIRMAN. But they were filed in those files?

Colonel BRITTIN. They were in the folder.

The CHAIRMAN. And the title of that folder was Northwest Airways?

Colonel BRITTIN. I did not look at the title.

The CHAIRMAN. Did you see what else was in that file?

Colonel BRITTIN. Yes. As I went through the file there were quite a few legal opinions on various matters, a legal opinion on the Kelly bill, a legal opinion on the Comptroller General's rulings on various air mail matters.

The CHAIRMAN. There were quite a few letters, also, reporting the progress being made in an effort to get a contract, were there not?

Colonel BRITTIN. No; not efforts to get a contract, sir. We have a contract.

The CHAIRMAN. There were no letters in there with reference to the conference held at the Postmaster General's office?

Colonel BRITTIN. Yes; there were letters there—my letters to Mr. Howes, my letters to Mr. Cisler, my letters to various post-office officials.

The CHAIRMAN. Were there letters in there with reference to the conference that was held in Washington at the Postmaster General's office?

Colonel BRITTIN. Which conference was that, please sir?

The CHAIRMAN. When the question came up about dividing up the air mail map.

Colonel BRITTIN. I do not think so. If you refer to the conference at which the Postmaster General asked all the air mail lines to attend——

The CHAIRMAN (interposing). That is the one.

Colonel BRITTIN. Which he practically requested us to be there. Would you mind giving me the date of that meeting?

The CHAIRMAN. I just wanted to know if you saw any correspondence in the file about it.

Colonel BRITTIN. No; because I only used Mr. MacCracken's office last summer.

The CHAIRMAN. Did you look over all the files he had on the Northwest Airways?

Colonel BRITTIN. No; I simply went through them rather casually, just to pick out whatever personal matters there were.

The CHAIRMAN. When were those letters written that you say were personal?

Colonel BRITTIN. Last summer.

The CHAIRMAN. To whom else were they written beside your secretary?

Colonel BRITTIN. Well, as I stated, there were one or two or three telegrams.

The CHAIRMAN. To whom?

Colonel BRITTIN. Personal memoranda.

The CHAIRMAN. To whom were these telegrams sent?

Colonel BRITTIN. To personal friends of mine, Senator; personal matters.

The CHAIRMAN. To whom were they?

Colonel BRITTIN. Is it necessary to answer that?

The CHAIRMAN. I think that is necessary to find out what it was you stated you took out.

Colonel BRITTIN. These were purely personal matters, and I am perfectly willing to do anything you want me to do, but these are personal things, and I wonder if you want to insist on my answering.

The CHAIRMAN. They were not seemingly so very personal if you left them up in the files of Mr. MacCracken.

Colonel BRITTIN. That is perfectly possible, because, when I used Mr. MacCracken's office I was traveling a great deal. I do not reside here in Washington permanently. My home is in St. Paul.

The CHAIRMAN. You did not object to their being in there in their files up to the time the Senate committee sent down there for them, did you?

Colonel BRITTIN. No. Mr. MacCracken has advised me on some personal matters.

The CHAIRMAN. What is that?

Colonel BRITTIN. I have talked over with Mr. MacCracken some personal matters. At the time he had advised me on one or two purely legal matters that I discussed with him, and I used his office as an address to receive mail when I was in Washington, and I wrote some personal letters from his office, and in my traveling around they got into his files.

The CHAIRMAN. You saw in the paper immediately after Mr. MacCracken testified that he stated that he had turned over some files to you, did you not?

Colonel BRITTIN. Yes; I read that in the newspapers.

The CHAIRMAN. Did you then go to see if you could find those files?

Colonel BRITTIN. Senator, I want to repeat that the only thing I took out——

The CHAIRMAN (interposing). I know—you have stated that several times.

Colonel BRITTIN. The six papers.

The CHAIRMAN. But did you then go back and make an effort to find those six papers you say you tore up?

Colonel BRITTIN. No; because that was the next day.

The CHAIRMAN. It was the next day after you tore them up that Mr. MacCracken testified he turned them over to you?

Colonel BRITTIN. I don't know whether it was the next day or 2 days after. It was not the same day. Anything I would throw in my wastebasket on a certain day, of course, would be taken out and cleaned that night.

The CHAIRMAN. You tore them up before you put them in the wastebasket?

Colonel BRITTIN. I just tore them up as I would any papers disposed of in that way.

The CHAIRMAN. Why didn't you tear them up in Mr. MacCracken's office?

Colonel BRITTIN. I don't know. It just wasn't the natural thing to do.

The CHAIRMAN. You just took them over to your office and immediately tore them up?

Colonel BRITTIN. I just took them down to my office and tore them up and threw them in the wastebasket.

The CHAIRMAN. You knew when you got them out that was what you were going to do, tear them up, didn't you?

Colonel BRITTIN. I don't think I thought very much about it. I just did it because it was a matter of impulse. There was no plan, or anything. It was a personal matter, and they had no place in his files.

The CHAIRMAN. Did you save any of them?

Colonel BRITTIN. No; because they were all personal and all dealt with matters that had transpired.

The CHAIRMAN. You knew when you first got them out of the files in Mr. MacCracken's office that the matters were closed up, did you not?

Colonel BRITTIN. I don't think I thought very much about it at the time. I just went and took them.

The CHAIRMAN. Just went and took them, and went directly back to your office. Was there anyone in your office when you got back?

Colonel BRITTIN. I don't remember whether my secretary was there or not.

The CHAIRMAN. Was there anyone else in your office when you tore them up and threw them away?

Colonel BRITTIN. I don't recall whether my secretary was present or not.

The CHAIRMAN. Did you talk to Mr. MacCracken about it any more?

Colonel BRITTIN. No, sir.

The CHAIRMAN. Have you talked to him at all about the files that he had?

Colonel BRITTIN. No, sir.

The CHAIRMAN. It was the day after you tore these papers up, was it not, that you wired him that he was at liberty to turn over the files of the Northwest Airways?

Colonel BRITTIN. I don't remember whether it was the day after or not, but it was—it followed that.

The CHAIRMAN. To make it perfectly clear, it was after you went to the office and got these files out and tore them up that you notified Mr. MacCracken that he was at liberty to turn over the files to the committee?

Colonel BRITTIN. My telegram reached him subsequent to that.

The CHAIRMAN. And you sent it subsequent to that?

Colonel BRITTIN. I believe I did.

The CHAIRMAN. You know you did, don't you?

Colonel BRITTIN. I believe I did.

(Witness excused.)

Mr. BLACK. Mr. President, at this point I desire to have read the return made by the Sergeant at Arms on the original order with reference to Mr. MacCracken's arrest.

The PRESIDING OFFICER. The clerk will read, as requested.

The legislative clerk read as follows:

To the PRESIDENT OF THE SENATE:

With reference to the order of the Senate, I have been unable to locate William P. MacCracken, Jr. I went to his office and was told he had not been there since 11 a.m. Having been told by Frank J. Hogan this morning that in case I wanted to locate William P. MacCracken, Jr., I could do so through him, I called Mr. Hogan's office, and was asked to go there. I went to his office and Mr. Hogan said that he would take me to William P. MacCracken, Jr., but that he would not tell me where he was; but that Mr. Hogan would produce him at a certain agreed time in a judge's chambers so that he could apply for a writ of habeas corpus. I asked Mr. Hogan to tell me where I could find Mr. MacCracken and he declined to do so. I have not been able to locate William P. MacCracken, Jr.

CHESLEY W. JURNEY,
Sergeant at Arms United States Senate.

Mr. BLACK. Mr. President, before going any farther, the committee desires to suspend proceedings in this case until 12 o'clock tomorrow. I desire at this time to move that the respondent be retained in the custody of the Sergeant at Arms until that time, at which time all proceedings will continue in this body.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama.

The motion was agreed to.

The respondent, William H. MacCracken, Jr., and his counsel, Frank J. Hogan, Esq., retired from the Chamber.

Mr. LA FOLLETTE. Mr. President, may I inquire of the Senator from Alabama [Mr. BLACK] whether the contempt proceedings are now suspended and the Senate may resume its usual legislative business?

Mr. BLACK. The Senator is correct.

NAVAL CONSTRUCTION

Mr. ROBINSON of Arkansas. Mr. President, I ask that the unfinished business be again laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, which is the motion of the Senator from Florida [Mr. TRAMMELL] to proceed to the consideration of the bill (H.R. 6604) to authorize the construction of certain naval vessels, and for other purposes.

PERSONAL EXPLANATION—GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. LA FOLLETTE. Mr. President, I rise to a question of personal privilege.

On Wednesday, January 31, 1934, I addressed the Senate on the Great Lakes-St. Lawrence Seaway Treaty, which at that time was under consideration.

On the evening of February 5, 1934, I received the following letter:

[J. P. Morgan & Co., Wall Street, corner Broad, New York; Drexel & Co., Philadelphia; Morgan, Grenfell & Co., London; Morgan & Cie., Paris]

NEW YORK, *February 5, 1934.*

Senator ROBERT M. LA FOLLETTE,
Senate Office Building, Washington, D.C.

DEAR SENATOR LA FOLLETTE: My attention has been called to a speech which you made in the Senate on January 31 last regarding the pending treaty for the St. Lawrence seaway, and specifically to certain erroneous statements with reference to the firm of J. P. Morgan & Co. Ordinarily we do not feel called on to reply to unfounded or incorrect statements regarding this firm. When, however, a statesman of your position makes such statements, even though they may be based upon misinformation furnished to you, we feel warranted in calling them to your attention.

In the course of your remarks you say: "J. P. Morgan & Co. and their allied interests are seeking to destroy this administration and they are seeking to prevent the ratification of this treaty", etc. Both these statements are absolutely without foundation. In more detail we should like to point out that not only have we not opposed the present administration at Washington, but from the very start have cordially supported it. For example, immediately upon the administration's withdrawal last April from the gold standard Mr. Morgan issued a public statement—a thing very rare for him to do—upholding the administration's declaration. Members of this firm have since made it clear upon many occasions that we regarded this step as having been of extraordinary benefit to the American people as a whole, who we believe have not always realized the renewed or increased hardships from which this decision, made in the early days of the present administration, saved us. With great respect, but very frankly, it is difficult for us to understand how you could feel justified in uttering such a baseless charge, so needlessly provocative in its effect upon the public mind.

As to your second statement, permit us to say that in no way, shape, or manner are we "seeking to prevent the ratification of this treaty", nor has the thought ever occurred to us to suggest or encourage opposition on the part of others, as you intimate. On the contrary, on September 18, 1929, this firm issued a public statement, which had wide currency, declaring its complete aloofness from any position as to the St. Lawrence River project, and adding this categorical declaration: "In our opinion these (the pending St. Lawrence developments) are matters for the determination of the Government of the United States and the government of the State of New York and the Canadian authorities."

In no particular on this question have we changed our views since the issuance of the statement above quoted. Permit us to make clear again with all emphasis that we have not directly or indirectly attempted to influence in one way or the other ratification of the St. Lawrence Treaty or the character and manner of the proposed St. Lawrence power development.

More than once in your speech, either by direct statement or by innuendo, you declare that we control or dominate certain

public utilities. Any such statement is without basis in fact, as reference to the public records will readily show.

You implied that our relations (which you incorrectly state to be that of fiscal agents) with certain railroads which parallel the St. Lawrence seaway have a bearing on the policy of these railroads regarding seaways. This is emphatically not the case. We are neither directors nor stockholders of any of the railroads referred to, and have not once been consulted in this matter by either the directors or managements of the railways. We have, in fact, no knowledge of the attitude of any of the railroads toward the development of the seaway, other than any opinions or views which they may have stated publicly.

Your speech contains various other statements or allusions in regard to our firm which it is unnecessary for us to comment upon, inasmuch as they are largely a reiteration in various forms of the categorical statements quoted from you as above.

With great respect for the reputation for fairness and justice which you enjoy, may we suggest that you will in due course wish to read into the RECORD our correction of these statements which you have made?

Very truly yours,

THOMAS W. LAMONT.

To this letter I replied as follows:

UNITED STATES SENATE,
February 10, 1934.

Mr. THOMAS W. LAMONT,
J. P. Morgan & Co., Corner Wall Street and Broad,
New York City.

DEAR MR. LAMONT: I shall be pleased to place your letter of February 5 on behalf of J. P. Morgan & Co. in the CONGRESSIONAL RECORD in response to your request.

Your letter invites a frank reply, but I do not regard it as an occasion for mere personal controversy. The subject dealt with is of fundamental importance. It involves the use, control, and enjoyment of our natural resources, upon which the opportunity and security of American life depend. It presents a question contested throughout history which has never been more acutely at issue than it is now.

When I addressed the Senate January 31, I made no charges. I stated facts of record. But since you challenge them, I produce the proof.

Reports of the Senate itself and agencies acting under Senate resolutions were the source of the statements to which your firm objects.

The entire record supports the conclusion that corporations and agencies in which the influence of J. P. Morgan & Co. is notorious have been using every resource to block public development of St. Lawrence power in the interest of lower electric rates.

If the St. Lawrence Treaty is defeated, it will, in my opinion, be due largely to the false propaganda which has been directed for nearly 2 years against this project, and to the opposition fomented by utility interests affiliated with J. P. Morgan & Co.

This propaganda has been directed chiefly against the navigation features of the project. The obvious intent behind it has been to arouse "exaggerated fears" of harm on the part of "special or local interests", to which the President referred in his message on the treaty. The result of this campaign of deliberate misrepresentation has been to obscure the fact that ratification of the treaty will provide 1,100,000 horsepower of the cheapest electricity available on this continent to be used by a public agency in New York to insure the lowest possible rates.

To assert that J. P. Morgan & Co., with its vast utility holdings and enormous stake in the maintenance and excessive rates in the greatest market for power and electricity in the world, is indifferent to a public power project larger than Muscle Shoals and Boulder Dam combined is to tax the credulity of the Senate and the public and to belie the public records of both State and Federal Governments.

You state that no member of the firm of J. P. Morgan & Co. has opposed the public power and navigation project covered by the treaty.

Every Member of the United States Senate has received numerous printed statements demanding the defeat of the treaty, mailed at frequent intervals in the last 2 years by the Chamber of Commerce of the State of New York.

J. P. Morgan and 12 of his partners, including yourself, were listed as members of this chamber at the time it initiated the propaganda referred to.

The treasurer of the organization, who collected the funds and disbursed the expenditures for this campaign against the treaty, is Junius S. Morgan, Jr., the son of the head of the firm. Mr. Morgan still holds the office of treasurer today.

I have made an analysis of the published roster of the membership of the chamber for 1932, when the effort to defeat the treaty began. With data derived from standard financial manuals and directories, this analysis shows:

(1) The 13 members of the firm of J. P. Morgan & Co. listed as members of the Chamber of Commerce of the State of New York are: J. Pierpont Morgan, Thomas W. Lamont, Henry S. Morgan, Junius S. Morgan, Jr., Thomas S. Lamont, Henry P. Davison, E. T. Stotesbury, Charles Steele, Thomas Cochran, R. C. Leffingwell, Harold Stanley, George Whitney, and Francis D. Bartow.

(2) Less than 10 percent of the membership show an address outside of New York City. It includes 510 bankers and 71 railroad and utility directors and officials. Of the 510 bankers, 64 are also directors of railroad or electric-power corporations.

(3) Power and public-utility interests are represented in the list by Floyd L. Carlisle, chairman of the boards of the Niagara Hudson Power Corporation, the Consolidated Gas Co. of New York, and the New York Edison Co.; Harold Stanley, a member of the firm of J. P. Morgan & Co. and director of the Niagara Hudson, the United Corporation, and the United Gas Improvement Co.; E. T. Stotesbury, a Morgan partner and director of the United Gas Improvement Co.; and George Whitney, a Morgan partner and director of Consolidated Gas.

(4) Junius S. Morgan, Jr., of J. P. Morgan & Co., is listed as treasurer of the chamber.

On November 18, 1932, a representative of the chamber appeared before the Borah subcommittee of the Committee on Foreign Relations and presented an elaborate report, together with a "summary and resolutions", denouncing both the power and navigation projects and demanding the rejection of the St. Lawrence Treaty.

This document appears on page 267 of the printed record of the hearings on the treaty. It had previously been mailed to each individual Senator and to the President. As printed in the record and as received by Senators in the mails it is preceded by the following notice, printed in black-face type:

> "This report was mailed to all members of the chamber 5 days before the meeting, and copies were also placed in the hands of each member attending the meeting, when opportunity was given for discussion. *The vote thereon, therefore, can fairly be said to represent the opinion of the entire membership.* The meetings of the chamber are attended by three or four hundred members." (Italics mine.)

I submit that if the 13 partners of J. P. Morgan & Co. who were members of the chamber on October 6, 1932, have been, as you state, indifferent to the action of the Senate on the treaty, their protest should not be directed to a Senator but to the officers of the chamber who caused such attacks against the treaty to be transmitted to Members of the Senate.

The fact is that the report and resolutions adopted on October 6, 1932, incorporated the misstatements, exaggerations, and half truths which have since been chiefly relied upon and most widely circulated in the effort to defeat the treaty.

If you will consult one of the 13 copies of this document mailed to members of your firm in advance of its adoption and transmission to the Senate, you will find that it recites 22 detailed objections to the ratification of the pending treaty.

This report states that the chamber has opposed public development of the St. Lawrence since 1920; that the chamber adopted a report in June 1931 against the public power project at Muscle Shoals; that "in the event of the United States being at war", England would prevent the United States from using the seaway; that the chamber has gone on record "against Government participation in business" and that "the huge expenditure in the St. Lawrence is closely akin to the enterprises this chamber has so often criticized"; that "the private electric-power industry will not know for years what competition to expect from the St. Lawrence", and "also the railroad industry will be uncertain."

> "It might even develop", the report concludes, "that the Government will go into the operation of barges or similar craft on the St. Lawrence waterway when completed, as it has on the Mississippi River, which this chamber condemned on December 31, 1931. It might even happen that Congress would decide to put the Federal Government further into the water-power business."

The chamber condemns the St. Lawrence project as "economically unsound, commercially unwise, and politically inadvisable" and directs that "copies of this report and resolutions be sent to the President, the Members of Congress, and others who may be interested."

The falsehoods contained elsewhere in this document in respect to construction costs, traffic movements, and production and marketing of power have been completely discredited by the official reports of the Corps of Engineers, the Federal Power Commission, the Power Authority of the State of New York, the State Department, and every other public agency that has dealt with the project.

It would appear, therefore, that members of the chamber should first dissociate themselves from such propaganda and repudiate its circulation among Members of the Senate before asking the Senate and the country to regard them as neutral and disinterested in respect to the pending treaty.

In your letter you refer to a categorical declaration by J. P. Morgan & Co. on September 18, 1929, and quote one sentence therefrom as follows:

> "In our opinion, these (the pending St. Lawrence developments) are matters for the determination of the Government of the United States and the government of the State of New York and the Canadian authorities."

You add this comment in your letter of February 5, 1934:

> "In no particular on this question have we changed our views since the issuance of the statement above quoted. Permit us to make clear again with all emphasis that we have not directly or indirectly attempted to influence in one way or the other ratification of the St. Lawrence Treaty or the character and manner of the proposed St. Lawrence power development."

You evidently refer to your statement of September 17, 1929, published in the New York Times of September 18, together with the statement simultaneously issued by Floyd L. Carlisle, of the Niagara Hudson Power Corporation.

The statement of 5 years ago from which you quote could not, of course, relate specifically to the pending treaty, which was not

signed until July 18, 1932. Your statement was issued at a time when Franklin D. Roosevelt, then Governor of New York, was striving to obtain the approval of the legislature for public development of St. Lawrence power and its distribution at the lowest possible rates.

Your statement was occasioned by the following events:

(1) On September 13, 1929, it was announced that J. P. Morgan & Co., through the Niagara Hudson Power Corporation, had acquired control of the Frontier Corporation. The holdings of the Frontier Corporation consisted of riparian lands and islands on the St. Lawrence where the dams must be built for development of power and navigation.

(2) On September 15, 1929, Governor Roosevelt issued a public statement serving notice that Morgan control of the Frontier Corporation and recent mergers of Morgan companies would not deter his administration from proceeding with its plan for public development of St. Lawrence power and its distribution at low rates.

The New York Times published this statement under the caption: "Roosevelt Declares Deal by Morgan Forces State to Act to Develop Power. Insists on Public Control. Morgan Foothold on the St. Lawrence Makes Step Imperative, He says."

The Governor reasserted the ownership of the St. Lawrence power site by the people of the State of New York, firmly closed the door against a revival of the idea that private development might be licensed, and concluded:

"It goes almost without saying that I shall again ask the legislature to create a body of public trustees to undertake the St. Lawrence development by and for the people of the State. The recent concentration of ownership of hydroelectric light and power companies into one private ownership covering about 80 percent of the area of the whole State makes this policy of State development of the one remaining great source of electric supply more and more imperative."

(3) On September 16, 1929, Senator CAPPER, of Kansas, and Senator WAGNER, of New York, issued statements challenging any attempt by Morgan utility companies to subvert the policy of public development of the St. Lawrence.

According to the New York Times, Senator WAGNER said:

"The St. Lawrence is a boundary stream separating the United States and Canada. Any power development of the St. Lawrence must, therefore, first meet the necessity of international action by the Federal Government and the Dominion Government. * * *

"* * * With the expansion of the Niagara-Hudson Power Corporation until it is reported to control 80 percent of the water power of the State * * * it may be that when the State comes to sell the power which it develops, it will have but a single customer with whom to deal, who may be minded to dictate its terms to the State.

"Should such a situation develop and should the company be inclined to take advantage of its position to make an unfair bargain with the State, it may compel the State to go farther into the business of supplying electricity than would otherwise be necessary or wise."

Following issuance of the three public statements above referred to, you gave out at the office of J. P. Morgan & Co., on September 17, 1929, the statement from which you quote one sentence in your letter of February 5.

The essence of your statement, which followed that of the Governor by 2 days, is found in the following quotation:

"Neither J. P. Morgan & Co. nor, so far as they know, any of the companies in which they have any interest, direct or indirect, have taken any position for or against public or private ownership of the St. Lawrence River water power or the manner of its development. In our opinion, these are matters for the determination of the Government of the United States and the government of the State of New York and by the Canadian authorities. Insofar as we have any opinion in the matter, it is our belief that, speaking generally, these power companies are abstaining and should continue to abstain from intervention in the decision of this question and should loyally cooperate with the decision of the public authorities when that decision has been arrived at."

When read in connection with your letter of February 5, 1934, your statement issued 5 years ago in reply to Governor Roosevelt has a familiar ring. Both statements seek to avoid public responsibility for the activities of utility companies you control, in connection with St. Lawrence power.

For years prior to 1929 water-power policy has been an important political issue in New York State. The Aluminum Co. of America, the General Electric Co., and the Du Ponts, all interrelated with the House of Morgan, were extending their ownership of lands along the banks of the St. Lawrence in the vicinity of the proposed power project and filed application for the right to develop this rich resource under a long-term lease.

After his election on this major issue in 1926, Governor Smith blocked a 50-year lease of the St. Lawrence power resources to the Frontier Corporation.

By 1929 it was apparent that private interests must give up the idea of actually building the St. Lawrence power houses themselves. Public opinion had set strongly against that policy. It was becoming obvious that the strategic move for the utilities was to let the State put up the money for the dams and power houses and then secure control of the distribution of cheap St. Lawrence power at highly profitable rates.

Creation of a State-wide power combine was already under way, so that the field for distribution of State-produced St. Lawrence power would be reduced to a single bidder—and this a corporation under Morgan control.

I note the sweeping denial in your letter of February 5 that J. P. Morgan & Co. "control or dominate certain public utilities. Any such statement", you assert, "is without basis in fact, as reference to the public records will readily show."

Among the most recent of these public records is Commission exhibit no. 5297 in the Federal Trade Commission investigation carried out pursuant to Senate Resolution No. 83. The title of this exhibit is: The United Corporation (Intercorporate Relations Among Companies Comprising Morgan, Carlisle, and Thorne, Loomis (Bonbright & Co.) Group).

I digress long enough to say that I hold the document in my hand. Senators may see what a comprehensive survey of this question it was.

The exhibit shows the United Corporation, organized by J. P. Morgan & Co., Drexel & Co., and Bonbright & Co., Inc., in January 1929, as a super utility-holding company of a new type designed to preside over power mergers on a State-wide basis. The 4 original directors included 2 Morgan partners and 2 members of Bonbright & Co. The policy of the corporation, according to the report, was "to build up a strong equity position in the utilities controlling the Atlantic seaboard field."

The board of directors was subsequently rounded out to include the chief executives of the component holding companies, including Floyd L. Carlisle, chairman of the Niagara-Hudson Power Corporation and subsequently of the Consolidated Gas Co. of New York; B. C. Cobb, chairman of the Commonwealth & Southern Corporation; Philip G. Gossler, president of Columbia Gas & Electric Corporation; Thomas N. McCarter, president of Public Service Corporation of New Jersey; and John E. Zimmerman, president of the United Gas Improvement Co.

Federal Trade Commission exhibit no. 5298 is a chart constructed from information furnished by the companies themselves, which shows the Niagara Hudson Power Corporation, the Columbia Gas & Electric Corporation, the Commonwealth & Southern Corporation, the United Gas Improvement Co., the Public Service Corporation of New Jersey, and the Consolidated Gas Co. of New York as "substantially under the control of the United Corporation."

I hold exhibit no. 5298 in my hand, and any Senator desiring to look at it is at liberty to do so.

It is further a matter of common knowledge that the southern wing of this Atlantic coast power combine, marshaled under the Commonwealth & Southern Corporation, fought to the last ditch against the Norris bills to utilize Muscle Shoals power as a means of reducing electric rates throughout a large part of the South. This corporation controls, through 100 percent stock ownership, the Alabama Power Co., the Georgia Power Co., the Mississippi Power Co., the Mississippi Utilities Co., the Ohio Edison Co., the Southern Tennessee Power Co., and, through a majority-stock ownership, the South Carolina Power Co. and the Tennessee Electric Power Co.

It is true that J. P. Morgan & Co., Drexel & Co., and their individual partners were reported as holding only a small percentage of the voting stock of the United Corporation. But anyone in the least familiar with the method by which financial power is today exercised recognizes in this combination the most complete and effective Morgan control. The intercompany holdings and interlocking directorates which knit this holding company together are traced in the exhibit. The financial world itself recognizes the United Corporation as a creature of your firm.

Another recent public record is available in the stock exchange practices hearings before the Committee on Banking and Currency of the United States Senate.

J. P. Morgan himself testified under oath on May 23, 1933, that three members of his firm, George Whitney, Harold Stanley, and Edward Hopkinson, Jr., were directors of the United Corporation (pp. 30–31, hearings).

He testified further that Mr. Stanley was also a director of the Niagara Hudson Power Corporation and that Mr. Whitney was trustee of the Consolidated Gas Co. of New York and director of the New York Edison Co.

George H. Howard, president of the United Corporation, testified under oath in these same hearings that the office of the United Corporation, shared by the Niagara Hudson Power Corporation, immediately adjoins the offices of J. P. Morgan & Co., at 23 Wall Street, and that there is an interior passageway between the two buildings. He testified further that the books of the United Corporation are kept at the office of J. P. Morgan & Co. under the supervision of L. H. Keyes, and that he, the president of the United Corporation, did not have any idea who made the entries (p. 315, hearings).

On page 37 of the hearings the following testimony of J. P. Morgan appears:

"Mr. PECORA. What is the relationship of Mr. Keys to your firm?

"Mr. MORGAN. Mr. Keys is a sort of general office manager and most confidential clerk."

This same investigation is replete with testimony which reveals the various devices and methods used by J. P. Morgan & Co. to

secure and to maintain their effective influence over banks, railroads, and public-utility corporations.

The Federal Trade Commission exhibits further show that in 1930 the Niagara Hudson Power Corporation, which exploits Niagara Falls, produced 5,105,075,917 kilowatt-hours of electrical energy and the Consolidated Gas Co. of New York 3,176,488,984 kilowatt-hours, making a total of 8,281,564,901 for these New York components of the United Corporation group. This represents more than 70 percent of all the electrical energy generated by the utilities of New York State in that year.

An exhibit prepared by Bonbright & Co., June 1, 1933, for the Senate Committee on Banking and Currency (committee exhibit no. 38) showed that these New York components of the United Corporation had a combined gross income of $299,000,000, or 85 percent of the gross income of all utilities for electricity and gas in New York State.

The Federal Trade Commission exhibit shows that for the group of utility companies interrelated with the United Corporation, the total production of electric energy in 1930 was 36,991,553,616 kilowatt-hours, or one third of all the electric energy produced throughout the entire country in that year.

These figures show the direct interest of J. P. Morgan & Co. in the electric rates throughout New York State, which will be affected by the public development of St. Lawrence power.

To complete the picture a word must be said of the relation of H. Edmund Machold to the United Corporation combine in New York State.

From 1928 to 1929 H. Edmund Machold was Republican state chairman. He had served 12 years in the legislature, including 4 years as speaker of the assembly.

According to the Federal Trade Commission exhibit, as of December 31, 1931, Mr. Machold held 5,000 shares of stock in F. L. Carlisle & Co., which in turn held 171,299 shares of Eastern States Power Corporation, which with F. L. Carlisle & Co. held 1,255,893 shares of St. Regis Paper Co., which in turn held 2,035,800 shares of United Corporation, which in turn held 5,743,250 shares of Niagara Hudson Power Corporation stock.

This important political leader and former speaker of the State assembly held personally an additional 16,100 shares of St. Regis common stock, was director of F. L. Carlisle & Co., Eastern States Power, and St. Regis Paper.

According to the Senate committee investigation of stock-exchange practices, Machold's name appeared on three of the J. P. Morgan & Co. select lists. He got from your firm 2,000 shares of Allegheny Corporation, 2,000 shares of Standard Brands, and 3,000 shares of United Corporation stock. He could have sold this stock immediately at a profit of not less than $85,000.

You and I, Mr. Lamont, do not need to quibble over terms. When I say that J. P. Morgan & Co. and its partners have consistently opposed everything that is vital about this great public-power project I do not mean that either Mr. Morgan or you have gone about making speeches against it or that you have gone up to Albany or down to Washington to buttonhole legislators and lobby against bills which you feel jeopardize your strangle hold on the business of distributing electric energy to the people of New York and other States.

It is through your innumerable agents, like this man Machold, that your influence is as effectively exerted as if you were operating in person. You will perhaps recall the recent address at Utica, December 8, 1933, of W. Kingsland Macy, a successor of Machold as chairman of the State Republican committee. He said:

> "It is intolerable that the invisible government set up by Mr. Machold in Albany during the legislative sessions, operating through his control of the clerkship under Mr. Hammond, manipulating chairmanships and directing legislation, should be permitted to continue.
>
> "The trouble is not that Mr. Machold believes in the private ownership of public utilities but that he apparently believes in the private ownership of the State government."

This is a partial background which casts light on the purpose of your 1929 statement on behalf of J. P. Morgan & Co., to which you allude in your letter.

After the Morgan merger of 1929 it required a year and a half of battling at Albany before Governor Roosevelt in 1931 got through the legislature an act authorizing public development of St. Lawrence power and the creation of a power authority to see that electricity reached the consumer at the lowest possible rates.

In a message delivered to the New York Legislature on January 7, 1931, Governor Roosevelt said:

> "I foresaw, of course, as everyone does, the possibility that existing private companies might refuse to treat with the State on fair terms for the transmission of this electricity under a contractual relationship fixing their rates and profits. It was for that reason that I viewed with such alarm the merger of the three largest holding companies of power corporations into the joint merger of the Niagara-Hudson Power Co. The creation of this superutility deprived the State of its right to bargain with several companies and compelled it to bargain with this company alone."

In this message the Governor recommended complete control by the State of the transmission of St. Lawrence power. He also recommended that publicly owned municipal systems "should be given full opportunity to purchase a reasonable share of the St. Lawrence River power" at "cost of generation and of transmission."

Governor Roosevelt continued in his message:

> "These two alternatives which the power authority would have in determining the method of transmitting electricity are, of course, the only bargaining club in its possession in its negotiations with the present utility monopoly. If it did not have these alternatives the State would be at the complete mercy of the Niagara-Hudson Power Co. I believe that these alternatives form the very foundation of the plan, which will have its ultimate attainment only when the homes of the State get cheap electricity. I believe that these two alternatives provide the whip hand, the trump card, with which the State can treat with the Power Trust, and I believe that they should be emphasized to the utmost."

In the face of these public records to which I have referred you insist that "not only have we not opposed the present administration at Washington but from the very start have cordially supported it."

It is true that Mr. Morgan issued a statement in April 1933 endorsing withdrawal from the gold standard. In respect to the Great Lakes-St. Lawrence Treaty, however, the public records prove your firm has a selfish interest in conflict with the public interest, and your letter states you are not supporting the administration's effort to secure its ratification. In your letter you assume a neutral attitude, but the record demonstrates you have in the past effectively opposed the administration's public-power program.

A policy of this administration vital to its success and of great importance to the people is the President's effort to free our natural resources from exploitation and control by private interests for extortionate private profit.

Our flowing streams are peculiarly adaptable to development and use for the public benefit. In his avowed purpose of removing credit, production, and transportation from selfish exploitation, the President has wisely insisted upon the public development of water power under terms which will insure to every home its maximum benefits in cheap and increased use of current and the relief of needless drudgery—in short, a richer life for the average American family.

In other countries resourceful business minds have been dedicated to this same great task. Adam Beck built the Ontario system to develop and distribute electricity virtually at cost. Henry Thornton, an American railroad official, was drafted by the Dominion Government to organize and operate the great transportation system of Canada, which pays high wages and charges low rates. Both of these men were early and open advocates of the development of the St. Lawrence for navigation and power.

We have the greatest industrial plant, the finest agricultural development the world has ever seen. We are richly endowed with natural resources. Once freed from the domination of selfish interests intent upon the maintenance of special privilege and speculative profits, our economic resources can be directed toward social ends and lift our people to a standard of comfort, leisure, and security hitherto unknown.

I am convinced that the ratification of the pending treaty to open the midcontinent to the sea, and to develop water power now wasted equivalent to the energy of 5,000,000 men, is an important step in promoting recovery and in fulfilling the destiny of this Nation.

If American financiers remain hostile to such broad national purposes, then I seriously doubt whether they can serve as a useful instrumentality of society when we succeed in eradicating the greed and ignorance that produced the depression.

You will recall the words of President Roosevelt in his inaugural address of March 4, 1933:

> "Plenty is at our doorstep, but a generous use of it languishes in the very sight of the supply. Primarily this is because the rulers of the exchange of mankind's goods have failed, through their own stubbornness and their own incompetence, have admitted their failure, and abdicated. Practices of the unscrupulous money changers stand indicted in the court of public opinion, rejected by the hearts and minds of men. * * *
>
> "The money changers have fled from their high seats in the temple of our civilization. We may now restore that temple to the ancient truths. The measure of the restoration lies in the extent to which we apply social values more noble than mere monetary profit."

The St. Lawrence Treaty will, in my opinion, be ratified. If the withdrawal of further opposition by members of your firm, even at this belated hour, is made effective, it will unquestionably be welcomed by the American people.

Very truly yours,

ROBERT M. LA FOLLETTE, JR.

Mr. LONG. Mr. President, will the Senator from Wisconsin yield?

Mr. LA FOLLETTE. I yield.

Mr. LONG. I was out of the Chamber for a few moments, and will ask the Senator to whom the letter the Senator has just read was addressed?

Mr. LA FOLLETTE. It was addressed to Mr. Thomas W. Lamont.

Mr. LONG. If the Senator will allow me to ask him another question: Did Thomas W. Lamont write the Senator from Wisconsin a letter, and is what the Senator has read an answer?

Mr. LA FOLLETTE. Yes; he wrote me a letter. If the Senator will read it in the RECORD in the morning, he will be fully informed.

Mr. LONG. Mr. Lamont wrote the Senator from Wisconsin criticizing the Senator's attitude on the treaty?

Mr. LA FOLLETTE. Questioning the accuracy of statements which I had made during the course of my speech. I read his letter at the beginning of my remarks, and I have now concluded the reading of my reply. In view of the urgency of the matter which the Senator from Tennessee desires to have considered, I should prefer not to go over it again at this time, but the Senator from Louisiana may have access to it in the RECORD.

Mr. LONG. Mr. President, as a matter of personal privilege, may I say that those of us opposed to this treaty, or some of us, at any rate, speaking only for myself, are not addressing any communications to Mr. Lamont. We do not care how he feels about the treaty; we have got the votes.

CIVIL-WORKS APPROPRIATION—CONFERENCE REPORT

Mr. McKELLAR. Mr. President, I present a conference report.

Mr. COPELAND. Mr. President, I think before we consider the report there should be a call of the Senate, if the Senator is agreeable to that course.

Mr. McKELLAR. Very well, Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	King	Robinson, Ind.
Ashurst	Cutting	La Follette	Russell
Bachman	Davis	Lewis	Schall
Bailey	Dieterich	Logan	Sheppard
Bankhead	Dill	Lonergan	Shipstead
Black	Duffy	Long	Smith
Bone	Erickson	McCarran	Steiwer
Borah	Fess	McGill	Stephens
Brown	Fletcher	McKellar	Thomas, Okla.
Bulkley	Frazier	McNary	Thomas, Utah
Bulow	George	Murphy	Thompson
Byrd	Gibson	Neely	Townsend
Byrnes	Goldsborough	Norris	Trammell
Capper	Gore	Nye	Tydings
Caraway	Harrison	O'Mahoney	Vandenberg
Carey	Hastings	Overton	Van Nuys
Clark	Hatch	Patterson	Wagner
Connally	Hayden	Pittman	Walsh
Coolidge	Hebert	Pope	Wheeler
Copeland	Johnson	Reynolds	
Costigan	Keyes	Robinson, Ark.	

Mr. LEWIS. I desire to announce the absence of the Senator from Virginia [Mr. GLASS] occasioned by illness, and the absence of the Senator from California [Mr. McADOO] who is detained from the Chamber on official business.

Mr. GIBSON. I announce the necessary absence of my colleague the senior Senator from Vermont [Mr. AUSTIN].

The VICE PRESIDENT. Eighty-two Senators have answered to their names. A quorum is present. The clerk will read the conference report.

The Chief Clerk read as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "are hereby extended, so far as they may be applicable, to employees of the Federal Civil Works Administration only for disability or death resulting from traumatic injury while in the performance of duty, subject, however, to the following conditions and limitations: (a) That the total aggregate compensation in any individual case shall not exceed the sum of $3,500, and that the monthly compensation shall not in any event exceed the rate of $25, both exclusive of medical costs; (b) that the minimum limit on monthly compensation for disability, established by section 6, and the minimum limit on the monthly pay on which death compensation is to be computed, established by clause (K) of section 10, shall not apply; (c) that the United States Employees' Compensation Commission, with the approval of the President, shall establish a special schedule of compensation for death and/or for the loss or loss of use of members or functions of the body, which compensation shall be in lieu of all other compensation in such cases; (d) that the rights of any person employed by the Federal Civil Works Administration to compensation or other benefits which may have accrued prior to and including the date of approval of this act under the provisions of the act of September 7, 1916, as amended (U.S.C., title 5, ch. 15), and/or the rules and regulations of the Federal Civil Works Administration shall terminate upon the date of the approval of this act; and thereafter compensation and other benefits to any such person for death or disability arising before or after the date of the approval of this act shall be paid in accordance with the provisions hereof; (e) that the said Commission is hereby authorized in its discretion to provide for the initial payments of compensation and the furnishing of immediate medical attention as herein provided through the local representatives of the Federal Civil Works Administration; (f) that no claim for legal services or for any other services rendered in respect of a claim or award for compensation, to or on account of any person, shall be valid unless approved by the Commission; and any person who receives any fee, other consideration, or any gratuity on account of services so rendered, unless such consideration or gratuity is approved by the Commission, or who makes it a business to solicit employment for a lawyer or for himself in respect of any claim or award for compensation, shall be guilty of a misdemeanor and, upon conviction thereof, shall, for each offense, be punished by a fine of not more than $1,000 or by imprisonment not to exceed 1 year, or by both such fine and imprisonment: *Provided further*, That traumatic injury shall mean only injury by accident causing damage or harm to the physical structure of the body and shall not include a disease in any form except as it shall naturally result from the injury: *And provided further*, That so much of the sum appropriated by this act as the United States Employees' Compensation Commission, with the approval of the Director of the Budget, estimates and certifies to the Secretary of the Treasury will be necessary for administrative expenses and for the payment of such compensation shall be set aside in a special fund to be administered by the Commission for such purposes; and after June 30, 1935, such special fund shall be available for these purposes annually in such amounts as may be specified therefor in the annual appropriation acts: *Provided further*, That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted on the date of the approval of this act, and except such sums as may be necessary for maintenance and operation of reemployment agencies, and medical, surgical, and hospital services, and for administration, supervision, inspection, disbursing, and accounting purposes, and printing and binding, in connection with State and/or local Civil Works projects"; and the Senate agree to the same.

Amendment numbered 4: The committee of conference have been unable to agree on the amendment of the Senate numbered 4.

KENNETH MCKELLAR,
CARL HAYDEN,
FREDERICK HALE,
Managers on the part of the Senate.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN FABER,
LLOYD THURSTON,
Managers on the part of the House.

The VICE PRESIDENT. Is there objection to the present consideration of the conference report? The Chair hears none.

Mr. McKELLAR obtained the floor.

Mr. COPELAND and Mr. GEORGE addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I yield first to the Senator from New York.

Mr. COPELAND. I want to speak with reference to the report, but I will wait until the Senator from Tennessee shall have concluded.

Mr. McKELLAR. It will not take long for me to say what I wish to say about it.

Mr. BONE. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield.

Mr. BONE. A parliamentary inquiry, Mr. President.

The VICE PRESIDENT. The Senator will state it.

Mr. BONE. Will this discussion confine itself to the provisions which relate to compensation?

Mr. McKELLAR. No. There were four items of difference between the House and the Senate. The conference has agreed upon three. There is one in controversy. If the Senator will wait a moment, I think I can explain to him just what the points of difference are.

Mr. President, the House receded from its disagreement to the amendments of the Senate numbered 2 and 3. Of those two amendments, one was offered by the Senator from Arkansas [Mr. ROBINSON], and simply extended the time for 1 year. The other was as to the amount of supplies or services that might be purchased without advertisement. It was increased from $100 to $300.

I take it there will be no controversy about those two amendments.

The next disagreement arose out of an amendment offered by the Senator from Arizona [Mr. HAYDEN]. If Senators will turn to page 2 of the Senate print of the bill, they will find in line 14 that it is provided, in the House text, that the provisions of the Federal Compensation Act—

> Shall not apply to persons given employment by the Federal Civil Works Administration, and any rights of such persons to compensation or other benefits which may have accrued under such act shall terminate upon the date of the approval of this act.

The Civil Works Administration had held that the Employees' Compensation Act applied to the Civil Works employees, and there have been some 14,000 claims filed—I think 42 death claims, the rest being claims of injury.

Mr. HAYDEN. One hundred and forty-two death claims have been filed.

Mr. McKELLAR. One hundred and forty-two death claims? It was estimated by the Department that under the Compensation Act as it now exists $14,000,000 would be required to pay the claims for injuries thus far sustained.

Under those circumstances, the Senator from Arizona offered a modification of the Compensation Act as it applies to Civil Works employees, it being well understood that these employees were not examined before they were put to work; and it also being understood that, as their work was short, perhaps it was not necessary to apply the full measure of compensation provided in the Compensation Act.

That amendment is found on page 3 of the print of the bill showing the Senate amendments. It provides that the total aggregate compensation in any individual case shall not exceed the sum of $5,000, exclusive of medical costs. It also provides that the monthly allowance shall be as fixed by the Compensation Commission, and has various other differences, but those are the principal ones.

When the bill went to conference the conferees, cooperating with the Compensation Commission and with those interested in the amendment, reached a compromise provision, the one that has been read by the clerk at the desk.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Nebraska?

Mr. McKELLAR. If the Senator will let me finish my statement about this portion of the report matter, then I will yield to him.

The compromise provision substantially provides as follows: Instead of allowing a maximum of $5,000 for any one injury, the maximum was fixed at $3,500. Instead of allowing what the Compensation Commission usually accords by way of monthly compensation, some fifty-odd dollars, the limit of the monthly compensation for injuries was fixed at $25. Hospitalization, medical treatment, and matters of that kind were included just as in the Compensation Act.

Those are the principal differences.

As to the cost, it was estimated that $14,000,000 would be required to pay for injuries that have been sustained up to date.

Under the new or amended provision placed in the bill by the conference committee it is believed by the Compensation Commission that $14,000,000 will take care of all the damage, including hospitalization. It is estimated that the cost of claimed damage, both for death and for injury, will amount to $9,000,000, and that hospitalization and medical treatment will amount to $5,000,000 more, making $14,000,000 in all.

I think I should say that injuries, by reason of illness, were excluded from this measure as it now stands unless the illness was due directly to the traumatic injury which the employee received, and that traumatic injury is defined in the bill. It is an injury arising from violence. Illness that is caused directly from a blow or violence is compensable, but no other.

Now I yield to the Senator from Nebraska.

Mr. NORRIS. Mr. President, I wish the Senator would explain to us in a general way the nature of these claims. It is startling to learn that $14,000,000 will be required to pay them when this work has been going on for only a few months.

Mr. McKELLAR. Just about 3 months. The figures were also startling to me.

Mr. NORRIS. I can hardly understand how there could be so many injuries in that length of time.

Mr. McKELLAR. Of course, the large number of claims indicates the frequency of injuries.

Mr. NORRIS. What do the claims comprise?

Mr. McKELLAR. Every conceivable kind of claim has been filed. As I understand, there have been 142 deaths, and 14,000 claims for personal injury have been filed. Remember that 4,000,000 men were put to work. They were put to work very quickly. They were employed on every conceivable kind of work, and many of them, up to the number of 14,000, were injured. It may be that most of the injuries were trifling. I do not know. The Compensation Commission does not know. They have not had time to find out. The Commission have not yet had time to go over these claims, and, therefore, no data could be ascertained. I desire to say, however, that it seems to me that the provisions contained in the measure as reported from the conference committee are absolutely fair in every way.

Mr. NORRIS. Mr. President, let me ask the Senator another question.

Mr. McKELLAR. I am glad to yield.

Mr. NORRIS. Assuming that the compensation law applies—and I suppose it does, from what the Senator has said——

Mr. McKELLAR. I do not know whether it applies as a matter of law or not, but it was held by the Commission to apply.

Mr. NORRIS. Very well. Suppose that law applies: Can we, by the passage of the bill we now seek to enact, avoid the payment of claims that would lawfully be found to be due under the law as it existed at the time the claims arose and the injury was suffered?

Mr. McKELLAR. I think we can make any rule about it that we see fit; and I desire to say that while there were all kinds of views expressed in the conference, the conferees undertook what they looked upon as a hard job, and worked out a plan that met the approval, if I mistake not, of every conferee; did it not?

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. McKELLAR. I think every conferee approved it. I think it is a very, very fair plan; and I feel that it is very much better than the one we had to take so hastily on the floor of the Senate.

I yield to the Senator from Maryland.

Mr. TYDINGS. The Senator has stated that 4,000,000 people have been employed.

Mr. McKELLAR. Yes.

Mr. TYDINGS. He has also stated that there have been filed 14,000 claims for injury.

Mr. McKELLAR. Yes.

Mr. TYDINGS. That means that 1 person has been injured out of less than every 300 people employed in the short while they have been working. If they shall work a year, therefore, probably 1 out of every 150 who work will be injured.

Mr. McKELLAR. All I can say to the Senator is that the Compensation Commission, having large experience and quite accurate information about these matters, are of the opinion that $9,000,000 will take care of all the claims. By the way, the amount is taken out of this appropriation and segregated for that purpose, so that there will be no further trouble about it.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. McKELLAR. Yes.

Mr. TYDINGS. I have no way of knowing how many of the 14,000 will ultimately have their claims approved.

Mr. KING. And get pensions, too.

Mr. TYDINGS. But if they have been permanently injured, they will get pensions; and if they have not been permanently injured, they will get compensation in the meantime. What I rise to say is that it seems to me that these figures for injuries are much higher than would prevail in similar normal private industries.

Mr. McKELLAR. I do not know about private industries, but they are about 40 percent of what the compensation act now provides for; and so far as death claims are concerned, they are very considerably less.

Mr. WAGNER and Mr. COUZENS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I believe the Senator from New York rose first. I yield first to him. Then I will yield to the Senator from Michigan.

Mr. WAGNER. Mr. President, as to private industry, I was going to suggest that employees of private industry come under the State laws.

Mr. McKELLAR. Yes.

Mr. WAGNER. Nearly all the State laws include compensation acts, and I will venture to say that there is not one of them that has as low an allowance as is provided under the amendment which has been adopted. We do not treat these people nearly as well as we treat the employee engaged in ordinary public construction work for the Federal Government and certainly not as well as the employee in private industry is treated under State laws.

Mr. KING. Are they employees in the proper sense?

Mr. WAGNER. Certainly they are employees in the proper sense; and I think the insinuation that they are something else is unjustified. They perform work, just as do the workers on any other public projects. They are men of flesh and blood, like other men. They are men who have hopes and aspirations. They are men who have helped to create the wealth of this country. Why should not they enjoy some of its benefits; and why should we ask them to carry the main burden of this depression? We are interested in seeing that they have justice.

Mr. McKELLAR. The Senator is correct in the statement that this is a very moderate compensation law. It is virtually a new compensation law, put in here because we had the right to do it under the amendment the Senate adopted. It very greatly modifies the present compensation law in regard to Federal employees; and to my mind, and I think to the mind of every member of the conference committee, both in the House and in the Senate, it is a very fair adjustment of a very difficult situation.

Mr. COUZENS Mr. President——

Mr. McKELLAR. I yield to the Senator from Michigan.

Mr. COUZENS. Does the Senator know whether any of the claims have been paid?

Mr. McKELLAR. Yes; some $2,000,000 have already been paid out under the compensation law; but hereafter these claims will be adjusted under this measure, if it shall become a law.

Mr. COUZENS. Does the Senator from Tennessee, who is usually liberal and fair, and has been known in this body as a liberal Senator for many years, endorse the taking of a few million dollars out of the hands of the men who of all our population most need it? The Senator stands here and pleads for taking a few million dollars from men who have been injured, men who had to take work for which they were not fitted, in many cases, and when they become physically injured, this great Federal Government is asked to take from them a few million dollars so as to save appropriations. I am surprised.

Mr. WAGNER. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I will yield in just a moment. I feel that the Senator from Michigan does me an injustice. We all realize that there is some difference between the workers to whom this proposed legislation applies and other workers of the Government regularly employed. In the first place, these workers have been employed for only a short time, and have been employed for a special purpose. In the next place, they were not physically examined, and therefore compensation for illness could not be added.

By reason of the great number of claims that were presented, it seemed to us that there ought to be a modification. We wanted to be fair. There is not a member of the committee who did not want to be fair to the workers. Surely I want to be fair to them. I have no desire otherwise, and I am not particularly desirous of saving money in this matter. We are taking the money out of the appropriation that is made for this work. It all goes to the workers anyway, and it is just a question of fairness between the workers themselves. That is the reason why I support this arrangement.

Mr. KING. Mr. President, I should like to ask the Senator whether compensation is to be paid indefinitely, or is to terminate when the work of this organization shall be ended?

Mr. McKELLAR. It is to be paid more or less indefinitely, it is true, but the administrator of the work is required to set aside such sum as he and the Budget Director may determine may be necessary for the payment of these claims, and it is to be paid out of this money.

Mr. HAYDEN. Mr. President, if the Senator will yield, the maximum amount that can be paid to any one person is $3,500, and the maximum payment per month is $25.

Mr. McKELLAR. That is correct.

Mr. HAYDEN. So that there can be payments of $25 a month for about 11 years. That is the total time for which such payments can be made.

Mr. McKELLAR. The amount is to be segregated and put into a fund by itself for the purpose of paying these claims.

Mr. WAGNER. Mr. President, did the committee take into consideration at all what happens to these workers if they are seriously injured, perhaps sustaining some permanent disability, making it necessary for them to live upon $25 a month, perhaps with dependents?

Mr. McKELLAR. Yes; I think the committee took into consideration every possible argument. I remember my liberal friend, the senior Senator from New York [Mr. COPELAND], who always has a big heart in dealing with such matters, discussed every possible phase of the situation.

Mr. COPELAND. Mr. President, I hope the Senator will not give the impression that I overstated the case.

Mr. McKELLAR. I thought, perhaps, the Senator did, but I was not sure.

Mr. COPELAND. I want to assure the Senator that I did not, and I desire to speak on that subject.

Mr. GORE. Mr. President, will the Senator yield to me?

Mr. McKELLAR. I yield.

Mr. GORE. Before the Senator passes from this point, I merely wish to observe that I do not think it is necessary for Senators to worry or to weep for other opportunities to spend the taxpayers' money. This amendment is the very small nose of a very large camel, and the camel will occupy the tent before many moons have waxed and waned.

Mr. McKELLAR. Mr. President, this disposes of what was done in the conference as to the items on which we did agree. The House has adopted the conference report, and it is now before the Senate. There is one point of disagreement.

Mr. COPELAND. Mr. President, will the Senator yield for a moment?

Mr. McKELLAR. I yield.

Mr. COPELAND. Did not the Senator overlook another amendment, which relates to the limitation on expenditures of money? It is that particular one about which I want to speak pretty soon.

Mr. McKELLAR. Yes. The Senate struck out the House provision limiting the expenditure of the appropriation in connection with Federal projects. The two propositions are in one amendment, and for that reason that was overlooked by me.

A provision was submitted in the House and agreed to in the House on the floor, as I remember, to the effect that no more money should be spent on Federal projects. That was agreed to with a modification, and the modification was that where the projects had already been started, where they were incomplete, they were to be continued, but that otherwise Federal projects should not be paid for out of this appropriation.

To be frank with my friend the senior Senator from New York, that was what I understood he disagreed to. My understanding at the time was that he agreed to the compensation provision, but wholly disagreed about Federal proposals. That was the result of a compromise. We compromised on that, as we compromised in regard to the compensation provision, and that is before the Senate for its consideration.

Mr. President, I come very briefly to the last provision about which there was a disagreement. That was a provision which was inserted by the Senate, and is in the following language:

> Any State director or administrator for any State whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President by and with the advice and consent of the Senate.

As I remember, the Senate Committee on Appropriations unanimously rejected that amendment. On the floor of the Senate, as Senators will remember, the amendment was overwhelmingly inserted. I think a majority of the members of the committee, even, voted for it.

When we got to conference the House conferees would not consider the amendment at all. They urged several reasons why they would not. One was that if it was to apply to administrators, the administrators had practically all been appointed, and it would be a cumbersome and perhaps a futile thing to now undertake to change the administrators. It would make for great confusion. That was their argument.

Mr. CLARK and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Tennessee yield; and if so, to whom?

Mr. McKELLAR. I will yield in just a moment. It was pointed out also that it was to apply to any State director or the administrator for any State whose duties involved the disbursement of funds in the State.

The remarkable part about it is that all of the funds are disbursed by officials of the Veterans' Administration, and not by the officials of this administration at all, and probably would not reach them in any way, so that if the amendment should be enacted as the Senate adopted it, it would not do what was expected.

At all events, every conferee on the part of the House opposed the amendment, those conferees said they would never agree to it, and under the suggestion that was made here the other afternoon at the instance of the Senator from Missouri [Mr. CLARK] I have brought the matter back, and in regard to that I believe I shall make two motions, one to agree to the conference report and the other to recede from that amendment. I first move that the Senate agree to the conference report.

Mr. CLARK. Mr. President, will the Senator yield to me now?

Mr. McKELLAR. I yield.

Mr. CLARK. When I discussed this matter with my friend, the Senator from Tennessee, last Saturday, I understood the Senator to say that the House conferees refused even to discuss the McCarran amendment. I just want to find out what the fact is. The House has been very arbitrary in its attitude in many conferences in recent months, and I should just like to develop the fact that the conferees on the part of the House refused to discuss an amendment that was adopted in the Senate by a 2-to-1 majority.

Mr. McKELLAR. I think that would be carrying the matter a little too far. The record of the conference shows that there were really five amendments before the conferees. The conferees on the part of the House agreed to two of the Senate amendments outright, without any equivocation, without any change. Two others they agreed to with amendments, and this one amendment they rejected outright.

Mr. CLARK. Mr. President, that is the old Army game. So far as conferences are concerned, the House is always very willing to yield on inconsequential amendments, and the amendments on which the Senate yields are such as are in controversy. It is merely bait to catch gudgeons.

Mr. McKELLAR. As to what is consequential and what is not is merely an opinion.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I yield.

Mr. LONG. I was very much impressed with the Senator's statement that confusion would be added. I was wondering whether that rule would not apply to post offices and everything else?

Mr. McKELLAR. I stated that that was the position that was taken by the House.

Mr. LONG. If they take that position, it would apply to post offices and United States attorneys and everything else.

Mr. McKELLAR. If there are any other questions, I shall be glad to answer them, if I can. If there are no other questions, I yield the floor to my good friend from New York [Mr. COPELAND].

Mr. COPELAND. Mr. President, I have been a Member of the Senate for 11 years, and it so happens that during that time I have not served on a conference committee more than half a dozen times. I have been very much

interested, however, when conference reports have come to the floor of the Senate, to hear protests against the abject surrender of the Senate to the House. I desire to call attention, not to the abject surrender of the Senate conferees in this matter but to the joyful, happy, enthusiastic, eager surrender to the House. We won as to two amendments. One was because there was a mistake in the bill as to the year, "1933", and we put in an amendment making the date "1934." We won as to that amendment.

Mr. CLARK. Did the House recede?

Mr. COPELAND. The House receded. Then there was a question about whether the Civil Works Administration could spend $100 or $300. We won that. The House surrendered. But when it came to the vital parts of the bill I want to say that the House Members were just wonderful in their teamwork. I like them personally, and, so far as their teamwork is concerned, I must say it is superb. What did we do? The bill provides for an appropriation of $950,000,000. We are going to spend $950,000,000 anyway. My friend from Oklahoma [Mr. GORE] bows his head in acquiescence—but how are we going to spend it?

There was a provision in the bill as it came from the House originally, which is to be found at the bottom of page 2 of the bill:

> That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government.

The Senate unanimously struck that from the bill. But what do our valued conferees bring back? They bring this provision back:

> That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of projects for the improvements of Federal lands or public property in progress and uncompleted on the date of the approval of this act.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from New York yield to his colleague from New York?

Mr. COPELAND. I yield to my colleague.

Mr. WAGNER. Does that not in effect mean that hereafter none of the Civil Works Administration funds may be expended upon Federal projects?

Mr. COPELAND. That is exactly what it means, and I desire to point out what it means in numbers of men. If the Senate accepts the amendment and the House approves what we do today, there will be 210,000 men and women now engaged in activities in our country, representing every State and practically every county in every State, who will be thrown into the street. Then, will we save anything? We will not, because those men and women will then go back on the dole.

Senators, I say we should spare the self-respect of such people. And, more than that; why not make use of such unemployed persons, unemployed except for the provision we make, in doing work of value for our country? Let me show what it means.

Mr. WAGNER. Mr. President, will the Senator further yield?

Mr. COPELAND. I yield.

Mr. WAGNER. I rise simply for the purpose of emphasizing a point that I am sure my colleague overlooked for the moment. In addition to the workers which the Senator now says will be thrown out of employment if we adopt the amendment, there is under the appropriation, after we make it, an amount so inadequate that 250,000 workers will lose their jobs every week from now on.

Mr. COPELAND. Besides the 210,000?

Mr. WAGNER. Yes; in addition to the 210,000 to whom the Senator referred. So it means that we will have between 400,000 and 500,000 workers thrown out of employment immediately.

Mr. BYRNES and Mr. BONE rose.

The VICE PRESIDENT. Does the Senator from New York yield; and if so, to whom?

Mr. COPELAND. I yield first to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I should like to ask the Senator from New York if he will explain the provision in little greater detail. As I understand, the language of the House prohibited the use of the funds upon Federal projects. The conference report modifies that to permit the use of funds for the completion of projects under construction.

Mr. COPELAND. Projects on Federal lands or public property.

Mr. BYRNES. Projects on Federal lands. The funds would still be available provided they were used only upon State, county, or municipal projects?

Mr. COPELAND. That is true.

Mr. BYRNES. But so far as concerns the number of men employed, I do not understand that it would necessarily mean that they would be dismissed from employment, but it would mean that the Government of the United States could not spend any of its own money on its own projects?

Mr. COPELAND. That is true.

Mr. BYRNES. But it could spend it upon State, county, and municipal projects?

Mr. COPELAND. Yes; it could do that. That, however, would mean a complete reorganization and a complete replacement of such men.

I now yield to the Senator from Washington.

Mr. BONE. I notice, Mr. President, that the proposal of the House conferees, on the second page of the report, provides—

> That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of the projects for the improvement of Federal lands or public property in progress—

And so forth.

That is the amendment. Certainly the language, "or public property", is broad enough to include State property or municipal property, which might seem to indicate that a part of the moneys for C.W.A. work are allotted directly to P.W.A. work. The language at least lends itself to that suggestion.

Mr. COPELAND. No; the Senator is wrong about that. The work would have to be under the C.W.A., but the C.W.A. might take on some other State activities.

Permit me to place the whole picture before the Senate. Mr. Hopkins has made, in my opinion, a magnificent Director of this Service. I think every member of the Appropriations Committee was impressed by his presentation. He frankly told us how difficult it has been to find projects—to find things to do. I asked him how many unemployed lawyers there are to be taken care of. He said 3,000. Somebody wanted to know about the doctors, and he found about that many.

Let me show the Senate what kind of projects are going to be stopped. Here is one—a census of American business. This survey is to be taken in conjunction with the regular biennial census of manufactures. If Senators have read the survey reports and have understood how necessary the surveys seem to the business world, they will appreciate that it is a wise thing to spend some money on such work and to give people employment thereon. How many were put to work on the survey and how many are working on it today—17,233.

Here is the directory of American business, a directory of real property, which is an inventory taken under the direction of the Department of Commerce, on which are engaged 9,000 men.

There are 2,000 men employed in the work of listing urban tax delinquencies.

Five thousand men are employed in connection with national relief centers.

On the study as to railroad employees 2,000 men are engaged.

Photo-mapping: It was found necessary to find work for engineers and photographers who were out of work, so the use of the aerial camera was supplemented by ground surveys, surveys which are of great value in time of war, and of great value when State programs are contemplated. There are 2,000 men employed in such work.

In the gathering of labor statistics 1,000 persons are employed.

In the Department of Commerce the Coast and Geodetic Survey has for years been trying to arrange a program of triangulation, which, however, was found to be impossible because of other demands made upon its funds. There are 15,000 engineers who have there found work and are now employed in making public surveys.

We find that in the Gila watershed in Arizona 1,654 men will be put out of work tomorrow if the bill shall pass.

The people employed upon activities I have mentioned have been clerks, who have been employed many times in supervisory positions in offices, and are the kind of persons difficult to locate in business and in other activities, but in these projects places have been found for them.

In connection with the work to prevent erosion in the major watersheds—a matter of particular interest to the West—1,800 men will be put out of work tomorrow morning if the bill shall pass.

Mr. McKELLAR. Mr. President, is this work on public land?

Mr. COPELAND. No; this is not on public land.

Mr. McKELLAR. On private land?

Mr. COPELAND. This is on private land. I checked all these projects over with Mr. Hopkins' office.

Mr. McKELLAR. But any one of the projects can be designated by the State authorities and the work can proceed just as before.

Mr. COPELAND. Here is the work concerned with American ethnology on which several thousand men are employed.

City and regional planning, and so forth.

What does it mean if such work shall cease? It means that there is not a State in the Union which will not have 5,000 fewer men employed tomorrow morning. Tennessee will have 6,000 fewer men; Pennsylvania will have 5,000 fewer men; Maryland, 6,000; Virginia, 6,000.

Mr. President, it seems incredible that we should have surrendered as we have in this matter. If we were going to save some money, if we were going to save these millions of dollars, it would be different; but we are not going to save anything. We are going to take these self-respecting citizens, these brothers and sisters of ours, and put them on a dole. Instead of planning suitable respectable work for them, we are going to make them come up with a tin cup and get their share of the distribution. It is unthinkable.

Mr. President, I am not alone in thinking as I do about this project, for certainly many of my colleagues also believe that we have abjectly surrendered on the matter of compensation. We ought to send the report back to the committee with instructions to go into conference again.

I do not know what the procedure is to accomplish that end. Is it in order for me at this time to move to recommit the bill?

The VICE PRESIDENT. The Senator from Tennessee [Mr. McKELLAR] has moved to adopt the conference report. The present occupant of the chair is of the opinion that so far as ordinary parliamentary law is concerned when one House has adopted a conference report a motion may not be made to recommit the report to the conference committee.

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Is it not a fact that the same purpose would be accomplished by voting down the motion to adopt the conference report?

The VICE PRESIDENT. If the Senate refuses to accept the conference report, that is tantamount to sending the matter back to conference. The question is on agreeing to the conference report.

Mr. CLARK. Mr. President, on a matter of this importance I think we should have a quorum present. Therefore, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Brown	Byrnes
Ashurst	Bankhead	Bulkley	Capper
Bachman	Bone	Byrd	Caraway
Clark	Gore	Murphy	Smith
Connally	Harrison	Neely	Steiwer
Coolidge	Hatch	Norris	Stephens
Copeland	Hayden	Nye	Thomas, Utah
Costigan	Hebert	Overton	Thompson
Couzens	La Follette	Pittman	Townsend
Davis	Lewis	Pope	Trammell
Dieterich	Logan	Reynolds	Tydings
Dill	Lonergan	Robinson, Ark.	Vandenberg
Duffy	Long	Robinson, Ind.	Van Nuys
Fess	McCarran	Russell	Wagner
Frazier	McGill	Schall	Walsh
George	McKellar	Sheppard	Wheeler
Gibson	McNary	Shipstead	

Mr. LEWIS. I desire to announce that the senior Senator from Virginia [Mr. GLASS] and the senior Senator from Kentucky [Mr. BARKLEY] are detained from the Senate by illness.

I also wish to announce that the junior Senator from California [Mr. McADOO] is necessarily detained from the Chamber.

The PRESIDING OFFICER (Mr. HARRISON in the chair). Sixty-seven Senators answered to their names. A quorum is present. The question is on agreeing to the conference report.

Mr. McKELLAR. Mr. President, before we vote let me say to the Senate that the conference committee certainly tried to arrange this matter to the best of our ability. We have submitted the report. It is absolutely necessary that the bill pass at the earliest possible moment. I hope the conference report will be adopted.

Mr. HAYDEN. Mr. President, before the Senate votes I think it only fair to state the position of the House of Representatives with respect to its prohibiting further expenditures of Civil Works funds on Federal projects. The House conferees took the position—and that is the position of the House itself—that Congress has for years studied the necessity for various Federal appropriations and that, in connection with the Civil Works Administration, projects were allowed and approved that have been denied time and time again by the Congress. The feeling in the House is that, if Federal funds are to be expended for relief work, better results will be obtained through projects initiated by the States, counties, and municipalities rather than by Federal departments.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HAYDEN. Let me first finish my statement, if the Senator from Missouri will permit.

Congress, through the Civil Works Administration, put 4,000,000 men to work. Mr. Hopkins' testimony before the Committee on Appropriations is that there are now at work on Federal projects about 260,000 people out of the 4,000,000; so that the proportion of persons affected is only about one fifteenth of total who have been employed. The compromise which the conferees arrived at was that any of the existing projects that involved the improvement of Federal lands or public property could go on; but other projects, where such lands or property was not improved, should be stopped.

Mr. COPELAND. Mr. President, will the Senator yield at that point?

Mr. HAYDEN. I yield.

Mr. COPELAND. The Senator will agree, however, that they can go on only until those particular projects are completed.

Mr. HAYDEN. Yes.

Mr. COPELAND. No new projects can be entered upon.

Mr. HAYDEN. The reference is to projects that have been initiated. If, for example, the Civil Works Administration is now building a road in a military reservation, the road may be finished. If that Administration is doing what the Senator from New York referred to a few moments ago, engaging in an erosion-control project on the headwaters of the Gila River, the work may go on because it is for the improvement of Federal lands which are either a part of the public domain or within a national forest. Any project heretofore commenced within a national park, an Indian reservation, or for the improvement of any land, the title to which is in the United States, may be carried on to completion. The same is true of all public property. If a mural

is being painted in a Federal building, the artist may be paid to finish his work because it improves public property. Authority to do that is made perfectly clear. The conferees of the House take the position that if the proper committees of each branch of Congress hold exhaustive hearings, examine carefully into the merits of various Federal projects, and authority to carry them out is denied by the Congress, we should not open up an avenue where the departments and other governmental establishments may obtain the money without congressional approval.

Mr. WAGNER. Mr. President——

Mr. HAYDEN. The view of the House of Representatives is that inasmuch as Federal projects comprise but a comparatively small proportion of the total sum of money to be expended, and since Mr. Hopkins testified that, while it may not have been true in the beginning, there are now an abundance of State, county, and municipal projects, and it is therefore certain that he can put more men to work than he has the funds to pay them under this bill. Consequently, the number of persons to be employed will be the same. There will be some shifts in how and where they are employed. That is the effect of the amendment.

Mr. McKELLAR. Mr. President, will the Senator yield for just a moment?

Mr. HAYDEN. I yield.

Mr. McKELLAR. Some of these are projects either that there are already appropriations for or that have been turned down by the House time and again.

Listen to this for just a minute. These are the kinds of projects that the Senator from New York would have put in:

Citrus canker.
Eradication of "phony" peach.
Dutch elm disease control.
Potato-weevil eradication.
Mosquito-pest control.
Gypsy-moth control.
Cattle-fever eradication.
Tick eradication.
Typhus-fever control.

Those are the kinds of projects that are affected here, but wherever there are public projects on public lands or public property they go on just as before. The States should have the right to say primarily where this work should be done and the men employed.

Mr. HAYDEN. One other point I desire to make is that, as shown by Mr. Hopkins' testimony, on State, county, or municipal projects the requirement is that the State or local authority shall furnish the material with the result that States, counties, and municipalities have added to the total expenditures to the extent of $175,000,000 by contributing the cost of materials. So the money appropriated by Congress goes much further than it otherwise would.

Mr. McKELLAR. Thereby putting more men at work.

Mr. HAYDEN. The Federal Government merely meets the pay rolls, and the locality provides the money for materials.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. HAYDEN. I yield.

Mr. CLARK. I desire to ask the Senator if he does not think it is rather late in the day to be raising the question of the study that heretofore has been made by Congress of Public Works projects, inasmuch as we have granted a much larger sum of money than we are granting to the C.W.A. to the P.W.A., which has consistently disregarded not only the study heretofore made of public works by Congress but even the enactments of Congress, which has held up projects for which Congress has actually appropriated the money, and appropriated money for a vast number of projects which theretofore had been turned down by Congress.

Mr. HAYDEN. I will state to the Senator that the House conferees frankly said that they not only proposed to establish the principle in this bill but firmly asserted that when any future appropriations for public works came before that body they intended to apply the same limitation. The House appears to be entirely willing that money from the Treasury may be expended to relieve distress and unemployment on State, county, and municipal projects, but insist that Congress shall appropriate funds for Federal projects.

Mr. WAGNER. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from New York?

Mr. HAYDEN. I yield to my friend.

Mr. WAGNER. I think by inadvertence the Senator from Tennessee made a statement that was not accurate when he said that so far as public projects are concerned, the powers continue just as they are now.

Mr. McKELLAR. Yes. Will the Senator yield to me?

Mr. WAGNER. May I finish?

Mr. McKELLAR. Certainly.

Mr. WAGNER. I understand that that is the case only to the extent of completing projects which have been undertaken.

Mr. HAYDEN. That is correct.

Mr. WAGNER. But there is a prohibition against undertaking any new Federal projects.

Mr. McKELLAR. That is exactly what I said.

Mr. WAGNER. The Senator intended to say that, I am sure.

Mr. HAYDEN. Employment on Civil Works projects has been going on for 2½ months. Congress is by this bill appropriating money to carry it on for 2½ months more. Any project that involves the improvement of public property or Federal lands may be continued under this provision in the bill, but there is no authority to initiate a new Federal project of any kind.

Mr. WAGNER. Mr. President, it seems to me to be a late day to interfere with the administration of Mr. Hopkins, which has been lauded as doing a real job in the way of employing workers. Now, we are attempting to interfere with that very efficient administration.

Mr. TRAMMELL obtained the floor.

Mr. COSTIGAN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Colorado?

Mr. TRAMMELL. I do.

Mr. COSTIGAN. Does the Senator from Arizona dispute the figures given by the Senator from New York [Mr. COPELAND] with respect to increased unemployment which will follow the approval of the conference report?

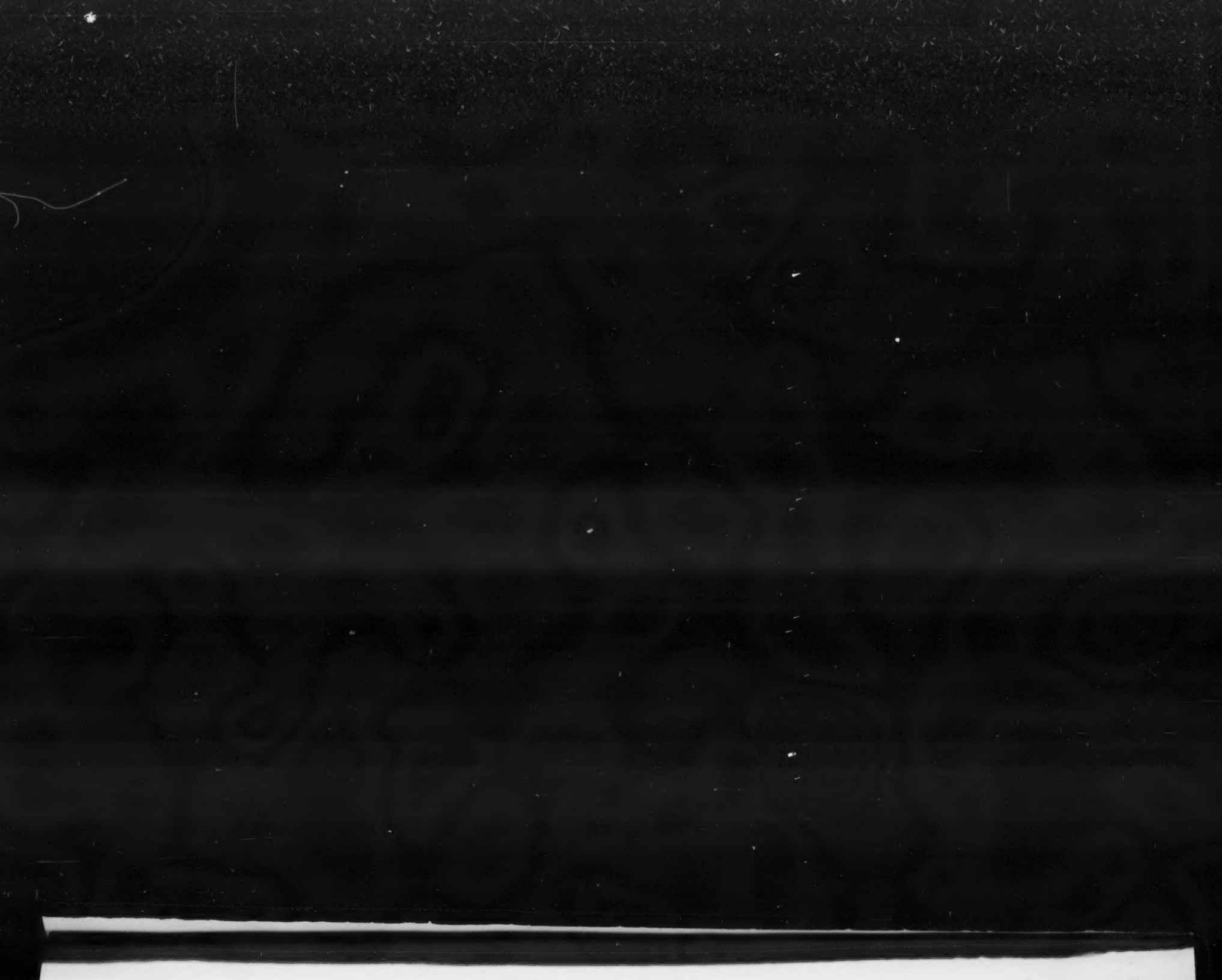
Mr. HAYDEN. According to Mr. Hopkins' testimony, 260,000 out of 4,000,000 men were employed on Federal projects. A number of the projects that the Senator from New York cited are on Federal land and for the improvement of public property. Exactly how many men would be thrown out of work I cannot say, but this is true in any event:

The Civil Works Administration now has about 2½ months to go. That is about 11 weeks. It is the avowed intention, and publicly understood, that beginning in the South and coming North as the planting season advances, men will be laid off, so that, in any event, as their services are no longer needed, there will be discharges. There will have to be some discharges under this House provision as amended in conference. It must be remembered that the original House provision would have instantly brought to a stop all Federal projects. We compromised by allowing Federal lands and public property to continue to be improved.

Mr. COSTIGAN. It is my understanding that the Senator from New York suggested that instead of 250,000 men and women being laid off in one week, if the conference report is approved, approximately 500,000 men and women will become unemployed in that brief period of time.

Mr. HAYDEN. That is a matter of opinion; but I am inclined to believe that the Senator from New York overstated the number.

Mr. McKELLAR. Mr. President, if the Senator will yield to me, I will state that if the States and municipalities select a project, it will be found that they furnish the material to a very large extent, and it will bring more money into the project. A greater number of men will be employed if the States select the project than if the Federal Government selects the projects.



Mr. COSTIGAN. Answering the able Senator from Tennessee, may I ask how the State will indicate its selection?

Mr. McKELLAR. It indicates it simply by what it has done in the past, time and again. The States have furnished in the way of material something like one hundred and seventy-five or two hundred million dollars. When the States select the project, and when that material is paid for by the States, it furnishes that much more work for the workers to do; and in my judgment—of course, it is largely a matter of opinion—there will be more men employed if the States and the municipalities and the counties select the projects than if the Federal Government selects them.

Mr. COSTIGAN. Reframing my question, I wish to ask the Senator from Tennessee through what State agency the State will indicate its selection of a particular project.

Mr. McKELLAR. Through the State welfare agencies.

Mr. HAYDEN. Mr. President, the Civil Works system is superimposed upon the relief system. There was a relief agency in every State to disburse the money granted to the States for relief. Along came the Civil Works, and they used the same agency for selecting projects.

Mr. McKELLAR. Let me call attention to what Mr. Hopkins said on this very subject about an increase in work if the State furnished the project. I read from the testimony:

Senator McKELLAR. For the record, do you recall about how much in dollars it amounted to?

Mr. HOPKINS. Five hundred million dollars in wages and $200,000,000 in materials will be approximate amounts that will be spent in the Civil Works enterprise up until about the 10th day of February.

Senator HAYDEN. That is, by a combination of funds?

Mr. HOPKINS. Local, State, and Federal funds—all funds. From my point of view, the more money spent for materials the better, because the more material funds you spent the better your projects are.

Senator McKELLAR. And it is helpful to the entire country.

Mr. HOPKINS. Yes. In the main, we have tried to avoid projects that would require a continuing budgetary expense on the cities, the counties, or the States.

In other words, where States, counties, and cities, through their welfare agencies select the projects, in most instances they pay for the materials which go into those projects and thereby increase the number of those employed out of the fund.

Mr. COSTIGAN. Mr. President, for my part I am still in the dark as to the relation of the conference report to immediate future unemployment, and I trust that the senior Senator from New York will, with the permission of the Senator from Florida, enlighten us again on that subject.

Mr. COPELAND. Mr. President, will the Senator from Florida yield?

Mr. TRAMMELL. I yield.

Mr. COPELAND. I have in my hand a yellow sheet, containing the figures prepared for me by Mr. Hopkins' office, which show that 209,828 persons will be put out on the streets the minute this bill shall become a law. They will be taken care of out of relief funds. Six weeks from now or 2 months from now, by the time the States awaken to the operation, an appeal might be made for some C.W.A. money, but in the meantime 210,000 men, in addition to those who are going to be dropped by the Administration anyway, will be discharged.

Mr. BYRNES. Mr. President, will the Senator from Florida yield.

Mr. COPELAND. I want to tell the Senate who the men are. They are the specialized groups, the artists, the engineers, the clerks. There are 16,000 men working on the Tennessee Valley project, not on public land alone, but on all the land there, laying out mains, deciding what land to clear, where electric lines shall be established, and so forth. So 210,000 men and women will be put out of work if this conference report shall be adopted.

Mr. WAGNER. Mr. President, may I add one word to what my colleague has said? He expressed the hope that the men who lose their employment may be reemployed upon State projects. May I recall to the Senate that under the C.W.A. appropriation, so far as employment is concerned, a demobilization has already begun, under which 250,000 workers, men and women, are to be demobilized each week from now until May 1, by which time a complete demobilization of 4,000,000 men is expected. So there is very little hope that these men can be reemployed upon State projects.

Mr. COPELAND. I think my colleague is entirely right in that regard.

Mr. BYRNES. Mr. President, if the Senator from Florida will yield, I should like to ask the Senator from New York one question; and there are many of us who would like to have this information. If the conference report provides that the administration may continue to employ these men upon Federal projects now under construction, how can it be said that the adoption of the conference report would put men out of employment? Is it not more correct to say that from the date of the adoption of this report men cannot be employed on Federal projects to be hereafter undertaken, than to say that men are going to be put out of employment if this report provides that all Federal projects heretofore undertaken shall be prosecuted to completion?

Mr. COPELAND. Mr. President, I wish the Senator were right about that, but he is not. The report provides that—

No part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of projects for the improvement of Federal lands or public property.

The men could not make any of the surveys on which they are working. That is physical work upon "Federal lands or public property." It is not the sort of specialized work which has been set aside and delegated to this relief agency by the different departments of the Government.

The position I take is the position taken by the Civil Works Administration. It does not wish to be limited. We ought not to limit it. If we have faith in Mr. Hopkins—and I have; I would stand here against all comers in my support of him—we should leave him unembarrassed.

Think of the amount necessary, think of the effort in order to find projects where white-collar people may be employed. If this conference report shall be adopted, it will mean that the laborer with the pick and shovel, who can go out and build roads in parks and can dig ditches on public lands, is to be provided for, but there will be no work to be done by the white-collar class.

Mr. BYRNES. Mr. President, the contention of the Senator is, then, that with the exception of certain improvements on Federal lands, there are many other Federal projects now under construction which cannot be completed.

Mr. COPELAND. If the Senator had been here at the time he would have heard me read a list of the projects and the number of persons engaged upon them. I have just now given the figures of the Administration itself, which states that there are 209,828 people of the white-collar class who will be entirely out of work if this conference report shall be adopted.

I am sorry I have had so much to say about the matter, but I thought it was necessary.

Mr. TRAMMELL. Mr. President, I had hoped very much that this legislation could be so formulated and so completed as to keep employed as many as possible of those citizens who were in destitution, and who were in need of employment, until they could have some avenue through which they might obtain a livelihood through private industry.

I do not agree with the idea that there should be an arbitrary and an unsympathetic striking of employees from the C.W.A. rolls. I had hoped that the funds provided by the bill would prevent any such catastrophe befalling any American citizen who happened to be destitute and needy.

From the discussion we are unable to determine whether or not such calamity awaits some of our good citizens, or whether it does not await them. The parliamentary situation is, however, that we cannot reframe this legislation; we cannot go over the different projects and attempt to write into the legislation a policy affording some protection for the average man who today is employed under the C.W.A.

It would be most regrettable to me, and I am sure to Senators generally, if as some have forecast, there should be a diminution of probably 220,000 people from the pay rolls as a result of the conference report, and there should be a further diminution of probably 150,000 or 200,000 weekly, regardless of whether or not they may again return to the private walks of life and obtain employment. I do not believe we should arbitrarily cast these men aside and once again send them back into the ranks of the unemployed. I am hoping and praying that as a result of this legislation no such disaster awaits any good, able-bodied American citizen who is desirous of work, and that no one may then be without employment without any cause on his part.

I do not agree with the conference report in regard to the question of compensation. The chairman of the committee says that these are employees of a different kind than others. That is very true. They represent a group of the most unfortunate of our American people. They represent a group of our citizens who, without any fault on their part, were in destitution, were without employment, often without shelter, and with hungry families, men who sorely needed employment. A beneficent Government, under the stress of the situation, gave them employment. They are different in that particular than those who have permanent employment. If they shall be separated from the employment, and not be able to obtain employment elsewhere, they will then be in a different class than the regular employees, because the regular employees will be continued in employment. If either class is to be dealt with more generously—or perhaps I should say, more equitably and more justly dealt with—it is those who are working under the C.W.A. policy. They were more unfortunate even when they obtained employment. They are occupying more hazardous positions today. Their livelihood is more precarious and uncertain than that of a regular employee. If they are thrown out of employment and once again become part of the group of the unemployed, without sufficient food, without shelter, and without support for their families, certainly they will be more unfortunate than those who are on the regular pay rolls of the Government.

I cannot understand why these people should be discriminated against. The bill allows a maximum compensation of $25 a month. That is what is provided for in the conference report. Think of a man who has lost an arm or a leg being allowed compensation of only $25 a month, and the minimum may be reduced to as little as $6 per month! Why should Congress change the law which allows much more for such injuries to a person who happens to be a regular employee and is so fortunate as to have a livelihood assured him for probably an indefinite time? Why should a temporary employee be allowed, for a similar injury, compensation of not more than $25 per month?

I am unable to see the distinction. I am unable to see why we should press down more heavily on the man who is unfortunate before he gets into the Government employment, more unfortunate while in the Government employment because his position is uncertain, and still more unfortunate when he loses his position and once again becomes part of the army of the unemployed in this country.

I regret very much that the conferees made this report and that it carries with it such discrimination as it does. I hope we can correct it at some future date, even if the conference report shall be adopted at this time.

Mr. NORRIS. Mr. President, I should like to ask three or four questions of the Senators who have been discussing this matter on some points which I do not fully understand.

It is said that there are 4,000,000 men now working under Mr. Hopkins; that only 260,000 are working on Federal projects; that if the conference report shall be agreed to, and the bill shall become a law, the work on all projects not Federal—State projects, in other words—will cease. Is that not right?

Mr. McKELLAR. No; that is not right.

Mr. NORRIS. What work will cease?

Mr. McKELLAR. The projects on which the men are now working will continue. The new work will cease. The employment will continue as at present "for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted."

Mr. NORRIS. Permit me to ask the Senator from Tennessee another question. What is the attitude of Mr. Hopkins on the conference report?

Mr. McKELLAR. So far as I know, he is favorable to enacting the legislation at the earliest possible moment. He did not express himself about this particular feature in his testimony before the committee. The reason is that the $950,000,000 appropriation has been settled by both House and Senate. They both have agreed to it, and that ends it.

Under the program as stated by Mr. Hopkins in his testimony, there must be a gradual reduction of employees anyway until May, when the fund will give out. That is the proposal of Mr. Hopkins. When the Senator says there is going to be a reduction, it is not on account of the particular work to be done but on account of the gradual reduction provided for in the bill, by a limitation on the funds.

Mr. NORRIS. I should like to ask the Senator from Tennessee another question. As a member of the conference committee, if the Senator cares to discuss the attitude of the House conferees, what does he think the House or the House conferees will do on this point in dispute if we send the bill back to another conference?

Mr. McKELLAR. I call on the members of the conference committee who are here and are listening to me to verify my statement that we had the greatest difficulty in the world in securing agreement on an amendment which I will read to the Senator. I read first the House language, and when I come to the Senate language I will call it to the Senator's attention:

> That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other Department of establishment of the Federal Government—

To that point it was the House provision. They just excluded them all. Two hundred and forty-six thousand employees out of the four million are on Federal projects, and the House would have excluded them all and required the State administrations to furnish the projects. But the Senate conferees were enabled to get this language inserted as an amendment—

> except for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted on the date of the approval of this act.

I do not believe the House conferees will go any further than that. They would have excluded them all. They demanded, of course, that their amendments be agreed to; and finally, after much work and consideration, we got that limitation, which provides for the completion of work on Federal proposals already entered into.

Mr. COPELAND. Mr. President, I think the answer of the Senator from Nebraska is not quite complete. In the first place Mr. Hopkins' department does not want to be interfered with in its method of dealing with the problem of unemployment. The proposal of the House takes away all the activities which are conducted by what we might call the white-collar class—engineers, clerks, architects, and so on.

There will be nothing left except the completion of such projects on Federal and public lands as the building of roads and parks, projects where pick and shovel may be used. There will be nothing left for the white-collar class. The immediate effect will be to throw out of employment 210,000 of that class.

In the next place, with regard to the prospect of the conferees agreeing, it depends on the attitude of the Senate conferees. If we go to conference determined that we are going to save the white-collar unemployed, we will win our point. If we go there in the belief that we are whipped just because it is a conference, we will lose as usual.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKELLAR] to agree to the report. [Putting the question.] The ayes seem to have it.

Mr. CLARK. Let us have the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I have a general pair with the Senator from Pennsylvania [Mr. REED]. Not knowing how he would vote, I transfer that pair to the Senator from Utah [Mr. KING] and allow my vote to stand.

Mr. LEWIS. I ask the attention of the Senator from Rhode Island [Mr. HEBERT] while I announce the following general pairs:

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT];

The Senator from Florida [Mr. FLETCHER] with the Senator from West Virginia [Mr. HATFIELD];

The Senator from Montana [Mr. ERICKSON] with the Senator from Vermont [Mr. AUSTIN];

The Senator from South Dakota [Mr. BULOW] with the senior Senator from New Jersey [Mr. KEAN];

The Senator from Wyoming [Mr. O'MAHONEY] with the junior Senator from New Jersey [Mr. BARBOUR];

The Senator from Alabama [Mr. BLACK] with the Senator from New Hampshire [Mr. KEYES];

The Senator from Oklahoma [Mr. THOMAS] with the Senator from Maryland [Mr. GOLDSBOROUGH]; and

The Senator from Kentucky [Mr. LOGAN] with the Senator from Maine [Mr. HALE].

Mr. TYDINGS (after having voted in the negative). On this vote I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand if he were present he would vote "yea." I, therefore, withdraw my vote. If permitted to vote, I would vote "nay."

Mr. HEBERT. In addition to the pairs announced by the Senator from Illinois [Mr. LEWIS], I desire to announce that the Senator from Iowa [Mr. DICKINSON] has a general pair with the Senator from Kentucky [Mr. BARKLEY], and that the Senator from Ohio [Mr. FESS] has a general pair with the Senator from Virginia [Mr. GLASS]. I am not advised how any of these Senators would vote on this question.

Mr. BULKLEY (after having voted in the affirmative). Has the senior Senator from Wyoming [Mr. CAREY] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. BULKLEY. Having a general pair with that Senator and not knowing how he would vote, I withdraw my vote.

Mr. WAGNER. I have a general pair with the Senator from Missouri [Mr. PATTERSON]. I transfer that pair to the Senator from Louisiana [Mr. OVERTON] and vote "nay."

Mr. HEBERT. I desire to announce that the following Senators are necessarily absent:

The Senator from West Virginia [Mr. HATFIELD], the Senator from Connecticut [Mr. WALCOTT], the Senator from Pennsylvania [Mr. REED], the Senator from Rhode Island [Mr. METCALF], the Senator from New Jersey [Mr. KEAN], the Senator from Vermont [Mr. AUSTIN], the Senator from Iowa [Mr. DICKINSON], the Senator from South Dakota [Mr. NORBECK], the Senator from Maine [Mr. HALE], the Senator from New Jersey [Mr. BARBOUR], the Senator from Maine [Mr. WHITE], the Senator from Missouri [Mr. PATTERSON], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Ohio [Mr. FESS], the Senator from New Hampshire [Mr. KEYES], the Senator from Wyoming [Mr. CAREY], the Senator from Delaware [Mr. HASTINGS], the Senator from Michigan [Mr. VANDENBERG], the Senator from North Dakota [Mr. NYE], the Senator from California [Mr. JOHNSON], and the Senator from New Mexico [Mr. CUTTING].

The result was announced—yeas 32, nays 28, as follows:

YEAS—32

Ashurst	Coolidge	Hayden	Sheppard
Bachman	Dieterich	Hebert	Smith
Bankhead	Duffy	Lewis	Steiwer
Brown	Fess	McKellar	Stephens
Byrd	Frazier	McNary	Thomas, Utah
Byrnes	Gibson	Pope	Thompson
Capper	Harrison	Robinson, Ark.	Van Nuys
Connally	Hatch	Robinson, Ind.	Walsh

NAYS—28

Adams	Caraway	Costigan	Dill
Bailey	Clark	Couzens	George
Bone	Copeland	Davis	Gore
La Follette	McGill	Pittman	Shipstead
Lonergan	Murphy	Reynolds	Trammell
Long	Neely	Russell	Wagner
McCarran	Norris	Schall	Wheeler

NOT VOTING—36

Austin	Dickinson	Kean	Overton
Barbour	Erickson	Keyes	Patterson
Barkley	Fletcher	King	Reed
Black	Glass	Logan	Thomas, Okla.
Borah	Goldsborough	McAdoo	Townsend
Bulkley	Hale	Metcalf	Tydings
Bulow	Hastings	Norbeck	Vandenberg
Carey	Hatfield	Nye	Walcott
Cutting	Johnson	O'Mahoney	White

So the report was agreed to.

Mr. McKELLAR. Mr. President, I move that the Senate recede from its amendment no. 4.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee that the Senate recede from its amendment no. 4.

Mr. CLARK. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CLARK. As I understand, a motion to recede takes precedence over a motion to adhere.

The VICE PRESIDENT. The Senator is correct.

Mr. CLARK. So that the only way in which the Senator from Nevada will have an opportunity to make a motion to adhere to the Senate amendment will be in case the Senate votes down the motion to recede just made by the Senator from Tennessee.

The VICE PRESIDENT. The Senator states the parliamentary situation correctly.

Mr. CLARK. Mr. President, I shall detain the Senate for only a moment.

The only argument which has been advanced in this Chamber or outside of this Chamber in opposition to the amendment put upon this bill by a 2-to-1 vote in the Senate Thursday night has been that the House conferees refused to discuss the matter, and refused to give it consideration.

Mr. President, I can remember as a very small boy the reverberations that were still ringing through this country, and particularly through this Capitol, the cries of consternation and fury that swept over the country, at the first billion-dollar Congress. The first billion-dollar Congress very largely contributed to the election of a Democratic majority in the Fifty-second Congress, and the election of a Democratic President and Congress in 1892.

A few years later I well remember the first billion-dollar session of the Congress of the United States and the indignation that was aroused from one side of the country to the other, although those enormous appropriations were caused by the normal growth of the country. Yet the billion-dollar Congress, the billion-dollar session, and the four- or five-billion-dollar Congresses which we later had, made their appropriations upon estimates submitted by the Government Departments for purposes regulated by law.

In these times we have come to a situation where a billion dollars is considered just a mere hill of beans. We spend a billion dollars here with scarcely any consideration. I have gone along with those appropriations, and I intend to go along with them, upon the recommendation of the President of the United States, because I think they are necessary in this emergency; but that does not mean in my opinion, Mr. President, that when these agencies have been set up and have been in existence for several months, they should be entirely relieved from the operation of law, and entirely relieved from the normal requirements that the personnel of important offices should be appointed by the President and confirmed by the Senate of the United States. That is all on earth the McCarran amendment means.

So far as I am concerned, I am not willing to agree to the proposition that the Senate should supinely yield its position every time the House conferees say they are in disagreement with us. I do not subscribe to the proposition that the Senate of the United States should abdicate its legislative functions because another body, not located in this Chamber but located not a great distance away, has ceased to be a representative body, and is operating under a system of gag rules which would make Nick Longworth blush, Thomas B.

Reed turn green with envy, and "Uncle Joe" Cannon be astounded at his own moderation.

Mr. HAYDEN. Mr. President, I think it is due to the Senate to explain some of the reasons advanced by the House conferees as to why they would not agree to the so-called "McCarran amendment."

I ask Senators to listen to the reading of the amendment:

> Any State director or administrator for any State whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President by and with the advice and consent of the Senate.

It will be observed that the amendment applies to State directors "whose duties involve the disbursement of funds." It is a fact that not a single State director has any duties involving the disbursement of funds. If the House of Representatives had accepted this amendment without change, it would be a nullity, because no State director would have to be confirmed by the Senate, since it is not the duty of any of them to disburse either Federal relief or Civil Works funds.

Mr. DILL and Mr. LONG addressed the Chair.

The VICE PRESIDENT. Does the Senator from Arizona yield; and if so, to whom?

Mr. HAYDEN. I yield first to the Senator from Washington.

Mr. DILL. Then why should there be so much controversy about it? Why should we worry about the amendment if it will not have any effect?

Mr. HAYDEN. The Senator did not let me finish. The point I am trying to make is that the Senate submitted a proposal to the House which, when analyzed, would not be effective if adopted. The Senate amendment refers to two kinds of funds—relief funds and Civil Works funds. Relief funds are grants in aid of State relief agencies. The grant is made to the State; and when it is apportioned to the State and is receipted for by the Governor, the money passes to the State and becomes State funds. Congress brought about that result in the beginning by providing that all such Federal relief should be applied for by the Governor of the State. Upon a certificate by the Governor that the Federal appropriation is needed, the grant is made; and the money goes to the State and is expended by the State relief organization.

The McCarran amendment would run counter to definitely expressed State policies in about one half of the States. In 22 of the States there are more or less detailed statutes designating a State emergency relief authority, defining the method by which executive officers of the emergency relief administration shall be appointed, or defining the powers which they shall exercise. In these States the proposed amendment would either interfere seriously with the administrative organizations already created by State statute or would compel the setting up of a duplicate relief organization pursuing its own policies, possibly in conflict with those of the State organization, involving confusion and waste.

The 22 States which have created their own relief agencies by law are: California, Colorado, Connecticut, Illinois, Indiana, Maryland, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey, New York, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, Texas, Utah, Washington, and Wisconsin.

So much for Federal relief funds. The other kind which Congress has appropriated are the Civil Works funds.

When the Federal Civil Works Administration was created and placed under the same jurisdiction as the Federal Emergency Relief Administration, Mr. Hopkins decided to use the existing and established relief agencies in the several States for the supervision of Civil Works projects. Let me repeat that State directors or administrators for Federal Civil Works do not disburse any Federal funds. Civil Works moneys are distributed throughout the country by the Veterans' Administration acting directly under the supervision of the Federal Civil Works Administrator. The special disbursing officer for the Veterans' Administration in each State has assistant disbursing officers under his direct supervision. Neither the special disbursing officer nor the assistant disbursing officers are appointed or paid by the State Civil Works administration.

A State welfare board, as in the case of my own State consisting of five persons, adopts certain projects. The projects, when adopted, permit the employment of so many men; 12,000 men were allocated to local projects in my State. At the end of each week the pay roll for any project is sent to the regional office of the Veterans' Administration in Arizona, or in any other State, and the disbursing officer of the Veterans' Administration writes the checks to meet the pay roll. No check is written, and no money is disbursed, by a State administrator.

That is one and perhaps a minor phase of the matter.

The other and much more important consideration advanced by the House was that 38 percent of all the relief expenditures in the United States come from the States, and 62 percent now come from the Federal Government; but there is a number of States where State funds are vastly in excess of the Federal expenditures.

In the following table the States are listed in accordance with the extent to which, during the first 11 months of 1933, unemployment-relief expenditures were borne from local, State, and Federal sources. It will be seen that in the great majority of States the State and local governments contributed at least 10 percent, that half of the States contributed at least one fourth.

State	Percent of local funds	Percent of State funds	Percent of Federal funds
Connecticut	75.0	14.5	10.5
Wyoming	86.3	----------	13.7
Maine	74.5	10.6	14.9
Massachusetts	80.3	.8	18.9
New Jersey	13.1	63.8	23.1
Vermont	76.6	.3	23.1
Delaware	----------	75.2	24.8
Nebraska	71.1	----------	28.9
Rhode Island	36.1	30.4	33.5
Maryland	17.4	43.1	39.5
New York	43.3	13.1	43.6
California	43.9	9.0	47.1
Minnesota	48.4	.2	51.4
Iowa	48.3	(1)	51.7
North Dakota	47.1	----------	52.9
Pennsylvania	6.1	38.0	55.9
Kansas	37.3	3.7	59.0
Indiana	39.7	.1	60.2
New Hampshire	17.7	21.3	61.0
Ohio	28.1	7.0	64.9
Wisconsin	32.7	.6	66.7
Missouri	25.8	2.7	71.5
South Dakota	25.1	----------	74.9
Idaho	24.1	----------	75.9
Nevada	20.8	----------	79.2
Montana	20.6	.1	79.3
Utah	7.9	12.5	79.6
Virginia	19.9	(1)	80.1
Michigan	10.9	8.5	80.6
Illinois	6.7	12.7	80.6
Colorado	18.6	.1	81.3
Arizona	12.2	5.6	82.2
Washington	9.3	5.3	85.4
Oklahoma	13.7	.8	85.5
Oregon	13.4	.6	86.0
North Carolina	11.3	----------	88.7
New Mexico	6.8	.6	92.6
Florida	7.1	----------	92.9
Texas	5.8	----------	94.2
Kentucky	5.6	(1)	94.4
Georgia	4.9	(1)	95.1
West Virginia	4.8	(1)	95.2
Tennessee	1.4	1.5	97.1
Alabama	2.8	----------	97.2
Louisiana	2.2	(1)	97.8
Mississippi	1.0	----------	99.0
Arkansas	.7	----------	99.3
South Carolina	.3	----------	99.7

1 Less than 0.1 of 1 percent.

This tabulation shows that in 12 States, the State, counties, and municipalities are advancing more money for relief than the Federal Government. Then why should the Federal Government step in and say, "We will have a Federal director administer the State funds"? Remember that throughout the entire country 38 percent of all relief money is State money. In many cases the relief funds are disbursed by the regular State agency existing before the State relief administrations were set up by the Governors. It would be absurd to appoint a Federal official for each State to disburse State funds. Many States would unquestionably

withdraw State and local support if the Federal Government insisted upon appointing a Federal officer to act as a State official.

The House conferees pointed out that the adoption of the McCarran amendment was a reversal of the principle laid down in the original relief legislation, which was that the burden of administration should be upon the State; that the Federal Government is making merely a grant in aid. Congress did not attempt to dictate how the money should be expended. Therefore, if Congress should reverse its position, what will be the effect? Twenty-two States now provide by law how their relief funds shall be administered. It would be in contravention of the laws of such States to say that their funds should be administered by some Federal official confirmed by the Senate. The practical effect would be that we would set up in many States two relief administrations to do the same work.

Mr. CLARK. Mr. President, can the Senator conceive that it is any worse to have $1 of State funds spent by a Federal administrator than it is to have $2 of Federal funds spent by a Federal administrator?

Mr. HAYDEN. The chief consideration is this, and I think it is perfectly sound, that we hope that whenever our country gets out of the present economic depression, relief will again be administered by States, counties, and municipalities. The less the Federal Government puts its hand upon that activity and insists that it is its business, the better off the Federal Treasury will be in the end.

Mr. McKELLAR. Mr. President, is it not true that, instead of this amendment referring to State administrations, the only people to whom it refers are those officers of the Veterans' Administration who sign the checks and who disburse the money?

Mr. HAYDEN. I do not think that was at all the intent of the author of the amendment, but it so happens that such would be the actual effect of it.

Mr. CLARK. Mr. President, if that is the case, I am completely at a loss to understand this frantic opposition to an amendment which the Senate put into the bill by a vote of 2 to 1. So far as I am concerned, I am of the opinion that the language of the amendment is broad enough to cover either the authorization or the disbursement of funds; and I am perfectly willing, as one of the supporters of the amendment, to take a chance on the ruling of the Comptroller General in that particular.

Mr. ADAMS. Mr. President, I notice, in connection with a preceding amendment, that the conferees went to a good deal of care to correct and change the amendment, and it seems to me that the exercise of but a part of the care there used would have obviated some of the objections now made.

Mr. HAYDEN. Mr. President, evidently some Senators have misunderstood me. I was merely pointing out that if the House conferees had agreed to the amendment of the Senate, which they utterly refused to do, no one would ever be confirmed by the Senate, because none of the State officers mentioned therein disburses any Federal relief or Civil Works money. But that is not the real reason why the House conferees held out. They unitedly and absolutely refused to agree to the Senate amendment, because they did not believe it was either practical or right to insist that a Federal official shall administer State funds, when Congress merely grants such funds to the States and, having granted them, they pass out of Federal control.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. Does the Senator from Arizona yield to the Senator from Oregon?

Mr. HAYDEN. I yield.

Mr. McNARY. If I may have the attention of the Senator from Arkansas [Mr. ROBINSON], it is now after 6 o'clock, and it appears very clear that there will be considerable debate over this matter. Is the Senator from Arkansas willing that the Senate take a recess at this time?

Mr. ROBINSON of Arkansas. Mr. President, I had hoped, of course, that the measure could be disposed of this afternoon; but it is indicated that there will be considerable discussion of the subject now before the Senate, and if Senators feel that it may well go over, I should like to ask the Senator from Arizona if he will yield for a motion to take a recess.

Mr. HAYDEN. I defer to the Senator from Arkansas in that regard.

Mr. McNARY. There is a statement I should like to make to the Senator from Arkansas. Two of the members of the special committee, the Senator from Vermont [Mr. AUSTIN] and the Senator from Maine [Mr. WHITE], who are returning from Portland, Maine, cannot reach the Senate tomorrow until 1:30 o'clock p.m. I would suggest that we meet tomorrow at 12 o'clock, continue the discussion on the pending matter, and at 2 o'clock take up the contempt proceeding for consideration.

Mr. ROBINSON of Arkansas. I think that may readily be arranged tomorrow at 12 o'clock. I move that the Senate take a recess until 12 o'clock tomorrow.

The motion was agreed to; and (at 6 o'clock and 3 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, February 13, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 12, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, graciously bless our homeland, our dear homeland. Bring to us that deep realization that the finest prizes will be won by those who justify their right to be here. From the depths of our beings, expressing a firm conviction, enable us to perform our outstanding duty, namely, to recover the very soul of the Republic. In reverence we bow at the bier of him who, in an hour when our land was swayed with fierce and stormy passions, there fell from his lips the immortal words, "With malice toward none and charity for all." His memory is a nation's heritage; he heightened the aspirations of all people of all countries; he became the exponent of all that is good and great in the being of man; he was as genuine as nature's self. Grant, our Heavenly Father, that from his memory there may echo the joy bells of a united country and the anthem of national justice and honor. O God, on this day may we hear the footfall of the millions now here and yet unborn, proclaiming a great America and a happy land. Through Christ our Savior. Amen.

The Journal of the proceedings of Saturday, February 10, 1934, was read and approved.

THE REVENUE BILL

Mr. DOUGHTON of North Carolina. Mr. Speaker, I ask unanimous consent to have until midnight tonight to file the report of the Ways and Means Committee on the revenue bill.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

TAX-EXEMPT SECURITIES

Mr. DOUGHTON of North Carolina. By direction of the Committee on Ways and Means, I ask unanimous consent to discharge the Committee on the Judiciary from further consideration of the following House joint resolutions proposing an amendment to the Constitution relative to tax-exempt securities, and that said resolutions be referred to the Committee on Ways and Means, to wit: House Joint Resolutions 45, 55, 68, 146, 160, 178, 184, 211, 219, 221, 222, 225, 239, 240, 268, and 269.

Mr. SUMNERS of Texas. Mr. Speaker, reserving the right to object, this proposition to transfer from it resolutions proposing an amendment to the Constitution is regarded by the Committee on the Judiciary as a very important matter. The resolutions to which the gentleman from North Carolina refers are those resolutions proposing an amendment to the Constitution dealing with what is

known as "income from tax-exempt securities." There are two or three important questions in connection with this proposition that we think ought to be discussed before action is had.

Of course, the Speaker or the House, if the Chair should submit the matter to the House—I do not know what the disposition of the Chair will be—would have to consider the precedents to some extent, and we are going to ask to have considered as the thing of first importance the general policy as to where a constitutional amendment should go.

Mr. O'CONNOR. Let it go over.

Mr. SUMNERS of Texas. I have looked into it. I am ready to have it considered immediately, as far as I am concerned. If other Members of the House want it to go over, it is all right with me; but I think the subject is ready to be decided right now, whether the Chair decides it or whether the House decides it.

The SPEAKER. Is there objection?

Mr. KURTZ and Mr. PERKINS objected.

Mr. DOUGHTON of North Carolina. Then, Mr. Speaker, I move that the Committee on the Judiciary be discharged from the further consideration of the joint resolutions that I have heretofore enumerated, and that the resolutions be referred to the Committee on Ways and Means.

Mr. MAPES. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. MAPES. Under the special order of the House, the gentleman from Michigan [Mr. DONDERO] was to address the House for 30 minutes this morning.

The SPEAKER. There are two special orders pending. The Chair thinks the question of correction of reference of public bills takes precedence.

Mr. MAPES. Mr. Speaker, I make the further point of order that the order of the House is to the effect that immediately after the disposition of matters on the Speaker's table the gentleman from Michigan [Mr. DONDERO] may address the House for 30 minutes. Can the pending matter be said to be business on the Speaker's table?

The SPEAKER. The Chair does not think so.

Rule XXIV provides that the daily order of business shall be as follows:

First. Prayer by the Chaplain.

Second. Reading and approval of the Journal.

Third. Correction of reference of public bills.

Fourth. Disposal of business on the Speaker's table.

The Chair points out that motions to correct the reference of public bills takes precedence over the disposal of matters on the Speaker's table.

Mr. MAPES. Yes, Mr. Speaker; that is the order of business, but that order has been changed by a special order of the House which says that immediately upon the reading of the Journal and the disposition of matters on the Speaker's table the gentleman from Michigan will be recognized.

I do not care to press the point.

The SPEAKER. The gentleman is quite right; the special order provides that the gentleman from Michigan shall be recognized after the reading of the Journal and after the disposition of business on the Speaker's table, and the Chair will recognize the gentleman from Michigan after the disposal of business on the Speaker's table.

Mr. MAPES. I do not care to press the point, Mr. Speaker, but I feel that the Speaker should preserve the precedents of the House.

The SPEAKER. The point of order is overruled.

Mr. O'CONNOR. Will the gentleman from North Carolina yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. O'CONNOR. I believe this is a very important question, involving as it does the decision as to whether or not a constitutional amendment affecting taxation should go to the Committee on Ways and Means or to the Committee on the Judiciary.

Some of us have not known of its existence until this moment, although the Committee on the Judiciary and the Committee on Ways and Means know about it. Some of us will like an opportunity to look into it. I do not believe it should be taken up in this summary manner. I should like to see it go over to some other day, when we may consider it thoroughly.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Is this a matter that is on the Speaker's desk? It seems to me that when a bill is referred to a committee it is off the Speaker's table. How, as a matter of business, does it get back on the Speaker's table?

The SPEAKER. We have not as yet reached the business on the Speaker's table. The prior order of business is correction of reference of public bills, and that is what the gentleman from North Carolina is seeking to do.

Mr. SNELL. Is that a privileged motion to make at this time?

The SPEAKER. It is; and this is the order of business.

Mr. BANKHEAD. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Alabama.

Mr. BANKHEAD. Mr. Speaker, I desire to express my endorsement of what the gentleman from New York has said with reference to one phase of this situation. This is by its very nature a most important question for decision of the House. This involves the very essence of one of our rules of parliamentary procedure, namely, the proper reference of a bill of great importance to one committee or another. I must confess that if the motion were voted upon at this very moment, without any discussion of the precedents or of the arguments in favor of the respective sides, a great many of the Members of the House would be necessarily voting upon it in the dark. If we are going to vote this morning, I hope some reasonable measure of discussion will be had for the information of the Members of the House.

Mr. SNELL. Will the gentleman from Alabama yield?

Mr. BANKHEAD. The gentleman from North Carolina has the floor. I yield with his permission.

Mr. SNELL. These resolutions pertain to constitutional amendments. According to all the precedents of the House, I supposed that these matters naturally and regularly went to the Judiciary Committee.

Mr. BANKHEAD. That is the crux of the controversy here. The gentleman's offhand opinion is that it should go to the Judiciary Committee. The Chairman of the Ways and Means Committee is insisting that there are precedents that such resolutions should go to his committee; and without discussion of the reasons lying behind the controversy, I think the present situation justifies the appeal I am making to the gentleman from Texas and the gentleman from North Carolina and the minority to try to agree upon some reasonable time to discuss this question.

Mr. SNELL. This is a matter of such importance that I think this should be put down for a special time to be given consideration by the Membership of the House.

Mr. DOUGHTON of North Carolina. There is no objection to doing that, so the Members may familiarize themselves with the whole matter. I withdraw my motion.

Mr. SUMNERS of Texas. Mr. Speaker, I want to endorse the suggestion that has been made by members of the committee. I shall not argue this matter, but may I ask unanimous consent to make a statement for 1 minute that I believe will be of some assistance in connection with this matter?

Mr. FREAR. Mr. Speaker, reserving the right to object, may the chairman of our committee have the right to answer immediately following?

Mr. SUMNERS of Texas. Yes; but an answer will not be necessary.

Mr. FREAR. An answer may be necessary. This question has gone through the House twice.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SUMNERS of Texas. Mr. Speaker, may I suggest to the Members of the House who want to study this question

that the Committee on the Judiciary will resist the effort to oust it from jurisdiction over these resolutions on these grounds. I am not going to argue them at all. One is that the Committee on the Judiciary now has jurisdiction of these matters. Ordinarily the Committee on the Judiciary has jurisdiction of constitutional measures. In order that the gentlemen on the other side may understand exactly our position, the Committee on the Judiciary is going to take the position that as a general proposition proposals to amend the Constitution of the United States ought to be sent to the Committee on the Judiciary. This is the only statement I want to make. As I stated before, I will not argue the matter now.

Mr. McCLINTIC. Will the gentleman yield?

Mr. SUMNERS of Texas. I yield to the gentleman from Oklahoma.

Mr. McCLINTIC. Would it not be advisable to ask permission to put in the RECORD at this time a short statement setting out the different points in reference to this controversy so that the Members may read it in the RECORD of today? Could not that be prepared immediately?

Mr. SUMNERS of Texas. I do not want to ask for that privilege, but I will be glad to do anything that the Members of the House want done. I am sure the gentleman from North Carolina and the members of his committee, and the Chairman of the Committee on the Judiciary and the members of the Committee on the Judiciary, and the Members of the House generally, want a disposition made of this motion that will be in line with proper legislative arrangements and proper allocation of legislative responsibility.

[Here the gavel fell.]

Mr. SANDERS. Mr. Speaker, I ask unanimous consent to reply to the gentleman for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. SANDERS. Mr. Speaker, may I say to the Members of the House that the Ways and Means Committee will take the position that they have exclusive jurisdiction over these resolutions. I base this statement on clause 2 in the Manual, giving the powers and duties of committees. The gentleman from New York properly stated the question that this is a tax matter. Here is the way the rule reads:

> To the revenue and such measures as purport to raise revenue and the bonded debt of the United States—to the Committee on Ways and Means.

We are going to take the position that this gives our committee exclusive jurisdiction. We are going to follow this up by showing a precedent of this House in the Sixty-seventh Congress when the Ways and Means Committee considered a resolution like this, reported it and passed it in the House, but the resolution failed in the Senate. Following this, in the Sixty-eighth Congress, the Ways and Means Committee reported a like resolution to this House. The Judiciary Committee has never before tried to take jurisdiction over matters which pertain to the raising of revenue.

Mr. BROWNING. Will the gentleman yield?

Mr. SANDERS. Yes.

Mr. BROWNING. By a vote of this House in 1900 a bill on this identical question was taken away from the Ways and Means Committee and given to the Committee on the Judiciary, and yet the gentleman says the Committee on the Judiciary has never insisted on such jurisdiction.

Mr. SANDERS. Perhaps that is true.

Mr. BROWNING. Yes; it is true.

Mr. SANDERS. But we are operating under the rules of the House, and since 1900 the Ways and Means Committee has twice reported such measures and you have not objected at either time.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. SANDERS. Yes.

Mr. SUMNERS of Texas. There is no conflict at all; I think that the Ways and Means Committee has jurisdiction over all revenue matters.

[Here the gavel fell.]

Mr. DOUGHTON of North Carolina. Mr. Speaker, I withdraw the motion.

EMERGENCY RELIEF

Mr. BUCHANAN. Mr. Speaker, I understand there are two special orders today for the gentleman from Maryland [Mr. LEWIS] and the gentleman from Michigan [Mr. DONDERO]. I have seen both gentlemen and they are willing to subordinate their right to make speeches so that I may call up the conference report on the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

Mr. LEWIS of Maryland. How long does the gentleman think it will take to consider the conference report?

Mr. BUCHANAN. It should not take over 15 or 20 minutes and cannot take over an hour.

Mr. Speaker, I call up the conference report on the bill H.R. 7527 and ask unanimous consent that the statement may be read in lieu of the report.

Mr. O'MALLEY. Mr. Speaker, reserving the right to object, will the gentleman yield.

Mr. BUCHANAN. Yes; I yield.

Mr. O'MALLEY. Do I understand the conference report is the one upon which the House conferees refused to agree to the Senate amendment giving the Senate the right to ratify the appointment of State directors?

Mr. BUCHANAN. It is; but that is not in the report.

Mr. O'MALLEY. That is what I wanted to find out.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 2 and 3, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "are hereby extended, so far as they may be applicable, to employees of the Federal Civil Works Administration only for disability or death resulting from traumatic injury while in the performance of duty; subject, however, to the following conditions and limitations: (a) that the total aggregate compensation in any individual case shall not exceed the sum of $3,500, and that the monthly compensation shall not in any event exceed the rate of $25, both exclusive of medical costs; (b) that the minimum limit on monthly compensation for disability, established by section 6, and the minimum limit on the monthly pay on which death compensation is to be computed, established by clause (K) of section 10, shall not apply; (c) that the United States Employees' Compensation Commission, with the approval of the President, shall establish a special schedule of compensation for death and/or for the loss or loss of use of members or functions of the body, which compensation shall be in lieu of all other compensation in such cases; (d) that the rights of any person employed by the Federal Civil Works Administration to compensation or other benefits which may have accrued prior to and including the date of approval of this act under the provisions of the act of September 7, 1916, as amended (U.S.C., title 5, ch. 15), and/or the rules and regulations of the Federal Civil Works Administration shall terminate upon the date of the approval of this act; and thereafter compensation and other benefits to any such person for death or disability arising before or after the date of the approval

of this act shall be paid in accordance with the provisions hereof; (e) that the said Commission is hereby authorized in its discretion to provide for the initial payments of compensation and the furnishing of immediate medical attention as herein provided through the local representatives of the Federal Civil Works Administration; (f) that no claim for legal services or for any other services rendered in respect of a claim or award for compensation, to or on account of any person, shall be valid unless approved by the Commission; and any person who receives any fee, other consideration, or any gratuity on account of services so rendered, unless such consideration or gratuity is approved by the Commission, or, who makes it a business to solicit employment for a lawyer or for himself in respect of any claim or award for compensation, shall be guilty of a misdemeanor, and upon conviction thereof, shall, for each offense, be punished by a fine of not more than $1,000 or by imprisonment not to exceed 1 year, or by both such fine and imprisonment: *Provided further*, That traumatic injury shall mean only injury by accident causing damage or harm to the physical structure of the body and shall not include a disease in any form except as it shall naturally result from the injury: *And, provided further*, That so much of the sum appropriated by this act as the United States Employees' Compensation Commission, with the approval of the Director of the Budget, estimates and certifies to the Secretary of the Treasury will be necessary for administrative expenses and for the payment of such compensation shall be set aside in a special fund to be administered by the Commission for such purposes; and after June 30, 1935, such special fund shall be available for these purposes annually in such amounts as may be specified therefor in the annual appropriation acts: *Provided further*, That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted on the date of the approval of this act, and except such sums as may be necessary for maintenance and operation of reemployment agencies, and medical, surgical, and hospital services, and for administration, supervision, inspection, disbursing, and accounting purposes, and printing and binding, in connection with State and/or local Civil Works projects"; and the Senate agree to the same.

Amendment numbered 4: The committee of conference have been unable to agree on the amendment of the Senate numbered 4.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
LLOYD THURSTON,
Managers on the part of the House.

KENNETH MCKELLAR,
CARL HAYDEN,
FREDERICK HALE,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

On amendment no. 1: This amendment deals with two distinct subjects—compensation of employees of the Civil Works Administration injured in the performance of duties, and the limitation on the use of the fund for Civil Works projects under the Federal departments and establishments.

The House bill provided that the Employees' Compensation Act of September 7, 1916, as amended, should not apply to persons given employment under the Federal Civil Works Administration except insofar as it related to the furnishing of medical, surgical, and hospital treatment in connection with the emergency of an injury sustained in the performance of duty. The Senate struck out this provision and inserted in lieu thereof an amendment providing that the Employees' Compensation Act of 1916, as amended, should extend to such employees under certain specified limited conditions. The House conferees have receded from the provision of the House bill and have agreed to a substitute for the Senate amendment further limiting and restricting the character of compensable injuries and the amount of compensation benefits. The following are the essential differences between the substitute agreed upon and the Senate amendment: The Senate amendment limited the total aggregate compensation in any individual case to $5,000, and the substitute provides a limitation of $3,500; the Senate amendment left the maximum monthly rate of compensation to be determined by the Commission, and the substitute fixes a maximum monthly rate of not to exceed $25 in any case; the Senate amendment did not specifically terminate any rights to compensation which might be construed to have accrued under the provisions of the act of September 7, 1916, as amended, and/or under the rules and regulations of the Federal Civil Works Administration, and the substitute specifically terminates any such rights and makes all such cases subject to the terms of the provisions hereby agreed upon; the Senate amendment left the determination of the character and scope of compensable cases to administrative discretion, and the substitute limits compensation only to death or disability resulting from "traumatic injury" while in the performance of duty and defines "traumatic injury" to mean only injury by accident causing damage or harm to the physical structure of the body and not to include a disease in any form except as it shall naturally result from the injury; and provides for a restriction upon the payment for legal or other services in connection with claims or awards for such compensation.

The Senate struck out the House provision limiting the expenditure of the appropriation in connection with civil works to State and/or local projects except for expenditures under any other department or establishment of the Federal Government in connection with maintenance and operation of reemployment agencies, and medical, surgical, and hospital services, and for administration, supervision, inspection, disbursing, and accounting purposes, and printing and binding, in connection with State and/or local projects. This provision is restored modified so as to provide for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted on the date of the approval of this act.

On amendment no. 2: Permits the expenditure of $300 at any one time as proposed by the Senate instead of $100 as proposed by the House by the Civil Works Administration in the purchase of supplies and materials without advertising for proposals under section 3709 of the Revised Statutes.

On amendment no. 3: Inserts, as proposed by the Senate, a paragraph advancing from July 1, 1933, to September 1, 1934, the date for obligation of funds for Federal-aid highways contained in the Emergency Relief and Construction Act of 1932.

On amendment no. 4: The committee of conference have been unable to agree on this amendment which provides for the appointment by the President and confirmation by the Senate of State directors or administrators whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or the Federal Civil Works Administration.

J. P. BUCHANAN,
EDWARD T. TAYLOR,
W. A. AYRES,
JOHN TABER,
LLOYD THURSTON,
Managers on the part of the House.

Mr. BUCHANAN. Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

Mr. BUCHANAN. Mr. Speaker, I call up Senate amendment no. 4.

The Clerk read the Senate amendment, as follows:

After section 2, insert a new section, as follows:

"SEC. 3. Any State director or administrator for any State whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President by and with the advice and consent of the Senate."

Mr. BUCHANAN. Mr. Speaker, I move that the House further insist on its disagreement to Senate amendment no. 4.

The motion was agreed to.

CROP PRODUCTION AND HARVESTING LOANS

Mr. JONES. Mr. Speaker, I call up the conference report on the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment, insert the following:

"That the Governor of the Farm Credit Administration, hereinafter in this act referred to as the 'Governor', is hereby authorized to make loans to farmers during the year 1934 for crop production, planting, fallowing, and cultivation and, to the extent of not exceeding $1,000,000, for feed for livestock in drought- and storm-stricken areas.

"SEC. 2. (a) A first lien on all crops growing or to be planted or grown or harvested during the year 1934, or on livestock, shall be required as security for any such loan: *Provided, however,* That in the case of a loan for the purpose of summer fallowing or the production of winter wheat, a first lien, or an agreement to give a first lien, on crops to be harvested in 1935 may, in the discretion of the Governor, be deemed sufficient security. Except as hereinafter provided, such loans shall be made through such agencies, upon such terms and conditions, and subject to such regulations as the Governor shall prescribe. Recording and other fees in connection with such loans shall not exceed $1 in any case, which shall be paid by the Farm Credit Administration. Loans made pursuant to the provisions of this act shall bear interest at the rate of not to exceed 5½ percent per annum. For the purpose of collecting loans made under this act and under prior acts of the same general character, the Governor may use the facilities and services of the Farm Credit Administration or of any officer or officers thereof and may pay for such services and the use of such facilities from the funds made available under section 5 hereof for the payment of necessary administrative expenses; and such institutions are hereby expressly empowered to enter into agreements with the Governor for such purposes.

"(b) The amount which may be loaned to any borrower pursuant to this act shall not exceed $250 unless, in the opinion of the Governor, the circumstances surrounding the loan are such as to warrant a larger amount, in which event the borrower shall be entitled to a loan not in excess of $400: *Provided, however,* That in any area certified by the President of the United States to the Governor as a distressed emergency area, the Governor may make loans without regard to the foregoing limitations, under such regulations and for such time as he may prescribe therefor.

"(c) No loan shall be made under this act to any applicant who shall not have first established to the satisfaction of the proper officer or employee of the Farm Credit Administration, under such regulations as the Governor may prescribe (1) that such applicant is unable to procure from other sources, a loan in an amount reasonably adequate to meet his needs for the purposes for which loans may be made under this act; and (2) that such applicant is cooperating directly in the crop production control program of the Agricultural Adjustment Administration or is not proposing to increase his 1934 production of basic agricultural commodities in a manner detrimental to the success of such program.

"SEC. 3. (a) The moneys authorized to be loaned by the Governor under this act are declared to be impressed with a trust to accomplish the purposes provided for by this act, namely, the production, planting, fallowing, cultivation of crops, and feed for farm livestock, which trust shall continue until the moneys loaned pursuant to this act have been used for the purposes contemplated by this act, and it shall be unlawful for any person to make any material false representation for the purpose of obtaining any loan or to assist in obtaining such loan or to dispose of or assist in disposing of any crops given as security for any loan made under authority of this act, except for the account of the Governor, and for the purpose of carrying out the provisions of this act.

"(b) It shall be unlawful for any person to charge a fee for the purpose of preparing or assisting in the preparation of any papers of an applicant for a loan under the provisions of this act.

"(c) Any person violating any of the provisions of this act shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 6 months, or both.

"SEC. 4. The Governor shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees as may be necessary to carry out the purposes of this act; but the compensation of such officers and employees shall correspond, so far as may be practicable, to the rates established by the Classification Act of 1923, as amended.

"SEC. 5. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $40,000,000, or so much thereof as may be necessary, to carry out the provisions of this act. Any moneys so appropriated, and all collections of both principal and interest on loans made under this act, may be used by the Governor for all necessary administrative expenses in carrying out the provisions of this act and in collecting outstanding balances on crop production, seed and feed loans made under the act entitled 'An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes', approved February 4, 1933, or under prior legislation of the same general character."

And the House agree to the same.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

E. D. SMITH,
ELMER THOMAS,
G. W. NORRIS,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes, submit the following written statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

INTEREST RATE

The Senate bill fixed the maximum interest rate on crop-production loans for the year 1934 at 5½ percent per annum. The House amendment fixed the maximum rate at 6 percent. The conference agreement retains the Senate provision.

AMOUNT OF LOAN FUNDS

The Senate bill authorized an appropriation of $45,000,000, or so much thereof as might be necessary, for making crop-production loans. The House amendment authorized the amount of $35,000,000, or as much thereof as might be necessary. The conference agreement fixes the amount at $40,000,000.

ADMINISTRATIVE EXPENSES

The House amendment provided that any money appropriated to carry out the act and any collections of principal or interest on loans made under the act might be used by the Governor for administrative expenses in carrying out the act and in collecting seed and feed loans and crop-production loans made under prior legislation of similar character. The Senate bill contained no corresponding provision. The conference agreement retains the House provisions.

LIMIT ON INDIVIDUAL LOANS

The Senate bill fixed a limit of $250 on loans to any borrower unless the Governor of the Farm Credit Administration deemed that circumstances warranted a larger loan, but in no case could the maximum exceed $400. The House amendment fixed a limit on loans to any borrower of $250, with the provision that if the President certified to the Governor that any area constituted a distressed emergency area, the Governor might make loans in such area without regard to such limit of $250. The conference agreement retains the Senate provisions and adds the House provision relating to loans in distressed emergency areas.

RECORDING AND OTHER FEES

The Senate bill provided that the borrower pay a recording fee not in excess of 50 cents on any loan, and that the remainder of any legal fees in connection with the loan should be paid by the Farm Credit Administration. The House amendment provided that the borrower pay an inspection and field supervision fee of 50 cents and pay all recording and other legal fees in connection with the loan. The conference agreement provides that recording and other fees shall not exceed $1 in any case, and shall be paid by the Farm Credit Administration.

PRODUCTION CONTROL

The Senate bill by reference to the act of February 4, 1933, required borrowers to agree to reduction of acreage or production not in excess of 30 percent under the preceding year. The House amendment required the borrower to show that he would cooperate in the crop-production control program of the Agricultural Adjustment Administration and would not increase his 1934 production in any manner detrimental to the success of such program. The conference agreement retains the House provisions.

SHOWING OF EMERGENCY CREDIT NEED

The House amendment required the borrower to show that he was unable to procure credit from a production credit association or from a private lending institution on a fair basis, at a reasonable rate of interest, and in an adequate amount, in order to secure the crop-production loan. The Senate bill contained no corresponding provision. The conference agreement retains the House amendment with minor changes.

SECURITY ON LOANS FOR SUMMER FALLOWING AND WINTER WHEAT PRODUCTION

The House amendment provided that a lien on crops to be harvested in 1935 shall be sufficient security in case of a loan for the purpose of summer fallowing or production of winter wheat. The Senate bill contained no similar provision. The conference agreement retains the House provision.

COLLECTION OF LOANS

The House amendment provided for the use of the facilities and agencies of the Farm Credit Administration in the collection of crop-production loans. The Senate bill contained no corresponding provision. The conference agreement retains the House provision with minor changes.

BONDS FOR EMPLOYEES

The House amendment made provision for the procurement of fidelity bonds by the Governor covering all employees engaged in the administration of the act. The Senate bill contained no similar provision. The conference agreement eliminates the House provision.

EMPLOYEES

The House amendment provided for authority in the Governor to employ and fix the compensation and duties of agents, officers, and employees to carry out the act without regard to the civil-service laws, but conformable as far as practicable to the provisions of the Classification Act of 1923, as amended. The Senate bill contained no similar provisions. The conference agreement retains the House provision.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

Mr. JONES. Mr. Speaker, the statement fully explains the report, and I move the adoption of the report.

The conference report was agreed to.

A motion to reconsider was laid on the table.

ORDER OF BUSINESS

Mr. DOUGHTON of North Carolina. Mr. Speaker, I desire to give notice that tomorrow morning, after the reading of the Journal, I shall call up the resolution taken up today with respect to the reference of certain bills and resolutions.

The SPEAKER. Under the special order of the House the Chair recognizes the gentleman from Michigan, Mr. DONDERO, for 30 minutes.

LINCOLN—LOVER OF CHILDREN

Mr. DONDERO. Mr. Speaker, the friendly act of the gentleman from New York [Mr. SNELL] in asking unanimous consent in my behalf to address the House, and the generous act of the Speaker and the House in granting that request, is sincerely appreciated by me, a new Member of this body.

Sometimes the Great Ruler of the universe places greatness in strange surroundings, but no one would ever have looked for it in the crude shelter of a pioneer in the backwoods of Kentucky, a century and 25 years ago today.

Wherever in this world liberty and justice, mercy and kindness, truth and rugged honesty are known and understood by the people, there also is known and understood the name and character of Abraham Lincoln.

Therefore it is fitting and proper that this day should not pass without due recognition of its national significance, for throughout the length and breadth of the land the people today are commemorating the noble attributes of a noble man.

It is right for us, here in this House of Commons of the American people, to pause in our legislative duties to the Nation and remember the natal day of the most uncommon commoner of our history.

In philosophy, in art, and in religion, as in all progress, the final objective is simplicity.

Abraham Lincoln, not of Kentucky, not of Illinois, not of our Republic, but of the world, was the earthly incarnation of that sublime virtue.

He had a simplicity that was sincere. He had the faith and the wisdom, the truth and the forgiveness of a child.

In that matchless volume of Hebrew literature—the Bible—we are told that:

> The wolf shall dwell with the lamb, and the leopard shall lie down with the kid, and the calf and the young lion and the fatling together; and a little child shall lead them. (Isaiah 11: 6.)

To be a lover of children and be loved by children is truly a personal distinction. Through the ministry of children we are led away from the hard perplexing problems of life, and we become devoted to their sweet simplicity from which we derive rest and comforting assurance. Without guile they come to us fresh from God. May it be a long, long time before we, who are only children of a larger growth, drift away from the virtues of childhood.

That Abraham Lincoln loved little children is known. That he was a kind and indulgent father to his four boys is also known. That he was respected and esteemed by the little children in his neighborhood who knew him in Springfield, Ill., is equally true.

When death robbed him of a second son at the White House in this city of Washington, his mighty heart broke and thereafter his paternal affection seemed to center in little Tad, the only boy he had left at home. There was no little girl in the Lincoln home.

Denied a daughter of his own, he was especially fond of little girls and was moved to tenderness by their laughter and appeals.

This trait of his character reveals that his emotions and his heart were not unlike those of the lowly Carpenter whose very being was enthroned in childhood.

He could carry on his back to the depot the trunk of little Josephine Reman, of Springfield, when the drayman forgot she was going away on a train.

When Congressman Dawes called at the old Willard Hotel to pay his respects to the new President, it was his daughter Anna, age 10, who became the center of the President's interest and affection—taking her into his arms as a father.

When Julia Taft, barely in her teens, called with her parents to wish him well, he asked her to come often to the White House—and she did—where she became the playmate of his children and the sunshine of his soul.

From the lips of LaSalle Pickett, whom I knew well, widow of the Confederate general who led the immortal charge at Gettysburg, I heard the story, how on the 4th day of April 1865, in the city of Richmond, Va., a tall bearded man dressed in black knocked at her door, not as the President of the United States he said, but "as George Pickett's old friend." He called to see the old Virginia home as described to him by George Pickett years before when they met in Quincy, Ill. She answered the knock with a baby in her arms, which by some strange intuition stretched out its little hands to him. Taking the precious babe into his giant arms, he cuddled him close to his breast, kissed him, and handing the child back to its mother, said, "Tell George I forgive him for the little fellow's sake."

So it is not strange that 11 days later when a great life went out at 516 Tenth Street, in this Capital City of the Nation, General Pickett would telegraph to his wife from the battlefield, "My God, the South has lost her best friend."

Incidentally, may I say that, in the tall, beardless lawyer from Illinois, young George Pickett had confided the secret years before that when he tried to concentrate his thought and attention on the printed page of a law book in his uncle's office at Quincy, he was dreaming of bugle calls and drum beats in the Army. It was Lincoln who aided Pickett to gain entrance to West Point.

On a day in October 1860, less than 3 weeks before his election as President of the United States, a strange and unusual letter came to his desk in a little room provided for his convenience in the old statehouse at Springfield. It was written by a little girl 11 years of age in Westfield, Chautauqua County, N.Y. It brought him a suggestion and some advice intended to aid him in his campaign for election.

What that letter contained has never been known except what we might assume from the answer which Mr. Lincoln made to his little friend.

It told him in unmistakable language that he would be a better-looking man if he would let his whiskers grow, and if he was too busy to answer her letter he might have his little girl do it. Not one of his campaign managers, no governor, no Senator of the United States; why, not even a Congressman had ever told him he would be a better-looking man if he would let his whiskers grow; but when that idea was suggested to him from the depths of a child's heart, he took it seriously and acted upon it. From the very day that he received her letter he decided he would wear a beard.

A candidate for the office of President of the United States 20 days before election is a busy man, and Abraham Lincoln was no exception. We may be sure that the bitterness of the campaign of 1860 produced an immense quantity of mail. Shorthand, stenographers, and typewriters were unknown to him. All letters had to be written in longhand and with a pen. He had to employ a secretary and assistant secretaries to attend to his correspondence.

Deeply absorbed in his campaign and its problems, nevertheless he was not too busy to answer that little girl's letter in his own handwriting, marking it "private."

All portraits of Mr. Lincoln up to the time of his election show him beardless. The people of the United States from the beginning of the Government had never seen a bearded President.

Had Abraham Lincoln taken any other train on any other railroad, the following part of this story could not be told. On his way to Washington to become the President his train stopped at Westfield, N.Y., February 16, 1861, where his little adviser lived. Addressing the crowd, who had come to see and hear the President, he told them he had a letter from a little girl in that place, naming her, and if she were present to please come forward. As she did so, he stooped down, shook her hand, and in the presence of the people, kissed her, saying, "You see, Grace, I let these whiskers grow for you", and pointed to his full-grown beard.

The writing of the letter by Grace Bedell, with its unique advice, conceived and executed in her own mind without the knowledge of her parents, was a strange act. That Mr. Lincoln answered her letter at once is stranger still. That he took her advice and let his beard grow is still more strange; that he made a public acknowledgement of it adds another strange fact to a strange story. The strangest part of this unusual story is a fact which has remained unknown for more than 70 years—the span of man's life upon the earth—and that is that out of the unnumbered thousands of letters which he surely received during his presidential campaign, he preserved little Grace Bedell's letter until his death. The letter found a home and was preserved in the White House during the four tear-drenched years of the Civil War. Through the years it has lain hidden from the world, the treasured possession of the Lincoln family. From the hand of Mrs. Robert Todd Lincoln, he who relates this story received that letter to be returned to Grace Bedell, who wrote it, and through her generous act it has become my sacred possession.

I give its contents.

WESTFIELD, CHAUTAUQUA CO., N.Y.,
Oct. 15, 1860.

Hon. A. B. LINCOLN.

DEAR SIR: My father has just come from the fair and brought home your picture and Mr. Hamlin's. I am a little girl only 11 years old, but want you should be President of the United States very much so I hope you wont think me very bold to write to such a great man as you are. Have you any little girls about as large as I am, if so give them my love and tell her to write me, if you cannot answer this letter. I have got four brothers and part of them will vote for you any way and if you will let your whiskers grow I will try and get the rest of them to vote for you, you would look a great deal better for your face is so thin. All the ladies like whiskers and they would tease their husbands to vote for you and then you would be President. My father is a going to vote for you and if I was a man I would vote for you to but I will try and get every one to vote for you that I can. I think that rail fence around your picture makes it look very pretty. I have got a little baby sister she is 9 weeks

old and is just as cunning as can be. When you direct your letter direct to Grace Bedell, Westfield, Chautauqua County, New York. I must not write any more. Answer this letter right off.

Good bye,

GRACE BEDELL.

And Abraham Lincoln answered "right off" and said:

Private.

SPRINGFIELD, ILL., *October 19, 1860.*

Miss GRACE BEDELL.

MY DEAR LITTLE MISS: Your very agreeable letter of the 15th is received. I regret the necessity of saying I have no daughter. I have three sons—one 17, one 9, and one 7 years of age. They, with their mother, constitute my whole family.

As to the whiskers, having never worn any, do you not think people would call it a piece of silly affection if I were to begin it now?

Your very sincere well-wisher,

A. LINCOLN.

The speed and promptness of the mail service of that far-off day—1860—nearly three quarters of a century ago, is somewhat surprising to us who live in this day of fast express trains and air mail service, when we consider that the little girl mailed her letter October 15, 1860, at Westfield, N.Y., it had traveled 600 miles to Springfield, Ill., and Mr. Lincoln had received, opened, read, and answered "right off" by October 19, all within the space of 4 days.

Grace Bedell Billings is still numbered with the living. Her temples, like those of our distinguished Speaker, have been silvered by the snows of many winters. She still has and prizes the letter Mr. Lincoln wrote to her. It hangs framed on the walls of her modest home. Several blotches appear on the face of the letter, and one might easily assume that they were caused by Mr. Lincoln folding the letter before the ink became dry. This is not the fact. Grace Bedell told me that in her excitement upon receiving the letter from Mr. Lincoln she ran out of the post office at Westfield, N.Y., with the letter opened in her hand. An early autumn snow was falling, and those blotches represent the only known traces in the world of the snowflakes of 1860. She resides at Delphos, Kans., and is a constituent of our colleague the gentlewoman from Kansas [Mrs. MCCARTHY].

Perhaps this is as strange a story as can truthfully be related of any President, or Presidential candidate, in the history of the United States, that Abraham Lincoln consented to so radical a change in his personal appearance at the suggestion of a little girl.

We may wonder whether or not in the dark days that followed his inauguration as President and the breaking out of the War between the States he might have smiled as he stroked his beard at the memory of a child's advice. He wore his beard in death. The multitudes who revere the memory of Abraham Lincoln and reflect upon his personal appearance are greatly indebted to little Grace Bedell, for she is responsible for the first bearded President in the history of the United States.

May we of this House of Representatives, in which he once served the Nation from 1847 to 1849, believe today that somewhere "in the infinite meadows of heaven, where blossom the stars", Abraham Lincoln is still loving little children, still loved by little children, and led by them into the everlasting dimensions of his undying manhood.

Lincoln, great treasure of our Republic, and one of the gentlest memories of our world.

[Applause.]

The SPEAKER pro tempore (Mr. HOWARD). Under the general order of the House the gentleman from Maryland [Mr. LEWIS] is recognized.

Mr. GRAY. Will the gentleman from Maryland yield to me to make a request for unanimous consent?

Mr. LEWIS of Maryland. I will.

Mr. GRAY. Mr. Speaker, I ask unanimous consent that at the close of the remarks today I be permitted to address the House for 10 minutes on the life and character of Abraham Lincoln.

Mr. O'CONNOR. Reserving the right to object, would the gentleman mind if the District of Columbia Committee took up two short bills? I understand they will only take a few minutes. The lady from New Jersey [Mrs. NORTON] has been trying to call up the bills.

Mr. GRAY. I assure the lady that my remarks will be brief.

Mrs. NORTON. The District Committee has only two bills, and it will not take more than 15 minutes to dispose of them.

Mr. SNELL. Reserving the right to object, I would like to ask the gentleman from Tennessee what other business there is today?

Mr. BYRNS. The gentleman from Texas has a conference report. However, I am informed that that has been disposed of and there will be nothing else except two bills from the District of Columbia Committee.

The SPEAKER pro tempore. The gentleman from Maryland [Mr. LEWIS] is recognized.

THE PROPOSED REVENUE BILL

Mr. LEWIS of Maryland. Mr. Speaker, ladies and gentlemen of the House, my subject today concerns the question of whether the Republic is to enjoy revenue adequate to the discharge of its great and now unusual functions. You know the consequence of a failure in that respect. I am not speaking for the RECORD; I want to speak heart to heart to you my colleagues here. I want a real hearing on your part, and I shall promise to be as brief as the possibilities of a fair discussion will permit.

AMENDMENTS PROHIBITED

May I say I should defer this discussion until the revenue bill, about to be reported by the Committee on Ways and Means, of which I am a member, had gotten formally before you, except for the circumstance that a rule is being applied for by that committee which will render any amendment which your wisdom might supply inadmissible and impossible.

It is my purpose today to lay before you the principle of what I conceive to be a great omission from the bill reported that you may determine whether the right of amendment should be taken from this House in a matter so important as the necessary revenue of the country, and the House itself reduced to the status of a mere referendum body.

TEST OF REVENUE BILL

What is the test of a revenue bill? The answer is easy. It is that it supplies sufficient revenues to meet the expenditures during the period it covers, and by that I mean the current expenditures. What are the facts? The facts are, from information produced authoritatively, that this bill will fail by $511,000,000 to meet the current expenses of the fiscal year 1935; and this $511,000,000 is a minimum figure. It does not include the interest charges which must attend the issuance of some $10,000,000,000 of bonds, which I believe we all equally feel the Government to be under an obligation to issue, so that starvation and sickness may not rule in this Republic as it rules in a republic 8,000 miles beneath our feet. The bill not only fails to meet actual present committed liabilities by $511,000,000, it fails to make provision for such interest charges, not less than $400,000,000. The Treasury of the United States, already in the red for some 2 years, is committed to being in the red for another year, and that under the administration of the party which promised in all its platform utterances to redeem it from its insolvency.

WHY THE DEFICIT?

Why is the Treasury in a deficit, a serious and persistent deficit? Let me give you my answer to that question. Mark you, the treasury of Great Britain is not in the red. The country over which the flag of England waves is meeting her liabilities pound for pound. Oh, but we expended $3,300,000,000 last year, it is said, on great social measures. Great Britain expended $3,300,000,000 on the same social measures during the same year in terms of our population. Her treasury is not in the red, and not a single bond was issued. What is the explanation? The House of Commons goes to the British subject and assesses him according to his ability to pay. This Congress does not.

Mr. LUNDEEN rose.

INHERITANCE TAXES

Mr. LEWIS of Maryland. I cannot yield. My time is too restricted. Now hear the rates on inheritance taxes. I am giving you only indicative examples, but on a $100,000 estate in the United States $1,500 is charged, as against $9,000 in Great Britain. On a $150,000 estate, the tax in the United States is $5,000, as against $18,000 in Great Britain. On a $200,000 estate, the tax in the United States is $9,500 as against $28,000 in Great Britain, and on a million-dollar estate the tax in our own country is $117,500, as against $270,000 in Great Britain. On an estate of $2,000,000 value, the tax here is $315,000, while it is $660,000 in the British Isles. About 26 percent should be added to our rates to include State taxation of inheritances.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

INCOME TAXES

Mr. LEWIS of Maryland. I am very sorry. I know the gentleman's question would be an intelligent one, but my time restriction does not permit. As to income taxes, let me give just a few examples of these. On a $3,000 net income here of a married couple, without dependents, $20 is charged under the present law, which the committee has reduced to $8. The tax in Great Britain on such an income is $311. On a $5,000 income here it is $100 (reduced by the committee to $80), while it is $711 in Great Britain. On a $10,000 income the tax here is $480 (reduced to $408 by the committee), while it is $1,862 in Great Britain. On a $25,000 income here the tax is $2,526, as against $7,369 in Great Britain. And yet those rates that I have read to you, so far as this country is concerned, have all been reduced by the committee. To include State income-tax receipts the above rates should be increased by 12 percent. If the same taxes were imposed on incomes in the United States as are imposed on them in Great Britain, we should have raised $3,860,000,000 instead of $477,000,000 in 1930. There would have been no thought of the Treasury being in the red if we had imposed one half the taxes here which were imposed and which apparently were willingly paid over there.

With regard to inheritances the like comparison is as $180,000,000 is to $750,000,000.

I am making only a fair statement when I say that under the bill reported by the committee, the middle classes of the United States are virtually exempted from the payment of income and inheritance taxation. We Members represent the middle classes. If you take a married person with no children as entering the middle class at $3,000 net, and as emerging from the middle class into the class of affluence and wealth at $25,000, then I have this serious charge to make, that the committee, instead of increasing the revenues in this field, embracing 88 percent of the net income of the country, has actually reduced them instead in utter disregard of the fact that the American Treasury is in the red. Remember that the average yield, including dividends of the income tax in 1932, was but 4½ percent on the net income reported, including the skyscraper fortunes. Farmers are not lucky enough to get into the income-tax class; but compare the average farmer who in 1929 actually paid 20 percent of his net farm income in local taxes, and in 1932 paid 73 percent of his net income.

SKYSCRAPER TAXES?

We forsooth rely on skyscraper taxation. Suppose New York City were to rely on skyscraper taxation, could it pay its police or its firemen? Certainly not. Even New York is not a skyscraper town, it is not a hundred-story town, it is not a 50-story town or a 20-story town. It is about a 5-story town; and unless the middle classes of that great metropolis respond in the payment of taxation, the great purposes of government in that community must miserably fail. And such a policy can only fail for the Nation; taxing millionaires on their dropsical fortunes will not alone suffice. The total net income from incomes of a million or more in 1932 was but $35,239,556; so that if we got the whole—we got 43 percent—the Treasury would be the richer only by $20,000,000.

My fellows, I want to make this observation: Skyscraper taxation is no more adequate to pay the expenses and sustain the structure of Government in this Republic than would the generals and colonels alone be sufficient to win our battles when we engage in war.

WHY THE FAILURE?

What is the explanation of this great failure on our part? Well, my colleagues, there is such a thing as unconscious class discrimination in this world. I am sure it is unconscious. We here belong to the middle class, and it happens that the rates imposed on incomes virtually exempt us and exempt persons of similar income throughout the country.

Gentlemen of the House, I myself belong to the middle class. I know I sympathize with them. But let me say that if we are granting them such favors in taxation at the risk of their safety and the imperiling of their country, the middle class will not thank us but will repel us with disgust. They love their country. They know that this is a world of duties as well as of rights. They are willing to pay fair taxation to support the country of Washington. They are willing, indeed, when the issue comes, to lay down their lives in its proper defense.

THE LEAKS

The merit claimed for the report of the committee is that it closes a number of leaks and loopholes. It does. They claim for this work the rescuing of some $200,000,000 of revenue, the $200,000,000 being included in the figures I gave, which still leaves this deficit of $511,000,000. I want to speak to you now on a master leak that is not attended to by the bill of the committee, a leak as to which the House would not be permitted to take any amendatory action if the rule they seek is to be given them. It is a leak in the matter of depreciation allowance to corporations and to individual income-tax payers. Let me give you some of its general dimensional figures so you can get a circle around this subject.

THE DEPRECIATION LEAK

About 9 years ago the aggregate claims of corporations for depreciation amounted to about $2,000,000,000. That $2,000,000,000, during the last 9 years, has run up to about $4,000,000,000. The same definite figures are not obtainable on individual returns, but the estimates made by the staff of the Joint Committee on Internal Revenue Taxation indicate about $2,000,000,000 for the individual returns. In other words, when we are thinking of this depreciation claim as an entirety, we have $6,000,000,000; that is, about $4,000,000,000 for the corporations and about $2,000,000,000 for individual returns.

Now, pardon a little statement that is more or less personal, but which ought to be elucidating. We are first taxpayers, even as Members of Congress. Some years ago when the yellow income-tax envelop came to me I had a modest rented property to report and I was asked to report depreciation. I looked at the building, wondered how long the forces of wear and obsolescence would permit it to serve, and concluded that 30 years perhaps would be a fair safety line. Then, of course, for a non-Treasury-minded person—that is, for a taxpayer-minded person—the rest was easy. I reasoned as follows: Depreciation is intended to raise $100 at the end of the useful life of the property for each $100 invested in the property. At the end of 30 years this property of mine will fall like the one-horse shay. But when it fell, if I put 3⅓ percent in a depreciation fund each year, there would be $100 there for each $100 of lost investment; and so there would, if I had charged up 3⅓ percent for 30 years. But is that all that would be there? The matter stood in that state, as far as I am concerned, until I became a member of the Ways and Means Committee, and we found this depreciation problem presented in the enormity you have heard. As a member of the committee, I became Treasury-minded. Then, and not until then, did I ask myself the question: 3⅓ percent for 30 years, how much would that be? Would it take 30 years at 3⅓ percent invested

yearly to amortize this investment, dollar for dollar? I found that it would take but 20 years and 6 months in a sinking fund, where the contribution year by year would fall, if invested at an average of 5 percent. If left to run for 30 years, I found that, instead of having a fund of $100 for each $100 of investment, I would have a fund of $241.

Now, as I have illustrated by my own case, I think the trouble with this subject denotes only that the Treasury Department of the United States has been lacking in Treasury-minded leaders; and that this subject has not received Treasury-minded treatment. These excess depreciation allowances run from 65 percent on a property of a useful life of 20 years, to 318 percent on a property given a life of 50 years. It means, taking a simple average of all percentages, the most we can command at this time, a weighted average being unattainable, that speaking generally only that one half of the four billion corporation depreciation claim should be taken off, and for individuals something like one billion. On that three billion what would be the revenue? At 12 percent, $240,000,000 from the corporations; and at 3 percent something like $30,000,000 from the individuals.

This $270,000,000 is a leak about which it seems to me there can be no question. Mr. Speaker, whenever I think of this particular leak I feel obliged to put a mental inquiry to myself: How would I have voted on the matter of taking $270,000,000 from the veterans if I had known the economy was only destined to be poured into this sink-hole of excessive depreciation? I leave the answer to this question to the Members of the House. I am appending the statistics and a fuller discussion of this important subject—as to which the bill offers no remedy whatever.

Mr. Speaker, how much more time have I?

The SPEAKER pro tempore. The gentleman from Maryland has 5 minutes remaining.

THE EIGHT STATES' GRAB

Mr. LEWIS of Maryland. I shall now go into the community property question. Please assume that you are a Member of Congress from Virginia and receiving a salary of $8,500, your only income. Of this amount, as a married man, you deduct $2,500 as your exemption, and, as a Member of Congress from Virginia or from any of 40 States, under the present law you would pay an income tax of $345. But because of rules applicable to the married state inherited from French or Spanish laws, in eight States of this country, California, Washington, Nevada, Texas, and four other States, a very different situation is presented. Under the Spanish or French dispensation as a married man you may attribute one half of your salary as a Member of Congress to your wife. She will then make a report of $4,250 and you will make a report of $4,250, each taking an exemption of $1,250. Under such circumstances the payment you would make would be not $345, but $240, a reduction of $105, on identical salaries.

Let me say that in the committee, when this inequality and discrimination was presented, there were 3 voting from 3 of such 8 States. I trust I am not disclosing secret matters in making this statement. The Secretary of the Treasury of the United States recommended a treatment of the matter which he declared would save $40,000,000 to the Treasury. The expert of the committee, Mr. Parker, found that the figure would run from $50,000,000 to $60,000,000. On the first vote the proposal made by the Secretary of the Treasury was adopted. There was a reconsideration; then the recommendation of the chief of staff of the committee, Mr. Parker, was adopted. Then, after several days, a new vote was taken, and by a vote of 13 to 12 the recommendation of the Treasury and of the staff were both voted down. There is no provision in this bill to equalize the taxes of the Members of Congress in the various States; and what Members of Congress may do, others certainly will do. For instance, the railway or other executive living in one of these States receiving a salary of $100,000 can attribute $50,000 of it to his wife, and thus, keeping down in the lower brackets, cut his taxes nearly in two. The Secretary of the Treasury said:

> Eight of the 48 States have community property laws, which, under the present income tax law, have been held to permit each spouse to report one half of the community income, although it was all earned by, and was expended under the control of, the husband. This situation not only results in a large loss of revenue to the United States but also operates most inequitably as between spouses in community and those in noncommunity property States. Thus, a husband earning a salary of $25,000 in New York will pay approximately $2,520 in income taxes, whereas a husband earning the same salary in California may throw one half of it into his wife's return, the two paying a total of only $1,470 in income taxes.

PUBLICITY OF INCOME TAX RETURNS

Now, just one other matter—the question of publicity of income-tax returns. I may say, Mr. Speaker, that I am a convert to the idea of publicity of income-tax returns against my will. I am rather an unsuspecting person; but I confess that after the disclosures of what has been going on for the last several years in this matter, it is my firm conviction that nothing but a reasonable publicity can be made to bring many thousands of the country's taxpayers to a recognition of public duty. Taxpayers who have always been honest will not complain of the privacy lost when they realize that we have had to do it to protect the honest taxpayers as well as the Treasury.

I am now through with the principal suggestions I had to make. All of us understand, I am sure, that we are living in an unprecedented chapter of the world's history. In response to the exigencies presented we have given our great Prime Minister in the White House powers of action without peace-time example in our history. In the old Roman days similar powers at times were granted to the great leaders of that Republic, and following the occasion for their exercise, when the leader came back to report to the Roman Senate he was expected to say, "It is well with the Republic." Shall we provide Franklin D. Roosevelt with a solvent treasury and a fair opportunity to make the same report when he returns his commission in a period of trial that transcends anything in Roman history? [Applause.]

The statistics previously referred to are as follows:

Probable useful life, years	Depreciation necessary, 5-percent amortization fund	Depreciation now allowed	Excess allowance	Result of excessive allowance per $100
	Percent	*Percent*	*Percent*	
50	0.478	2.000	318	$418.70
45	.628	2.250	258	359.33
40	.828	2.500	202	302.00
35	1.107	2.860	158	258.06
33	1.249	3.000	140	240.19
30	1.505	3.333	121	221.46
28	1.712	3.500	104	204.41
25	2.095	4.000	91	190.91
22	2.597	4.500	73	173.27
20	3.024	5.000	65	165.33

Percent of excess, simple average, 153 percent.

Income prior to depreciation, depreciation, and net income after depreciation of all corporations, 1921 to 1930

Year	Income prior to depreciation	Depreciation	Net taxable income
1921	[1] $2,628,761,975	[1] $2,170,933,296	$457,828,679
1922	[1] 7,255,573,212	[1] 2,485,538,425	4,770,034,787
1923	[1] 8,913,290,974	[1] 2,605,316,827	6,307,974,147
1924	8,046,151,916	2,683,425,617	5,362,726,299
1925	10,478,766,341	2,857,710,739	7,621,035,602
1926	10,775,122,170	3,270,429,583	7,504,692,587
1927	9,856,524,183	3,346,379,298	6,510,144,885
1928	11,823,533,455	3,596,916,546	8,226,616,909
1929	12,610,682,001	3,870,924,234	8,739,757,767
1930	5,537,426,739	3,986,208,983	1,551,217,856

[1] Estimated.

I am adding a table giving the total receipts and the total deductions during the same years in order to present the whole picture for consideration.

Total receipts and total deductions of all corporations, 1921 to 1930

Year	Total receipts	Total deductions
1921	$91, 249, 273, 532	$90, 791, 444, 853
1922	101, 314, 556, 563	95, 347, 357, 219
1923	119, 019, 865, 177	111, 385, 601, 734
1924	119, 746, 703, 353	112, 951, 551, 608
1925	135, 710, 992, 104	127, 394, 609, 328
1926	142, 629, 445, 279	133, 119, 006, 282
1927	144, 899, 177, 214	136, 230, 130, 860
1928	153, 374, 972, 611	142, 638, 226, 880
1929	161, 158, 206, 414	149, 288, 699, 319
1930	138, 848, 319, 631	134, 189, 610, 451

I now append two letters received from Mr. A. S. McLeod, Government actuary, who on my request, has made the actuarial computations employed in the above statement.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 6, 1934.

Hon. DAVID J. LEWIS,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: In response to your request for the annual payments, as a percent of principal, required to accumulate to principal based on an interest rate of 5 percent compounded annually, and the number of years of probable useful life of buildings as presented in the preliminary report on Depreciation Studies of the Bureau of Internal Revenue, the following table is submitted:

Probable useful life and annual payments as percent of principal:

50 years	0.478
45 years	.626
40 years	.828
35 years	1.107
33 years	1.249
30 years	1.505
28 years	1.712
25 years	2.095
22 years	2.597
20 years	3.024

In the preparation of the data, it is assumed that payments to the sinking fund are made at the end of each year.

Very truly yours,

A. S. MCLEOD,
Government Actuary.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, December 29, 1933.

Hon. DAVID J. LEWIS,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: In response to your request for sinking-fund calculations based on the probable useful life and depreciation rates for buildings as presented in the preliminary report on Depreciation Studies of the Bureau of Internal Revenue, the following table is submitted.

In the preparation of the data a principal investment of $100, an interest rate of 5 percent compounded once a year, and depreciation payments to the fund at the end of each year are assumed. In column 3 are shown the number of years required to accumulate the corresponding annual depreciation charges to the principal amount. In column 4 are shown the accumulation of the depreciation charges over the number of years indicated by the probable useful life.

Probable useful life	Depreciation rate per year (annuity)	Time required to accumulate the annuity to principal			Amount of annuity based on probable useful life
		Years	Months	Days	
Years:	*Percent*				
50	2	25	8	4	$418.70
45	2¼	23	11	23	359.33
40	2½	22	6	6	302.00
35	2⅞	20	8	24	258.06
33	3	20	1	7	240.19
30	3⅓	18	9	11	221.46
28	3½	18	2	7	204.41
25	4	16	7	13	190.91
22	4½	15	4	1	173.27
20	5	14	2	14	165.33

The sinking-fund method of providing for depreciation makes the annual depreciation charge equal to an annuity certain which will accumulate during the lifetime of the unit at a given rate of compound interest to the wearing value of the unit.

In the above illustration (column 4), although the annual depreciation charges would accumulate to the amounts indicated, the differences between the cost and these amounts represent interest earned, which is taxable income.

Therefore should the time be reduced (column 3) within which the given annual depreciation charge could be deducted from income, it would appear reasonable that the earned interest should also be deductible from income. Otherwise a concern would in effect be deducting from income only a part of the depreciation of the property.

I am returning Mr. Wright's memorandum and table.

Very truly yours,

A. S. MCLEOD,
Government Actuary.

The preliminary report of the Treasury on depreciation follows:

Preliminary report on depreciation studies

BUILDINGS

Asset items	Masonry, brick, concrete, reinforced concrete, brick and steel, steel frame, steel and stucco (fireproof)		Masonry, slow burning, with or without steel frame		Masonry, with frame interior		Frame	
	Probable useful life	Depreciation rate	Probable useful life	Depreciation rate	Probable useful life	Depreciation rate	Probable useful life	Depreciation rate
Agricultural buildings. (See Agriculture.)	*Years*	*Percent*	*Years*	*Percent*	*Years*	*Percent*	*Years*	*Percent*
Apartments and flats, without elevators	40	2½	35	2⅞	30	3⅓	25	4
Barns, car (and car shops)	50	2	40	2½	33	3	28	3½
Barns and sheds. (See Agriculture.)								
Dwellings:								
1-family	50	2	50	2	50	2	33	3
2-, 3-, or 4-family	45	2¼	40	2½	33	3	30	3⅓
Factories	40	2½	35	2⅞	30	3⅓	25	4
Foundries	50	2	40	2½	28	3½	25	4
Garages:								
Private	50	2	40	2½	40	2½	25	4
Public	50	2	35	2⅞	30	3⅓	20	5
Grain-elevator buildings	50	2	40	2½	33	3	25	4
Hotels and elevator apartments	33	2⅞	30	3⅓	25	4	22	4½
Housing. (See Row houses and dwellings.)								
Loft buildings	45	2¼	35	2⅞	30	3⅓	25	4
Mill-type buildings	40	2½	35	2⅞	30	3⅓	20	5
Machine shops	40	2½	33	3	28	3½	25	4
Office buildings	40	2½	35	2⅞	30	3⅓	25	4
Power stations	50	2	40	2½	33	3	25	4
Roundhouses	50	2	40	2½	33	3	28	3½
Row houses	45	2¼	40	2½	35	2⅞	30	3⅓
Stores	50	2	40	2½	35	2⅞	28	3½
Stores, 1 or 2 stories, of rooms or apartments	40	2½	35	2⅞	30	3⅓	25	4
Theaters	33	3	25	4	22	4½	20	5
Warehouses	50	2	50	2	45	2¼	35	2⅞
Warehouses, skeleton pier, and special commodity warehouses, cold storage and packing	40	2½	33	3	28	3½	20	5

[Here the gavel fell.]

NATIONAL LOTTERY

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes for the purpose of having the Clerk read a very appropriate resolution of the city of Chelsea, Mass. It is one which ought to go out to the country, endorsing as it does a measure which should command the attention of every taxpayer in the Nation.

The SPEAKER. Is there objection to the request of the gentleman from New Jersey?

There was no objection.

The Clerk read as follows:

BOARD OF ALDERMEN,
CITY OF CHELSEA, MASS.,
City Hall, February 5, 1934.

Resolved, That the board of aldermen of the city of Chelsea, Mass., endorses the passage of the bill introduced by Representative KENNEY, of New Jersey, in the National House of Representatives providing for a national lottery to be conducted by the Veterans' Administration, and providing for modification of the Criminal Code to permit the use of the mail in connection therewith.

This bill is designed to ease tax burdens and restore war veterans' compensation.

It will provide for the raising of not more than $1,000,000,000 a year and permit the use of the mail and distribution of the advertising and announcements of the results of the lottery.

A precedent for this proposed lottery is the use of a lottery by New York City in 1790, when the city of New York successfully raised money by this means to pay for improvements to its City Hall, which had been made to accommodate meetings of the United States Congress.

Resolved, That a copy of this resolution be sent to the President and Vice President of the United States, the Speaker of the National House of Representatives, and to Representative KENNEY, of New Jersey.

SAMUEL FALKOF.

In board of aldermen, February 5, 1934.
Adopted, approved February 7, 1934.

LAWRENCE F. QUIGLEY, *Mayor*.

Attest:

RICHARD O. HOKE, *City Clerk*.

REGULATION OF BANKING IN THE DISTRICT OF COLUMBIA

Mrs. NORTON. Mr. Speaker, by direction of the Committee on the District of Columbia I call up the bill (S. 2465) to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

The Clerk read the bill, as follows:

Be it enacted, etc., That subsection (a) of section 4 of the act entitled "An act to further regulate banking, banks, trust companies, and building and loan associations in the District of Columbia, and for other purposes", approved March 4, 1933, is hereby repealed.

SEC. 2. The additional liability imposed by subsection (b) of section 4 of such act upon the shareholders of the savings banks, savings companies, and banking institutions specified in such subsection (b), shall not apply with respect to shares in any such savings bank, savings company, or banking institution issued after the date of enactment of this act.

Mrs. NORTON. Mr. Speaker, the purpose of the bill is merely to repeal subsection (a) of section 4 of the act referred to in the bill, the banking act, which, as you know, was passed in the last session. That act removed double liability on new issues of national bank stock in order not to hinder the reorganization or recapitalization of banks. The banks of the city of Washington were not included. The present bill merely brings the banks of Washington within the operation of the act removing double liability on new issues of bank stock.

Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mrs. NORTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

WASHINGTON HOME FOR FOUNDLINGS

Mrs. NORTON. Mr. Speaker, by direction of the Committee on the District of Columbia, I call up the bill (S. 1659) to authorize an increase in the number of directors of the Washington Home for Foundlings.

The Clerk read the bill, as follows:

Be it enacted, etc., That the act entitled "An act for incorporating a hospital for foundlings in the city of Washington", approved April 22, 1870, as amended, is amended by striking out section 3 of said act and by inserting in lieu thereof the following new section:

"SEC. 3. The management of said hospital shall be under the control of a board of directors. The number of directors shall be fixed in the bylaws of the corporation and may be increased or decreased from time to time as may be provided in said bylaws. The board of directors shall have power to appoint all officers and committees necessary to the proper administration of the affairs of the corporation."

Mrs. NORTON. Mr. Speaker, the purpose of this legislation is to increase the number of directors for this home, now limited to 10. I understand it has been very difficult to secure a quorum, and it is the thought of the directors of this institution that it would be very much easier to secure a quorum were the number of directors increased.

Mr. Speaker, I move the previous question on the bill.

The previous question was ordered.

The bill was ordered to be read a third time, was read the third time, and passed.

On motion of Mrs. NORTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

MERGER OF GEORGETOWN GASLIGHT CO. AND WASHINGTON GAS LIGHT CO.

Mrs. NORTON. Mr. Speaker, I ask unanimous consent that the bill (H.R. 4324) to authorize the merger of the Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, be stricken from the Union Calendar and laid on the table.

The SPEAKER. Is there objection to the request of the gentlewoman from New Jersey?

There was no objection.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes on the life and character of Abraham Lincoln.

Mr. FISH. Mr. Speaker, reserving the right to object—I have no objection and do not propose to object—but I trust when the gentleman from Indiana will have finished there will be no objection to similar requests from Members on this side who may wish to address the House for 10 minutes.

Mr. MAPES. Mr. Speaker, reserving the right to object, I should like to ask if there will be any business this afternoon except the speech on Abraham Lincoln.

Mr. BYRNS. The gentlewoman from New Jersey states that she has no other bills to call up, and there will be no further legislation proposed that I know of. I did not understand the request of the gentleman from New York. Was the gentleman's request to make an address on Abraham Lincoln?

Mr. GRAY. I am going to make one on Lincoln.

Mr. FISH. I requested that if the gentleman from Indiana is to be allowed 10 minutes that I be allowed 10 minutes following him.

Mr. BYRNS. The gentleman is not going to speak on Abraham Lincoln?

Mr. FISH. No.

Mr. BYRNS. On what subject is the gentleman going to speak?

Mr. FISH. I am going to discuss an emergency issue that came up today.

Mr. BYRNS. I do not think we should take up these matters at this time.

Mr. FISH. It is not necessary for the Members to stay, but there is no reason why I should not be allowed to talk.

Mr. BYRNS. What is the reason for all the secrecy about the subject?

Mr. FISH. There is no secrecy about it.

Mr. O'CONNOR. Mr. Speaker, if I am not informed as to what the subject is, I am going to object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. ANDREWS of New York at the request of Mr. HANCOCK of New York.

QUESTION OF A QUORUM

Mr. TABER. Mr. Speaker, I suggest the absence of a quorum and make the point there is not a quorum present.

The SPEAKER. Evidently there is not a quorum present.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 44 minutes p.m.) the House adjourned until tomorrow, Tuesday, February 13, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Feb. 13, 10:30 a.m.)

Hearing on House Joint Resolution 236—electric energy rates investigation.

NAVAL AFFAIRS SUBCOMMITTEES ON AERONAUTICS AND PRIVATE BILLS

(Tuesday, Feb. 13, 10:30 a.m.)

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MOREHEAD: Committee on the Post Office and Post Roads. H.R. 5477. A bill to fix the rates of postage on certain periodicals exceeding 8 ounces in weight; without amendment (Rept. No. 701). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 7808. A bill to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes; without amendment (Rept. No. 702). Referred to the Committee of the Whole House on the state of the Union.

Mr. HILL of Alabama: Committee on Military Affairs. H.R. 503. A bill to authorize the donation of certain land to the town of Bourne, Mass.; without amendment (Rept. No. 703). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOUGHTON of North Carolina: Committee on Ways and Means. H.R. 7835. A bill to provide revenue, equalize taxation, and for other purposes; without amendment (Rept. No. 704). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD: A bill (H.R. 7902) to grant to Indians living under Federal tutelage the freedom to organize for purposes of local self-government and economic enterprise; to provide for the necessary training of Indians in administrative and economic affairs; to conserve and develop Indian lands; and to promote the more effective administration of justice in matters affecting Indian tribes and communities by establishing a Federal court of Indian affairs; to the Committee on Indian Affairs.

By Mr. CARTER of California: A bill (H.R. 7903) to provide that in making awards under contracts for the construction of vessels in private shipyards bids shall be accepted from shipyards located on the Pacific coast under certain conditions; to the Committee on Naval Affairs.

By Mrs. NORTON (by request): A bill (H.R. 7904) to amend section 895 of the Code of Law for the District of Columbia; to the Committee on the District of Columbia.

By Mr. HILL of Alabama: A bill (H.R. 7905) to make peanuts a basic agricultural commodity for the purposes of the Agricultural Adjustment Act; to the Committee on Agriculture.

By Mr. BLACK: A bill (H.R. 7906) to license race tracks in the District of Columbia and provide for their regulation; to the Committee on the District of Columbia.

By Mr. JONES: A bill (H.R. 7907) to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes; to the Committee on Agriculture.

By Mr. McLEOD: A bill (H.R. 7908) to promote resumption of industrial activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in national banks; to the Committee on Banking and Currency.

By Mr. CANNON of Wisconsin: A resolution (H.Res. 265) to appoint a committee to investigate the First National Bank of West Allis, Wis.; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Wisconsin, memorializing Congress to enact legislation setting aside a definite amount from the Public Works Administration funds and allocating such amount among the several States for highway-construction purposes; to the Committee on Ways and Means.

Also, memorial of the Philippine Legislature, regarding the subject of Philippine independence; to the Committee on Insular Affairs.

Also, memorial of the Legislature of the State of South Carolina, memorializing Congress to establish armories at Clemson College, S.C., and at other places throughout the United States; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER (by request): A bill (H.R. 7909) for the relief of Joseph Roig; to the Committee on Military Affairs.

By Mr. CARPENTER of Kansas: A bill (H.R. 7910) for the relief of Percy C. Wright; to the Committee on Military Affairs.

By Mr. CHRISTIANSON: A bill (H.R. 7911) to credit certain services as cadets at the United States Military Academy; to the Committee on Military Affairs.

By Mr. EDMONDS: A bill (H.R. 7912) for the relief of Adelaide Biddle Stark; to the Committee on War Claims.

By Mr. EICHER: A bill (H.R. 7913) to amend an act for the relief of Clarence R. Killion; to the Committee on Military Affairs.

By Mr. GLOVER: A bill (H.R. 7914) for the relief of Street Improvement District No. 1, in the city of Fordyce, Dallas County, Ark.; to the Committee on Claims.

By Mr. LEA of California: A bill (H.R. 7915) for the relief of the State of California; to the Committee on the Judiciary.

By Mr. McREYNOLDS: A bill (H.R. 7916) to authorize an appropriation for the reimbursement of Stelio Vassiliadis; to the Committee on Foreign Affairs.

By Mr. REECE: A bill (H.R. 7917) for the relief of the heirs of Jesse Evans; to the Committee on War Claims.

By Mr. SUTPHIN: A bill (H.R. 7918) for the relief of the city of Perth Amboy, N.J.; to the Committee on Claims.

By Mr. WERNER: A bill (H.R. 7919) for the relief of Charles H. West; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2226. By Mr. CULLEN: Petition of the Builders Exchange of Oakland, Calif., urging the Senate and House of Representatives to pass remedial legislation to provide suitable loans for new home construction, taking the best features of all bills now pending in the Senate and House as a basis for such legislation; to the Committee on Banking and Currency.

2227. By Mr. DeROUEN: Petition of Robley D. Evans Camp, No. 12, United Spanish War Veterans, asking Congress to undo the injury done these veterans by the Economy Act and to strike out that portion as it refers to Spanish-War veterans, and to reestablish the former pension law as it was before March 20, 1933; to the Committee on Appropriations.

2228. By Mr. HARLAN: Petition of 20,000 citizens of the Third Ohio District, protesting against restrictions on the use of radio; to the Committee on Merchant Marine, Radio, and Fisheries.

2229. By Mr. KENNEY: Petition of the State council of New Jersey, Junior Order of United American Mechanics, that the Government amend the deportation laws to bring about the immediate deportation of aliens convicted of other than capital crimes; to the Committee on Immigration and Naturalization.

2230. Also, petition of State council of New Jersey, Junior Order of United American Mechanics, opposing any anti-restriction bill; to the Committee on Immigration and Naturalization.

2231. Also, petition of the State council of New Jersey, Junior Order of United American Mechanics, favoring the adoption of the Cooper-Tarver stop-alien representation amendment; to the Committee on Immigration and Naturalization.

2232. By Mr. MEAD: Petition of the central council of Polish organizations of Buffalo, N.Y.; to the Committee on Ways and Means.

2233. Also, petition of Oklahoma City Trades and Labor Council, Oklahoma City, Okla., requesting the immediate restoration of 5-percent pay for Federal employees, and an additional 5 percent on July 1, 1934; to the Committee on Appropriations.

2234. By Mr. POLK: Petition signed by Master J. A. Ashton and Secretary Alice E. Boyce, of the Clermont County Pomona Grange of Ohio (with a membership of 1,500 grangers) favoring a tax on uncolored oleomargarine sufficient to equal the 10-cent tax on the colored and other substitute butters and lard; to the Committee on Agriculture.

2235. By the SPEAKER: Petition of the city of Chelsea, Mass., regarding the conduction of a national lottery by the Veterans' Administration; to the Committee on Ways and Means.

SENATE

TUESDAY, FEBRUARY 13, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed without amendment the following bills of the Senate:

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings; and

S. 2465. An act to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 2053. An act for the relief of Capt. L. P. Worrall, Finance Department, United States Army; and

S. 2552. An act for the relief of Charles C. Bennett.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ind.
Ashurst	Cutting	Keyes	Russell
Bachman	Davis	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dieterich	Lewis	Shipstead
Barbour	Dill	Logan	Smith
Barkley	Duffy	Lonergan	Steiwer
Black	Erickson	Long	Stephens
Bone	Fess	McCarran	Thomas, Okla.
Borah	Fletcher	McGill	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Murphy	Trammell
Byrd	Glass	Neely	Tydings
Byrnes	Goldsborough	Norris	Vanderberg
Capper	Gore	Nye	Van Nuys
Caraway	Hale	O'Mahoney	Wagner
Carey	Harrison	Overton	Walcott
Clark	Hastings	Patterson	Walsh
Connally	Hatch	Pittman	Wheeler
Coolidge	Hayden	Pope	
Copeland	Hebert	Reynolds	
Costigan	Johnson	Robinson, Ark.	

Mr. LEWIS. I regret to announce that the Senator from California [Mr. McADOO] is detained from the Senate on account of a severe cold.

Mr. HEBERT. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the Senator from West Virginia [Mr. HATFIELD], the Senator from South Dakota [Mr. NORBECK], and the Senator from Pennsylvania [Mr. REED] are necessarily absent from the Senate.

The Senator from Maine [Mr. WHITE] and the Senator from Vermont [Mr. AUSTIN] are also necessarily absent, but I understand are on their way here and will be present later.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

DISPOSITION OF USELESS PAPERS

The VICE PRESIDENT laid before the Senate a letter from the Secretary of State, reporting, pursuant to law, relative to certain described papers on the files of the State Department that are not required in the transaction of public business and have no historical interest, and asking for action looking to their disposition, which, with the accompanying paper, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The VICE PRESIDENT appointed Mr. PITTMAN and Mr. BORAH the committee on the part of the Senate.

BALANCE SHEET OF WASHINGTON RAPID TRANSIT CO.

The VICE PRESIDENT laid before the Senate a letter from the treasurer of the Washington Rapid Transit Co., transmitting, pursuant to law, copy of the balance sheet of the company as of December 31, 1933, which, with the accompanying paper, was referred to the Committee on the District of Columbia.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Harlan H. Smith, of Pocatello, Idaho, praying for the adoption of a civil-service retirement plan, proposed by him, providing for the establishment of a self-supporting bank which would allow Federal employees to use their credit in the retirement and disability fund as security for credits, which was referred to the Committee on Civil Service.

He also laid before the Senate a letter from the Respess Aeronautical Engineering Corporation, of New York City, N.Y., relative to the use of the airship in foreign commerce and as a secondary defense, and favoring an investigation by a Senate committee of all airship structures and airships, with the view to determining what type of airship is best suited for American construction, and to provide immediate means for such construction and employment, which, with the accompanying pamphlet, was referred to the Committee on Military Affairs.

RESOLUTIONS OF BUTTE (MONT.) MINERS' UNION

Mr. WHEELER presented resolutions of the Butte (Mont.) Miners' Union, which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

The following resolution, presented by the Butte Miners' Union, asking for a national 30-hour work week, was unanimously adopted by the council at its last meeting. All other unions are asked to adopt like resolutions and send them to their Congressmen and Senators and to the American Federation of Labor:

"To the Executive Officers of the American Federation of Labor, greetings:

"We, the members of Butte Miners' Union, No. 1, of I. U. of M. M. & S. W., affiliated with the American Federation of Labor, believe that the suggestions in the following resolution, regarding national legislation, in the interests of labor, to be vitally necessary, and presented at this session of Congress. Therefore, we submit the following for your concurrence and support:

"Whereas the N.R.A. codes providing for 35-, 40-, 45-, or 50-hour work weeks are totally inadequate to provide anything like steady employment for the wage earners of the United States; and

"Whereas, in our own district, it has been absolutely proved that even the 30-hour workweek, inaugurated by the President's C.W.A. program, has proved inadequate; as there are still several hundreds living off charity; and

"Whereas we have reliable information to the effect that if all the installed productive machinery of the country were set in motion we could produce a superabundance of everything we use by working 16 hours per week; and

"Whereas, it appears, there are a number of other machines as yet uninstalled which require practically no human agency what-

ever for their operation, and whose potential production will add enormously to the efficiency of the country's factories and other producing units: Therefore be it

"*Resolved*, That we urge upon President William Green and the other executive officers of the A. F. of L. to use their utmost endeavors to have Congress enact laws, providing for a national work week for all industry of not more than 30 hours; and be it further

"*Resolved*, That in order to avert the necessity for public or private charity, and other attendant evils, we believe it to be absolutely necessary to enact adequate unemployment insurance and old-age pension laws, which will remove the specters of unemployment and old-age dependency. We further believe that men and women should be taken out of industry and adequately pensioned, starting at the age of 50 years and ranging up to 60 years for different industries; and be it further

"*Resolved*, That we pledge our unstinted and unwavering support to our executive officers and all others who support and fight for this program; and be it further

"*Resolved*, That copies of this resolution be sent to all central labor bodies in the State asking their endorsement and to ask their affiliates to communicate it to their various locals and internationals. To this end that this action gain wide-spread support from all sections of the country; and be it further

"*Resolved*, That the request be made of all farmer organizations to support this action.

"REID ROBINSON,
"ROBERT C. BROWN,
"LEW J. MCLENEGAN,
"*Legislative Committee.*"

PRICES AND MARKETING OF SUGAR

Mr. BORAH. Mr. President, I present and ask to have inserted in the RECORD some telegrams with reference to the proposed sugar program.

There being no objection, the telegrams were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

BLACKFOOT, IDAHO, *February 12, 1934.*

Senator WILLIAM E. BORAH,
Senate Building, Washington, D.C.:

Sugar-beet growers very much disturbed by President's sugar program. We feel to reduce the tariff and give a tax that must go through manufacturers will be detrimental and will eventually destroy the industry.

IDAHO BEET GROWERS ASSOCIATION,
GEO. T. COBBLEY.

RIGBY, IDAHO, *February 12, 1934.*

Hon. WILLIAM E. BORAH,
Senate, Washington, D.C.:

President's message puts beet-sugar production 300,000 tons too low. Contact association officials in Washington. Save industry if possible.

RIGBY DISTRICT ASSOCIATION,
J. W. EAMES, *Secretary.*

PRESTON, IDAHO, *February 12, 1934.*

Senator WILLIAM E. BORAH,
Washington, D.C.:

The 1,450,000 beet-sugar quota in President Roosevelt's sugar plan is too low. Will you work for quota at least equal to last year's production?

FRANKLIN COUNTY BEET GROWERS ASSOCIATION,
G. L. TANNER, *President.*

PROPOSED NATIONAL LOTTERY

Mr. BARBOUR. Mr. President, I ask unanimous consent for the printing in full in the RECORD and appropriate reference of a resolution of the Board of Aldermen of the city of Chelsea, Mass., favoring enactment of legislation sponsored by Representative KENNEY, of New Jersey, providing for a national lottery to be conducted by the Veterans' Administration.

There being no objection, the resolution was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

BOARD OF ALDERMEN,
Chelsea, Mass., February 5, 1934.

Resolved, That the Board of Aldermen of the city of Chelsea, Mass., endorses the passage of the bill introduced by Representative KENNEY, of New Jersey, in the National House of Representatives providing for a national lottery to be conducted by the Veterans' Administration and providing for modification of the Criminal Code to permit the use of the mail in connection therewith.

This bill is designed to ease tax burdens and restore war veterans' compensation.

It will provide for the raising of not more than $1,000,000,000 a year and permit the use of the mail and distribution of the advertising and announcements of the results of the lottery.

A precedent for this proposed lottery is the use of a lottery by New York City in 1790, when the city of New York successfully raised money by this means to pay for improvements to its city hall, which had been made to accommodate meetings of the United States Congress.

Resolved, That a copy of this resolution be sent to the President and Vice President of the United States, the Speaker of the National House of Representatives, and to Representative KENNEY, of New Jersey.

SAMUEL FALKOF.

In board of aldermen, February 5, 1934.
Adopted.
Approved, February 7, 1934.

LAWRENCE F. QUIGLEY, *Mayor.*

Attest:

RICHARD E. HOKE, *City Clerk.*

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and to lie on the table the letter of State Senator Joseph C. Trainer, of Pennsylvania, relative to the St. Lawrence waterway. Senator Trainer is opposed to the waterway, representing the 270,000 residents of the first district of Pennsylvania. Senator Trainer is closely in touch with our economic problems, particularly as they relate to labor.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

PHILADELPHIA, PA., *February 10, 1934.*

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

DEAR SENATOR DAVIS: I am writing to ask you to do all that you can to defeat the proposed St. Lawrence Waterway Treaty. I believe this treaty would be harmful not only to the eastern section of the United States by diverting shipping from our Atlantic and Gulf ports to Canadian ports but I also believe it would be harmful to the country as a whole since it involves, among other things: First, the spending of United States money on projects that will become Canadian property under Canadian control with no guaranty to the United States of the use thereof in the event of an emergency; second, the surrender of American sovereignty over Lake Michigan, a very un-American proposal; third, American expenditure of money with no equitable Canadian expenditure, with most of the benefits regarding labor and the purchase of supplies going to Canada.

Can I ask you to show our Senate that the use of this plan will take away a vast amount of labor from all our eastern and Gulf ports, stevedores, rivermen, rail employees, and the merchants who serve them suffering alike in this respect? It practically means that all shipping to the Central West will be taken from the eastern seaboard, and the investment to do this will increase the taxation of an already overtaxed people.

Speaking for the 270,000 residents of my district, I ask that you use your vote and influence to stop the passage of the treaty.

Trusting you will give this plea your careful consideration, I am,

Very truly yours,

JOSEPH C. TRAINER.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 12th instant that committee presented to the President of the United States the enrolled bill (S. 860) for the relief of George W. Edgerly.

REPORT OF THE COMMITTEE ON POST OFFICES AND POST ROADS

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, reported it with amendments and submitted a report (No. 295) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

William B. Riley, of Watervliet, N.Y., to be collector of internal revenue for the fourteenth district of New York, to fill an existing vacancy; and

George T. McGowan, of New York, to be collector of internal revenue for the twenty-eighth district of New York, in place of Gilbert T. Sugden, resigned.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the Executive Calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. ROBINSON of Arkansas:

A bill (S. 2749) for the relief of the First National Bank of Lake Village, Ark.; and

A bill (S. 2750) for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown; to the Committee on Claims.

By Mr. BAILEY:

A bill (S. 2751) for the relief of John Thomas Wilkins; to the Committee on Commerce.

A bill (S. 2752) for the relief of the legal beneficiaries and heirs of Mrs. C. A. Toline; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 2753) authorizing loans by the Reconstruction Finance Corporation to publicly and privately controlled colleges, universities, and other institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

By Mr. WHEELER:

A bill (S. 2754) to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; and

(By request.) A bill (S. 2755) to grant to Indians living under Federal tutelage the freedom to organize for purposes of local self-government and economic enterprise, to provide for the necessary training of Indians in administrative and economic affairs, to conserve and develop Indian lands, and to promote the more effective administration of justice in matters affecting Indian tribes and communities by establishing a Federal Court of Indian Affairs; to the Committee on Indian Affairs.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY—RESERVATION

As in executive session,

Mr. BAILEY submitted the following reservation intended to be proposed by him to the resolution advising and consenting to the ratification of the treaty between the United States and the Dominion of Canada for the completion of the Great Lakes-St. Lawrence deep waterway, signed at Washington on July 18, 1932, which was ordered to lie on the table and to be printed:

The United States ratifies this treaty as a condition of the ratification and a part of the treaty that grain of any character shipped out of the United States by way of the Great Lakes-St. Lawrence deep waterway or by way of any port of the United States shall be admitted to the British Commonwealth of Nations and each of its members, dominions, or colonies on the same terms as grain from any other member of the British Commonwealth of Nations, its dominions, or colonies.

LIMITATION OF JURISDICTION OF DISTRICT COURTS—PUBLIC UTILITIES

Mr. JOHNSON. Mr. President, I present and ask leave to have published in the RECORD an editorial from the Kansas City Times of the 12th instant, entitled "The People Speak in Congress", and an article from the Kansas City Star, dated at Topeka, Kans., February 11, relative to the bill recently passed by the Senate limiting the jurisdiction of district courts of the United States in cases affecting the orders of State public utility boards.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Editorial from the Kansas City Times, Feb. 12, 1934]

THE PEOPLE SPEAK IN CONGRESS

By a substantial majority the Senate has given swift approval to the Johnson bill designed to restrict to State courts appeals by utilities from rate orders issued by public-utility commissions. The bill is expected to be passed by the House. Above all else, this action is symptomatic of a wide-spread public conviction that State regulation of utility rates, as it has existed, has failed in the purpose for which it was instituted. It has not been a means of public relief at times when the relief was most needed.

Interminable and exasperating delays by appeals to the courts have frustrated the aims of the regulation and have meant a virtual denial of the public protection that was supposed to be within reach. The condition has not been confined to any single State. It has existed not merely in Kansas but in Illinois, in California, in New York, and in practically every other State. In a period of distress, relief that was both urgent and just has not been forthcoming. The exceptions to that situation have been few. Without public assistance in some new form the delays might be continued indefinitely until, perhaps, a change in economic conditions might be offered as an excuse for permanent retention of rates at a high level.

The Senate bill is advanced in the light of such an intolerable situation as that. Its theory is that the utilities, like the regulatory bodies, should be amenable, first of all, to the State laws and the State courts, with the later opportunity, of course, for appeal to the United States Supreme Court. It is assumed that what is fair procedure for the State bodies also would be fair for the utilities; that the State courts would be more immediately responsive and cognizant of the public needs.

However that may be, and whatever might be finally accomplished by such a piece of legislation, one thing is clearly and emphatically evident. The present situation as to relief cannot and will not be allowed to continue. There is a strong drift at present toward municipal or other public ownership of utilities. With specific exceptions this newspaper has not favored that course. The Star has recognized the undesirable features of such a policy as a general expedient.

But the attitude of the public is plain. It is reflected in the bill in Congress. The requirements of justice are evident. If the present machinery for public protection cannot be made to function, and if its purposes are to be forever frustrated, then the needed relief must be had by other means. There is a stern lesson in the present situation for those who are wise enough to see it.

[Article from the Kansas City Star, Feb. 11, 1934]

BACKS UTILITY BILL—LANDON URGES THE ADMINISTRATION FORCES BE THROWN BEHIND JOHNSON MEASURE—ROOSEVELT'S AID ASKED—GOVERNOR, IN TELEGRAM TO PRESIDENT, CITES THE SITUATION IN KANSAS—TO CHECK RATE EVASIONS—RESTRICTION OF APPEALS TO STATE COURTS CALLED A GREAT FORWARD STEP

TOPEKA, February 11.—Governor Alf M. Landon today asked President Roosevelt to throw the administration forces behind the Johnson utility bill.

The Johnson measure would force utility corporations to exhaust the relief offered in State courts before appealing to the United States court in resisting rate decisions from State public service commissions.

The bill by Senator HIRAM JOHNSON, of California, has been passed by the Senate and now is in the House. The Governor also sent a telegram to all of the Members of the Kansas delegation in Congress urging them to support the bill in the interest of better regulation of the utilities in this State.

Kansas now is having an experience with a rate question—the reduction of rates for natural gas charged by the Cities Service organization. For more than 3 years the State has been seeking to have gas rates reduced and when an order directing reductions was made the company went into the Federal courts, obtained an injunction, and thus blocked the rate reduction without the State courts having had a chance to consider the question.

Governor Landon obtained from the special session of the legislature last year an appropriation of $50,000 to pay the State's expenses in continuing the gas-rate fight.

In his telegram to the President tonight, Governor Landon pointed out numerous reasons why Kansas was interested in the legislation and believed it should be enacted. The telegram said:

"May I earnestly solicit your administration support in the House of Representatives for the Johnson bill, which gives to each State a better control over its own utility problems. It is the most constructive piece of utility legislation, in my judgment, that has been offered in the last decade. The theory of rate regulation by State commissions has been made a mockery by the delays, evasions, and general obstructive tactics permitted in the lower Federal courts. The present procedure has come to be looked upon by the public as amounting to a distinct prejudice against the State findings. By their being all too ready to grant restraining orders and injunctions cases have been kept in court for years without final determination on their merits.

"The Johnson bill terminates this evil without denying any parties right of appeal for final adjudication on the sole question that should be considered—that of confiscation of property.

"Certainly our State courts and the United States Supreme Court may be trusted to consider these questions with equity and with justice and to protect property rights as well as public rights. The various State commissions have been hampered in accomplishing the useful purpose for which they were created by reason of the almost scandalous interference of the lower Federal courts. The Johnson bill offers a specific remedy for this intolerable situation."

OUR NATIONAL RUIN ACT

Mr. SCHALL. Mr. President, I have here a letter from a farmer, and an article written by him, which gives a farmer's outlook. It refers to the so-called "recovery program", with its official tom-tom beater for the 200 monopoly codes, the leader of brass bands and dealer in Wall Street stocks, who has been of late, in headlines of our leading newspapers, quoted as lashing the "Senate critics" who are described as "sightless foes of recovery."

But history records a wiser prophet than even the man who describes himself in his book of the N.R.A. as the "associate of Bernard M. Baruch." I doubt if Mr. Baruch

himself, with whom the "associate", according to the press, spent Christmas week, would be unwise enough to publish the statement that repeal of the clause to suspend the antitrust laws would "kill the recovery program."

This confession is a tacit admission that the fundamental purpose of this particular section of the N.R.A. Act is to put the Government behind monopoly.

Not only are the antitrust laws of the United States in danger, but the common law of the English-speaking nations against monopolistic restrictions of trade is in danger. Our antitrust statute establishes no new principle. It is simply the statutory expression of the common-law principle which has been the law of our land for 145 years, ever since the adoption of the Constitution and the organization of the first American court. I am expressing no new thought. It is the legal knowledge of every lawyer in this Chamber. It is the finding of a hundred decisions by the United States Supreme Court.

One of the greatest dangers—indeed, the greatest danger—that has threatened the Republic of Washington and Jefferson, of Lincoln and Theodore Roosevelt, is this:

To place all the industries of the United States, all the commerce and domestic trade activities of 48 States, all the labor and all the homes and means of living, under the dictatorial control of a Wall Street stock broker or an "associate" of a stock broker.

The proposal that such a condition, resorted to in an hour of supposed "emergency", should be made permanent—the proposal that the temporary industrial dictatorship should abide indefinitely—is a proposal to overthrow the Republic of the Constitution, abolish "government of, for, and by the people", and substitute the Fascisti system that now rules the land of the Cæsars.

The only major country suffering an industrial setback from July to November 1933, was the United States.

Even in 1932 the industrial index of the United States from July to November, as disclosed by the published data of the Federal Reserve Board, recorded a substantial advance.

In 1933 the Federal Reserve index of industrial production dropped from 100 in July to 73 in November, a decline of 27 percent.

July is the pivotal month for measuring the economic effect of the two industrial measures of the so-called "new deal"—namely, the A.A.A. and the N.R.A.

Congress adjourned June 16. Its last act was the passage of the N.R.A. bill. The bill was signed on the night of June 16. The first N.R.A. code signed by the President, the cotton textile code, was approved July 17. Therefore, the industrial trend during the month following July is the economic measure of the benefits and disasters of the N.R.A. The same goes for the A.A.A. Government departments and bureaus—Federal Reserve, Commerce, Agriculture—give the country their own official record of the disaster to industrial production from July to November, and the disaster to farm prices and to the farmer's purchasing power from July to November. By that record, the new deal must stand or fall. This record shows that from July to November 1933, industrial production fell 27 percent, the purchasing power of the farmer's dollar dropped steadily month after month, and the price of wheat fell over 30 cents a bushel.

The first N.R.A. code was that of cotton textiles. Cotton was also the first farm crop to which the A.A.A. was applied—by an order to plow under 15,000,000 acres of growing cotton. What was the effect of the N.R.A. on cotton textiles? What the effect on the cotton farm price? What the effect on cotton consumers? What was the total cost of the hullabaloo to the United States as applied to cotton?

The cost of cotton goods to the country has been approximately doubled. The cost of denim in the workman's overalls has been increased something like 100 percent. The cost of calico and sheetings in the homes of the country and in the dresses of the mothers and children has been increased 50 percent or more. The cost to the Government Treasury for these experiments exceeds $100,000,000. What was the benefit to the cotton industry?

The answer is, "Nil, nothing whatever. On the other hand, the net effect has been disaster." The convention of the cotton States, held here in Washington and presided over by the Senator from South Carolina [Mr. SMITH], Chairman of the Senate Committee on Agriculture, bears adequate testimony to the failure of the N.R.A. and A.A.A. as applied to the cotton industry.

Today we read that cotton forwardings to the mills and markets are lower than on the same date 1 year ago. We find that cotton-mill employment, as measured by cotton-spindle activity, is lower than 1 year ago. We read that scores of cotton mills have closed down by lack of mill orders, with resultant reduction of employment. We find that the price of cotton is lower than in July, when the N.R.A. and A.A.A. began. We find that the Government cost of these experiments—plowing under 15,000,000 acres of good cotton, the imposition of over $100,000,000 of processing taxes, the cost of N.R.A. and A.A.A. reaches in the aggregate several hundred millions; and the only material results are two: First, to increase the cost of cotton goods to over 30,000,000 homes and 125,000,000 forgotten consumers; second, to reduce our exports of both cotton and cotton goods abroad, and stimulate imports of European cotton goods.

Cotton mills have lost both in domestic and foreign sales.

Cotton farmers have lost both in home and foreign markets.

Cotton-mill hands and cotton-field hands have lost jobs, and the entire population of cotton-goods consumers have paid the costs and losses in hundreds of millions.

One of the marked disasters of the N.R.A. and A.A.A. to the cotton industry, it appears from the Commerce Reports, is the marked increase in imports of foreign cotton goods and the practical ruin of the American export trade in cotton cloth. This export trade had risen to a value of $80,000,000, and included North and South America, large sales in the West Indies and China, and fully 25 consuming countries.

The N.R.A. and A.A.A. had boosted the price of sheetings, as shown by the Commerce Department Survey of Current Business, from 4.7 cents per yard wholesale in September 1932 to 8 cents in September 1933, and other cotton goods in proportion. Note the effect on imports and exports.

Imports of cotton cloth for September 1933 were more than double the imports for the same month the year before.

Exports of cotton cloth, on the other hand, declined from 25,000,000 square yards in September 1932 to less than 14,000,000 for the same month in 1933.

Even production of cotton cloth had fallen from 88,000,000 yards in September 1932 to 57,000,000 in the same month in 1933 under the N.R.A.

Thus, the principal benefit of the N.R.A. and A.A.A. in the cotton industry has been to foreign cotton mills, foreign cotton growers, and foreign cotton merchants, in capturing from this country its great cotton trade.

The United States Census Bureau gives in a nutshell the disaster inflicted upon this great industry by 6 months of this N.R.A. hullabaloo to promote code no. 1, the cotton-textile code.

In June, the month before these two birds of disaster pounced upon our industries, cotton consumption by American mills exceeded 696,000 bales. In December, after 6 months of the N.R.A., American mill consumption fell to 348,000 bales—a decline of 50 percent.

Six months of the Blue Eagle had destroyed half the cotton-mill consumption, upon which both the cotton grower and the mill hand depended for a living. In June, before the Blue Eagle appeared, American cotton-mill consumption of raw cotton and production of cloth far exceeded the records of former years. In both November and December 1933 American cotton-mill production was below the same months in 1932.

The cost of code no. 1 in this Blue-Eagle hullabaloo—including reduced mill production and cotton consumption, reduced exports and increased imports, loss of foreign trade,

loss of 15,000,000 acres of growing cotton, processing taxes, Government appropriation for administration, and increased cost of living for the 127,000,000 "forgotten"—will easily exceed $500,000,000. It may reach a billion before the nonsense is ended.

This is too much to pay for hullabaloo. Vaudeville, brass-band parades, airplane junkets, cracking-down speeches, may be all right for entertainment, but they are not a substitute for industry, for business, and the means of living in 30,000,000 homes. Also, they are a poor substitute for government.

This is only code no. 1. There are now about 200 codes. If we want to view their aggregate effect, we can read it in the President's Budget message—an increase of the public debt by ten billions and a prospective Budget loss of seven billions. The Budget message of January 4 is the world's most eloquent demonstration of the high cost of hullabaloo. Not Hitler, Mussolini, and the Soviet combined can exhibit a budget disaster equal to that presented to this Congress on the second day of this session.

Take another code—the iron and steel industry code—approved by the President August 19, 1933. One might think that the steel industry would have been stimulated by the steel code. Steel companies not only received a suspension of the antitrust laws but they are given the notorious "Pittsburgh-plus" graft, which had been declared unlawful by the Federal Trade Commission in its rulings of 1925. The Commission had found that the effect of the Pittsburgh-plus bonus amounted to a tax of $30,000,000 a year on the farms of 12 Middle Western States alone, in the unlawful extra charges accrued on farm implements, barbed wire, motors, engines, building, and general construction. Applied to the country at large the steel code should have promoted the industry, if special privileges could accomplish that result. What do we find?

In the closing weeks of July, before the steel code was approved, steel mills were running at 60 percent of maximum capacity. The average steel activity for July was 58 percent.

By November, after 4 months of the N.R.A., the Federal Reserve Board tells us that steel activity has declined "to 25 percent." The July average of 58-percent capacity dropped to a November-December average of 28 percent—a reduction loss of one half in the key industry, iron and steel.

The administration has made heroic efforts to make a market for steel. It appropriated $238,000,000 for building armed cruisers for the Navy. It loaned $84,000,000 to the Pennsylvania Railroad to hasten construction improvements. It expended $100,000,000 on Army camps and further hundreds of millions on delayed construction projects. Yet, with all this pumping of Government loans and appropriations, public debt, and Treasury deficit, to make a market for steel and promote steel activity, the end of the year finds the steel industry operating at only 34 percent capacity, compared with 58 to 60 percent in the weeks immediately prior to the approval of the steel code.

The net result of the steel code is comprised in these items:

First. The antitrust laws have been suspended.

Second. The Steel Corporation and its allies have been authorized by Government edict to do the very acts of restricting trade, reducing production, and boosting prices for which they were formerly prosecuted for violation of law.

Third. They have been granted the Pittsburgh-plus graft hitherto declared unlawful as extortionate charges on other industries.

Fourth. They have reduced their productive activity and they have increased the cost of every constructive improvement by the Government and American citizens, industries, and transportation projects using iron and steel.

The amount of this levy upon the country at large may be estimated by the following iron quotation, employed by the Commerce Department as a key to the iron and steel price basis:

No. 2 Philadelphia foundry iron has jumped from $13.94 in January a year ago to $19.26—an increase of 40 percent.

Steel billets, Pittsburgh, stand at the same unchangeable trust price at which they have stood for 2 years—and the Government is backing the trust against the country at large.

If there is any trust in America that is not represented today on the advisory boards of this new deal, I should be glad to have its advocates name that trust.

If there is any industrial monopoly that is not authorized by the N.R.A. to write its own price-fixing code, I should be glad to have that monopoly named.

The recovery act itself contains the Borah amendment, adopted by the Senate, in the following language, as appears in section 3:

Provided, That such code or codes shall not permit monopolies or monopolistic practices.

But what does the N.R.A. care about law? What are the law and Constitution in a time when Government is administered by hullabaloo?

The weird financial experiments of the past 90 days are, in effect, an admission that the N.R.A. is a failure, the A.A.A. a fizzle, and the Blue Eagle a flop.

Downfall of industrial production since the N.R.A. started with code no. 1 on July 17—a 27-percent downfall from July to November, as officially ascertained by the Federal Reserve Board, together with a like decline in the July–November price of wheat—forced the administration into paying $35 for an ounce of gold worth $20.67 in the vain effort to recoup farm purchasing power.

All that the Government accomplished by this experiment was to donate from the Treasury deficit a bonus of about $15 an ounce to Great Britain and its possessions, the chief producers of gold, and to France, the principal foreign holder of gold, the millions that these two powers should have paid to the United States Treasury on their lawful debts. The gold bonus paid to England and France simply added to the debt to be paid by American taxpayers.

The American dollar is now set at 59 cents by the President with no appreciable benefit to the purchase power of the farm, but with a marked loss to the wage earner in the marked up cost of living and with marked loss to the 127 million "forgotten" in higher prices for code-monopoly goods.

The sound currency pledge of the inaugural message was thrown to the winds, and the American dollar, which from the day of Washington down for 144 years had been the watchword of stable value, is the flotsam and jetsam of fluctuation on every foreign exchange. During the past 100 days no man has known what an American dollar is worth from morn till sunset. It is set at 59 cents today, perhaps it may be set at 55 cents tomorrow. It all depends upon speculation in foreign exchange.

Financial confidence has become a crazy quilt. Millions of American capital have taken wings abroad. On the wings of the Blue Eagle hundreds of millions are leaving this country.

The Federal Reserve statement of January 15, 1934, shows that in the year beginning January 10, 1933, the reporting member banks in 90 leading cities showed a shrinkage of $525,000,000 in loans, a loss of 281 millions in net demand deposits, and a drop of 312 millions in time deposits.

In the week following the President's message, January 3–10, 1934, the bank debits to individual accounts fell off by the huge margin of $1,500,000,000. Is this national recovery?

Is it not, rather, a financial demonstration that the country is fed up with its weekly dosage of patent nostrums that lead to nothing but another batch of new prescriptions?

As usual with all political panaceas, the pretense is kept up that labor is the great beneficiary.

The leading argument is that the N.R.A. has abolished child labor. Yet every Member of Congress knows that child labor had been abolished by State statute or constitutional amendment in a vast majority of the States long before the N.R.A. was ever heard of. In addition to State

enactments, Congress had passed the proposed amendment to the Federal Constitution abolishing child labor, by a vote of 61 to 23 in the Senate and by a vote of 297 to 69 in the House, back in 1924. Doubtless, the State legislative sessions of the present winter will extend the ratifications to the number required by the Constitution. But whether they do or not, over two thirds of the States were already operating under State child labor acts before the election of 1932. This false claim to credit due to the acts of the States is an admission of N.R.A. failure and a confession of a desperate need to find excuse for N.R.A. continuance.

If the N.R.A. was a solution of the employment problem, why the C.W.A. with a cash appropriation of $400,000,000, and the last week's addition of $950,000,000? The latter is simply a confession that the N.R.A. was a flop.

Powerful statistics have been issued to the effect that in in December 4,000,000 unemployed had been made permanently self-supporting by this sum of $400,000,000, which netted $100 a head for each of the alleged 4,000,000. Let us examine this claim. The only dependable and nonpolitical authority on the subject of unemployment is the American Federation of Labor.

In June 1933, when Congress last adjourned, the country's unemployment was rated at 11,000,000, as compared with 12,000,000 in March, when the business of the country was paralyzed by the new deal administration closure of all banks.

When Congress met, the American Federation of Labor filed its annual report to the effect that the present unemployment figure is 10,700,000. The employment relief since June had been only 300,000, even after the alleged 4,000,000 had been made permanently self-supporting by the C.W.A.

If we accept the administration statement of the December relief of 4,000,000, then we are driven to the conclusion by simple arithmetic that from July to November the N.R.A. had thrown out of jobs 3,700,000 hands.

The only national authority for unemployment is the American Federation of Labor. The United States Labor Department gets returns from only a limited percentage of manufacturing concerns and then makes an estimate, and everyone knows what estimates are worth when made by the "brain trust." The Labor Bureau of Statistics does not get returns from over 5 percent of the total 40,000,000 people gainfully employed in normal times. The rest, under the present administration, is "brain trust" estimate.

The American Federation of Labor, on the other hand, covers the entire labor field. Its estimates have been accepted as the only national authority on the subject of employment and unemployment. It is not a partisan political organization. President Green has done what he could, evidently, to help the administration organize the N.R.A. Certainly he has given out no publicity in opposition to the N.R.A. experiment. He has done what he could to aid them.

And here the figures stand. After 6 months of the N.R.A., and $400,000,000 of C.W.A. relief, the unemployment total is still 10,700,000, or only 300,000 less than when the N.R.A. started with Blue Eagles and brass bands in midsummer.

Either that 4,000,000 workers permanently made self-supporting is a fiction or the N.R.A., by forced reduction of mill production, cost the country 3,700,000 jobs, for the net employment gain, as shown by the American Federation of Labor, was only 300,000.

The fact seems to be that the statistics published by the "brain trust" and its official spokesmen—whether pertaining to employment, the Budget, the public debt, or any other branch of political propaganda—seem to lack that necessary quality required of all high-class fiction—the quality known as "Verisimilitude."

Webster defines the term as "the appearance of truth." In reading a novel, or even listening to a talking picture on the screen, the public requires a high degree of verisimilitude in order to be very deeply entertained.

Lincoln, who was an expert on political literature, said: "You can fool part of the people all the time", doubtless meaning the party beneficiaries, "and you can fool all the people part of the time, but you cannot fool all the people all the time." He meant by this, perhaps, that in the end the public would learn by bitter experience the high cost of hullabaloo.

Mr. President, I ask leave to print the letter and article above referred to.

There being no objection the letter and article were ordered printed in the RECORD, as follows:

RED WING, ROUTE 3–76, MINN., *February 5, 1934.*

To the Honorable THOMAS D. SCHALL,
United States Senator.

DEAR SIR: I notice that so many things go into the CONGRESSIONAL RECORD, but I never see anything in the RECORD from a farmer. If there is any opportunity for a farmer to get into the RECORD with an idea, could I have the enclosed article entitled, "A Farmer's Outlook", published in the CONGRESSIONAL RECORD, and in its entirety? (The paper referred in the article is the Washington Pathfinder of Jan. 27, last.) Whatever you do or do not do with this article, I do not want it referred to some committee.

Thanking you and with best wishes for your continued success, I remain,

Yours very truly,

MARTIN C. OLSON.

A FARMER'S OUTLOOK

In a certain Washington paper, referring to the recovery program, the following is found: "Experience has taught that as a rule the processes of nature cannot be hurried. If they insist on going against nature, instead of going the same way, they learn in the end that all they have done is a dead loss, and that they have to start again where they began before."

But that is the very thing the Government is doing—going against or interfering with nature. How? By the injection of the many codes. This thing called humanity has an awful time to go straight. It is always like a colt, either going to the right or to the left instead of going the straight and narrow path.

We have had many years of prosperity, but it was misused by so many to the detriment of themselves and to the benefit of a comparatively few. The more money people made the more many of them went into debt beyond redemption. There was a spending spree by the people during prosperity. Now there is a spending spree by the Government. Spending sprees are just like all other sprees. They always wind up badly.

No use to tell or urge the American people to buy now, when so many of them now have nothing with which to buy, and many others hardly enough to buy the bare necessities of life. When the times have been good, the American people bought enough, and many of them bought much more than enough. Bought much on credit and then some more on credit, contracted unnecessary debt upon debt. Sowed to the wind and are now reaping the whirlwind, and blaming most everybody but themselves for their dilemma.

Again, quoting the same paper: "There was a huge revival of production and trade in all lines up to the middle of 1933, but in the second half of the year there was a decided slump from the high point."

The slump referred to above began near to or about the time the codes went into operation. The farming situation last year was improving until the codes started, but since then has become worse. An economic program that has too much of the artificial in it, and that costs too much, cannot be a success, the glitter, glamor, and popularity it may have in the meantime to the contrary notwithstanding.

Even if we had the best monetary system that human agency can devise, and if we had the best of prosperity and consequent good incomes, yet much of this is nullified by the fact that so many do not care and so many do not know how to spend their incomes judiciously, do not take their obligations seriously, nor try to live somewhere within their means. There are some people who take good care of their stewardship at all times, but that class of people evidently is in the minority.

It is foolish to blame some party or parties, or some comparatively few individuals for this depression. Neither an individual nor the Government can borrow or drink itself into prosperity. Yet both of these are at the very top of the present so-called "economic recovery program."

MARTIN C. OLSON,
Route 3–76, Red Wing, Minn.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, yesterday the Senator from Oregon [Mr. MCNARY] stated that two members of the special committee, the Senator from Vermont [Mr. AUSTIN] and the Senator from Maine [Mr. WHITE], who are returning to the city, cannot reach the Senate until 1:30 o'clock p.m. He suggested—

That we meet tomorrow at 12 o'clock, continue the discussion on the pending matter, and at 2 o'clock take up the contempt proceeding for consideration.

There was pending at the conclusion of yesterday's business a very important measure in connection with the con-

ference report on the Civil Works appropriation bill. I ask that the contempt proceedings be temporarily suspended and that the Senate proceed for the present with the consideration of the conference report.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

CIVIL WORKS ADMINISTRATION APPROPRIATION—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

Mr. McKELLAR. Yesterday the last remaining item in the conference report on the Civil Works Administration appropriation bill was thoroughly discussed and debated. I wish to read the proposal, being amendment numbered 4, as follows:

SEC. 3. Any State director or administrator for any State whose duties involve the disbursement of funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President by and with the advice and consent of the Senate.

It was pointed out yesterday—and I call the attention of the Senate again to it today—that the probabilities are that this provision would not apply to State directors at all, because State directors or administrators do not have anything to do with the disbursement of funds under the act, but those funds are disbursed by the representatives of the Veterans' Bureau. However that may be, the House refused to accept this amendment; I have made a motion to recede, and I hope that the Senate will vote to recede from that amendment.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee that the Senate recede from its amendment numbered 4.

Mr. McCARRAN. Mr. President, I desire to make reply to the statement of the chairman of the committee and to deal with the arguments that he seems to think are most cogent against the adoption of the amendment and in favor of adopting the report of the conference committee.

Senators will notice the words "whose duties involve the disbursement of funds." As to that provision the suggestion is made that neither of the agencies distribute the funds because they are disbursed through the Veterans' Bureau. But the real fact of the matter is that these agencies in the respective States do involve and do carry out the entire involvement of the disposal of public funds.

We are responsible for the appropriations. We represent the sovereign States in which the appropriations are distributed. We are dealing with the money of the taxpayers. Eventually this money must be repaid. We are dealing with Federal money, and it cannot be said that we will not assume our responsibility. If we must assume our responsibility, then I say we should at least review the record and career of those who are to dispose of public funds within the respective States.

Would it have been said 10 years ago, or even 5 years ago, that $950,000,000 would be disposed of ad libitum without this body having a voice in the naming and approval of the agency that would disburse the money? It is no answer to say that the checks are made out in the Veterans' Bureau, because the agents who send in the requisitions for that money are disbursing it.

That is the reason why the word "involved" was used—designedly used after studying the situation, because we realized that they do not as a matter of fact pay the money out into the hands of individuals. Of course, the checks are made out by a governmental agency somewhere, but those who are involved in the disbursement of that money are the agents in the respective States, and should be first of all nominated by the President and, secondly, should be reviewed by this body and should have the sanction or nonsanction of this body.

Nothing more vital may come before the Senate. All through the length and breadth of the country there are rumors of fraud and petty corruption. Upon whom do those rumors reflect, if not on Senators?—because we are responsible for the very agency that brings about the rumors, whether they be true or false. In the very first instance should we not with some degree of care investigate the source through which public money shall be expended, as we would any other agency or any other governmental bureau?

Can anyone say that we would permit $950,000,000 of the people's money to be expended without restraint or investigation through any other agency? If that be true, we would not certainly in this case permit that to be done simply because the agency is a temporary one. The money goes out whether the agency be temporary or permanent.

I sincerely trust that the Senate will not recede from the amendment.

Mr. COPELAND. Mr. President, when this question was up in the Senate, I voted with the Senator from Nevada, and I am inclined to do so today. Various reasons were advanced in the committee why it is unnecessary or perhaps unwise to have the amendment. I was impressed by those arguments.

I want to say again to the Senate what I said last night. I cannot approve of the way in which the Senate recedes in conferences and in the acceptance of conference reports.

I believe just as strongly today as I did last night that we are making a tremendous mistake when we limit the future activities of the C.W.A. to those projects which relate wholly to Federal lands or Federal properties. I tried to explain to the Senate; I did the best I could without success, but I regard it as significant, when I analyze the vote, to find that my position was destroyed last night by the support given by the other side of the Chamber.

I think the report should go back to the conferees and another effort be made to reconcile the differences. If I had no other reason to vote to sustain the Senator from Nevada in this matter this morning, my reason would be my anxiety that the report should go back. I wish there might be injected into the spines of our Senators a stimulant which would determine them to stand by the views of the Senate. We expressed ourselves overwhelmingly with regard to the amendment offered by the Senator from Nevada. I can see no reason why we should recede from it at this time.

I know the arguments perfectly well. I know the arguments which will be advanced. Nevertheless, we have before us consideration of a great project which has to do with the welfare of our people, which has to do with the employment of our people. Yet because we attempt to establish certain safeguards, criticisms are offered—by whom? Not by this body but by another. So far as I am concerned, I propose to vote to sustain the Senate in its stand regarding this particular matter. I wish there were the votes here to sustain the Senate as regards other amendments which were offered and adopted in this body the other day.

Mr. HAYDEN. Mr. President, the Senator from New York well remembers that the primary and most cogent objection offered by the House of Representatives to the adoption of the pending amendment was that large parts of the funds expended for relief are State funds. In his own State of New York the United States now contributes 47 percent of the cost of relief, while his State is advancing 53 percent of the total cost. Congress assumes a very heavy burden when it demands that in a State like New York, which is advancing more than half the cost of relief, the agency selected by that State must be confirmed by the United States Senate.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Nevada?

Mr. HAYDEN. I yield.

Mr. McCARRAN. Is it not true that Federal funds are disbursed through these agencies and that these agencies are involved in the disbursement of Federal funds even though a part of the funds be contributed by the States?

Mr. HAYDEN. The contribution the Federal Government makes to the State of New York provides that it is a grant in aid of State relief.

Mr. McCARRAN. But it is Federal money, is it not?

Mr. HAYDEN. The money was appropriated by Congress; and upon certification by the Governor of New York that there is need for relief funds in that State, it is transferred to the State of New York and becomes a State fund. Congress deliberately adopted that provision with the idea that the burden of relief should primarily rest upon the States and that the Federal Government would aid them, but allow them to spend the money through their own agencies.

Mr. McCARRAN. Does the Senator from Arizona assume that the State of New York appointed its agent to distribute the State funds in connection with the Federal funds in this matter without having first investigated and ascertained for itself who that agent would be?

Mr. HAYDEN. It is to be assumed that the State of New York selected the proper agents to carry on relief works.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Arizona yield to the Senator from Missouri?

Mr. HAYDEN. I yield.

Mr. CLARK. There are instances, are there not, where the Federal Administrator has removed the administrator appointed by the State and appointed an outsider of his own choice, are there not?

Mr. HAYDEN. That relates to the Civil Works Administration.

Mr. LONG. Oh, Mr. President, I beg the Senator's pardon. They can do it without that. They can do it in the E.R.A., and have done it. As a matter of fact, in my State they gave great publicity to the fact that they had removed our man and had named someone else or would name someone else.

Mr. HAYDEN. The only effect would be that the State of Louisiana would retain its own relief agency, and the Federal Government and the State would operate separately.

Mr. LONG. In the very beginning the Federal Government told us whom to appoint, and whoever they told us to appoint was appointed. Later on they decided there was fraud in the business although they told us whom to appoint in the beginning. They insisted on sending in another man. I looked up the act and found that they had a right to send in whomever they wished without any consultation with the State at all.

The State has no more right to do this, unless the Federal Government wants to permit it as a mere gratuity, than any private citizen. The Federal authorities are running the works. They absolutely do as they please. If anything happens that is wrong, they claim there is some fraud in the State and they run out. If anything comes up that is fraudulent, then they complain there is State fraud in the matter, even after they have detailed whom they wanted appointed in each State. They not only have the absolute right to name but they tell the Governor whom to name. They even tell the Governor whom to appoint, and if he does not name him, then they themselves name someone else. They have that right under the law. I have looked up the question.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. The Senator from Arizona has the floor.

Mr. HAYDEN. I yield the floor to the Senator from New York.

Mr. BARKLEY. Mr. President, before the Senator yields the floor I should like to ask him a question, if the Senator from New York will permit me to do so.

How many States are still making contributions to this relief?

Mr. HAYDEN. I placed in the RECORD yesterday, at page 2483, a table which shows the proportion of State and local to Federal contributions for relief.

Mr. McCARRAN. Mr. President, of what date is the report placed in the RECORD yesterday?

Mr. HAYDEN. I imagine as of the first of last month. The table shows that in 12 States the State contribution exceeds that of the Federal Government. In other States the proportion varies.

Mr. COPELAND. Mr. President, I should be the last one in this Chamber to criticize my friend from Arizona [Mr. HAYDEN]. There is not another Member of this body who is more conscientious and honorable than he is.

Having said that, I desire to state that he seems remarkably solicitous just now about the State of New York. He was not so solicitous yesterday when I was making an appeal that there might be left on the pay roll of the C.W.A. 210,000 persons who tomorrow, or when this bill is signed, will be thrown into the streets.

I was making an appeal for the women of New York who are on this pay roll—hundreds, thousands of women in my State, who have been given work under the law as it is now, and thousands of citizens of other States. I have the schedule here showing how over all this Union, in every State indeed, hundreds and thousands and even tens of thousands of persons will be taken from the C.W.A. pay roll and put on the dole, no longer permitted to preserve their self respect. Thousands of women have been given jobs through the various surveys made by the C.W.A. under the able administration of Mr. Hopkins, but now they cannot work any more. Nothing can be done hereafter except to complete unfinished Federal projects on public lands.

I am glad that those who work with pick and shovel can have work; but I say, Mr. President, that the white-collar people and the women of this country who unfortunately are out of work are entitled to the consideration of the Congress. So when the Senator from Arizona talks about New York, and how we will suffer if we have this particular kind of an administrator, and criticizes the demand that the administrator shall be confirmed by the Senate, I do not think he is quite consistent. As one representative in this body of the State of New York, I shall get along very well if the body itself has to confirm the administrator. But I think it is a burning shame that by our act of yesterday we cut off the pay roll 210,000 men and women who are preserving their self respect and earning a little pittance which will come out of the $950,000,000 which we are going to spend anyhow.

If we were saying millions of dollars that would be quite another thing; but everybody knows we are going to spend the $950,000,000. If we do not spend it in these projects which can be operated with the preservation of self-respect, we are going to drive these people into the bread lines to be fed from funds provided by the $950,000,000.

I hope there is some Senator here who voted to sustain the report yesterday who, on further consideration, may deem it wise to ask for a reconsideration. I hope that of the 36 Members of the Senate who were not here to vote yesterday, one of them will rise and ask that there be a reconsideration.

Senators, what we did is not fair; it is not decent to those citizens of ours who want to work and who will work if they are given something to do. If we were saving millions, as I said a moment ago, it might possibly be all right; but we are not saving a dollar, because we are going to spend the money anyhow.

Mr. President, as far as I am concerned, I am going to vote to sustain the Senator from Nevada if for no other reason than to register my protest against this caving-in to those in some other part of the Capitol who take a different view.

Mr. ROBINSON of Arkansas. Mr. President, one who is familiar with the controversy now before the Senate cannot

fail to realize that it presents difficulties which may delay for some time the disposition of the legislation which constitutes the basis of the conference report.

Something was said yesterday by the Senator from Missouri [Mr. CLARK] about procedure in another body and about the disposition of the Senate to yield when issues arise on conference reports. In my judgment, such discussion throws very little light on the issues before us. It tends to perpetuate differences between the two Houses rather than to resolve them.

The object of a conference committee is to work out problems of legislation about which there are differences between the two bodies, and if legislation is to be enacted, it is imperative that compromises and adjustments be reached.

Mr. CLARK. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Missouri?

Mr. ROBINSON of Arkansas. Certainly.

Mr. CLARK. In that connection, I should like to ask the Senator if he is aware of the fact that before the conference was ever held, the head of the House conferees, in an interview in the newspapers, severely criticized the action of the Senate.

Mr. ROBINSON of Arkansas. No; I had not that information, and I do not think that helps to promote agreement or concord. I think if a Member of another body charged with responsibility for legislation pursues a course that is calculated to prolong and emphasize matters in dispute, it naturally provokes retaliatory statements and proceedings on the part of Members of this body; but the point I make is that, in order that the work may go forward, there comes a time when there should be a resolution of the differences in dispute.

There is not any doubt in my mind but that upon the merits of the controversy the House conferees had the better of the argument, and I am going to tell the Senate my reasons for saying so.

In the first place, if the amendment be kept in the legislation, it will not accomplish the purposes which the author of the amendment had in mind, because State directors of relief do not, as has been shown in the debate, disburse funds. Neither do I think that the able Senator from Nevada has made clear the correctness of his contention that the word "involve" enables us to escape from that difficulty. I think the meaning of the word "involve" is pretty generally understood. It suggests, according to the dictionary, complication or embarrassment. It does not mean what the Senator from Nevada has asserted that it means.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

The VICE PRESIDENT. Does the Senator from Arkansas yield to the Senator from Nevada?

Mr. ROBINSON of Arkansas. Certainly I yield to the Senator.

Mr. McCARRAN. Is the Senator reading all the definition?

Mr. ROBINSON of Arkansas. Oh, no. I will read it all if the Senator wishes, but I do not think I ought to be expected to take the time of the Senate to do that; and if the Senator is playing with me, I will ask him to excuse me from reading what is manifestly irrelevant in the definition.

For instance, the first definition of "involve" is:

> To roll about, or infold, so as to conceal or obscure.

The able Senator from Nevada surely does not insist that the primary definition of the word "involve" settles this difficulty in the interest of the point that he has made.

The second meaning is:

> To wind or coil; to roll up intricately; to entwine.

In the second sense of the word, the Senator's amendment, in my judgment, conforms to the word "involve." It does roll up intricately and entwine the situation with respect to the disbursement of funds.

The third definition is:

> To complicate or make intricate, as in grammatical structure.

I am perfectly willing to concede that the Senator's amendment conforms to the first, second, and third definitions of the word "involve."

The fourth is:

> To draw into an entanglement or complication; to embarrass, as with difficulties or perplexities; to implicate, as to involve a person in debt; to involve another, as party to a crime or plot, by confession.

And if the Senator insists, I am perfectly willing to admit that the use of the word "involve" does complicate, embarrass, and surround with difficulties the subject matter of the legislation.

The fifth definition given by the dictionary is:

> To roll up in itself; to gather in.

And I am still willing to admit that the word "involve" in that sense carries a very definite meaning.

The point is that if the amendment be agreed to, it will accomplish substantially nothing. It will complicate and surround the disbursement of this fund with very great difficulties.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. CLARK. I should like to ask the Senator this question: If this amendment would accomplish nothing, what is the basis of the panic opposition to it?

Mr. ROBINSON of Arkansas. My reason is that I do not think the Senate ought to engage in a futile thing, and I do not believe that the Senator from Missouri can successfully maintain to this body the obligation of Senators, charged with the responsibility of legislation, to prolong indefinitely a controversy with the body at the other end of the Capitol over an amendment, which amendment, the Senator admits, would accomplish nothing.

Mr. CLARK. Mr. President, if the Senator will yield further, I by no means admit that it would accomplish nothing. I think the amendment would accomplish what the Senator from Nevada intended it should accomplish; but the Senator from Arkansas says in one breath that it would accomplish nothing, and in the next breath that it would complicate the whole administration of the Civil Works. That is a contradiction in terms.

Mr. ROBINSON of Arkansas. I think not. I think that when I said that it would accomplish nothing the plain meaning was in relation to the object which is in mind. I do admit that it would complicate and embarrass the administration of the fund.

I realize that it is very easy, in a controversy between the two Houses, to stimulate a kind of local pride and enthusiasm by contending that the other House is doing something wrong, and by insisting that we have an obligation to maintain the attitude which we have taken upon the question. But I point out again that such course does not tend to promote a resolution of difficulties between the two Houses.

What would be the practical result of the rejection of the motion to recede? The matter would still be in dispute. The differences between the two Houses would be further accentuated and emphasized. In the meantime such work as is going forward might be embarrassed and a large number of people might be discontinued from employment.

Reference has been made to the action of the Senate yesterday in agreeing to the conference report. That reference was made by my friend the senior Senator from New York [Mr. COPELAND]. That question, however, is not involved here. The Senate has agreed to the conference report, and, whether its judgment on the subject was right or wrong, that question is not now involved. The sole question is whether the Senate will recede from the so-called "McCarran amendment", which sought to require confirmation by the Senate of State directors of relief.

It has been pointed out here, and emphasized, that the States are interested in this subject. Some of them are contributing the major portion of the funds which are being

used, while others are contributing practically nothing. That presents a difficulty which anyone can readily recognize. But I again say to Senators who are so anxious to have the power of confirmation of these appointees, that if they obtained that responsibility, they would not find it a very easy one to discharge with efficiency and with regard to the best interests of the service. I believe that Mr. Hopkins is doing the very best that he can, and that the plan which has been worked out, notwithstanding the fact that it has occasioned difficulty and differences of opinion, is about as good, so far as the Senate is concerned, and so far as the public is concerned, as any we could propose.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. CLARK. It would follow, from the Senator's argument, that the statute which requires that postmasters be confirmed, and that other public officials be confirmed, should be repealed, because certainly the Secretary of the Treasury, the Postmaster General, and the Attorney General are all doing the best they can.

Mr. ROBINSON of Arkansas. It would not follow by any means, and I do not believe that anyone but the Senator from Missouri would make that suggestion. I think he has even gone beyond his own conception of the true relations of controversies.

Mr. CLARK. I will say to the Senator from Arkansas that that statement is absolutely unjustified.

Mr. ROBINSON of Arkansas. If the Senator will let me talk a little in my own time, or will ask me to yield, I will do so. I will be glad to yield to him if he wishes to have me yield, but the Senator is a skilled parliamentarian, and he knows better than to interrupt while someone else is talking.

Mr. CLARK. I beg the Senator's pardon.

Mr. ROBINSON of Arkansas. If the Senator asks me to yield, I will be glad to do so. The Senator has insisted that because we confirm certain officers we ought to take over a responsibility which implies the duty of seeing that every man who disburses for emergency relief is employed under an agency which we supervise; and that would be a physical impossibility. With 4,000,000 men engaged in this service, it would present a difficulty which I do not want to assume.

Mr. LOGAN. Mr. President, will the Senator yield to me?

Mr. ROBINSON of Arkansas. I yield.

Mr. LOGAN. I am trying to follow the reasoning of the Senator from Arkansas; but we have a condition in my State to which I want to invite his attention. Mr. Hopkins has appointed as the director of Civil Works, and probably emergency relief, a gentleman of very high standing, I think. I have a very high regard for Mr. Hopkins. But I receive complaints by the dozens every day from over all Kentucky against the administration of these funds. I believe that if the President had appointed that officer, these complaints would not be made, even if he had appointed the same man. So it has some moral effect for the President to appoint, because the people have confidence in the President.

Mr. ROBINSON of Arkansas. Mr. President, if the Senator from Kentucky imagines that he would lessen the number of complaints by his naming the State director of relief, he is getting into very troubled waters. If he takes that responsibility, instead of getting dozens of complaints he will get thousands, and he will know nothing about the merits of the complaints. He will have to refer them back to local authorities who are familiar with the conditions and who are familiar with the facts.

Mr. LONG. Mr. President, that argument would apply to a lot of other confirmations, too, would it not?

Mr. ROBINSON of Arkansas. I am not considering now confirmations in cases which the Senator from Louisiana has in mind. I am considering the concrete proposition raised by the so-called "McCarran amendment", relating to the disbursement of emergency-relief funds, and I make the assertion in the presence of the Senate that Senators are attempting to get into their control a white elephant which they would be mighty glad to get rid of after they had tried to manage it. If Senators think that by changing the policy in force of gradually disorganizing the Civil Works Administration that they can avoid complaint, they are greatly mistaken. The policy is gradually to reduce this force, and the time is coming when we are going to have to do it or find some new methods of financing it.

Mr. LOGAN. Mr. President, is not the whole matter rather a white elephant we are all going to have trouble in getting rid of?

Mr. ROBINSON of Arkansas. I unhesitatingly say that in the expenditure of enormous sums for various forms of relief we are gradually approaching the time when we are going to ask ourselves the question, How are we going to get the money to carry it on? We are also going to ask ourselves the question, How is it possible to discontinue the expenditure?

I do not believe that anything of substantial value would be accomplished if we voted not to recede, and if we do not recede we are going into a situation where in a short time, unless I am deceived, we will be compelled to reverse our action after we have delayed the matter long enough to demonstrate to the country that we are causing great inconvenience in the matter of administration. In other words, I do not believe that it is possible for the Senate to win this controversy; and one of the reasons is that the House of Representatives has the best of the argument, considering the amendment the Senate has proposed.

I could speak indefinitely on the subject, but I think I have said all that I care to say.

Mr. BARKLEY obtained the floor.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. Does the Senator from Kentucky yield to the Senator from Idaho?

Mr. BARKLEY. I yield.

Mr. BORAH. I desire to enter a motion to reconsider the vote by which the conference report was agreed to on yesterday.

The VICE PRESIDENT. The motion will be entered.

Mr. BARKLEY. Mr. President, I have no desire to detain the Senate on this subject except for a very few moments.

I voted against the McCarran amendment when it was adopted a few days ago in the Senate, and I expect to vote the same way today, not because I do not believe that the Senate has a right to oversee expenditures which are authorized by the Congress, not because I do not think that as an original proposition appointments by the President with confirmation by the Senate are more satisfactory on the whole than appointments made by administrative officers without regard to congressional action.

In looking at this proposition, Mr. President, we must take into consideration the history of the whole activity. In the last Congress we appropriated certain money to be loaned to the States on the theory that, after all, this relief was a local problem and that emphasis ought to be laid upon the fact that it was a local problem and that not only should the Governors of the States be held responsible in the exercise of the powers granted in connection with the expenditure of the money, but there was a sort of moral obligation implied to repay this money to the Federal Government at some time.

Acting upon that theory, which was only a theory, not only Congress but the President and the Relief Administrator left entirely or chiefly in State hands the appointment of the officers and the creation of the set-up for the expenditure of this money. We have gone much further than that now. We have gotten away from the loan idea, and we have made grants to the States, but in many of the States, as is shown in the table which was placed in the RECORD on yesterday, the States are still carrying out a part of the obligation, and I draw no invidious distinction between those States that are and those that are not doing so. My own State, unfortunately, for internal reasons which I need not here discusss, is making practically no contribution to the relief out of the State treasury, brought about by the situation which we are now discussing. As a representative of the State I regret that, but in order to understand why

that is the situation it will be necessary to go into the internal political conditions in my State, with which I do not care to burden the Senate at this time. I am laying blame on no side, no faction, no element. It is just one of the conditions that exists. There are other States that are in the same situation probably for different reasons.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER (Mr. HARRISON in the chair). Does the Senator from Kentucky yield to the Senator from Missouri?

Mr. BARKLEY. I yield.

Mr. CLARK. I should like to ask the Senator from Kentucky if the administrator of the C.W.A. in Kentucky, or the administrator of relief in Kentucky, was appointed by State authorities?

Mr. BARKLEY. The present administrator in Kentucky was not appointed by State authorities. When at the suggestion and urgence of Mr. Hopkins, the National Relief Administrator, the Governor of my State called the legislature into extraordinary session for the purpose of raising something like $3,000,000 to supplement Federal funds, and the legislature after being in session for 7 weeks passed a measure that was inadequate, did not raise the required funds, the Governor of Kentucky turned over to the President actual responsibility in the administration of relief because the legislature had not provided the funds. When he did that, of course, the Federal Government, feeling entirely responsible, desired to make the appointment of an administrator.

I do not mean by my vote cast on last Friday, nor the vote which I am going to cast today, to intimate that I approve of the method by which some of these State administrators have been appointed, and particularly do I not mean to approve the methods by which the administrator in my State was appointed. Had I had the appointing power, or had I been consulted about it, and that consultation had resulted in anything, there would have been a different administrator appointed. I am not criticizing the man who was appointed, although I join my colleague in saying that from all over my State I am getting, daily, dozens of reports making complaints. I have no way of knowing of the merits of those complaints, except to refer them either to the State administrator or to the National Administrator, and I have referred some of them to both the State administrator and to the National Administrator.

Mr. President, if this were an original proposition, if we were setting up a strictly Federal relief administration ab initio, there might be some excuse or some reason for requiring that the Senate should have some voice in the appointment of men who are to spend a billion dollars, as much as we have voice in the confirmation of a postmaster of a third-class post office. I see many reasons why the Senate as an original proposition might have justified its action in demanding that those who are to spend $950,000,000, which is on top of $500,000,000 or $600,000,000 or $700,000,000 already expended, should have had the power of confirmation. But we have reached the point now where this process, we hope, is beginning to taper off, where this relief will some day in the very near future, without injustice to any community or to any class of our people, be cut off, or at least will begin to peter out. We are not making any appropriation now that carries it beyond the 1st of May, and if this activity goes beyond the 1st of May it will be because of new appropriations that will be asked for later.

The question now is whether, after having carried on this relief for nearly a year, after in many States the administrators were appointed either by the Governors or by consultation between the Governor and the National Administrator in Washington, we should now, when we are hoping in the very near future to end this Federal relief by reason of the absorption of these men in private industry, we should go in now and demand that those men who have been on the job for nearly a year should be reappointed and their names brought in here for confirmatory action and we be allowed, through senatorial courtesy, to hold up some appointment in the State, and that men shall starve and go without work while we exercise the senatorial right to confirm or reject appointments in our States.

Mr. McCARRAN and Mr. McKELLAR rose.

Mr. BARKLEY. The Senator from Nevada rose first. I yield to him.

Mr. McCARRAN. I understood the Senator from Kentucky to say this money would last only until May unless we made other appropriations?

Mr. BARKLEY. That is my understanding.

Mr. McCARRAN. Is it not true that the argument the Senator is now advancing he would also advance if we attempted to make other appropriations?

Mr. BARKLEY. I should do so. I should make the same argument 2 months from now that I am making now, but I would not have made it 9 months ago if the proposition had been brought into the Senate and if the Federal Government had been wholly responsible for the expenditure.

If this had been a Federal proposition from the beginning, and the States had had no part in the appointment of the agencies of relief in the State, and the States out of their treasuries had made no contribution to it, I would then have taken the position that those who are to be responsible for the expenditure might well be appointed by the President and confirmed by the Senate. That, however, is not the situation now, and it was not the situation when we began to make appropriations to loan money to the States, and then later to supplement the appropriation to the States, and even now in some cases to take over the entire matter and bring it under Federal supervision and Federal expenditure entirely.

Mr. McCARRAN. Mr. President, will the Senator further yield?

Mr. BARKLEY. I yield.

Mr. McCARRAN. Is it not true that the money that has been expended under the C.W.A. up to the present time came by reason of an indirect appropriation of the $3,300,000,000 for the Public Works Administration?

Mr. BARKLEY. A part of that; yes. I will say that the $400,000,000 was taken from the $3,300,000,000 and transferred from Secretary Ickes, the Public Works Administrator, to Mr. Hopkins as Public Relief Administrator. That, however, does not change the situation.

Mr. McCARRAN. One more question. Is it not true that the Senate, standing on its rights, confirmed the Administrator of Public Works as Secretary of the Interior before he took over those moneys?

Mr. BARKLEY. He had been confirmed as Secretary of the Interior, but I do not recall that he had to undergo a second confirmation as Public Works Administrator. He was given those duties ex officio. There is, in my judgment, an ocean of difference between a permanent office, like Attorney General, or Secretary of the Interior, or a postmaster, or a collector of customs or of internal revenue, or a United States marshal, and an administrator of an emergency fund for relief.

I am not willing, Mr. President, in order that I may have a voice in the selection of the director of relief in my State, and thereby getting a little more patronage, to make men hang around for weeks waiting for relief or for work when they need it. I think I am as greedy as anybody in the Senate with reference to political patronage, but I am not greedy enough to make hungry men stand in the snow and the sleet and the rain, naked and unsheltered, in order that they may beg for food or work, while I quibble here in the Senate over the confirmation of some man who is to be charged with the responsibility of distributing that fund.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Kentucky yield to the Senator from Tennessee?

Mr. BARKLEY. I yield.

Mr. McKELLAR. I desire to say that I endorse everything that the Senator from Kentucky has so ably submitted to the Senate, and I desire to call his attention to the fact that right now the Civil Works Administration does not know where it is going to get the money with which to pay the men this week. If we complicate this matter by

changing or attempting to change administrators, what is going to happen to these men who are now on the pay rolls and are now being employed? Where are they going to get the money? The President will have to find his 48 administrators and send their names to the Senate for confirmation. They will have to be considered. We will have to find out about them, and will then have to confirm them. Then there will be 2 more days after their confirmation during which they will not be able to act. They will have to be sworn in. There will be confusion worse confounded if we adopt this plan of selecting them while the work is proceeding. I desire to say to the Senator that the purposes of the Civil Works Administration cannot be better defeated than by voting to continue this discussion indefinitely.

Mr. BARKLEY. Mr. President, I understand that tomorrow is pay day all over this country in the Civil Works Administration. When these men line up in front of the window tomorrow to get their money for the past week's services which they have rendered, and they are told that they cannot be paid, and they ask why they cannot be paid, and somebody tells them the reason they cannot be paid is because the Senate of the United States is standing out upon the question of dignity, or of courtesy, or of privilege, arguing whether they shall have a voice in selecting the man who is to pay them, does the Senate think that that will not make our body more ridiculous than it may have been at some times in the past? If not, I think the Senate would be misjudging the temper of the American people.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BARKLEY. I do.

Mr. CLARK. The Senator does not contend that the Congress ever made the appropriation in the first place for the Civil Works Administration. The money was transferred by Executive order from the Public Works fund.

Mr. BARKLEY. I realize that it was transferred just like a lot of other moneys were transferred. It has all been transferred. Here in the District of Columbia it was transferred, some of it, for the completion of local projects. It has been transferred from Secretary Ickes in a dozen ways; $400,000,000 was allocated to the Civil Works Administration, but that does not change the fact that we are now appropriating money for this purpose, and are doing what we might have done in the beginning.

Mr. CLARK. If the Senator will yield further, I am perfectly aware, of course, of the method by which the $400,000,000 was transferred, and I think it was the most helpful fund of the whole emergency program.

Mr. BARKLEY. I think it was one of the most helpful.

Mr. CLARK. Just a moment, if the Senator will yield further.

Mr. BARKLEY. Yes; I yield.

Mr. CLARK. So that further money may be transferred by Executive order from the Public Works fund.

Mr. BARKLEY. Of course, if they had the money, it could be transferred, but they have not got it; and they can not transfer money they have not got.

Mr. CLARK. It is a matter of common notoriety that only about a half billion dollars of the whole $3,300,000,000 have been expended.

Mr. BARKLEY. It has all been allocated; it has all been transferred; and the fact that it has not been spent means that they have not gotten around to spending it; they have not got the building enterprises under way and the projects set up so they can actually spend it; but I see no difference, as a matter of principle, between the allocation of $400,000,000 out of $3,300,000,000 and the appropriation of that amount made by Congress insofar as senatorial confirmation of State directors may be concerned.

I do not think we will accomplish anything by this amendment except delay and confusion and possible bitterness on the part of the very men who may be tomorrow standing in line waiting for their pay checks, or on the part of those who will not be there because we are holding them up on account of our desire to confirm the men or to have a voice in their confirmation or to be consulted about their appointment, with the threat of rejection if the man we want is not appointed when the President comes to send his name to the Senate.

It seems to me that the right of men to have work and their families to have food, shelter, and clothing transcends any constitutional or political right that Senators may fancy they ought to have with reference to the appointment of directors in their respective States.

Mr. LONG. Mr. President, there is a great deal of good in what the Senator from Kentucky [Mr. BARKLEY] has said. I wrote down some of his remarks, because they impressed me very much. I think we can adopt the course that has been followed with regard to another agency of the Government. We have the Houses of Congress, composed of the Members of the House of Representatives, the Senate, and the electoral college. We started out by giving the members of the electoral college a vote, and they assembled and voted in person. Then, later on, we found that that created confusion, such as my friend from Kentucky [Mr. BARKLEY] refers to, and it did, and so they were permitted to send their votes by messenger. Then, later, it was found that method was not expedient, and now the electoral college mails its votes to the Vice President. It has been, so far as I can see, a peaceful method by which votes have been transmitted; there has been no confusion in the workings of the electoral college, and certainly no humiliation of the Senate. I am of the opinion that we are probably not getting away from that field now.

The Senate of the United States, I think, is doing probably a foolish thing. We have been concerning ourselves with confirming postmasters, United States attorneys, United States judges, and important functionaries of the Government when the appointments came from the President of the United States. Now that we have the Civil Works Administration, apparently to demonstrate that we can operate more quickly and better and afford a great deal more expeditious relief than would come through the ordinary channels of Congress without the United States Senate confirming the nominations of those administering the money, I see no reason why we should not appoint a committee or refer to a standing committee the proposition of escaping some of these multifarious duties that are tending to complicate the business of the Government and to balk the administration in the necessary relief that must be given to the country.

When this proposal is brought before the Senate I shall hold no pride as a Senator nor feelings as to the superior dignity of this body, which has given the employment of from five to ten million people into hands that it considers more trustworthy, if that employment is not interfered with or complicated by the functions of the United States Senate.

So far as the dignity of the body is concerned, Mr. President, greedy as I am in my desire that it be upheld, certainly having abdicated our functions, as we have done in connection with the coinage of money and the regulation of banking facilities and the employment of men and the running of affairs generally, I see no reason why anyone should stand on his dignity at this late date. I certainly would not be one of those now to set up and rear myself as an example of one of those who would stand upon the dignity of the Senate that had yielded about 95 percent of its functions before we came to this debate. However, Mr. President——

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. LONG. I am not through by about 5 minutes. I am desirous of consuming just a little more time. However, Mr. President, in that connection I differ with my friend as to the men feeling very aggrieved at the United States Senate when they go to the window and fail to get their pay checks tomorrow, for 500,000 of them will not be able to get any pay checks after tomorrow because of our having acceded to this conference report against the protestations of the Senators from New York and other States. Of course, they will have their complaint against the United States Senate anyway. Some seven to eight million people, as I understand, who are not in the E.R.A. or the C.W.A., or whatever other lettered projects we have, already have their grievances, Mr. President, at the United States Senate for never having

been put on the roll, or, if put on the roll, for half a million of them being taken off when they go to the pay window. But I think my friend from Kentucky has overlooked the salient fact that we had nothing to do with the creation of the C.W.A.; it was created by Executive order. The expenditure of the money that has heretofore been used for the C.W.A. has not required the consent or action of the United States Senate; and if we hold up matters for 2 or 3 or 4 days the same President of the United States has the same source of public funds to go to and may transfer it from the other project to this one.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. BARKLEY. Does not the Senator know that each day in reply to letters we write to the Secretary of the Interior in behalf of projects in our States we are all receiving letters from him advising us that the entire $3,300,000,000 has been allocated, and that, unless Congress appropriates more money, there is no further allocation which can be made and no further project to be approved? How can the Senator say the President could issue an Executive order transferring $950,000,000 from the Public Works Administration to the Civil Works Administration when the Administrator of the Public Works is advising us every day that this entire fund has been exhausted?

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. Wait a minute. He can unallocate as fast as he allocated it, as he did in Louisiana.

Mr. BARKLEY. If the Senator wants to unallocate it, I am not aware of the process by which that may be done.

Mr. LONG. If the Senator does not know how they can unallocate it, let him look at the State of Louisiana and he will find how they can do it. [Laughter.]

Mr. BARKLEY. Probably if we should look at the State of Louisiana we would find out how they do a lot of things. [Laughter.]

Mr. LONG. The Senator would find a lot that he needs to know. He would find that when the State of Louisiana has been handling the money that has been spent by the Federal Administrator they have had something to show for it down there. He will find every time the money was spent by the State of Louisiana that there has been a concrete road down there or a building to show for it, in contrast to the places where the C.W.A. workers merely sweep leaves from one side of the street to the other side of the street. That is what the Senator will find in Louisiana. [Laughter.]

Further, Mr. President—and I say this with regard for my friend from Kentucky—that if the Senator from Kentucky had had something to say about the man who was appointed to administer the C.W.A. funds in Kentucky there would have been more to show for the work that has been done in Kentucky than can be shown there today.

Mr. BARKLEY. Of course, I would never deny that if I had anything to do with anything it would be better done than if done by somebody else. But I dare say the Senator's remark is not based upon any actual knowledge of what has been done in Kentucky.

Mr. LONG. It is based on what I heard the Senator from Kentucky say here this morning—that he did not approve of it.

Mr. BARKLEY. I said if I had been appointing the man in Kentucky I would have selected a different man.

Mr. LONG. Did not the Senator also say he did not approve of all that had been done there?

Mr. BARKLEY. I said I did not approve the method by which all these appointments have been made, including that in my State. I said that I had received numerous criticisms from over the State with reference to Civil Works, as criticisms have been received no doubt by Senators from every other State; I said also that I knew nothing about the merits of those criticisms, but that I was referring them to the State and national administrators.

Mr. LONG. I understood the Senator to state that, and I must say that I have enough confidence in my friend from Kentucky to believe that he knows the affairs and the people and the conditions in Kentucky coincident with his knowledge of the affairs of the United States well enough to believe that some of the justification for those criticisms might have been obviated had the Senator from Kentucky, with his knowledge, been brought into consultation in connection with the appointment.

Mr. BARKLEY. I thank the Senator.

Mr. LONG. I thank the Senator from Kentucky for even making the reference to my remarks that he does. It is the first time for the last 6 months the Senator has not objected to what I have said. [Laughter.]

Mr. BARKLEY. It is the only good speech the Senator has made during the last 6 months. [Laughter.]

Mr. LONG. Mr. President, there would be no difficulty whatever for the few days which remain for sufficient funds to be unallocated or reallocated to care for the ad interim period, and if a man who is going to get some pay had to wait 2 or 3 or 4 days he would be a whole lot better off at that than the 500,000 who are not going to get any pay, or than the seven or eight million who never got any pay to start with. So much for that.

Mr. President, I have voted for every one of these appropriations that has been made, and I am going to vote for this one, and have already voted for it. I voted for it knowing in many instances that not 50 cents on the dollar is realized on the investment and that the worst kind of politics has crept into the administration of this program to such an extent that in order to get relief for the State of Louisiana when they were making this direct State appropriation we agreed to the appointment of the list that they handed us, mostly a list of political opponents of the State administration, practically from the top to the bottom. Then when that administration was put in there, and we knew they had done it, nothing except political opponents being named, we were never once heard to make one single complaint.

The next thing we heard was in the news dispatches in Washington that rampant conditions existed in the administration of these funds in Louisiana. Maybe it did say so, without any question. It existed to some extent in every other State. Then they named another man and he was sent into the State and he is administering the fund.

My friend from Wisconsin [Mr. DUFFY], who looked up the record, says that the State of Louisiana had contributed only 2 percent, but we had already spent $100,000,000 for unemployment relief in Louisiana. We had bonded ourselves to the hilt and spent all the money. We got something for the money at that. That statement I am making in answer to my friend from Kentucky.

It does not make any fundamental difference to me what is done about this matter. We are spending billions and billions of dollars. We thought we ought to represent the States, that we were sent here as ambassadors of the State, sent here to protect the States from the very kind of things the administration tells us have been happening. We were sent here to assume the responsibility and that we were going to advise and undertake to help the President of the United States in guiding the destinies and transactions connected with the big affairs of the country.

We have shirked our responsibility. We have failed to protect what should have been guarded. Today particularly we are apparently going to consent to let the House of Representatives tell us that we shall abdicate our functions. Does anybody mean to tell me that that means any particular motive on the part of the House? I do not mean to reflect upon the House, like the Senator from Arkansas [Mr. ROBINSON] intimated. We all know how the House gets its orders. We all know where those orders come from. We all know the rules that have been set up in the House. We all know it is just as impossible for anything to get by the organization that is set up in the House of Representatives as it is for a feather to come to the top of a molasses barrel. It just is not possible; that is all. Nobody expects it to be done.

The Senate of the United States has abdicated so much that now we sit in the Senate almost under the fear that we dare not seek to assert the prerogatives of the United

States Senate. We dare not even assert our rights in the face of fraud that is alleged in the work being done, even by those in charge of it. We do not even dare assert the prerogatives of Senators of the United States. We do not dare even advise. We do not dare to ask the right to consent. We do not dare even to come here as ambassadors from the sovereign States, but we have to bow our heads to a bureau and particularly make exceptions in the laws that are enacted not for common expenditures, for expenditures that are going to lie on the heads of our people and generations for years and years to come, but to have no voice in saying how those funds shall be spent or as to the propriety of the personnel that shall be placed in charge of them.

Mr. CONNALLY. Mr. President, when the so-called "McCarran amendment" was voted on in the Senate originally, I voted against it, and I expect to vote against it now. I submit that it would be unwise for the Senate to insist upon the right of confirmation of State directors when in most States the State relief work is under a commission set up under State laws. The State directors, in a measure, are agents both of the Federal Government and of the State government. In my own State of Texas the relief work is being administered by a board set up under an act of the legislature.

While I have received many criticisms of the relief work, and they have been referred to the proper agencies, that is nothing unusual. We receive criticisms here about every Federal department of the Government. That of itself is no proof that the work is not being properly conducted.

We must remember, furthermore, that these agencies are new agencies. They are set up hurriedly. They are emergency agencies, and we could not in the nature of things expect that they would function perfectly.

Much has been said about the attitude of the House. The Senator from Louisiana [Mr. LONG] took occasion to reflect upon the House and about its being bossed and controlled. That is no business of the Senate. The House is a coordinate branch of the Congress, and it is not for the Senate to lecture the House nor is it for any Senator to rise in the Senate and lecture the House.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Missouri?

Mr. CONNALLY. I yield.

Mr. CLARK. Is the Senator from Texas aware of the fact that a distinguished Member of the House from the State of Texas took occasion to go to the newspapers and criticize the Senate very severely about the McCarran amendment?

Mr. CONNALLY. I do not know to which individual the Senator refers.

Mr. CLARK. I refer to the Chairman of the Committee on Appropriations of the House.

Mr. CONNALLY. It does not make any difference who did it. That does not change the fact that under the rules of the Senate and the House—and no one ought to know those rules better than the Senator from Missouri—reflections on the floor of either House upon the other coordinate branch of the Congress are prohibited.

Mr. CLARK. If the Senator will yield further, I would be very glad, when he has an opportunity and the time, if he will point out to me such a rule in the Senate rules.

Mr. CONNALLY. If it is not written in the rules in black and white, it is written in that comity and that courtesy which ought always to exist between the coordinate branches of the Congress. If we are to spend our time in the Senate undertaking to run the business of the House of Representatives, and if the House of Representatives is to spend its time trying to tell the Senate what it ought to do, then we are not observing those canons of common respect and comity that should govern a legislative body. I shall say that to the Senator from Missouri.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Texas yield to the Senator from Louisiana?

Mr. CONNALLY. I yield for a question.

Mr. LONG. I am impressed by the Senator's remarks——

Mr. CONNALLY. If the Senator is going to ask me a question——

Mr. LONG. I am going to ask a question.

Mr. CONNALLY. Then the Senator should ask me the question and not ask the Chair. I refuse to yield for the Senator from Louisiana to make a speech.

Mr. LONG. I was trying to adhere to the rule of the Senate which requires that a Senator shall always face the Chair and address the Chair. I do not believe the Senator from Texas is aware of that rule. But since the Senator has had something to say about senatorial courtesy, let me say, that is not the only kind of abdication that is going on. What about courtesy being paid to this body by letting it pass on these appointments?

Mr. CONNALLY. I shall discuss that in just a moment. The Senator from Louisiana seems to be worried about somebody's abdicating his authority. Every act of Congress that has been passed at this session or at the last session was passed by the free will and accord of the Senate and House of Representatives. Any power which the Congress has conferred upon the President or anybody else can be recalled tomorrow or whenever the Congress so wills. Abdication? Talk about abdication! Just what is it in the matter of abdication to which the Senator from Louisiana and other Senators object? I dare say the Senator from Louisiana voted for practically all the legislation that was enacted by the Congress at the last session.

Mr. LONG. Mr. President, I wish the Senator from Texas would convince the White House that that is true, because I have not been getting any jobs up there. [Laughter.]

Mr. CONNALLY. That brings up another matter. The Senator from Louisiana refers to his failure to get jobs.

Mr. LONG. No. I take exception. I do not refer to that. I am simply referring to a statement coming from a White House spokesman that I am not going to get any jobs on account of my votes.

Mr. CONNALLY. I am not concerned with jobs in Louisiana. I think of other things than jobs outside of Louisiana.

Mr. LONG. I do not expect the Senator to be concerned with any jobs except in Texas.

Mr. CONNALLY. That reflects the provincial view of the Senator from Louisiana with reference to politics and statesmanship. I was just stating that I am not concerned with jobs in Louisiana. I have an idea that a Senator's function is something higher than to come to Washington and spend all of his legislative influence and power trying to pick up a few jobs.

Mr. LONG. I wish to say to the Senator that I have recommended far less appointments, I think, than probably the Senator from Texas has. I have recommended none, so I am a good statesman.

Mr. CONNALLY. Then, if the Senator has not recommended anybody, the Senator has not any complaint of the White House for not appointing his friends, and it ill becomes him now to complain of the White House for not giving him jobs in Louisiana when his well-known appetite for jobs has not been expressed at the White House.

Mr. LONG. Mr. President——

Mr. CONNALLY. I should like to proceed, but I shall yield again.

Mr. LONG. I just wish to say to the Senator that in response to the request which came from a patronage dispenser I complied with a request that he be given a list of some names, and I complied with his first request perhaps twice, following which time I do not think my appetite was sufficiently whetted.

I should like to ask the Senator from Texas if he has recommended anybody for appointment in the State of Texas; and if so, have any of them received the jobs?

Mr. CONNALLY. Frankly, I do not concede that that is any of the business of the Senator from Louisiana, but I shall state to him that I have not recommended anybody in Louisiana, and I have not meddled with any appointments in Louisiana. Of course the Senator from Texas has recom-

mended some applicants for positions. Some of them have received them, but most of them have not. I do not care to spend any time on Louisiana. I have spent more time on Louisiana now than was to my profit or my pleasure, either. [Laughter.] You know, we paid a whole lot of money for Louisiana, and it seems to have been a care to us ever since.

Mr. President, what I started to say a while ago was that I believe the Senate of the United States has a higher function to perform than spending all of its time quibbling about a job for somebody. So far as the Senators and Congressmen are concerned, we would be better off, politically and in every other way, if we did not have to deal with this thing of patronage and offices. Of course, we try to help our constituents when they are worthy; but here is the Senate today spending its time and delaying the enactment of this necessary legislation by quibbling over the fact that some Senators do not want the President or anybody else to appoint anybody unless the Senate confirms him.

I am just as strongly in favor of the Senate's maintaining its prerogatives and its dignity and its prestige with reference to constitutional appointments with which the Senate's concurrence is required, as any other Senator on this floor; but these jobs are not Federal jobs exclusively. These positions are set up through a cooperative system between the States and the Federal Government. The States are contributing much money toward relief purposes.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. CONNALLY. Just a moment. Why should the Senate insist that it must be consulted and its consent must be obtained by the President before he can appoint a relief administrator in a State, when the State agencies have just as much authority and just as much power with relation to selecting the State administrator as the Federal authority has with respect to the Federal administrator?

I now yield to the Senator from Missouri.

Mr. CLARK. I note from the table which was placed in the RECORD by the Senator from Arizona [Mr. HAYDEN] that in the Senator's own State not a penny is being contributed by the State for relief purposes, and only 5.8 percent by local agencies. Does the Senator see anything more incongruous in $5 of State money being spent by a Federal administrator than in $95 of Federal money being spent by a State administrator?

Mr. CONNALLY. I shall say to the Senator that if he consulted his table, his table is wrong. My State has recently by constitutional amendment, by a vote of the people, appropriated, through a bond issue, $20,000,000 for relief purposes. I do not know how much of that bond issue has yet been made effective; but the people of my State at the ballot box said they wanted to do their part toward relief, and passed a constitutional amendment providing for a $20,000,000 bond issue.

That is my reply to the Senator from Missouri. That is the reply of my people to the Senator from Missouri. I do not propose to put this matter on a basis of percentages and a financial basis of contributing $5 and getting 5 jobs, or contributing $1 and getting 1 job. The Senate has something more to do than to fiddle and spend its time quibbling over little jobs.

Now let us see.

The House is not going to recede, so these Senators say. I do not know. It does not matter, from my viewpoint, whether it recedes or not. This legislation ought to be enacted. If we are going to carry on the C.W.A. and the relief work, it ought to go on continuously, and we ought not to delay it.

Mr. McKELLAR. Mr. President——

Mr. CONNALLY. I yield to the Senator from Tennessee.

Mr. McKELLAR. Talk about throwing a certain number of people out of jobs! If this bill goes back to conference, and does not become the law by Saturday, it probably will throw about 4,000,000 men out of jobs, because there will be no money with which to pay them.

Mr. CONNALLY. Exactly. I thank the Senator. I was going to observe that while we are quibbling around here, fussing about who is going to appoint 48 State directors, and whether or not Senators are going to be consulted about those appointments, and whether or not Senators are going to be allowed to pick 48 little jobs, we are going to hold up, as suggested by the Senator from Tennessee, 4,000,000 jobs of men who would never get the 48 jobs because they would not have sufficient political pull or influence.

Mr. President, one other thing and I shall have finished.

We hear so much about abdicating our authority—abdicating our authority! Why, Mr. President, everybody in America who knows anything knows, if the Senators who are talking that way do not know, that in the midst of this emergency last March, when the country was faced with an absolute cataclysm, when the banking structure of the Nation was on the brink of absolute collapse and ruin, when we were in the worst depression in a century, Congress necessarily had to pass emergency legislation giving to the President and the administrative officers of this Nation tremendous powers. Suppose we had waited and debated a bill on the closing of the banks, and suppose the Senators who are now so loquacious over whether or not they will confirm some little one-job man in their State had debated that. In the meantime probably three fourths of the banks of the Nation would have been closed, never to open their doors again. We had to give tremendous powers to the President.

I am not so much concerned about giving power to the President as I am about the manner in which the President has exercised that power; and I want to say here and now that the people of America and the Congress itself know that the President of the United States has exercised the tremendous powers which the Congress has conferred upon him according to what he believes to be the general welfare and the best interests of the people of the United States.

Mr. McCARRAN. Mr. President——

Mr. CONNALLY. If you do not think that, and if you do not believe that, go out among the people of this Republic, and you will find that President Roosevelt has the confidence of the people of these United States.

Mr. McCARRAN. Mr. President——

Mr. CONNALLY. Just a moment. They believe that he is devoted to the public interest, that he is patriotic, and, by the eternal gods, that he has the courage to do what he thinks is right; and so long as these powers are administered in that fashion I am not so much concerned about the so-called "abdication" of the powers of the Senate.

Whenever the Senate and the Congress want to recall those powers, they have the ability to do it. Let Senators who want to recall them rise on the floor of the Senate and introduce bills to recall those powers.

I now yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. CONNALLY. I shall be glad to yield.

Mr. McCARRAN. Is it not true that the very spirit and the letter and the intendment of this amendment is to place in the hands of the President the power to oversee and direct the disbursement of public funds by selecting those who will have the direct disposal of them with the confirmation of the Senate?

Mr. CONNALLY. The confirmation of the Senate is all that this amendment changes. It does not give any new power to the President, because under the law the President has the power to withhold the spending of a dollar in a single State unless the Federal relief administrator, as the agent of the President, approves the agency that is set up in the State. I shall ask the Senator from Tennessee if that is not right.

Mr. McKELLAR. Mr. President, that is absolutely right. I agree with the Senator entirely.

Mr. CONNALLY. So all in the world that the amendment of the Senator from Nevada does is to require the President to get the consent of the two Senators from each State before he can appoint such a man. That is all there is to it. This amounts to a demand of the President to turn over and make political patronage out of the State directors, and that is all it does mean.

Mr. McKELLAR. Mr. President——

Mr. CONNALLY. I yield.

Mr. McKELLAR. Is there not the further question whether the Senate will have a right to confirm, after they are selected, 48 administrators, or whether the entire civil-works program will break down for want of money? Is not that the whole thing?

Mr. CONNALLY. As I suggested a while ago when the Senator was kind enough to interject, that is the immediate effect of what we are undertaking to decide at this very moment.

Just one other thing, Mr. President.

Are these gentlemen who are talking about abdicating complaining about the gold measure that was passed a few days ago? Both Houses of this Congress enacted that measure by overwhelming majorities. It was the most fundamental thing that has so far been done toward relief, toward readjusting heavy loads of indebtedness, toward lifting commodity prices. Is there any one here now to question the sincerity or the integrity or the patriotism of the President in the manner in which he administered that law? Is there any one here now to challenge the statement that when he told the Federal Reserve banks that they must deliver to the Treasury the profit through revaluation he was acting in the general welfare, and that he was not yielding to powerful influences and to powerful pressure in behalf of special interests?

Mr. McCARRAN. Mr. President——

Mr. CONNALLY. I yield.

Mr. McCARRAN. Is it not true with reference to the very bill of which the Senator now makes mention—which, for convenience, I will call the gold bill—that by the amendment of the learned Senator from Michigan [Mr. VANDENBERG] we made the President of the United States directly responsible for that act?

Mr. CONNALLY. To be sure; we made him responsible, and he has met that responsibility. Let me suggest to the Senator from Nevada that the gold bill was purely a Federal function. It was purely a matter of Federal concern. The States had nothing on earth to do with the gold bill. Whatever powers were exerted were Federal powers. Whatever officers discharge the duties under that bill are Federal officers. There is no parallel whatever to this case. There is no parallel whatever to the question before the Senate.

Mr. McCARRAN. Mr. President, will the Senator yield for one more question?

Mr. CONNALLY. I always yield to the Senator from Nevada.

Mr. McCARRAN. Is it not true that under the law and under the court's instruction any officer who has to do with the disbursement of Federal funds is a Federal officer?

Mr. CONNALLY. Oh, in a sense he might be. If that is true, if every man who disburses Federal funds is a Federal officer and therefore ought to be confirmed, the Senate would be busy confirming the disbursing clerks in every department of this Government; and yet there is not a single one, so far as I know, who actually disburses money who has ever been confirmed by the Senate of the United States. Why? Because they are subordinates; they are minor officers, and it is never required that the Senate confirm them. I submit that there is no parallel there in the point which the Senator raises.

Mr. President, I could go on and cite these other relief measures about which Senators talk as being an abdication of the power of the Congress. The Agricultural Adjustment Act absolutely saved the farming industry of the United States in 1933. It is true that we gave tremendous power to the Department of Agriculture and to the administration; but when we gave them those powers, we gave them the authority and the power to save agriculture, and they met that responsibility and saved it.

The program of relief, the program of rehabilitation, the President's program of redemption from the horrors and the miseries under which the American people suffered for four long, bitter, trying years—that program is working. It is lifting the American people out of economic mire and putting them on the highway toward their return to prosperity and to happiness, and it ill behooves Senators, because the President does not appoint some friend of theirs to some job, to stand on this floor and decry the whole program and talk about abdicating power and transferring it to the President of the United States.

Mr. President, I hope the Senate will recede from the McCarran amendment, give us an opportunity to have the bill enacted, and continue the relief and the C.W.A. work. For one, I have no fear that the President will administer these funds in other than a careful manner, in keeping with the general welfare. I am not willing to have the RECORD show that I am going to delay, that I am going to hamper, that I am going to hamstring, this program and this important legislation because I want the President to appoint some fellow in my State for the reason that I want him appointed, and say that if he does not appoint the one I say he shall appoint I am going to object to the confirmation in the Senate of the one who is appointed.

Mr. McCARRAN. Mr. President, it was my privilege to vote for the Cutting amendment, which would have raised the appropriation to $2,500,000,000. It was my privilege to vote for the La Follette amendment, which would have raised the appropriation to one and a half billion dollars. I voted for those amendments because I realized the truth of the statements which have been made by the learned Senators who have argued against my amendment.

I realize that this money will not last beyond May, and I realize that 400,000 are to be turned off from the rolls from tomorrow on by the very votes of those who carried the conference report on yesterday. If the argument made against the amendment in dispute had any force or effect, it should have been made yesterday by the learned Senator from Kentucky and others.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. HARRISON in the chair). Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. McCARRAN. I yield.

Mr. BARKLEY. I do not know just what transpired yesterday. I happened to be ill and I was not here. If I had been here, I might have done the same.

Mr. McCARRAN. I beg the Senator's pardon. I had thought the Senator's vote was cast yesterday for the adoption of the report. If I am in error in that, I apologize to the Senator.

Mr. BARKLEY. On account of illness I was not here yesterday at all. If I had been here, I would have voted against the conference report, which eliminates further Federal projects from the C.W.A.

Mr. McCARRAN. I understood the Senator to be paired here yesterday and I do not know how the vote was cast. However, I apologize to the Senator.

Mr. BARKLEY. I do not think I was paired for or against. If I was, it was without my knowledge.

Mr. McCARRAN. Then I apologize. Following out the thought, at least we know how those favoring the conference report voted, and we know that they voted, on the occasion to which I have referred, to put 210,000 off the rolls each week, and we know that the reports of those who have this matter in charge are to the effect that 200,000 more will go off the rolls.

It comes in poor grace for those who voted that way to say that this amendment should not be agreed to because it would delay, and because on tomorrow no pay checks would be issued. No pay checks will be issued to 400,000 tomorrow because of the votes of those who are leading the opposition against this amendment now.

Mr. McKELLAR. Mr. President, the Senator is utterly mistaken. If he knew anything about the workings of the C.W.A., he would not make that statement.

Mr. McCARRAN. That has been asserted here publicly.

Mr. McKELLAR. They will pay the checks tomorrow, of course, or whenever the next pay day comes.

Mr. McCARRAN. It is in the RECORD that from now on each week 210,000 will go off the rolls. Am I right in that, will the Senator answer?

Mr. McKELLAR. No specific number will go off the rolls. The number will be gradually decreased until the matter is ended. We have settled all that question. The question of whether we are going to make the C.W.A. permanent or are gradually going to dissolve it has been settled. The Senator voted for the bill. That question was not in conference at all. The House voted for it and the Senate voted for it, and, as I remember, the Senator voted for the bill.

Mr. McCARRAN. I voted against the report of the conference committee.

Mr. McKELLAR. That proposition was not in conference at all.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield for a question or a statement.

Mr. COPELAND. I think the Senator from Nevada has understated the facts. Mr. Hopkins' testimony is that they expect to lay off 250,000 a week under the conditions which prevailed before we put this amendment on the bill; so, when the Senator says that 250,000 will be normally laid off, if we may put it that way, plus the 210,000 who will be arbitrarily kicked out in the street as the bill now stands, if I know anything about mathematics, that means that next week 460,000 persons who are now working will be without employment.

Mr. McKELLAR. Mr. President, will the Senator from Nevada yield?

Mr. McCARRAN. I yield.

Mr. McKELLAR. The question of reducing the number was not in conference. The House passed the bill carrying $950,000,000, and the Senate passed the bill carrying that amount. The question to which reference is made was not in conference, and it is not in controversy. It is as dead as a last year's bird nest, as far as this question is concerned, and my recollection is—and if I am wrong about it I should like to have Senators set me right—both the Senator from Nevada and the Senator from New York voted for the bill carrying the appropriation of $950,000,000.

Mr. McCARRAN. There was no record vote on the bill.

Mr. McKELLAR. May I ask the Senator whether he voted for it or did not vote for it?

Mr. McCARRAN. I did vote for it.

Mr. McKELLAR. I thought the Senator did. May I ask the Senator from New York whether he voted for it or did not vote for it?

Mr. COPELAND. Mr. President, I voted for it.

Mr. McKELLAR. That settles that.

Mr. COPELAND. I voted for the appropriation of $950,000,000 for human relief in the United States, and in the testimony before our committee Mr. Hopkins said that in the administration of the $950,000,000, under the arrangement, there would be laid off from week to week about 250,000 per week. But on top of that comes this further proposal, to take out all those persons who are not engaged in activities on Federal projects and public lands, which means that next week there will be the normal removal of 250,000, plus the removal of 210,000, largely women, who are now engaged on white collar jobs and who have no other means of support.

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. McKELLAR. As I understand the Senator, he voted for the bill last week, but now he is tying it up, and those in need will not get the benefit of his vote; and that is the position of every one here who is making a fight on this proposal. They are tying up what we did last week.

Mr. McCARRAN. I yielded for a question or a statement but I did not yield for a speech from the learned Senator.

Mr. McKELLAR. I thank the Senator.

Mr. LONG. Mr. President, will the Senator yield?

Mr. McCARRAN. I do not care to yield right now.

Mr. LONG. Will not the Senator let me ask one question?

Mr. McCARRAN. The Senator may ask one question.

Mr. LONG. Did not the Senator from Tennessee vote against the amendment proposing to raise the appropriation to $2,500,000,000, and the amendment proposing to raise the appropriation to a billion and a half, which were proposed by the Senator from New Mexico [Mr. CUTTING] and the Senator from Wisconsin [Mr. LA FOLLETTE], for which others of us voted?

Mr. McKELLAR. Of course, I voted against those amendments. My committee reported the other amount, and I voted with the committee, of course.

Mr. McCARRAN. In other words, when a committee reports, then we are willing to starve somebody. Is that the answer of the Senator to the question asked by the Senator from Louisiana?

Mr. McKELLAR. Not at all. The Senator is undertaking to starve the 4,000,000 who are now on the rolls. If he wants to help them, the sooner he takes his seat and lets us have a vote on this matter the sooner they will have the relief.

Mr. McCARRAN. Mr. President, I fear that the learned Senator in charge of the bill may have become somewhat unduly excited. I do not care to arouse his excitement in any sense of the word. I am voting and working for what I believe to be right and what the Senator believes to be right, if I know the Senator. I am fighting to give to the greatest President this country has ever had the power to say who shall disburse the funds which will be taken from the pockets of the taxpayers of America.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. McCARRAN. I yield.

Mr. CLARK. In reference to the charge of the Senator from Tennessee that the proponents of the McCarran amendment are delaying a vote on this question, I should simply like to direct attention to the fact that practically the entire time since the Senate met today at 12 o'clock has been consumed by the Senator from Arkansas [Mr. ROBINSON], the Senator from Kentucky [Mr. BARKLEY], and the Senator from Texas [Mr. CONNALLY], speaking against the McCarran amendment.

Mr. McKELLAR. Then let us vote on it.

Mr. CLARK. Of course, that would be the Senator's very obvious strategy.

Mr. McKELLAR. I am ready to have a vote.

Mr. CLARK. Having consumed something over 2 hours on one side of the question, the Senator now objects to Senators on the other side consuming time in presenting their views.

Mr. McKELLAR. I am perfectly willing to have any Senator speak as long as he pleases; but, as far as the proponents of the bill are concerned, we are glad to have a vote, we think we ought to have a vote, and we are ready to vote whenever the argument shall cease.

Mr. BLACK. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Alabama?

Mr. McCARRAN. I yield.

Mr. BLACK. May I ask the Senator how long he thinks it will be before a vote can be taken on the question, if the matter now under consideration be allowed to continue? I ask that because we are ready to proceed with the regular order, and if there is any reason to believe that there may be an immediate vote, of course, we would not ask for the regular order.

Mr. McCARRAN. I will say in response to the Senator from Alabama that I shall not detain the Senate long with my discussion. I understand the Senator from Missouri [Mr. CLARK] desires to be heard.

Mr. CLARK. Mr. President, I will not consume over 2 or 3 minutes at the outside.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from New York?

Mr. McCARRAN. I yield.

Mr. COPELAND. It is only fair to say to the Senator from Alabama, who was absent from the Chamber during part of the discussion, that the Senator from Idaho [Mr. BORAH] has given notice of a motion to reconsider the action

which we took last night in agreeing to the conference report. Therefore, no matter what may be the fate of the pending question, there will still be before us the motion of the Senator from Idaho, and such discussion and time as may be necessarily consumed in considering it.

Mr. McCARRAN. Mr. President, I do not know exactly my rights, because of my lack of knowledge of the technical rules of the Senate, but I know what the Senator from Alabama has in mind, as I have been in cooperation with him all the time on these matters. If I could retain the floor in connection with the matter now under consideration, and the Senator from Alabama desires to come in now with his privileged order, I should be willing to yield the floor for that purpose. I am making those statements without knowledge of the rules, and I am sorry I do not have that knowledge.

Mr. BLACK. Mr. President, of course, the Senator from Nevada is a member of the special committee and interested in the privileged question which is to come before the Senate. The four respondents are now here and we are ready to proceed. At the same time, I do not want to interfere with an immediate vote, but unless there is to be an immediate vote it is my judgment that it would be proper and right to proceed with the regular order.

Mr. COPELAND. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from New York?

Mr. McCARRAN. I yield, provided I may have the floor when the time comes for further consideration of the pending question.

Mr. COPELAND. I assume that the Senator from Nevada would yield for the purpose of having a motion made temporarily to lay the matter aside?

Mr. BLACK. That does not require a motion. As I understand, all that is required is a request that we proceed with the regular order, which request I should not want to make if it would interfere with an immediate vote on the amendment.

Mr. COPELAND. I ask unanimous consent that the Senator from Nevada may be permitted to continue his discussion after the regular order shall have been disposed of.

Mr. McKELLAR. Mr. President, that does not require unanimous consent. Any Senator has the right to speak when he obtains recognition from the Chair. I desire to appeal, however, to my friend from Nevada to let us have a vote on this question. Let us get that much done. The Senator knows that when a question is continued over to a succeeding day it is a habit of the Senate to indulge in a great deal of debate on it the second day.

The question before us has been thoroughly discussed. The Senator from Missouri says he desires only 2 or 3 minutes. Can we not go on for a few minutes and see if we can come to a vote? This is a very essential bill. Four million of our people are employed by the Government, and there is no money with which to pay them. We should pass the bill. We ought not to postpone it. I appeal to Senators, no matter which side they are on, let us come to a vote, because that is the only way we can settle the question. Talk does not settle it.

Mr. McCARRAN. Mr. President——

Mr. COPELAND. Mr. President, does the Senator from Nevada yield?

Mr. McCARRAN. I yield for a question.

Mr. COPELAND. Mr. President, if the Senator will permit me, I ask unanimous consent to proceed with the privileged matter, and that the debate continue from this point when we return to the consideration of the pending question.

The PRESIDING OFFICER. The Senator from New York has asked unanimous consent that the Senate immediately proceed with the privileged matter. Is there objection?

Mr. McNARY. Mr. President, there is so much confusion in the Chamber that we, on this side of the aisle, cannot hear what is under discussion.

The PRESIDING OFFICER (Mr. SMITH in the chair). Will the Senator from New York repeat his request?

Mr. COPELAND. I ask unanimous consent to proceed with the privileged matter, and that thereafter the present debate continue from the point where it is suspended.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Nevada yield to the Senator from Arkansas?

Mr. McCARRAN. I yield.

Mr. ROBINSON of Arkansas. From the information which has reached me I do not believe that a vote can be had in a few minutes on the motion of the Senator from Tennessee. I think the debate is likely to be prolonged. I therefore ask that the Senate proceed to the consideration of the privileged question.

Mr. McCARRAN. May I ask the Senator from Arkansas by way of a parliamentary inquiry what my status will be when we come to reconsider the pending question?

Mr. ROBINSON of Arkansas. My impression is that the Senator will retain the floor when the question comes back for further consideration after the privileged matter shall have been disposed of.

I move that the Senate now resume the contempt proceedings.

Mr. COPELAND. Mr. President, I assume that means that when we shall resume legislative session the floor will be given the Senator from Nevada?

Mr. ROBINSON of Arkansas. He already has the floor, and he has yielded it for the purpose of this motion. I do not think he will be deprived of the floor.

Mr. SMITH. May I ask the Senator from Arkansas if he will withhold his motion for a moment? I have a conference report on the crop production bill which I think will necessitate no debate, and it is very essential that action be taken on it.

The PRESIDING OFFICER. Does the Senator from Arkansas yield to the Senator from South Carolina?

Mr. ROBINSON of Arkansas. Mr. President, with the anticipation that it will not provoke debate, I yield to the Senator from South Carolina.

CROP PRODUCTION AND HARVESTING LOANS—CONFERENCE REPORT

Mr. SMITH. Mr. President, I present a conference report and ask unanimous consent for its present consideration.

The report submitted by Mr. SMITH is as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its disagreement to the amendment of the House, and agree to the same with an amendment as follows: In lieu of the matter proposed to be inserted by the House amendment insert the following:

"That the Governor of the Farm Credit Administration, hereinafter in this act referred to as the 'Governor', is hereby authorized to make loans to farmers during the year 1934 for crop production, planting, fallowing, and cultivation and, to the extent of not exceeding $1,000,000, for feed for livestock in drought- and storm-stricken areas.

"SEC. 2. (a) A first lien on all crops growing or to be planted or grown or harvested during the year 1934, or on livestock, shall be required as security for any such loan: *Provided, however,* That in the case of a loan for the purpose of summer fallowing or the production of winter wheat, a first lien, or an agreement to give a first lien, on crops to be harvested in 1935 may, in the discretion of the Governor, be deemed sufficient security. Except as hereinafter provided, such loans shall be made through such agencies, upon such terms and conditions, and subject to such regulations as the Governor shall prescribe. Recording and other fees in connection with such loans shall not exceed $1 in any case, which shall be paid by the Farm Credit Administration. Loans made pursuant to the provisions of this act shall bear

interest at the rate of not to exceed 5½ percent per annum. For the purpose of collecting loans made under this act and under prior acts of the same general character, the Governor may use the facilities and services of the Farm Credit Administration or of any officer or officers thereof and may pay for such services and the use of such facilities from the funds made available under section 5 hereof for the payment of necessary administrative expenses; and such institutions are hereby expressly empowered to enter into agreements with the Governor for such purposes.

"(b) The amount which may be loaned to any borrower pursuant to this act shall not exceed $250 unless, in the opinion of the Governor, the circumstances surrounding the loan are such as to warrant a larger amount, in which event the borrower shall be entitled to a loan not in excess of $400: *Provided, however,* That in any area certified by the President of the United States to the Governor as a distressed emergency area, the Governor may make loans without regard to the foregoing limitations, under such regulations and for such time as he may prescribe therefor.

"(c) No loan shall be made under this act to any applicant who shall not have first established to the satisfaction of the proper officer or employee of the Farm Credit Administration, under such regulations as the Governor may prescribe (1) that such applicant is unable to procure from other sources a loan in an amount reasonably adequate to meet his needs for the purposes for which loans may be made under this act; and (2) that such applicant is cooperating directly in the crop production control program of the Agricultural Adjustment Administration or is not proposing to increase his 1934 production of basic agricultural commodities in a manner detrimental to the success of such program.

"SEC. 3. (a) The moneys authorized to be loaned by the Governor under this act are declared to be impressed with a trust to accomplish the purposes provided for by this act, namely, the production, planting, fallowing, cultivation of crops, and feed for farm livestock, which trust shall continue until the moneys loaned pursuant to this act have been used for the purposes contemplated by this act, and it shall be unlawful for any person to make any material false representation for the purpose of obtaining any loan or to assist in obtaining such loan or to dispose of or assist in disposing of any crops given as security for any loan made under authority of this act, except for the account of the Governor, and for the purpose of carrying out the provisions of this act.

"(b) It shall be unlawful for any person to charge a fee for the purpose of preparing or assisting in the preparation of any papers of an applicant for a loan under the provisions of this act.

"(c) Any person violating any of the provisions of this act shall be guilty of a misdemeanor and shall, upon conviction thereof, be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 6 months, or both.

"SEC. 4. The Governor shall have power, without regard to the provisions of other laws applicable to the employment and compensation of officers and employees of the United States, to employ and fix the compensation and duties of such agents, officers, and employees as may be necessary to carry out the purposes of this act; but the compensation of such officers and employees shall correspond, so far as may be practicable, to the rates established by the Classification Act of 1923, as amended.

"SEC. 5. There is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, the sum of $40,000,000, or so much thereof as may be necessary, to carry out the provisions of this act. Any moneys so appropriated, and all collections of both principal and interest on loans made under this act, may be used by the Governor for all necessary administrative expenses in carrying out the provisions of this act and in collecting outstanding balances on crop production, seed and feed loans made under the act entitled 'An act to provide for loans to farmers for crop production and harvesting during the year 1933, and for other purposes', approved February 4, 1933, or under prior legislation of the same general character."

And the House agree to the same.

E. D. SMITH,
ELMER THOMAS,
G. W. NORRIS,
Managers on the part of the Senate.

MARVIN JONES,
H. P. FULMER,
WALL DOXEY,
CLIFFORD R. HOPE,
J. ROLAND KINZER,
Managers on the part of the House.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina for the immediate consideration of the conference report submitted by him?

Mr. McNARY. Mr. President, I desire to know what change has been made before I consent to agree to its consideration.

Mr. SMITH. The changes made by the conferees in the bill as passed by the Senate are not of any great importance, and the report was unanimously agreed to by the conferees on the part of the Senate and on the part of the House.

Mr. McNARY. Mr. President, I do not desire to delay the report, but I do want some explanation of the changes made, and I suggest to the Senator that we proceed with the regular order. I shall make no objection to considering the conference report immediately following the conclusion of the consideration of the privileged question.

Mr. SMITH. The only reason I call it up now is that planting time is upon us, and if this measure is held up and relief not afforded, great distress will result. Every day lost here means that much loss to the farmers.

Mr. McNARY. I desire to make a suggestion to the Senator from South Carolina. Let us proceed with the regular order, and later in the day I shall not object to taking up the report he now presents if he will make an explanation of the changes.

Mr. SMITH. Very well. The Senator from Oregon takes upon himself the responsibility.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR.

Mr. ROBINSON of Arkansas. I renew my motion.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] that the Senate resume the contempt proceedings.

The motion was agreed to.

The respondent, William P. MacCracken, Jr., and his counsel, Frank J. Hogan, Esq., entered the Chamber and took the seats assigned them.

Mr. BLACK. Mr. President, when the Senate suspended its proceedings on the privileged question yesterday, the clerk had completed reading the evidence of Mr. Brittin. The next evidence, as reported in the record, is that of Mr. Givvin. Unless the respondent, Mr. MacCracken, or his counsel, desire to have that evidence read, we shall not insist upon having it read. I should like to have their viewpoint as to whether they desire that evidence to be read in order, if desired, to place it in the record.

Mr. HOGAN. Mr. President, in response to the question of the Senator from Alabama, permit me to state to the Senate that on yesterday afternoon the legal question by which the respondent, MacCracken, raised a plea to the jurisdiction of the Senate to proceed, was decided by the district court adversely to our contention. That puts us in a much different position than we were in yesterday, and we feel that we are now in no way waiving the position that we took yesterday by agreeing to the suggestion of the Senator from Alabama. We waive the reading of any further reports, believing, as the Senator has stated, that all of the record that pertains to Mr. MacCracken is now fairly before the Senate.

Mr. BLACK. I might make one other suggestion. The report shows that the letters which were returned by Mr. Givvin were attached to the report as a part of that report. They are here in the envelop as they were presented to the Senate, except they have been opened, and one of them has been read into the record. We do not desire to have these read unless it is so requested or desired by the respondent or his attorney. They are here, accessible to them to see if they wish to see them; and if they want any of them read into the record, we shall be glad to have them read, or we will be glad to turn them over to them for their inspection.

Mr. HOGAN. Mr. President, we do not desire to have them read; they may be considered as in evidence, and, from the record as it has already been made, we are familiar with them.

Mr. BLACK. Now, Mr. President, under the rules, the respondent is, of course, permitted to offer any evidence that he desires, and to be heard either by himself or counsel. We should like for that statement to be made by the Chair, in order that it may be fully understood, that the Senate desires to have any further statement that counsel or the respondent may desire to make, or any argument that they desire to present to the Senate.

The PRESIDENT pro tempore. The Chair will repeat, at the suggestion of the chairman of the committee, that counsel or the respondent have a right to make any statement desired or to offer evidence.

Mr. HOGAN. Mr. President, I have familiarized myself with the rules adopted by this body, and I will ask for a brief time, but I consider the record as to Mr. MacCracken closed so far as the evidence is concerned. We are ready to submit our case. I ask the President what time will be permitted counsel for the respondent, Mr. MacCracken, to address the Senate?

The PRESIDENT pro tempore. The Chair will ask the chairman of the committee at what time it will be convenient for counsel to proceed?

Mr. BLACK. At the present time.

Mr. HOGAN. I am ready to go on if the Senate is ready, or at any time, Mr. President, which may be fixed by the Senate.

Mr. ROBINSON of Arkansas. Counsel has asked whether there is to be a limitation imposed on the time. I suggest that inquiry be made as to what time will be required.

Mr. HOGAN. I would not want more than an hour, and I do not think I will want more than 45 minutes.

Mr. BLACK. I think that is perfectly satisfactory; it is a very reasonable request.

The PRESIDENT pro tempore. Without objection, counsel for the respondent will have an hour for his argument. If counsel is ready to proceed, he will be recognized for that purpose.

Mr. HOGAN. I am ready to proceed, Mr. President.

The PRESIDENT pro tempore. Counsel, Mr. Hogan, is recognized for an hour.

ARGUMENT OF FRANK J. HOGAN, ESQ., COUNSEL FOR THE RESPONDENT, M'CRACKEN

Mr. HOGAN. Mr. President, the respondent, MacCracken, acting under the advice of his counsel, and in the utmost good faith, but with that forthrightness which it was believed was essential to make clear his position, has respectfully challenged the constitutional jurisdiction of the Senate of the United States to try or punish him for the matters and things set forth in the citation adopted by this body on the 5th day of February and for the same matters and things set forth in the warrant issued under the Senate's resolution of the 9th day of February, directing the Sergeant at Arms to take him into custody.

Before I address myself briefly to the fundamental constitutional question which that position, that plea to the jurisdiction, as it were, presents, I intend to ask your consideration to a statement, in chronological order, of the facts in this case so far as they affect the respondent, MacCracken.

There is literally a welter of documentary evidence and of oral evidence which has been read from the reports before the Senate which it would be utterly impossible for Members of this body, or any great number of them, to have the relevant facts in mind in the absence of some orderly and logical summing up. It has occurred to me—perhaps erroneously, but I do not think so—if there was a sound or even a debatable move in the nature of a plea to the jurisdiction of this body that the logical and orderly way to raise that question was before and not after trial. My training as a lawyer has heretofore taught me that a plea to the jurisdiction had better first be made and passed upon before trial. The judgment of the District Court yesterday places me, for the moment, in the position of addressing you on the facts. I will try to follow a chronological order in so doing.

Near the close of the second session of the Seventy-second Congress this body adopted Senate Resolution 349, under the terms of which a special committee of five of your honorable body were appointed to conduct an inquiry into air and ocean mail contracts. The resolution is concededly a legitimate and proper exercise of the Senate's legislative functions. All the proceedings under it, up to the one that we have been objecting to here, has been concededly an appropriate exercise of constitutional legislative functions.

In the course of those proceedings the select committee, on the 31st day of January of this year, issued and there was served upon William P. MacCracken, Jr., a subpena duces tecum. It called for his instant appearance before the committee, and for the production of documents described in general terms. No question has ever been made or is made now in respect of the omnibus character of the subpena. The subpena has been variously described to you as calling for the production of Mr. MacCracken's files. It did nothing of the sort. It has been referred to as calling for the production of air mail files. It did not do so. The subpena did call for all documents, books, records, memoranda, correspondence, letters, and telegrams relating to ocean mail and air mail contracts. I make that distinction because the indisputable record before you now shows that in the office of Mr. MacCracken and his partner there is no special file containing matters relating to air mail contracts; and the indisputable record shows that he had no relation to any kind of ocean mail contracts; that a file pertaining to the business, for instance, of the Western Air Express might contain 1 document relating to air mail contracts, covered by the subpena, and 99 documents that had no relation whatever to air mail contracts, and that access by anybody having a right to look at the documents, or the taking from any of those files of documents that did not relate to air mail contracts, would in no sense of the word be violative of or have any tendency to interfere with compliance with the subpena issued by the Senate committee.

Pursuant to that subpena, which was a perfectly valid and lawful exercise of the Senate's privileges and of the committee's duty, Mr. MacCracken appeared on that date, the 31st of January, and placed at the disposal of the committee every document in his possession relating to air mail contracts, with this reservation: He stated his profession as an attorney at law; his employment, as he understood it, by air mail contractors in his capacity as an attorney; his understanding of the law that communications between attorney and client were privileged; and that that privilege belonged to the clients and not to the attorney. Whether or not he was correct in that position—and I think he was—he stated it with a dignity, with a clarity, and with a fairness that no man, in or out of this honorable body, can, I respectfully submit, find fault with.

So impressed was the committee, as appears from the record, by that statement that, after retiring and consulting, the committee suggested to Mr. MacCracken that he by telegraph submit the situation to all his clients whose documents were involved and ask them for waivers. The lawyers of the committee showed a clear recognition at that time of the fact that if the privilege existed this man had no power and no right under the law or under the code of his profession to disclose the documents; that if the situation required a waiver as a prerequisite to disclosure it could be made only by the client. The committee suggested that Mr. Mac-

Cracken send a telegram to each of his clients, and, in the presence of the chairman of the committee, the telegram was drafted and was approved by the chairman before it was sent. You have heard it read. It frankly presented the situation to the clients and called for their decision. An answer by wire was requested. On the next day, February 1, before appearing before the committee again instead of endeavoring to delay, instead of communicating with anybody with respect to whether or not opportunity was wanted to inspect those files or abstract any papers from them, Mr. MacCracken again communicated with such of his clients, four in number, as had not replied and urged expedition of their decision and communication thereof to him.

While the question of privilege was in that state, except as to those who had waived it—and I ought to say that instantly Mr. MacCracken learned from any one of his clients that they waived whatever privilege they had and consented to the production under subpena of any document, confidential or otherwise, that related to their air-mail contracts, immediately that was done the distinguished Senator from Alabama [Mr. BLACK], chairman of your committee, was notified thereof.

I am going to take another moment on the matter of privilege. I am exhausting it before I go to the other and vital questions in the case to the end that it may be seen that it is disposed of and not before you. I am taking now whatever time is necessary on that point because I heard the distinguished Senator from Idaho [Mr. BORAH] make a very pertinent suggestion respecting the relevancy of it to the question of the removal of documents that were covered by the subpena. That suggestion was that if it should appear that Mr. MacCracken had claimed the privilege merely as a cover for the obtainment of time during which documents should be removed or destroyed, that would throw a very great light on the question now before the Senate, namely, whether there was contempt of the Senate by Mr. MacCracken in the destruction or removal of documents.

While the question of privilege was still open, as we see it, and while Mr. MacCracken was still standing upon it and because he was standing upon it, the committee's first report was submitted by the Senator from Alabama on February 2. On that report a resolution was adopted directing the President of the Senate to issue his warrant to take Mr. MacCracken into custody and bring him, together with the documents covered by the subpena, to the bar of the Senate on Monday, February 5, 1934, there and then to answer such questions as might be pertinent to the inquiry and to produce the documents called for. The warrant expressly stated that this action was in aid of a legislative purpose, namely, the obtainment of information as a basis for such legislation as the Senate might hereafter decide to consider.

Mr. President, I recognized then and I recognize now, that that warrant was a legal, constitutional document within the constitutional powers of the Senate. The question of the legality of that warrant was definitely settled by the Supreme Court in *McGrain* v. *Daugherty* (273 U.S.). Mr. MacCracken was taken into custody. By that time the question of privilege could no longer be raised because a few minutes before that warrant was served every client had waived the privilege and consented to production. Therefore, not even that question—and it was the only one which had been raised—could then be raised outside of this body and before a coordinate branch of the Government.

Mr. MacCracken appeared here pursuant to the command of the warrant and in strict and literal compliance with the bond which I had given your Sergeant at Arms, and the only bond which I gave or have ever been called upon to meet. In strict and literal compliance with my promise, or personal bond to the Sergeant at Arms, he was here before the Senate at the time appointed.

So much for the question of privilege, which I ask you to consider as out of the case because it was, if not in words, in effect, abandoned when the citation of February 5 was issued.

There had, however, occurred something in the meantime. The Senator from Alabama and myself will agree that that something is the cause of our being here today. One of the men to whom a telegram was sent at the committee's request, the terms of which were, as I have already said, approved by the Senator from Alabama, was Colonel Brittin, of the Northwest Airways. Another was Mr. Hanshue, of the Western Air Express. The latter has an assistant or secretary named Givvin. The two incidents that bring us here are entirely separable and might for the purpose of this discussion be called the Brittin and the Givvin incidents. They are separable. Mr. MacCracken's connection with them is entirely different and there are dependent upon them different conclusions of fact and of law. I shall discuss all of the evidence on each of those instances separately.

I take the Brittin incident first.

On February 1, the day after the subpena was issued and after the telegram had been sent and received by Colonel Brittin, he called at the office of MacCracken & Lee. He did not see Mr. MacCracken. Mr. MacCracken had then no knowledge whatever of his call. He saw Mr. Lee. Senators, I am now dealing with undisputed indisputable facts in your record upon which you are to try this case. He asked Mr. Lee to let him go through the file folder of his company and take therefrom personal papers. He took some papers from that file. He took them in the presence of Mr. Lee. He left the office. Mr. MacCracken knew nothing of his visit at the time, nothing of the fact that he had taken the papers, nothing of the contents of those papers. He had no participation in, no connection with, gave no consent to, and had no knowledge of that occurrence. Thereafter it transpired that the papers which Colonel Brittin had taken were by him destroyed.

That, so far as my client is concerned, is the beginning and the end of the Brittin incident.

I submit to you, sirs, that there is no man in this body who will try the question of that Brittin incident on the evidence—as I must assume all of you will try it—who can find that William P. MacCracken had any participation of any kind in that destruction of documents. Your citation and your warrant call upon him to show cause why he should not be punished for contempt in connection with the destruction and removal of documents. Destruction here has reference alone to the Brittin papers. I submit to you that in the Brittin case upon all of the facts, the indisputable facts, the case is ended so far as MacCracken is concerned.

If it be said that the testimony of the witness Murphy and the testimony of the witness Lee and the testimony of the witness Brittin are all alike unbelievable, if you would reject that testimony as incredible and unbelievable, then, sirs, you reject all the testimony on the subject, and the position then of the distinguished prosecuting committee is that they have brought one charge before the Senate and have produced not one scintilla of evidence in support of it so far as MacCracken is concerned.

I, therefore, go to the Givvin incident.

Mr. Hanshue, the president of the Western Air Express, according to the record here, after receiving the telegram telephoned to Mr. MacCracken that before answering him he wanted to have the papers in the files looked over. Whether or not that was for the purpose of intelligently deciding, with the present knowledge of the contents of the documents, whether or not his company would assert or would waive privilege, I am not advised and I think the record does not disclose. There is a dispute as to whether or not Mr. Hanshue said anything further. Mr. MacCracken's statement is that Mr. Hanshue said that he wanted the files looked over and certain personal papers found therein taken.

Mr. Givvin's statement, when he testified on the 3d instant before the committee, was to the same effect. There is testimony here to the effect that the last part of the statement was not made by Mr. Hanshue. I am not concerned with whose recollection is correct, or whether that testimony is altogether credible or not, because I am concerned only

with MacCracken's participation in the matter complained of, and the purging of whatever contempt was connected with it.

These are the facts:

Mr. Givvin came to Mr. MacCracken's office. He saw MacCracken. MacCracken made available to him, and, except that he was out of the room every now and then while Mr. Givvin was there, was present when he took, or when MacCracken took and handed him—I care not which for the moment—papers out of that file. Those papers were sent by Givvin to New York.

I am not so blind as to endeavor to quibble over the contents of those papers. Frankly, it is perfectly apparent beyond any dispute that some of those papers—how many I do not know, for the fact that one is within this category is sufficient for the purpose of what I have to say—beyond any dispute the contents of some of those papers did relate to air mail contracts and were covered by the subpena.

On the next morning, under questioning from the Senator from Alabama, Mr. MacCracken told of these two incidents—one on information and belief, for he had learned of the Brittin incident after it was closed; the other, the Givvin incident, of his own personal knowledge. He recognized, as he should have recognized, that to say the least he had made a grievous mistake; and he told the committee, before the beginning of any of the proceedings now before the Senate, that he would use his best efforts to obtain the return forthwith of those papers; and according to his statement laid before the Senate on the 9th instant, and part of this record, he immediately undertook to have those documents returned here.

On Saturday, the 3d instant, Mr. Givvin appeared before the committee, produced the papers here in evidence, and, on his oath, said that every paper that had been taken by him, to the best of his knowledge and belief, was among the papers he returned and produced. Mr. MacCracken has stated, in his formal response to the citation, that every paper that Givvin took had been returned, to the best of his ability, knowledge, and information or belief; and I understand that the witness Hanshue and the witness Voorhes have testified on their oaths to the same thing.

Assuming—yes, conceding—that the act of removing documents under subpena for the purpose of preventing their production in accordance with the subpena was a contempt, just exactly as the failure to produce or the failure to answer questions would be a contempt, I submit to the Senate that that was a contempt which could be purged, and which has been purged.

What power had the Senate with respect to either questions propounded or documents summoned? This: To compel answer to questions and production of papers, and to hold and commit for contempt any person who willfully refused to answer pertinent questions or, as to material documents, who, being commanded to produce them, did not produce them, or any person who interfered with or obstructed their production. But, sirs, if the United States Supreme Court decisions, couched in the plainest English found in the law books, are to be understood and followed, that power lasts so long as, but no longer than, the documents which have been withheld are produced and made available to the committee and to the Senate; so long as, but no longer than, questions which a witness is recalcitrant about answering remain unanswered; no longer than he signifies he is willing to produce in the one case and produces, signifies his willingness to answer in the other case and answers. As the distinguished Senator from Kentucky said in debate here on Monday, the 5th instant, as he understood the law of contempt in respect of recalcitrant witnesses, if a witness refuses to answer a question or produce a piece of evidence which under the subpena and under the law he is compellable to answer or produce, the tribunal shall direct him to produce, and if he still refuses, then he is to be committed, whether it be by court or by legislative tribunal, until he signifies his intention to do so.

According to all the evidence you have—and once again I say, for the purposes of emphasis, I must assume, and I do assume, that in your deliberations in a matter of this tragic importance to these men, you are going to be governed by evidence—every bit of evidence that you have is that every one of the documents removed by Givvin was produced to and delivered into the possession of your committee on February 3, 1934, before these proceedings were instituted, and is still in the possession of the committee. If that be not purging one's self of contempt, then I have a mentality that is incapable of comprehending the legal meaning of the term "purging."

Those are the facts as to both those incidents.

What are we here on now? Look at the citation which was adopted on February 5, 1934, and the warrant which was ordered to be issued, and was issued, on February 9. No questions to be asked; no information being sought; no documents which the Senate wants and has not got, or which there is any obstruction in the way of the Senate's getting. The simple proposition before this honorable body at this moment is whether or not, for a past and completed act and offense, you can punish, not as a means but as an end.

But you will say, "What about the acts that were done?" If any one of them is offensive to the dignity of the Senate, to its high privileges, to the law of the land, where shall it be redressed or punished?" And I answer you in the language of the Supreme Court, "In the courts of the land."

In the case of Marshall against Gordon, in Two Hundred and Forty-third United States—the decision in which was handed down by the great Chief Justice White, once a Member of this body from Louisiana—we find authority directly sustaining what I have just stated to be the law.

Before I read you a brief quotation from the body of the opinion let me call your attention to a few extracts from the syllabi. I am doing that because the opinion is so long, and the historical examination of the British precedents so exhaustive, that no time for which the Senate could reasonably be asked to listen to argument in this case would suffice to state and argue it; but here are the holdings:

Held: (1) That the proceedings concerning which the alleged contempt was committed were not impeachment proceedings.

This was the case of Marshall, United States district attorney for the southern district of New York, who had first refused to produce documents which pertained to grand jury proceedings on the ground that they were privileged or secret documents and had, secondly, addressed to the committee letters excoriating the committee's conduct in very intemperate language.

The Supreme Court continues:

(2) That, whether they were impeachment proceedings or not, the House was without power by its own action, as distinct from such action as might be taken under criminal laws, to arrest or punish for such acts as were committed by appellant.

No express power to punish for contempt was granted to the House of Representatives, save the power to deal with contempts committed by its own Members.

To this is cited article I, section 5, which Senators will recognize as being the provision of the Constitution which provides that among other express powers is the power of each House to punish its own Members for misbehavior.

I again read:

The possession by Congress of the commingled legislative and judicial authority to punish for contempts which was exerted by the House of Commons is at variance with the view and tendency existing in this country when the Constitution was adopted, as evidenced by the manner in which the subject was treated in many State constitutions, beginning at or about that time and continuing thereafter.

Such commingling of powers would be destructive of the basic constitutional distinction between legislative, executive, and judicial power, and repugnant to limitations which the Constitution fixes expressly; hence, there is no warrant whatever for implying such a dual power in aid of other powers expressly granted to Congress.

The House—

That reference to the House leads me to say parenthetically that you will find in the RECORD of Saturday, February 10, the opinion in this case printed in full at the request of the distinguished Senator from Kentucky, and you will find following it, printed in full, the decision of the United States

Supreme Court in the case of McGrain against Daugherty, in Two Hundred and Seventy-third United States Reports, inserted at the request of the distinguished Senator from New York. I call attention to that here merely to say that McGrain against Daugherty points out what I think was quite unnecessary, that the powers and the limitations upon the powers of the House of Representatives laid down in Marshall against Gordon, from which I am now reading, are precisely the same as the powers and limitations upon the powers of the Senate in respect of this matter.

> The House has implied power to deal directly with contempt so far as is necessary to preserve and exercise the legislative authority expressly granted.
>
> Being, however, a power of self-preservation, a means and not an end, the power does not extend to infliction of punishment as such—

The power does not extend to infliction of punishment as such!—

> It is a power to prevent acts which in and of themselves inherently prevent or obstruct the discharge of legislative duty, and to compel the doing of those things which are essential to the performance of the legislative functions.

What, Mr. President, may I ask, is the Senate by the present proceedings trying to prevent the doing of now by William P. MacCracken, Jr.? What by these proceedings, I ask very respectfully—I may talk earnestly, but I am never forgetful, though I have been charged with it, of the respect which is due to this body—very respectfully but very earnestly I ask, what are you trying by these proceedings to compel the doing of? Do you want to compel the answer to a question? There is none pending, and none has this man refused ever to answer? Do you want to compel the production of documents? You have not asked for any documents that have not been produced, and the man is not here compelling you to exert that coercive power.

You have powers, sirs, to prevent anything that obstructs these deliberations. You have power to compel anything that may aid the free flow from now on of your investigation. But when you have used that preventive and that coercive power your constitutional power is at an end. You have no punitive power except as that is necessarily incidental to and tied up with your coercive power.

If I am committed to the jail in the District of Columbia for failing to answer a question, it necessarily follows that I am suffering punishment, but the punishment is to coerce or, in the language of the Supreme Court, to compel me to answer; and, when I answer, the power to punish is gone.

I turn now to page 544 of Marshall against Gordon, and I read briefly from the opinion of the Supreme Court after a consideration of many precedents:

> Thus we have been able to discover no single instance wherein the exertion of the power to compel testimony restraint was ever made to extend beyond the time when the witness should signify his willingness to testify, the penalty or punishment for the refusal remaining controlled by the general criminal law.

That is the language of a court by which I submit all of us, including your honorable body, should be bound. That is the rule which, I respectfully submit, the Senate of the United States should follow, as well as any other body or any individual of the Nation.

If it be asked, To what does the Court refer when it says "the penalty or punishment for the refusal remaining controlled by the general criminal law"? I answer, sections 101, 102, and 103 of the Revised Statutes of the United States, under which this body has certified many cases of refusal to testify or to produce documents, and which provides that such refusal constitutes a misdemeanor punishable by fine and imprisonment.

If the Senator from Alabama again refers, as he did on the 5th instant refer, to section 103 as perhaps qualifying the section which denounces such conduct as a misdemeanor, my answer is that the Supreme Court in Counselman against Hitchcock said that one of those sections did not depend upon the other, that when the misdemeanor is consummated, the power to punish by indictment and trial is also consummated. and the only question then is the guilt or innocence of the indicted, or recalcitrant, witness before the bar of the courts of his country.

The Supreme Court pointed out that there were, and there must necessarily be, cases where apparently a power to punish followed the commission of an act, and the illustration given is this: If some person in the gallery of the Senate should interrupt your proceedings here by loud cries or other misconduct, you are not limited, constitutionally or otherwise, from ejecting that person, because by the time your Sergeant at Arms gets there the misconduct has ceased, and the party says he will desist. He can be taken into custody, removed from this body, and, more than that, he can be kept in custody for any length of time that is reasonably necessary to turn him over to the civil authorities. Anything, even though it be punitive in its nature, which is reasonably necessary to prevent the immediate recurrence of the act which disturbs the free flow of your legislative functions, you have power to do, but nothing further.

If I have a minute more, I should like to call attention to that.

The PRESIDENT pro tempore. Counsel has further time.

Mr. HOGAN. This is the principle to which I have been referring:

> The authority does not cease when the act complained of has been committed, but includes the right to determine in the use of legitimate and fair discretion how far from the nature and character of the act there is necessity for repression to prevent immediate recurrence; that is, the continued existence of the interference or obstruction to the exercise of legislative power.

I read that from the syllabus at the top of page 523, and I am able to say to the Senators, without putting my hand upon the text of the opinion, that that is the exact language of the Chief Justice found in the text of his opinion.

If the Supreme Court is to be followed, that is the extent of the power, and I not only appeal to you but I submit to you that the Supreme Court should be followed.

Yesterday the District Court in the District of Columbia decided, upon the facts presented by a petition for habeas corpus, which was argued as a serious, fundamental constitutional proposition, that those facts did not justify the release of the respondent MacCracken on a habeas corpus at this time. No opinion was handed down, no reasons were given, no remarks from the bench indicated the mental processes by which the local jurist reached his decision. But if it be said that yesterday's decision upholds the power which the committee now asserts, and respondents deny, then I submit that you have the choice of following a district judge or following the Supreme Court of the United States. If that be a dilemma, I indulge an abiding confidence with respect to which you will follow.

I have referred to McGrain against Dougherty and Marshall against Gordon. The distinction between them is clear. The first arose on a warrant similar to the one directed against MacCracken on February 2, the first warrant. The Court upheld the validity of it.

Its purpose was to compel the giving of testimony and the producing of books and documents. The second of these cases—that of Marshall—arose on a warrant similar to the one we are here on today—the second warrant. Its sole purpose is punishment. The Supreme Court held that warrant invalid. Conformable to the Supreme Court's decision in McGrain against Daugherty, we recognized your first warrant and complied with its requirements. Conformable to the Supreme Court's decision in Marshall against Gordon—and relying on it—we question the second warrant. I repeat, the distinction is obvious.

Mr. President, I conclude by saying that you have, first, the solemn question of your own constitutional power, which I am sure will be determined without recourse to that human trait which makes one, whether it be a legislative body, a court, or an individual, desire to extend and exert power.

You have, second, the question on the facts. Is Mr. MacCracken guilty of contemptuous conduct in respect of an act with which he had no connection? Is he guilty of another act which may have been a contempt when committed, and remained so until its effects were removed, but in respect of which under the law, as, I submit, all lawyers

know and understand it, there has been a complete purging? Sirs, in deciding those questions you are considering that which everyone of us knows will determine the tragedy of ending this man's entire career.

I have done, Mr. President.

DELIBERATIONS WITH CLOSED DOORS

Mr. BLACK. Mr. President, I move that the Senate go into closed legislative session for the purpose of deliberation.

The motion was agreed to; and (at 2 o'clock and 45 minutes p.m.) the Senate proceeded to deliberate with closed doors.

After deliberating with the doors closed for about 3 hours and 30 minutes, the doors were reopened.

During proceedings with closed doors, on motion of Mr. BLACK, the following order was adopted:

Ordered, That William P. MacCracken, Jr., remain in the custody of the Sergeant at Arms until the Senate shall reconvene following the recess and until the case against him shall have been disposed of.

CIVIL WORKS ADMINISTRATION APPROPRIATION—CONFERENCE REPORT

During the proceedings with the doors closed the following order, proposed by Mr. ROBINSON of Arkansas, was agreed to:

Ordered, by unanimous consent, That at the hour of 12 o'clock m., on Wednesday, February 14, 1934, the Senate proceed to the consideration of the conference report on the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes, and all motions that are pending and may be made with respect thereto, and that at not later than 2 o'clock p.m. on said day the Senate proceed to vote on the same, and then resume the contempt proceedings.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of legislative business.

The PRESIDENT pro tempore. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and the Senate resumed legislative session.

EXECUTIVE MESSAGES REFERRED

The PRESIDENT pro tempore, as in executive session, laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

CROP PRODUCTION AND HARVEST LOANS—CONFERENCE REPORT

Mr. SMITH. I ask unanimous consent for the immediate consideration of the conference report on Senate bill 1975, which I presented earlier today.

The PRESIDENT pro tempore. Is there objection to the consideration of the report, which has already been read?

There being no objection, the Senate proceeded to consider the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes.

The PRESIDENT pro tempore. The question is on agreeing to the report.

Mr. SMITH. Mr. President, I have been asked to indicate the changes which have been made. The principal change is in the amount appropriated. As agreed to by the Senate, it was $45,000,000. As agreed to by the conferees, that has been reduced to $40,000,000. There was a provision in the Senate bill that the borrower should pay 50 cents for recording the papers. The House bill contained a provision that the Government should pay $1, uniform throughout, for the recording of the papers. The Senate conferees agreed to that. Those are the only real changes in the bill; otherwise it is practically as the Senate passed it.

Mr. McNARY. Mr. President, with that explanation, I have no objection to action on the conference report.

The PRESIDENT pro tempore. The question is on agreeing to the report.

The report was agreed to.

RECESS

Mr. ROBINSON of Arkansas. Pursuant to the agreement entered into while deliberating with closed doors, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 6 o'clock and 2 minutes p.m.) the Senate, under the order entered with closed doors, took a recess until tomorrow, Wednesday, February 14, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 13 (legislative day of Feb. 6), 1934

UNITED STATES MARSHAL

William Thomas Dowd, of North Carolina, to be United States marshal, middle district of North Carolina, to succeed Watt H. Gragg, resigned.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

To Ordnance Department

First Lt. John Carpenter Raaen, Infantry (detailed in Ordnance Department), with rank from December 12, 1923.

First Lt. David James Crawford, Field Artillery (detailed in Ordnance Department), with rank from March 23, 1927.

PROMOTIONS IN THE REGULAR ARMY

To be colonel

Lt. Col. Warren Thomas Hannum, Corps of Engineers, from February 1, 1934.

To be lieutenant colonels

Maj. Homer Ray Oldfield, Coast Artillery Corps, from January 11, 1934.

Maj. Claude B. Thummel, Ordnance Department, from February 1, 1934.

Maj. Norman Butler Briscoe, Cavalry, from February 1, 1934.

Maj. Thomas Benton Catron, 2d, Infantry, from February 1, 1934.

To be majors

Capt. John William Bulger, Infantry, from January 11, 1934.

Capt. Roy Wright Voege, Infantry, from January 11, 1934.

Capt. Vernon Lee Burge, Air Corps, from February 1, 1934.

Capt. Crosby Nickerson Elliott, Infantry, from February 1, 1934.

Capt. Alton Wright Howard, Cavalry, from February 1, 1934.

Capt. Frank Moore Child, Infantry, from February 1, 1934.

To be captains

First Lt. Andrew Paul Sullivan, Coast Artillery Corps, from January 7, 1934.

First Lt. Charles Allen Cotton, Quartermaster Corps, from January 11, 1934.

First Lt. Austin Walrath Martenstein, Air Corps, from January 11, 1934.

First Lt. Edwin Barton Bobzien, Air Corps, from January 21, 1934.

First Lt. John D. Corkille, Air Corps, from January 24, 1934.

First Lt. William Ross Mackinnon, Quartermaster Corps, from February 1, 1934.

First Lt. Duval Crump Watkins, Quartermaster Corps, from February 1, 1934.

First Lt. Levi L. Beery, Air Corps, from February 1, 1934.

First Lt. Carlton Foster Bond, Air Corps, from February 1, 1934.

First Lt. Willis Clark Conover, Infantry, from February 1, 1934.

First Lt. Morton McDonald Jones, Cavalry, from February 1, 1934.

First Lt. Robert MacKenzie Shaw, Signal Corps, from February 1, 1934.

First Lt. John DeForest Barker, Air Corps, from February 1, 1934.

To be first lieutenants

Second Lt. George Morris Cole, Field Artillery, from January 7, 1934.

Second Lt. Nelson Jacob DeLany, Cavalry, from January 10, 1934.

Second Lt. Duncan Sloan Somerville, Field Artillery, from January 11, 1934.

Second Lt. David William Traub, Field Artillery, from January 11, 1934.

Second Lt. Thomas Jennings Wells, Infantry, from January 21, 1934.

Second Lt. George Warren Mundy, Air Corps, from January 24, 1934.

Second Lt. Alfred Rockwood Maxwell, Air Corps, from February 1, 1934.

Second Lt. Paul Harold Johnston, Air Corps, from February 1, 1934.

Second Lt. William Ross Currie, Infantry, from February 1, 1934.

Second Lt. Peter Duryea Calyer, Infantry, from February 1, 1934.

Second Lt. Walter Godley Donald, Infantry, from February 1, 1934.

Second Lt. Roscoe Charles Wilson, Air Corps, from February 1, 1934.

Second Lt. Walter Edwin Todd, Air Corps, from February 1, 1934.

Second Lt. William Henry Hennig, Coast Artillery Corps, from February 1, 1934.

Second Lt. Bryant LeMaire Boatner, Air Corps, from February 1, 1934.

Second Lt. Nathan Bedford Forrest, Jr., Air Corps, from February 4, 1934.

CHAPLAIN

To be chaplain with the rank of major

Chaplain (Capt.) Paul Bertram Rupp, United States Army, from February 5, 1934.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 13, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, who hast at Thy command all things, incline our hearts to have no other will but Thine. Heavenly Father, of every common need, everywhere and every day, be Thou the comfort of the sorrowing and the hope of the sinful. The past assures us, the present confirms us, and the future secures us in the faith that Thou art a good God and will go with us all the way. In our appeal we roll this scarred world at Thy feet. Oh, the blessings that Thy power and wisdom would fling over this troubled earth. The afflictions, how crushing and how overwhelming! In default of our own little understanding, be Thou our refuge. O God, in some way may its sufferings, its tragedies, and its wreck of human life be stopped. Through the dreary deserts of sin and suffering, do Thou, Heavenly Father, make a highway for the march of the emancipated peoples of all lands. Thine shall be the glory. Amen.

The Journal of the proceedings of yesterday was read and approved.

REVENUE BILL

Mr. O'CONNOR. Mr. Speaker, on behalf of the Committee on Rules I ask unanimous consent that it may have until midnight tonight to file a report.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

The report is as follows:

[H.Rept. No. 714, 73d Cong. 2d sess.]

CONSIDERATION OF H.R. 7835

Mr. BANKHEAD, from the Committee on Rules, submitted the following report (to accompany H.Res. 266):

The Committee on Rules having had under consideration House Resolution 266 reports the same to the House with the recommendation that the resolution do pass.

House Resolution 266

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7835, a bill to provide revenue, equalize taxation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 16 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

ORDER OF BUSINESS

Mr. TERRELL of Texas. Mr. Speaker, I ask unanimous consent to address the House for 20 minutes at this time. I have never made such a request before.

The SPEAKER. The gentleman from Texas asks unanimous consent to address the House for 20 minutes at this time. Is there objection?

Mr. SNELL. Mr. Speaker, reserving the right to object, may I ask the majority leader what the program is going to be today outside of calling the Private Calendar?

Mr. BYRNS. I understood it was announced yesterday by the gentleman from North Carolina that he was going to bring up a motion with reference to the disposition of certain joint resolutions pending before a committee of the House.

Mr. SNELL. That is what I understood. The gentleman gave notice he was going to bring the matter up the first thing today.

Mr. BYRNS. I am just informed the gentleman is going to let that matter go over until tomorrow. So there will be nothing today but the calling of the Private Calendar.

Mr. SHOEMAKER. Mr. Speaker, reserving the right to object, I ask unanimous consent that following the gentleman from Texas I may address the House for 10 minutes.

Mr. FISH. Mr. Speaker——

Mr. BYRNS. Mr. Speaker, we cannot consume the day on speeches if we are going to call the Private Calendar, and I shall have to object if there are too many requests. I dislike to do it, but we have got to call this Private Calendar, it seems to me, to satisfy Members who have bills on that calendar. They are entitled to have them considered, and it will probably be 2 or 3 weeks, unless we hold a night session, before we can take up this calendar again. I understand there is going to be considerable time for debate on the tax bill, and these gentlemen can get in at that time.

I think the gentleman from Indiana [Mr. GRAY] had 10 minutes allowed yesterday and was prevented by the adjournment. I shall not object to a request from him, because a situation arose yesterday so that he could not go on. I shall have to object to any further requests for speeches today until the Private Calendar is called.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. BYRNS. Mr. Speaker, I think the gentleman from Texas [Mr. TERRELL] has the floor.

Mr. SNELL. That request was not put. I reserved the right to object to that request.

Mr. SEARS. Mr. Speaker, reserving the right to object, the gentleman from Texas has a request pending and is first on the list.

The SPEAKER. The gentleman from Texas is withholding his request.

Mr. SEARS. Is the gentleman going to be permitted to speak later on?

The SPEAKER. The Chair cannot state at this time.

Mr. SEARS. Then I shall object.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order tomorrow, Calendar Wednesday, be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

ORDER OF BUSINESS

Mr. BAILEY. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. BAILEY. I understood the gentleman from Texas [Mr. TERRELL] asked for permission to address the House, and that these other requests were made later.

The SPEAKER. The gentleman from Texas [Mr. TERRELL] made the request and is withholding it for a moment.

Mr. GRAY. Mr. Speaker, the RECORD this morning will show one of the tragedies coming in life to a noncombatant and the sad fate of an innocent bystander. I want it understood that time was allowed me yesterday and failure of the RECORD clerk to include it in the minutes is not my fault. I shall not ask unanimous consent now, but I want recognition on the order of the House of yesterday.

The SPEAKER. There is a request by the gentleman from Minnesota [Mr. SHOEMAKER] pending.

Mr. TABER. Mr. Speaker, I think no one ought to ask to speak at this time until after the Private Calendar is called. If the gentlemen will submit their requests to speak at the conclusion of the calling of the Private Calendar, I shall not object; otherwise, I shall.

Mr. GRAY. The gentleman's objection comes too late. Time was granted me yesterday. The gentleman's objection comes with good grace, but comes too late.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. TABER. Mr. Speaker, I object.

Mr. FISH. Mr. Speaker, I ask unanimous consent to speak out of order for 10 minutes at the conclusion of the calling of the Private Calendar this afternoon.

Mr. BYRNS. That was objected to, Mr. Speaker, by the gentleman from Florida.

The SPEAKER. The gentleman from New York asks unanimous consent to speak for 10 minutes out of order after the conclusion of the calling of the Private Calendar. Is there objection?

Mr. BYRNS. I object, Mr. Speaker. I may say to the House that I feel it is my duty to protect Members who have bills on the Private Calendar. It is personally not very agreeable to object to anybody's request, but I think the gentleman ought to delay making his speech and permit gentlemen who have important bills on the Private Calendar to have an opportunity to present them to the House.

Mr. HASTINGS. And then submit the request after that.

Mr. BYRNS. What does the gentleman want to speak about?

Mr. FISH. I asked for such permission after the conclusion of the calling of the Private Calendar.

Mr. BYRNS. I have no objection to the gentleman speaking upon the conclusion of the Private Calendar.

Mr. FISH. Today.

Mr. BYRNS. I object to that.

The SPEAKER. The gentleman from New York asks unanimous consent to speak out of order for 10 minutes after the conclusion of the calling of the Private Calendar this afternoon. Is there objection?

Mr. BYRNS. I object, Mr. Speaker.

Mr. GRAY. Mr. Speaker, can I now be recognized?

Mr. SHOEMAKER. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state it.

Mr. SHOEMAKER. There are things happening with regard to myself and Members of the House that I cannot tolerate, and for that reason I wish to bring it to the attention of the House here on the floor, and I rise to a question of personal privilege.

The SPEAKER. The gentleman must state his question of privilege.

Mr. SHOEMAKER. It is in the nature of a personal assault. It concerns me and every Member of the House.

The SPEAKER. The gentleman will state it.

Mr. SHOEMAKER. It is that every day the Members of this House, including the President of the United States, are being exposed to a dangerous social disease by reason of the conditions that exist at Lorton, where they do the laundry for the House. That is done by convicts suffering from syphilis.

Mr. BANKHEAD. Mr. Speaker, I make the point of order that the gentleman has not stated a question of personal privilege.

Mr. SHOEMAKER. A couple of days ago there was incorporated in the RECORD a telegram about my being in the penitentiary and saying that the rest of the House ought to be there.

The SPEAKER. Will the gentleman read the telegram?

Mr. SHOEMAKER. I have not the telegram here. I feel that we are daily being exposed to this disease, not only the Members of Congress, every Member of this House, but the President of the United States, if you please. The towels are wrapped and folded by persons suffering from syphilis.

Mr. BLANTON. Mr. Speaker, a point of order.

The SPEAKER. The gentleman will state it.

Mr. BLANTON. The gentleman from Minnesota does not understand that he must state a question of personal privilege before he is allowed to proceed. He has not stated one.

Mr. SHOEMAKER. It is not for myself alone but for every Member of the House who is exposed to these conditions, that I speak.

Mr. BANKHEAD. If the gentleman rises to a question of personal privilege and states one, he may have some grounds, but the gentleman has not stated a question of personal privilege.

Mr. BLANTON. When the question is sought to be raised of privilege of the House, it must be done by a proper resolution.

The SPEAKER. The rule provides that questions of privilege shall be first those affecting the rights of the House collectively, its safety, dignity, and the integrity of its proceedings; second, the rights, reputation, and conduct of Members individually in their representative capacity only.

Mr. SHOEMAKER. That is what I am claiming. It is the safety of the House of Representatives.

The SPEAKER. The Chair thinks that to present a question of the privilege of the House the gentleman should present a resolution.

Mr. SHOEMAKER. I have the resolution, which I send to the desk.

The SPEAKER. The Clerk will read the resolution.

The Clerk read as follows:

House Resolution —

Whereas it is becoming evident and of current knowledge that certain irregularities are existent in the management in a number of prisons, jails, penitentiaries, asylums, and reformatories under the Department of Justice and the Commissioners of the District of Columbia; and

Whereas many of the industries in the aforesaid prisons, etc., are managed in a very inefficient manner and many unexplained losses of materials, supplies, and products have developed and irregular attempts have been made to adjust the losses through manipulating the accounting systems to the loss and embarrassment of the Government of the United States and contrary to its laws and dignity:

Resolved, That the Speaker of the House of Representatives be directed to appoint a special committee of five Members of the House of Representatives to investigate the management of the penitentiaries, prisons, jails, reformatories——

Mr. BLANTON (interrupting the reading). Mr. Speaker, I think the resolution has been read far enough to show that it does not raise a question of privilege, either of the House or personal, and I make the point of order.

The SPEAKER. The Chair sustains the point of order.

EXTENSION OF REMARKS

Mr. FISH. Mr. Speaker, I ask unanimous consent to place in the RECORD the letter written by Col. Charles Lindbergh to the President of the United States.

Mr. BULWINKLE and several other Members objected.

AUTHORSHIP OF A BILL

Mr. BAILEY. Mr. Speaker, on the 9th of January I introduced in this House a bill, H.R. 6616, for the organization of boards composed of Spanish-American War veterans to review claims for pensions of veterans of that war. The record shows the bill to have been introduced by myself solely, whereas, as a matter of fact, the gentleman from Mississippi [Mr. COLMER] collaborated in the writing of the bill, and is entitled to whatever credit may come from that fact. I do not care to have the bill itself corrected, but should like to have the RECORD show that fact.

QUESTION OF PERSONAL PRIVILEGE

Mr. PARKER. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes. I have a question of personal privilege, and if I fail to get unanimous consent, I shall then rise to a question of personal privilege.

The SPEAKER. The gentleman from Georgia asks unanimous consent to address the House for 10 minutes. Is there objection?

Mr. FISH. Mr. Speaker, I am not going to object to this request, but I am going to object to every other request that is made, and I serve notice at this time so that there will be no hard feelings later in respect to the matter.

Mr. TABER. Mr. Speaker, I object.

Mr. PARKER. Mr. Speaker, I rise to a question of personal privilege.

The SPEAKER. The gentleman will state his question of personal privilege.

Mr. PARKER. I wish to refer for about 10 minutes to a recommendation that I made with respect to a postmaster in my home town, wherein the Senate held up his confirmation, and the newspapers all over the country have printed stories to the effect that both he and I were convicted of playing a game of poker in 1917. I think that makes a question of personal privilege.

The SPEAKER. Has the gentleman the newspaper article to which he refers?

Mr. BLANTON. Mr. Speaker, in what way does that reflect upon the gentleman's integrity?

The SPEAKER. The Chair cannot answer that.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. Does a matter which took place many years before a man became a Member of Congress have anything to do with a question of personal privilege in the House at this time?

The SPEAKER. It does not. The gentleman from New York is right about that.

Mr. PARKER. But, Mr. Speaker, these newspaper stories have gone all over the country in the last week.

Mr. BLANTON. Mr. Speaker, has it come to a point where engaging in a poker game reflects upon the integrity of a legislator? [Cries of "No."]

The SPEAKER. The Chair thinks that poker game referred to by the gentleman from Georgia was too far back to constitute a question of personal privilege.

THE PRIVATE CALENDAR

The SPEAKER. The special order of business today is the call of the Private Calendar. The Clerk will call the Private Calendar.

Mr. GRAY. Mr. Speaker, I ask for recognition under my order of yesterday.

The SPEAKER. There was no order of yesterday. The order now is to call the Private Calendar. The Clerk will proceed.

PENNSYLVANIA RAILROAD CO.

The first business on the Private Calendar was the bill, H.R. 5275, authorizing adjustment of the claim of the Pennsylvania Railroad Co.

The SPEAKER. Is there objection?

Mr. PARKER. Mr. Speaker, I object.

REIMBURSEMENT OF CERTAIN ENLISTED MEN, MARINE CORPS, QUANTICO, VA.

The next business on the Private Calendar was the bill, H.R. 5277, to provide for the reimbursement of certain enlisted men and former enlisted men of the Marine Corps for the value of personal effects lost, damaged, or destroyed by fire at the marine barracks, Quantico, Va.

The SPEAKER. Is there objection?

Mr. PARKER. Mr. Speaker, I object.

CLAIMS OF MILITARY PERSONNEL FOR LOSS OF PRIVATE PROPERTY

The Clerk called the next bill, H.R. 5278, to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, I do not think this general authority should be extended to the War Department. I object.

RELIEF OF CERTAIN DISBURSING OFFICERS, UNITED STATES ARMY

The Clerk called the next bill, H.R. 5279, for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

The SPEAKER. Is there objection?

Mr. BLANTON. Mr. Speaker, for the same reason, I object.

SETTLEMENT OF CLAIMS APPROVED BY WAR DEPARTMENT

The Clerk called the next bill, H.R. 5280, for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department.

Mr. BLANTON. Mr. Speaker, I object.

REIMBURSEMENT OF CERTAIN CIVILIAN EMPLOYEES, HAMPTON ROADS, VA.

The Clerk called the next bill, H.R. 5281, to provide for the reimbursement of certain civilian employees of the naval operating base, Hampton Roads, Va., for the value of tools lost in a fire at Pier No. 7, at the naval operating base, on May 4, 1930.

Mr. TRUAX. Mr. Speaker, I object.

JOHN L. SUMMERS

The Clerk called the next bill, H.R. 5283, for the relief of John L. Summers, disbursing clerk, Treasury Department, and for other purposes.

Mr. BLANTON. Mr. Speaker, I object to this bill.

PLAYA DE FLOR LAND & IMPROVEMENT CO.

The Clerk called the next bill, H.R. 5284, for the relief of the Playa de Flor Land & Improvement Co.

Mr. ZIONCHECK. Mr. Speaker, I object.

WEYMOUTH KIRKLAND AND ROBERT N. GOLDING

The Clerk called the next bill, H.R. 5285, for the relief of Weymouth Kirkland and Robert N. Golding.

Mr. PARKER. Mr. Speaker, I object.

HEIRS OF BURTON S. ADAMS, DECEASED

The Clerk called the next bill, H.R. 5286, for the relief of the heirs of Burton S. Adams, deceased.

Mr. MOTT. Reserving the right to object, this bill does not contain the usual provision for attorneys' fees.

Mr. BLACK. Such provisions are not attached to Compensation Commission bills.

Mr. MOTT. I wanted to inquire if the Compensation Act provided for attorneys' fees?

Mr. BLACK. I think it does, but I am not sure about that.

Mr. MOTT. I inquired and I have not as yet ascertained.

Mr. BLACK. On all other bills we put in the attorneys' fees provision, but not in these compensation cases.

Mr. MOTT. The gentleman would not object to providing such an amendment in this case?

Mr. BLACK. I do not see how it could be done because the attorneys' fee amendment provides that not more than 10 percent of the amount appropriated shall be paid to an attorney. No money is appropriated by these acts.

Mr. MOTT. That is quite true.

Mr. BLACK. If the gentleman will offer his amendment I shall not object to it.

Mr. MOTT. I have no further objection.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, I object.

DON C. FEES

The Clerk called the next bill, H.R. 5287, for the relief of Don C. Fees.

Mr. PARKER. Mr. Speaker, I object.

JASPER DALEO

The Clerk called the next bill, H.R. 5290, for the relief of Jasper Daleo.

Mr. PARKER. Mr. Speaker, I object.

ROBERT D. BALDWIN

The Clerk called the next bill, H.R. 5291, for the relief of Robert D. Baldwin.

Mr. PARKER. Mr. Speaker, I object.

Mr. MARTIN of Colorado. Mr. Speaker, I make the point of order that there is not a quorum present.

The SPEAKER. The Chair will count. [After counting.] One hundred and forty-five Members are present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

[Roll No. 87]

Abernethy	Dickstein	Kahn	Rudd
Andrews, N.Y.	Ditter	Kerr	Shannon
Auf der Heide	Dockweiler	Kleberg	Sirovich
Ayers, Mont.	Doutrich, Pa.	Lambertson	Sullivan
Bacon	Farley	Lewis, Md.	Sutphin
Bakewell	Frey	Lindsay	Taylor, Colo.
Beck	Gasque	McCarthy	Taylor, Tenn.
Beedy	Goodwin	McDuffie	Tinkham
Boylan	Goss	McLeod	Treadway
Britten	Granfield	Meeks	Turpin
Brooks	Greenway	Montague	Waldron
Carley, N.Y.	Greenwood	Moynihan, Ill.	White
Cochran, Pa.	Hart	Muldowney	Williams
Connery	Hess	Norton	Withrow
Crosby	Higgins	Polk	Wood, Ga.
Crowther	Hildebrandt	Reed, N.Y.	
Crump	Hill, Samuel B.	Reid, Ill.	
Cullen	Hollister	Romjue	

The SPEAKER. Three hundred and sixty-three Members are present, a quorum.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

THE PRIVATE CALENDAR

Mr. PARKER of Georgia. Mr. Speaker, I am not one of the official objectors of the House. I dislike very much to object to any Member's bill. I always believe in treating everybody right, and I never like to make fish of one and fowl of another. For this reason, Mr. Speaker, I ask unanimous consent that we return to Calendar No. 100, the bill with which the call began this morning.

The SPEAKER. The gentleman from Georgia asks unanimous consent that the House return to Calendar No. 100, the starred bill, and resume the call of the calendar.

Is there objection?

Mr. BLANTON. Mr. Speaker, reserving the right to object, I think the gentleman should modify his request limiting it to those bills against which he lodged objection. If he will do this, I shall not object; but there are a number of bills intervening to which others objected. I shall object to going back to no. 100, except with the above understanding, because it would involve all the objections and require them to be made over again to all intervening bills.

The SPEAKER. Does the gentleman from Georgia desire to modify his request?

Mr. PARKER. Mr. Speaker, I modify my request and ask unanimous consent that we return to no. 100 and call each bill except those objected to by the gentleman from Texas.

Mr. FISH. Mr. Speaker, I object to both requests, the modified request and the original request.

The SPEAKER. Objection is heard. The Clerk will continue the call of the Private Calendar.

DISBURSING OFFICERS OF THE ARMY

The Clerk called the next bill, H.R. 5412, for the relief of certain disbursing officers of the Army of the United States, and for the settlement of an individual claim approved by the War Department.

Mr. FISH. Mr. Speaker, I object.

PAYMENT OF CERTAIN CLAIMS

The Clerk called the next bill, H.R. 5413, to authorize settlement, allowance, and payment of certain claims.

Mr. FISH. Mr. Speaker, I object.

NEILL GROCERY CO.

The Clerk called the next bill, H.R. 6300, to restore to the Neill Grocery Co., of Wheeling, W.Va., a fine paid for violations of the Lever Act, which was afterward, by the Supreme Court of the United States, held to be invalid.

Mr. FISH. Mr. Speaker, I object.

ROBERT R. PRANN

The Clerk called the next bill, H.R. 6585, for the relief of Robert R. Prann.

Mr. FISH. Mr. Speaker, I object.

Mr. MALONEY of Connecticut. Mr. Speaker, will the gentleman from New York reserve his objection that I may make a brief explanation of the bill?

Mr. FISH. I reserve my objection; certainly.

Mr. MALONEY of Connecticut. Mr. Speaker, this bill is for the relief of a gentleman to whom is owed money by the United States Government for services rendered in 1925.

The War Department recommends the payment of the bill. The office of the Comptroller recommends the payment of the bill. This gentleman has been compelled to come to Washington on more than one occasion—from Puerto Rico—at his own expense. He has been coming here over a period of 8 years in an attempt to collect this money. It is owed for actual labor and professional skill. This bill was presented in the last Congress by my predecessor, Mr. Tilson.

This gentleman, Mr. Prann, is being put to unusual and extra inconvenience and is losing considerable money and time from his business. I hope the gentleman from New York will reconsider the matter and withdraw his objection.

The SPEAKER. Is there objection?

Mr. FISH. Mr. Speaker, I object.

ADJOURNMENT

Mr. KNUTSON. Mr. Speaker, it seems as though we are not going to get anywhere on the Private Calendar. I do not know why we should be kept in session, under the circumstances. The House is in no mood, apparently, to consider any private bill.

If the majority leader does not make the motion to adjourn, I shall; but I defer to the majority leader. We are not getting anywhere this afternoon. These proceedings are a joke.

Mr. BYRNS. Mr. Speaker, I hope the gentleman from New York will not object to my request to proceed for 5 minutes.

Mr. FISH. Mr. Speaker, I object.

Mr. BYRNS. Well, I will tell the gentleman this——

Mr. FISH. No; you will not tell the gentleman anything. You are just an ordinary Member of this House.

Mr. Speaker, I demand the regular order.

Mr. BYRNS. I will tell the gentleman——

Mr. KNUTSON. Mr. Speaker, I move that the House adjourn.

Mr. FISH. The gentleman from Tennessee will tell me nothing.

Mr. BYRNS. I will tell the gentleman on the floor of the House or on the outside——

Mr. KNUTSON. Mr. Speaker, I move that the House adjourn.

Mr. BLANTON. Mr. Speaker, the gentleman from New York [Mr. FISH] is out of order.

Mr. FISH. The gentleman from New York is not out of order. The gentleman from New York is demanding the regular order.

Mr. KNUTSON. Mr. Speaker, I move that the House adjourn.

The SPEAKER. The regular order is demanded.

Mr. BYRNS. Mr. Speaker, if that is to be the attitude of the gentleman from New York, we shall have to adjourn; but I want the country at large to know that we adjourned at 1 o'clock on account of the gentleman from New York.

Mr. FISH. Mr. Speaker, I demand the regular order.

The SPEAKER. The regular order is that the gentleman from Tennessee is recognized.

Mr. DUNN. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

Mr. KNUTSON. Mr. Speaker, I object.

Mr. BYRNS. The gentleman will never get anything by these tactics.

Mr. FISH. Do not lecture me. I have been here 14 years.

Mr. BYRNS. I have been here longer than has the gentleman from New York.

Mr. BLANTON. Mr. Speaker, I ask that the gentleman from New York [Mr. FISH] sit on his own side of the House. We do not want him in no man's land here in the middle aisle.

Mr. BYRNS. Mr. Speaker, I had hoped we would be able to proceed with the Private Calendar in the interest of gentlemen on both sides of the aisle who have bills of importance to the country and to their districts. I may say to the Members very frankly that I do not know whether we will reach the Private Calendar any more for 2 and perhaps 3 weeks or more. Of course, we cannot proceed in this manner. If objections are going to be made indiscriminately without rime or reason to bills, regardless of their merits or demerits, we may just as well adjourn and not make a farce out of these proceedings. I do not know whether the gentleman from New York intends to proceed in the manner he has or not. I should like to ask the gentleman this question: Is the gentleman going to object to all bills that are called from now on?

Mr. FISH. I will answer that question by saying that if the gentleman will permit to go into the RECORD the telegram written by Col. Charles A. Lindbergh to the President, I shall not object.

Mr. BYRNS. I am not going to be held up in that way, and I do not think I should be asked to make such an agreement.

Mr. FISH. Neither am I going to be held up.

Mr. Speaker, I ask for the regular order.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. SAMUEL B. HILL, at the request of Mr. LLOYD, for today, on account of illness.

To Mr. DOCKWEILER, for today, on account of illness.

To Mr. SUTPHIN, on account of illness in his family.

To Mr. KLEBERG, on account of illness.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2053. An act for the relief of Capt. L. P. Worrall, Finance Department, United States Army; and

S. 2552. An act for the relief of Charles C. Bennett.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House adjourn.

The motion was agreed to; accordingly (at 1 o'clock and 9 minutes p.m.) the House adjourned until tomorrow, Wednesday, February 14, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Feb. 14, 10 a.m.)

To begin hearings on H.R. 7852, National Securities Exchange Act of 1934.

COMMITTEE ON IMMIGRATION AND NATURALIZATION

(Thursday, Feb. 15, 10:30 a.m.)

Hearing on H.R. 3518; H.R. 4741; H.R. 5629.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

350. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the General Accounting Office for the fiscal year 1934, to remain available until June 30, 1935, in the sum of $1,000,000 for the purpose of enabling the General Accounting Office to audit and settle the accounts of the governmental agencies, including corporations, created after March 3, 1933, and to make current the auditing of postal money order and postal savings accounts (H.Doc. No. 249); to the Committee on Appropriations and ordered to be printed.

351. A communication from the President of the United States, transmitting supplemental estimates of appropriations pertaining to the legislative establishment under the House of Representatives, for the fiscal year 1934 in the sum of $25,000, and under the Architect of the Capitol, for the fiscal year 1935 in the sum of $13,255 (H.Doc. No. 250); to the Committee on Appropriations and ordered to be printed.

352. A letter from the treasurer, Washington Rapid Transit Co., transmitting copy of the balance sheet of the Washington Rapid Transit Co. as of December 31, 1933; to the Committee on the District of Columbia.

353. A letter from the Secretary of State, transmitting a request to dispose of numerous papers which are not required in the transaction of the public business and which, in the opinion of the Department of State, and of the Library of Congress, contain no matters of historical interest; to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WEIDEMAN: Committee on Immigration and Naturalization. H.R. 4223. A bill to clarify the provisions of the immigration law relative to exclusion and deportation of certain aliens who have criminal records, and for other purposes; without amendment (Rept. No. 705). Referred to the Committee of the Whole House on the state of the Union.

Mr. BROWNING: Committee on the Judiciary. H.R. 1766. A bill to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties; without amendment (Rept. No. 706). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 7748. A bill regulating procedure in criminal cases in the courts of the United States; without amendment (Rept. No. 707). Referred to the House Calendar.

Mr. LAMNECK: Committee on the Post Office and Post Roads. H.R. 1626. A bill granting equipment allowance to third-class postmasters; with amendment (Rept. No. 708).

Referred to the Committee of the Whole House on the state of the Union.

Mr. WOOD of Georgia: Committee on the Post Office and Post Roads. H.R. 3845. A bill to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916; without amendment (Rept. No. 709). Referred to the House Calendar.

Mr. JOHNSON of West Virginia: Committee on the Post Office and Post Roads. H.R. 6676. A bill to require postmasters to account for money collected on parcels delivered at their respective offices; with amendment (Rept. No. 711). Referred to the House Calendar.

Mr. BANKHEAD: Committee on Rules. House Resolution 266. Resolution providing for the consideration of H.R. 7835, a bill to provide revenue, equalize taxation, and for other purposes; without amendment (Rept. No. 714). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. FOSS: Committee on the Post Office and Post Roads. H.R. 5344. A bill granting a franking privilege to Grace G. Coolidge; without amendment (Rept. No. 710). Referred to the Committee of the Whole House.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H.R. 3726. A bill to grant a patent to Albert M. Johnson and Walter Scott; with amendment (Rept. No. 712). Referred to the Committee of the Whole House.

Mr. ENGLEBRIGHT: Committee on the Public Lands. H.R. 6530. A bill granting and confirming to the East Bay Municipal Utility District, a municipal utility district of the State of California and a body corporate and politic of said State and a political subdivision thereof, certain lands, and for other purposes; with amendment (Rept. No. 713). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. McCANDLESS: A bill (H.R. 7920) to provide for the construction of a post-office building in Lihue, Island of Kauai, Territory of Hawaii; to the Committee on the Post Office and Post Roads.

Also, a bill (H.R. 7921) to provide for the construction of a post-office building in Wailuku, Island of Maui, Territory of Hawaii; to the Committee on Public Buildings and Grounds.

By Mr. MOTT: A bill (H.R. 7922) authorizing the Secretary of Commerce to dispose of a portion of the Yaquina Bay Lighthouse Reservation, Oreg.; to the Committee on Interstate and Foreign Commerce.

By Mr. SNYDER: A bill (H.R. 7923) to amend the Federal Kidnaping Act, approved June 22, 1932; to the Committee on the Judiciary.

By Mr. SABATH: A bill (H.R. 7924) to provide for the registration and regulation of stock exchanges, to prohibit unfair transactions and practices, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. BRENNAN: A bill (H.R. 7925) to incorporate the United States Civil Legion; to the Committee on the Judiciary.

By Mr. CULKIN: A bill (H.R. 7926) to authorize the acquisition for military and other purposes of a certain small tract of land adjoining the reservation of Madison Barracks in the State of New York; to the Committee on Military Affairs.

By Mr. WHITE: A bill (H.R. 7927) to add certain lands to the Boise National Forest; to the Committee on the Public Lands.

By Mr. JONES: A bill (H.R. 7928) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934; to the Committee on Agriculture.

By Mr. BANKHEAD: Resolution (H.Res. 266) to provide for the consideration of H.R. 7835, a bill to provide revenue, equalize taxation, and for other purposes; to the Committee on Rules.

By Mr. IGLESIAS: Joint resolution (H.J.Res. 272) providing for the extension of the United States Employment Service to Puerto Rico; to the Committee on Labor.

By Mr. MOTT: Joint resolution (H.J.Res. 273) authorizing the issuance of a special postage stamp in honor of Jason Lee; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ARNOLD: A bill (H.R. 7929) granting an increase of pension to Tealie A. Bogard; to the Committee on Invalid Pensions.

By Mr. BROWN of Georgia: A bill (H.R. 7930) granting a pension to Hattie L. McDaniel; to the Committee on Pensions.

By Mr. BRUNNER (by request): A bill (H.R. 7931) for the relief of Steven Bodnar; to the Committee on Claims.

By Mr. BURNHAM: A bill (H.R. 7932) granting a pension to Neville S. Tout; to the Committee on Invalid Pensions.

By Mr. CULKIN: A bill (H.R. 7933) for the relief of Clarence L. Stevens; to the Committee on Claims.

By Mr. FOCHT: A bill (H.R. 7934) granting a pension to W. Grant Mellott; to the Committee on Invalid Pensions.

By Mr. GUYER: A bill (H.R. 7935) for the relief of the Smith-Leavitt Coal Co.; to the Committee on Claims.

Also, a bill (H.R. 7936) for the relief of the Smith-Leavitt Coal Co.; to the Committee on Claims.

By Mr. HUGHES: A bill (H.R. 7937) for the relief of John Gilbert Sullivan; to the Committee on Naval Affairs.

By Mr. LARRABEE: A bill (H.R. 7938) for the relief of Thomas A. Ryland, also known as Thomas Ryland; to the Committee on Military Affairs.

Also, a bill (H.R. 7939) granting a pension to John L. Richman; to the Committee on Pensions.

Also, a bill (H.R. 7940) granting a pension to Elizabeth Rice; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7941) granting an increase of pension to Nancy J. Bowman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7942) granting an increase of pension to Bruce Winklepleck; to the Committee on Pensions.

Also, a bill (H.R. 7943) granting a pension to Mary Roberts; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7944) granting a pension to John E. Mann; to the Committee on Pensions.

Also, a bill (H.R. 7945) granting a pension to Anna Barton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 7946) for the relief of Arthur Witte; to the Committee on Claims.

By Mr. MOTT: A bill (H.R. 7947) granting a pension to Lemuel T. Wilson; to the Committee on Pensions.

By Mr. O'BRIEN: A bill (H.R. 7948) for the relief of Edward DeForest King; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 7949) for the relief of LeRoy B. Bible; to the Committee on Military Affairs.

Also, a bill (H.R. 7950) for the relief of Wesley Willis; to the Committee on Military Affairs.

Also, a bill (H.R. 7951) for the relief of Thomas A. Angel; to the Committee on Military Affairs.

By Mr. RICH: A bill (H.R. 7952) for the relief of Grace McClure; to the Committee on Claims.

By Mr. SUMNERS of Texas: A bill (H.R. 7953) for the relief of the Dallas County Chapter of the American Red Cross; to the Committee on Claims.

By Mr. UTTERBACK: A bill (H.R. 7954) granting a pension to Marie Elizabeth Smith; to the Committee on Invalid Pensions.

By Mr. WALLGREN: A bill (H.R. 7955) granting a pension to Margaret Keefe; to the Committee on Pensions.

Also, a bill (H.R. 7956) for the relief of William D. Hayes; to the Committee on Military Affairs.

By Mr. WEARIN: A bill (H.R. 7957) for the relief of the estate of Ralph Akers; to the Committee on Claims.

By Mr. WHITE: A bill (H.R. 7958) for the relief of Alfred Burton; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2236. By Mr. CULKIN: Petition of the Common Council of the City of Oswego, N.Y., opposing the development of the proposed St. Lawrence seaway, and urging the improvement of the barge canal between Oswego and Waterford as recommended by the engineers in Document No. 20, Seventy-third Congress, second session; to the Committee on Rivers and Harbors.

2237. Also, resolution of the National Association of Butter and Egg Distributors of New York City, urging that the President restrict to the minimum the importation of foreign oils and fats; to the Committee on Interstate and Foreign Commerce.

2238. By Mr. FORD: Resolution of Board of Supervisors of Los Angeles County, requesting assignment of one of the new 300-foot cruising cutters, presently to be constructed, to the United States Coast Guard Base 17; to the Committee on Naval Affairs.

2239. Also, resolution of Board of Supervisors of Los Angeles County, recommending that item of farm irrigation be restored to the budget of Bureau of Agricultural Engineering of United States Department of Agriculture; to the Committee on Agriculture.

2240. By Mr. LAMNECK: Petition of John F. Middendorf, chairman, and 2,007 members of the National Association of Special Delivery Messengers, to be granted the civil-service rating the same as other employees of the Post Office Department; to the Committee on the Post Office and Post Roads.

2241. By Mr. LINDSAY: Petition of the Consolidated Fisheries Co., New York City, favoring the passage of House bills 7147, 7148, 7149, and 7419; to the Committee on Merchant Marine, Radio, and Fisheries.

2242. Also, petition of Fred T. Hopkins & Son, New York City, opposing the proposed excise tax of 5 cents per pound on coconut oil; to the Committee on Ways and Means.

2243. By Mr. RUDD: Petition of the Consolidated Fisheries Co., New York City, favoring the passage of House bills 7147, 7148, 7149, and 7419 for the relief of the fishing industry; to the Committee on Merchant Marine, Radio, and Fisheries.

2244. Also, petition of the Allied Patriotic Societies, Inc., 70 Pine Street, New York City, opposing House bill 3522, and favoring other restrictions to the immigration laws, etc.; to the Committee on Immigration and Naturalization.

2245. By Mr. WERNER: Petition of citizens of Eagle Butte, S.Dak., urging the passage of the Frazier agricultural relief bill; to the Committee on Agriculture.

2246. By the SPEAKER: Petition of the city of Buffalo, N.Y., regarding the maintenance of world peace; to the Committee on Foreign Affairs.

2247. Also, petition of Waters School Parent-Teachers' Association, of Chicago, Ill., regarding the financial condition of American schools; to the Committee on Education.

2248. Also, petition of the city of Milwaukee, Wis., regarding the conferring of a Distinguished Service Medal on William Edward Preston; to the Committee on Interstate and Foreign Commerce.

2249. Also, petition of the Philippine Civic Union, regarding Philippine independence; to the Committee on Insular Affairs.

SENATE

WEDNESDAY, FEBRUARY 14, 1934

(legislative day of Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days February 12 and February 13 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and ask for a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Robinson, Ind.
Ashurst	Couzens	Keyes	Russell
Austin	Cutting	King	Schall
Bachman	Davis	La Follette	Sheppard
Bailey	Dickinson	Lewis	Shipstead
Bankhead	Dieterich	Logan	Smith
Barbour	Dill	Lonergan	Steiwer
Barkley	Duffy	Long	Stephens
Black	Erickson	McCarran	Thomas, Okla.
Bone	Fess	McGill	Thomas, Utah
Borah	Fletcher	McKellar	Thompson
Brown	Frazier	McNary	Townsend
Bulkley	George	Murphy	Trammell
Bulow	Gibson	Neely	Tydings
Byrd	Goldsborough	Norris	Vandenberg
Byrnes	Gore	Nye	Van Nuys
Capper	Hale	O'Mahoney	Wagner
Caraway	Harrison	Overton	Walcott
Carey	Hastings	Patterson	Walsh
Clark	Hatch	Pittman	Wheeler
Connally	Hatfield	Pope	White
Coolidge	Hayden	Reynolds	
Copeland	Hebert	Robinson, Ark.	

Mr. HEBERT. I announce that the senior Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Pennsylvania [Mr. REED] are necessarily absent from the Senate.

Mr. LEWIS. I rise to announce the absence of the Senator from California [Mr. MCADOO], who is temporarily detained by a rather severe cold and cannot attend the session today.

I also announce the absence of the Senator from Virginia [Mr. GLASS] on account of illness.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

FIELD SERVICE EMPLOYEES OF AGRICULTURAL ADJUSTMENT ADMINISTRATION

The VICE PRESIDENT laid before the Senate a letter from the Administrator of the Agricultural Adjustment Administration (Department of Agriculture), transmitting, pursuant to Senate Resolution 134 of the present session, information on the number of persons employed by that Administration in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State, which, with the accompanying papers, was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a telegram embodying a resolution unanimously adopted at a meeting of the Lincoln-Douglas Memorial Association at Newark, N.J., on the 12th instant, favoring the passage of the so-called "Costigan-Wagner antilynching bill", which was referred to the Committee on the Judiciary.

He also laid before the Senate a resolution of the State Council of New Jersey, Junior Order of United American

Mechanics, favoring the prompt adoption of measures to deport undesirable aliens, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution of the State Council of New Jersey, Junior Order of United American Mechanics, favoring the passage of legislation to prohibit all immigration (including Mexican, South American, and Canadian) for a 10-year period, which was referred to the Committee on Immigration.

He also laid before the Senate a resolution of the State Council of New Jersey, Junior Order of United American Mechanics, favoring the adoption of the so-called "Capper-Tarver stop-alien-representation" amendment of the Constitution, which was referred to the Committee on the Judiciary.

Mr. ROBINSON of Arkansas presented a letter from A. G. Kahn, of Little Rock, Ark., pertaining to the matter of free importation of foreign oils in competition with oils of similar nature produced by domestic growers, which was referred to the Committee on Finance.

Mr. FESS presented petitions of sundry citizens of Putnam County, Ohio, praying for the promotion of peace, and protesting against the adoption of naval or other measures of war preparation, which were ordered to lie on the table.

CANCELATION OF AIR MAIL CONTRACTS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and lie on the table a telegram from John L. Stewart, editor of one of our outstanding western Pennsylvania newspapers, protesting against the cancelation of air mail contracts.

There being no objection, the telegram was ordered to lie on the table and to be printed in the RECORD, as follows:

[Telegram]

WASHINGTON, PA., *February 10, 1934.*

United States Senator JAMES J. DAVIS,
Washington, D.C.:

Vigorous protest should be made, in my judgment, to President, and also on floor of Congress, against cancelation of mail contracts to aviation companies indiscriminately without giving them an opportunity to be heard. Justice and a sense of fair play, especially to employees of these companies, demand no less.

JOHN L. STEWART,
Publisher Observer and Reporter.

HOME-LOAN APPLICATIONS IN NEW JERSEY

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD and appropriately referred two telegrams I have received, protesting against the delay in acting upon home-loan applications in the State of New Jersey.

There being no objection, the telegrams were referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[Telegram]

BARNEGAT, N.J., *February 13, 1934.*

Hon. W. WARREN BARBOUR,
United States Senate, Washington, D.C.:

We respectfully urge that you make necessary inquiry to speed up granting of mortgages through Home Owners' Loan Corporation in this district. Some of our applications pending since September have never been acknowledged. Unless speedy action is taken wholesale foreclosures will result.

FIRST NATIONAL BANK OF BARNEGAT, N.J.
BAY SHORE BUILDING & LOAN ASSOCIATION,
OF BARNEGAT, N.J.

[Telegram]

TOMS RIVER, N.J., *February 13, 1934.*

Hon. W. WARREN BARBOUR,
United States Senate, Washington, D.C.:

Complete failure of Home Owners' Loan Corporation to function in Ocean County, N.J., is resulting in hundreds of home owners losing their homes. Applications were first filed, as required, in Trenton, N.J., then transferred consecutively to Camden, N.J., Asbury Park, N.J., and Atlantic City, N.J., and we are now informed all Ocean County applications are to be transferred to New Brunswick, N.J. Although hundreds of applications have been filed during the last 6 months from Ocean County, N.J., to the best of our knowledge not a single one of these applications has been completed. Cannot something be done immediately to prevent the loss of homes to hundreds of home owners in Ocean County?

DAVID C. BREWER,
President Dover Mutual Loan & Building Association, Toms River, N.J.
GEO. C. VAN HISE,
President Ocean County Trust Co., Toms River, N.J.
H. J. FARLEY,
President Toms River Building & Loan Association, Toms River, N.J.
EDWIN G. BERRY,
Secretary-Treasurer, Bond & Mortgage Guarantee Co., Toms River, N.J.
FRANK W. SUTTON, Jr.,
President The First National Bank, Toms River, N.J.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Military Affairs, to which was referred the bill (S. 2295) for the relief of Robert E. Masters, reported it without amendment and submitted a report (No. 296) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg. (Rept. No. 297);

S. 2546. An act to amend the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930 (Rept. No. 298);

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the lower end of Lake Bemidji, Minn. (Rept. No. 300); and

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo. (Rept. No. 299).

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 13th instant that committee presented to the President of the United States the following enrolled bills:

S. 2053. An act for the relief of Capt. L. P. Worrall, Finance Department, United States Army; and

S. 2552. An act for the relief of Charles C. Bennett.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. HARRISON, from the Committee on Finance, reported favorably the following nominations:

Robert H. Jackson, of Jamestown, N.Y., to be general counsel for the Bureau of Internal Revenue in place of E. Barrett Prettyman;

Agnes M. Hodge, of Minneapolis, Minn., to be collector of customs for customs collection district no. 35, with headquarters at Minneapolis, Minn., in place of Carl Eastwood; and

Franklin R. Frampton, James S. Miller, and Gordon G. Braendle to be passed assistant dental surgeons in the Public Health Service.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

Mr. BAILEY, from the Committee on Post Offices and Post Roads, reported favorably the nominations of several postmasters in the State of North Carolina.

The VICE PRESIDENT. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. TOWNSEND:

A bill (S. 2756) to amend section 12B of the Federal Reserve Act (relating to Federal deposit insurance); to the Committee on Banking and Currency.

By Mr. HAYDEN:

A bill (S. 2757) for the relief of Harry H. A. Ludwig; to the Committee on Civil Service.

By Mr. HATFIELD:

A bill (S. 2758) for the relief of Olive Parsons; to the Committee on Claims.

A bill (S. 2759) to authorize the disposition of the naval ordnance plant, South Charleston, W.Va., and for other purposes; and

A bill (S. 2760) for the relief of Dr. Raymond H. Leu; to the Committee on Naval Affairs.

A bill (S. 2761) granting a pension to Lewis Plumley; to the Committee on Pensions.

(Mr. BLACK introduced Senate bill 2762 and Mr. THOMPSON introduced Senate bill 2763, which appear under separate headings.)

By Mr. KEAN:

A bill (S. 2764) to authorize the Secretary of War to lease the Port Newark Army Base, N.J., to the city of Newark, N.J.; to the Committee on Military Affairs.

A bill (S. 2765) to authorize the Secretary of the Navy to purchase certain privately owned property located at the Naval Air Station, Lakehurst, N.J.; to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; to the Committee on Banking and Currency.

By Mr. VANDENBERG:

A bill (S. 2767) to amend section 12B of the Federal Reserve Act with respect to the inauguration of the permanent bank deposit insurance system; to the Committee on Banking and Currency.

By Mr. SHIPSTEAD:

A bill (S. 2768) for the relief of Mabel S. Parker; to the Committee on Indian Affairs.

By Mr. BONE:

A bill (S. 2769) to provide funds for cooperation with Marysville School District No. 325, Snohomish County, Wash., for extension of public-school buildings to be available for Indian children; to the Committee on Indian Affairs.

A bill (S. 2770) for the relief of Stanley S. Brown; to the Committee on Claims.

By Mr. CUTTING:

A bill (S. 2771) for the relief of Thomas F. Cooney; to the Committee on Claims.

A bill (S. 2772) authorizing extensions of time on oil- and gas-prospecting permits, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. WHEELER:

A bill (S. 2773) for the relief of A. Keith McMurdo; to the Committee on Claims.

A bill (S. 2774) for the relief of James A. Boone; to the Committee on Naval Affairs.

A bill (S. 2775) granting a pension to Emma L. Long; and

A bill (S. 2776) granting a pension to Louis E. Supernant; to the Committee on Pensions.

By Mr. POPE:

A bill (S. 2777) for the relief of Lynn Bros.' Benevolent Hospital; to the Committee on Indian Affairs.

PROHIBITION OF FREE PASSAGE OR REDUCED RATE IN AIR AND WATER COMMERCE

Mr. BLACK. Mr. President, I desire to introduce a bill. I am not absolutely sure to which committee it should be referred; but am of the opinion that it should go to the Committee on Interstate Commerce. I invite the attention of the Chair to the facts in order that he may determine. It is a bill to prohibit free tickets, free passes, free transportation, and reduced rates in interstate and foreign commerce by air and water.

The VICE PRESIDENT. The bill will be referred to the Committee on Interstate Commerce.

Mr. McNARY. Mr. President, just a moment. I wish to make a comment with reference to the request of the Senator from Alabama as to the jurisdiction of two standing committees of the Senate. What was the nature of the proposal?

Mr. BLACK. The bill is to prohibit the issuance of free passes in air transportation in interstate commerce and in foreign ocean transportation.

Mr. McNARY. The practice has always been, though it is a matter of great indifference to me, to refer such matters to the Committee on Commerce. That committee has jurisdiction over all marine matters and over air matters. All such proposals have accordingly gone to that committee. I only mention it because I am interested in the orderly procedure of the Senate and conforming to the practice.

Mr. BLACK. I made no particular request that it go to any particular committee.

Mr. McNARY. I appreciate that, and my comment is wholly gratuitous. I am interested only in orderly procedure.

The VICE PRESIDENT. It would seem, from the text of the bill, as the Chair is advised, that it deals both with interstate commerce and with ocean transportation. The first clause of it comes within interstate commerce, though either committee might properly have jurisdiction of the bill.

The bill (S. 2762) prohibiting free tickets, free passes, free transportation, and reduced rates in interstate and foreign commerce by air and water in certain cases was read twice by its title and referred to the Committee on Interstate Commerce.

AMENDMENT OF DISTRICT OF COLUMBIA CODE

Mr. THOMPSON. Mr. President, I desire to introduce a bill and to make a few remarks with reference to it.

The bill proposes to amend section 801 of the Code of the District of Columbia with respect to the offense of murder in the first degree. A peculiar situation exists in reference to it. There is a different law applying to the District of Columbia from that which applies to all other parts of the United States. In all other parts of the United States it is submitted to the jury to determine the punishment. In the District of Columbia murder is punished by death, and it is not submitted to the jury to determine the question of punishment. I am introducing a bill that would make uniform in the United States the practice with reference to the matter of punishment.

A brief history of the law is substantially as follows:

As far back as 1809 and probably earlier a statute—later forming section 368 of article 27 of the Maryland Annotated Code—was in force in Maryland providing inter alia—

> That the jury in a murder case who render a verdict of murder in the first degree may add thereto the words "without capital punishment", in which case the sentence of the court shall be imprisonment for life.

It is well known that the laws of Maryland continued in force for a considerable time in what is now the District of Columbia, and it seems probable that the provision just quoted was a part of these laws. At any rate, that provision seems to have afforded a model for Congress, which on January 15, 1897, enacted—

> That in all cases where the accused is found guilty of the crime of murder or of rape * * * the jury may qualify their verdict by adding thereto "without capital punishment"; and whenever the jury shall return a verdict qualified as aforesaid, the person convicted shall be sentenced to imprisonment at hard labor for life.

This act was, with slight change, incorporated into the Federal Criminal Code, enacted by Congress on March 4, 1909, and appears now as section 567 of the Code of Laws of the United States. It was held applicable to all Federal territory, including the District of Columbia (*Winston* v. *United States*, 172 U.S. 312; *Strather* v. *United States*, 13 D.C. Appellate Case, 132).

On January 1, 1902, a new code was enacted for the District which did not contain the provision last quoted. The question then arose whether it was still in force in the District. The Supreme Court, in a lengthy opinion, finally reached the conclusion that the codes are separate instru-

ments (p. 417) and that the provision last quoted had been repealed by implication (*Johnson* v. *United States*, 225 U.S. 405).

The case was not free from doubt, however, and the fact remains that the provision was the law of the District of Columbia for a considerable time. The logical course, therefore, would seem to be to restore it; and that could be done by amending section 24 of part 1, title 6 of the District of Columbia Code of 1929 so as to insert the aforesaid provision. That would not only restore the law as it was but would make it uniform in all Federal territory. It may be added that provisions of similar import are in force in California (Penal Code, sec. 190); Iowa (Code (1931), sec. 12, 914); Louisiana (formerly act of 1855). (See *State* v. *Rohfrischt*, 12 La. Annotated 333; Nebraska (compiled Stat. 1929), p. 657.)

The bill (S. 2763) to amend section 801 of the Code of Law of the District of Columbia with respect to the punishment of the offense of murder in the first degree, was read twice by its title, and referred to the Committee on the District of Columbia.

CLAIMS OF IOWA TRIBE OF INDIANS—CHANGE OF REFERENCE

Mr. CAPPER. Mr. President, on February 10 I introduced Senate bill 2715, conferring jurisdiction upon the Court of Claims to hear and determine the claims of certain Indians of the Iowa Tribe of Indians of Kansas and Nebraska against the United States. The bill was referred to the Committee on Claims. I now desire to ask that the Claims committee be discharged from the further consideration of the bill and that it be referred to the Committee on Indian Affairs.

The VICE PRESIDENT. Without objection, the Committee on Claims is discharged from further consideration of the bill and it will be referred to the Committee on Indian Affairs.

AMENDMENT TO NAVAL CONSTRUCTION BILL

Mr. BONE submitted an amendment intended to be proposed by him to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. DICKINSON submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 30, beginning with line 20, to strike out through line 17, on page 38, and insert in lieu thereof the following:

"SEC. 21. Section 3 (b) of title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: 'except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934.'"

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings; and

S. 2465. An act to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

CANCELATION OF AIR MAIL CONTRACTS

Mr. BLACK. Mr. President, I ask unanimous consent to have printed in the RECORD a letter addressed to me from Hon. James A. Farley, Postmaster General, making a full and complete statement with reference to the cancelation of air mail contracts, and the reasons therefor.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

FEBRUARY 14, 1934.

Hon. HUGO L. BLACK,
Chairman Special Committee on Investigation of Air Mail and Ocean Mail Contracts,
United States Senate, Washington, D.C.

MY DEAR SENATOR BLACK: I have issued an order annulling all domestic air mail contracts; and believing that your committee would be interested in knowing the reasons therefor, I submit the following:

These contracts were annulled only after a most thorough investigation covering a period of several months. Moreover, I had the benefit of the opinion of the Solicitor for this Department, whose conclusions of law were personally examined and approved by the Attorney General.

I do not believe Congress intended that the air mail appropriation should be expended for the benefit of a few favored corporations, which could use the funds as the basis of wild stock promotions resulting in profits of tens of millions of dollars to promoters who invested little or no capital. Nor was it intended to be used by great corporations as a club to force competitors out of business and into bankruptcy. Nor should appropriations and contracts be given to a few favored corporations by connivance and agreement.

At the time of the passage of the Watres Act in 1930 there were many reasonably well established air transport passenger lines desirous of obtaining air mail contracts which received no consideration whatever. There were several short, disconnected air mail lines which were operating under contracts executed during the latter part of 1925 and the early part of 1926. Five of these contracts were executed November 7, 1925, and would have expired by operation of law November 7, 1929, except for an order issued on November 6, 1929, by Second Assistant Postmaster General W. Irving Glover extending these contracts for a period of 6 months, so as to make them terminate May 7, 1930. I am satisfied that the extension of these contracts for said period of 6 months was illegal. There was no attempt whatever to readvertise said routes or reaward them, or emergency requiring them to be let without competitive bidding, and the course pursued was a part of the conspiracy hereinafter mentioned. Extensions of these contracts for a period of 10 years, under the so-called "certificate" method, were arbitrarily made by Postmaster General Brown on May 3, 1930. Then Postmaster General Brown proceeded to build up, by so-called "extensions" of routes, part of the system of the United Aircraft & Transport Corporation and the greater part of the American Airways and the Transcontinental and Western Air systems. This means, in simple terms, that if one of these companies had a contract for part of a through route, a transcontinental system could be built on that short line. To illustrate, if one had a route from Boston to New York, it could be extended from city to city until it reached the Pacific coast without competitive bidding. These great systems were built in this manner.

I am convinced that before any of the air mail contracts were awarded those interested held meetings for the purpose of dividing territory and contracts among themselves. Indeed, certain air transport operators who had not been invited to attend were refused admission when they attempted to gain entrance. These conferences were held during May and June of 1930. Some of the meetings were held in the Post Office Department and were attended by Postmaster General Brown and Second Assistant W. Irving Glover. Mr. William P. MacCracken, Jr., of the Transcontinental Air Transport (now a part of the North American Aviation Corporation), was named as chairman of these meetings and the minutes prepared by himself list the following as present:

United Airlines: Paul Henderson, Phil Johnson, George Wheat, Ray Ireland, and James Murray.

Transcontinental Air Transport: Dan Schaeffer, Jack Maddux, George Cuthell, and Allen J. Furlow.

Eastern Air Express: Harris Hanshue and James Woolley.

National Parks Airways: Alfred Frank.

Varney Airlines (United): Louis Mueller.

Aviation Corporation: F. C. Coburn and Hainer Hinshaw.

Southern Air Fast Express (Aviation): Erle Halliburton, William Mayo, and Ted Clark.

Eastern Air Transport (North American): Thomas Doe, Harold Elliott, and John K. Ottley, Jr.

Thompson Aeronautical (United): Tex Marshall and William I. Denning.

United States Airways: Lew Holland and N. A. Letson.

Pittsburgh Aviation Industries: Dick Robbins and George R. Hann.

Clifford Ball, Inc.: Clifford Ball.

Curtis Flying Service: Frank Russell and Burdett Wright.

Delta Air Service: E. V. Moore and Mr. Woolman.

These meetings resulted in a division of all air mail contracts of the United States and the practical elimination of competitive bidding. A written report embodying the recommendations and an agreement for a division of territory was filed with Postmaster General Brown June 4, 1930. A copy thereof is now in the files of the Post Office Department. The original of this report, which Mr. MacCracken admits was signed, was not found in the files of the Department, nor could the original be found among the papers returned by Postmaster General Brown.

The corporations represented by the persons who participated in the conference all secured extensions, consolidations, increased allowances, or favors not contemplated in the original contracts,

with the exception of the National Parks Airways. Mr. Alfred Frank represented the National Parks Airways and his corporation was awarded a mail contract. It does not appear that he took an active part in the conference or secured any extensions of the route over which his concern operated. Before such route is readvertised further investigation will be made of this matter.

The following are illustrations of the practices pursued by the contractors:

It was agreed at the meeting terminating June 4, 1930, that American Airways should have the southern transcontinental route from Atlanta to Los Angeles. On August 23, 1930, two written contracts were executed involving this route. One was between American Airways and Erle P. Halliburton, who controlled Southwest Air Fast Express, Inc., and who was not only present at the conference but was a bidder for the southern route. American agreed with Halliburton that if the latter would join with an American subsidiary known as "Robertson Aircraft Corporation" and make a bid on the southern route, it would then buy the rights acquired from the Postmaster General and pay Halliburton and his corporation $1,400,000. This was to be done by the organization of a corporation to handle the transaction. The contract to purchase the Halliburton Company was contingent upon the company securing from Postmaster General Brown the contract to carry the mails from Atlanta to Los Angeles. Postmaster General Brown awarded the contract as prearranged.

The other agreement, executed simultaneously, was between the companies comprising Transcontinental & Western Air. This concern agreed to pay American Airways for some stock and a half interest in a hangar at Tulsa, Okla., $1,399,500, thus providing money that American could use to pay Halliburton. Western Air at this time was also flying the southern route from El Paso to Los Angeles and it abandoned this route in favor of the other company so that they could fly the entire southern route from Atlanta to Los Angeles. The agreement between these corporations was also a contingency. It was not to be effective unless the Halliburton contract was awarded, nor unless Transcontinental & Western Air secured the route known as the "middle transcontinental route" from New York by way of Pittsburgh, St. Louis, and thence to Los Angeles. It was agreed that if Postmaster General Brown did not give the middle transcontinental route to Transcontinental & Western Air the agreement was not to be effective. Postmaster General Brown also awarded this contract to Transcontinental & Western Air.

Whereas under the bid for the southern route from Atlanta to Los Angeles, American Airways would have been paid $3,338,675.60, it was actually paid $5,308,958.41, an excess over the actual bid of $1,970,282.91. During this period it was carrying less than the minimum amount of air mail provided for under the contract. There being only one bid for the southern route, it was awarded at 100 percent of the maximum rate allowed by statute. The middle transcontinental route (now held by Transcontinental & Western Air) was advertised for bids. There was one bid of 64 percent of the maximum rates and the high bid of Transcontinental and Western Air was 97½ percent of the maximum rates. The contract was awarded, apparently without justification, to the high bidder, which has been paid from the starting date to November 30, 1933, the sum of $7,578,624.60. If it had been let to the low bidder, the amount paid would have been $4,974,686.92. There has, therefore, been paid to the high bidder during this period the sum of $2,603,937.68 more than would have been paid if the contract had been awarded to the low bidder.

The contract in route no. 32, from Pasco to Spokane to Portland to Seattle, Wash., was awarded to Varney Airlines, Inc., owned by United Aircraft, on August 21, 1929, at a rate of 9 cents per pound. This route was consolidated with another route of United Airlines July 1, 1930, at a rate of $2.43 per pound. If the mail had been carried under the original contract, the cost to the Department would have been $67,592.42. The estimated amount paid subsequent to consolidation was $1,019,500.78, or an excess on this route of the sum of $951,908.36.

There has been paid to air mail carriers for the fiscal years 1930, 1931, 1932, and up to December 31, 1933, more than $78,000,000. The air mail carriers collectively have been given contracts upon the basis of more than twice as much space as was actually needed or used. In sundry instances this was done by a change of the terms actually advertised. If payment had been made for the service actually rendered, the cost would have been about 40 percent of the above amount. The excess payments during this period aggregate, therefore, the sum of about $46,800,000.

My investigation, based on the records, books, papers, contracts, and documents in the Department, or introduced before your committee, or taken from the files of Mr. MacCracken, shows that every corporation whose contracts I annulled, or its predecessor, or its subsidiary corporation, had representatives in the conferences hereinbefore mentioned, which, I am convinced, was contrary to law.

It is incontrovertible that the 1930 meeting was held, that it was confined to those who subsequently obtained the contracts, that the provision of law calling for competition in bidding was not carried out, and that all the present domestic air mail carriers secured contracts based on conspiracy or collusion, with the possible exception of the National Parks Airways, which will be given further consideration.

Administrative officers of the United States have authority, and it is their duty, to annul any contracts procured illegally or by fraud. The act of June 8, 1872, provides:

"No contract for carrying the mail shall be made with any person who has entered, or proposed to enter, into any combination to prevent the making of any bid for carrying the mail, or who has made any agreement, or given or performed, or promised to give or perform, any consideration whatever to induce any other person not to bid for any such contract; and if any person so offending is a contractor for carrying the mail, his contract may be annulled; and for the first offense the person so offending shall be disqualified to contract for carrying the mail for 5 years, and for the second offense shall be forever disqualified" (39 U.S.C. 432; Rev. Stat., sec. 3950; act of June 8, 1872, c. 335).

In view of the facts heretofore recited and the plain provisions of the law, it was clearly my duty to annul all of these contracts.

Very truly yours,

JAMES A. FARLEY,
Postmaster General.

RESTORATION OF PAY CUT TO FEDERAL EMPLOYEES

Mr. McCARRAN. Mr. President, I ask unanimous consent at this time to have inserted in the RECORD certain editorials from the Washington Times apropos a matter that will come before the Senate in the very near future, a matter in which the entire country is interested, namely, the restoration of their pay to the Federal employees and doing away with the 15-percent cut.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

[From the Washington Times, Jan. 19, 1934]

SOUND ECONOMY DEMANDS PAY-CUT RESTORATION

Sound economic policy, quite apart from any considerations of justice, dictates immediate restoration of salaries in the Government service.

When pay cuts were first imposed the Government was committed to a deflationary solution of the economic crisis. A cut of 8½ percent was first imposed; later a 15-percent cut—both on the theory that these economies would make possible balancing of the Budget.

With the state of Federal revenues that existed at that time, the Budget could not have been balanced even if all Government employees had been summarily discharged. But economies were demanded, and the pay cuts were imposed.

Thorough trial has brought the conviction that deflation cannot cure the crisis, and that other means, involving expansion of credit and increased purchasing power, are essential.

The N.R.A. and other Government agencies are seeking to increase purchasing power—everywhere except in the Government service.

The Government cannot expect full recovery if it encourages expansion and expenditure by private interests, and treats its own employees in a tight-fisted manner.

Money is being cheapened. Commodities are certain to go higher. Uncle Sam wants private industry to make adjustments in wage scales that will increase purchasing power; he wants wages to advance faster than prices.

But in his own establishment he permits a 6 months' lag between prices and wages.

Goods that merchants purchased at rock-bottom prices are practically depleted.

New stock compels higher prices.

The merchants' operating costs are increased by compliance with N.R.A. codes. They must get higher prices in the future.

Therefore Government employees, alreadying suffering from a 15-percent pay cut, now face another concealed pay cut in the declining value of their dollars.

It is an impossible situation from the point of view of sound economic policy. Uncle Sam is a large employer. If Uncle Sam does not comply with N.R.A. policies, he cannot expect other employers to comply as they should; and the whole recovery program will be menaced.

Government salaries should be restored at once.

The Senate now has the opportunity to perform a national service.

[From the Washington Times, Jan. 19, 1934]

PROLONGING FEDERAL PAY CUT POSTPONES RECOVERY

Uncle Sam cannot afford to treat his employees shabbily.

For many years the Government set standards for wages and working conditions. Private employers sought to maintain equally high standards, sometimes surpassed them, but at all time a standard existed for comparison.

In recent years Uncle Sam has failed. If private employers follow the example he now sets, national recovery will be in a bad way.

As a matter of fact, it looks very much as though Uncle Sam were trying to impose standards on private employers—through N.R.A. codes—to which he does not even intend giving lip service himself.

The Government pay cut never had, and will not have any appreciable effect toward balancing the Budget.

If normal and emergency expenditures are lumped together, the amount of the Government pay cut, in the aggregate, is almost infinitesimal.

If emergency expenditures are segregated, and only a normal Budget is considered, the Budget is already more than balanced. Revenues considerably exceed normal Budget expenditures.

Where, then, is the justice in continuing the imposition of a pay cut that has caused tremendous hardships to many in the Government service, and that has given encouragement to chiseling employers outside?

The pay cut should be repealed and at once.

Government service will be demoralized unless conditions as to wages and working conditions are changed soon, and radically, for the better.

Cutting pay lowers morale. But if that were not enough, the Government has, through its economy program, placed its employees in such a state of uncertainty with respect to livelihood itself that they have been in a state bordering on despair.

Forced furloughs provided a second wage cut. And for those who were not furloughed, there was overtime, to take up the work that had to be done, whether the staff was sufficient to do it or not.

Work has suffered, both in quality and in quantity. Standards have been lowered to a marked degree, and unless they are improved the Government itself will suffer from lowered efficiency and from inability, as times improve, to obtain capable new employees.

Able men and women are not going to enter the Government service if they know that its opportunities and rewards are appreciably less than in private employ, and that it can no longer offer even security.

Government workers, and disinterested observers outside the Government service, know that their pay cuts, their furloughs, and their overtime are having no effect except to lower living standards—for themselves and for the Nation generally.

They consider it a public service to protest—and they are right.

The initial advisability and justification for the wage cuts in the Government service were, to say the least, debatable.

Now, there is no question as to the unwisdom and injustice of continuing the cuts. It has been amply demonstrated that prolonging the wage cut prolongs the period of recovery, if indeed it does not seriously jeopardize it.

The time has come to change tactics on this front. The time has come to give the Government employees their share of the recovery benefits.

That will make possible practically 100-percent compliance throughout the country. It will make the N.R.A. and the rest of the emergency program workable. It will mean recovery.

[From the Washington Times Jan. 20, 1934]

SUBDUE THE CHISELER BY RESTORING GOVERNMENT SALARIES

Uncle Sam has ready to hand a weapon which will subdue the chiseler and other forces which are undermining the administration's recovery program.

That weapon is the immediate restoration to their original schedules of the salaries of the hundreds of thousands of men and women who loyally and efficiently serve the Government day in and day out.

Tories and chiselers who have consistently sabotaged the great recovery program have had in their favor one powerful argument. That argument, of course, has been that the Federal Government has shown a blatant inconsistency by its execrable treatment of its own workers.

They have pounded out this argument to defend their own inglorious refusal to follow the administration in its preachments of a new deal for the laboring man.

And there has been no logical refutation of this argument.

In its treatment of its own workers the Federal Government has followed the policy of the most backward of employers.

It has persisted in undermining the standard of living of its personnel.

It has driven to despair those who have devoted their lives to its service.

It has demanded the last ounce of energy of its workers while refusing to reward them with adequate pay or security of position.

While writing its own black record the Government has paraded before the private employer the necessity of treating his workers with the utmost consideration in these times, now happily disappearing, of economic stress and trouble.

The preachment has been "more pay and less hours." The example has been "less pay and more hours."

This inconsistency has been recognized by Government officials as well as by the backward private employer who sees in it a justification of his own blind course.

The Government tells this private employer that his path leads to economic disaster.

Its own march along this same path the Federal Government attempts to justify by spurious mouthings about balancing the Budget and economy in government.

Honest economy cannot be built upon a basis of oppression of any class of workers whether employed by the Federal Government or by a private agency.

A budget which runs into the thousands of millions wisely spent to restore prosperity cannot be balanced by saving a paltry sum at the expense of loyal employees.

The Senate has the power and the opportunity to rectify the gross discrepancy between the Government's teachings and its example.

The independent offices appropriation bill has been made the vehicle for the continuation, in large part, of the Government's backward policy toward its own employees.

By using this bill as the means of restoring Government salaries to the standard schedules, the Senate can make the Government a true leader in the fight to lift the burden of depression from the shoulders of the workingman.

[From the Washington Times, Jan. 22, 1934]

GOVERNMENT OUT OF STEP WITH RECOVERY PROGRAM

Government employees cannot wait until July 1, the beginning of the new fiscal year, for relief from the economic conditions which are damaging the morale of the service.

They cannot longer bear the strain which is being imposed upon them as a result of their incomes being anchored in a time when prices of all that they buy are increasing.

The only agency to which they can look for immediate relief is the Congress.

Already one House of that Congress has promised a totally inadequate measure of relief, to take effect 6 months from now.

The Senate, and more immediately the Appropriations Committee of that body, is now framing the policy which will govern the ultimate action of the Senate upon this pressing question.

The mad rush with which the House refused immediate relief to the loyal and efficient men and women on the Government pay roll seems to have been halted in the Senate committee room.

Members of that committee have had placed before them the serious consequences which will result from failure of the Government to keep in step with the forward march of private industry. They have likewise been informed of the beneficial results which can be expected from repeal of the pay cut.

These arguments have been placed before the committee not merely by leaders of Government workers but by the leaders of all forms of organized workers throughout the country.

Those leaders recognize the harm which is being done workingmen in industry by the refusal of the Government to adopt a course of advanced treatment of its workers.

The salaries of all workers in the Nation are being kept down because of the Government's attitude.

That attitude must be changed, and it must be changed immediately.

Fortunately, leading Members of the Senate seem to realize this.

They have in their hands the power to deal out justice to the Federal worker and encouragement to the laborer in all private activities.

[From the Washington Times, Jan. 22, 1934]

PAY-CUT REPEAL WOULD SEND NEW MONEY INTO ALL BUSINESS

Ever since Franklin Roosevelt was inaugurated President last March this Nation has been making a consistent march toward economic recovery. The progress which has been made cannot be attributed to any one step, rather it is due to a series of astute moves.

Those moves as each has been made brought hope, stimulated confidence, and gradually achieved a generous portion of success.

The time has now come for the Government to advance further toward the desired goal.

The next step should be the immediate restoration of the full purchasing power of the hundreds of thousands of Government employees.

By taking this action now the Government would give both a psychological and a material impetus to the recovery movement.

Such action would be immediately taken by all of our people as a recognition of the success which has been attained and an earnest of the determination to achieve further success.

The general public could not overlook the significance of such action.

It could not fail to see that the Government has the courage of its convictions and stands ready to back to the limit its faith in the program which has already won such wide acclaim.

The practical effect of repeal of the wage cuts would be Nation-wide and immediate.

It would send into every community in the Nation a fresh stream of currency and would tap reservoirs of trade which have long lain dormant.

The increased currency thus placed in motion would cause ripples of credit to expand throughout the country, multiplying, in credit terms, the actual money expended many times over in the course of a year.

Such an increase in the currency and credit flow is just what the administration has been seeking, and obtaining, through numerous other devices.

Governmental money is already spreading out in many directions and into many industries.

Why should it not now be spread through the medium of Government employees?

Why should not the Federal worker be made the Government's agent for the dissemination of new blood into the business arteries of the country?

It is recognized by all thinking people that the benefit which would accrue to restoration of Government salaries to their basic schedules would not be confined to the Federal employees alone.

Those benefits would be felt in every walk of life, in every city, in every town, in every crossroads village in this far-flung country.

Of course, the first effects would be felt by the Federal employees. The restored salary schedules would enable them to keep pace with the rapidly mounting cost of living.

The restoration would enable them once more to maintain a standard of living commensurate with their standing in the community in which they work.

These purposes in themselves are worth fighting to accomplish. Yet they are really only minor results which would be accomplished by taking the forward step.

Members of the Senate can be assumed to be fully cognizant of the Nation-wide beneficial effects of salary restoration.

Realizing that the Senators have this knowledge, it is impossible to see how they can fail immediately to give back to the Government worker the money which has been so unwisely taken from him.

[From the Washington Times, Jan. 23, 1934]

PAY RESTORATION REFUSAL NOT BASED ON COST OF LIVING

The proposal to increase the wages of Government employees only 5 percent 6 months from now does not even have the merit of being based upon the cost of living—the modern bugbear which has been created to bedevil Federal employees.

The attempt to induce Members of the Senate to vote for the independent offices appropriation bill as it passed the House upon the contention that the increase that is therein contained is founded upon living costs is easily blasted.

Last summer, when the heads of departments were asked to submit their estimates for the coming fiscal year, they were told to include estimates for salaries upon the basis of a return to normal standards.

In other words, at that time the Bureau of the Budget was preparing to include in the new Budget the full salary restoration—a policy which would have done justice to the workers and which would have removed the inconsistency under which the Government labors as long as it grips the employee's penny tightly in its left hand while strewing millions of dollars with its right.

But then, after the 100-percent estimates had been requested, the Bureau of the Budget had a change of heart. What caused that change is not known, but the result was that department heads were called upon for new salary figures.

And under this call, made in the fall, salary expenditures were to be estimated on the basis of a return of only 5 percent.

No one has ever attempted to explain the reasons for that revision in the salary estimates.

It could not have been based upon the cost of living, because the cost-of-living figures gathered in compliance with the Economy Act were not compiled until early this month and the completed Budget was in the hands of Congress several days before that.

We believe that attention should be called to this fact, not because the cost-of-living figures can ever be accepted as sound basis for governing salaries but because many persons have hypnotized themselves into believing that "cost of living" is a magic phrase that can right all economic wrongs.

With the demolition of the argument that the action of the House is based upon some scientific ground, and with the ridiculousness of the theory that the continuance of the cuts is necessary to balance the Budget apparent to all, what ground is left upon which refusal to restore the cuts can be based?

Gentlemen of the Senate, there is no such ground.

[From the Washington Times, Jan. 23, 1934]

FOUR PAY CUTS RUNNING TO 50 PERCENT

Employees of the Federal Government are suffering not from one pay cut of 15 percent but in reality are suffering four pay cuts.

In any consideration of the pay-cut provision of the independent offices appropriation bill by the Senate it should be borne in mind that the total pay cut for many individual employees amounts to as much as 50 percent of the base pay to which they are entitled.

There is, of course, first the legislative pay cut of 15 percent.

Many think that that pay cut tells the whole story of the depression of Federal employees. It does not.

There is, in addition, the disguised pay cut known as the "furlough." That cut is disguised to everyone except the employee when he looks at his shrunken pay check.

The furlough is an arbitrary pay cut imposed by administrative officers, but made necessary by the horizontal slashes in appropriations.

After the disguised pay cut we have the invisible pay cut.

The invisible pay cut is the slice made in the employee's real wages by the increase in the cost of living. In the last 6 months that cost increased more than 6 percent, according to the Government's own figures.

And that cut, though invisible in the pay check, is very actual when the employee's wife tries to pay her bills.

But even the disguised and invisible pay cuts coupled with the 15-percent cut do not tell the whole story.

In addition to all those, there is the underhanded pay cut which many employees are encountering through being denied earned promotions.

A worker in any establishment, if he is efficient and loyal, has a right to expect promotion and increased pay as he moves into a position of new responsibility.

Can he expect to enjoy that right in the Government service?

No, indeed. He can take over the new responsibilities, but for years now he has been denied the increased pay which goes with his new job. That is the underhand cut from which the workers are suffering.

Of course, if he is a new employee in one of the newly created agencies, he can be promoted and can have his pay raised. But not if he is of the old line who have given faithful service through the years.

The Senate should add up these pay cuts and throw them all out of the window.

[From the Washington Times, Jan. 24, 1934]

IS THE FEDERAL EMPLOYEE TO BE THE FORGOTTEN MAN?

Gentlemen of the Senate, when you were back home last fall you saw America turn the tide.

You saw the economic debacle which we encountered in 1929 give place to a building process which has already lifted this Nation out of the slough of despond.

A close observance of your home communities and the conditions of your people must have convinced you that this change was brought about largely because of the measures which you enacted during the special session last spring.

The aim and object of those measures was to spread Federal money through every section of the country in order to prime the well of prosperity.

Those measures accomplished just that object for millions of our citizens.

The purchasing power of those millions was increased by the expenditure of the Public Works funds, the Civil Works funds, the Civilian Conservation Corps funds, and by the money spent by the numerous other organizations which you created by your legislation.

You saw, while at home, that money made the mare go.

And the money that did it was Federal money.

Now there is another mare that needs a little fodder.

This is a dependable old work-horse that has pulled for the Government day in and day out for years.

Are you going to starve him while all around is plenty, created by your bounty?

Your folks back home will benefit by the immediate and complete restoration of Federal salaries.

Your home community needs the additional stimulus that will be brought to it, as well as to Washington, by this simple act of justice and common sense.

We ask you to treat the Federal employees just as you have treated almost every other group of workers in the country.

Give them salaries which will enable them to maintain a decent standard of living; salaries which will enable them to keep pace with the prosperity which you have created and which is rapidly making of the Federal employee the new forgotten man.

[From the Washington Times, Jan. 25, 1934]

REASONABLE MEN OR BLIND RIDERS OF A HOBBY?

Sound and simple facts are the basis upon which rests the appeal to the United States Senate to wipe out the pay cuts which have been unwisely fastened upon employees of the Federal and District Governments.

While it might be expected that the Senators, through long association with other employees of the Government, would have a sentimental feeling for those employees, the facts of the situation alone are sufficient to warrant action for restoration of the salary standards.

What are the facts?

The facts are:

(1) That the reduced level of Federal salaries is impeding national economic recovery.

(2) That the money saved to the Government as a result of the cuts does not appreciably aid in balancing the Budget and is not necessary to maintain the credit of the United States.

(3) That the cuts have provoked suicide and economic despair among a large group of our citizens.

(4) That the cuts constitute a rank discrimination against a specific class of our citizens, depriving them of any participation in the prosperity which is returning to our country as a whole.

(5) That the cuts are increasing in degree daily as a result of steadily advancing prices of all commodities which the reduced salaries must purchase.

Those are the facts which the gentlemen of the Senate will have to consider when the question comes before them for a vote.

As against those facts there is no argument that is worthy of the name.

Those who fight repeal of the cuts advance no logical reasons for their retention.

They seem to be blindly committed to a policy which has proven fallacious.

They have mounted a hobby and they refuse to see that the best thing they can do is get off. They are hanging on, but they do not know where the beast is taking them.

Members of the Senate are reasonable men.

Will they follow the course of reason on this matter or will they blindly follow the hobby riders?

[From the Washington Times, Jan. 25, 1934]

THE PEOPLE AS EMPLOYERS—NOT AS SALARY SLASHERS

Members of Congress should not deceive themselves into believing that the folks back home, the real employers of the Government workers, favor a policy of wage slashing.

Those folks back home know what it is to work for a salary slasher and when their role is reversed, as it is when they employ Government workers, they do not want them to suffer what they have had to suffer.

Most of the men and women in your congressional districts saw and felt the effects of salary slashing in the early days of the country's economic difficulties.

They saw their own wages cut. They know that that cut in their pay envelops meant an even bigger cut in the sales of their local merchants.

They know that as a consequence their local merchants stopped buying goods from the wholesaler. And then the wholesaler stopped ordering from the manufacturers.

They saw this vicious circle virtually paralyze all business in the country.

They saw that paralysis (originating in their own cut salaries) become intensified as the general decrease in purchasing power continued its vicious circle and brought them further wage cuts.

And then a few months ago they saw the circle start around the other way. And that reversal of the circle was due to the reversal of Government policy.

The new governmental policy sent millions of dollars into their communities to step up purchasing power and pour new blood into business.

That gave the individual worker some relief from the salary slasher. And that renewed flood of money went into every type of business, stimulating trade, raising prices, and increasing wages.

But in the meantime the salary slasher had taken his toll. He had wiped out life savings. He had destroyed equities in homes. He had brought despair in his wake.

That example the people of the United States do not want to follow in their role of employer.

They want to give their employees a chance to come back.

They want their employees to join in the march to prosperity.

You gentlemen of the Congress are their representatives.

It is up to you to act for them and to treat their employees as they want them treated.

[From the Washington Times, Jan. 29, 1934]

PAY-CUT REPEAL WOULD BE INSURANCE ON RECOVERY PROGRAM

The United States is investing more than $10,000,000,000 to bring about economic recovery.

That money is a good investment, and if it accomplishes its purpose to any measurable degree it will be well spent.

But can the United States or any other organization afford to endanger that tremendous investment in order to save a few million dollars?

That total investment, the magnitude of which one can scarcely imagine, is put in jeopardy if the Congress does not restore immediately and completely the wage scale of its employees.

The fundamental purpose of the big investment is to increase the purchasing power of the consuming public.

That is the only thing that will restore economic prosperity.

Yet, while the Government expends thousands of millions to accomplish that purpose, it hesitates to insure that expenditure at a cost of a few millions.

No reasonable business man, faced with such a program as the Government is prosecuting, would hesitate for a moment to obtain insurance.

The Government, however, hesitates and haggles.

The recovery program cannot reach its highest accomplishment so long as wages and salaries lag behind advancing costs.

As long as the Government encourages that lag, as it is doing by refusing to advance its own salary schedule, it is deliberately undermining its own program and hazarding the chances of its success.

The Government has appealed to the patriotism of the private employer, asking him to increase salaries in keeping with the recovery march.

To that extent it has demonstrated that it realizes the importance of salary advances as an integral part of its recovery program.

Can the Government afford to fail to do what it has prevailed upon the private employer to do?

It is up to the Senate to demonstrate the Government's own patriotism.

It can do this by repealing the salary cuts.

[From the Washington Times, Jan. 29, 1934]

PRICE TRENDS AND GOVERNMENT SALARIES

The fallacy of attempting to regulate salaries of Federal employees upon statistics covering the cost of living is well illustrated by the difficulty which the House Appropriations Committee is encountering in attempting to estimate the cost of articles which will be purchased in the fiscal year 1935.

Officials of the Government charged with purchasing articles which the Government consumes find it impossible to make definite predictions of how much those articles are going to cost when purchased out of the appropriations now being prepared.

Yet the Government through some mystical system of calculation is endeavoring to say that only 5 percent of the 15-percent cut in Federal pay will meet the advance in the cost of living of the employees during the last 6 months of this calendar year.

Brig. Gen. Frank T. Hines, Administrator of Veterans' Affairs, in outlining the problem to the House Appropriations Committee and in commenting upon the increasing trend of prices, said:

"However, should the present policies of the Government, which are being developed to bring about an increase in prices for commodities, result in a material advance in prices, the amounts included in this estimate for supplies and materials will be insufficient to operate the activities of the Veterans' Administration at the percentage of utilization anticipated. Experience to date has shown some commodities increasing rapidly in cost."

General Hines then put into the record a table of prices paid recently by the Veterans' Administration for various articles and compared them with the prices paid for the same articles in the fiscal year 1933.

This comparison showed tremendous increases in the prices.

All of these articles are items which the average worker purchases regularly for use in his home.

In the category of food the prices showed increases up to 90 percent, while increases of as much as 50 percent were not uncommon.

Wearing apparel and sewing supplies likewise showed large increases, one item being up 120 percent.

These increases are based on actual purchases and are not based on someone's memory of purchases which he made years ago.

In the face of these increases and the bewilderment of purchasing agents as to where prices are going in the next year the duty of Congress to Federal employees is apparent.

The quadruple pay cuts must be repealed.

THE AMERICAN MERCHANT MARINE

Mr. LEWIS. Mr. President, I ask unanimous consent that an article appearing in the Philadelphia Record of this morning touching the American merchant marine may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Philadelphia Record, Feb. 14, 1934]

BRITISH CAPITALISTS DUPED UNITED STATES TO HALT RIVALRY IN SHIPPING—WHEN PROPAGANDA FAILED, HIGH FINANCE HELPED TO WRECK MARINE

(Editor's note: This is the third of a series of six articles on the strangling of American merchant-marine aspirations by British interests working through the International Mercantile Marine.)

ARTICLE III

By Willis J. Ballinger

Up to the World War the International Mercantile Marine kept the United States out of the merchant marine business. On its directory board sat powerful American financiers, ever on the alert for the menace of a ship subsidy bill in Congress.

From 1902 to 1914 only one attempt was made to build an American merchant marine. In 1906 a New York shipbuilding corporation was organized. It planned to seek shipbuilding subsidies from Congress.

For a time it appeared Congress might respond. But hardly had the company been born before its voting stock was captured by a Wall Street controlled company.

Very quickly it faded.

The assassin's shot at Serajevo in 1914, however, decreed an American merchant marine. Shortly afterward Europe was plunged into the greatest war in history.

British ships and foreign ships accustomed to bringing to our shores many products which we did not grow or make in the United States were suddenly conscripted by their Governments to transport troops to the war front. The German merchant marine, which had done a good deal of this carrying trade, was bottled up.

WAR CHANGES OUR STANDARDS

The country was short on aspirin, and American headache sufferers grumbled. The phonograph business faced a shutdown because the foreign drug, phenol, which goes into the making of records, was cut off. Our farmers yelped in vain for foreign fertilizers. Even macaroni eaters complained of a war that had stopped this Italian export.

In hundreds of ways our standards of living were affected by the fact that the United States had no merchant marine. It was then apparent that the American stockholders of the International Mercantile Marine did not really own their foreign flagships. They had all been promptly requisitioned by their foreign governments.

All of this impressed Congress; the movement began for an American merchant marine. When we entered the war there could be no further delay.

SPENT THREE BILLIONS ON SHIPS

We had no ships to get our troops over there. Congress now perceived clearly that a merchant marine was an indispensable auxiliary of the Navy. Without it we were hopelessly handicapped in war strategy, being compelled to keep our Army at home. So began a frantic effort to build an American merchant marine almost overnight.

When we entered the war the United States had 61 shipbuilding yards—mostly for ships in intercoastal trade. Soon we had 341, with 1,300 launching ways—more than double the number of ways owned by Great Britain and the rest of the world. By the end of the war Congress had expended about $3,000,000,000 in

getting ships. This sum was twice the value of the total seagoing commercial fleet of the world before the war.

At the end of the war the United States had the second greatest merchant-marine fleet in the world, being surpassed only by Great Britain. The Shipping Board owned 2,316 vessels of 9,000,000 gross tons, but England had twice this tonnage.

England was now face to face with the greatest threat to her sea power in her history.

BRITISH PROPAGANDA ON

Congress was now determined to keep the United States in the merchant-marine business. However, foreign propaganda—mostly British—began to appear in the United States.

The economic argument was extolled. It was contended that British shipping could carry our trade at much cheaper rates than American ships. It would be uneconomical for Congress to keep up an American merchant marine with subsidies.

This argument overlooked a very crucial point. After the war all nations were struggling for foreign markets. It was pointed out to Congress that our shippers were in competition with British shippers for these markets. When an American shipper, therefore, shipped over a British line, he tipped off his foreign competitors.

There was no question that foreign lines were merely auxiliaries of their national chambers of commerce and that American invoices were being passed on to the competitors of American shippers. In this way foreign competitors were better able to grab trade away from our shippers.

Furthermore, many foreign lines were suspected of granting rebates, thus making it more difficult for American shippers to hold their own in foreign markets. The economic argument of foreign propaganda against an American merchant marine in the light of these disclosures looked uneconomic.

WAR GAVE US LESSON

But from the standpoint of our war experience it was even more unsound. The war had taught us that it was dangerous to be dependent on foreign merchant marines. If a war didn't come again for a century it would be more economical for us to subsidize a merchant marine than pay Hog Island graft to built one overnight.

But the foreign propagandists redoubled their efforts. British emissaries of international good will did their best to cajole Congress out of its sympathy with an American merchant marine. They stressed the arrival of the millennium via the League of Nations.

Wars were over.

It would be a friendly act for the United States not to make sea competition more terrible by the advent of an American merchant marine. It would be good will international economics they counseled.

But to no avail.

CONGRESS STANDS FIRM

In 1928 Congress passed a powerful measure in aid of our merchant marine. This bill provided mail subsidies. And it provided cheap Government credit for those who wished to build American ships.

Failing to budge Congress, foreign shipping interests were after the American merchant marine from another angle. In all this Great Britain was the most interested party. She feared that her sea power on the North Atlantic would be crushed.

Here the greatest ships of the Shipping Board had operated for 9 years—1920 to 1929. In 1923 the *Leviathan* slid out of drydock at Newport News—the largest and most luxurious ship in the world—to join forces with other Shipping Board vessels such as the *George Washington*, in a furious attack on British shipping trade in the North Atlantic. These ships were operated by the Shipping Board as the United States Lines.

But John Bull knew that some day this line would be sold to private investors. Congress had decreed that eventually the Government must get out of the shipping business. So John Bull played an astute game.

TWO BRITISH ALLIES

British propaganda now joined hands with that large section of American business which always sees in Government operation of anything, the doom of civilization. The idea was to get the United States Lines on the auction block as quickly as possible.

Every year counted, as the ships of this line were playing havoc with the British shipping.

Once on the auction block they might fall into friendly hands that would end their offensive against British shipping.

Hence, when the Shipping Board offered the United States Lines for sale in 1929, the British Government had two allies on the spot bidding for this fleet.

One was the International Mercantile Marine. The other was the Roosevelt Steamship Co., soon to be owned 100 percent by the International Mercantile Marine. One of the central figures in the Roosevelt Co. was John Franklin, son of P. A. S. Franklin, president of the International Mercantile Marine.

CHAPMAN & SHEEDY WIN

The high bidders, however, were Chapman & Sheedy. Chapman was a banker of large affairs who was reported to be worth more than $20,000,000. Sheedy had been vice president of the Merchant Fleet Corporation of the Shipping Board and had been associated with ships since his youth.

He persuaded Chapman to bid on the line. Chapman's bid was for $16,000,000, of which 25 percent, or $4,000,000, was to be paid down.

But the gods of cabal were not through. In less than 3 years Chapman had lost control of his company, the Shipping Board had turned the United States Lines over to the International Mercantile Marine, and the scuttling of this fleet was well under way.

John Bull had found it easier to wreck an American merchant marine by implements of high finance than by appeals to an American Congress through propaganda agents.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from George W. Elliott, general secretary of the Philadelphia Chamber of Commerce, and a letter and statement from Philip Gadsden, chairman of the Joint Executive Transportation Committee of Philadelphia Commercial Organizations, in opposition to the ratification of the Great Lakes-St. Lawrence Waterway Treaty.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

PHILADELPHIA CHAMBER OF COMMERCE,
Philadelphia, February 9, 1934.

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

MY DEAR SENATOR DAVIS: This will confirm telegram sent you this afternoon concerning the ratification of the American-Canadian treaty providing for the construction of the Great Lakes-St. Lawrence deep sea waterway.

The Philadelphia Chamber of Commerce, through the joint executive transportation committee of Philadelphia commercial organizations, has consistently opposed the ratification of the St. Lawrence Treaty, as you will note from copy of letter which this committee addressed to the President of the United States under date of April 29, 1933, and copy of statement submitted on November 17, 1932, by Mr. Philip H. Gadsden on behalf of the committee before the Senate Committee on Foreign Relations.

We feel sure that you will support our position when this treaty comes before the United States Senate for ratification.

Sincerely yours,

GEORGE W. ELLIOTT,
General Secretary.

APRIL 29, 1933.

The PRESIDENT, *Washington, D.C.*

SIR: I have the honor to direct your attention to the opposition of the organizations represented upon this committee to the Great Lakes-St. Lawrence Deep Waterway Treaty between the United States and Canada, signed in Washington last summer, which has been favorably reported by the Committee on Foreign Relations and is now before the Senate for ratification.

Because of the insistent demand all over the country for economy in government and the lowering of taxes, whatever may be considered to be the merits of this project, which involves appropriations consisting of hundreds of millions of dollars, we do not feel it is an economic necessity, particularly at this time.

The position of these organizations in this matter and their reason for opposing the treaty were presented by me at a hearing before a subcommittee of the Committee on Foreign Relations of the Senate last November. A copy of the statement is enclosed herewith.

We feel that it would not be in accord with the policies of your administration should the Senate at this time ratify said treaty and thereby add to the financial burden of our Government.

We urge that you prevail upon the Senate to defer consideration of this treaty until a time when the financial condition of the Federal Government, and economic conditions generally, may justify the expenditure of such an enormous amount of money as would be involved in this project.

Respectfully yours,

JOINT EXECUTIVE TRANSPORTATION COMMITTEE
OF PHILADELPHIA COMMERCIAL ORGANIZATIONS,
PHILIP GADSDEN, *Chairman.*

STATEMENT SUBMITTED NOVEMBER 17, 1932, ON BEHALF OF THE JOINT EXECUTIVE TRANSPORTATION COMMITTEE OF PHILADELPHIA COMMERCIAL ORGANIZATIONS BEFORE THE SENATE COMMITTEE ON FOREIGN RELATIONS IN OPPOSITION TO RATIFICATION OF THE AMERICAN-CANADIAN TREATY PROVIDING FOR THE CONSTRUCTION OF THE GREAT LAKES-ST. LAWRENCE DEEP SEA WATERWAY

My name is Philip H. Gadsden. I am president of the Philadelphia Chamber of Commerce and chairman of the Joint Executive Transportation Committee of Philadelphia Commercial Organizations.

The Joint Executive Transportation Committee of Philadelphia Commercial Organizations has given serious study and careful consideration to the Great Lakes-St. Lawrence Waterway Treaty, signed on July 18, 1932, by the Secretary of State of the United States and the Minister for Canada in the United States.

This committee is comprised of the executive heads of the Commercial Exchange of Philadelphia, Commercial Traffic Managers of Philadelphia, Lumbermen's Exchange of the City of Philadelphia, Northeast Philadelphia Chamber of Commerce, Philadelphia Board of Trade, Philadelphia Bourse, Philadelphia Chamber of Commerce, Philadelphia Maritime Exchange, Philadelphia Real Estate Board, and the Port of Philadelphia Ocean Traffic Bureau. The organizations represented upon the committee are corporations or unincorporated associations consisting of persons, firms, and

corporations engaged in various businesses in and near Philadelphia, and having for their objects the promotion of the interests of said businesses and of the city and port and commercial community of Philadelphia.

Based upon the aforesaid study and consideration of this project, this committee has adopted the following conclusions as supporting their views:

1. The treaty indicates, among other things, that the construction of a deep waterway, not less than 27 feet in depth, for navigation from the interior of the continent of North America through the Great Lakes and the St. Lawrence River to the sea, with the development of the water power incidental thereto, would result in marked and enduring benefits to the agricultural, manufacturing, and commercial interests of both countries based upon the consideration that the project has been studied and found feasible by the International Joint Commission, the joint board of engineers, and by national advisory boards.

In an undertaking of this character we meet the possibility that government interference with the direction of industry may affect differently the people of different sections, benefiting some at the expense of others. It is obviously only that part of our population living in the territory tributary to this waterway which has much to gain from subsidized development of this transportation artery. Those living in the far interior will, in any event, have to rely mainly on other means of transportation.

The estimated costs of the development, according to the various competent authorities, varies from one half to one billion dollars, and we submit that there appears no accruing benefit to the American people corresponding to the burden of debt and taxation resulting from the proposed project. Many of the estimates fail to include the supplementary costs of the Great Lakes channels, outer and inner harbor deepening, construction of new docks, and installation of harbor equipment, which will undoubtedly greatly enhance the published estimates. And there is insufficient consideration given to the carrying and operating charges, and to the loss in taxes through transfer of wealth from taxable to nontaxable forms. The increased taxation resulting from this project to the common taxpayer would not be warranted by the tonnage of freight carried if this project develops as have other public waterways.

In arriving at the actual cost of water transportation to the shipper and the actual saving in cost to the consumer, the taxes which go to the construction and maintenance of the waterway must be considered. The public is now greatly overburdened with taxation and faced by the necessity of fighting the forces of economic prostration which have rocked the very foundation of the world.

2. As to the economic practicability of the waterway, the International Joint Commission in its report submitted on the 19th day of December 1921, found that without considering the probability of new traffic created by the opening of a water route to the seaboard, there existed at that time, between the region economically tributary to the Great Lakes and overseas points, as well as between the same region and the Atlantic and Pacific seaboards, a volume of outbound and inbound trade that might reasonably be expected to seek this route sufficient to justify the expense involved in its improvement.

It should be pointed out that the waterway is not open for navigation throughout the year. Although the open season for the St. Lawrence waterway would probably coincide with the season of heaviest grain movement, other facilities are needed for the movement of winter grain and other merchandise during that part of the year in which the projected waterway could not be used. Of necessity, therefore, the present facilities would have to be maintained at the same high standard of efficiency for use during the waterway's closed winter season as they would need to be in the absence of such a waterway. At the same time, such a seaway as the St. Lawrence would, by virtue of its assumed lower rates, draw traffic from the established rail carriers and interior waterway carriers, thus affecting their efficiency and cost of operation if forced to compete with the purely seasonal utility as projected.

Without considering the capital investment in interior waterways, we are still concerned by the fact that the total property investment accounts of the class I railways of the United States, including their investment in road and equipment, cash and material, and supplies amounted to more than $26,000,000,000 at the end of 1930, and a substantial portion of this private capital investment would be placed in serious jeopardy by the fulfillment of this project.

We would note that in the recently revised publication on the Port of Philadelphia, as prepared by the Board of Engineers for Rivers and Harbors, War Department, in cooperation with the Bureau of Operations, United States Shipping Board, the percentage of the annual foreign commerce of the Port of Philadelphia in the 10-year period 1921–30, as expressed in short tons, shows the movement of grain and flour as comprising 31 percent of this traffic. The wheat production in other parts of the world has so reduced traffic at Atlantic seaports in this commodity that it would not provide the St. Lawrence waterway with the volume of traffic in wheat to justify estimates in support of that project. This, by comparison with the probable increases in the export of Canadian wheat due to Empire arrangements and the opening of new farming areas, would benefit Canada far more than any commercial factors in the United States. The Great Lakes-St. Lawrence waterway project would, therefore, endanger the large investments and facilities at the Port of Philadelphia, which were created for the purpose of handling such overseas traffic.

The alleged savings in freight rates are based on antiquated premises; and if artificially low rates are to be established, the balance of the estimated cost must come from the taxpayers. The contemplated project would further deplete the earnings of the already established transportation facilities and create additional competition to the already established governmental waterways in the Mississippi Valley, aside from its adverse effects upon the ports along the Atlantic seaboard. It is doubtful that producers would receive any benefit from artificially low freight rates, but rather the American taxpayer would be paying for facilities which would provide foreign consumers with cheaper products. The commodities originating in the Great Lakes area would be sold in a buyers' market where the benefit of such reduced rates, if indeed there should be any, would probably be absorbed by the purchasers.

3. The International Joint Commission in 1921 found that the then existing means of transportation between the tributary area in the United States and the seaboard were altogether inadequate, and that the railroads had not kept pace with the needs of the country.

In considering the sufficiency of the existing transportation plant, we need only observe the growing surplus of carrying equipment.

The maximum and minimum surplus of freight cars for 8 consecutive years is significant.

Year	Maximum	Percent of total ownership	Average carrying capacity	Minimum	Percent of total ownership	Average carrying capacity
	Cars		*Tons*	*Cars*		*Tons*
1923	312,338	13.57	13,542,976	11,062	0.48	479,648
1924	362,961	15.53	15,046,506	94,153	4.03	4,162,504
1925	344,959	14.59	15,402,768	103,969	4.39	4,645,335
1926	310,155	13.20	14,003,498	79,016	3.36	3,567,572
1927	464,005	19.94	21,135,428	135,059	5.80	6,151,937
1928	461,669	20.11	21,144,440	85,825	3.74	3,930,785
1929	447,141	19.73	20,617,672	107,301	4.73	4,947,649
1930	706,538	31.06	32,917,005	373,825	16.43	17,416,507

It is apparent from the foregoing that the present rail transport facilities are completely adequate for the Nation's needs for many years to come. The further development of our present facilities is of far more importance than the establishment of the international waterway project, requiring a vast expenditure in public funds and threatening the stability of the already established facilities.

4. While the International Joint Commission was conscious of the fact war conditions had something to do with the dislocation of railway traffic on the United States side of the boundary and that various other factors should be taken into account, such as the congestion of traffic at certain critical points between the West and the Atlantic seaboard, commonly referred to as "bottle necks", and the abnormal demand for cars at certain times of the year to carry this peak load of the harvest, it was convinced that the fundamental difficulty lay rather in the phenomenal growth of population and industry throughout the Western and Middle Western States, a growth which the railroads had failed to keep pace with.

In this connection it is of interest to note that the class I railways of the United States have made gross expenditures of more than $7,000,000,000 in enlarging and improving their properties during the last 9 years. These expenditures were made by the roads to increase the efficiency and economy of their operations.

While we have previously shown that an enormous surplus of equipment indicates the sufficiency of our present transportation plant, it is true that car shortages and car surpluses can both exist at the same time due to abnormal demand in one section of the country when there may be a surplus of equipment in another section, but such conditions have gradually been eliminated by the voluntary cooperation of shippers and receivers of freight. The following table of average daily car shortages for the 8 consecutive years alluded to are illustrative of the degree of improvement in this condition which has been manifested:

	Cars
1923	29,216
1924	1,047
1925	443
1926	286
1927	169
1928	42
1929	64
1930	None

5. The solution of the problem, in the opinion of the International Joint Commission, lay in the utilization of every practicable means of communication, together with the development of such a system of cooperation between railways and waterways as would at one and the same time bring the load the railways have to carry within practicable limits, and give the West an additional route for its foreign and coastwise trade. Experience has demonstrated not only the tremendous importance of water communication to the foreign commerce of any country, but also the manifest advantages of linking up rail and water routes. An example on this continent of the effective coordination of rail and water services is found in the Canadian Pacific Railway, which, in conjunction with its rail system extending from ocean to ocean, maintains lines of steamers, not only on the Atlantic and

Pacific, but also on the Great Lakes and inland waters of British Columbia.

The fact is that no matter how apparent may be the advantages of coordination of various forms of transportation, Congress has decreed in existing laws that linking of rail and water lines under one ownership directly or indirectly is not in the public interest where the services of one compete with the other and such ownership is thereby declared unlawful (sec. 5, par. 9, Interstate Commerce Act; U.S. Code, title 49, sec. 1; 37 Stat.L., 566).

6. In agreeing to the treaty negotiated on July 18, 1932, the President of the United States in a press release stated that "the waterway will probably require 10 years for completion, during which normal growth of traffic in the Nation will far more than compensate for any diversions from American railways and other American port facilities."

Actual figures covering the 10-year period 1923 to 1931, inclusive, do not bear out the assumption that normal growth of freight traffic will compensate for diversion from existing transportation facilities.

Total revenue tons originated by the class I railways of the United States during such 10-year period are as follows:

	Tons
1922	1,023,745,007
1923	1,279,030,222
1924	1,187,295,744
1925	1,247,241,615
1926	1,336,142,323
1927	1,281,611,186
1928	1,285,942,976
1929	1,339,091,007
1930	1,153,196,636
1931	894,185,637

It should be observed that there was no constant growth of freight traffic and at the expiration of the decade cited there actually existed a decrease of 129,559,370 tons for the last calendar year, as compared with 1922.

Having followed attentively the progressive developments preliminary to the signing of the Great Lakes-St. Lawrence Waterway Treaty, now pending ratification by the Senate of the United States, and which proposes plans and regulations incident to the Great Lakes-St. Lawrence deeper waterway, the Joint Executive Transportation Committee of Philadelphia Commercial Organizations expresses the conviction that such a project would, on the contrary, represent an exorbitant charge upon the United States Treasury and that such benefits as may accrue will be enjoyed in far greater measure by Canada and by private power-development enterprise situated on Canadian soil.

This conclusion is based upon a study of the records incident to this project continued through a long period of years and embracing investigations and conclusions submitted by engineering experts. These studies refer to this treaty and a 141-mile canalization project contemplated between Tibbetts Point (at the outlet of Lake Ontario) and Montreal, at an estimated cost, including the Welland Canal, of $543,000,000, and probably much more before its completion. Of this half billion dollars, the treaty would require that $258,000,000, at least, would be contributed by the United States Treasury for the construction of the canals, reservoirs, and other improvements incident thereto, as well as the development of hydroelectric power facilities, the greater part of which improvements will be made on Canadian soil. Fifty-five million dollars of United States Treasury money is required, under the treaty terms, to be expended for the exclusive benefit of Canadian labor and industry, with no compensatory allowances by Canada to the citizens of the United States on this account other than the use of the canal, which use, it is stated, would be barred in the event of war.

Canada, on the other hand, is credited with the money already spent in the modernization of the Welland Canal, which comprises 25 miles of this Great Lakes waterways system and will be required accordingly to provide $142,000,000 more in cash. The Welland Canal cost $128,000,000.

The proffered advantages as they concern navigation will not prove profitable. The proposal by this plant to induce cheaper export and import freight rates in the Great Lakes-trans-Atlantic trade will prove economically impracticable in the absence of a satisfactory combination lake and deep sea trans-Atlantic cargo carrier, capable as a type of effecting the market cost reduction desired in such water-borne commerce.

It is obvious that before such economies in maritime commerce can be demonstrated a complete revolution must take place in the methods and facilities of freight handling at the ports of the Great Lakes. Such a revolutionary process must result in the shifting of present traffic lanes to new routes and channels of trade entailing, as such charge invariably does, severe losses to those interests unfavorably situated.

We are not unmindful in this connection, that while Buffalo and other important ports in the United States bordering on the Great Lakes will be damaged, the railroads in eastern trunk line territory reflecting upward of $10,000,000,000 of privately invested capital now largely dependent upon the successful maintenance of present traffic relationships, will also suffer probably disastrous reverses in the processes of this change now contemplated.

The proposed sacrifice of the United States taxpayers' money, as well as the menace also involved to invested capital, is invited that something less than 5 percent of the current traffic on the Great Lakes may be promised cheaper freight rates on its way to market.

Traffic on the Great Lakes moves only 7 months of the year. The Lake straits and canals for that period are open to navigation. In the recent post-war period the peak-year movement of Great Lakes freight traffic aggregated 100,000,000 tons. Of this, 60,000,000 tons represented the movement of iron ore from Duluth to the blast furnaces of Great Lake ports. Another 30,000,000 tons represented the return movement of anthracite and bituminous coal, originating in Pennsylvania mines, destined for the West and Northwest. The iron ore from Duluth and the return cargoes of anthracite and bituminous coal are not at all concerned with cheaper water-borne transportation to the open sea and European markets, but will be forced to compete with imported products by reason of development of this project.

The remaining 10,000,000 tons consisted of grain, flour, lumber, pig iron, etc. The grain, representing less than 5 percent of the annual Great Lakes movement of freight, is the element which the Great Lakes waterway project proposes to accommodate primarily by according it lower freight rates to continental European markets, although the statistics show that even of this the greater proportion was withheld from export and absorbed by the densely populated areas to the east of Buffalo.

Official reports indicate a decreasing production of western wheat for export and a continually expanding volume of cheaper Argentine wheat in world markets. However, certain experts, testifying in the Great Lakes-St. Lawrence Commission hearings, assumed this western wheat export movement might be increased to 200,000,000 bushels annually.

Four days are required by Lake cargo carriers to traverse the 980 miles from Duluth to Buffalo. Five days additional, testimony of record indicates, will be necessary to navigate the tortuous channels and canals from Buffalo to Montreal, which is 42 miles from tidewater. The average speed in the open Lakes is 10 miles per hour, which speed is reduced to 5 miles per hour in negotiating the Lakes, canals, and locks between Buffalo and Montreal, a distance of 283 miles.

The Great Lakes-St. Lawrence waterway project has been presented to the Middle West grain-producing States as assuring a saving of 5 to 10 cents per bushel in transportation costs.

It is contended that this supposed saving will inure to the grain farmer by closing to that extent the spread between the European price level and the interior American market-price level.

During the 1932 season of navigation on the Great Lakes the average all-water through rate from Duluth to Montreal has been less than 7 cents per bushel. This lake traffic is handled by a type of boat of far less costly construction than ocean vessels of corresponding capacity. Designed for quick loading and rapid discharge, this structural feature would in no sense be practicable for ocean carriers. It is not reasonable to assume that anything like the alleged saving in the cost of transportation would result from the completion of the St. Lawrence waterway. It seems quite unlikely that more costly vessels, necessarily manned by larger crews, could haul the same tonnage from lake ports to European markets via Montreal on a basis less expensive than the rates recently obtaining and which obviously do not leave a margin either of 5 or 10 cents per bushel to be saved.

The average lake freighter presents a type of vessel peculiar to that trade, one which is entirely incapable of making a trans-Atlantic voyage, and consequently the insurance companies will not write such risks. Where the lake freighter houses its crew in the bow of the boat and its motive power in the stern, allowing amidships for 38 or 40 hatches (9 by 12 each), the ocean carrier is designed on exactly the reverse lines. The latter's boilers and machinery are housed amidship and quarters also are provided there for officers. The crew is housed in the bow below decks with hatches forward and aft, while booms and masts are arranged to work these hatches conveniently.

The lake freighter average 8,000 tons capacity. Designed with a flat bottom, it affords maximum loading capacity at a minimum draft and thus may safely navigate the lake harbors, which average 21 feet depth of water. On the other hand, the deep-sea carrier, of entirely different design and of the same average capacity, must sacrifice 25 percent of its potential cargo that its draft may not exceed the depth of lake harbors and canals.

The average lake freighter in the trade must depend upon extra earnings to provide and maintain dividend payments upon its invested capital. The investment represented in the respective types of vessel, according to testimony of record, would suggest a much greater cost for the ocean carrier as against the lake freighter.

The difficulty of harmonizing the two types of service in a satisfactorily operating Great Lakes-trans-Atlantic carrier is further emphasized in the freight rates obtained in their respective trades. For instance, according to statements of record, on the return trip in the Lakes, Duluth to Buffalo, vessels were getting $1.10 per ton on iron ore for the 980-mile haul, while at the same time coal, Buffalo to Duluth, moved on a 50 cents per ton rate. On coal, when the testimony was presented, the ocean freighter got $2.60 a ton on the 600-mile haul from Newport News to Boston. If the same vessel, it was indicated, contracted for delivery in the Lakes, it would necessarily operate 25-percent light because of the limited depths of water in lake harbors, which would consequently impair its earning power.

Significance attaches to the report filed December 27, 1926, with the Honorable Calvin Coolidge, then President of the United States, by Hon. Herbert Hoover, then Secretary of Commerce, in his individual capacity as chairman of the United States-St. Lawrence Commission. This report admitted:

"Of first importance is the fact that the total estimated tonnage available today for this waterway amounts to 4 percent of

the present tonnage carried by the American railway systems which now connect the Lakes with the seaboard. It comprises less than 12 percent of the sea shipments now moving through the affected American seaports. It should be understood that tidewater is reached at Montreal and that Montreal is 350 miles upstream from Farther Point, where the river enters the Gulf of St. Lawrence."

The same Commission apparently accepted as authoritative the statement estimating the volume of commerce then current (1926) on the Great Lakes at 100,000,000 tons annually. Further, it was indicated that the St. Lawrence canals in 1926 handled a commerce aggregating 6,206,988 tons.

This Commission also indicated the proposed navigation and power development in the international section of this waterway would cost $159,000,000 and would generate a total of 1,850,000 horsepower of hydroelectric energy. Other engineering estimates indicate 4,400,000 horsepower may be generated from the St. Lawrence River, and of this total 2,250,000 horsepower would represent the potential energy available under hydroelectric development within the international section.

We present, after having considered voluminous minor details, only the more salient features of the project and the problems involved. We urge that the capital required for this project should not, as an economic principle in good government, be supplied by the United States Treasury from tax revenues derived in part by imposts placed by Congress upon commercial and industrial interests, naturally in competition with those enterprises peculiarly advantaged by such a development program as that proposed.

This committee is of the conviction that under the said treaty powers a revised transportation system is to be imposed on commerce in the Great Lakes region, the cost of which to the United States is to be assumed by the United States Treasury, which system, if successful in operation, must divert the present flow of rail and lake traffic within that region to routes and channels other than those now used and maintained at the expense of private capital.

If the present traffic movement is to be so revolutionized, entire industrial and commercial communities, now largely dependent upon this traffic for their prosperity, must suffer severe if not disastrous shrinkage in their normal volume of commerce and revenue, while methods of freight handling will be materially altered, and many such communities will find themselves bereft of all opportunity to engage in profitable trades.

If we hope to balance the national Budget, if we expect to reduce the burden of national taxation, we must set our faces firmly against committing the Government to any new undertakings, whatever their merit, which involves appropriations like the one under consideration of hundreds of millions of dollars.

There is an insistent demand all over the country for economy in government and the lowering of taxes. What is the use of cutting salaries and wages and dispensing with bureaus and other activities of the Government if at the same time we commit ourselves to a new and experimental undertaking not necessary or essential to the Nation's welfare which will probably involve an expenditure exceeding the savings which have with great difficulty been worked out? There is only one way to reduce taxes and cut down the expense of government, and that is to curtail public expenditures.

The eastern trunk line railroads, serving the North Atlantic ports, represent an investment on the part of the people of the United States of over $10,000,000,000. Their financial condition at this time is admittedly critical. Is this the time to subsidize a new water route which, if successful, will divert a substantial part of their traffic and inflict loss upon their stockholders, who in large measure will be required to contribute by way of Federal taxes for construction of the project designed to decrease the earning power of their properties?

In place of subsidizing new transportation facilities to compete with our existing transportation system we should give earnest consideration to the conservation of existing values and to utilizing our present transportation facilities as fully as possible so as to increase efficiency, improve their credit, enlarge their purchasing power, and multiply the number of employees.

Therefore this committee emphatically opposes ratification of the compact, titled "the Great Lakes-St. Lawrence Deep Waterway Treaty."

PUBLIC WORKS AND CIVIL WORKS ADMINISTRATION APPROPRIATIONS

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the RECORD data giving the allotment by States of the Federal and non-Federal projects that have been approved out of the $3,300,000,000 appropriation provided by the National Industrial Recovery Act. This matter contains the allocation by States; it also contains the population by States, and likewise contains the amount of taxes paid by States. I ask that the data be printed in the CONGRESSIONAL RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Senator ELMER THOMAS.

DEAR SENATOR: In compliance with your request, I hand you herewith data compiled showing the amount of taxes collected by the Federal Government from the State of Oklahoma for 1933, also amount of money allocated to the State from the $3,300,000,000 for public works as provided by the National Industrial Recovery Act, which data is supported by the following tables hereto attached.

Table no. 1 shows the population of each State in the Union, which is taken from the 1930 census.

Table no. 2, which is from the records of the Internal Revenue Department, reveal that Oklahoma was in the fifteenth place in the amount of Federal taxes collected by that Department for the year 1933.

Table no. 3 is an itemized statement of amounts allocated to the various States by the Public Works Administration from the $3,300,000,000 appropriation, which was received through the Agriculture and other departments receiving allotments from this fund.

Table no. 4, which is from the records of the Public Works Administration, reveal that Oklahoma is in thirty-fourth place in amount received from the $3,300,000,000 provided by the National Industrial Recovery Act.

Total amount allocated to Oklahoma by Public Works Administration has shown in table no. 4 $18,891,514 for both Federal and non-Federal projects. This sum includes highway funds which were allocated to the State by the provisions of the National Industrial Recovery Act in the sum of $9,216,798; also $4,500,000 for improvements at Fort Sill by the War Department.

The above sum does not include the amount received by Oklahoma from Civil Works Administration. However, the Civil Works Administration allotment will not change the ratio of the State as all funds from Civil Works Administration were allocated to respective States in the same ratio.

Amount received by Oklahoma from Public Works Administration, as shown in—	
Table no. 3	$1,899,995
Table no. 4	18,891,514
Total amount received, exclusive of Civil Works Administration	20,791,509

Oklahoma has 2 percent of the population of the United States. Therefore, if appropriations had been made based upon population, Oklahoma would have received $66,000,000 of the $3,300,000,000 provided by the National Industrial Recovery Act.

If the appropriation had been allocated to the States based upon the amount of revenue collected by the Internal Revenue Department, Oklahoma should be in fifteenth place instead of thirty-fifth in the amount of money received.

Respectfully submitted this 14th day of February 1934.

R. A. SINGLETARY.

TABLE NO. 1.—*Population of the United States, Apr. 1, 1930*

State:	
Alabama	2,646,248
Arizona	435,573
Arkansas	1,854,482
California	5,677,251
Colorado	1,035,791
Connecticut	1,606,903
Delaware	238,380
District of Columbia	486,869
Florida	1,468,211
Georgia	2,908,506
Idaho	445,032
Illinois	7,630,654
Indiana	3,238,503
Iowa	2,470,939
Kansas	1,880,999
Kentucky	2,614,589
Louisiana	2,101,593
Maine	797,423
Maryland	1,631,526
Massachusetts	4,249,614
Michigan	4,842,325
Minnesota	2,563,953
Mississippi	2,009,821
Missouri	3,629,367
Montana	537,606
Nebraska	1,377,963
Nevada	91,058
New Hampshire	465,293
New Jersey	4,041,334
New Mexico	423,317
New York	12,588,066
North Carolina	3,170,276
North Dakota	680,845
Ohio	6,646,697
Oklahoma	2,028,283
Oregon	953,786
Pennsylvania	9,631,350
Rhode Island	687,497
South Carolina	1,738,765
South Dakota	692,849
Tennessee	2,616,556
Texas	5,824,715
Utah	507,847
Vermont	359,611
Virginia	2,421,851
Washington	1,563,396
West Virginia	1,729,205
Wisconsin	2,939,006
Wyoming	225,565
Total, United States	122,775,046

TABLE No. 2.—*Comparative statement of internal-revenue collections during the calendar years 1932 and 1933, by collection districts and States*

District and State	Corporation		Individual		Total income tax		Miscellaneous internal revenue		Agricultural adjustment taxes	Total (all sources)	
	1932	1933	1932	1933	1932	1933	1932	1933	1933	1932	1933
Alabama	$721,383.11	$598,279.05	$887,467.84	$1,035,843.32	$1,608,850.95	$1,634,122.37	$1,021,467.63	$1,905,244.22	$3,331,551.70	$,630,318.58	$6,870,918.29
Arizona	252,323.37	161,002.61	393,375.95	323,330.88	645,699.32	484,333.49	158,897.64	473,555.11	120,295.04	804,596.96	1,078,183.64
Arkansas	600,477.72	300,625.61	207,329.32	265,648.80	807,807.04	566,274.41	481,885.99	1,194,038.38	401,457.28	1,289,693.03	2,161,770.07
First California	15,158,728.22	13,259,876.72	8,415,473.18	10,416,893.06	23,574,201.40	23,676,769.78	17,299,189.83	38,126,102.33	2,901,329.95	40,873,391.23	64,704,202.03
Sixth California	10,509,477.98	13,609,506.88	14,585,297.45	19,517,828.23	25,094,775.43	33,127,335.11	9,993,980.41	27,131,398.28	1,417,397.10	35,088,755.84	61,676,130.49
Total, State of California	25,668,206.20	26,869,383.60	23,000,770.63	29,934,721.29	48,668,976.83	56,804,104.89	27,293,170.24	65,257,500.61	4,318,727.05	75,962,147.07	126,380,332.55
Colorado	2,259,277.99	2,002,102.90	1,575,042.06	2,004,654.25	3,834,330.05	4,006,757.15	939,811.04	3,771,493.46	1,737,709.62	4,774,131.09	9,015,960.23
Connecticut	7,488,554.19	5,625,921.28	7,143,698.18	8,738,103.99	14,632,252.37	14,364,025.27	2,253,984.76	8,707,047.83	1,125,853.61	16,886,237.13	24,196,726.71
Delaware	8,908,250.98	5,856,964.52	2,545,169.19	5,388,597.23	11,453,420.12	11,245,561.75	669,943.88	3,391,352.09	217,566.19	12,123,364.00	14,854,480.03
Florida	1,276,730.76	1,027,561.94	3,221,559.45	2,886,210.24	4,498,290.21	3,913,772.18	3,033,088.79	5,640,034.24	293,233.42	7,531,379.00	9,847,039.84
Georgia	2,125,766.06	1,734,712.59	1,410,542.66	1,883,607.81	3,536,308.72	3,618,320.40	1,335,276.21	4,777,645.42	7,304,670.00	4,871,584.93	15,700,635.82
Hawaii	1,962,410.91	1,193,571.26	875,535.53	1,210,342.88	2,837,946.44	2,403,914.14	215,361.02	1,480,665.64	162,054.17	3,053,307.46	4,046,633.95
Idaho	380,050.38	197,532.70	80,080.48	115,849.56	460,130.86	313,382.26	116,169.74	417,062.20	173,693.83	576,300.60	904,138.29
First Illinois	33,615,952.93	24,610,634.16	26,270,374.91	25,358,518.87	59,886,327.84	49,969,153.03	28,588,683.83	68,459,478.65	7,715,814.07	88,455,011.67	126,144,445.75
Eighth Illinois	1,506,408.89	902,164.50	1,380,278.37	1,267,425.01	2,886,687.26	2,169,589.51	2,186,274.69	7,500,236.92	1,164,322.57	5,072,961.95	10,834,149.00
Total, State of Illinois	35,122,361.82	25,512,798.66	27,650,653.28	26,625,943.88	62,773,015.10	52,138,742.54	30,784,958.52	75,959,715.57	8,880,136.64	93,527,973.62	136,978,594.75
Indiana	5,976,475.63	3,389,243.25	3,087,689.65	4,173,078.77	9,064,165.28	7,562,322.02	3,009,307.36	10,942,635.54	1,975,656.70	12,073,472.64	20,480,614.35
Iowa	3,055,028.41	1,850,033.56	1,688,692.04	1,913,939.07	4,743,720.45	3,763,972.63	1,159,971.27	3,264,748.91	1,250,430.10	5,903,691.72	8,279,151.64
Kansas	3,660,133.09	2,076,407.97	1,368,366.57	1,355,170.00	5,028,499.66	3,431,577.97	2,442,605.87	6,871,084.77	4,376,906.42	7,471,105.53	14,679,569.16
Kentucky	2,461,972.91	2,630,562.93	1,587,770.95	1,891,971.79	4,049,743.86	4,522,534.72	41,620,344.53	43,585,045.98	1,490,205.17	45,670,088.39	49,597,785.87
Louisiana	2,989,464.94	2,433,236.53	1,196,959.77	1,686,921.18	4,186,424.71	4,120,157.71	3,127,213.07	8,558,217.49	799,225.97	7,313,637.78	13,477,601.17
Maine	1,509,588.85	1,288,334.96	1,611,077.04	1,662,241.17	3,120,665.89	2,950,576.13	382,297.43	1,483,492.80	1,043,978.12	3,502,963.32	5,478,047.05
Maryland (includes District of Columbia)	12,786,402.16	11,217,549.47	11,091,081.83	13,836,494.44	23,877,483.99	25,054,043.91	4,010,359.90	12,559,493.06	1,785,435.64	27,887,843.89	39,398,972.61
Massachusetts	19,819,898.03	15,826,688.21	15,389,927.97	17,799,461.66	35,209,826.00	33,626,149.87	8,500,311.00	27,137,454.49	10,414,268.39	43,710,137.00	71,177,872.75
Michigan	31,020,451.75	9,846,420.83	12,827,099.41	9,364,732.96	43,847,551.16	19,211,153.79	11,823,854.63	47,233,938.83	2,045,255.95	55,671,405.79	68,490,348.57
Minnesota	7,735,692.07	5,023,089.38	3,278,579.31	3,967,002.56	11,014,271.38	8,990,091.94	2,375,133.68	11,073,103.78	9,411,745.79	13,389,405.06	29,474,941.51
Mississippi	348,878.79	275,457.83	173,318.06	161,199.68	522,196.85	436,657.51	227,444.16	688,256.28	427,758.65	749,641.01	1,552,672.44
First Missouri	9,477,373.65	9,189,692.89	4,615,801.00	5,873,871.35	14,093,174.65	15,063,564.24	11,895,700.28	26,801,397.81	3,341,083.61	25,988,874.93	45,206,045.66
Sixth Missouri	3,217,513.58	2,729,444.56	1,876,481.32	2,472,706.92	5,093,994.90	5,202,151.48	1,285,554.74	4,665,582.75	3,345,995.54	6,379,549.64	13,213,729.77
Total, State of Missouri	12,694,887.23	11,919,137.45	6,492,282.32	8,346,578.27	19,187,169.55	20,265,715.72	13,181,255.02	31,466,980.56	6,687,079.15	32,368,424.57	58,419,775.13
Montana	265,668.85	151,909.32	292,617.59	497,267.57	558,286.44	649,176.89	251,375.89	1,126,588.33	641,974.56	809,662.33	2,417,739.78
Nebraska	1,405,651.56	1,215,564.38	902,098.98	1,063,928.90	2,307,750.54	2,279,493.28	770,792.89	2,477,274.98	1,391,476.33	3,078,543.43	6,148,244.59
Nevada	1,192,978.15	1,071,003.44	394,589.88	305,904.01	1,587,568.03	1,376,907.45	69,798.70	401,402.23	103,875.97	1,657,366.73	1,882,185.65
New Hampshire	449,464.09	315,605.65	656,249.15	817,348.42	1,105,713.24	1,132,954.07	393,330.24	1,203,581.50	863,548.47	1,499,043.48	3,200,084.04
First New Jersey	2,306,056.14	1,936,953.27	2,724,914.76	3,672,288.34	5,030,970.90	5,609,241.61	2,447,656.15	4,703,052.96	492,481.77	7,478,627.05	10,804,776.34
Fifth New Jersey	17,262,256.64	13,857,306.53	13,327,382.78	19,390,628.32	30,589,639.42	33,247,934.85	22,433,657.59	43,760,980.17	1,363,750.20	53,023,297.01	78,372,665.22
Total, State of New Jersey	19,568,312.78	15,794,259.80	16,052,297.54	23,062,916.66	35,620,610.32	38,857,176.46	24,881,313.74	48,464,033.13	1,856,231.97	60,501,924.06	89,177,441.56
New Mexico	98,241.05	66,936.51	162,313.09	199,313.40	260,554.14	266,249.91	110,421.52	362,868.10	97,116.95	370,975.66	726,234.96
First New York	8,738,918.11	5,688,703.53	9,703,940.22	11,344,311.08	18,442,858.33	17,033,014.61	5,443,841.84	22,547,263.04	683,222.01	23,886,700.17	40,263,499.66
Second New York	81,805,220.99	60,561,666.89	52,048,248.27	58,990,534.97	133,853,469.26	119,557,201.86	49,974,189.85	121,943,827.05	7,390,173.55	183,827,659.11	248,880,902.46
Third New York	43,977,997.49	30,930,251.91	29,033,115.30	35,854,851.58	73,011,112.79	66,785,103.49	19,115,618.55	53,553,415.38	6,584,662.86	92,126,731.34	127,023,181.73
Fourteenth New York	2,759,234.36	2,600,410.17	7,130,388.95	9,464,709.16	9,919,623.31	12,065,119.33	3,258,571.39	10,131,242.06	928,383.60	13,178,194.70	23,124,744.99
Twenty-first New York	2,028,556.63	1,258,106.82	1,987,730.42	2,319,085.21	4,016,287.05	3,577,192.03	1,264,237.51	4,993,768.23	1,108,720.68	5,280,524.56	9,679,680.94
Twenty-eighth New York	6,627,201.79	5,037,542.49	5,722,816.09	6,214,050.34	12,350,017.88	11,251,592.83	2,447,195.95	10,800,136.06	2,684,337.51	14,797,213.83	24,735,066.40
Total, State of New York	145,967,129.37	105,076,681.81	105,626,239.25	124,192,542.34	251,593,368.62	230,269,224.15	82,503,655.09	224,069,351.82	19,369,500.21	333,097,023.71	473,708,076.13
North Carolina	8,986,769.66	9,541,757.65	2,363,676.58	4,302,601.99	11,350,446.24	13,844,359.64	194,371,012.30	212,397,990.79	12,194,176.12	205,721,458.54	238,436,526.55
North Dakota	107,797.31	129,304.41	63,640.63	128,107.87	171,437.94	257,412.28	125,593.43	355,368.24	590,813.87	297,031.37	1,203,594.39
First Ohio	6,557,376.59	5,043,414.67	3,687,810.00	4,552,462.40	10,245,186.59	9,595,877.07	11,282,006.21	19,924,537.32	1,104,981.16	21,527,192.80	30,625,395.75
Tenth Ohio	2,036,615.55	1,642,664.85	1,382,342.22	1,066,318.09	3,418,957.77	2,708,982.94	3,476,885.66	7,212,535.43	1,248,270.08	6,895,843.43	11,169,788.45
Eleventh Ohio	1,784,710.85	1,075,356.04	970,075.71	1,342,072.51	2,754,786.56	2,417,428.55	950,429.64	3,123,184.59	464,558.07	3,705,216.20	6,005,171.21
Eighteenth Ohio	10,717,070.42	9,002,140.69	6,476,479.03	7,335,456.36	17,193,549.45	16,335,597.05	9,310,599.80	31,893,971.61	2,153,587.62	26,504,149.31	50,385,156.28
Total, State of Ohio	21,095,773.41	16,763,576.25	12,516,706.96	14,294,309.36	33,612,480.37	31,057,885.61	25,019,921.37	62,156,229.15	4,971,396.93	58,632,401.74	98,185,511.69
Oklahoma	[1] 3,424,953.61	[2] 2,986,529.28	[3] 1,645,374.98	[4] 1,881,547.00	[5] 5,070,328.59	[6] 4,868,076.28	[7] 9,038,749.52	[8] 31,134,159.21	[9] 1,420,681.98	[10] 14,109,078.11	[11] 37,422,917.47
Oregon	1,095,043.65	543,473.38	731,352.96	811,159.80	1,826,396.61	1,354,633.18	563,739.35	2,161,485.39	1,140,318.58	2,390,135.96	4,056,437.15

First Pennsylvania	$24,982,996.34	$21,867,193.09	$16,455,381.65	$20,833,252.35	$41,438,377.99	$42,700,445.44	$15,657,678.62	$46,304,199.34	$3,516,725.19	$57,096,053.61	$92,521,369.97
Twelfth Pennsylvania	2,356,360.10	2,236,016.62	2,274,045.58	2,434,183.58	4,630,405.68	4,670,200.20	2,014,706.64	6,513,925.42	647,183.47	6,645,112.32	11,831,309.09
Twenty-third Pennsylvania	8,357,213.52	5,642,965.89	11,430,473.21	10,175,968.50	19,787,686.73	15,818,934.39	9,167,034.61	33,152,719.48	843,375.37	28,954,721.34	49,815,029.24
Total, State of Pennsylvania	35,696,569.93	29,746,175.60	30,159,900.44	33,443,404.43	65,856,470.40	63,189,580.03	26,839,419.87	85,970,844.24	5,007,284.03	92,695,890.27	154,167,708.30
Rhode Island	2,155,707.57	1,396,643.80	2,836,322.87	3,987,247.90	4,992,030.44	5,383,891.70	748,024.58	3,375,172.70	1,874,788.99	5,740,055.02	10,633,853.39
South Carolina	847,010.19	749,845.04	286,346.87	358,779.32	1,133,357.05	1,108,624.36	472,932.25	1,121,027.90	6,502,815.03	1,606,289.31	8,732,467.29
South Dakota	166,655.94	94,597.97	142,370.46	146,168.09	309,026.40	240,766.06	187,935.57	485,564.21	175,926.75	496,961.97	902,257.02
Tennessee	2,647,567.62	2,145,604.34	1,879,848.65	1,983,161.16	4,527,416.27	4,128,765.50	4,010,397.88	5,772,750.24	2,581,950.41	8,537,814.15	12,483,466.15
First Texas	4,000,246.94	2,598,977.31	3,118,448.00	3,925,407.13	7,118,694.94	6,524,384.44	6,615,006.57	21,091,111.87	1,543,778.78	13,733,701.51	29,159,275.09
Second Texas	3,034,321.57	3,017,108.96	3,476,305.75	3,393,224.56	6,510,627.32	6,410,333.52	3,289,045.27	10,099,453.54	2,855,735.80	9,799,672.59	19,365,522.85
Total, State of Texas	7,034,568.51	5,616,086.27	6,594,753.75	7,318,631.69	13,629,322.26	12,934,717.96	9,904,051.84	31,190,565.41	4,399,514.58	23,533,374.10	48,524,797.95
Utah	772,397.77	316,881.39	241,017.09	469,981.58	1,013,414.86	786,862.97	289,868.79	1,022,512.64	170,572.50	1,303,283.65	1,979,948.11
Vermont	237,493.87	168,706.25	302,525.99	436,981.25	540,019.86	605,687.50	219,562.18	387,070.49	140,609.67	759,582.04	1,133,367.66
Virginia	9,168,498.21	5,558,075.14	1,543,036.23	2,456,528.06	10,711,534.44	8,014,603.20	88,395,065.35	101,570,773.58	2,352,457.22	99,106,599.79	111,937,834.00
Washington (includes Alaska)	1,955,620.90	1,301,307.32	2,076,530.88	1,846,678.73	4,032,151.78	3,147,986.05	989,101.81	4,187,822.48	1,600,692.75	5,021,253.59	8,936,501.28
West Virginia	2,911,069.50	1,433,277.52	948,866.61	1,170,271.49	3,859,936.11	2,603,549.01	2,307,882.94	3,979,665.10	595,832.50	6,167,819.05	7,179,046.61
Wisconsin	5,893,621.64	3,005,513.36	3,130,247.26	3,382,294.92	9,023,868.90	6,387,608.28	3,399,784.10	25,945,084.85	1,150,631.35	12,423,653.00	33,483,524.48
Wyoming	222,238.32	128,418.18	92,631.04	155,582.73	314,869.36	284,000.91	96,699.77	386,990.30	94,366.20	411,569.13	765,357.41
Philippine Islands							356,953.37	379,388.71		356,953.37	379,388.71
Total	464,191,470.79	345,174,353.15	320,425,625.22	375,284,304.35	784,617,096.01	720,458,657.50	635,451,497.72	1,229,925,372.98	140,563,248.61	1,420,068,593.73	2,090,947,279.09

[1] Oklahoma eighteenth place.
[2] Oklahoma nineteenth place.
[3] Oklahoma twenty-fourt' place.
[4] Oklahoma twenty-fifth place.
[5] Oklahoma eighteenth place.
[6] Oklahoma nineteenth place.
[7] Oklahoma eleventh place.
[8] Oklahoma twelfth place.
[9] Oklahoma twenty-third place.
[10] Oklahoma sixteenth place.
[11] Oklahoma fifteenth place.

NOTE.—Tax receipts are shown by States in which the collections were made, but such figures are not entirely indicative of the Federal tax burden of the respective States since the taxes may be eventually borne by persons in other States.

TABLE No. 3.—*Allotments for Oklahoma from Public Works Administration, $3,300,000,000 appropriation through Agricultural Department, and other departments which received allotments from this fund*

For soil erosion study	$4,500
For dairy industry at Woodward	2,200
For plant industry at Woodward	5,400
To be spent in drought area	70,000
For Biological Survey salt plains project	196,000
Weather Bureau station repairs	5,430
Public lands for roads	45,517
Forest Service for roads	22,078
Forest Service, Wichita and Ouachita Forest	115,070
Geodetic Survey—to complete survey	77,600
Department of Justice housing at Fort Reno Southwestern Reformatory	80,000
Clinton postoffice	68,000
Geological Survey—to safeguard mine openings	303,200
For topographical survey	30,000
For soil erosion, Stillwater	250,000
Bureau of Indian Affairs	625,000
Total	1,899,995

TABLE No. 4.—*Allotments by States, Federal and non-Federal projects*

	Total		Federal		Non-Federal	
	Number	Amount	Number	Amount	Number	Amount
Total allotments	15,027	$2,196,652,743	13,138	$1,269,085,345	1,889	$827,567,398
Alabama	284	14,704,675	271	11,360,675	13	3,344,000
Arizona	294	40,390,183	286	38,054,183	8	2,336,000
Arkansas	232	24,039,223	207	18,672,223	25	5,367,000
California	667	111,886,600	[illegible]	64,919,806	95	46,966,194
Colorado	245	33,410,984	217	14,378,784	28	19,032,200
Connecticut	77	18,391,809	44	13,961,109	33	4,430,700
Delaware	49	7,701,400	37	6,805,000	12	896,400
Dist. of Columbia	240	43,786,787	240	43,786,787	0	
Florida	206	24,072,382	191	18,019,895	15	6,052,487
Georgia	320	32,384,959	293	20,658,044	27	11,726,915
Idaho	140	16,384,206	127	15,682,932	13	701,274
Illinois	455	96,708,488	376	33,690,370	79	63,018,118
Indiana	265	23,996,916	212	13,643,516	53	10,353,400
Iowa	390	28,335,266	283	22,809,346	107	5,525,920
Kansas	342	19,484,552	254	16,597,872	88	2,886,680
Kentucky	270	16,709,070	246	13,400,675	24	3,308,395
Louisiana	183	34,711,605	174	26,501,905	9	8,209,700
Maine	235	9,156,144	233	9,094,144	2	62,000
Maryland	300	23,186,424	265	13,415,258	35	9,771,166
Massachusetts	243	64,475,764	115	37,116,629	128	27,359,135
Michigan	382	23,740,604	358	21,183,375	24	2,557,229
Minnesota	483	37,703,189	414	16,019,425	69	21,683,764
Mississippi	265	17,554,766	259	16,312,620	6	1,242,146
Missouri	327	41,974,545	271	32,239,388	56	9,735,157
Montana	288	47,191,503	270	42,509,845	18	4,681,658
Nebraska	270	29,887,052	230	12,460,346	40	17,426,706
Nevada	78	24,709,212	76	24,503,212	2	206,000
New Hampshire	95	9,699,346	59	7,717,246	36	1,982,100
New Jersey	174	84,186,251	124	46,954,246	50	37,232,005
New Mexico	273	12,840,402	265	12,285,902	8	554,500
New York	527	240,469,877	454	104,202,216	73	136,267,661
North Carolina	369	21,316,462	338	18,197,264	31	3,119,198
North Dakota	403	9,296,909	385	7,044,599	18	2,252,370
Ohio	499	93,013,008	404	52,214,408	95	40,798,600
Oklahoma	315	18,891,514	271	15,951,426	44	2,940,088
Oregon	259	37,301,525	248	28,479,340	11	8,822,185
Pennsylvania	749	96,875,567	707	80,775,467	42	16,100,100
Rhode Island	69	11,558,276	51	7,701,015	18	3,857,261
South Carolina	179	14,491,304	162	11,201,604	17	3,289,700
South Dakota	361	11,667,595	325	7,794,870	36	3,872,725
Tennessee	225	22,548,953	213	17,850,120	12	4,698,833
Texas	709	75,361,472	609	46,230,398	100	29,131,074
Utah	179	20,955,319	160	15,397,199	19	5,558,120
Vermont	111	5,452,737	80	4,932,257	31	520,480
Virginia	537	84,978,166	488	72,830,666	49	12,147,500
Washington	338	51,824,597	247	49,196,287	91	2,628,310
West Virginia	117	20,300,972	98	13,694,272	19	6,606,700
Wisconsin	271	42,953,347	220	27,412,003	51	15,541,344
Wyoming	211	21,724,553	208	21,614,553	3	110,000
Alaska	164	3,404,223	162	3,359,223	2	45,000
Hawaii	89	17,364,172	83	16,360,872	6	1,003,300
Puerto Rico	15	1,791,422	15	1,791,422	0	
Virgin Islands	17	311,569	17	311,569	0	
Panama	46	8,569,252	46	8,569,252	0	
Philippine Islands	4	82,850	4	82,850	0	
Unallocated to States	174	51,135,435	174	51,135,435	0	
Railroads	18	199,607,800			18	199,607,800

DISARMAMENT AND OUR NAVAL PROBLEMS—ADDRESS BY SENATOR WALSH

Mr. TRAMMELL. Mr. President, I ask unanimous consent that there may be printed in the RECORD a very comprehensive and able address, delivered over the National Broadcasting chain on the 12th instant, by the senior Senator from Massachusetts [Mr. WALSH], entitled "Disarmament and Our Naval Problems."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

The United States has led the world in preaching the gospel that the road to peace is through disarmament. That so little progress has been made is regrettable. It is self-evident that we will never attain assurance of absolute world peace until all nations have reduced their military and naval establishments to the limits of a police force so small as to preclude the possibility of armed aggression.

No measurable progress whatever has yet been made with respect to limitation or disarmament by agreement, of land forces. The United States, free from the menace of attack by land so long as its naval defense is adequate, has never maintained a peace-time army of more than police-force proportions, so that our moves for land disarmament for the rest of the world have been purely altruistic and wholly ineffectual.

But with respect to naval disarmament, which is our present subject, much has happened in the past 10 years, though how much and how effectual it has been is disputed. During that period we have seen three concerted efforts to limit naval armaments by international agreement.

First was the Washington Naval Conference of 1922, which resulted in a five-power agreement of limitation with respect only to capital ships (that means battleships) and left competition in all other naval craft, such as cruisers, destroyers, and submarines, unchecked. Contrary to popular opinion, Great Britain did not, in the Washington Conference in 1922, abrogate her traditional policy as mistress of the seas and permit the United States to step up to a parity with her. Instead, our country renounced the actual and conceded naval supremacy which we then possessed, and by destroying new vessels upon which had already been expended $175,000,000, reduced our supremacy to bare equality in capital ships with Great Britain.

This unprecedented act of conciliation stands unchallenged as the supreme friendly gesture in the long history of international relations.

Next came the Geneva Naval Conference of 1927, called at the instance of President Coolidge, to deal with the limitation of cruisers and submarines not dealt with at the Washington Conference, and which broke up without agreement.

Finally we had the London Naval Conference of 1930, from which emerged a three-power agreement fixing maximum naval strength, embracing by no means all categories of ships. But it did limit cruisers, destroyers, and submarines.

Our present and future policy with respect to naval building, whatever it may be, must be shaped with reference to these naval treaties. The immediate question before Congress and the country is whether we shall build and maintain a navy of the size fixed by the London Treaty or whether we shall in effect ignore the treaty and refuse to assume the expense which will be imposed if we build up to the treaty limits.

It has been truthfully said that the London Naval Treaty placed a maximum limit upon competitive naval building. It failed, however, to accomplish progress toward disarmament because our Navy was not on a parity with those of the other powers. Thus it is to be clearly understood that when—now or in the future—we consider building new cruisers or destroyers or submarines we are not entering any race for naval supremacy.

The precise issue, therefore, is simply: Shall we carry on with our naval program to build up to the full quota fixed by the London Limitation Treaty, or shall we halt or curtail our naval program?

I have taken the position that we ought to continue on with our naval program and build the ships which we now lack within the limits fixed by the treaty. This is President Roosevelt's position. This entails large expenditures, but I cannot persuade myself of the wisdom of any other course.

There was opposition in the Senate, as you will recall, to the ratification of the London Treaty. I said then—and I say now—that if we accepted the treaty, we ought to be ready to fulfill our obligations under it. At the time the treaty was under consideration in the Senate I went so far as to offer a rider to the ratification which would put us on record as proposing to build our Navy up to the treaty limits. I based my proposal on the ground of necessity to assure in the future actual reductions in naval armaments as well as our national safety in view of the naval rights accorded by the treaty to the other powers.

My proposition read as follows: "That in ratifying the treaty the United States does so with the distinct and explicit understanding that the United States contemplates and intends substantial completion by December 31, 1936, of all the cruisers of subcategory (a), all aircraft carriers, destroyers, and submarines which it is entitled to construct under the terms of said treaty."

The Senate, because of a minority of "disarmament by example" Senators who threatened to prevent ratification of the treaty, rejected this stipulation. I objected then and object now to a paper navy. I protested against the hoodwinking of the country with the reiterated statement that under the treaty our country attained naval parity with Great Britain and Japan when there was no honest intention of maintaining any such Navy in fact, and when as a matter of fact, we had a Navy of markedly inferior strength and did not intend to increase that strength.

Therefore, I commend the frank and unequivocal statement of the present Secretary of the Navy who, in his annual report to Congress, said: "Of the signatories to the naval treaties we alone have not undertaken an orderly building program designed to bring the Navy up to treaty strength. The time has come, how-

ever, when we can no longer afford to lead in disarmament by example."

We are continually told that we do not need a large Navy. One theory favored by a large group of sincere but, in my judgment, mistaken men and women is that we should "show the way" to large-navy nations by American leadership and idealism. America favors naval reduction, this group asserts, and if we fail to live up to the doctrine we advocate, how, then, can we expect other nations to follow our professed principles? This is the modus operandi of world-wide disarmament through the "reduction by example" method. We have tried this method, and the history of disarmament conferences since 1922 affords abundant disillusionment.

But the opponents of our naval program have a more recent argument. They point to the Kellogg-Briand Peace Pact. War has been outlawed, they say, by the terms of this historic document; hence the need for national defense no longer exists. I wish it were possible to subscribe to any such utopian dream. This peace pact operates merely in the moral sphere. It contains no machinery for the settlement of international quarrels. It contains no plan for disarmament. I pray that we may live to see the day when peace by compact and world disarmament may go hand in hand, but that day is not yet. To put our reliance now upon the Kellogg Pact and to abandon our Army and our Navy would be suicidal.

There is another side to the naval question. Navies are maintained by nations not merely for war purposes but in times of peace to uphold a nation's foreign policy. The three cardinal principles of our American foreign policy are (1) the rights of neutrals; (2) the Monroe Doctrine; and (3) the open door. How are we to uphold these policies without an adequate Navy? It is folly to think that we can maintain an influence for peace, defend the rights of smaller and neutral peoples, and protect our commerce and the rights of our nationals abroad without a Navy commensurate with our rank and power.

Again, much has been said of the cost of the Navy. In point of fact, it is the least expensive defense the nations can obtain. Our Navy, if we maintain it at treaty level, will give assurance that no hostile force will put foot on our soil; will fortify the voice of America, speaking for justice and law in the councils of the world; will insure respect for the lives and property of Americans everywhere.

When it comes to the question of the cost of maintaining the Navy, pacifists are prone to take the total in dollars of our expenditures for national defense and compare these figures with the totals expressed in dollars of the expenditures of other nations and on that basis seek to show that our own expenditures are as great or greater than those of any European power.

This is an exceedingly disingenuous way of dealing with the cost figures. First, we pay our soldiers and sailors twice as much or more than other nations and feed and clothe them better. Secondly, our total wealth, our annual income, our total governmental budgets, are all larger. It is not the dollars total that we should take as the measure but the comparative percentages in terms of wealth and income and governmental costs. On this basis the figures tell a very different story.

Let us now discuss what we mean by comparative naval strength of one country with another. There are many factors which have to be taken into account when we consider this question. We may express the relationship in terms of total tonnage. We may express it in terms of the total number of ships. Or we may express it in terms of comparative fighting strength, in which case the speed of the ships, the number of their guns, and their age, all have a bearing.

The Washington and London Naval Treaties, taken together, set up limits for the United States, Great Britain, and Japan in the principal categories of fighting ships. These limits were expressed in terms of total tonnage, and, as to capital ships and cruisers, in terms of the number of ships and the size of their guns.

Then comes the question of the age of the ships and provisions as to their replacement when they became over-age, that is to say, in a military sense, obsolete. The London Treaty provided that in the case of surface vessels exceeding 3,000 tons but not exceeding 10,000 tons displacement, if their construction had been commenced prior to the 1st of January 1920, their age limit should be deemed to be 16 years, and if commenced after that date, 20 years; and in the case of surface vessels under 3,000 tons, the age limits were 12 and 16 years, respectively; and in the case of submarines, 13 years.

The effect of this provision is to separate the naval vessels of each of the powers into two classes—those that were under the age limit and those over the age limit, and in the case of those over the age limit, or obsolete, each nation had the right to build new ships to replace them. This question of age limit is an important factor in any discussion of relative naval strength for the reason that as matters now stand, the United States Navy has a very much larger percentage of over-age or obsolete vessels than the other powers.

Applying this test, the conclusion is that our Navy, from the standpoint of fighting strength, is very considerably weaker than the tonnage figures indicate. If we compare our Navy with the navies of Great Britain and Japan solely on the basis of tonnage, we have a false picture. Let me illustrate this with just a few figures.

As of November 1, 1933, our naval vessels of all sorts and description had a total tonnage of 1,038,660. The treaty limits are 1,186,200. Looking at those two figures alone, it might appear that our Navy was only 10 percent short of treaty strength. But of this total naval tonnage, 330,110 tons (about one third) is represented by ships already over the age limit, and therefore from the military standpoint, obsolete; and of the remaining 708,550 tons, a considerable part is nearing the age limit.

In the case of the ships in the category known as destroyers, our Navy roster shows we have 251 of them; but of these, 248 are over-age and only 71 are in commission. If we were to build up to treaty strength in this category, we should now be building 97 destroyers. Instead, we are building 32.

When it comes to the British Navy, the total present tonnage is 1,174,349. That is more than 100,000 tons in excess of our total. But more important than that is the fact that in the case of Great Britain only 199,650 tons is over-age, and Great Britain now has under construction 185,230 tons of replacements and 38,905 projected.

Japan, under the Washington and London Treaties, was allowed a maximum tonnage of 763,050. The tonnage of its Navy today is 758,261—virtually at full treaty strength; and of this tonnage, 656,125 is represented by ships under the age limit. Japan has under construction 43,308 tons of ships and her naval program calls for 79,824 tons more. Let us turn for a moment to the question of the number of combat ships in full commission or fully manned. The United States total is 148, of which 67 are under-age and 81 over-age. The British Empire total is 186, of which 104 are under-age and 82 are over-age. The total for Japan is 204, of which 160 are under-age and 44 over-age.

These figures are simply a numerical count of the ships, without any reference to their size. Japan's total exceeds that of either England or the United States by reason of the fact that Japan has in commission 62 submarines, as compared with 40 submarines for the United States and 44 for Great Britain. Japan has in commission 68 destroyers; the United States, 71; England, 74. Japan has in commission 24 ships categoried as destroyer leaders; England, 10; and the United States, none.

Another factor to be considered in connection with relative naval strength is that the United States Navy is 75-percent manned, Great Britain 90-percent manned, and Japan 100-percent manned.

Summing up what I have said concerning comparative naval strength under the London Treaty, which will expire in 1936, the statistical conclusion reached is as follows: The United States is entitled to build 102 ships, which includes both new ships and replacements, Great Britain is entitled to build 61 ships, and Japan is entitled to build no ships.

That Great Britain is actually building, or intends to build before 1936, up to the naval strength allotted by the treaty, I quote from the Statement of the First Lord of the British Admiralty: "We cannot have any more one-sided disarmament. We cannot always be idealists; we must face realities, and remember that it is not peace-time-navy estimates that cost money; it is wars. And wars are not made by a strong British Navy; they are prevented by it."

And, again, in Parliament, March 7, 1932: "We must have the ships which we are allowed to have by 1936 by our treaties, and there is no doubt that we shall have them." Now that we know specifically Great Britain's naval strength and attitude toward her fulfillment of the maximum naval strength she is entitled to under the London Treaty, and, furthermore, that we know that Japan actually possesses the maximum treaty strength, let us inquire what our Government has been doing, or intends to do, considering her conceded inferiority, with respect to a building program consonant with her rights under the treaty.

We have already seen that following the Washington Treaty we dispossessed and divested ourselves of an unquestioned superiority on the seas that followed our naval expansion during the World War. The omission in that treaty of any check upon the rights of the powers to continue naval building in submarines, cruisers, destroyers, and powerful auxiliaries was followed by a naval expansion of tremendous proportions upon the part of powers other than ourselves in all categories except capital ships.

Let us examine the record and learn just how, following the Washington Conference, the statesmen of the world proceeded to give effect to the hopes of the people of every nation for actual naval reduction.

Following that Conference and up to January 1, 1929, the great powers of the world laid down and appropriated for naval expansion in the categories outside the treaty as follows: Japan, 125 naval vessels; Great Britain, 74 naval vessels; France, 119; Italy, 82; the United States (exclusive of small river gunboats), 11. This furnishes conclusive proof that we were the only nation in the world to interpret the spirit of the peoples of the world for actual and substantial naval-armament reduction.

The Geneva Conference met in 1928. Our delegates to that Conference, aware of this record of naval-craft building by the other nations, found themselves in a position the reverse of that of the Washington Conference. Our delegates were now representing a navy inferior proportionately to the Navies of Great Britain or Japan, and far below treaty allowances. This fact, namely, that we were inferior and had nothing to scrap, while we were asking the other nations to scrap, resulted in the failure of the Geneva Conference.

The wise and prudent Mr. Coolidge, then President, took notice of this situation and immediately took action, for he realized that there could be no progress toward naval limitation or reduction unless or until we had a navy of combat strength on a parity with the navies of other countries. He determined upon, and

recommended to Congress, the building of a navy substantially as large as the navies of the other powers. In February 1929 Congress, at his request, authorized the building by the United States of 15 cruisers and the construction of 1 aircraft carrier.

But before we had finished construction on any except 1 of these authorized cruisers, and when only 8 had been contracted for, the Third Naval Conference, this time at London in 1930, was convened. President Hoover had now suspended further construction of the cruisers authorized under the Coolidge program. The London Conference we have already reviewed. The strength allotted to us under the treaty resulting from that Conference, as compared to that allotted Great Britain and Japan, was relatively compatible with our needs, but the ultimate outcome left us in an indisputable inferiority. While we were told in substance by Great Britain and Japan that their necessities required a fixed naval strength, that they were willing for us to possess the same, and we agreed to the terms of the treaty, our delegates returned home with a treaty which left us the option of knowingly and willingly allowing our Navy to become inferior to the Navies of Great Britain and Japan, and conceding to them a naval strength superior to our own, so long as we failed to accept the naval strength allotted to us.

Since the London Conference of 1930 to this very year, by not building up to treaty limits, we accepted an inferiority of position and gave apparent notice to the world that we were unwilling to embrace the opportunity for naval protection which our representatives demanded and which the other powers had accorded us.

What are we now proposing to do to build our Navy up to treaty strength? President Roosevelt has courageously scrapped the policy of supine indifference, if not actual abandonment of our naval requirements, by initiating and declaring a policy of determination that the United States shall possess the naval strength she is entitled to under the treaty and which accords with the minimum needs of protecting our commerce and sustaining our world position.

At present we are building 22 ships, all told, regularly appropriated for by Congress, and in addition building 30 ships pursuant to a provision of the National Industrial Recovery Act, with their cost, $235,000,000, budgeted to the emergency Public Works $3,000,000,000 fund.

This total naval-building program now actually under way, 52 ships in all, comprises 3 aircraft carriers, 11 cruisers, 8 large destroyers and 24 smaller destroyers, and 6 submarines. Expressed in terms of tonnage, the total is 222,000 tons.

The naval appropriation bill which was passed by Congress this past week provided funds for one 8-inch-gun cruiser and three 6-inch-gun cruisers previously authorized.

Even with the completion of all these ships—nevertheless, at the expiration of the present naval treaty December 31, 1936, if we eliminate those of our naval ships which by that date will be over-age, the United States will still be 102 ships short of full treaty strength. On the same basis of comparison, Great Britain will be 64 ships short and Japan's navy will be up to full strength.

To deal squarely with this still remaining naval inequality and naval inferiority, so far as the United States is concerned, in the number and size and modernness of our combat ships, we have the naval bill already passed by the House and now before the Senate—the so-called "Vinson bill."

This bill is brief and easily understandable. I quote from its opening paragraph:

"That the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties."

That is the essence of the bill. In the execution of this policy, the bill provides that, subject to the limitations imposed by these treaties, the President is authorized to undertake, prior to December 31, 1936 (in addition to the ships previously authorized), the construction of 1 aircraft carrier to replace the aircraft carrier *Langley*, the construction of 91,000 tons of destroyers to replace over-age destroyers, and to construct 35,000 tons of submarines to replace over-age submarines.

The bill further gives the President general authority to go ahead with any other naval replacements which circumstances may warrant and the treaties permit. The bill also provides for an expansion of naval aircraft; but, so far as ships are concerned, it is not authorizing an expansion program—merely a replacement program.

Thus we are taking an advance step toward the accomplishment of a naval parity. When the great powers reconvene in 1936 to discuss naval disarmament, we will be in the position—for the first time since 1921—to argue with the great powers (now that we are approaching an actual parity) and inquire by what percentage we can reduce our navies by reciprocal decreases in each nation's appropriations for replacements.

My friends, it is too late now, in view of the failure of three disarmament conferences, to deny that our efforts to secure peace through simultaneous disarmament have failed. The armies and navies of major powers are larger than ever before and growing day by day. The rattling sabers, the beating drums, the men-of-war plunging the five seas, the whining, menacing drone of thousands of aircraft, prepared at a moment's notice to whirl plummets of destruction, laden with poison gas and deadly germs, upon helpless noncombatants, are visible over the whole of this sorry, disillusioned world.

Our duty to ourselves is the duty of self-protection, the duty of sheltering our loved ones behind the strong barricade of our Army, Navy, and air force. The terror of war is unspeakable and its carnage horrifying beyond our shuddering thoughts. But its presence, like the Angel of Death itself, is unknown, nor can any of us fortell when, with its mailed fists and armored scythes, it may descend upon us.

The new naval program, when completed, will give us the equality to which we are entitled under our treaties and will enable every American to feel that behind the walls of every home and beside the firesides in this land we can enjoy security, happiness, and peace, free from the fear of invasion by any foreign foe.

Yet peace we must fervently pray for. Let us continue to treat with other nations to cut down competition in navies and armies. Let us promote the case of international good will by every reasonable means within our power, by scrapping our armies and navies to the very minimum, provided that other nations will do likewise. But this process, I submit, must be mutual, concomitant, and reciprocal. And in the process we must not leave our trade, our dignity, or the liberties and properties of our citizens to the mercy of any foreign power.

IMPLIED POWERS OF THE CONSTITUTION—ARTICLE BY BENJAMIN S. DEAN

Mr. HATFIELD. Mr. President, I ask unanimous consent to have printed in the RECORD an article written by Benjamin S. Dean, an attorney at law located in the city of New York, on the subject of Implied Powers of the Constitution.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

IMPLIED POWERS OF THE CONSTITUTION

By Benjamin S. Dean of the New York Bar

• • • "Is but a specious and fantastic arrangement of words by which a man can prove a horse chestnut to be a chestnut horse." (Lincoln-Douglas Debate, 5 Harper's Encyclopedia of United States History, 405.)

There are always and ever some persons in the world who would exchange the Beatitudes for a basket of burs, not because they admire the burs, but because they hate the beautiful—the harmonies of being. Just now we are confronted with an aggressive assertion of mechanical dominance of life in the place of the symmetrical processes of a balanced government, justifying the comment of Gouverneur Morris in a letter to Timothy Pickering, in which he says: "But, after all, what does it signify that men should have a written constitution, containing unequivocal provisions and limitations? The legislative lion will not be entangled in the meshes of a logical net. The legislature will always make the power which it wishes to exercise, unless it be so organized as to contain within itself the sufficient check. Attempts to restrain it from outrage, by other means, will only render it more outrageous. The idea of binding legislators by oaths is puerile. Having sworn to exercise the powers granted, according to their true intent and meaning, they will, when they feel a desire to go farther, avoid the shame, if not the guilt, of perjury, by swearing the true intent and meaning to be, according to their comprehension, that which suits their purpose." (1 Elliot's Debates, 507.)

Without any pretense to originality, the writer desires to mingle some extracts from an oration of George Ticknor Curtis before a Boston audience on the Fourth of July, 1862, when it required courage to be honest in the consideration of the then Civil War, and an address under the above title to the Law School of the Georgetown University in February 1885. In the earlier address, when people were talking a nationalism which should exert war powers without regard to constitutional consent, this brave New Englander said:

"I know of no just foundation for the title of government in this country but consent—that consent which resides in compact, contract, stipulation, concession—the do et concedo of public grants. Give me a solemn cession of political sovereign powers, evidenced by a public transaction and a public charter, and you have given me a civil contract to which I can apply the rules of public law and the obligations of justice between man and man; on which I can separate the legitimate powers of government from the rights of the people; on which I can, with perfect propriety, assert the authority of laws in the halls of criminal jurisprudence, or, if need be, at the mouth of the cannon. But when you speak of any other right of one collection of people or States to govern another collection of people or States; when you go beyond a public charter to create a national unity and a duty of loyalty and submission independent of that charter; when you undertake to found a government on something not embraced by a grant—I understand you to employ a language and ideas that ought never to be uttered by an American tongue, and which, if carried out in practice, will put an end to the principles on which your liberties are founded. • • • You cannot make a tabula rasa of your political condition and write upon it a purely original system, with no traditions, no law, no compact, no limitations, derived from the generations who have gone before you, without ruinously failing to improve. Revolutionary France tried such a proceeding, and property, life, religion, morals, public order, and public tranquillity went down in a confusion no better than barbarism, out of which society could be raised only by the strong hand of a despot.

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"At the same time it is never to be forgotten that the powers and rights of separate internal government which were not ceded by the people of the States, or which they did not, by adopting the Constitution, agree to restrain, remained in the people of each State in full sovereignty. * * * We thus see from the first dawn of our national existence, through every form which it has yet assumed, a dual character has constantly attended our political condition. A nation has existed because there has all along existed a central authority having the right to prescribe the rule of action for the whole people on certain subjects, occasions, and relations. In this sense, and no other, to this extent, and no further, we have been since 1776, and are now a nation. * * * In a like manner, from the beginning, there has existed another political body—distinct, sovereign within its own sphere, and independent as to all the powers and objects of the Government not ceded or restrained under the Federal Constitution. This body is the State—a political corporation of which each inhabitant is a subject, as he is at the same time a subject of that other political corporation known as the United States.

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"What is the true secret of this undying popular jealousy on the subject of State rights? What is it that even now when we are sending our best blood to be poured out in defense of the true principle of the national supremacy, causes all men who are not mad with some revolutionary project to shrink from measures that appear to threaten the integrity of State authority, and to pray that at least that bitter and dreaded cup may pass from us? It is the general, inborn, and indestructible belief that the preservation of the State sovereignty within its just and legitimate sphere is essential to the preservation of republican liberty. Beyond a doubt it was this belief which led the people from the first to object, as they sometimes did unreasonably object, to the augmentation of the national powers. Perhaps they could not always explain—perhaps they did not always fully understand—all the grounds of this conviction. It has been, as it were, an instinct; and for one I hope that instinct is as active and viligant this day as I am sure it was 80 years ago.

"For I am persuaded that local self-government to as great an extent as is consistent with national safety, is indispensable to the long-continued existence of republican government on a large scale. A republic in a great nation demands those separate institutions which imply in different portions of the nation some rights and powers with which no other portion of the nation can interfere. You may give the mere name of a republic to a great many modes of national existence; but unless there are local privileges, immunities, and rights that are not subject to the control of the national will the government, although resting on a purely democratic basis, will be a despotism toward all the minorities. A great nation, too, that attempts republican government without such local institutions and rights must soon lose even the republican form. * * * In order to act at all in the discharge of the vast duties devolving upon it, the government of such a republic, extending over a country so enormous, must more and more be made the depository of the irresistible force of the nation; and the theory that the will of the government expresses in all cases the will of the ruling majority must soon confer upon it that omnipotent power beneath which minorities and individuals have no rights.

"This is no mere speculation. Every reflecting man in this country knows that he has some civil rights which he does not hold at the will and pleasure of a majority of the people of the United States. He knows that he holds these rights by a tenure which cannot be lawfully touched by all the residue of the Nation. This is republican liberty as I understand and value it, and without this principle in some form of active and secure operation I do not believe any valuable republican liberty is possible in any great democratic country on the face of the earth. Certainly it is not possible with us" (2 Constitutional History of the United States, by George Ticknor Curtis, Appendix, p. 547 et seq.).

With this lofty conception of our constitutional system but imperfectly outlined above, showing how utterly incompatible is the code system which is being forced upon a complacent public, seemingly oblivious of the danger to liberty, let us turn to the subject of the implied powers of the Constitution as understood by a great historian—a rare student of fundamental law. Passing over the introductory remarks to the law class of Georgetown University, Mr. Curtis, who in the maturity of his scholarship, might well be addressing himself to a problem of this hour, as well as in the year 1835. He says:

"Still there have been from the first two schools of interpretation, one of which has been characterized as liberal and the other as strict. Great names may be arrayed on either side. The two schools have charged each other with very wrong and very dangerous tendencies. But I have long believed that it is best to discard epithets of strict and liberal and to inquire into the true and sound method of interpretation without characterizing it by either of these phrases. Nine men out of ten whom you hear talking glibly about the mode in which the Constitution should be construed could not tell the meaning of the strict or the liberal construction on which they insist. The true method of interpretation cannot be characterized or described by a phrase. It must be ascertained by certain fundamental rules which are to be deduced from a careful study of the text from the surrounding historical facts which show why the text was made as it was, and from the great leading purposes for which the Constitution was established. These sources of interpretation all point to certain conclusions, namely, that the Government of the United States is a limited government, with certain enumerated and described powers; that it is not a government of universal authority like many other governments, but that its authority is specific, confined to certain described subjects and relations which the Constitution itself denominates its 'powers', and to one or more of which powers all its acts must be referred.

"The fundamental principle on which our Constitution is based is that all government derives its existence and authority from the people. Hence it can have no powers but such as the people choose to confer upon it. Its powers are grants made to it by the people. From the limited number and specific character of the powers conferred by the Constitution on the General Government—less than all the powers of sovereignty—it follows that the people of this country are a nation only for certain defined purposes and objects which concern them all alike. All other powers of government, all other objects of government are expressly reserved to the respective States or their people by a provision which is a part of the Constitution itself.

"But there is another truth of equal importance and equally undeniable. This is the supremacy of the Federal Constitution. It declares itself to be the supreme law of the land. Its supremacy means that to the full extent of its granted powers the authority of the Constitution is perfect, incapable of being controlled by the State governments, and that when any conflict arises the State must give way. A mode of effecting a peaceful solution of all such conflicts is provided through the supreme Federal judiciary. But it is sometimes a matter for careful interpretation how far the authority of this Government extends or what is the sphere of its constitutional operation. Hence arises the necessity for inquiring what are its implied powers, or powers which incidentally result from or are embraced in the express powers that are described in the text in general terms. This is the principal topic on which I propose to say something this evening."

(Here Mr. Curtis makes a digression as to the Civil War controversy, determined by that great conflict, and continues:)

"But this great event, the final negation of the constitutional right of secession, has not changed the character of the Constitution as a limited government. There has been, since the close of the Civil War, through certain amendments of the Constitution, some further diminution of the State sovereignties and some addition to the powers of the Federal Government in matters to which I need not now specially refer. But it still remains true that this is a government of limited, specific, and defined powers The rules of interpretation to be applied to those powers are still the same. It is still true that all the powers of government which the Federal Constitution and its amendments do not embrace, belong to the States or their people. No sensible person doubts this, although we do see now and then cropping out the idea that since the war the character of our mixed system of government is changed. It is not changed in a single iota, except insofar as the States have submitted to a few special diminutions of their own sovereignties, beyond what they had previously surrendered. We must still look to the same rules of interpretation of the Federal powers, although the number of these has been increased in a few particulars, and the State sovereignties have been to just the same extent diminished. For this reason I propose to speak to you of the fundamental rule of interpretation in judging of the extent and character of what are called the incidental or implied powers.

"We hear much nowadays about the so-called 'general-welfare clause' of the Constitution. The Constitution uses the words "general welfare" in just two places and no more. In the preamble the promotion of the general welfare is one of the objects enumerated, along with five others, for which the people of the United States ordain and establish the Constitution. The wildest and most latitudinarian constructionist will hardly venture to tell an audience of intelligent law students (however recklessly they may intrude upon a radio ensemble) that the preamble of the Constitution contains any grant of power. It simply asserts the grand object which the people aim to secure by the Constitution; but as to the means by which they do secure these desirable objects we must look into the body of the Constitution, and among its enumerated powers. Looking into the body of the instrument we come upon the first clause of the eighth section of article I of the Constitution, which contains the grant of taxing power. Here the words general welfare are used again; and, strange to say, there are persons who suppose that this clause contains a grant of authority to tax in order to promote the personal welfare of every man, woman, and child in the United States. I shall merely counsel you to analyze the clause and see how strange this notion is. (We here insert the whole clause for greater clarity, 'To lay and collect taxes, duties, imposts, and excises, to pay the debts and provide for the common defense and general welfare of the United States.') The clause grants to the Congress a power to tax the people for three special purposes: First, to pay the debts of the United States; second, to provide for the common defense of the United States; third, to provide for the general welfare of the United States. That is, the power to tax is given to carry out the purposes for which the National Government was created, or, as Mr. Curtis points out, 'In every one of these special purposes for which the taxing power is to be exercised, "the United States" means the political corporation known as "the United States" and not the individual inhabitants of the country. The debts that are to be paid are the debts of the Government; the common defense that is to be provided for is the defense of the Government in all those matters in which it has duties of defense to discharge for the whole country (see art. IV, sec. 4); the

general welfare that is to be provided for is the well-being of the Government in all those matters of which it has special cognizance, and in respect to which its efficiency concerns the whole Union.' (See elaborate note 592 et seq., vol. 2, History of Constitution.) In the very next clause, which contains the grant of power to borrow money on the credit of the United States, "the United States" is used in the same sense, meaning the Government known as 'the United States.' It is on the credit of the Government, not on the credit of individuals or States, that Congress is authorized to borrow money.

"Now look at the stupendous communism that is wrapped up in the taxing power on the supposition (now actually manifest throughout the country in the alphabetical conglomerate of bureaucratic activities) that it includes a power to tax for the promotion of the welfare of individuals. There is no limit to the taxing power, excepting that duties, imposts, and excises must be uniform throughout the United States; and that direct taxes must be apportioned according to the representation in Congress (these now being destroyed by the sixteenth and seventeenth amendments and affording no exception). All the property of the country may be taxed without limit for the legitimate objects of taxation. If one of those objects is the welfare of individuals, or masses, or classes, or of the whole people (and all of these are included in the Rooseveltian usurpation), the two Houses of Congress and any President acting together can divide up all of the property in the country upon the plea that a general division will promote the general welfare (a proposition which is asserted by action though not honestly proclaimed). By this process this Government could devour itself, and there would be nothing left for it to subsist upon. But it happens that one of the grand purposes for which this Government was established was the protection of property, and its Constitution contains guaranties designed for the protection of property that are more remarkable and efficient than any that exist under most of the other governments in the world. At the same time the Constitution contains guaranties of personal rights that are as strong and efficient as those afforded to the rights of property" (but, unfortunately, constitutions are not self-executing; they require the active assertion of the God-given right to life, liberty, and the pursuit of happiness, and this quality seems to be entirely submerged in the assertion of an emergency, which has no existence in constitutional law, except where it has made provision for meeting them, as in the war power). But I will detain you no longer upon this very singular notion of the general welfare, excepting to remark that there are now large establishments in this Government, on which great sums are expended every year, and which rest on no better constitutional foundation than this strange idea of "the general-welfare clause." Some of these establishments cannot be referred to any specific power of the Constitution; they do not result by any rational rule of interpretation from any one or more of the admitted powers of government. There are other establishments which do result from some one or more of the express powers of the Constitution. There are systems of Federal legislation which can, and there are systems which cannot, be referred to some of the powers of the Constitution, as implied in and resulting from those powers when measured by the true rule of interpretation. There are other systems of legislation which flow from the fact that the Government of the United States is a great landed proprietor—a capacity which is to be distinguished from its powers of political sovereignty. I am now considering the latter, and I wish to give you what I believe to be the true rule for interpreting them.

"If you take the express powers of the Constitution, the first thing that will strike you will be that they are described in general but appropriate terms. There are 17 specific powers of legislation granted to the Congress in the eighth section of article I. Take any of them—the power to borrow money on the credit of the United States, or the power to regulate commerce with foreign nations and among the several States and with the Indian tribes, or the power to establish post offices and post roads, or the power to raise and support armies, or the power to provide and maintain a navy, and so on. From the language in which each of the specific legislative powers is described you will perceive that the details of the mode of its exercise are not given, as, indeed, they could not be well given in such an instrument as a written constitution. Again, the executive power and how that power is to be exercised is not mentioned. So, too, of the judicial power; the tribunals in which it is or may be vested and the subjects to which it is to extend are mentioned, but the details of its exercise are not mentioned. In the process of framing the Constitution, when it had been determined in what language the powers of the three great departments—the legislative, executive, and judicial—should be couched, it was apparent that the filling up of the outline must be left to legislation"; and the early case of *State of Rhode Island* v. *State of Massachusetts* (12 Peters 721) says of this situation: "No department could organize itself; the Constitution provided for the organization of the legislative power and the mode of its exercise, but it delineated only the great outlines of the judicial power, leaving the details to Congress, in whom was vested, by express delegation, the power to pass all laws necessary and proper for carrying into execution all powers except their own. The distribution and appropriate exercise of the judicial power must, therefore, be made by laws passed by Congress, and cannot be assumed by any other department; else the power, being concurrent in the legislative and judicial departments, a conflict between them would be probable, if not unavoidable, under a constitution of government which made it the duty of the judicial power to decide all cases of law or equity arising under it, or laws passed and treaties made by its authority." Returning to the text of Mr. Curtis, he says: "Here again the details of the legislation could not be foreseen, and therefore they could not be given in the Constitution itself. In each of the express and granted powers there must, from the very nature of the Government or political sovereignty, be many things implied, as part and parcel of each specific power. How, then, was this matter to be left? Was it to be left to implication, or was there to be a rule of determination given in the Constitution itself which would forever remain as the measure of these incidental, undescribed, and resulting powers which, all were agreed, must be included in the general terms that embraced the scope and nature of all the express and enumerated powers of the Constitution?

"The framers of the Constitution decided that such a rule must be laid down, and accordingly they ended the enumeration of the legislative powers by a clause which gave to the Congress authority 'to make all laws which shall be necessary and proper for carrying into execution the foregoing powers, and all other powers vested by this Constitution in the Government of the United States, or in any department or office thereof.' (See *State of Rhode Island* v. *State of Massachusetts*, supra, pp. 721, 722, and *City of New York* v. *Miln*, 11 Peters 139, where it is declared as the foundation of the judgment, that 'all those powers which relate to merely municipal legislation, or what may, perhaps, more properly be called internal police, are not thus surrendered or restrained; and that, consequently, in relation to these, the authority of a State is complete, unqualified, and exclusive', in its relations to the general welfare.)

"It is not necessary for me to detain you with the controversies which sprang up from the first about the meaning of the terms 'necessary and proper', as applied to the laws which Congress is thus authorized to enact, because the clause itself carries in its own language the meaning of these terms. The laws are not to be all such laws as the Congress may in its discretion deem necessary and proper; nor are they to be only such laws as are indispensably necessary to the exercise of a specific power, and without which the power must remain dormant. They are to be laws which are necessary and proper for carrying into execution the various specific powers of the Government or some one of its branches, which powers are vested in the Government or in one of its branches by the Constitution. That is to say, the law by which a specific power of the Constitution is to be exercised must bear the relation of means to an end; must be appropriate as a means of the attainment of the object of the specific power, or, in other words, it must execute the power, and not be something which bears only a remote, fanciful, or incomplete relation to the power. Now, the elements which go to make up an incidental or implied power, such as Congress can constitutionally resort to, were laid down by Chief Justice Marshall and his associates on the bench of the Supreme Court more than 65 years ago, in a construction of this clause of the Constitution, which all men of all parties profess still to be guided by, but which is often nowadays mistaken (*McCulloch* v. *Maryland*, 4 Wheat. 411, 412).

"The elements are of a threefold character: One of them is a negative quality, the two others are positive qualities. The negative quality is that the law must not be one which is prohibited by the Constitution. There are numerous prohibitory clauses which impose positive restraints upon the legislative authority, and a law which should violate one of these would be unconstitutional, even if it should be one that is constantly resorted to by other governments. Here you perceive that while our Constitution has made grants of certain specific powers of government, it has narrowed the scope of these powers by excluding from them certain modes in which they could be exercised if these restraints were not imposed. But this is not all. Not only must a law of this Government be one that is not prohibited by the Constitution, but it must have two positive qualities as well. First, the means or instrumentality chosen for the execution of an acknowledged power of the Constitution must be plainly adapted to that end; the meaning of which is that it must execute the power. Finally, the law must be consistent with both the letter and the spirit of the Constitution, the meaning of which is that it must accord with every positive provision of the Constitution, and with its general intent and purpose. This is one great branch of the rule of interpreting the implied powers.

"When you look into the clause which defines the scope of the legislative powers, you find that it assumes a certain range of legislative discretion. While this discretion is limited by the requirements which I have just mentioned, there are a variety of means or instrumentalities within those limits, in regard to which Congress can exercise a choice by employing one or another. It has become customary to call this question of what means or instrumentalities, within certain limits, Congress may resort to a 'political question.' The meaning of this is that the necessity or expediency of resorting to one means or instrumentality rather than another, when both possess the requisite qualities, is a question of legislative discretion. Of this question Congress is the judge, and the final judge. But the question whether the particular means or instrumentality which Congress decides to employ possesses the qualities and characteristics defined by the rule of interpretation, whether it bears the defined relations to the execution of one of the known specific powers of the Constitution, is not a political question and is not committed to the final decision of Congress. It is a judicial question, and, although Congress in enacting the law, decides this question for itself, in the first instance, it is for the judicial power to decide it finally. It was to determine this judicial question that the judicial power was created and was given cognizances of all cases arising under the Constitution.

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"You will next ask how you are to know that a law, or any provision of a law, is not in accord with the letter or the spirit of the Constitution. * * * If the law is inconsistent with any of the great purposes for which the Constitution was established, it does not accord with the spirit of the Constitution. An apt illustration of this is the law which makes the promissory notes of the Government a legal tender for private debts. There is a provision of the Constitution, a part of its letter, which confers on Congress the exclusive power of coining money and regulating its value. Those who deny the power of Congress to make paper money a legal tender for private debts can, with good reason, say that it is not reconcilable with the coinage power, because that power was established for the purpose of having a metallic standard and measure of values to operate everywhere throughout the country, whereas the value of paper money is a thing no legislature can fix. All the laws that can be enacted cannot control the laws of trade, which are beyond the reach of legislation. If the condition of things at any time makes a piece of paper stamped as a dollar of less value than the gold standard, all the legislation in the world cannot make it of equal value. Again the Constitution was established to secure justice, to protect the rights of property, and to give our possessions a value that should be measured by the standard recognized throughout the commercial world. This is the spirit of the Constitution in relation to property and contracts, and those who deny the right of Congress to make Government paper a legal tender in private contracts can with truth say that such a law is not in accord with the spirit of the Constitution any more than it is with its letter. I repeat that it is not enough that the law which selects and professes to make a particular means an execution of some granted power of the Government is not expressly prohibited by the Constitution. It is not enough that it is a law which other governments make whose powers of legislation and government are unlimited. It must be a law which this Government can make, and, therefore, it must have, in addition to the negative quality of not being prohibited in the Constitution, two other positive qualities—namely, that the means or instrumentalities which it professes to employ for executing a specific power of the Constitution must really execute it and must also be consistent with both the letter and the spirit of the Constitution.

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"I have adverted to the true rule of the interpretation of the implied powers, and to the particular application of it to the legal tender paper question, because this is beyond all comparison the most important question of our time. It matters not who is responsible for the original enactment or the reenactment of this legal-tender provision. (See *Legal Tender cases*, 110 U.S. 421, decided in 1884.) There are men in all parties who believe it to be constitutionally right and men who believe it to be constitutionally wrong. What you are concerned in is to see what is to become of property, of the value of property, if Congress possesses the power that has been attributed to it and that it has exercised. The power that has been attributed to it and it has exercised is not confined to any particular state of public affairs because it is claimed that Congress can judge for itself when the public interest requires the issue of a legal tender paper currency. So that it is only necessary at any time to elect a majority of Members of both Houses of Congress who for any reason whatever may favor the issue of any amount of currency, and to have a President who agrees with them, and the man who counts his treasure by millions, and the day laborer who buys his food with the currency which he may be compelled to take for his wages, or the farmer who must take that currency for his crops, are all alike involved in an enormous confiscation, which results from the displacing of the gold standard and measure of values. It is useless to set up as a barrier any confidence that we may feel in the wisdom of our legislators. Their wisdom may lead them to do very unwise things. The only safe barrier is the wisdom that is embodied in the Constitution, and what that is is to be learned by a sound interpretation of the implied powers. * * * You will find that what is called a liberal construction is sometimes right and sometimes wrong. The rule laid down by Chief Justice Marshall and his brethren is broad enough to give this Government all the scope that it ever ought to claim, and strict enough to prevent it from encroaching on the rights of States or of individuals. So long as it shall be observed, this Government cannot go wrong. When it is departed from, this Government will wander from its sphere; and, although it may dazzle the beholders and excite their admiration and gratify their love of power, it will dislocate the whole political system that was established by our fathers and made consistent with liberty."

Madison, Hamilton, Jefferson, Washington, James Monroe, John Adams, John Quincy Adams, Mr. Justice Story, and all the men who were identified with the making of the Constitution knew and recognized these rules for the interpretation of the implied powers. We must "return to the road that alone leads to peace, liberty, and safety"; we will return, for, as Emerson says, "Only the finite have wrought and suffered; the infinite lies stretched in smiling repose"—and the United States is politically infinite.

CHILD LABOR AMENDMENT TO THE CONSTITUTION—ARTICLE BY MISS FRANCES PERKINS

Mr. COSTIGAN. Mr. President, Secretary of Labor Frances Perkins, alike through her official position and by proved merit one of the foremost women of America, published in the New York Times of January 28, 1934, a plea for raitfication by the States of the child labor amendment to the Federal Constitution. Her message is of special importance in an hour when it is erroneously assumed that commercialized labor of little children no longer exists in this country. Indeed, the forces opposed to emancipated childhood are fostering that misapprehension behind the crumbling defenses of outworn materialism; and Miss Perkins' persuasive and authoritative discussion should receive the widest possible circulation. I, therefore, ask leave to have it printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Jan. 28, 1934]

SECRETARY PERKINS PLEADS FOR CHILD LABOR AMENDMENT—SHE URGES THAT THE GAINS MADE UNDER N.R.A. BE CONSOLIDATED AND ANSWERS THE OPPONENTS OF REGULATION BY THE GOVERNMENT

By Frances Perkins, Secretary of Labor

Considered from the point of view of labor, the year just ended has been characterized as the most progressive since the introduction of power machinery. In fact, this opinion is expressed not only by labor groups but by leaders of industry, such as the president of the National Association of Cotton Manufacturers, who, in a recent article, listed as follows the outstanding accomplishments of this memorable year: Increased employment through shortening and distribution of hours; establishment of a minimum wage; reduction of the evil of cutthroat competition, and the abolition of child labor.

While the article referred particularly to the cotton textile industry, it is applicable to other industries as well. The code of fair competition submitted by the cotton textile industry under the National Industrial Recovery Act was the first of the approximately 200 codes which have been approved thus far, and the example which it set in the provision that no employer in that industry shall employ any person under 16 years of age has been the precedent to which employers, labor, and the Government have turned in the drafting of the other codes.

PUBLIC INTEREST SHOWN

At the same time that these codes were being adopted evidence of a general public desire for a national standard on child labor came in the ratification of the child labor amendment by 14 States last year. This has brought the amendment to the fore as an important national policy and the question of whether or not ratification is to be recommended, especially in view of what is being accomplished under the N.R.A., becomes one of general interest.

If we review the history of this proposal, we find that the movement in behalf of a Federal child labor law had its origin more than a quarter of a century ago. Years of protracted effort finally culminated, in September 1916, in the passage by Congress of the Keating-Owen bill prohibiting the shipment in interstate or foreign commerce of goods produced in mines, quarries, factories, canneries, or workshops employing children in violation of specified age and hour standards. It seemed that the long fight had ended in a decisive victory. The satisfaction expressed by President Roosevelt in signing the cotton textile code last July was an echo of that expressed by President Wilson in signing the first Federal child labor law in 1916, when he said:

"I want to say that with real emotion I sign this bill, because I know how long the struggle has been to secure legislation of this sort and what it is going to mean to the health and to the vigor of this country, and also to the happiness of those whom it affects. It is with genuine pride that I play my part in completing this legislation. I congratulate the country and felicitate myself."

AMENDMENT AS SUBMITTED

When this measure and its successor, the child labor tax law, had alike been declared unconstitutional by the Supreme Court another avenue of achieving Federal control of child labor was sought. Thus in the early summer of 1924 Congress, by joint resolution, voted to submit to the States an amendment to the Constitution, which reads as follows:

"SECTION 1. The Congress shall have power to limit, regulate, and prohibit the labor of pensions under 18 years of age.

"SEC. 2. The power of the several States is unimpaired by this article except that the operation of State laws shall be suspended to the extent necessary to give effect to legislation enacted by Congress."

It will be noted that, unlike the eighteenth amendment, this proposal contains no prohibition or regulation of the employment of children in the amendment itself. It merely gives to Congress authority to legislate in this field, and any law passed can be changed by a simple majority at any session of Congress. Opponents of the amendment compare it to the eighteenth, but it is entirely different in form. If the eighteenth amendment had been worded as an enabling act like the child labor amendment, its repeal would not have been necessary when the opinion of the country changed. Congress could have repealed any regulation or prohibition by a mere majority vote. It would seem unnecessary to call attention to this except for the fact that there has been widespread misunderstanding of the provisions and effects of the proposed amendment.

CHILD-LABOR LAWS

In addition to the wording of the amendment, the methods which have always been used to regulate or prohibit the labor of children have not always been appreciated. The statement is frequently made that the amendment gives to Congress the power

to control the lives of some 45,000,000 children, which assumes that all children—infants and preschool—are among our child laborers. As a matter of fact, child-labor laws operate on factories, mines, and so forth, and not on homes and families. The penalties for violation of such laws fall on the employer of children. Only places where children are, to use the census language, "gainfully employed"—in other words, where they are hired to work—come within the scope of the child labor law.

To return to the history of the amendment. It was ratified almost immediately by Arkansas and in the following year, 1925, by Arizona, California, and Wisconsin. Montana ratified in 1927 and Colorado in 1931. In a few States favorable action was taken in one house. In a number of States both houses rejected the measure, while in a few others the measure has been introduced but no action of any kind has ever been taken.

RATIFICATIONS LAST YEAR

During the year 1933, however, the movement proceeded with increasing momentum, 14 States having ratified between January, when ratification was voted by Oregon, and December, when five States—Iowa, on December 5; Minnesota, West Virginia, and Maine, on December 14, 15, and 16, respectively; and Pennsylvania, on December 21—ratified the amendment in rapid succession.

The other States ratifying during the year were: Washington, in February; North Dakota and Ohio, in March; Michigan and New Hampshire, in May; New Jersey and Illinois in June; and Oklahoma, in July. Twenty States have now ratified, and if similar action is taken by the States which will be meeting this coming year in special or regular sessions, 1934 may see the amendment's final adoption. Congress would then have the necessary power to make permanent the gains achieved by the National Industrial Recovery Act in the field of child-labor regulation.

The movement for uniform legislation standards and for the elimination of industrial abuses has been stimulated under the National Industrial Recovery Act. History repeats itself. The same thing happened, as far as child labor was concerned, during the operation of the Federal laws between 1917 and 1922. In that period many States took steps to improve their own child-labor laws and their administrative practices so that they might serve as the enforcing agents for the Federal standards. Progress was much more rapid during that period than during the following years.

Should expiration of the codes in 1935 find the Federal child-labor amendment still unratified, it is presumable that history might again repeat itself, and that unless, in the meantime, many States had raised their own standards and achieved a greater degree of uniformity in their child-labor laws than now prevails, the most important gains of the past year might be lost. This is illstrated by the experience following the decision of the Supreme Court declaring the first child labor law unconstitutional. The situation was described as follows in the seventh annual report of the Chief of the Children's Bureau, which had administered this law:

"The immediate effect of the decision of the Supreme Court in States where the State child-labor standards were lower than those imposed by the Federal law was the prompt restoration of the longer working day for children under 16 and an increase in the number of such working children. In addition, in a number of States there was an appreciable increase in the violation of State laws."

WHAT THE CENSUS SHOWS

No comparable data exist for the period following the decision that the second child labor law was unconstitutional, but a comparison of census figures for the years 1920 and 1930 shows that while the number of children under 16 employed in the textile industry in the United States as a whole decreased by 62 percent during the decade, the number of children employed in such establishments in South Carolina increased 24 percent and in Georgia 12 percent during that period.

In only four States—Ohio, Wisconsin, Utah, and Montana—do the State laws set a minimum age for employment comparable to that of the N.R.A. codes. The majority of the States set a 14-year minimum and a few a 15-year minimum for work during school hours.

If mere accident of birth on one side or another of a State line is not to deprive our children of the equality of opportunity which should be their heritage, and if we wish to make our present child-labor standards permanent, these should be embodied in statutory law, and under present conditions this can only be done on a national basis through Federal legislation made possible by ratification of the child labor amendment.

To some people the enactment not merely of a Federal law but even of further State legislation seems unnecessary now that so much progress has been made under the codes. The general abolition of child labor, brought about by voluntary agreement of the employers, has met with approval throughout the country and has been hailed as one of the outstanding accomplishments of the recovery program. Indeed, if the tremendous applause evoked by President Roosevelt's reference to the abolition of child labor in his message at the opening of Congress may be taken as an indication of national sentiment, it is safe to say that no single feature of the recovery program has met with greater acclaim.

DANGER OF LOSING GROUND

In our general enthusiasm for what we hope are the last steps in the final abolition of child labor, however, we should not lose sight of the fact that the codes prohibiting the employment of children may not remain in effect forever. If the N.R.A. should terminate at the end of its legal life of 2 years, or sooner by proclamation of the President, the great social gains already made may be gradually undermined, at least in some industries.

A return of prosperity bringing increase in employment opportunity might, as in the past, find an increasing number of 14- and 15-year-old boys and girls leaving school to go to work. Another period of business stagnation would lead us to expect a return of unfair competitive practices, exploitation of children, fly-by-night industries, and the mushroom growth of sweatshops which we witnessed during the past year, a situation which seemed to reach a climax in the children's strikes in Pennsylvania, and the use of children at low wages while laying off older wage earners.

These practices shocked the Nation out of the apathy into which it had drifted during the preceding years. The extent to which they have been condemned has been equaled only by the enthusiasm which has greeted the outlawing of such practices by the code agreements. Since industry itself, through these codes, has voluntarily prepared the way, the question has been raised, What objection can there be against a measure such as the twenty-second amendment, which will help to perpetuate the temporary abolition of child labor, of which the Nation as a whole appears so justly proud?

One of the principal objections is based on the doctrine of State rights and is raised by those who contend that regulation of child labor is a matter which should be left to the States themselves. This objection has been characterized by Carl C. Taylor, dean of North Carolina State College, as a smoke screen raised by those opposed to child-labor regulation. Transferring it from the basis of selfish interest to that of an old political philosophy, he says, gives it standing which it could never attain on the more selfish basis. This State rights argument was questioned by Elihu Root, when he said:

"It is useless for the advocates of State rights to inveigh against the supremacy of the constitutional law of the United States, or against the extension of national authority in the fields of necessary control, where the States themselves fail in the necessary performance of their duty."

LEGISLATION BY STATES

The difficulties in the way of State action are obvious. The point made by President Roosevelt in signing the textile code, when he said that, "this law permits employers to do by agreement that which none of them could do separately and live in competition" may be held equally true in the matter of piecemeal legislation by the States themselves. Employers in States which have raised their standards have actually been handicapped by such action. Joseph M. Tone, State labor commissioner of Connecticut, stated repeatedly last winter that Connecticut sweatshops were fly-by-night industries migrating to escape the more rigid New York State laws.

Complaints were also heard from the State Labor Department of New Jersey that much of the industrial home work given out there came from firms in New York and Pennsylvania. Uniformity of legislation and enforcement would give to the States the same protection against unfair competition which the codes give to individual employers.

Among those who accept the general theory of a child-labor amendment are a few who object to the age limit set by the amendment. They contend that the amendment would enable Congress to bar all employment of young persons under 18 years of age from work around the home. It is inconceivable that Congress would ever pass such legislation, for no one wants to prohibit all work for children under 18. The power granted Congress would merely permit it to deal with child labor as is now done by the States, except that the power of Congress could not go beyond the age of 18.

REGULATION WIDESPREAD

Every State today prohibits the employment of children below a certain minimum age, and regulates in some way the work of minors after they reach that age. These regulations fix a maximum workday and work week, prohibit night work between certain hours, prohibit hazardous employment; some require the payment of minimum wages. Some of these State regulations apply to minors 18 years of age, and a few even up to 21 when the employment presents special physical or moral hazards. It is necessary that Congress be given power to regulate up to 18 years of age at least in order to regulate, if necessary, employment in such occupations.

Again we find this point clearly illustrated in some of the codes adopted under the N.R.A. The majority of the codes provide that no employer, in the industries covered, shall employ any person under 16 years of age, but a large number of industries in which there are hazardous processes have gone even further and agreed not to employ anyone under 18 in dangerous occupations.

SPECIFIC CODE PROVISIONS

Under the codes boys under 17 can no longer be employed underground in coal mines, and passenger-bus drivers must be at least 21 years of age. This higher age limit set by the codes for hazardous trades has been hailed as a real advance in the program for the protection of youth, and the prevention of adult unemployment.

The rapid succession in which 14 States ratified the amendment in 1933 when only 6 had ratified from 1924 until last year has caused some critics to declare that action had been taken with undue haste. It is difficult to support such a contention.

With the exception of Illinois and New Jersey every one of the ratifying States had taken action on this amendment before. In

5 States it had been rejected by either senate or house, and in 7 it had been rejected by both houses. In West Virginia, for instance, both houses rejected the measure in 1925. Reintroduced in 1931, it was rejected by only one house. In 1933, after it had passed the house, one of the principal opponents of the measure requested the senate to postpone its vote until he could appear in person against it. When all his arguments had been heard the senate ratified the measure with but one dissenting vote.

CASES OF PRECEDENT

There is precedent for the ratification of a Federal constitutional amendment by a State which previously had rejected it. New Jersey rejected the thirteenth amendment in 1865 but ratified it the following year. The fourteenth amendment was first rejected and then ratified by North Carolina, South Carolina, and Georgia. In each instance the ratification was treated as authoritative.

On the other hand, when New Jersey and Ohio rejected the fourteenth amendment after having previously ratified it, in each case the latter action was disregarded.

Some of the States which have ratified the amendment are predominantly agricultural States. In Iowa, for instance, under the active leadership of Governor Herring, the Farm Union and the Farm Bureau Federation were among the most active supporters of the amendment. In other agricultural States, however, opponents of the measure have argued that it would give Congress power to prevent children from working at home or on the home farm.

To enact such legislation would constitute a clear violation of parental rights. It is absurd to fear that Congress, representing the people of all the States, would so flout public opinion.

As pointed out recently by Alfred Baker Lewis, of Cambridge, Mass., "the amendment gives Congress power only over the labor of children for hire, and nothing else. It would not give Congress power to send inspectors any place except where work for hire was being carried on, and, therefore, Congress would have absolutely no power to send inspectors into families, schools, or churches any more than it has now."

DETERMINATION TO WIN

The fact that from 1924 to the present time definite action of some kind has been taken by one State or another in every year but 1928 and 1930, indicates that the determination to achieve permanent protection of children against premature labor has remained alive as "the settled purpose of the years."

When all is said and done, the twenty-second, or child labor amendment, is merely an enabling act which will give Congress authority to perpetuate the child-labor gains of the last year by bringing uniformity in a field in which the States have been enacting piecemeal legislation for years. The need for Federal leadership in this field is as important and necessary today as when it was first urged more than a quarter century ago.

NEWSPAPER DELETION TO SUPPRESS COMMENT FAVORABLE TO SENATOR LONG

Mr. LONG. Mr. President, I desire the attention of Senators in order that they may have a little illumination on a matter that is pending. It will only take 2 or 3 minutes, I believe. I ask Senators to give me their particular attention. This is a little matter of personal privilege which I shall present to the Senate in a very few words.

I have pending a resolution which is now before the Committee on Privileges and Elections to investigate whether or not certain wire services are being used to delete certain matters for certain purposes that I have presented to the Senate.

I have before me two copies of the same issue of the same newspaper. They are of the same date, the Washington Herald of February 14, 1934. The first edition of the Washington Herald is labeled "midnight edition" and contains an article by Mr. Arthur Brisbane. Among other things, Mr. Brisbane includes under the heading "One Feeble Burlesque" a comment which I shall soon read. Then I have the 6 o'clock a.m. edition of the same newspaper of the same date, containing the same headlines in the Arthur Brisbane column, but with this paragraph deleted. I want to read to the Senate just why this particular forgery had to be made in the same paper of the same date. I do not think there can be any reason why I should ever have to prove to the Senate any further good faith for the resolution which I have introduced and which is now pending before the Committee on Privileges and Elections.

Here is one of the headlines to what Mr. Brisbane said:

One feeble burlesque.

Here is the part that is under that heading:

Not everybody in Louisiana loves HUEY LONG, in spite of reports to the contrary. One thousand of Senator LONG's fellow citizens gathered at Monroe, La., offered a "burlesque", planned to belittle him in the opinion of the outside world. Alluding to the fact that Senator LONG as Governor had taxed the oil industry to supply free school books to all children in white and colored public schools and also parochial schools, those burlesqueing the former Governor said:

"He fought illiteracy; he taught everybody to read, and then mailed them his political weekly."

Something better than that must be found if Senator LONG's standing in his State is to be undermined. He, of whom his enemies say that he "taught everybody to read", has rendered a public service that offsets many mistakes. To teach a child to read means to open the entire field of knowledge to that child. Too many politicians in this country are economizing on the public schools, depriving children of education, instead of economizing on their own extravagance. The enemies of Senator LONG should and can easily find some better topic for burlesque.

Now, we take up the same paper—the Washington Herald—dated the same day, with the same article, written by the same man, and with the same headline, and we find that the part mentioning the name of HUEY LONG has been deleted. Not only that, but it took a search with a spirit level and a compass to find this newspaper. It was by the merest accident that we came to find out that practically every place had been visited between midnight and 6 o'clock, and the midnight edition had been taken up and they had put the 6 o'clock edition there in its stead. By the merest accident my secretary happened to be up after 12 o'clock and secured a copy of the midnight edition, which I am now presenting to the Senate, asking that these two articles be printed in parallel columns for the information of the Senate and for the information of the public.

I send them to the desk and ask that these two articles be printed in parallel columns in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

[From the Washington Herald of Feb. 14, 1934—midnight edition]

TODAY—TROUBLE, A GREAT DEAL OF IT—CIVIL WAR, WIDE-SPREAD—MOSCOW LOOKS ON, REJOICING—ONE FEEBLE BURLESQUE

By Arthur Brisbane

Civil war in Austria provides big and unpleasant news. Hundreds are shot, the Government of the energetic little anti-Communist and anti-Hitler dictator, Herr Dollfuss, fighting savagely against the Austrian Socialist Workmen's Party. Dollfuss hitherto has been fighting to keep the German Nazis and their influence out of Austria, struggling to prevent, first, political and, next, territorial absorption by Germany.

Now the fight is at home. Socialist workmen entrenched in the Karl Marx apartment house in Vienna, a huge $4,000,000 structure, biggest apartment house in Europe, are using machine guns, hand grenades, and gas against Austrian troops.

Late news tells of Austrian cannon battering down the big apartment house, housing 2,000 men, women, and children, killing many of them.

Twenty years ago the big war was starting, with Austria striking back after the murder of the Hapsburg heir-apparent, dragging Europe and this country into a gigantic war. It could have been avoided by hanging the Serbian murderer and a little common-sense talk.

Twenty years after that unnecessary conflagration comes a battle of classes and political opinion within the diminished Austrian territory. Civil war based on political hatred, most violent in Austria, worries all Europe.

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In France, Communists and other radicals have been rioting and killing in the streets. In

Spain, fights between police and strikers wound many. In England, Lord Rothermere calls for some form of Fascist government, which means dictatorship. It is difficult to imagine mild King George with a heavy-jawed, frowning British imitation of Mussolini telling him what to do and what to say. But anything can happen.

Bloody violence in Austria shows what might have happened in Italy if Mussolini had not taken charge with his black shirts and his castor oil, suppressing all differences of opinion, and in Germany if Hitler had not seized the power, crushing not only conflicting political opinions and all radicalism but suppressing also the separate German kingdoms and their rights, upon which even Bismarck dared not lay a finger.

Vienna, which is about all there is left of Austria, is a big city, with nearly 2,000,000 inhabitants, one seventh of them of the Jewish race, many others of mixed race, Hungarians who once boasted of their descent from Arpad's legions that came conquering from Asia; also Czechs, Spaniards, Slovaks, and all sorts from the Balkans. Few of the so-called "Nordics" live in Austrian territory that Hitler seems determined to annex.

Two hundred and fifty thousand Austrian Jews will wish for Dollfuss' success in his fight to prevent seizure of the Government by Socialists, and to prevent Hitler bringing Austria under the rule of his Nazi Swastika.

With heavy howitzers bombarding apartments filled with hundreds of workingmen's families in Vienna, savage fighting in other Austrian cities, Russia and Japan getting ready for a war that will give Asia an imitation of the big war, France and Spain worried by strikes and uprisings of Monarchists, Socialists, Communists, no news seems important except assorted war news.

Needless to say, the Communistic Government at Moscow watches with eager pleasure events in Austria and France. Russia's official newspaper, Pravda, writes enthusiastically, "Cheering the fighting workers in both countries, and demanding a united front of the workers." Pravda says:

"The demonstrations and general strikes in France and Austria show the revolutionary forces against facism are rising and ripening."

We have trouble enough here with our 59-cent dollar, our billions in bonds that will cost billions more than the principal for interest, and our other little complications. We may congratulate ourselves that we have not yet enough fascism, naziism, or communism to amount to anything serious. But there is no knowing what may come.

If England can talk about imitating Italy, if Germany's intelligent millions, trained in political thinking since the war of 1870, can suddenly subordinate their thinking and their will power to Hitler, a self-

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"He fought illiteracy; he taught everybody to read; and then mailed them his political weekly."

Something better than that must be found if Senator LONG's standing in his State is to be undermined. He, of whom his enemies say that he "taught everybody to read", has rendered a public service that offsets many mistakes. To teach a child to read means to open the entire field of knowledge to that child. Too many politicians in this country are economizing on the public schools, depriving children of education, instead of economizing on their own extravagance. The enemies of Senator LONG should and can easily find some better topic for burlesque.

Uncle Sam spends freely, lends freely to States and corporations. How much of the money lent will come back, or does that make no difference?

In one State a large loan is requested, to give employment by building an expensive armory. In another State, private individuals request Uncle Sam to supply money to build a great race track, with stables, and all that goes with racing and gambling.

It appears that while the borrowing is good, whoever can will borrow for any purpose that can be invented. Many borrowers seem not to worry about payment.

chosen leader from Austria, anything may happen anywhere.

(Deletion occurs here.)

CIVIL WORKS ADMINISTRATION APPROPRIATION—CONFERENCE REPORT

The Senate resumed the consideration of the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. MCKELLAR] that the Senate recede from its amendment numbered 4.

Mr. MCCARRAN. Mr. President, on yesterday the learned Senator from Arkansas [Mr. ROBINSON] took occasion to comment on the language of the amendment under consideration, and read first one definition of the word "involve"; and then, when I asked him to read all the definitions, he continued to read that which was undoubtedly entirely inapplicable to the language as used.

I thought at the time that the learned Senator, in his splendid adroitness, would not go down the column any further to read the definition that might be and is applicable. For that reason, in order that the remarks of the learned Senator from Arkansas may be supplemented, and that the truth of the situation may be made manifest, as disclosed by the volume from which he was reading—namely,

the dictionary—I desire to say that had he read down one more line or so, he would have found the definition of the word "involve" to be:

To occupy; to employ.

Exactly the term that applies to the language of the amendment and was considered when the language was selected for the amendment. In other words, if I may read by interpolation:

Any State director or administrator for any State in whose duties he is employed to disburse funds under the Federal Emergency Relief Administration or under the Federal Civil Works Administration for any State shall be appointed for such State by the President by and with the advice and consent of the Senate.

The learned Senator from Kentucky [Mr. BARKLEY] yesterday, in his splendid way, and with all of the force that he usually puts into an argument, tried to enlist the sympathy of this body by saying that if we dallied with this bill we would today deprive hundreds of thousands, yes, millions, of their pay checks, because after today there would be no opportunity for a pay check; but in yesterday's press we find Mr. Harry Hopkins stating as follows, with reference to this bill:

I am not worried about it. I expect the bill will be enacted before the next pay roll has to be met next Saturday.

So, the matter of haste drifts into thin air, but the matter of principle ever prevails.

The learned Senator from Kentucky yesterday made a splendid argument in part in furtherance of my amendment, because in that argument he admitted that if this amendment had been offered to the bill in the first instance he would have supported it; that it was proper if offered at the proper time; but, Mr. President, what we are doing now is creating a new fund of nearly a billion dollars to be administered willy-nilly by those who may be appointed or selected by someone over whom the Senate will have no authority whatever.

The principle must be right. It has been adopted and applied for many years. The Senate in years past would scarcely have thought of approving the disbursement of public funds in enormous sums without first inquiring who would be the disbursing agent and who would have in his control the organization through which the public funds would be disbursed. All we are asking now is to place the responsibility where it belongs. The responsibility comes from the President and should rest in the President; and, though he may disburse public funds, the President will not in the long run be censured. The censure will come back to the Senate, because the Senate is using and disbursing the funds of the taxpayers; and if fraud and corruption arises, as the press already discloses, where does the censure come? Certainly not to the disbursing agents; certainly not to those agents who have been picked up in a moment and given the opportunity to spend the money of the people. It comes directly back to this body, because we are the check on the expenditure of public funds, and against us may come the criticism if wrong creeps into this administration.

I again insist that this amendment should have been argued for and fought for by the conferees appointed by the Senate; and I am going again to urge the rejection of the conference report, and that the motion to recede from the amendment be rejected.

The PRESIDING OFFICER (Mr. POPE in the chair). The question is on the motion of the Senator from Tennessee [Mr. MCKELLAR] that the Senate recede from its amendment no. 4.

Mr. CLARK. I call for the yeas and nays.

Mr. BARKLEY. I make the point of no quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Barkley	Byrd	Coolidge
Ashurst	Black	Byrnes	Copeland
Austin	Bone	Capper	Costigan
Bachman	Borah	Caraway	Couzens
Bailey	Brown	Carey	Cutting
Bankhead	Bulkley	Clark	Davis
Barbour	Bulow	Connally	Dickinson
Dieterich	Hatfield	Norris	Steiwer
Dill	Hayden	Nye	Stephens
Duffy	Hebert	O'Mahoney	Thomas, Okla.
Erickson	Kean	Overton	Thomas, Utah
Fess	Keyes	Patterson	Thompson
Fletcher	La Follette	Pittman	Townsend
Frazier	Logan	Pope	Trammell
George	Lonergan	Reynolds	Tydings
Gibson	Long	Robinson, Ark.	Vandenberg
Goldsborough	McCarran	Robinson, Ind.	Van Nuys
Gore	McGill	Russell	Wagner
Hale	McKellar	Schall	Walcott
Harrison	McNary	Sheppard	Walsh
Hastings	Murphy	Shipstead	White
Hatch	Neely	Smith	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. CLARK. I call for the yeas and nays.

Mr. LA FOLLETTE. Mr. President, before the vote is taken upon the motion of the Senator from Tennessee that the Senate recede on the so-called "McCarran amendment", I wish to make a very brief statement. I voted against the amendment which the able Senator from Nevada offered because I believed that it attempted to change the entire policy upon which the direct relief act was based. The direct relief act passed at the last session was based upon similar legislation in which the Federal Government and the States sought to deal with a problem concerning them jointly.

It was the belief of the authors of the relief bill that a sound policy was inaugurated. We followed the previous legislative policy of the Government with regard to highways, with regard to vocational education, and in other fields of activity in which the Federal Government and the States attempted to form what might almost be termed a partnership in meeting those questions and problems. It has already been pointed out in the debate upon this amendment that, insofar as the administrators of direct-relief funds in the States are concerned, in most if not all of the States agencies have been created or designated by the Governors of the various States to administer and to expend the moneys jointly contributed by the States and the Federal Government to meet the problem of direct relief.

It seems to me that it would be most unwise for the Congress, without further consideration, to alter the fundamental policy upon which the Federal Relief Administration has been set up. Certainly it could have but one tendency, namely, to further relieve the States of responsibility in attempting to meet the staggering burden of unemployment relief.

I believe that it would be just as logical, if we are to adopt the policy provided in the McCarran amendment insofar as administration of direct relief is concerned, to provide that all of the highway commissions which spend money under the Federal Highway Act should be appointed by the President and confirmed by the Senate. I likewise believe that if we adopt this policy so far as direct relief is concerned, we should logically provide that all of the various agencies which administer funds under vocational education should be appointed by the President and confirmed by the Senate.

Therefore, Mr. President, I shall vote for the motion of the Senator from Tennessee to recede upon this amendment.

Mr. BORAH. Mr. President, I intend to vote to recede upon this amendment, but I want to say while doing so that if this matter had been proposed in the beginning with reference to all these matters I should have cast a different vote. I think the Senate ought to retain more voice with reference to the officials who distribute these appropriations than we have been having. But as the matter now stands it would create a rather chaotic condition of affairs if we should undertake to change the policy in the midst of this administration, and to change the machinery which has been set up. Furthermore, it is understood that the C.W.A. is drawing to an end. For that reason, I will vote to recede.

Mr. CLARK. Mr. President, I want to make it clear, as one Senator who intends to vote against the motion to recede, that the support of the amendment offered in the Senate the other day by the Senator from Nevada involved no criticism whatever on my part of the Civil Works Admin-

istration. I think that Mr. Hopkins has done a magnificent job. As I have heretofore said, I think that the money which has been expended by the Civil Works Administration has been the most helpful money which has been spent in the whole recovery program. Further than that, unlike the Senator from Kentucky and other Senators who stood upon this floor and said that they could make no defense of the method of appointment of relief administrators in their own States, I have no complaint whatever to make about the relief administrator in the State of Missouri. He is a distinguished citizen of Missouri, one whom I would very gladly have voted to confirm if his name had been sent to the Senate for confirmation under such a provision of law as is contemplated in the McCarran amendment.

My point in this matter, Mr. President—and it is directed not only to the Civil Works Administration but to the Public Works Administration, the Farm Credit Administration, and all the other agencies which are being set up—is that they are spending vast sums of public money, and that the men who are administering those funds should be subjected to the same practice which has prevailed since the foundation of the Government in the appointment of other Federal officials, and which has proved for more than a century a most salutary one. Senators who stand upon this floor and criticize the amendment of the Senator from Nevada are really directing their criticism to the framers of the Constitution, who, lacking the guidance of the eminent Senator from Arkansas, originally wrote that policy into the Constitution of the United States.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee [Mr. McKELLAR] that the Senate recede from its amendment numbered 4 to the Civil Works bill.

Mr. CLARK. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). The senior Senator from Virginia [Mr. GLASS], with whom I am paired, is unavoidably detained from the Senate. I am advised that if present he would vote as I intend to vote, and therefore I feel at liberty to vote. I vote "yea."

Mr. TYDINGS (when his name was called). On this vote I have a pair with the senior Senator from Rhode Island [Mr. METCALF]. I understand that if he were present he would vote the same as I intend to vote, Feeling at liberty to vote, I vote "yea."

Mr. WALCOTT (when his name was called). I have a general pair with the junior Senator from California [Mr. McADOO]. Not knowing how he would vote on this question, I refrain from voting. If permitted to vote, I should vote "yea."

The roll call was concluded.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I have a pair with the senior Senator from Pennsylvania [Mr. REED]. Being informed that that Senator, if present, would vote as I have voted, I allow my vote to stand.

Mr. HEBERT. Mr. President, I desire to announce that the Senator from California [Mr. JOHNSON] is unavoidably detained from the Senate.

I also wish to announce that the Senator from Pennsylvania [Mr. REED], the Senator from South Dakota [Mr. NORBECK], and the Senator from Rhode Island [Mr. METCALF] are necessarily absent.

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate:

The Senator from Washington [Mr. BONE], the Senator from Texas [Mr. CONNALLY], the Senator from Utah [Mr. KING], the Senator from Illinois [Mr. LEWIS], and the Senator from Montana [Mr. WHEELER].

The result was announced—yeas 64, nays 19, as follows:

YEAS—64

Adams	Bankhead	Borah	Byrd
Ashurst	Barbour	Brown	Byrnes
Austin	Barkley	Bulkley	Capper
Bachman	Black	Bulow	Caraway
Carey	Frazier	Logan	Sheppard
Coolidge	Gibson	McKellar	Shipstead
Costigan	Hale	McNary	Steiwer
Couzens	Harrison	Murphy	Stephens
Cutting	Hastings	Norris	Thomas, Okla.
Davis	Hatch	Nye	Thomas, Utah
Dickinson	Hatfield	O'Mahoney	Thompson
Dieterich	Hayden	Overton	Trammell
Duffy	Hebert	Patterson	Tydings
Erickson	Kean	Pope	Van Nuys
Fess	Keyes	Reynolds	Wagner
Fletcher	La Follette	Robinson, Ark.	Walsh

NAYS—19

Bailey	Goldsborough	McGill	Schall
Clark	Gore	Neely	Smith
Copeland	Lonergan	Pittman	Vandenberg
Dill	Long	Robinson, Ind.	White
George	McCarran	Russell	

NOT VOTING—13

Bone	King	Metcalf	Townsend
Connally	Lewis	Norbeck	Walcott
Glass	McAdoo	Reed	Wheeler
Johnson			

So the Senate receded from its amendment no. 4.

The VICE PRESIDENT. The question now is on the motion of the Senator from Idaho [Mr. BORAH] that the vote by which the conference report was agreed to be reconsidered.

Mr. BORAH. Mr. President, I do not desire to discuss the motion which I entered to reconsider, but I ask for the yeas and nays on that question.

The yeas and nays were ordered.

Mr. PITTMAN. Mr. President, I think the conferees of the House have made an unintentional mistake in the amendment which has been placed on this bill. They placed the following language in the bill:

> That no part of the appropriation herein made shall be allotted for expenditure for any Civil Works project under any other department or establishment of the Federal Government except for the completion of projects for the improvement of Federal lands or public property in progress and uncompleted on the date of the approval of this act.

I am satisfied that language would prevent even the utilization of money already allocated for public works on public lands or public property. It would, in my opinion, remove the power to transfer one allocation to another allocation. For instance, the Bureau of Mines has already recommended the expenditure of $1,500,000—a very small sum in these days, it is true—for geophysical examinations and tests of gold and silver mining properties in the United States.

Mr. McKELLAR. Mr. President, may I ask the Senator whether that work is completed?

Mr. PITTMAN. The work, unfortunately, has not even been started.

Mr. McKELLAR. If the allocation has been made, that is unquestionably a starting of the work, and it would go on under this amendment.

Mr. PITTMAN. Unfortunately the allocation has not been made. Unfortunately it has just been estimated for, and just been recommended by the Bureau of Mines, and while it only involves a small sum when it is compared with our other expenditures, being only $1,500,000, under this amendment it will be totally impossible to get it.

I desire to state that, in my opinion, this work is one of the most valuable works that could be undertaken at the present time. It affects examinations in the States of Alabama, Georgia, North Carolina, Virginia, South Carolina, Washington, Oregon, California, Idaho, Montana, Nevada, Wyoming, South Dakota, Colorado, Utah, Arizona, New Mexico, Alaska, and Puerto Rico.

I do not know whether it is generally understood, but geophysical examinations which have been under study for 10 or 15 years, and under actual practice now for about 2 years by private mining companies throughout the United States, have proven a tremendous success. Such a study involves about one tenth the cost of an ordinary geological or mineralogical survey, and I think, if for no other reason, the bill should go back for the purpose of at least changing the form of that provision.

Mr. McKELLAR. Mr. President, will the Senator from Nevada yield?

Mr. PITTMAN. I yield.

Mr. McKELLAR. Has the Senator secured a Budget estimate for the work, or a recommendation of any kind? I desire to make this suggestion to the Senator from Nevada: The Department of Commerce appropriation bill, under which that would naturally come, will soon be before the Senate, and if the Department desires to have this work done and the Budget Director is willing to recommend it, it would be just as easy, and a great deal easier, to have it put on the Commerce Department bill than to have the language in question changed.

I desire to say to the Senator that no question which came before the conferees was more actively and vigorously discussed and argued than was this particular amendment. The House conferees did not even want to give as much as was obtained by this language. I hope the Senator, if he has a worthy project of the kind he has described—and I am not questioning the worthiness of it—will go before the Budget Director and undertake to get a recommendation for the Commerce Department bill, rather than hold up the emergency bill at this time.

Mr. PITTMAN. Mr. President, the estimates have all been made. The Budget Director has not been approached, and I feel it would be absolutely futile to approach the Budget Director. I understand the policy of the Government. It is to cut down all expenses of the departments and to appropriate for emergency use. The money for the work I have described can only be obtained through emergency appropriation.

Mr. McKELLAR. I ask for a vote.

Mr. COPELAND. Mr. President——

The VICE PRESIDENT. The Senator from New York.

Mr. COPELAND. I ask the indulgence of the Senate for a few moments. I have spoken earnestly on this subject before, but I feel that there are some phases of it which have not yet dawned upon the Senate. I hold in my hand a letter from the Civil Works Administration which is only a paragraph long, as follows:

> In the event of the passage of a rule that no Civil Works project could be carried out under the auspices of a Federal department except one which was on Federal land or property, the projects which are checked—

And they are on the list which I have in my hand—

> would be affected. You will notice that the projects listed under heading 4, "Projects having to do with Statistical Research and Surveys", are projects for gathering information essential to the carrying out of the entire recovery program. Quite obviously this fact-finding work is not being conducted solely on Federal property, although the information obtained is of prime importance in directing the future course of the administration's work.

That covers the project which has been mentioned by the Senator from Nevada.

Let me show the Senate what the passage of the bill as it now stands means as regards relief work itself.

On the national relief census—for the completion of Nation-wide census of persons receiving unemployment relief—and so forth, and to ascertain what more should be done, 5,000 persons are engaged. They will have to cease their work the day the bill shall be signed.

In the next place, here are certain activities having to do with the census for which we must appropriate money in the future:

> Bureau of the Census: This survey is to be taken in conjunction with the regular biennial census of manufacturers. It will serve as the basis for planning and adjustments by individual business houses.

That is a work which must be done and paid for by the United States. Every Senator here will be approached by men and women who have been placed upon this work and who are now employed in obtaining these statistics. They will be in the street, without any work whatever to do, if this bill shall be carried out as proposed.

The directory of American business and the real-property inventory, under the Bureau of Foreign and Domestic Commerce, are both involved. Nearly 10,000 persons, men and women in every State in the Union, are engaged in this work. Likewise in the matter of the investigation of urban tax delinquency.

I spoke the other day of the railroad employee study, which has been desired for a long time by the Interstate Commerce Commission and by this body in order to determine the wisdom or the unwisdom of pension legislation. That activity employs 2,000 men and women.

I also spoke the other day about the photomapping of the Department of the Interior, the making of maps and mosaics, a work in connection with which it was possible to take on many unemployed photographers and engineers, totaling 2,000 persons.

So, with the collection of labor statistics, in which activity a thousand persons are engaged.

I thought there was a desire to ridicule it the other day when mention was made of the gypsy moth, as if that were something we might laugh about, but I find my mail filled with letters from my State demanding that this work go on. Likewise the Dutch elm disease control was laughed at. A thousand men and women are engaged in that work. I have here from the conservation departments of various counties in my State pleas that that work may be continued. It will be stopped if we permit the Civil Works projects to be sidetracked. On the gypsy moth control work there are 5,000 persons engaged.

Then there is work in connection with the mosquito pest control. Every Senator here knows the appeals that have been made from various southern States in order that something might be done along that line not only to secure relief from the direct effects of the pest but also because of the part mosquitos play in the development of malaria. Twenty-five thousand persons are employed in that work.

I do not need to go extensively into the surveys to point out to the Senate their significance; Senators have had the report before them; but I want to emphasize again that, according to the figures given me by the Civil Works Administration, 209,828 persons, in round numbers 210,000 persons, will be without employment and will be placed upon the dole unless we can do away with this provision which was placed in the bill as it came to us and which we the other day voted should not be the policy of Congress. Mr. President, it is unthinkable that it should be.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. WAGNER. I should like to ask my colleague if it is not also important to emphasize the fact that the reconsideration of the vote by which the report was agreed to and the elimination of the proposed amendment will not in any way increase the appropriation?

Mr. COPELAND. Not at all.

Mr. WAGNER. We are not attempting to increase the appropriation.

Mr. COPELAND. Not at all.

Mr. WAGNER. And the chances are that if these men of the so-called "white-collar class", who have suffered so much in this depression, are removed or relieved of their employment because of the situation, we are not going to save any money either, because we are going to put them right back on relief rolls.

Mr. COPELAND. That is right. I pointed out the other day that the appropriation of $950,000,000 is not arbitrarily divided between the two activities, personal relief and Civil Works activities; there is no arbitrary division, so there will be $950,000,000 spent, anyway. As my colleague has said, we shall not save a dollar, but what we are doing here is to drop from Civil Works activities men and women who are now employed and paid very modest stipends, put them back on the dole, and then, from the other part of the bill will come the relief which will be given them in the form of a dole.

Mr. President, I have no right to occupy any more time of the Senate. I have striven desperately to get the Senate to understand the situation as it is, and I believe that when the Senate really shall understand it, the bill will be sent back to the conference committee, in order that there may be the choice of new language and the possibility of going on with this work. Therefore, I hope the motion to reconsider will prevail.

The VICE PRESIDENT. The question is on the motion of the Senator from Idaho [Mr. BORAH] to reconsider the vote by which the conference report was agreed to. On that question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I am advised that the Senator from Virginia [Mr. GLASS], with whom I am paired and who is unavoidably detained from the Senate, would vote as I should vote were he present. I therefore feel privileged to vote, and vote "nay."

Mr. ROBINSON of Arkansas (when his name was called). I am informed that my pair the Senator from Pennsylvania [Mr. REED] would, if present, vote as I intend to vote. I therefore feel free to vote, and vote "nay."

The roll call was concluded.

Mr. WALCOTT. I have a pair with the junior Senator from California [Mr. MCADOO]. Not knowing how he would vote, I am not permitted to vote. If I were permitted to vote, I should vote "nay."

Mr. FESS. I wish to announce that the Senator from California [Mr. JOHNSON], the Senator from Delaware [Mr. HASTINGS], and the Senator from Rhode Island [Mr. HEBERT] are detained from the Senate on official business.

Mr. TYDINGS. I have a general pair with the Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the Senator from Virginia [Mr. GLASS], and vote "nay."

Mr. LEWIS. I desire to announce that the Senator from Indiana [Mr. VAN NUYS] and the Senator from Massachusetts [Mr. WALSH] are necessarily detained from the Senate on official business.

The result was announced—yeas 41, nays, 42, as follows:

YEAS—41

Adams	Davis	McGill	Shipstead
Bailey	Dickinson	Neely	Smith
Barkley	Dill	Norris	Thomas, Okla.
Bone	Frazier	Nye	Thomas, Utah
Capper	George	O'Mahoney	Trammell
Caraway	Gibson	Overton	Vandenberg
Clark	Hatch	Pittman	Wagner
Copeland	Hatfield	Pope	Wheeler
Costigan	La Follette	Robinson, Ind.	
Couzens	Logan	Russell	
Cutting	McCarran	Schall	

NAYS—42

Ashurst	Carey	Harrison	Reynolds
Austin	Connally	Hayden	Robinson, Ark.
Bachman	Coolidge	Kean	Sheppard
Bankhead	Dieterich	Keyes	Steiwer
Barbour	Duffy	King	Stephens
Black	Erickson	Lewis	Thompson
Brown	Fess	Lonergan	Townsend
Bulkley	Fletcher	McKellar	Tydings
Bulow	Goldsborough	McNary	White
Byrd	Gore	Murphy	
Byrnes	Hale	Patterson	

NOT VOTING—13

Borah	Johnson	Metcalf	Van Nuys
Glass	Long	Norbeck	Walcott
Hastings	McAdoo	Reed	Walsh
Hebert			

So the motion to reconsider the vote by which the conference report was agreed to was rejected.

Mr. CONNALLY. Mr. President, I wish to say for the RECORD, with reference to the vote on the McCarran amendment, that I was temporarily called from the Chamber and did not hear the bells when they were rung. Had I been present, I should have voted to recede from the McCarran amendment.

INTERIOR DEPARTMENT APPROPRIATIONS

Mr. HAYDEN. Mr. President, I ask unanimous consent temporarily to lay aside consideration of the motion of the Senator from Florida [Mr. TRAMMELL] to proceed to the consideration of the naval construction bill, and that the Senate proceed to the consideration of the Interior Department appropriation bill, H.R. 6951.

The VICE PRESIDENT. The order of the Senate entered yesterday provides that at the conclusion of the consideration of the conference report the Senate shall resume the contempt proceedings.

Mr. HAYDEN. Very well.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. LEWIS. Mr. President, may I have the attention of the Senator from Wisconsin [Mr. LA FOLLETTE], the Senator from Idaho [Mr. BORAH], and the Senator from Michigan [Mr. VANDENBERG] while I beg the privilege to ask if there be any objection to the matter of debate on the St. Lawrence Treaty being temporarily withheld for 1 week in order that certain legislation may take its place, and that we have an understanding upon the part of the Senate that certain Senators who desire to address the Senate and who will necessarily be absent or who desire to be absent for some days shall not be expected to address the Senate during the week, so that in the meantime we shall know exactly what to expect with reference to further addresses on the subject of the treaty?

Mr. ROBINSON of Arkansas. Mr. President, I object. I have previously stated to the Senator that I would object to his request if it was formally submitted.

Mr. PITTMAN. Mr. President, I have stated to the Senator from Illinois, with reference to the desire of certain Senators to address the Senate on the subject of the treaty, that, so far as I am personally concerned, I would not bring up the treaty during the period of time referred to, but that I did not want to enter into any unanimous-consent agreement with regard to the matter because I had no right to do so.

Mr. LEWIS. I am only endeavoring to accommodate those who want to know whether they can go home for a few days and whether debate will take place in their absence.

Mr. ROBINSON of Arkansas. In reply to what the Senator from Illinois has suggested, permit me to say that it does not seem to me to be appropriate that the Senate should preclude itself from considering the business that is before it by an arrangement of the character he has suggested. In view of the statement made by the Senator from Nevada, I apprise the Senate that I object.

Mr. LEWIS. May I ask the Senator from Arkansas a question? I do not quite understand his suggestion. Is it not customary that a matter may be understood to be passed over for a certain length of time and that certain business may precede other business?

Mr. ROBINSON of Arkansas. I do not know of any such custom applying in the Senate.

Mr. LEWIS. If not, I have no way of advising Senators.

Mr. ROBINSON of Arkansas. I should object to such an arrangement as the Senator has indicated it is his desire to make.

MESSAGE FROM THE HOUSE—ENROLLED BILLS SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

S. 1975. An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; and

H.R. 7527. An act making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR., ET AL.

The VICE PRESIDENT. The order of the Senate is to proceed at this time to the consideration of contempt proceedings with closed doors. The order will be executed at this time.

Thereupon (at 1 o'clock and 20 minutes p.m.) the Senate proceeded to deliberate with closed doors.

After deliberating with the doors closed for about 6 hours, the doors were reopened.

During the deliberations behind closed doors it was ordered that the resolutions submitted and votes taken should be published in the RECORD, as follows:

Mr. BLACK submitted the following resolution (S.Res. 184):

Resolved, That William P. MacCracken, Jr., having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers, files, and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers, files, and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action.

The Senate proceeded to consider the resolution; and after debate, Mr. WHITE submitted an amendment in the nature of a substitute therefor, as follows:

Resolved, That the President of the Senate be directed to certify to the United States district attorney for the District of Columbia the reports made on February 2 and February 5, 1934, respectively, by the Special Committee on Investigation of Air Mail and Ocean Mail Contracts (being pts. 1 and 2 of S.Rept.No. 254, 73d Cong., 2d sess.), together with the testimony attached to part 2 of such report and a transcript of the proceedings before the bar of the Senate in the matter of William P. MacCracken, Jr., L. H. Brittin, Gilbert Givvin, and Harris M. Hanshue, for presentation to the grand jury for their action with respect to William P. MacCracken, Jr.

After debate, on the question of agreeing to Mr. WHITE's amendment in the nature of a substitute for Mr. BLACK's resolution (S.Res. 184), on motion of Mr. BLACK, the yeas and nays being ordered, the roll was called, and resulted—yeas 22, nays 62, as follows:

YEAS—22

Austin	Dickinson	Hebert	Townsend
Bailey	Fess	Kean	Vandenberg
Barbour	Gibson	Keyes	Walcott
Byrnes	Goldsborough	McNary	White
Carey	Hale	Schall	
Davis	Hastings	Steiwer	

NAYS—62

Adams	Costigan	Lewis	Robinson, Ind.
Bachman	Couzens	Logan	Russell
Bankhead	Cutting	Lonergan	Sheppard
Barkley	Dieterich	Long	Shipstead
Black	Dill	McCarran	Smith
Bone	Duffy	McGill	Stephens
Borah	Erickson	McKellar	Thomas, Okla.
Brown	Fletcher	Murphy	Thomas, Utah
Bulkley	Frazier	Neely	Thompson
Bulow	George	Norris	Trammell
Byrd	Gore	Nye	Tydings
Capper	Harrison	O'Mahoney	Van Nuys
Caraway	Hatch	Pittman	Walsh
Clark	Hayden	Pope	Wheeler
Connally	King	Reynolds	
Coolidge	La Follette	Robinson, Ark.	

So Mr. WHITE's resolution in the nature of a substitute for Mr. BLACK's resolution was rejected.

The question recurring on Mr. BLACK's resolution (S.Res. 184) he modified it by striking out the word "files" in two places where it followed the word "papers"; and the question being taken, on motion of Mr. BLACK the yeas and nays were ordered, and resulted—yeas 64, nays 20, as follows:

YEAS—64

Adams	Coolidge	King	Reynolds
Bachman	Costigan	La Follette	Robinson, Ark.
Bailey	Couzens	Lewis	Robinson, Ind.
Bankhead	Cutting	Logan	Russell
Barkley	Dieterich	Lonergan	Sheppard
Black	Dill	Long	Shipstead
Bone	Duffy	McCarran	Smith
Brown	Erickson	McGill	Stephens
Bulkley	Fletcher	McKellar	Thomas, Okla.
Bulow	Frazier	Murphy	Thomas, Utah
Byrd	George	Neely	Thompson
Byrnes	Gibson	Norris	Trammell
Capper	Gore	Nye	Tydings
Caraway	Harrison	O'Mahoney	Van Nuys
Clark	Hatch	Pittman	Walsh
Connally	Hayden	Pope	Wheeler

NAYS—20

Austin	Dickinson	Hebert	Steiwer
Barbour	Fess	Kean	Townsend
Borah	Goldsborough	Keyes	Vandenberg
Carey	Hale	McNary	Walcott
Davis	Hastings	Schall	White

So Mr. BLACK's resolution as modified was agreed to.

Mr. BLACK submitted the following resolution (S.Res. 185):

Resolved, That William P. MacCracken, Jr., having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, having been adjudged to be in contempt of the Senate because of his participation in such action, he, the said William P. MacCracken, Jr., shall be taken into custody by the Sergeant at Arms and shall be committed to the District of Columbia jail for 10 days.

On the question of agreeing to Mr. BLACK's resolution (S. 185), on motion of Mr. BLACK, the yeas and nays being demanded and ordered, the roll was called, and resulted—yeas 56, nays 26, as follows:

YEAS—56

Adams	Costigan	La Follette	Robinson, Ark.
Bachman	Couzens	Lewis	Robinson, Ind.
Bailey	Dieterich	Logan	Russell
Barkley	Dill	Lonergan	Sheppard
Black	Duffy	Long	Shipstead
Bone	Erickson	McCarran	Smith
Brown	Fletcher	McGill	Stephens
Bulkley	Frazier	McKellar	Thomas, Okla.
Bulow	George	Murphy	Thomas, Utah
Byrd	Gore	Neely	Thompson
Capper	Harrison	Norris	Trammell
Caraway	Hatch	O'Mahoney	Van Nuys
Clark	Hayden	Pittman	Walsh
Connally	King	Pope	Wheeler

NAYS—26

Austin	Dickinson	Kean	Townsend
Barbour	Fess	Keyes	Tydings
Borah	Gibson	McNary	Vandenberg
Byrnes	Goldsborough	Nye	Walcott
Carey	Hale	Reynolds	White
Coolidge	Hastings	Schall	
Davis	Hebert	Steiwer	

So Mr. BLACK's resolution was agreed to.

Mr. McCARRAN submitted the following resolution (S.Res. 186):

Resolved, That L. H. Brittin, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he would not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action.

On the question of agreeing to Mr. McCARRAN's resolution (S.Res. 186), on motion of Mr. HASTINGS, the yeas and nays being demanded and ordered, the roll was called, and resulted—yeas 65, nays 18, as follows:

YEAS—65

Adams	Connally	Lewis	Sheppard
Bachman	Coolidge	Logan	Shipstead
Bailey	Costigan	Lonergan	Smith
Bankhead	Couzens	Long	Steiwer
Barkley	Dieterich	McCarran	Stephens
Black	Dill	McGill	Thomas, Okla.
Bone	Duffy	McKellar	Thomas, Utah
Borah	Erickson	Murphy	Thompson
Brown	Fletcher	Neely	Trammell
Bulkley	George	Norris	Tydings
Bulow	Gibson	O'Mahoney	Vandenberg
Byrd	Gore	Pittman	Van Nuys
Byrnes	Harrison	Pope	Walsh
Capper	Hatch	Reynolds	Wheeler
Caraway	Hayden	Robinson, Ark.	
Carey	King	Robinson, Ind.	
Clark	La Follette	Russell	

NAYS—18

Austin	Frazier	Kean	Townsend
Barbour	Goldsborough	Keyes	Walcott
Davis	Hale	McNary	White
Dickinson	Hastings	Nye	
Fess	Hebert	Schall	

So Mr. McCARRAN's resolution was agreed to.

Mr. McCARRAN submitted the following resolution (S.Res. 187):

Resolved, That L. H. Brittin, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda

had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, having been adjudged to be in contempt of the Senate because of his participation in such action; he, the said L. H. Brittin, shall be taken into custody by the Sergeant at Arms and shall be committed to the District of Columbia jail for 10 days.

On the question of agreeing to Mr. McCARRAN's resolution (S.Res. 187), on motion of Mr. HASTINGS, the yeas and nays being demanded and ordered, the roll was called, and resulted—yeas 60, nays 21, as follows:

YEAS—60

Adams	Clark	La Follette	Robinson, Ind.
Bachman	Connally	Lewis	Russell
Bailey	Coolidge	Logan	Sheppard
Bankhead	Costigan	Lonergan	Shipstead
Barkley	Couzens	Long	Smith
Black	Dieterich	McCarran	Steiwer
Bone	Dill	McGill	Stephens
Borah	Duffy	McKellar	Thomas, Okla.
Brown	Erickson	Murphy	Thomas, Utah
Bulkley	Fletcher	Neely	Thompson
Bulow	George	Norris	Trammell
Byrd	Harrison	O'Mahoney	Vandenberg
Capper	Hatch	Pittman	Van Nuys
Caraway	Hayden	Pope	Walsh
Carey	King	Robinson, Ark.	Wheeler

NAYS—21

Austin	Gibson	Keyes	Tydings
Barbour	Goldsborough	McNary	Walcott
Davis	Hale	Nye	White
Dickinson	Hastings	Reynolds	
Fess	Hebert	Schall	
Frazier	Kean	Townsend	

So Mr. McCARRAN's resolution was agreed to.

Mr. McCARRAN submitted the following resolution:

Resolved, That the President of the Senate be directed to certify to the United States District Attorney for the District of Columbia the reports made on February 2 and February 5, 1934, respectively, by the Special Committee on Investigation of Air Mail and Ocean Mail Contracts (being pts. 1 and 2 of S.Rept. No. 254, 73d Cong., 2d sess.), together with the testimony attached to part 2 of such report and a transcript of the proceedings before the bar of the Senate in the matter of William P. MacCracken, Jr., L. H. Brittin, Gilbert Givvin, and Harris M. Hanshue for presentation to the grand jury for their action with respect to L. H. Brittin.

After debate, Mr. McCARRAN withdrew the resolution.

Mr. BLACK submitted the following resolution:

Resolved, That Gilbert Givvin, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers, files, and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers, files, and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action; and

Resolved, further, That on account of his age, immaturity, and evident subordination to his superiors, the said Gilbert Givvin be brought before the bar of the Senate and be there reprimanded by the President of the Senate for such contempt.

The Senate proceeded to consider the resolution, and, after debate, Mr. CONNALLY submitted an amendment in the nature of a substitute therefor, as follows:

Whereas Gilbert Givvin appears to have acted upon instruction of his employer and it does not appear that he has been guilty of willful and knowing contempt of the authority of the Senate:

Resolved by the Senate, That he be discharged.

After debate, Mr. BLACK withdrew his resolution and offered the following resolution (S.Res. 188):

Resolved, That Harris M. Hanshue, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action.

On the question of agreeing to Mr. BLACK's resolution (S.Res. 188), on motion of Mr. HASTINGS, the yeas and nays being demanded and ordered, the roll was called, and resulted—yeas 35, nays 45, as follows:

YEAS—35

Adams	Caraway	Harrison	Robinson, Ark.
Bachman	Clark	La Follette	Russell
Bankhead	Connally	Logan	Sheppard
Barkley	Coolidge	McGill	Smith
Black	Costigan	McKellar	Stephens
Bone	Couzens	Murphy	Thompson
Borah	Duffy	Neely	Trammell
Brown	Fletcher	Norris	Van Nuys
Bulow	George	Pope	

NAYS—45

Austin	Fess	Lonergan	Thomas, Okla.
Bailey	Frazier	Long	Thomas, Utah
Barbour	Gibson	McCarran	Townsend
Bulkley	Goldsborough	McNary	Tydings
Byrd	Hale	Nye	Vandenberg
Capper	Hastings	O'Mahoney	Walcott
Carey	Hayden	Pittman	Walsh
Davis	Hebert	Reynolds	Wheeler
Dickinson	Kean	Robinson, Ind.	White
Dieterich	Keyes	Schall	
Dill	King	Shipstead	
Erickson	Lewis	Steiwer	

So Mr. BLACK's resolution was rejected.

Mr. BLACK submitted the following resolution (S.Res. 189):

Resolved, That Gilbert Givvin, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers, files, and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers, files, and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having shown sufficient cause why he should not be punished for contempt of the Senate, is adjudged not to be in contempt of the Senate.

On the question of agreeing to Mr. BLACK's resolution (S.Res. 189), on motion of Mr. HASTINGS, the yeas and nays being demanded and ordered, the roll was called, and resulted—yeas 62, nays 18, as follows:

YEAS—62

Austin	Duffy	Lonergan	Smith
Bailey	Erickson	Long	Steiwer
Barbour	Fess	McCarran	Stephens
Barkley	Frazier	McGill	Thomas, Okla.
Black	George	McNary	Thomas, Utah
Borah	Gibson	Norris	Thompson
Bulkley	Goldsborough	Nye	Townsend
Byrnes	Hale	O'Mahoney	Tydings
Capper	Harrison	Pittman	Vandenberg
Carey	Hastings	Pope	Van Nuys
Connally	Hayden	Reynolds	Walcott
Coolidge	Hebert	Robinson, Ark.	Walsh
Davis	Kean	Robinson, Ind.	Wheeler
Dickinson	Keyes	Schall	White
Dieterich	King	Sheppard	
Dill	Lewis	Shipstead	

NAYS—18

Adams	Byrd	Fletcher	Neely
Bachman	Caraway	La Follette	Russell
Bone	Clark	Logan	Trammell
Brown	Costigan	McKellar	
Bulow	Couzens	Murphy	

So Mr. BLACK's resolution was agreed to.

The respondent, William P. MacCracken, Jr., and his counsel, Frank J. Hogan, Esq., entered the Chamber and took the seats assigned them.

The respondent, L. H. Brittin, and his counsel, Seth W. Richardson, Esq., and Alfons B. Landa, Esq., entered the Chamber and took the seats assigned them.

The respondents, Gilbert Givvin and Harris M. Hanshue, and their counsel, Frank K. Nebeker, Esq., and S. N. MacInnis, Esq., entered the Chamber and took the seats assigned them.

The VICE PRESIDENT. The respondents and their counsel are in the Chamber. The Chair presumes it is in order now to announce the sentences of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I move that the President of the Senate proceed to read to the respective respondents the resolutions and orders of the Senate.

The motion was agreed to.

The VICE PRESIDENT. The clerk will read the resolutions concerning Mr. MacCracken.

The Chief Clerk read Senate Resolution 184, as follows:

Resolved, That William P. MacCracken, Jr., having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action.

The Chief Clerk read Senate Resolution 185, as follows:

Resolved, That William P. MacCracken, Jr., having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, having been adjudged to be in contempt of the Senate because of his participation in such action; he, the said William P. MacCracken, Jr., shall be taken into custody by the Sergeant at Arms and shall be committed to the District of Columbia jail for 10 days.

The VICE PRESIDENT. That is the order of the Senate. The clerk will read the resolutions concerning Mr. Brittin.

The Chief Clerk read Senate Resolution 186, as follows:

Resolved, That L. H. Brittin having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, is adjudged to be in contempt of the Senate because of his participation in such action.

The Chief Clerk read Senate Resolution 187, as follows:

Resolved, That L. H. Brittin, having been heard by the Senate pursuant to the citation heretofore issued directing him to show cause why he should not be punished for contempt of the Senate on account of the destruction and removal of certain papers and memoranda from the files of William P. MacCracken, Jr., after subpena requiring the production of such papers and memoranda had been served upon William P. MacCracken, Jr., as shown by the report of the Special Committee on Investigation of Air Mail and Ocean Mail Contracts, and having failed to show sufficient cause why he should not be punished for contempt of the Senate, having been adjudged to be in contempt of the Senate because of his participation in such action, he, and L. H. Brittin, shall be taken into custody by the Sergeant at Arms and shall be committed to the District of Columbia jail for 10 days.

The VICE PRESIDENT. That is the judgment of the Senate.

Mr. ROBINSON of Arkansas. Mr. President, I suggest that the Chair advise Mr. Hanshue and Mr. Givvin of the judgment of the Senate concerning them.

The VICE PRESIDENT. The judgment of the Senate concerning Mr. Hanshue and Mr. Givvin is that they are not in contempt of the Senate.

Mr. HOGAN. Mr. President, I send to the desk and ask to have read an application made on behalf of the respondent, MacCracken.

The VICE PRESIDENT. Without objection, the application will be read by the clerk.

The Chief Clerk read as follows:

WASHINGTON, D.C., *February 14, 1934.*

To the Senate:

There is pending in the Federal court of this district a case instituted by William P. MacCracken, Jr., in which he has raised a grave question of constitutional law. In that case he has alleged that the proceedings which have led to the order just made by the Senate deprive him of rights guaranteed a citizen by the Constitution.

That case and the constitutional question it presents cannot be heard and determined on Mr. MacCracken's appeal within the time fixed by the order which the Senate has now entered. Hence, unless the respondent is permitted to enter into recognizance for his appearance, should the court proceedings be finally determined against him, his right to such judicial determination will be destroyed. The Senate will recognize that should Mr. MacCracken be confined for the period specified and released at the expiration thereof, before the courts can, under the most expeditious procedure practicable, enter final decision in his case, the questions that case presents would then be moot and his appeal would fail.

In order that the opportunity for judicial determination may be given and the right to appeal may be preserved, the respondent MacCracken asks that the Senate make an order permitting his release on bond, in such penalty as the Senate may prescribe; that bond to be in force until the case is finally determined; provided, that his appeal is perfected and filed in the appellate court in not less than 2 days from this date; and provided further, that his brief on appeal shall be filed in the appellate court in not less than 15 days from this date. These time limitations are suggested to insure the promptest practicable submission of the matter on appeal. Respondent, if this aplication is granted, will instruct his counsel to enter into any stipulation requested by the United States district attorney, representing the Sergeant at Arms, for an advancement of the case for hearing in the District of Columbia Court of Appeals, and, should it go to the United States Supreme Court, in that Court.

Respondent assures the Senate that if the action hereby requested is taken, the record on appeal in his present habeas corpus proceedings will be lodged in the court of appeals within 24 hours; that his brief on appeal will be filed within the time herein asked; and that he will, as above stated, stipulate with the district attorney for any advancement of the case which that official may desire.

The VICE PRESIDENT. What is the pleasure of the Senate?

Mr. BLACK. Mr. President, the Senate having acted, this matter, insofar as the question of bond is concerned, is now in the courts and is not a matter for the Senate to take up. The courts, of course, have a right to grant a bond in a habeas corpus proceeding if they see fit. If sufficient ground can be shown for the issuance of a writ of habeas corpus, the court has the right to permit a bond to be given.

Mr. RICHARDSON. Mr. President, on behalf of the defendant Brittin, it seems to me the Senate can do something that he is entitled to have done.

We have come here, sir, and have conducted ourselves as best we might, with full respect to the Senate. We have raised our proposition of law and we have submitted the facts to the Senate. We are now confronted, at 20 minutes to 8 in the evening, with a sentence of imprisonment for a man whom we, as lawyers, believe to be beyond the power of the Senate to punish.

There may be, as the Senator from Alabama has said, a technical embarrassment in the granting of a bond. But may we not have from the Senate a direction to the Sergeant at Arms that my client, for instance, may be left in the custody of the Sergeant at Arms, say, for the next 4 or 5 days, in order to enable us even to start our habeas corpus proceedings, and then proceed to enforce our legal rights? We have started no such proceedings; we have taken no step in protection of our rights. We have waited to see, in an honorable, dignified way, what this body would conclude. We are of the opinion that you are wrong, but we want an opportunity to protect ourselves. To go to judges at night, and drag the clerk out of bed and try to get a habeas corpus proceeding started, is an unseemly performance. All that needs to be done is that a direction, informal in its nature, be given to the Sergeant at Arms to retain my client in his custody under such circumstances and for a sufficient length of time to enable us, with the proper judgment and proper celerity, to appear before the court to get our writ of habeas corpus, to have it denied, if you please, and then institute our proceedings for appeal and for a bond, so that we should not be doing this in the nighttime, so that we can proceed as good, decent Americans, with our heads in the air, not trying to run a race with anybody. It seems to me that is fair, and it seems to me it is clearly within the power of the Senate, having control over your Sergeant at Arms.

Mr. LONG. Mr. President, I move that the Senate instruct the Sergeant at Arms to retain these prisoners in his custody for a period not to exceed 4 days before actual incarceration, to the end that they may make such application to the courts of the country as they may wish, and thereafter have some restraining process issued, and proceed to enforce the sentence.

Mr. ROBINSON of Arkansas. Mr. President, as a substitute for the motion made by the Senator from Louisiana, I

move that the execution of the sentences in the cases of MacCracken and Brittin be suspended for 4 days.

Mr. LONG. I accept that amendment.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Louisiana as modified.

The motion was agreed to.

Mr. ROBINSON of Arkansas. I move that the respective respondents be retained in the custody of the Sergeant at Arms until the expiration of the 4 days, when the sentences may be executed.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arkansas.

The motion was agreed to.

Mr. BLACK. Mr. President, I should like to state to the Senator that, in my judgment, a writ of habeas corpus cannot be sued out unless a man is under arrest. If these respondents are under arrest, some provision must be made as to where they are to be kept. I should like also to suggest that if the matter is to be suspended for 4 days, at the end of 4 days the respondents would still have to be arrested or placed in custody before they could sue out writs of habeas corpus; and if that is to be done, I would suggest that it would be necessary to add to the motion a provision that the sentences are not to begin until after the expiration of 4 days. Otherwise the sentences would begin now.

Mr. ROBINSON of Arkansas. Mr. President, that was the object of my suggestion. No opportunity has been afforded to advise with the Senator from Alabama, and I think every Senator agrees that the right to appeal to the courts, if the cause for appeal exists, should not be precluded by action on the part of the Senate.

Mr. BLACK. Absolutely. Every man should have a right to appeal to the courts. The point I am making, however, is that I do not believe there will be any right to appeal to the courts for a writ of habeas corpus unless the sentence of the Senate begins, and that means there will be no right to sue out a writ of habeas corpus until after the expiration of 4 days, unless the sentence begins now, or begins before the expiration of the 4 days. There has recently been a decision to the effect that if a man is not in custody he cannot sue out a writ of habeas corpus. That was the reason why I made the suggestion.

Mr. ROBINSON of Arkansas. Mr. President, I will modify my suggestion and make one which I hope will meet the approval of the Senator from Alabama.

Mr. COUZENS. Mr. President, the previous action of the Senate should be reconsidered, then, because the motion of the Senator from Arkansas was agreed to.

Mr. ROBINSON of Arkansas. I ask unanimous consent that the vote by which the motion was agreed to be reconsidered.

The VICE PRESIDENT. Without objection, the vote will be reconsidered.

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that Mr. Brittin and Mr. MacCracken be taken into custody under the orders of the Senate, and that the execution of the prison sentences be not begun until after the expiration of 4 days.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

ADDITIONAL EXECUTIVE REPORT OF A COMMITTEE

As in executive session,

Mr. KING, from the Committee on the Judiciary, reported favorably the nomination of Miss Fay L. Bentley, of the District of Columbia, to be judge of the juvenile court of the District of Columbia, to succeed Judge Kathryn Sellers, term expired, which was ordered to be placed on the calendar.

ADDITIONAL REPORT OF A COMMITTEE

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 2703) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, reported it without amendment and submitted a report (No. 301) thereon.

ADDITIONAL BILLS INTRODUCED

Additional bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. SHEPPARD:

A bill (S. 2778) granting a pension to Edmund W. King; to the Committee on Pensions.

A bill (S. 2779) for the relief of Capt. Samuel C. Samuels; to the Committee on Claims.

FEDERAL DEPOSIT INSURANCE CORPORATION—LEO T. CROWLEY

Mr. ROBINSON of Arkansas. Mr. President, there has been pending on the Executive Calendar for some time a nomination which is of special interest to the Senator from Wisconsin [Mr. DUFFY], the nomination of Mr. Crowley. There has been some delay in action on the matter.

Mr. DUFFY. Mr. President, at this time, I ask unanimous consent, as in executive session, to consider the nomination of Leo T. Crowley to be a member of the Federal Deposit Insurance Corporation.

The VICE PRESIDENT. Is there objection? The Chair hears none. The nomination will be read.

The Chief Clerk read the nomination of Leo T. Crowley, of Wisconsin, to be a member of the Federal Deposit Insurance Corporation for the unexpired term of 6 years from September 6, 1933.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

GENERAL COUNSEL, BUREAU OF INTERNAL REVENUE—ROBERT H. JACKSON

Mr. TYDINGS. Mr. President, I should like to ask the Chairman of the Finance Committee not to bring up the name of the new counsel for the Internal Revenue Bureau unless the Senator from Michigan or I, one of the two, shall be on the floor.

Mr. HARRISON. Mr. President, I will say that, while I have reported the nomination, I shall not bring it up without due notice to the Senator from Maryland, the Senator from Michigan, and others who may be interested.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 7 o'clock and 42 minutes p.m.) the Senate took a recess until tomorrow, Thursday, February 15, 1934, at 12 o'clock meridian.

CONFIRMATION

Executive nomination confirmed by the Senate February 14 (legislative day of Feb. 6), 1934

MEMBER OF THE FEDERAL DEPOSIT INSURANCE CORPORATION

Leo T. Crowley to be a member of the Federal Deposit Insurance Corporation.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 14, 1934

The House met at 12 o'clock noon.

Rev. John Compton Ball, pastor of the Metropolitan Baptist Church of Washington, D.C., offered the following prayer:

Almighty God, we come to Thee seeking Thy divine blessing and pleading for wisdom in the discharge of the obligations resting upon us. We realize that as individuals and as a nation lasting success is impossible apart from Thee. We plead for Thy presence and guidance in these days of change and uncertainty. May Thy spirit so rule in our hearts that in all our decisions Thy will shall be done and Thy holy name glorified. To this end bless our President, his Cabinet, the Speaker of this House, and all Members. Give to all of us one great desire, namely, the uplift of our countrymen into fellowship with Thyself. In Jesus' name. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the House to the bill (S. 1975) to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes.

The message also announced that the Vice President had appointed Mr. PITTMAN and Mr. BORAH members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments", for the disposition of useless papers in the State Department.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

The message also announced that the Senate recedes from its amendment no. 4 to the bill of the House (H.R. 7527) making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

ORDER OF BUSINESS

Mr. TERRELL of Texas. Mr. Speaker, I ask unanimous consent this morning to address the House for 20 minutes. I have never made this request during the special session or this regular session.

Mr. TABER. Mr. Speaker, reserving the right to object, I wonder if it will be possible for Members on this side of the aisle to have an opportunity to speak. It would seem as if the majority leader should protect the House, under the circumstances, from anything outside of the rule that is to be considered.

Mr. BYRNS. Mr. Speaker, the gentleman from Texas, of course, has been very anxious to address the House, but if his request is going to involve in time more than his speech, I shall object, because it is important that we take up the rule. So far as I am personally concerned, I am perfectly willing to have the request of the gentleman from Texas granted. If it is going to be followed by other requests, however, I think we will have to be fair about it.

Mr. TABER. It will be, I may say to the gentleman.

Mr. BYRNS. Under the circumstances, I hope the gentleman from Texas will withhold his request for the present.

Mr. TERRELL of Texas. Mr. Speaker, of course, I shall have to withhold my request if there is objection; but many others have had this right and I have never had it.

A COMPARISON OF THE POLITICAL PARTIES

Mr. HOOPER. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a speech delivered by the gentleman from Kansas [Mr. MCGUGIN] at Greensboro, N.C.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. HOOPER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of HAROLD MCGUGIN, Member of Congress from the Third Congressional District of Kansas, before North Carolina Lincoln Day Club, a Republican organization:

No scheme has yet been devised by which we can carry on practical and efficient legislation, in a legislative form of government, except by the two-party system. With our two parties, one, of necessity, must be the majority party and the other the minority party. The real function of the majority party is to bear responsibility and carry out a governmental program. The real function of the minority party is constructively to criticize and point out the mistakes which the majority is making or about to make. It is the obligation of the majority party to proceed with caution, deliberation, and with reasonable dispatch. It is not the function of the majority party to ride rough-shod and ruthlessly over the minority, because in doing so it is frequently riding rough-shod and ruthlessly over the rights of the people. The minority party must be constructive with its criticism and not degenerate into a common scold. In a well-regulated legislative form of government, each—the majority and the minority—has a distinct service to render to the people.

The history of the Democratic Party in the United States during the last 70 years has been that it is the world's best minority party. Of course, when it carried its criticism to the point of starting the program which it did, the moment Herbert Hoover took office on March 4, 1929, it can scarcely be said that it was serving the purpose of a constructive criticizing minority. Its open policy was to "smear Hoover." As far as the Republican Party is concerned, I am not yet ready to say that it fills the role of a perfect minority party. For so many years it was the majority party and became so accustomed to supporting an administration that I sometimes doubt if it is today fulfilling its responsibilities as a minority party. I doubt that the Republican Party is now fully meeting its responsibility of constructively pointing out to the people the mistakes which this administration is making.

The present Democratic administration is a human institution. With its overwhelming control of Congress it is natural that, flush with its power, it will practice excesses, which are not for the general welfare. The Republican minority in Congress cannot by the mere strength of votes prevent these excesses from being practiced by the majority. It can in a courageous and honest program of constructive criticism point out to the American people the mistakes which are now being made. In doing so the Republican Party will be able to serve well the country even though it does not have the votes in Congress to prevent these excesses on the part of the majority party. After all, public sentiment in a well-established republic, such as the United States, is more powerful than congressional votes.

The Democratic Party has on so many occasions failed to meet its responsibilities as a majority party in control of legislation that it is safe to say that government cannot carry on under a Democratic administration other than by virtually making a Democratic President a dictator during his term of office. This is not a mere statement of mine as an individual Republican. If this statement is not supported by actual facts, then I am unworthy of the courtesy which you have extended to me by giving me the time to listen to me. I am making this statement, but I am not making the facts. "Pigs are pigs and facts are facts."

Grover Cleveland, the first Democratic President since the Civil War, had his troubles in functioning as a constitutional President in a constitutional manner. He could not depend upon his Democratic Congress.

Woodrow Wilson, the second Democratic President, not only by choice but by sheer necessity was compelled to be virtually a dictator and to place his Democratic Congress practically under military discipline. He was obliged to go into the Democratic primaries and defeat many Democratic Congressmen and Senators for reelection who would not meet their responsibility as majority Members of the Congress.

The war came on. Of all times when there must be legislative cooperation with the Executive, Mr. Wilson could not depend upon his Democratic leadership. Let us call the roll: Champ Clark, the Speaker of the House, was opposed to the administration's program. Claude Kitchin, Democratic Chairman of the Ways and Means Committee, the very committee which must finance the war, was in opposition to the Wilson administration. Hubert S. Dent, Chairman of the Military Affairs Committee in the House of Representatives, was opposed to the draft. He was not only opposed to it, but he would not take charge of the bill in steering it through Congress. That responsibility fell to Julius Kahn, the ranking Republican or minority leader on that committee. The bill was carried through the House under the leadership of Mr. Kahn. Without the draft bill, everyone knows that America would have lost the war. This was an unprecedented occasion, when a President had to depend upon the minority of the opposite party to bear the responsibility of carrying through his most important legislation. Over in the Senate, Senator Joel Stone, Chairman of the Committee on Foreign Affairs, was opposed to the Wilson program.

When the greatest responsibility which had ever fallen upon Congressmen in modern times came, Woodrow Wilson, a Democratic President, could not depend upon his Democratic majority in the Congress and had to turn to the Republican minority to bear this responsibility.

In the congressional elections of 1918, President Wilson, still loyal to his party, did his best to reelect this responsibility-shirking Democratic Congress; however, the people had seen the seriousness of the situation and elected a Republican Congress.

The next time that the Democratic Party came into control of Congress was in the election of 1930. The Democratic Party was placed in control of the House of Representatives. Herbert Hoover was a Republican President. Did the Democratic majority in the House bear the responsibility in the House? It did not. Under the leadership of Speaker Garner, the Democratic majority in the House had no program of its own; it did nothing and refused to permit Mr. Hoover to do anything. It did this in the face of the fact that the country was in the midst of its greatest peacetime crisis. It cooperated only once during the Hoover administration. That was in the enactment of the R.F.C. This was a program which made it possible for someone to get something out of the Public Treasury. This, of course, appealed very much to a Democratic Congress. President Hoover asked the Congress to balance the Budget. The Democratic Congress, under the leader-

ship of Speaker Garner, turned him down. It continually passed appropriations in excess of the amount which President Hoover requested. This is probably accounted for by the fact that Congressmen received many letters requesting money from the Treasury.

Mr. Hoover asked the Congress that it either consolidate the bureaus and eliminate costly and useless functions of government or give to him the power to do so. The Democratic majority in the House, under the leadership of Mr. Garner, would do neither. In the closing days of the Seventy-second Congress, in July of 1932, it finally gave Mr. Hoover power to consolidate the bureaus and to eliminate the useless functions of government with the restriction that he should report his program back to the Congress subject to the approval of both Houses of Congress. The next time Congress was in session was in December 1932. Mr. Hoover sent to the Congress his consolidation of bureaus and elimination of useless functions of government for congressional approval. The Democratic House of Representatives, under Mr. Garner's leadership, immediately rejected it. This is probably accounted for by the fact that it received many letters and protests from those who would cease receiving checks from the Public Treasury for the performance of useless and unneeded services.

Time without number Mr. Hoover requested of the Democratic Congress under the control of Mr. Garner that he be given Presidential power and authority to meet the unprecedented conditions growing out of the depression. In each and every instance the authority was denied. The Democratic Congress, under Mr. Garner, overlooked the welfare of the country and considered it better politics for the depression to continue and to be able during the election of 1932 to charge a Republican President with the responsibility for all the economic and social ills of America and of the world. Time proved that the Democratic policy was politically wise; however, the fact remains that the price paid for this political wisdom prolonged the suffering and despair of the multiplied millions of American people.

If there be any doubt in the mind of anyone as to whether or not the President, while Mr. Hoover was President, had either the power or the opportunity to meet the depression, the first acts of the Roosevelt administration should dispel that doubt. When Mr. Roosevelt went into office, the moment that he took his oath of office, there was transferred to him every power and every opportunity that a Republican President had had for 2 years to meet the conditions growing out of the depression. Did Mr. Roosevelt proceed to meet the depression with the same tools that the Democratic Congress had left in the hands of Mr. Hoover to meet the depression? No! Mr. Roosevelt did not turn his hand to meet a single ill of the depression until he first came to the Democratic Congress and asked for and received unprecedented Presidential powers for the purpose of meeting the emergency growing out of the depression.

Let us see how well the Democratic majority in Congress is now meeting its responsibility as a majority party under a Democratic President, Mr. Roosevelt. Let us see if it is functioning in a constitutional manner. Is the Democratic majority in the Congress proceeding in the constitutional way of deliberating upon legislation and enacting legislation after a free and open debate? The record discloses that it is not. The Democratic Party holds nearly three fourths of the seats in each House of Congress. In the House of Representatives we have 114 Republicans, 8 Farm-Labor, and 313 Democrats. The Democrats have nearly a hundred votes more than is needed to furnish a majority vote to enact any piece of legislation. Is this majority trusting itself openly and courageously to pass upon controversial legislation? It is not. It is passing gag rule after gag rule to control the consideration of legislation. These gag rules provide that no amendments shall be offered to such legislation. As a result legislation is not being written in Congress. It is being written in the executive department. Men are writing legislation who have never been elected to Congress and never will be elected to any Congress by any constituency in the United States. This legislation is sent to Congress with the President's approval. It is brought upon the floor of the House. The first thing that is done is to pass a gag rule which forbids so much as the crossing of a "t" or the dotting of an "i."

Are these rules passed because the Democratic majority is afraid that the helpless handful of 114 Republican and 8 Farm-Labor Members will wreck the legislation with unwise amendments? Are these rules passed to keep a pitiful minority of 122 from outvoting 313 Democrats? Not at all. They are passed by the Democratic majority because the Democratic majority is afraid to trust itself with the responsibility of legislating under the Constitution. It is afraid to trust itself with the responsibility of giving to the people legislation which has been carefully considered in a legislative body. This Democratic majority in the House of Representatives is gagging itself to keep itself from wrecking the country with reckless and extravagant legislation.

Under existing circumstances with a Democratic-controlled legislative body, which itself confesses its inability to meet its responsibility as a legislative majority under the Constitution, these gag rules may be the saving grace of the country. However, the fact remains that these rules are destroying the last vestige of legislative government of the people, by the people, and for the people. In actual practice, we may just as well have a dictator issuing his decrees as to have a President who, through his subordinates in the Executive Department, is writing the legislation and sending it to Congress, whereupon the Congress gags itself so that it can offer no improvements to the legislation. This entirely destroys the Government under the Constitution. The Constitution does not provide for the President's writing legislation. It provides that the President may report to Congress the state of the Union, setting forth an outline of legislation which he deems advisable. The Constitution then provides that Congress, composed of representatives chosen by the people, shall prepare and enact the legislation which it deems wise. Under the Constitution, the President has no control over the legislation except the power to approve or veto the legislation which Congress, the representatives of the people, has enacted.

Even in the event of a veto, the Constitution provides that Congress may pass such legislation over the President's veto. It is clear that under the Constitution legislation originates in and is actually enacted by the Congress. The President has no power over the legislation whatever except merely in an advisory capacity. His power to veto is little more than advisory, because two thirds of the Members of each House can pass legislation over his veto.

There is good excuse for these gag rules forbidding amendments in the consideration of bills which contain hundreds upon hundreds of technical items. A tariff bill is a fair example. This Democratic Congress, however, has carried the gag rule to the point of using it upon bills in which there is not more than one question involved. It is using the gag rule in order that Members of Congress may dodge the responsibility of permitting their constituents to know their real views on the merits of legislation. Using gag rules for this purpose is destructive of constitutional government. The record of this Democratic Congress is that it has enacted more gag rules since last March 4 than were enacted during any previous decade of congressional legislating. The plain simple truth is that Mr. Roosevelt has no confidence in his Democratic Congress. As a result, when he calls upon the Congress for administration legislation, he directs the Democratic leadership in the House to have the Democratic majority "gag" itself so that it may not make his legislation either better or worse with such amendments as it might adopt.

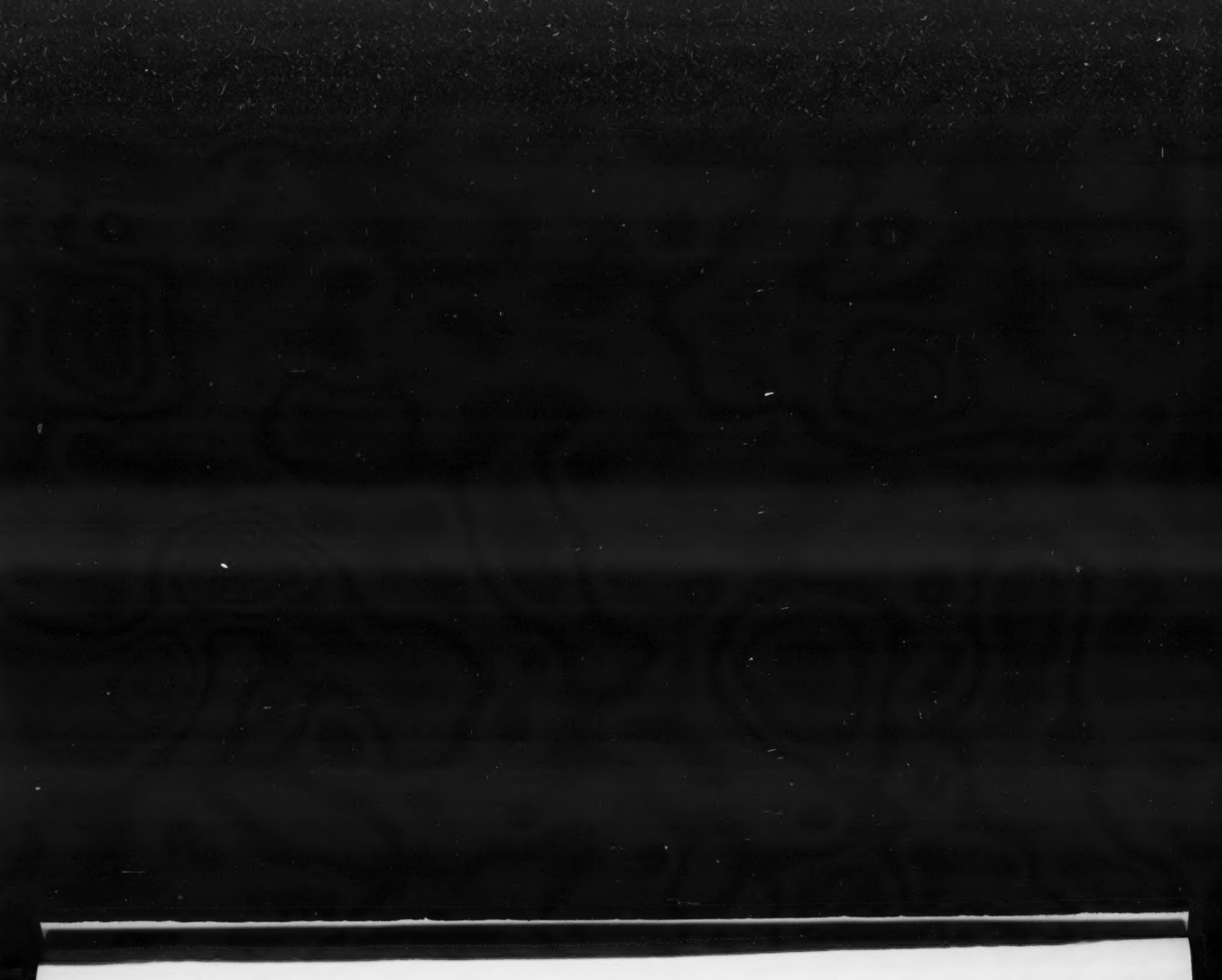
Notwithstanding the fact that Mr. Roosevelt has a Congress of more than three fourths of his own party, his leadership in the Congress must practice every possible form of legislative legerdemain to keep the Democratic Congress from wrecking his legislation by increasing the expenditures to a point where they would hopelessly bankrupt the country. These gag rules constitute the principal legislative tactics which are used for this purpose. They have carried the gag rules about as far as they can carry them. The trouble is, the Democratic majority has gagged itself so many times to keep from wrecking the Government that it is now rather generally conceded that it has nearly gagged the country. Last week in the consideration of an appropriation of $950,000,000 to continue the C.W.A., the Democratic majority leadership in the House of Representatives was compelled to resort to another legislative rule in order to keep the Democratic majority from bankrupting the country by increasing Mr. Roosevelt's requested appropriation.

This bill was brought up under the established rules of the House which permitted the consideration of the bill under the suspension of rules. A bill which is considered under the suspension of the rules cannot be amended. The most that the Membership can do is to debate the bill for 40 minutes and then vote for or against the bill. It requires a two-thirds vote to pass such legislation. By the use of this legislative sharp practice the Democratic leadership in the House was able to place this request of the President for a $950,000,000 appropriation before the House of Representatives under a condition whereby the appropriation could not be increased, but could be enacted upon receipt of a two-thirds vote. President Roosevelt knew his Democratic Congress. He knew that he would have no trouble in getting a two-thirds vote. He knew that one could not keep a Democratic Congressman from voting for an appropriation. The Democratic leadership realized that by considering this bill under this exceptional procedure the debate would be limited to 40 minutes. This served the purpose of gagging the House so that there could be no public discussion of the shameful corruption and graft which has been incident to the administering of human relief funds by the C.W.A.

For the first year of this administration it is going to spend over $10,000,000,000 with the receipts slightly over $3,000,000,000. It is going to go in debt 65 cents every time it spends a dollar. This financial record is purely a Roosevelt record. It is not a congressional record. Whether or not it is a good record or a bad record, time alone will determine with certainty. At present it is a fair subject for debate. However, he who thinks that it is an extravagant record must in all fairness, considering the fact that we have an irresponsible, extravagant party in control of Congress, grant his everlasting gratitude to President Roosevelt that the expenditure of $10,000,000,000 has not been multiplied. Except for these gag rules, which have made it impossible for a Democratic majority in Congress to amend legislation, the last one of these expenditures made by President Roosevelt would have been increased by Congress.

I submit that the actual record of the conduct of a Democratic Congress in deserting the Democratic President, Woodrow Wilson, in war-time legislation, the Democratic Congress under Mr. Garner refusing to do anything itself and refusing to give the Republican President, Mr. Hoover, power to function, and above all, the actual record of the present Democratic Congress is proof completely that the Democratic Party will not and cannot function in a constitutional manner as the majority party in control of Congress.

Common fairness demands that I make clear that neither this criticism nor this record is applicable to each and every individual Democrat who may go to Congress. A Democratic Congress com-



posed of Congressmen such as McDUFFIE, of Alabama; MILLIGAN, of Missouri; AYRES of Kansas; RAYBURN, of Texas, and many other individual Members, could very well function and meet its constitutional responsibility as well as any Republican Congress. However, the fact remains unchallenged and is proved by the record that the Democrats in Congress who are willing to meet the responsibility which must be met by a majority in Congress are in a hopeless minority.

In the light of this record, the people must reconcile themselves to the fact that they cannot have a Democratic Congress and a Democratic President and at the same time have a true legislative government under the Constitution. A Democratic President must either be a dictator or permit collapse of Government under his administration. My mere statements do not make this the truth, but the actual conduct of every Democratic Congress since the Civil War makes it the unimpeachable truth.

Now for a consideration of the results which may reasonably be expected from the "new deal" or the Roosevelt program. Any consideration of the Roosevelt program must in all fairness be viewed with a full realization that America and the world is in the midst of the most cruel economic depression which the world has known in modern times. Every good Republican will extend the charity to Mr. Roosevelt that the Democratic majority under the control of Mr. Garner would not extend to Mr. Hoover. No President is responsible for the deplorable condition in which the American people find themselves in common with the people of the rest of the world. It is not within the power of Mr. Roosevelt to restore the American people to the prosperity and the happiness which they naturally want or that which they enjoyed before the world-wide economic collapse. If the Republican Party ever follows the example of nagging President Roosevelt and charging him with the responsibility for all the ills of the people, as the Democratic Party under the control of Mr. Garner did Mr. Hoover, then the Republican Party is unworthy of a place in American life either as a majority or a minority party. It is the proper function of the Republican Party to point out the errors which are being made by this administration and which are going to be most costly to the American people.

The "new deal" or the Roosevelt program is not going to be all profit to the American people. There are some things which are going to be most costly. In the first place, it is based upon the theory of spending ourselves into prosperity and borrowing ourselves out of debt. During the first year of the Roosevelt administration we are spending as much money as the Government of the United States collected from the people of the United States from all sources during the first 109 years of its existence. During the first year of the Roosevelt administration we are spending two thirds as much money as the Government of the United States collected from the people from all sources beginning with the first term of George Washington and leading up to the time we entered the war in 1917. In the first year of the Roosevelt administration we are increasing the national debt to the highest point in the history of the country. We are increasing the national debt to an amount which is nearly twice as much as the Government collected from the people from all sources up to the time we entered the war. It can never be proclaimed that the Roosevelt administration has delivered the American people from their economic and social distress until after they have paid the last dollar which is now being expended by the Government. It may be that the greater part or all of this expenditure is absolutely necessary, but the fact remains that the Roosevelt administration is not giving us something for nothing. In the end we are going to have to pay for our own prosperity.

The three outstanding economic activities of the Roosevelt administration are the National Recovery Act, the Agricultural Adjustment Act, and the Banking Act. When I speak of the banking law I do not refer to the emergency legislation growing out of the banking holiday. I refer to the lasting legislation under the Glass-Steagall bill.

Whatever advantages are to be offered from these three programs, it must be remembered that the one outstanding thing which each and all of them do is to destroy individual opportunity and to establish a greater centralization of business. As these three programs are being administered we find the power of government being used to promote, establish, and nurture monopoly in every line of business. We find all three of these programs under the guiding hand of Government more ruthlessly destroying individual opportunity than they did the selfish, avaricious conduct of private business.

The N.I.R.A., with its codes, is placing the control of every industry in the particular trade organization of that industry. That trade organization is invariably dominated by the large monopolistic institutions of the particular industry. This trade organization, under the codes, is setting up business requirements which individuals cannot meet. The large institutions can suffer the losses by paying them out of reserves. The individuals in the particular industry cannot meet the losses. As a result, they are being forced out of business. In the end the larger institutions will not have suffered losses at all. What they are now temporarily losing will merely be an investment in strangling out individual competition and obtaining complete monopoly of the industry.

Coming to the A.A.A., it is proceeding with the allotment plan. It is granting allotments based upon the last 3 years' production. The ones who have been producing agricultural crops during the last 3 years are primarily those who had sufficient capital to bear the losses while producing under unfavorable agricultural prices. The farmer who did not have such capital has during the last 3 years been materially reducing his acreage and, in many instances, has been driven completely out of business. He has no substantial past production upon which to base an allotment. As a result, he is not receiving any fair share of the bonuses paid under the allotment plan. The unemployed man in industry who now seeks to return to the farm has no past production upon which to base an allotment and receive a bonus. The young man wishing to enter into the business of agriculture has no past production upon which to base an allotment and receive a bonus. The net result is that the poor struggling farmer who has been forced to retrench during the past 4 years, the unemployed returning to the farm, and the young man entering the business of agriculture, not only are unable to receive a bonus, but upon that which they produce they are paying a processors' tax to furnish a bonus for the farmer who has been able to bear the losses for the last 3 years.

The A.A.A. may look like temporary relief; but, as it is being administered, it is completely monopolizing the farm industry and is taking away from the individual American citizen his most basic opportunity to enter into business for himself as a free, independent, American citizen. The farmer who is receiving this monopoly or franchise is paying a dear price for his franchise. He is paying the price of giving up his liberty and independence. He is permitting himself in the management of his farm to be nationalized and to be under the domination and control of some Washington bureau.

The Glass-Steagall banking bill in action is destroying local independent banking. From the standpoint of the banker, the price which he is paying for such aids as he is receiving from Government is that he is turning the management and control of his institution over to the Government. When he sells his preferred stock to the Government he is quite likely to find that what he has done is that he has sold his bank. Such losses as his bank may suffer will first be taken out of his common stock. As his common stock is absorbed the preferred stock held by the Government will naturally be what is left of the bank ownership. At any rate, when he sells the preferred stock, he sells the actual management and control of his bank to the Government. Sooner or later, we may expect the Government to be appointing bank presidents as it is now appointing postmasters. We see instances of this now.

The banking program in actual practice today is destroying private credit. The national banking department with its rules of examination is destroying the opportunity for private credit for farmers, individual business men, and other individuals. About the only paper which is acceptable by the national banking examiner is either Government bonds or the listed stocks and bonds of some institution which is large enough and monopolistic enough for its stocks and bonds to be listed on some board of trade. Under the banking law, credit is being taken away from all private business. The taking away of this credit destroys private business and the opportunity for individual American citizens to engage in business, and at the same time it extends credit to the centralized and monopolistic competitor of the individual.

It may be that the N.I.R.A., the A.A.A., and the Banking Act will furnish greater opportunities for an American citizen to work for someone else. This much is certain, that in the manner in which they are being administered, they are destroying by wholesale the opportunities for the individual American citizen to engage in business for himself.

This is the fair criticism of these programs which should be pointed out to the people of this country. I do not claim that they are bad in their entirety. The N.I.R.A., in shortening the hours of labor, thereby taking up some of the slack in employment brought about by modern machinery, and wiping out child labor in industry is an immeasurable benefit to the American people. The Agricultural Adjustment Act, in attempting to adjust the American supply of farm products to something like the demand for farm products, is undertaking to do a most needed thing. I do claim and offer for the fair consideration of the American people that the A.A.A. and the N.I.R.A., as they are being administered by the Roosevelt administration, are ruthlessly destroying the rights and opportunities of individual American citizens and are building up an intolerable monopoly in every line of business.

I am not yet ready to concede that it is for the best interests of the American people to destroy the traditional opportunity of an American citizen to engage in business for himself. I am not yet ready to concede that the greatest future for America is to be found in the individual American citizen being obliged to work for someone else and being denied any opportunity to be in business for himself on the farm, in industry, or on "Main Street."

The Republican Party, as a minority party, can serve a great and patriotic purpose by dedicating itself to the proposition that it will wage open battle and fight until political death the destructive monopolizing program which is being placed into effect by the Roosevelt administration in its administering of the N.I.R.A., the A.A.A., and the Banking Act. The Republican Party can better afford to go down to political oblivion with the passing of the opportunity for the individual American citizen than it can to ride to political victory by acquiescing to this new governmental destruction of individual opportunity.

While individual opportunity is being stabbed by hordes of Washington bureaucrats under the Roosevelt administration in administering the N.I.R.A., the A.A.A., and the Banking Act, let not the Republican Party play the role of a Brutus and hurl its

dagger into the heart of American opportunity for individual American citizens. Poor Caesar had to moan as his dying gasp, "Thou, too, Brutus."

Let not the American citizen, struggling to retain his proud estate as an individual American business man, farmer, or industrialist, be obliged to offer as his dying gasp, "Thou, too, Republican Party, party of Lincoln and Roosevelt, the first."

If we of this generation lose the last opportunity in America for individual business, then remember we lose it not for ourselves alone but for our posterity. Let us remember that we are not passing on to our posterity the opportunities which our fathers and mothers passed on to us. Let us remember that if we permit the proud estate of individual opportunity of the individual American citizen to perish during our generation, then we have in a cowardly manner betrayed alike our forbears and posterity.

PUBLIC SERVICE COORDINATED TRANSPORT, OF NEWARK, N.J.

Mr. CAVICCHIA. Mr. Speaker, I ask unanimous consent that the bill (H.R. 4819) authorizing adjustment of the claim of the Public Service Coordinated Transport, of Newark, N.J., which was erroneously referred to the Claims Committee, be rereferred to the proper committee, the War Claims Committee.

The SPEAKER. This is a private bill?

Mr. CAVICCHIA. Yes, Mr. Speaker.

The SPEAKER. It is not necessary for the gentleman to make that request. The committee can make the reference.

UNITED STATES EMPLOYMENT SERVICE

Mr. PEYSER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a letter which I received from Mr. Persons, the Director of the United States Employment Service, in connection with the discussion on the floor of the House last Friday.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. PEYSER. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following letter which I received from Mr. Persons, Director of the United States Employment Service:

UNITED STATES DEPARTMENT OF LABOR,
UNITED STATES EMPLOYMENT SERVICE,
Washington, February 8, 1934.

Hon. THEODORE A. PEYSER,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN PEYSER: Responding to your request I submit relevant facts concerning statements made as reported in the CONGRESSIONAL RECORD dated February 6, in the course of the debate on the appropriation proposed for the United States Employment Service.

The first of the statements concerned is to be found in the first column on page 2056, as follows:

"We now have in every county in America a Government employment agency; they call them reemployment agencies. What do you suppose this service costs, covering as it does every county in America? Less than half a million dollars; yet we are told the employment service for 1935 in this same Department will be destroyed unless they are given $3,700,000 to establish what they call employment bureaus at from 4 to 8 places in the 48 States."

That statement with reference to the cost of reemployment agencies in every county in the United States is correct only to the extent that it represents administration and supervision in Washington and in the 48 States of the National Reemployment Service. It does not, however, include the cost of operating the approximately 3,400 local offices.

There is information presented in the hearings, page 156, to the effect that the cost of operating 1,758 local reemployment offices to October 31, 1933, amounted to $618,710.08. A letter from this office addressed to the chairman of the committee on January 23, estimates that the cost of operating local reemployment offices, to be borne by the Civil Works Administration, from November 15 to February 15 will amount to approximately $4,200,000. These two items are in addition to the $500,000 mentioned in the statement quoted above.

Taking these three items combined, the total cost of operating the now existing 3,400 reemployment offices from July 1, 1933, to February 15, 1934, will amount to approximately $5,300,000, and this does not take into consideration the operation of these offices from February 15 to June 30, 1934, should the program continue as it is now organized.

On page 2056, second column, occurs the following statement:

"What more? Every State that did not match this year has carried for 1935 the same sum that they could have matched in 1934 plus their apportionment of an additional $1,125,000 carried in this bill for the fiscal year 1935. In other words, assuming that the bright forecast of Mr. Persons is realized, that some other States may match before July 1 next their apportionments, there will be available for establishing employment offices during the fiscal year 1935 in the several States, assuming the States match their apportionments, $2,250,000 plus $422,000, making $2,672,000 available for employment in the States in the fiscal year 1935, and plus the unexpended balances carried over by affiliated States in the fiscal year 1934. To this sum must be added the further sum of $456,000 carried in this bill for administrative purposes during the fiscal year 1935. When you consider that 3,300 reemployment offices are now being run at less than one half million dollars, I ask, are we justified in appropriating an additional $2,000,000 plus simply because the Wagner-Peyser Act authorizes the appropriation?"

This statement also refers to the fact that "3,300 reemployment offices are now being run at less than one half million dollars." The facts stated above apply also to this statement.

There is need for comment on this statement:

"* * * There will be available for establishing employment offices during the fiscal year 1935 in the several States, assuming the States match their apportionments, $2,250,000 plus $422,000, making $2,672,000 available for employment in the States in the fiscal year 1935, and plus the unexpended balances carried over by affiliated States in the fiscal year 1934."

Granting the fact that about $422,000 of the whole amount available to the States during the current fiscal year may survive for use during the fiscal year 1935 to those States which have not become affiliated, the total amount available to States during the fiscal year 1935 would be $1,547,000, so far as the Federal appropriation is concerned.

Adding to that the amount of $465,000 for administration, carried in the appropriation bill, would make a grand total of $2,012,000 available for all purposes during the fiscal year 1935.

It should be definitely brought out in connection with this statement, however, that the balance of $422,000 which is estimated to be unexpended at June 30, 1934, due to the fact that those particular States have not become affiliated and/or have not this year used all of their apportionments, is not by law available for apportionment to other States. It is not available, moreover, to be used for any other purposes. It is available only for payments to those States to which it has been apportioned for the year 1934. It is so available without any act of appropriation at this time because the current appropriation is so governed by existing law.

In other words, apportioning the fund on the basis of population has the effect of earmarking that particular portion of the appropriation to each State respectively. The amount so apportioned is not available for reapportionment to other States until the end of the period for which it is available—that is, June 30, 1935.

In the fifth paragraph in the first column on page 2057, it was stated in reply to Mr. KVALE's question that—

"These reemployment offices are being paid for out of $500,000 allocated by P.W.A. to C.W.A. and by C.W.A. to the Department of Labor."

With regard to this statement, the $500,000 was allocated directly to the Department of Labor by the Public Works Administration on July 1, 1933, for the purpose of administration and supervision of the National Reemployment Service and not one penny of this amount is used to defray the expense of any one of the approximately 3,400 local reemployment offices, but is used exclusively for the administration in Washington and the expenses of the State headquarters office in each of the 48 States.

Respectfully yours,

W. FRANK PERSONS, *Director.*

Mr. TABER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a short editorial which appeared in the New York Tribune of yesterday.

Mr. COCHRAN of Missouri. Mr. Speaker, reserving the right to object, what is the editorial based upon?

Mr. BULWINKLE. Mr. Speaker, reserving the right to object, my understanding was there were not to be put in the RECORD any letters from anyone or any editorials from newspapers, and only speeches of Members were to be inserted.

Mr. SNELL. The gentleman did not object to a letter which was inserted by a Member on his own side a moment ago.

Mr. BULWINKLE. I did not hear what the request was. [Laughter.]

Mr. O'CONNOR. If the gentleman will yield, the letter which the gentleman from New York [Mr. PEYSER] put in the RECORD was a letter from a Government official in reference to legislation pending before the Congress.

Mr. TABER. Mr. Speaker, if this rule is to be followed I hope it will be followed right down the line, and I shall see that it is while I am here.

Mr. BULWINKLE. I will assist the gentleman in seeing that the rule is followed.

I object, Mr. Speaker.

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

Mr. TABER. Mr. Speaker, reserving the right to object, I wonder if the majority leader is going to protect his calendar.

Mr. BYRNS. I have got to be consistent, I will say to my friend, and while the gentleman only asked for 1 minute, others may make similar requests and we have got to go along with the program for today. I wish the gentleman would withhold his request.

Mr. IGLESIAS. I withhold it, Mr. Speaker.

THE REVENUE BILL

Mr. BANKHEAD. Mr. Speaker, by direction of the Committee on Rules, I call up House Resolution 266.

The Clerk read as follows:

House Resolution 266

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7835, a bill to provide revenue, equalize taxation, and for other purposes, and all points of order against said bill are hereby waived. That after general debate, which shall be confined to the bill and shall continue not to exceed 16 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on Ways and Means, the bill shall be considered as having been read for amendment. No amendment shall be in order to said bill except amendments offered by direction of the Committee on Ways and Means, and said amendments shall be in order, any rule of the House to the contrary notwithstanding. Amendments offered by direction of the Committee on Ways and Means may be offered to any section of the bill at the conclusion of the general debate, but said amendments shall not be subject to amendment. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

Mr. BANKHEAD. Mr. Speaker, I desire to say that under the usual practice I shall yield 30 minutes on the rule to the gentleman from Pennsylvania [Mr. RANSLEY].

Mr. Speaker, the next day after we had up for consideration on the floor of the House the now famous so-called "gag rule"—I do not think it was misnamed—on the independent offices bill one of the newspaper commentators said he thought that I looked entirely too solemn and serious in presenting that matter and recalled to mind the fact that when Thomas B. Reed had charge of presenting rules to the House he did not take it so seriously; that he came into the House and presented one of these airtight gag rules and smilingly said: "Gentlemen of the House, I am bringing forward today another outrage." [Laughter.]

I am going to adopt that suggestion and try not to be so lugubrious on this occasion. [Laughter.] You have all heard the rule read by the Clerk and it is not hard to understand.

It is a rule that provides for 16 hours of general debate, to be confined to the bill, the time to be equally divided between the two sides. It prevents offering of amendments on the floor of the House to this bill, except amendments offered by the Committee on Ways and Means.

It provides that at the conclusion of the debate the previous question shall be considered as ordered and no other motion shall be made except one motion to recommit with or without instructions.

You will observe, gentlemen, that we have somewhat liberalized the rule on the independent offices bill by providing in this rule for a motion to recommit with or without instructions. [Laughter.]

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. SNELL. I thank the gentleman very much for that courtesy in allowing a motion to recommit. [Laughter.]

Mr. BANKHEAD. I shall show that we have a persuasive example of the motion to recommit written by the Republicans on a rule similar to this.

Now, if I may speak in a serious vein for a moment, I want to say to you that I sometimes fear that Members of the House do not appreciate the situation in which members of the Rules Committee are placed in bringing out rules.

The Rules Committee is in essence the program and political committee of the House of Representatives, whether we are in charge and control or whether the minority is in charge when they get control.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. TERRELL of Texas. I would like to ask the gentleman from Alabama if he thinks it is possible for the House as a whole to go through a bill of this character and give it as careful consideration as a committee that has worked for months on the bill?

Mr. BANKHEAD. No; I do not, I will say candidly, and I expected to mention that later; and the chairman of the committee, when I yield time to him, will explain to the House why by the very nature of the bill, its complexities, involving technical provisions, that it is practically impossible to write a scientific and properly adjusted revenue bill by amendments on the floor of the House. I think the point made by the gentleman from Texas is well taken.

Mr. O'MALLEY. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman now, and after that I shall not yield because I want to make a statement without interruption.

Mr. O'MALLEY. Inasmuch as the rule provides no amendments, except committee amendments, and no amendments to committee amendments, I am at a loss to see why we should be debating this tax bill at all. Why not vote on the bill as the committee recommends it to the House?

Mr. BANKHEAD. I can readily understand how the gentleman feels that way, and I was expecting to approach a statement of the facts and the situation of the Rules Committee that would lead up to a justification for the conclusion drawn by the gentleman. I cannot yield further. I do not blame the gentleman for feeling as he does. I know there is a widespread feeling in the House of Representatives, especially on my own side, against these so-called "gag rules." I appreciate that. I know something of the temper of my associates on questions of this sort, and I am not in a position, I say frankly, to quarrel with those who express that character of resentment. I can very well understand how a man, particularly a Democrat, would say, "Is this a democratic form of government in a deliberative body, where every man, representing a great constituency, is presumed to have the right to represent their views through him on these complicated questions of Federal legislation?" Is it fair, is it carrying out the essence of democracy, or of organization, even his own organization, to bring in a rule that will prevent the exercise of that privilege? I know that question is a burning question in the minds of men on my own side. This problem has not been built up as a result of a temporary situation in this session of Congress. My friends on the other side who have served here for a number of years have recognized that under our system of party government here in the House of Representatives, the evolution of legislation—the necessity of meeting and mastering, if you please, the responsibilities resting upon the dominant party for the control of legislation in the House—has developed the absolute necessity of having at least some measure of party control over the activities of legislation. It is no new system. It has been in vogue here for half a century; however, you may individually quarrel with the restrictions that are put on your individual expression of opinion.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Not now; I shall in a moment if I have time. I want to make a coherent statement if possible.

With reference to this particular rule, as has been indicated, a revenue bill is necessarily a matter of very involved, technical procedure. The Committee on Ways and Means began hearings on this bill last summer. They have been constantly in session, with the advice and assistance of a great corps of experts from the Treasury Department, in an effort to build up and articulate a revenue bill, uniform and equitable in its provisions to all, and they have brought this bill in here in good faith. I understand that the bill

as a whole meets with the approval of the members on the minority side of the committee. I understand that some of the older men in service here recognize the necessity of a rule of this sort on a bill of this kind and will not oppose this rule as now presented.

Mr. HOEPPEL. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. No; I shall yield to the gentleman in due season, if I have the time. The Rules Committee was requested to bring in this rule. We did not originate it. We hardly ever originate a proposition for the consideration of a rule. The leadership of this House is behind this rule, and moreover, at this session of Congress we set up in this body on our side a new organization, known as "the steering committee of the Democratic organization in the House", and that committee was expected to perform certain functions with reference to questions of party policy and with the management of our efforts here on the floor of the House. Before the Rules Committee was willing to bring in this rule, realizing the temper of the House upon the rule we brought in to consider the independent offices appropriation bill, we requested that this matter be submitted to the conservative judgment of the steering committee of the Democratic Party, to determine whether or not we should bring in this rule.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. They called a meeting, representing every grade of opinion from all sections of the country, and reported to our committee that after conferring with all the Democrats of this House it was the opinion of that steering committee and the request was made to us, that we bring out this rule upon this bill.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. You gentlemen can do as you please about voting this rule up or down. We will pass some sort of a bill, whether you adopt the rule or not. The question is whether or not you are convinced that a bill of this sort, as will be explained to you, peculiarly requires its consideration under a rule of this character.

Mr. MOTT. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Mr. Speaker, how much time have I consumed?

The SPEAKER. The gentleman has consumed 10 minutes.

Mr. MOTT. Does the gentleman intend to yield before he sits down?

Mr. BANKHEAD. I would rather not yield, as I have to yield some time to the other side, and the gentleman can get some time on that side, but I will yield now to a brief question.

Mr. MOTT. Was not the same argument made here by the administration leaders in the House in regard to the gag rule for the consideration of the independent offices appropriation bill?

Mr. BANKHEAD. No.

Mr. MOTT. The gentleman says the same argument was not made and the same gag rule was not passed?

Mr. BANKHEAD. I do not think that what we may have done in the past contributes anything to a fair consideration of the measure now before us.

Mr. MOTT. If the gentleman will permit, I think it does.

Mr. BANKHEAD. I do not, and I decline to yield further. We have a new proposition here, surrounded by an entirely different parliamentary atmosphere, and the Rules Committee, under the direction that I have suggested, submits to the calm judgment of this House whether or not it is justified in adopting this rule.

Some gentlemen on the Republican side are opposed to this bill. Some Members on the Democratic side are opposed to it. A motion to recommit is in order, which may embrace a number of the objectionable features in this bill, and get a record vote on it. In the future, as far as I am concerned, I think I shall pursue this policy at all times—that under no circumstances should the Committee on Rules bring in a rule that would prohibit bringing in one motion to recommit, with instructions.

Mr. KVALE. Will the gentleman yield?

Mr. BANKHEAD. No. I must yield to Members on this side.

Now, we may hear something from the other side about this being a gag rule. I see the distinguished and affable minority leader smiling at me. They will get up here and tear their beards and sprinkle themselves with holy ashes and enter into all sorts of vehement protests about this outrage we are inflicting upon them; and yet, if you will refer to the RECORD of May 24, 1929, when the Republican side was in charge, when they were bringing in a revenue bill involving the same nature of consideration as this, they presented what, in my opinion, is the very acme and quintessence of gag rule. It not only prohibited substantially the offering of any amendment——

Mr. HOEPPEL. Will the gentleman yield?

Mr. BANKHEAD. No; not now.

Mr. HOEPPEL. I would like to answer the gentleman's statement.

Mr. BANKHEAD. I do not yield. The gentleman from New York [Mr. SNELL], then Chairman of the Committee on Rules, introduced this resolution:

Resolved, That immediately upon the adoption of this resolution the House shall resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 2667—

Which was the Smoot-Hawley tariff bill—

entitled "A bill to provide revenue, to regulate commerce with foreign countries, to encourage the industries of the United States, to protect American labor, and for other purposes"; that general debate on the bill be now closed; that the bill shall be considered for amendment under the 5-minute rule, but committee amendments to any part of the bill shall be in order at any time; that consideration of the bill for amendment shall continue until Tuesday, May 28, 1929, at 3 o'clock p.m., at which time the bill with all amendments that shall have been adopted by the Committee of the Whole shall be reported to the House, whereupon the previous question shall be considered as ordered on the bill and all amendments to final passage without intervening motion except one motion to recommit.

The vote on all amendments shall be taken en gros except when a separate vote is demanded by the Committee on Ways and Means on an amendment offered by said committee.

That said bill shall be the continuing order until its consideration is concluded, subject only to conference reports, privileged matters on the Speaker's table, and reports from the Committee on Rules.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. No. The gentleman can explain this infamy when he has an opportunity.

Mr. SNELL. I wanted to read the gentleman what was said about that at the time.

Mr. BANKHEAD. They so manipulated the proceedings that one little paragraph of the bill was read, just one paragraph of the whole bill, a committee amendment or two was offered at 2:59 p.m., and at 3 o'clock the gavel fell on this perfect piece and pattern that we are in some measure attempting to follow, but which is so superb in its construction that I am afraid we made a failure in the rule we have drafted. [Applause and laughter.]

The SPEAKER. The gentleman from Alabama has consumed 15 minutes.

Mr. RANSLEY. Mr. Speaker, I yield myself 3 minutes.

Mr. Speaker, I am opposed to this drastic rule. By its provisions you are tied hand and foot. It is an invasion of your rights. Twenty-odd Members of the House are legislating for the 435 Members. You are supposed to represent your people back home. You are supposed to have a voice in the proceedings. You can take this bill, however, or leave it, but you cannot offer an amendment, nor an amendment to an amendment. The membership of this House is to be permitted to talk for 16 long hours, after the passage of the rule. This is utterly foolish. It is like making a speech in an empty court after your client has been convicted.

I sincerely hope that the Members will vote this rule down. [Applause.]

Mr. Speaker, I yield back the balance of my time.

The SPEAKER. The gentleman yields back 1 minute.

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, because of this center aisle and the fact that Republicans sit on one side of it and Democrats on the other, it is difficult for one to speak here without having what he says looked upon as being tinged more or less with partisanship, no matter how conscious he may be of the fact that people generally, and, I dare say, a majority of the House, take very little interest in partisan speeches. It is particularly hard for anyone to say anything about a rule without being accused of partisanship.

I am opposed to this rule. I am not especially hopeful of defeating it, but, in order to keep the record straight, I should like to make a few observations, very briefly, about it.

The Committee on Rules was told that a majority of the Members of the great Committee on Ways and Means, on both sides of the aisle, voted to recommend it and that a small minority on both sides voted against it. That being the case, it ought to be possible to consider it on its merits, free from partisan bias or appeal, and, of course, the principle remains the same, no matter who or how many favor it.

This legislation is not primarily an administration measure, at least the rule is not, so that no one need have any fear that his vote on it can be construed as lining him up either for or against the administration.

Like every Member of the House, I take great pride in the history and traditions of the House of Representatives. I like the Membership of the present House. I greatly honor and respect the leadership of it. I have nothing but good wishes for the individual members of that leadership and those associated with them. I should like to see them succeed and to make a great record for themselves individually. At the same time, under their leadership, I should like to see the House of Representatives maintain its reputation as a great deliberative and legislative body, and I implore the leaders of the Democratic majority, who have it very largely in their power to do so, to see to it that that reputation is maintained.

There is nothing which tends to destroy the reputation which the House has established for itself through the years as being the greatest legislative body on earth, or to take the heart out of Members generally, quite as much as the consideration of legislation under gag rules, such as is proposed for the consideration of this important legislation, and which have become the habit, rather than the exception, in this Congress. To say that legislation is debated or considered, under such circumstances, is a careless use of language. Time is consumed, but no one is going to debate or consider a matter seriously when he realizes before he starts that nothing that he may say is going to have any effect. Proponents of legislation make no attempt adequately to explain or defend it, because they know they have the votes to pass it without trying to convince anyone as to its merits, and critics of the legislation will not put any spirit into their discussion of it, because they feel that no matter how much they may point out objections to it or how persuasive they may be, their efforts will be in vain, as far as having any effect here is concerned. Legislation by gag rule is a lazy way to legislate.

Newspapers are beginning to criticize our lack of debate and of real consideration of legislation. Those in administrative positions in the Government go so far, even, as to say publicly that it is necessary for them to debate and decide among themselves questions of far-reaching governmental policy, because of the failure of Congress to do so. How long is the responsible leadership of the House going to permit that situation to continue?

Mr. BYRNS. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I have not the time.

Mr. BYRNS. The gentleman just referred to the leadership of this side of the House.

Mr. MAPES. I am sorry, but I have not the time to yield. Mr. Speaker, I refuse to yield. The Democratic leader will be able to get time if he desires it from those in control of time on his own side. Our time is very much limited.

Gag rules are wholly unnecessary and useless under the situation as it exists in the House today, except as a confession of incompetency on the part of the Democratic majority to legislate in an orderly manner. Gag rules belittle the leadership and those who have charge of the legislation on the floor, and humiliate the entire Membership of the House.

Take the situation at present before us: Here is a bill backed by the almost unanimous report of the biggest legislative committee of the House, a committee that consists of 25 of the leading Members of the House, all of them of long service. Certainly such a committee does not need the help of any artificial support to enable it to put through desirable legislation. I do not think it is a compliment to the committee to suggest such a thing. The committee itself ought to resent the suggestion instead of supporting it. I should like to see the distinguished, able, and respected chairman of that committee rise in his place and say: "Perish even the thought of it." I understand that he has the reputation of being the best horse trader in the State of North Carolina. I am sure that by the exercise of the same good judgment and ability he is required to exercise in that profession he could pilot this bill through the House and have it come through about as he wants it without the help of a gag rule of this kind.

The disinterested observer, knowing the tendency of the Members on both sides of the aisle to follow the recommendations of a big committee, and taking into consideration the fact that the majority party has a majority in the House at the present time of 3 to 1, is forced to conclude either that the legislation is very bad or that the leadership is very weak and indifferent if it is necessary to adopt such procedure in order to pass it. Of course, we here know that this is not the case, but outsiders do not, and history may not know it.

I suggest to the leadership of the Democratic majority that it ought not to take the chance of this possible misinterpretation when it is so unnecessary. The leaders of this House are able men. They and the chairmen of the big committees have the ability, certainly under the present set-up, to put through desirable legislation without the assistance of gag rules. They should welcome the opportunity to do so, to defend the legislation sponsored by them in fair and untrammeled debate, and take pride in doing it. They can get no real satisfaction in passing it under gag rules where no one has an opportunity to follow the dictates of his own judgment on any matter.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. MAPES. I am sorry, but I cannot yield. It is a farce to spend 16 hours in listless and fruitless general debate on this bill, as will be done if the rule before us is adopted; it will be nothing but a waste of time, shadow boxing, as it were.

There are Members of the House—yes; members of the Committee on Ways and Means—who feel very deeply about some of the provisions of this bill. They want a chance to offer amendments to it and to get an expression from the House on the merits of those amendments. They resent the passage of a rule which denies them that privilege. Some of them go so far as to question the moral right, at least, of the majority to take that privilege away from them.

The Committee on Rules was told that some of the provisions included in this bill were so controversial that they were put into it by a vote of the committee as close as 13 to 12, yet the Members of the House generally are asked to surrender their right to express themselves upon those provisions. In effect, they are asked to cast a vote of lack of confidence in themselves, of a lack of ability to legislate. The truth is that the whole argument of the members of the Committee on Ways and Means before the Rules Committee in asking for the rule was to the effect that the Members of the House generally were not qualified to pass judgment upon the different provisions of the bill.

In the last analysis, that is the only real reason for a gag rule at any time. We passed a big appropriation bill here the other day under suspension of the rules so as to prevent

amendments to it. If this tendency keeps up, how long will it be before the Committee on Appropriations will be asking to pass general appropriation bills under gag rules?

This procedure today reminds me of the way the first tariff bill was considered in the House of Representatives after I became a Member of it, in the special session of the Sixty-third Congress, at the beginning of the first Wilson administration, under the great leader of the Democratic majority in that Congress, Mr. Underwood. It reminds me of it, because it is so different. With about the same Democratic majority in that Congress as there is in this, Mr. Underwood did not ask for a rule to put the Underwood-Simmons tariff bill through the House of Representatives. It was considered and passed under the general rules of the House.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MAPES. I am sorry. The gentleman has control of the time on his side. My time is limited.

I have confidence that the present leadership could do the same if it only had the courage to attempt it. Why embarrass the Members by asking them to adopt a procedure in which they do not believe? Besides, there is always the possibility that legislation will be improved upon if real consideration is given to it on the floor of the House. It is a violent assumption for a committee to assume that its report on a bill is the last word or that its judgment is the only one worthy of consideration. Any committee that takes that position takes itself too seriously. And, after all, a committee is a creature, a servant, of the House, not its master.

However, I do not despair. I have confidence that the House sooner or later will revert to the regular procedure of the House. The majority on both sides of the aisle is liberal and progressive-minded. Neither party has a monopoly in that respect. Those who believe in free and open debate, and the right of the majority to rule when left to themselves, are in the great majority. The gentleman from Alabama in presenting this rule said that the leadership of the House is behind this rule. I think I quote him verbatim. It is largely a question of leadership on the part of the overwhelming Democratic majority.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. BANKHEAD. Will the gentleman yield him 3 minutes, in order that I may ask the gentleman a question?

Mr. RANSLEY. I cannot. The gentleman has time on his own side to yield.

Mr. MAPES. It is largely a question of leadership on the part of the overwhelming Democratic majority, as the gentleman from Alabama has so well said. If that leadership would only encourage, nay if it would only permit it to be done, the House would vote down by a big majority every gag rule that might be proposed. As a matter of fact, there is an ever increasing reluctance on the part of the majority to vote for these gag rules in spite of the leadership.

It is only a question of time when it will refuse to do so. It is not fair to the progressive-minded Members of the Democratic majority to require them constantly to choose between repudiating their leaders and voting for rules which they do not believe in and which, in many cases, they campaigned against before coming here. Here is an opportunity for a majority of the House to signify its disapproval of gag rules once and for all time. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield myself 1 minute.

I had hoped the gentleman from Michigan would yield to me in order that I might make a statement. I regret very much that he did not make the speech he has just made on May 24, 1929, when his side presented the rule referred to a few moments ago and which the RECORD shows the gentleman from Michigan most enthusiastically supported.

Mr. Speaker, I now yield 10 minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON of North Carolina. Mr. Speaker, I am one Member of this House who, during my 23 years of consecutive service, has never inveighed or declaimed against what is termed the gag rule. This question of a gag rule is merely a case of the pot and the kettle, depending altogether upon which party is in power and has the responsibility. No rule that has ever been adopted by this House has ever deprived me of the privilege of voting against the rule or voting against the bill that the rule made in order. This rule deprives no one of this privilege.

When the 16 hours of debate provided in this rule, if the rule is adopted, has been exhausted and the bill has been fully explained and the members of the committee who have had full opportunity to study and explain its provisions it will be seen that this is a good bill. As chairman of the committee I will see that each Member has an opportunity to have his vote recorded, so that he can go back to his constitutents and say that he voted against the bill to which the Ways and Means Committee had given months and months of diligent study in an effort to prevent tax avoidance and tax evasion. The investigation and hearings held by the Committee on Banking and Currency of the Senate disclosed tax evasions and tax avoidance by the Morgans, Mitchells, and Wiggins, which astounded the entire country.

I know there are many Members of this House who are conscientiously opposed to such rules, call them gag rules or whatever you may be pleased to call them. With these Members I have no quarrel. This is not a partisan measure. This bill was considered by the Ways and Means Committee as being as free from partisanship as any bill could be considered.

Mr. HOEPPEL. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes. I yield to the gentleman from California.

Mr. HOEPPEL. The gentleman has stated that this is not a partisan measure. I would like to know whether this bill is in the interest of the common people or the bankers?

Mr. DOUGHTON of North Carolina. The gentleman is entitled to his own opinion as to that. I wish to assure the gentleman that neither he, myself, nor any other Member of this House has a monopoly on wisdom. I am willing to concede to the gentleman an honesty of opinion.

Mr. HOEPPEL. Does the gentleman want me to answer him?

Mr. DOUGHTON of North Carolina. I do not yield to the gentleman.

Mr. Speaker, this rule has its origin in necessity and not as a matter of choice.

I am sure every member of the Ways and Means Committee, if it had been practical, would have preferred to have brought this bill in under the general rules of the House, but this bill is too complicated, it is too involved, it is too technical for any Member of this House on a few hours' study to understand all of its provisions and complications.

The Committee on Ways and Means considered this bill for months, first in a subcommittee and then by the entire committee, and the committee soon discovered that when it made one material change in the bill it involved many other sections of the measure.

Mr. KNUTSON. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to my colleague.

Mr. KNUTSON. The other day the House was addressed by a member of the committee who compared the income-tax rate carried in this bill with the income-tax rate of Great Britain, but the Member failed to state to the House or to give the further information to the House that many States have an income tax and that the combined Federal and State tax in many instances is almost as great as the tax in Great Britain.

Mr. DOUGHTON of North Carolina. That is true.

Mr. KNUTSON. And in Great Britain they have only one income tax.

Mr. DOUGHTON of North Carolina. Great Britain has only one income tax, and that is for all the purposes of government in that great Empire. In the United States we have the Federal income tax, the State income tax, and then

we have State taxes and county taxes and municipal taxes and special taxes galore. Therefore there is no potency in the argument of contrasting the income-tax rates in this country with the income-tax rates of Great Britain. That is just as inconsistent and as unfair as any argument can possibly be, and carries no weight whatever when thoroughly understood.

Our tax laws are written with a view to the structure of American business, necessarily so, and in a great, complicated tax measure like this we must keep in mind not only the question of raising sufficient revenue to defray the expense of government and also to prevent tax avoidance, which is the primary purpose of the present bill, but at the same time we must keep in mind, Democrats and Republicans, those of the majority and those of the minority, that while we are trying to prevent tax avoidance, we must not place any imposition or any hardship upon American industry and American business. If we legislate in this measure without regard to such considerations, we are liable to defeat the very purpose we have in mind.

Mr. Speaker, this bill has been well considered, and while it is not the work of the administration, yet the Ways and Means Committee, during its long and diligent study and preparation of this bill, had assisting it representatives from the Treasury Department. We also had the Joint Committee on Internal Revenue Taxation and we had the Legislative Counsel. It also has, I may say, the support of the Treasury Department.

Mr. BROWN of Kentucky. Will the gentleman yield for a question?

Mr. DOUGHTON of North Carolina. Yes.

Mr. BROWN of Kentucky. Will the gentleman please tell us why the Committee on Ways and Means first put in an amendment making the community-property States pay the same income tax that the other 40 States of the Union pay, at the request of the administration, and then, without the consent of the administration, took out that amendment?

Mr. DOUGHTON of North Carolina. I will say to my friend, that matter was considered at great length by the Ways and Means Committee and we soon discovered that grave constitutional questions were involved in the situation. I may say to my friend from Kentucky that while many of us were convinced that there should be some legislation with respect to community property, it was so involved and the constitutional questions were so serious we decided that the matter should go in a separate bill. We felt it would prolong the consideration of this bill perhaps for months. There are eight States that have community property laws, and in the other body this would mean 16 Senators would be in violent opposition to the whole bill to start with, if such a provision was left in the measure.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. DOUGHTON of North Carolina. In further answer to the gentleman from Kentucky, I may say that we did not care to take any risk with this important bill. We are anxious to expedite its passage and get it on the statute books as soon as possible in order to carry out the purpose and the objective we have in view, and we did not wish to weight it down with suggestions that might complicate and delay the passage of the bill for months and months. We realized fully that if this bill went to the other body with such a provision in it, it would perhaps be there for months, and there would be no certainty about what the fate of the measure would be.

Mr. RANKIN. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. RANKIN. I have some amendments I would like to offer to raise inheritance taxes in the higher brackets, and I am at a loss to understand why it is necessary to pass a rule on a tax bill to prevent any Member of the House from offering an amendment. I would like to go along as much as possible, but, after what argument I have heard, I am unable to understand why it is necessary to bring into the body, in which the Constitution vests the power and the prerogative of originating tax legislation, a rule prohibiting any Member of that body from offering an amendment of any kind. [Applause.]

Mr. DOUGHTON of North Carolina. Simply because the income-tax structure is so involved and so complicated that we do not believe that we, as members of the Committee on Ways and Means, could understand all amendments that might be proposed.

Mr. RANKIN. Then the gentleman does not think the Members of the House understand taxation well enough to offer such amendments?

Mr. DOUGHTON of North Carolina. Oh, I disclaim any such opinion.

Mr. RANKIN. I think we ought to have the right to vote on such amendments.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the balance of my time to the gentleman from New Jersey [Mr. LEHLBACH].

The SPEAKER. The gentleman from New Jersey is recognized for 11 minutes.

Mr. LEHLBACH. Mr. Speaker, sometime ago we were promised that there would be no more gag rules, and yet the first time an important bill comes into the House we have the same old gag rule.

It has been said that in the adoption of this rule there is no partisan politics. I agree with that statement. There is not a bit of partisan politics, when it is remembered that to dispose of this bill under a gag rule there are 115 Republicans in this House and the Democratic majority is more than 200. It is not to protect the will of the majority against the minority, the dominant party against the party in opposition, it is to protect the will of the membership of the party in power from its own membership. [Applause.]

In an open meeting of the Committee on Rules, at a hearing when the doors were open and other people present, when the committee was not in executive session, Members of the House, Democratic members of the committee, and Members who were not on the committee, expressed their resentment at the contemptuous treatment they received by the administration officials when they had legitimate business there. Why? Because you invite contempt by your own actions here on the floor. [Applause.]

Most of these bills that passed under gag rule were not drawn in a committee of the House. They were drawn under the auspices of certain administrative departments or commissions or administrations, sometimes by persons occupying no official positions in the Government whatever. They were brought down here to the House, and the House was ordered to pass them without consideration in committee or without allowing the membership of the committee on the floor to cross a "t" or dot an "i."

Now, it has been urged that this bill is so intricate, so technical, so interrelated that to protect its integrity it is necessary to preclude the Membership of the House, who have adequate information, from offering amendments on their own motion.

Mr. BANKHEAD. Will the gentleman yield?

Mr. LEHLBACH. I yield.

Mr. BANKHEAD. The gentleman is speaking with some feeling against this type of rule. I do not see how the gentleman can claim to be consistent when he voted for the rule from which this rule was practically copied.

Mr. SNELL. Will the gentleman from New Jersey yield to me to answer the gentleman?

Mr. LEHLBACH. I will yield to the gentleman from New York.

Mr. SNELL. I suppose the gentleman from New Jersey heard the enthusiastic speech of the gentleman from Alabama a short time ago praising this rule, and referred to the fact that it was copied from a rule offered by the gentleman from New York.

In order to let the House know exactly the attitude the gentleman from Alabama took at the time the gentleman from New York presented a similar rule, I want to refer to what he said on that occasion from the RECORD.

Mr. BANKHEAD. I will anticipate the gentleman——

Mr. LEHLBACH. I have yielded to the gentleman from New York.

Mr. SNELL. Here is what the gentleman from Alabama said about that rule when presented by the Republican majority:

> This rule is "an extraordinarily autocratic and repressive rule." I say "extraordinarily autocratic and repressive" advisedly, because I have made some examination of the former rules that have been brought into the House for consideration of tariff bills, and I assert here that neither the chairman of this committee nor any other man familiar with the precedents can successfully controvert the statement that this is the most ironclad and restrictive rule ever reported to the House of Representatives. [Applause.]

Let me go just a little further:

> It is the first time in the history of our parliamentary procedure when any Committee on Rules has had the audacity to bring in a rule which absolutely denies the right of any Member of the House * * * to offer any amendments to the bill from beginning to end.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. LEHLBACH. No; the gentleman has not the floor. I yield to the gentleman from New York.

Mr. SNELL. To read further from what the gentleman said:

> They have substituted by this rule and by the action of the Republican caucus the autocratic judgment of 15 members of the Committee on Ways and Means for the collective wisdom and judgment of the House of Representatives, including the rights of the minority.

I suggest to my friend from Alabama [Mr. BANKHEAD] that it makes a lot of difference whose ox is being gored. [Laughter and applause on the Republican side.]

Mr. LEHLBACH. Mr. Speaker, to resume, it has been said this rule is necessary to preserve the integrity of the bill, the plan and scope of the bill in its entirety. Everybody knows that just as soon as we pass the bill and it gets to the other end of the Capitol, the Senate will take every section apart to see what makes it tick. It is not that the bill needs to be protected against amendments by those not on committees considering the legislation, but it is that you here in this House are incapable and unworthy of exercising the right that you are entitled to as Members of this House. What reason is there, I ask the Chairman of the Committee on Ways and Means, that this House may not be permitted to vote whether we want to continue 3-cent postage or return to 2-cent postage? What reason is there why we should not decide this question on the floor of the House?

Mr. BANKHEAD. What reason was there on May 24, 1926, why the Members should not have had that privilege?

Mr. LEHLBACH. When the House is closely divided, it may sometimes be a justification for a rule, that the will of a substantial majority of the party responsible for legislation may be carried into effect; but here you have a 200 majority on the Democratic side. You are not protecting the will of a substantial majority of your side, you are protecting yourselves against the better judgment of those of your party not in leadership.

Mr. BANKHEAD. And when we adopted the rule on the Smoot-Hawley tariff bill, the Republicans had 248 Members and the Democrats 138.

Mr. LEHLBACH. Mr. Speaker, I am sorry that I cannot yield further. We begged, we abjectly begged and implored the majority of the Committee on Rules to give us adequate time to debate this rule, and we were brusquely refused. We were told that you would jam this rule through in short order or not at all.

There is an innovation in the matter of rules in the last four words of the rule under consideration. The rule provides one motion to recommit and then adds the words:

> With or without instructions.

Up to this time it has been provided, and still is, that after the previous question has been ordered and the bill read a third time, the opposition might have the right to move to recommit, and that right should not be abridged by any resolution brought from the Committee on Rules. The instructions in a motion to recommit are the very heart and essence of the motion to recommit, and by a recent ruling you seek to take from the minority that one bulwark that, in your rules as they read today, is safeguarded to them, or should have been safeguarded to them. [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield the remainder of my time to the gentleman from Tennessee [Mr. BYRNS]. [Applause on Democratic side.]

Mr. BYRNS. Mr. Speaker, it is impossible to discuss this rule in 3 minutes. Some one made the remark "Oh, that mine enemy would write a book." I think the gentleman from Michigan [Mr. MAPES], the gentleman from New Jersey [Mr. LEHLBACH], the gentleman from New York [Mr. SNELL], might have learned something from that remark. I think possibly there is some justification for those gentlemen supporting what the gentleman from Alabama [Mr. BANKHEAD] has described as the most binding gag rule that has ever been adopted by the House of Representatives, when they voted for the rule which prohibited amendments to the Hawley-Smoot tariff bill, which everyone knows raised the tariff to a higher point than any bill that had ever been passed prior to that time, and which one of the leaders in their party, Mr. Mills, of New York, repudiated in his speech in Kansas the other day. They did not dare open that bill to amendment. But they should show some consistency today.

Mr. KNUTSON. Why, do you not lower it?

Mr. BYRNS. Mr. Speaker, the members of the Ways and Means Committee, without regard to party, have been considering this bill for 7 or 8 months. They have given patient consideration to every feature of it. They held hearings during the fall, and they have prepared a bill which, if I understand correctly, comes here with the endorsement of practically the entire committee, without regard to party. Several experts have told me that in its administrative features it is the best bill ever presented to the House. Under those circumstances certainly, gentlemen who have not had the opportunity to study the bill, cannot possibly perfect the bill on the floor of the House, without endangering its very structure. It is like building a house. If you tear out one brick, you may endanger the whole house.

Under such circumstances there is nothing to do but to adopt this rule, pass the bill, having confidence as we do in those gentlemen who have presented it to this House for its consideration. What gentlemen on the other side have said in opposition to the rule is in direct conflict with every statement they made with reference to the rule on the Hawley-Smoot tariff bill. As the gentleman from New York [Mr. SNELL] has said in explanation of his own change of position, it sometimes cuts some figure whose ox is being gored. That is about the best excuse he can offer for his change of front today. The committee has presented a bill which will bring in, according to them, not less than $258,000,000. They have plugged up the holes which have enabled men like Wiggins and Morgan and Mitchell and others to evade the payment of those income taxes which it was sought to collect from them. I hope the rule will be adopted. I hope it will be adopted so that we may pass this bill and send it to the Senate as prepared and proposed by this committee, having, as it does, the support of the Republican members on the Ways and Means Committee as well as the Democrat. [Applause.]

The SPEAKER. The time of the gentleman from Tennessee has expired. All time has expired.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

Mr. McGUGIN and Mr. KVALE demanded the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 241, nays 154, not voting 37, as follows:

[Roll No. 88]

YEAS—241

Adair	Dear	Kelly, Ill.	Reilly
Adams	Deen	Kennedy, Md.	Richards
Allgood	Delaney	Kerr	Richardson
Arnold	DeRouen	Kleberg	Robertson
Auf der Heide	Dickinson	Kloeb	Robinson
Ayers, Mont.	Dickstein	Kniffin	Rogers, N.H.
Ayres, Kans.	Dies	Knutson	Rudd
Bailey	Disney	Kocialkowski	Ruffin
Bankhead	Doughton, N.C.	Kramer	Sabath
Beam	Douglass	Lambeth	Sanders
Beiter	Doxey	Lanham	Sandlin
Berlin	Drewry	Larrabee	Schaefer
Biermann	Driver	Lea, Calif.	Schuetz
Black	Duffey	Lee, Mo.	Schulte
Bland	Duncan, Mo.	Lewis, Colo.	Scrugham
Blanton	Durgan, Ind.	Lindsay	Sears
Bloom	Eagle	Lloyd	Shallenberger
Boehne	Edmiston	Lozier	Sisson
Boland	Eicher	Ludlow	Smith, Va.
Boylan	Ellenbogen	McClintic	Smith, W.Va.
Brennan	Ellzey, Miss.	McCormack	Snyder
Brooks	Evans	McDuffie	Somers, N.Y.
Brown, Ga.	Farley	McGrath	Spence
Brown, Mich.	Fernandez	McKeown	Steagall
Browning	Fitzpatrick	McMillan	Strong, Tex.
Brunner	Flannagan	McReynolds	Stubbs
Buchanan	Ford	McSwain	Sullivan
Buck	Frey	Maloney, La.	Sumners, Tex.
Bulwinkle	Fuller	Mansfield	Swank
Burch	Gambrill	Marland	Tarver
Burke, Calif.	Gasque	Martin, Colo.	Taylor, Colo.
Burnham	Gillette	Martin, Oreg.	Terrell, Tex.
Busby	Glover	May	Terry, Ark.
Byrns	Goldsborough	Mead	Thom
Cady	Goss	Miller	Thomason
Caldwell	Granfield	Milligan	Thompson, Ill.
Cannon, Mo.	Gray	Mitchell	Thompson, Tex.
Carden, Ky.	Green	Montague	Treadway
Carmichael	Greenwood	Montet	Turner
Cary	Gregory	Moran	Umstead
Celler	Haines	Morehead	Underwood
Chapman	Hamilton	Nesbit	Utterback
Christianson	Hart	O'Brien	Vinson, Ga.
Church	Harter	O'Connell	Vinson, Ky.
Clark, N.C.	Hartley	O'Connor	Wallgren
Cochran, Mo.	Hastings	Oliver, Ala.	Walter
Coffin	Healey	Oliver, N.Y.	Warren
Colden	Henney	Owen	Weaver
Cole	Hill, Ala.	Palmisano	Werner
Collins, Calif.	Hill, Samuel B.	Parks	West, Ohio
Collins, Miss.	Hoidale	Parsons	West, Tex.
Colmer	Huddleston	Patman	Whittington
Cooper, Tenn.	Hughes	Peterson	Wilcox
Corning	Jacobsen	Pettengill	Williford
Cox	Jeffers	Peyser	Williams
Cravens	Jenckes, Ind.	Pierce	Wilson
Cross, Tex.	Johnson, Okla.	Polk	Woodrum
Crowe	Johnson, Tex.	Pou	Zioncheck
Cullen	Johnson, W.Va.	Prall	
Cummings	Jones	Rayburn	
Darden	Kee	Reed, N.Y.	

NAYS—154

Allen	Eltse, Calif.	Kopplemann	Rich
Andrew, Mass.	Englebright	Kurtz	Rogers, Mass.
Arens	Faddis	Kvale	Rogers, Okla.
Bacharach	Fiesinger	Lambertson	Sadowski
Bacon	Fish	Lamneck	Secrest
Bakewell	Fitzgibbons	Lanzetta	Seger
Beck	Fletcher	Lehlbach	Shoemaker
Blanchard	Focht	Lehr	Simpson
Boileau	Foss	Lemke	Sinclair
Bolton	Foulkes	Lesinski	Sirovich
Britten	Frear	Lewis, Md.	Smith, Wash.
Brown, Ky.	Gavagan	Luce	Snell
Brumm	Gifford	Lundeen	Stalker
Cannon, Wis.	Gilchrist	McFadden	Strong, Pa.
Carpenter, Kans.	Gillespie	McGugin	Studley
Carpenter, Nebr.	Goodwin	McLean	Sweeney
Carter, Calif.	Greenway	Maloney, Conn.	Swick
Carter, Wyo.	Griffin	Mapes	Taber
Castellow	Griswold	Marshall	Taylor, S.C.
Cavicchia	Guyer	Martin, Mass.	Thomas
Chase	Hancock, N.Y.	Merritt	Thurston
Chavez	Hancock, N.C.	Millard	Tobey
Clarke, N.Y.	Harlan	Monaghan, Mont.	Traeger
Cochran, Pa.	Hildebrandt	Mott	Truax
Condon	Hill, Knute	Moynihan, Ill.	Turpin
Connery	Hoeppel	Murdock	Wadsworth
Connolly	Holmes	Musselwhite	Wearin
Cooper, Ohio	Hooper	O'Malley	Weideman
Crosser, Ohio	Hope	Parker	Welch
Culkin	Howard	Peavey	Whitley
Darrow	Imhoff	Perkins	Wigglesworth
De Priest	James	Plumley	Withrow
Dingell	Jenkins, Ohio	Powers	Wolcott
Dobbins	Johnson, Minn.	Ramsay	Wolfenden
Doutrich, Pa.	Kahn	Ramspeck	Wolverton
Dowell	Kelly, Pa.	Randolph	Woodruff
Dunn	Kennedy, N.Y.	Rankin	Young
Eaton	Kenney	Ransley	
Edmonds	Kinzer	Reece	

NOT VOTING—37

Abernethy	Crump	McCarthy	Sutphin
Andrews, N.Y.	Dirksen	McFarlane	Taylor, Tenn.
Beedy	Ditter	McLeod	Tinkham
Buckbee	Dockweiler	Meeks	Waldron
Burke, Nebr.	Dondero	Muldowney	White
Carley, N.Y.	Fulmer	Norton	Wood, Ga.
Cartwright	Hess	Reid, Ill.	Wood, Mo.
Claiborne	Higgins	Romjue	
Crosby	Hollister	Shannon	
Crowther	Keller	Stokes	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

Mr. Carley (for) with Mr. Shannon (against).
Mr. McFarlane (for) with Mr. McLeod (against).
Mr. Romjue (for) with Mr. Ditter (against).
Mr. Dockweiler (for) with Mr. Claiborne (against).
Mrs. Norton (for) with Mr. Muldowney (against).
Mrs. McCarthy (for) with Mr. Waldron (against).
Mr. Buckbee (for) with Mr. Keller (against).

General pairs:

Mr. Wood of Georgia with Mr. Beedy.
Mr. Crosby with Mr. Crowther.
Mr. Abernethy with Mr. Taylor of Tennessee.
Mr. Fulmer with Mr. Hollister.
Mr. Sutphin with Mr. Tinkham.
Mr. Wood of Missouri with Mr. Andrews of New York.
Mr. Burke of Nebraska with Mr. Dirksen.
Mr. Crump with Mr. Hess.
Mr. White with Mr. Dondero.
Mr. Meeks with Mr. Stokes.
Mr. Reid of Illinois with Mr. Higgins.

Mr. BYRNS. Mr. Speaker, the following gentlemen are unavoidably absent today: The gentleman from Illinois, Mr. MEEKS; the gentleman from Texas, Mr. MCFARLANE; and the gentleman from Missouri, Mr. SHANNON. I am requested to announce that if present the gentleman from Texas, Mr. MCFARLANE, would vote "aye", and the gentleman from Missouri, Mr. SHANNON, would vote "no."

The result of the vote was announced as above recorded.

A motion to reconsider was laid on the table.

Mr. DOUGHTON of North Carolina. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 7835, the revenue bill, with Mr. CANNON of Missouri in the chair.

The Clerk read the title of the bill.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina [Mr. DOUGHTON]?

Mr. SNELL. Reserving the right to object, I want to ask the chairman of the committee a question. I would like to ask, for the information of the Members of the House, if it is the intention of the chairman of the committee to complete the bill with 16 hours' general debate, and have a final vote on the bill this week?

Mr. DOUGHTON of North Carolina. We do not expect a final vote this week.

Mr. SNELL. The final vote will not come on Saturday?

Mr. DOUGHTON of North Carolina. I think that can be agreed to.

Mr. SNELL. Thank you.

The CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 1 hour.

Mr. Chairman, in order to present my remarks in consecutive order, I ask that I be not interrupted. After I finish my main statement, if there is any member of the Committee who desires to interrogate me as to any provision of the bill, I shall be pleased to yield.

The revenue bill of 1934, H.R. 7835, which is now under consideration, is quite different from any prior revenue bill

presented to this House. It proposes to raise about $258,000,000 in additional revenue, not through any material increase in tax rates but chiefly by the prevention of tax avoidance. For a long period only those with small incomes have paid the full tax which we had a right to expect under the income tax law, whereas a great many of our wealthy taxpayers have found means, through expert legal advice, to avoid the surtaxes which we had anticipated. There is no fairer tax than the income tax, based, as it is, on the principle of ability to pay. But such a tax breaks down when it is open to wholesale avoidance, since the fundamental principles of equity, consistency, and certainty are then violated.

There are three fundamental principles in taxation—namely, equity, consistency, and certainty—and it has been the purpose in the drafting of this bill to keep those three fundamental principles well in mind.

Last spring it was realized by the Committee on Ways and Means that if the income tax was to remain the backbone of our revenue structure, every citizen and every corporation should be compelled to bear a fair share of the tax, and the House adopted a resolution presented by me authorizing an income-tax study to be made.

Accordingly a subcommittee was appointed consisting of Congressmen SAMUEL B. HULL, chairman; THOMAS H. CULLEN, FRED M. VINSON, JERE COOPER, ALLEN T. TREADWAY, FRANK CROWTHER, JAMES A. FREAR, and myself as ex-officio member. This subcommittee worked through the summer and fall months of last year, while the Congress was in recess, and made a comprehensive preliminary report containing recommendations as to the methods of closing the existing loopholes in the law. Since that time the Ways and Means Committee as a whole have held hearings and have had the advantage of receiving the official views of the Secretary of the Treasury upon the proposed changes.

This subcommittee had not only the advantage of conferring with officials of the Treasury Department, but also had the advantage of hearing all witnesses who desire to appear and give testimony with respect to the various proposals or provisions of the bill.

The changes made are technical in character, as might be expected from the complicated structure of our income tax law. I shall confine myself to explaining the practical effect of the principal changes in general terms. Those desiring technical information should address themselves to the members of the subcommittee, who have spent nearly 9 months on these provisions, or to the very complete report which accompanies this bill. I suggest that each Member of the House study this report before voting on the bill.

I suggest that each Member of the House who desires to ascertain intent and purposes of the provisions of this bill peruse with great care the report that has been submitted by the committee, because it is full and comprehensive, and it explains in detail each and every proposed change in the present law, as well as any proposed new provisions.

TAX-RATE STRUCTURE

The first matter I desire to mention is in connection with the tax-rate structure of the proposed bill. It is true that this is not one of the loopholes in existing law; neither is it one of the most important changes from a revenue standpoint. I am of the opinion, however, that it does distribute the tax burden more equitably than existing law. The main results achieved from the changes are a slightly decreased tax burden on persons with income from salaries of less than $25,000, and a somewhat increased tax burden on persons with income from dividends and partially tax-exempt interest. For instance, a married man with $8,000 from salary under the bill will pay a tax of $248 instead of the tax of $300 imposed by present law; while a married man with $8,000 from partially tax-exempt interest will pay a tax of $100 under the bill instead of a tax of only $30 as at present. It seems obvious that the latter individual is well able to bear this tax increase, not only because of the substantial size of his income but also because he has substantial capital. The salaried man with like income may have no capital. A number of changes will be found in the bill which carry out the policy of more equitably distributing the tax burden through revision of the tax-rate structure.

DEPRECIATION

Another matter I wish to mention is in connection with depreciation.

Depreciation is a deduction from net income, and it has been increasing at an alarming extent in recent years.

As a result, the Government has been deprived of much revenue that it should have had. In 1931 it appears that the total of these allowances to corporations and individuals was nearly $6,000,000,000. The committee has reason to believe that the allowances in many cases are now excessive. An arbitrary reduction of 25 percent in these allowances for a temporary period of 3 years was considered. However, the Treasury Department has informed your committee that they share the view of the subcommittee that excessive amounts have been allowed, and have recently put into effect a resurvey of such allowances, and that as much money can be saved by such a survey of these allowances and by applying the rate of depreciation to the adjusted basis of the depreciable property as provided for in existing law and in this bill.

After considering this matter very carefully we decided that an arbitrary reduction would not be just and fair to the taxpayers, and representatives of the Treasury Department appeared before our committee with the statement that they were now making a resurvey of the allowances for depreciation, and they believed they would reach practically the same results and bring to the Treasury the same amount of additional revenue if the policy they were pursuing was adopted.

Therefore, the committee, after long consideration, decided that it would be more equitable to allow the Treasury to proceed and make close scrutiny of each individual case rather than to adopt an arbitrary rule, because in adopting an arbitrary rule some hardship would be imposed on those who were not taking excessive deductions.

Consequently, the arbitrary provision first considered by your committee was abandoned in favor of the plan of the Treasury, which undoubtedly will work with greater equity. This new system of handling depreciation should result in increased revenue of $85,000,000 annually.

Had we the $85,000,000 we have lost in recent years as a result of excessive allowances for depreciation, the Treasury would be in much better condition than it is today.

CAPITAL GAINS AND LOSSES

I would now draw your attention to the matter of capital gains and losses. Our past methods of taxing gains from the sales of property and of deducting losses from such sales have contributed largely in making our income tax decidedly unstable and uncertain as a revenue producer.

In good times our revenue is greater than we expect. In times of depression losses have wiped out ordinary income and our income-tax receipts have shrunk more than 75 percent just when we most needed the money. An entirely new system of treating capital gains and losses has been devised in the bill, which will prevent ordinary income from being diminished by capital losses, but which will, nevertheless, place a fair tax on capital gains.

In other words, excessive losses can only be offset by capital gains and not against ordinary income from other sources.

PERSONAL HOLDING COMPANIES

The next matter to which I invite your attention is our proposal to place a special tax on personal holding companies. We have been deluding ourselves since the passage of the Revenue Act of 1932 with the idea that persons of very large incomes were paying a high surtax on such incomes.

The purpose of each revenue bill has been to reach the larger incomes by means of a graduated surtax, but in many instances individuals and corporations with large incomes, by organizing personal holding companies, have been able legally to defeat the purpose and the spirit of the law through this loophole while at the same time staying within the letter of the law. It develops that in many instances

such is not the case. Many wealthy individuals have simply formed a corporation to hold their stock or other income-producing property and have merely paid the corporate rate of 13¾ percent instead of a surtax rate of perhaps as high as 55 percent. A provision has been inserted in the bill to prevent this tax avoidance by personal holding companies. Under the bill they must either distribute the earnings of the corporation in dividends, in which case they will become subject to surtax, or they will be obliged to pay a 35-percent tax on the undistributed earnings.

In other words, if they choose to form a holding company and thereby attempt to avoid or evade the payment of high surtaxes, then on their accumulated earnings they must pay a tax of 35 percent. In neither case will they be able to evade, as they have in the past, the payment of their proper share of taxes.

The committee recommends changes in what are known as the "reorganization" provisions of the law, so that corporations and individual stockholders cannot reorganize for the mere purpose of avoiding tax as at present.

DIVIDENDS ON PRE-MARCH 1 EARNINGS

I come next to the provision for taxing dividends out of pre-March 1, 1913, earnings. This is a matter which has been very controversial and in my judgment has been to a great extent misunderstood.

Your committee recommends that dividends paid out of pre-March 1, 1913, earnings be made taxable to the shareholder, not taxable to the corporation, as many think, but taxable after it has been distributed to the shareholder.

Your committee recommends that dividends paid out of pre-March 1, 1913, earnings be made taxable to the shareholder. The present system of exemption is equivalent to allowing a large volume of dividends from the stock of domestic corporations to go entirely tax free and to swell the already large total of tax-exempt income from Federal, State, and local obligations.

We all know that there is a very strong feeling in this country that income from all governmental securities, either of the Federal Government, the State governments, or municipal governments, should be subject to taxation.

Under existing law domestic companies with foreign subsidiaries or foreign branches pay no tax on the foreign income when earned in a country having tax rates as great as or in excess of our own. Your committee is of the opinion that we can properly secure revenue from such foreign income. Accordingly, it recommends a change which will result in taxing one half of the income from foreign sources in the cases mentioned.

Mr. BOLAND. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. BOLAND. Can the gentleman inform the committee as to whether the Committee on Ways and Means has eliminated the tax of $2 per ton on foreign coal coming into this country?

Mr. DOUGHTON of North Carolina. This bill does not deal with that subject. There is nothing in this bill relating to the matter in any way.

CONSOLIDATED RETURNS

The subject of consolidated returns has long been in controversy. While it cannot be denied that the privilege of filing consolidated returns is of substantial benefit to a large group of corporations otherwise, of course, they would not elect to file consolidated returns. It was brought out, however, during the hearings that the elimination of this privilege would work a severe hardship in the case of some, especially the railroads. Your committee, after considering this subject at some length in an endeavor to find a suitable way to avoid inflicting such a hardship, finally agreed the matter could probably be more equitably solved by the levying of an additional 1-percent tax on such corporations.

In other words, under the present law corporations which prefer to make consolidated returns, rather than separate returns, may do so by paying an additional tax of 1 percent. We have increased this differential in this bill to 2 percent, leaving it still possible for corporations to make consolidated returns; but inasmuch as they derive a benefit from doing so we still give them that privilege but at an increased rate of 1 percent. This will raise the tax on corporations making consolidated returns from 13.75 percent to 15.75 percent.

Changes have been made in the proposed bill so that partnerships may not be availed of for the purpose of tax avoidance.

EXCHANGE OF PROPERTY

Another important change recommended by the committee relates to losses from sales or exchanges of property, directly or indirectly, between members of a family, or between an individual and a corporation. Many instances have been brought to light where transactions of this character have taken place for the sole purpose of avoiding payment of taxes, and it is believed that the suggested change will effectively close this loophole.

There will also be found in the bill important changes in respect to the taxation of liquidating dividends, in respect to the allowance of gambling losses, and in respect to a number of administrative provisions.

A few amendments are proposed in the bill in connection with the estate tax which are important in order to prevent the avoidance of the tax imposed on estates.

CHANGES IN COLLECTING GASOLINE TAXES

Administrative changes are proposed in connection with the collection of taxes on gasoline and lubricating oil which should increase the revenue by preventing tax evasion.

The Treasury authorities were of the opinion that under the present law with respect to the Federal tax on gasoline there were evasions amounting to at least $20,000,000 per year. In order to tighten up this loophole and prevent the escape of taxes in this way we have provided that the original manufacturer of gasoline shall be responsible for the tax. Under the present law he can pass it on to the second dealer. The second dealer may be a fly-by-night or irresponsible dealer and consequently the tax may never be paid; but in this bill we provide that the first dealer, the producer or manufacturer is responsible for the tax and is not released until paid by the second dealer; and in case it is not paid by the second dealer, the first dealer is held responsible.

To begin with you will realize, of course, that the matter of the elimination of tax evasion and avoidance was a complicated one, and until the experts of the Treasury Department met with the members of the committee and each had heard the other's position there was some difference of opinion; but with each having the same objective, the same purpose, striving to accomplish the same thing, they had no trouble in reconciling the differences and coming to a common understanding.

I am satisfied that your Committee on Ways and Means has presented a good bill to the House. The differences between the subcommittee recommendations and the Treasury suggestions have been exaggerated. Such differences as existed have been reconciled. Both the subcommittee and the Treasury had the same objective, namely, to prevent tax avoidance. The Secretary of the Treasury made the following statement to the committee on December 15 in respect to the subcommittee plan:

> The changes now under consideration by the committee are specifically designed to prevent avoidance of the income tax, and thereby to increase the revenue therefrom. The Treasury Department is in hearty accord with this objective. * * *

I want it distinctly understood that this bill was not prepared and sent to us by the White House or the Treasury, but was prepared by the Ways and Means Committee after long and careful study, receiving the advice and benefit of expert assistants in the Treasury Department and the assistance of the able head of the Joint Committee on Internal Revenue Taxes—Mr. L. H. Parker—than whom there is no more able tax expert in the country, as also members of the staff, as well as Mr. Beaman and the staff of the Legislative Counsel's Office.

To show that the bill as now reported to the House meets with the complete approval of the Secretary of the Treasury, I will send to the Clerk's desk and ask to be read a letter from the Secretary addressed to the chairman under date of February 12.

The Clerk read the letter, as follows:

THE SECRETARY OF THE TREASURY,
Washington, February 12, 1934.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. CHAIRMAN: On behalf of the Committee on Ways and Means you have requested an expression of the opinion of the Treasury Department relative to the proposed revenue bill of 1934, H.R. 7835, now pending before you. I am glad to transmit to you herewith our views relative to the major features of the bill.

(1) Tax-rate structure: The general effect of the proposed changes is twofold: (1) To simplify the structure by eliminating one of the normal tax rates and by reducing the number of surtax rates, and (2) to increase somewhat the yield of the tax. This increase is mainly accomplished by heavier impositions upon dividends and partially tax-exempt income. The rates applicable to salaries and wages will be slightly reduced by the application of a deduction for earned income. In the opinion of the Department, the differentiation between earned income and other income is desirable and the rate schedule as a whole is equitable.

(2) Depreciation and depletion deductions: The Treasury strongly approves the decision of the committee not to subject the deduction for depreciation to an arbitrary 25-percent reduction. As I have stated in a separate letter to you, the Bureau of Internal Revenue has recently adopted more stringent requirements for proof of depreciation actually sustained, which will result in the elimination of excessive allowances. It is believed that the net saving to the Treasury thereby will aggregate as much as the subcommittee expected to obtain by the 25-percent reduction. In addition, the new procedure will enable the adjustments to be made to fit the individual cases, and further to be applied to the returns of past years still pending before the Bureau, as well as to future returns.

(3) Capital gains and losses: In my previous formal statement to the committee I endorsed the proposal of the subcommittee to segregate capital gains and losses from ordinary income and to provide a special method of treatment therefor. It has been recognized that in order to prevent loss of revenue the deduction of capital losses from ordinary net income should not be permitted. The proposed bill fully accomplishes this result. The bill also subjects capital gains to progressive rates of tax with some allowance for differences in the length of the periods over which capital gains have accrued. The Treasury approves the proposed plan which should result in increased revenue.

(4) Personal holding companies: The personal holding company has been widely used in recent years as a means for reducing the surtaxes upon its principal shareholder or shareholders. The proposed bill seeks to cure this evil by defining a personal holding company and by subjecting the income of such a company to a tax of 35 percent. The proposed bill retains the section of the present law providing in general terms for the taxation of corporations formed or availed of for the purpose of reducing the surtaxes upon their shareholders, with modifications designed to make the section more effective. Although it may be possible to avoid the special 35-percent tax by the formation of a type of personal holding company which does not fall within the definition, the Treasury will still be able to invoke the general section. Consequently the Treasury approves the proposed plan, particularly in view of the increased effectiveness which will be obtained by the modifications of the general section.

(5) Exchanges and reorganizations: The Treasury regards it as desirable that business readjustments be permitted without tax consequences in cases where the stockholders in the enterprise are retaining their interests without the receipt of cash and the essential continuity of the business is being preserved. On the other hand, the Treasury has suffered a considerable loss of revenue in recent years through the adroitness of attorneys in planning sales in such a way as to come within the scope of the reorganization provisions. The bill revises the definition of reorganization in order to eliminate serious loopholes in this provision, while legitimate exchanges and reorganizations may still be carried out without the realization of gain or loss. In the opinion of the Department, a considerable saving in revenue will result from these amendments without the injurious effects to business which would have been caused by a complete elimination of these provisions.

(6) Dividends out of pre-March 1, 1913, earnings: The Treasury endorses the proposal to subject to surtax dividends out of earnings and profits accumulated prior to March 1, 1913. This proposal will result in increased revenue and will also eliminate some administrative difficulties. It should be borne in mind that the committee does not propose to tax these earnings to the corporation but merely to tax them to the shareholder when he receives them as dividends. There is no legitimate objection to taxing them to the shareholder at this time, since they are clearly income to him.

(7) Foreign tax credit: In view of the efforts being made to increase our exports to foreign countries, the Treasury regards it as desirable to retain a credit for taxes paid to foreign countries in respect of income actually earned abroad. The credit as provided in the present law does not decrease the tax with respect to income earned in this country but merely eliminates a double tax upon income earned abroad. In view of the fact, however, that the United States expends considerable sums for the benefit and protection of its nationals engaged in business abroad, it is not unreasonable to reduce the credit for foreign taxes somewhat in this period of national emergency, although I believe the old provision should be restored when the emergency is over. The Treasury approves the proposal to give the President the power to impose an additional tax upon the American income of corporations organized in foreign countries which impose discriminatory taxes upon our corporations doing business abroad.

(8) Consolidated returns: The Treasury approves the decision of the committee to retain the provision for consolidated returns. To eliminate this provision at this time would cause greatly increased expense to many corporations in the setting up of new accounting systems, without compensating advantage to the Treasury. Our experience with the differential rate of tax upon corporations filing consolidated returns is not yet long enough to enable the Department to state accurately the results of the provision. The increase in the differential rate to 2 percent will, of course, provide increased revenue from such corporations.

(9) Partnership losses: The proposed changes in the partnership provisions should prevent the use of the partnership as a device for tax reduction or evasion. At the same time a legitimate partnership will be in no way affected. The Department, therefore, endorses the action of the committee in this respect.

I have not attempted to discuss herein the numerous less important amendments, although many of these will result in considerable additions to the revenues. Viewing the bill as a whole I believe that the committee has succeeded in eliminating serious loopholes which our experience had shown to exist in the present income-tax law. No taxpayer can legitimately complain of these changes since they result in a more equitable distribution of the tax burden over those persons who are best able to sustain it. The Treasury Department, therefore, approves the bill as reported by your committee.

Very truly yours,

H. MORGANTHAU, Jr.,
Secretary of the Treasury.

Mr. DOUGHTON of North Carolina. Mr. Chairman, this letter should remove from anyone's mind, if such an impression exists, any thought of disagreement between the committee and the Treasury Department, or any doubt as to the full approval and endorsement of this bill by the Treasury Department.

We did not contemplate the removal of many taxes, but there was one excise tax imposed under the 1932 law that, on account of the demand throughout the country which was insistent and well founded, we thought should be removed. We would have been very much pleased to have removed all of the odious, irritating excise taxes, but under the existing condition of the Treasury, of course, this was not possible, but we hope that the time is not far distant when the receipts of the Government will be improved to such an extent that we will have sufficient revenue to meet the expenses of the Government without continuing many of the excise taxes. The tax on bank checks was imposed under the 1932 revenue bill, but we could see no equity or justice in this tax. We receive some $38,000,000 annual revenue from this tax. We made the repeal of this tax effective January 1, 1935. The reason we did not repeal the tax effective July 1, 1934, was that the Treasury is not in a position to lose revenue at this time, as the taxes that will come to the Treasury Department through this legislation are not retroactive. In other words, these taxes will not apply to the year 1933, but are only applicable beginning with the year 1934. The income taxes of 1934, as the Members know, are not collectible until 1935. Therefore, we were in no position to cut off any revenue this year.

Mr. COLDEN. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from California.

Mr. COLDEN. Page 196, section 602, I note covers a processing tax on coconut oil. May I ask the chairman of the committee if this is not an unfair burden placed upon the soap manufacturers of the United States? Is it not a discrimination against the Philippine Islands, from which this product largely comes?

Mr. DOUGHTON of North Carolina. I would not say that it is a discrimination. The United States Government has a right to impose such tax as it deems proper. Of course, there is a difference of opinion as to the imposition of this tax, but the majority of our committee was of the opinion, as a result of the hearings we had, that this tax should be imposed.

Mr. COLDEN. How does the gentleman justify the placing of a process tax in a bill of this character?

Mr. DOUGHTON of North Carolina. This is an excise tax, not a tariff tax. This is not collected at the customhouse. This is paid by the first dealer that places the commodity on the market. It is not a processing tax.

On account of the unusual conditions existing it was thought by a good many that as we were placing a processing tax on domestic commodities and limiting the production of our farmers that we might put some restriction on the commodities from abroad that compete with our American commodities.

Mr. CELLER. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from New York.

Mr. CELLER. This tax would be an aid to the farmer in the sense that you would force the soap manufacturer to use more animal byproducts and therefore help the domestic farmers?

Mr. DOUGHTON of North Carolina. I am not defending or condemning the tax. I did not think it should be in this bill myself. I thought it should come up in a separate bill, but the majority of the committee were of a different opinion. This represents the opinion or the judgment of the majority of the membership of our committee.

Mr. CELLER. If there had been included coconut oil and sesame oil, why leave out other oils which compete with the American farmer, such as soya-bean oil, kernel oil, and so forth? Why were these oils left out? They go into the manufacture of soap. If you leave these out, you add to that extent to the displacement of animal byproducts. Why were they omitted?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Nebraska [Mr. SHALLENBERGER] because he has made a more thorough study of this matter than any other member of the committee.

Mr. SHALLENBERGER. I think the gentleman will admit I am responsible for this item being in the bill.

Mr. DOUGHTON of North Carolina. So far as any one man may be responsible for it.

Mr. SHALLENBERGER. In answer to the inquiry as to why this excise tax is in the bill, there are more than 100 other items in the bill that are excise taxes levied at the other session of Congress and at this session. So we are justified, so far as an excise tax is concerned, in levying this tax upon these commodities.

As to the effect upon the income of the farmer, I will say to the gentleman from New York [Mr. CELLER], as one member of the committee, I should like to have taken in more of these oils, but after the battle I have been through with the Soap Trust here, I, perhaps, took in about as much territory as I could when I brought coconut oil and sesame oil into the bill.

As the chairman knows, the objection was made that this is a tariff proposition, but the tariff does not have any effect upon either sesame oil or coconut oil coming into this country.

Mr. CELLER. In what sense is that true?

Mr. SHALLENBERGER. For the reason there is no tariff whatever on copra and sesame seed comes into this country tax free. Therefore the sesame seed is imported into this country and is pressed in this country and not subject to the tariff. The same thing is true of coconut oil. Hundreds of millions of pounds of coconut oil come into this country as copra and is then pressed here.

There is no tariff whatever on copra, and therefore the copra comes into this country unpressed and is pressed here and the oil is not subject to the tariff.

It is true we have a 2-cent tax on coconut oil, but the tax does not apply to the Philippine Islands, and practically all the coconut oil that comes into this country comes from the Philippine Islands. Therefore the tariff has no effect whatever upon these two articles and for that reason we asked an excise tax upon them and I therefore felt I could not be charged with injecting a tariff matter into a revenue bill because the tariff does not touch either one of these items.

Mr. CELLER. But the principle is the same in the case of the kernel oil and the palm kernel oil and soybean oil.

Mr. SHALLENBERGER. There is a tariff on those oils, and therefore I did not attempt to bring them in.

I should not have made such a long statement, because I hope to address the House on this subject later on and will give the gentleman more information about it if I can.

Mr. DOUGHTON of North Carolina. If those who desire information in regard to the proposed imposition of a tax on coconut oil and sesame oil will hold their peace until the gentleman from Nebraska [Mr. SHALLENBERGER] addresses the House, I am sure he can elucidate the matter and explain it fully.

Mr. GUEVARA. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. GUEVARA. Does the Chairman of the Committee on Ways and Means believe that section 602 of the revenue bill now under consideration violates the free-trade relations between the United States and the Philippine Islands?

Mr. DOUGHTON of North Carolina. I would prefer that question to be discussed by the gentleman from Nebraska [Mr. SHALLENBERGER]. It is a legal question and I am not a lawyer.

Mr. GUEVARA. Is it not a question of interstate commerce?

Mr. DOUGHTON of North Carolina. Its legality I do not think can be disputed, but its expediency, of course, is a matter concerning which there is a difference of opinion.

Mr. CARPENTER of Kansas. Will the gentleman yield for a couple of questions?

Mr. DOUGHTON of North Carolina. I yield to the gentleman.

Mr. CARPENTER of Kansas. The oil-producing business in this country, which is one of the greatest businesses in the country, having an oversupply of oil, has been greatly hampered by cheap foreign oil coming into this country. I understand there was a provision in the bill, put in with the sanction of Secretary Ickes, to increase the tax upon foreign oil coming into this country. Can the gentleman tell me why that was stricken out of the bill?

Mr. DOUGHTON of North Carolina. Does the gentleman mean crude oil?

Mr. CARPENTER of Kansas. Yes.

Mr. DOUGHTON of North Carolina. Because a majority of the members of our committee did not believe it should be in the bill. Moreover, I had a letter from the Secretary of State, which I understand was concurred in by other members of the Cabinet, stating it had no place in this bill. Moreover, I violate no confidence when I say that we had a subsequent conversation with Secretary Ickes about the matter and he said that while he had proposed it, he was not specially anxious about it.

Mr. CARPENTER of Kansas. Is there any provision in the bill taking away the benefit of depletion in oil wells?

Mr. DOUGHTON of North Carolina. None at all.

Mr. CARPENTER of Kansas. That was before the committee?

Mr. DOUGHTON of North Carolina. That was before the committee, but that is left like it is in the present law. The present law provides that allowances for depreciation and depletion shall be fair and reasonable. The question of the interpretation of "fair and reasonable" is a matter of determination between the taxpayer and the Commissioner of Internal Revenue.

Mr. VINSON of Kentucky. Will the gentleman from North Carolina yield?

Mr. DOUGHTON of North Carolina. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. The statement of the chairman of the committee applies particularly to depreciation. The percentages of depletion allowances, in which, I think, the gentleman is interested, are not touched, but remain the same as in the prior law.

Mr. DOUGHTON of North Carolina. It is just a matter of administration.

Mr. VINSON of Kentucky. And, so far as the percentage of depletion allowance is concerned, that has not been dealt with.

Mr. DOUGHTON of North Carolina. The gentleman is correct.

Mr. COLDEN. Did the committee consider the exemption of coconut oil when used for nonedible purposes?

Mr. DOUGHTON of North Carolina. After the tax had been approved by the committee there was some discussion as to reconsideration.

Mr. COLDEN. I thank the gentleman for the statement.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COCHRAN of Missouri. In view of the disclosures made by the Senate committee, where it showed various rich had avoided the payment of income tax, will the gentleman advise the House why the majority of the committee thought it unwise to include in this bill the publicity of income-tax returns?

Mr. DOUGHTON of North Carolina. Of course, that is a very controversial matter, a matter that was considered at great length in the committee. We were of the opinion, in the light of the facts presented, that to have complete publicity of income-tax returns would be impracticable and would require a large additional force in the administration of the law. To throw it wide open, so that any person could go to the Department and see what the returns of anyone contained, the Department, while in sympathy with the publicity feature, said that if it was thrown wide open the fear was that shyster lawyers throughout the country would be down there in droves looking over individual returns and then going to the taxpayer and saying, "You have overpaid your tax. If you employ me, I can get you a refund of taxes." The committee thought it would be unwise to do that.

Mr. COCHRAN of Missouri. Would it not have been possible to have so worded the amendment as to eliminate that to certain extent? I cannot see how the Treasury Department can ever become embarrassed, when men like Morgan and Wiggin and others escape by reason of the fact that the records were not available. The gentleman must admit that if the record was thrown open to public examination the fact that they were not paying their taxes would have been found out the first year and Congress could have closed up the holes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. VINSON of Kentucky. The disclosure went back to 1929. I call the attention of the gentleman from Missouri to the fact that the Congress in 1926 modified the Publicity Act, and in the N.R.A. Act last year. Now, the Ways and Means Committee or the Finance Committee, or any special committee set up by Congress or the Governor of a State, people who have any particular interest in it, have a right to examine the returns.

Mr. COCHRAN of Missouri. The Congress has "passed the buck" to the President. Further, while it is true a committee can examine the returns, what is needed is general publicity, and then those who evade will be known.

Mr. VINSON of Kentucky. Congress has acted on the subject matter, and persons who have interest in the returns have an opportunity to examine them.

Mr. PATMAN. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. PATMAN. In view of the amendment put on by the House, which caused the Senate to back up on its amendment, did it not destroy the publicity feature in that it put it up to the President to issue rules and regulations, and he is too busy to bother about the publicity of tax returns, and for that reason we have no publicity now?

I have a bill with reference to publicity of income-tax returns, and there are some other bills before the committee, and will the chairman promise to give us a hearing on those bills some time in the near future? I think I can convince him that he is erroneous in some of his conclusions.

Mr. DOUGHTON of North Carolina. I will say that the chairman is only one member of the committee, but, so far as my influence goes, I shall be glad to call the matter to the attention of the committee. I feel hearings should be had on these bills.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. Yes.

Mr. TREADWAY. May I offer this suggestion: The subject of publicity of returns has been gone into pro and con, so long and so much, would it be possible for the gentleman from North Carolina [Mr. DOUGHTON], our honored chairman, to include in his remarks at this point the sections of the law directly affecting publicity of returns? The gentleman from Kentucky [Mr. VINSON] has referred to two different items and the laws in different places. I think it would be very well, indeed, in connection with the gentleman's remarks, if those very sections should be inserted at this point.

Mr. DOUGHTON of North Carolina. I think that is a pertinent suggestion.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. Gladly.

Mr. COOPER of Tennessee. At this point I have those provisions before me now, and if it would be helpful to the committee, I should be glad to have them read into the RECORD. They are provisions of existing law.

Mr. TREADWAY. I suggest that the Clerk read them in the gentleman's time.

Mr. DOUGHTON of North Carolina. I think that is pertinent and they should go in at this point. I ask unanimous consent that the Clerk read the present law with respect to publicity of income-tax returns.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

SEC. 55. Publicity of returns: (a) Returns upon which the tax has been determined by the Commissioner shall constitute public records; but, except as hereinafter provided in this section they shall be open to inspection only upon order of the President and under rules and regulations prescribed by the Secretary and approved by the President. Whenever a return is open to the inspection of any person a certified copy thereof shall, upon request, be furnished to such person under rules and regulations prescribed by the Commissioner with the approval of the Secretary. The Commissioner may prescribe a reasonable fee for furnishing such copy.

(b) Inspection by State officers: The proper officers of any State may, upon the request of the Governor thereof, have access to the returns of any corporation or to an abstract thereof showing the name and income of the corporation, at such times and in such manner as the Secretary may prescribe.

(c) Inspection of shareholders: All bona fide shareholders of record owning 1 percent or more of the outstanding stock of any corporation shall, upon making request of the Commissioner be allowed to examine the annual-income returns of such corporation and of its subsidiaries. Any shareholder who, pursuant to the provisions of this section, is allowed to examine the return of any corporation, and who makes known in any manner whatever not provided by law the amount or source of income, profits, losses, expenditures, or any particular thereof, set forth or disclosed in any such return, shall be guilty of a misdemeanor and be punished by a fine not exceeding $1,000 or by imprisonment not exceeding 1 year, or both.

(d) Inspection by committees of Congress—(1) Committees on Ways and Means and Finance.—(A) The Secretary and any officer or employee of the Treasury Department, upon request from the Committee on Ways and Means of the House of Representatives, the Committee on Finance of the Senate, or a select committee of the Senate or House specially authorized to investigate returns by a resolution of the Senate or House, or a joint committee so authorized by concurrent resolution, shall furnish such committee sitting in executive session with any data of any character contained in or shown by any return.

(B) Any such committee shall have the right, acting directly as a committee, or by or through such examiners or agents as it may designate or appoint, to inspect any or all of the returns at such times and in such manner as it may determine.

(C) Any relevant or useful information thus obtained may be submitted by the committee obtaining it to the Senate or the House, or to both the Senate and the House, as the case may be. (Feb. 26, 1926, c. 27, sec. 257, 44 Stat. 51; June 6, 1932, c. 209, sec. 55, 47 Stat. 189.)

(e) Returns required to be filed for the purpose of the tax imposed by this section shall be open to inspection in the same manner, to the same extent, and subject to the same provisions of law, including penalties, as returns made under title II of the Revenue Act of 1926.

Mr. COOPER of Tennessee. Mr. Chairman, the last provision just read is a provision contained in the National Industrial Recovery Act relating to this subject.

Mr. REED of New York. The provision last read was the provision amending the 1932 act, which is contained in the National Industrial Recovery Act?

Mr. COOPER of Tennessee. Yes. That was the last provision read by the Clerk.

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. PATMAN. Is it not a fact that under the section which was read, before anyone can examine a return, regardless of who he is, the Secretary of the Treasury must first issue rules and regulations, and those rules and regulations must then be approved by the President of the United States?

Mr. DOUGHTON of North Carolina. I do not understand that to be so.

Mr. PATMAN. Is it not a fact that the gentleman, as a representative of 300,000 people in North Carolina, cannot go down there right now and examine a return or a refund? It is impossible for him to see any returns filed by any corporation or individual, and it is also impossible for him to examine or see the information upon which any refund was made. Is not that the fact?

Mr. DOUGHTON of North Carolina. I am sure that the gentleman's statement does not apply to me, because as a member of the Joint Committee on Internal Revenue Taxation I have that privilege under the present law.

Mr. PATMAN. His committee has the power, but he does not. The gentleman knows it is absolutely physically impossible for him to perform the duties that he should perform as a member of that joint committee and at the same time be a member of the Committee on Ways and Means and perform his other duties as a Member of this House? The gentleman is very diligent and one of the hardest working Members of the House, but it is impossible. The gentleman will admit that?

Mr. DOUGHTON of North Carolina. Oh, no; I would not. I never neglect one duty on account of another duty.

Mr. PATMAN. The gentleman will recall that the United States Steel Corporation made application for refund every year for several years. It was delayed from time to time and finally after about 10 years almost $100,000,000 was refunded to the United States Steel Corporation. Then someone here wanted to examine those papers. The joint committee wanted to examine the papers, and the Secretary of the Treasury, Mr. Mellon, sent up six truckloads of papers for the joint committee to examine, and it would take them all the remainder of their lives if they were to examine those papers. Therefore it was impossible to carry out that duty. I am of the opinion that the refund was handled in that way for the deliberate purpose of preventing the joint committee from properly inspecting the case.

Mr. VINSON of Kentucky. Mr. Chairman, if the gentleman will permit, at this point, with the experience of experts on the joint committee, to which the gentleman from Texas [Mr. PATMAN] refers, and who, he knows, are well equipped to do that, if it would take a period of time for the entire joint committee to go into the papers contained in those six truckloads, how long a time would it take for one Member of Congress to do it?

Mr. DOUGHTON of North Carolina. And in that connection I would state to the gentleman from Texas, an able, intelligent, and conscientious Member of this House, that if he believes it would be practical as a matter of administration for every Member of this House to go down and inspect the income-tax returns and for every citizen of the United States to have the same privilege, and that there would be any place to house and properly handle that matter, then his judgment on that matter differs from mine as a practical proposition.

Mr. PATMAN. The gentleman assumes that everybody will want to see everybody else's return. I do not think that is true. I think the gentleman should grant us a hearing on this in order that we may present our side of it at an early opportunity, for the purpose of trying to get this matter before the House.

Mr. DOUGHTON of North Carolina. The gentleman has my word on that.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER of Tennessee. In that connection, is it not true that the Ways and Means Committee in this instance and on this item followed the very definite recommendations of the Treasury Department with reference to this matter in this bill?

Mr. DOUGHTON of North Carolina. That is a correct statement, but still that does not close the door to further consideration.

Mr. COOPER of Tennessee. Now, is it not also true that the Ways and Means Committee has within months called for and received and examined income-tax returns that were sent from the Treasury Department for the purpose of securing information that would be helpful in formulating legislation?

Mr. DOUGHTON of North Carolina. That is true.

I now yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. It is true that the present law that was read by the Clerk applies to inspection of income-tax returns by certain committees. The gentleman is aware that Congress has required the Treasury Department to make public all refunds in excess of $500. It we can make public and print in the public press the names of those who have received refunds in excess of $500, why is it going to be embarrassing to permit the public press to print the tax returns of people in their communities, so that other people can see whether or not they have made honest returns? Publicity would mean the taxpayer would exercise greater care in filing a return.

Mr. DOUGHTON of North Carolina. Perhaps I was unfortunate if I used the word "embarrassing." I would like to strike that from my remarks and substitute the word "impracticable."

Mr. PATMAN. Will the gentleman yield further?

Mr. DOUGHTON of North Carolina. I yield.

Mr. PATMAN. The gentleman from Kentucky left the impression that the joint committee was in a position to protect the rights of the taxpayers in that the joint committee could look over all these refunds. May I call the gentleman's attention to the fact that much depends on the engineers' report. For instance, when Mr. Mellon came in as Secretary of the Treasury the Aluminum Co. of America, his company, had filed an application for a $3,000,000 refund. Immediately after he went in, or shortly thereafter, he amended that application and asked for $18,000,000, and they sent out one group of engineers to inspect the properties, and they came back, and he sent out another group of engineers, and they came back, and finally the engineers approved $15,000,000, and it was approved. The joint committee could not discover anything wrong in that because they had to take the report of the engineers who were appointed by the Treasury Department. Therefore, the joint committee is not in a position to properly protect the people and the Government and the taxpayers.

Mr. DOUGHTON of North Carolina. That is the gentleman's opinion. I yielded to the gentleman to interpolate that in my remarks, and he cannot say that he has been shut off.

I now yield to the gentleman from New York [Mr. REED].

Mr. REED of New York. Turning to the amendment in the National Industrial Recovery Act——

The CHAIRMAN. The gentleman from North Carolina has consumed 1 hour.

Mr. COOPER of Tennessee. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 additional minutes.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield myself 10 additional minutes.

Mr. REED of New York. Turning again to the provisions of the National Industrial Recovery Act, it seems to me the language is as clear as anything could be in amending the 1932 act.

All returns made under this act after the date of the enactment of the National Industrial Recovery Act shall constitute a public record and be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President.

The President has full power to open these records. It has the force of law. We have given him the power to do that. He is in contact with the Treasury and the Internal Revenue Department. They can bring any information of any violations they see fit, and he is in a position to act instantly in this emergency, to give the widest kind of publicity to this situation.

Mr. DOUGHTON of North Carolina. In conclusion, I would like to state that it is not intended that this bill as presented by the Committee on Ways and Means for the consideration of the House would be the last word in taxation; certainly not the last word from our committee. There were many matters brought to our attention that the members thought should not be included in the bill that probably would be wise legislation. I am sure the Committee on Ways and Means, being the servant of the House, will be as willing and anxious in the future as it has been in the past to give consideration to the various Members of the House on any matter that they desire to bring to the attention of the committee.

Mr. DINGELL. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. DINGELL. Do I understand that the Chairman of the Committee on Ways and Means will allow, during the period of general debate, arguments before his committee so as to be able to present committee amendments possibly?

Mr. DOUGHTON of North Carolina. That may be physically impossible, but as far as possible we expect to do so. In the remarks previously made I was referring to the future work of the committee; but as far as any committee amendments to this bill are concerned, I am sure the committee will go just as far in that direction to give different Members of the House a hearing as is reasonable.

Mr. DINGELL. The reason I ask that question of the gentleman is because we have the assurance, so far as it is possible to have it, from certain members of the Ways and Means Committee that such privilege would be granted by the Ways and Means Committee.

Mr. DOUGHTON of North Carolina. That will be our policy.

Mr. TREADWAY. Will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. TREADWAY. Is it not customary in the Ways and Means Committee, when any tax or revenue measure is before the House, extending, as this one does, over a period of several days, for the Ways and Means Committee to meet at the call of the Chair daily, to hear Members of the House present, as briefly as they can, any objections or desires on their part for changes in the bill? Has not that been the custom for a long period of years?

Mr. DOUGHTON of North Carolina. That is a correct statement.

Mr. TREADWAY. And is not that what the chairman expects to do now?

Mr. DOUGHTON of North Carolina. Exactly.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. VINSON of Kentucky. There seems to have been quite a bit of interest in the community-property question. I think it would be well if the gentleman from North Carolina would state his well-known attitude with reference to the treatment of this matter in subsequent hearings.

Mr. DOUGHTON of North Carolina. Of course, my views on that matter are well known. I think there should be some amendment to the present law with respect to community property; but, as I said earlier today, it involves such a controversial subject matter and would precipitate such long discussion that it would delay the passage of the bill perhaps months in the other body. So we deemed it expedient to leave this matter for subsequent consideration.

Now, I wish to emphasize the fact that this is not the last word in revenue legislation by the Committee on Ways and Means. It will be our purpose in the future, as it has been in the past, to take up all bills that are referred to us and so far as it is possible to give them the consideration to which they are entitled, and to hold hearings where hearings are justified. I hope the Membership of the House will be patient and will have confidence in the committee in the belief that such amendments as they think should have gone into this bill and that some of us should like to see incorporated in it will be given future consideration.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. BROWN of Kentucky. On the question of community property, the gentleman this afternoon stated that it ought to be handled in separate legislation. Any such bill would have to be reported out by the Committee on Ways and Means, would it not?

Mr. DOUGHTON of North Carolina. That is my understanding.

Mr. BROWN of Kentucky. That committee has already voted that it will not report out that type of legislation because it would not put it in this bill.

Mr. DOUGHTON of North Carolina. The Committee on Ways and Means voted not to include it as part of this bill, not that they would not consider it in the future.

Mr. BROWN of Kentucky. Did not the committee by a vote of 13 to 12 decide it would not submit such an amendment during the present year?

Mr. DOUGHTON of North Carolina. No; not at all. The vote of 13 to 12 was on the proposition of including it in this bill. It had no reference to future action on the part of the committee. As far as I know, it was not an expression of the membership of the committee with regard to future consideration of this matter.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. MEAD. The gentleman has made a very fine speech. I may say that when the matter of continuing the 3-cent postage rate on first-class mail was brought to the attention of the chairman he immediately called me up and we discussed it back and forth. I imagine this is sufficient evidence of the gentleman's willingness to cooperate with Members of the House and with committees affected by items involved by the legislation.

I wish, however, to touch particularly on the 3-cent postage rate on first-class mail. I am, of course, opposed to the continuation of this tax, as is the gentleman from North Carolina himself, I believe. I am wondering if this will be the last time it will be contained in a revenue act associated with the recovery program? I am trying to express the hope that it will be the last time during this administration that this tax will be prolonged. What is the gentleman's idea in regard to this?

Mr. DOUGHTON of North Carolina. I agree in the hope expressed by the gentleman from New York. I am just as anxious to return to the old 2-cent rate on first-class mail matter as any Member of the House; and unless there is some pressing emergency, some impelling reason brought before our committee by the administration when the matter is considered again the present rate will be dropped and we will return to the original rates.

Mr. COOPER of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. COOPER of Tennessee. Is it not also correct to say that upon the definite request of the President of the United States, as contained in his Budget message submitted to Congress, this particular item was included in this bill?

Mr. DOUGHTON of North Carolina. It was.

Mr. COOPER of Tennessee. The post-office officials who appeared before the committee showed that a change in the rate from 3 cents to 2 cents would mean a loss of $75,000,000 a year; and the condition of the Treasury at this time is such that this loss cannot be sustained.

Mr. MEAD. If the gentleman will yield, will not the gentleman from Tennessee change the word "showed" to "claimed" because I believe I could show the Department that their claims for added revenue because of the increased charges are erroneous. They are only destroying the volume through increasing the unit price.

Mr. COOPER of Tennessee. Our distinguished colleague from New York is Chairman of the Post Office Committee. I assume, of course, he has complete authority to call hearings and to invite the officials of the Post Office Department before him to convey to them the splendid information he has.

Mr. MEAD. Except when the Committee on Ways and Means takes the matter away from the Post Office Committee.

Mr. COOPER of Tennessee. We are simply doing it in this bill. The gentleman has the right to hold hearings.

Mr. TERRELL of Texas. Mr. Chairman, will the gentleman yield?

Mr. DOUGHTON of North Carolina. I yield.

Mr. TERRELL of Texas. The bill is so long I have been unable to read it in its entirety. I am very much in favor of the reduction of the postal rate on first-class matter from 3 cents to 2 cents. Does the bill in any way authorize the President in the future to make a reduction if he deems it proper?

Mr. DOUGHTON of North Carolina. Yes; he has that authority at the present moment.

In conclusion, Mr. Chairman, let me express the hope that this bill in its present form will be speedily enacted into law. We do not claim perfection for the bill, but it does represent the judgment of the subcommittee and the full committee after long months of patient hearings and arduous work; and it will, in our opinion, bring into the Treasury of the United States at least $258,000,000 additional revenue, which we all know is badly needed. The bill is retroactive to the first of this year, but I can see no good purpose to be served by long delay. There are several hours yet of general debate. Let me express again the hope I expressed at the beginning of my remarks, that each member of this committee not only read carefully the bill but read carefully and study the report. I am sure when you will have done that and when you will have heard the other members of the Committee on Ways and Means, both of the majority and of the minority further explain the bill, every Member of this House will feel it is a meritorious measure and that it is in the interest of the taxpayers of the country; that it imposes no unjust burden upon anyone, and that it will prevent wealthy taxpayers from avoiding payment of income taxes which the present law intended should be paid but, by the employment of expert counsel, they have been able to evade.

I thank you all for your patient hearing. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 30 minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman, it is my disposition, if possible, to permit the Chairman of the Post Office Committee to vote upon that question on this bill. I am going to present the matter of first-class postage without any delay if it will meet with the approval of my colleagues.

I would have done that if amendments had been possible and offered an amendment of 2 cents as I did in committee on first-class mail. I may say for the benefit of the committee that every member on our side of the chairman voted for a 2-cent rate. I am going to discuss that particular item of the bill briefly. I cannot see any argument to be offered in favor of keeping it at the 3-cent rate. I want to discuss this because I know the Chairman of the Post Office Committee is far superior to myself in the knowledge he has of the general postal subject. I want him to criticize, if he sees fit later on, the reasons I give in favor of a 2-cent rate and with which I know he is in entire sympathy.

Mr. Chairman, this is not a political matter; this is not a partisan matter. If we can show you gentlemen on the Democratic side that $104,000,000 is being taken from the first-class mail today in order to make up for the deficit upon the second-, third-, and fourth-class mail without any possible excuse, I can see no reason why you gentlemen on that side cannot support elimination of the 3-cent postage. There is only one way in which this can be brought about. It is possible in a motion to recommit if those who desire the motion to recommit should emphasize this proposal as a reason for putting it in the motion.

Mr. Chairman, may I express just briefly this thought, that every member of our committee, Republican and Democrat, owes the chairman of the committee, Mr. DOUGHTON of North Carolina, a debt of gratitude for his uniform courtesy. He certainly has been kind and generous in his treatment throughout, and we are grateful to him, because, as I said, there has been no partisanship in the committee whatsoever. The same is true of the chairman of the subcommittee, Mr. SAMUEL B. HILL, who in like manner has been extremely fair. It is impossible to prepare a bill of this importance and size without having many items of disagreement come up in the committee. As a rule we compromised many of our differences.

Mr. COLDEN. Will the gentleman yield?

Mr. FREAR. Not at this time. I know the itch there is to ask questions in reference to various subjects, but we have taken up practically every proposition. We have argued the question one way and the other. We have argued the oil question, we have argued the coconut-oil question, and practically everything else. We have taken 3 months to do this. Later I will be glad to yield to the gentleman, but my time is limited. I doubt if the gentleman has any new and original thing to offer; but if so, we will be glad to receive it.

As to the publicity feature of income-tax returns, I am thoroughly in favor of publicity. We have it in my State of Wisconsin. Publicity is not harmful there. You do not have to go to the President of the United States or the Governor of the State for permission. We must have rules prescribed by the President, but he has never looked at them nor prescribed one. He has a thousand and one duties. That is the situation we have there. There is no one inquirer that goes down to the Treasury office today to examine the records. He cannot possibly do so under the present circumstances. It is a dead letter. If you will put in force what I offered in the committee, and which I believe is the right plan, or something to that effect, as we have in my State—rules and regulations that permit examinations of these records—then you will reach these people who are evading their taxes. They would not dare do so if there was full publicity of the records. I will return to this item later.

There is another matter of importance, namely, community taxes. My views are incorporated in the committee report. You will find there my statement in regard to community reports. I do not think there can be any question of the correct action in this matter. So far as 8 States are concerned, they control, so far as this committee is concerned, the remaining 40 States. They threatened to have a controversial question brought up, and it was going to take up the time of the House and endanger the bill, so it was brushed aside, but we on our side of the chair supported an amendment requiring community States to be treated as the remaining 40 States because we believe it is right. You know I believe in the merits of the proposition, which will be discussed at length by members of the committee.

Another subject that should be considered is tax-free securities. No one knows the object in postponing this matter longer. Another committee stepped in to take juris-

diction today with some 16 witnesses, but for some reason they were called off. We ought to have it considered by constitutional amendment to prevent future issues of tax-free securities. This legal evasion is at the bottom of the whole income-tax structure.

Mr. CELLER. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman for one question only.

Mr. CELLER. I take it that the gentleman will allow the Judiciary Committee to handle the matter of tax-exempt securities?

Mr. FREAR. No; I would not do so. The gentleman's committee does not know anything about the policy with which the Ways and Means Committee is charged. The Judiciary Committee has never had up this question of policy—that, like the income tax, is a matter of tax policy to determine. The Supreme Court of the United States will be called upon to determine this amendment's scope, of course, just like they did the income tax law and just like they rendered a stock-dividend decision by a division of 5 to 4. Certainly the Judiciary Committee has no superior information on that subject, and the gentleman's committee has no better lawyers than has the Ways and Means Committee. I say this with knowledge of past experience of the committee. This has to do with tax policy. That is all I care to say about that.

Mr. CELLER. May I ask the gentleman another question?

Mr. FREAR. No; I regret I have not the time, as stated. I yielded for one question. The gentleman is very kind and very courteous and a very able Member on the floor, but I wish to get along with other statements.

I desire to pay a special compliment to the leading member of our committee on the Republican side, Mr. TREADWAY. After a long argument, presenting what he thought was the proper tax structure, he raised a point in connection with things that had been ignored until just toward the last of our sessions. I will say to the Members who come within the $8,000 to $20,000 class—and I doubt if there are many beyond the $20,000 class—that we changed this over to be fair with what is called "the middle class." This was on the motion of my colleague, Mr. TREADWAY. Previously the $14,000, $15,000, and $16,000 classes were paying excessive rates as compared with the other classes. A man who gets a large income of a million dollars a year ought to pay well. Most of us would be willing to do so if we had the income. These large income rates were slightly raised.

Mr. Chairman, I want now to talk about postage, and do not want to be interrupted, at least for the present. When I get through I will be glad to accept any criticism, and there will follow me one of the ablest men in the House on the subject, my friend from Pennsylvania, Mr. KELLY. He will cover this far better than I will. And may I say that it is the most important question to many of the American people today—3-cent or 2-cent postage? Simple, is it not? Yet it is important because of its universal use.

Most of us do not notice this unless we have a large accumulation of mail, but the little fellow back home does notice it. It is irritating to him, just like a nuisance tax, if he wants to keep in touch with his kin or if he wants to write home. That is the thing to bear in mind, and I suggest to the Members that they keep it in mind at the end of the long 16 hours' discussion when the question comes up, if the motion to recommit covers that point.

LONG LABORS OF THE COMMITTEE

After more than 3 months' labors, beginning about November 1, with the subcommittee and closing with full committee hearings and executive meetings, on February 8, I filed a brief individual minority report, properly called "Additional Views", indicating disagreement with several important decisions of the majority but giving full credit to the close study and generally excellent results obtained by the committee in a concluding paragraph of that report which said:

In pointing out omissions, alleged mistakes, or changes that properly should have been inserted when seeking to carry out the limited purposes of a revenue bill, directed more particularly against tax evasions, these views express unstinted praise for the arduous and faithful work performed by the committee and subcommittee that offered many desired recommendations found in the report. Further consideration is urged for legislation specifically set forth in these views.

That report from which I quote is appended to these remarks not in a spirit of criticism of the committee or of its work but with a belief that further study either here or in the Senate will persuade legislators with the merits of points discussed. Giving full credit to all individual members of the committee from Chairman DOUGHTON and Chairman HILL, of the subcommittee previously mentioned, to the latest able "freshmen" for painstaking work and recognizing that all legislation is a matter of compromise of opinions and policies, I set forth more in detail two or three matters of disagreement that in my judgment cannot be defended, and in this I absolve the committee from any political or partisan treatment of questions discussed. All, I believe, were actuated by a desire to get right results; and if occasionally division occurred politically, it was possibly because questions of policy were involved. Personally I believe this administration wants right results, and for that reason I have supported relief legislation when advocated, particularly if urged by the President, whose responsibility is heavy, and whose fearless action commands popular approval.

EXCESSIVE FIRST-CLASS MAIL RATES RETURN $104,000,000 PROFITS

One outstanding point of disagreement with the committee is in action taken continuing and extending the 3-cent first-class-mail charge expiring June 30, 1934, until June 30, 1935. As the item involved amounts to over $100,000,000 excess charge in that mail item, borne by every household in the land, and slows up public business while creating justified public resentment because of excessive first-class-mail rates, I reverse the order discussed by my report and place the postage first. If time permitted, I would speak at length on several items in the bill, sometimes in commendation, but others will do that better than I, so in this discussion matters particularly in disagreement will be especially considered. At this point in counting the objectionable first-class-mail burden reaching a surplus profit of $104,000,000 in 1933, exacted from those who protest, I first submit post-office annual statements for 1932–33, calling attention particularly to the items denominated as "first-class mail."

Postal receipts and expenditures, fiscal year 1932

[In millions of dollars]

	Revenue	Expenditures	Profit	Loss
Mail matter:				
First-class:				
Other than local	223.8	211.0	12.8	
Local	86.5	65.7	20.8	
Air mail	6.0	23.8		17.7
Total, first-class	316.3	300.5	15.9	
Second-class:				
Publications exempt from zone rate on advertising	2.1	19.0		17.0
Zone-rate publications:				
Daily papers	9.8	46.2		36.4
Papers other than daily	1.9	13.5		11.6
All other publications	8.0	36.7		28.7
Free in county		8.6		8.6
Total, publishers' second-class	21.8	124.0		102.3
Transient	1.4	1.3	.1	
Total, all second-class	23.2	125.3		102.3
Third-class	50.7	79.6		28.9
Fourth-class	113.6	146.3		32.7
Foreign	18.0	46.4		28.4
Penalty		9.8		9.8
Franked		.7		.7
Free, for blind		.1		.1
Total, all mail	521.8	708.7		186.9
Special services (registry, insurance, c.o.d., etc.)	50.2	81.0		30.8
Unassignable	15.1	3.8	11.3	
Unrelated	1.9	2.3		.4
Grand total	588.9	795.8		206.9

Recapitulation of allocations and apportionments of postal revenues and expenditures for the fiscal year 1933 to the classes of mail and special services

	Revenues	Expenditures	Excess of apportioned expenditures over revenues	Excess of revenues over apportioned expenditures
Classes of mail				
First-class:				
Other than local delivery letters	$248, 639, 166. 80	$181, 330, 903. 75		$67, 308, 263. 05
Local delivery letters	83, 702, 040. 11	46, 150, 113. 10		37, 551, 927. 01
Air mail	6, 116, 441. 57	23, 033, 856. 27	$16, 917, 414. 70	
Total, first-class, including air mail	338, 457, 648. 48	250, 514, 873. 12		87, 942, 775. 36
Second-class:				
Publications exempt from zone rates on advertising under act of Oct. 13, 1917 (par. 4, sec. 538, P.L. and R.)	1, 707, 283. 12	16, 349, 390. 25	14, 642, 107. 13	
Zone rate publications:				
Daily newspapers	7, 910, 637. 64	38, 392, 155. 40	30, 481, 517. 76	
Newspapers, other than daily	1, 503, 445. 80	11, 216, 898. 57	9, 713, 452. 69	
All other publications	7, 582, 950. 01	32, 746, 179. 77	25, 163, 229. 76	
Free in county, all publications		8, 271, 232. 36	8, 271, 232. 36	
Total, publishers' second-class	[1] 18, 761, 666. 65	106, 975, 856. 35	88, 214, 189. 69	
Transient	1, 075, 517. 52	1, 064, 290. 20		11, 227. 32
Total, all second-class	[1] 19, 837, 184. 18	108, 040, 146. 55	88, 202, 962. 37	
Third-class	50, 926, 364. 04	79, 222, 926. 81	28, 296, 562. 77	
Fourth-class:				
Local delivery	1, 435, 314. 43	1, 515, 195. 13	79, 880. 70	
Zones 1 and 2	32, 120, 826. 69	52, 075, 959. 02	19, 955, 132. 33	
Zone 3	21, 159, 755. 90	29, 314, 267. 84	8, 154, 511. 94	
Zone 4	19, 739, 208. 41	22, 502, 543. 18	2, 763, 334. 77	
Zone 5	13, 807, 133. 83	14, 611, 504. 33	804, 370. 50	
Zone 6	4, 767, 609. 48	5, 102, 273. 68	334, 664. 20	
Zone 7	2, 662, 128. 71	2, 709, 138. 01	47, 009. 30	
Zone 8	4, 149, 831. 10	4, 142, 003. 75		7, 827. 35
Library books	92, 754. 97	277, 788. 24	185, 033. 27	
Total, fourth-class	[2] 100, 236, 271. 27	132, 250, 673. 18	32, 014, 401. 91	

[1] Includes $57,350 revenue from second-class application fees.
[2] Includes $301,707.75 revenue from special-handling service.

From the same 1933 postal report, to which later reference wil be made:

Sections 2 and 3 of the act approved June 16, 1933 (Public, No. 73), reducing to 2 cents an ounce or fraction thereof the rate of postage on first-class matter mailed for local delivery, effective July 1, 1933, and authorizing the President, in his discretion, during the period ending June 30, 1934, to make further modifications in postage rates.

Another extract from the same report that explains costs of handling mail:

DIVISION OF COST ASCERTAINMENT

The ascertainment of "the revenues derived from and the cost of carrying and handling the several classes of mail matter and of performing the special services", as authorized in section 214 of the act of February 28, 1925 (39 U.S.C. 826), was continued during the fiscal year 1933 substantially in accordance with the plans and methods previously pursued. The purpose of the cost ascertainment is to allocate or apportion to each of the classes of mail matter and each of the special services the respective postal revenues and expenditures for the period.

Comparing penalty and franking privileges; costs of congressional franking, reaching 0.1 of 1 percent of total Post Office departmental cost; and free-mail carriage cost to the Department at less than 10 percent of other departments, or far less if including the Post Office Department; and about 12 percent of publications mailed free in county, the report states:

	Number of pieces	Weight in pounds
Mailed under penalty privilege by departments and establishments of the Government, exclusive of the Post Office Department	373, 440, 968	43, 326, 622
Mailed under franking privilege:		
By Members of Congress	36, 171, 088	6, 867, 788
By others	96, 757	12, 109
Publications mailed free in county	329, 391, 612	53, 822, 159
Free matter for the blind	646, 719	1, 956, 603
Total	739, 747, 144	105, 985, 281

The Postal Department, the only one with a so-called "budget" in the Government, attempts to balance a huge mail-service expenditure by deducting from mail losses of $165,000,000 in 1933 a surplus excess charge of $104,000,000 derived from first-class mail. No such budget is proper because the service, if warranted, is public, and as such a proper charge on the Treasury.

Let me digress at the outset. First-class mail, as above appearing, is carried improperly with the extravagant and unconnected subsidized air mail. Those who seek to disclose partisanship in frauds, graft, or losses will find that graft and profits have no political bias or bent. Profits usually determine politics in such cases, and that has been true for 16 years during which time politics in aircraft lies where the profits are. I say this with some understanding of the question, because while conceding that honest men and honestly managed companies presumably are in the air business, judgment on the action of the President in canceling suspicious mail contracts will be withheld until the air mail carriers show a clean bill of health.

THE GOVERNMENT'S AIRPLANE EXPERIENCE FOR 16 YEARS

I do not believe men in high public position will be found connected with graft; but when years ago I was appointed chairman of the aviation branch of the war expenditures investigation, incidentally over my own protest, as Speaker Gillette knew, I was advised by political friends that it might injuriously affect men rated as Republicans. Immediately tendering my resignation to the Speaker, because of that insinuation of expected protection, he advised on the contrary that no strings were placed on the appointment—all he asked was work and facts.

Not for the purpose of resurrecting old scandals but to disclose inherent evils connected with the Government's aircraft experience, I quote briefly from a speech in the RECORD made on March 6, 1920, at the conclusion of that aircraft investigation wherein over 4,000 printed pages of testimony, largely taken by the three subcommittee members, attested to the extent and thoroughness of that investigation.

At the outset of the speech reference was made to the axiom that war means waste, and that in reporting results on a resolution with which I had no previous connection, but for which all Democrats and Republicans in Congress unanimously voted, I first reported that the European war begun August 14, 1914, lasted 4 years 3 months. America's entry into war April 6, 1917, was for a period of 1 year 7 months. We were thus notified by 19 months of actual war and 50 months of possible entry that air preparedness should not be ignored. Again I quote from the report—

Total appropriations (for aircraft)	$1, 693, 336, 424
Revocations of excess, Feb. 5, 1919	437, 000, 000
Balance available for use	1, 305, 336, 000
Expended or obligated to June 3, 1919	1, 051, 511, 988

Results of that expenditure at the French fighting front after 19 months of war:

American-built fighting planes received	None
American-built bombing planes received	None
American-built observation planes (DH–4's)	213
Foreign planes (second-hand), bought or borrowed	527

A pitiful showing where we borrowed from our allies the handful of fighting planes used.

Quoting from the record, page 46, volume 1, serial 2, aviation:

Mr. FREAR. And we did not during the whole period of the war get a fighting machine or bombing plane to the front?
Secretary of War BAKER. Not a fighting machine or a bombing machine of American manufacture.

His testimony was corroborated by General Patrick in charge of airplanes, and every other witness examined, and by General Pershing. It is undenied.

No more hopeless picture of war and of aviation incapacity and graft ever appeared in all history of any country. That poison has remained in the governmental system unaffected by political or business changes. Of that I would speak in discussion of unjust postal rates.

From evidence before my committee also quoted in that speech made in the House:

Captain RICKENBACKER. From every side Fokkers were piquing upon the clumsy Liberty machines (DH–4), which, with the criminally constructed fuel tanks, offered so easy a target to the incendiary bullets of the enemy that their unfortunate pilots called them "flaming coffins." During that one brief flight over Grand Pre Isaio I saw three of these crude machines go down in flames, an American pilot and an American gunner in each flaming coffin dying this frightful and needless death (p. 10 of the report).

Lt. R. E. Lee Murphy—a fighting name—American flyer trained with Royal Air Forces, Canada, later in Texas, in England, and France:

The Twentieth Aero Squadron lost 11 aviators out of 12 on September 26, 1918, in the "coffins" (DH–4's). I personally saw five go down in one fight in flames. * * * No Frenchman, Englishman, or Hun would start over the line with a DH–4 Liberty we used. * * * I am a Democrat; worked for Wilson before his nomination in 1912; voted for him in 1916; went to Washington to see him inaugurated March 1917; and went A.W.O.L. in France December 14, 1918, to see his triumphant entry into Paris, but some of his appointees have sure played havoc with the Air Service and sacrificed many lives.

This from Robert E. Lee Murphy, of Lexington, Ky., is only a brief extract, and like others of the many aviators before our committee, without exception all bitterly condemned the 213 DH–4 observation planes, the only American planes at the French front at the end of the war.

MORE PAST HISTORY

Pages of like testimony were taken to ascertain if a ray of sunshine could be found in the miserable chapter that the Thomas Senate committee (Democratic) and Charles E. Hughes investigation bitterly condemned.

Rickenbacker, our greatest ace (26 victories), Murphy, Meissner, and others flew French Spads, but American aviators in "flying coffins" were not given a chance for life, according to these witnesses. Men rated as Republicans as well as Democrats were in charge of operations, among whom were Deeds, Disque, Potter, and Ryan—every man without previous experience in aircraft production.

Quoting from the Senate investigation:

Senator JIM REED (Missouri). There was not a single one of these men who had had experience, so far as you know, in aircraft production?

Mr. RYAN (then in charge). Not so far as I know.

Yet, if memory serves me right, all were decorated by a grateful (?) Government, apparently glad to learn "it was no worse."

If I have digressed on aircraft, it is to show that scandals have ever followed the Government's connection with this means of conveyance. Reasons are given, but with that I am not concerned. I am concerned in recent revelations and air mail payments. Less than 3 days before cancelation of all air mail contracts by the President because carrying many millions of alleged graft, and long after the Senate investigation had called public attention to a great threatened scandal, the postal authorities appeared before our committee, on February 7, demanding retention of a 3-cent first-class postal rate that in 1933 yielded a profit of $104,000,000. On my examination of the officials, members of the committee may remember I specifically excluded air mail from first-class mail. No connection exists between the two, as a matter of fact, and it was hard to understand on what theory a surplus of $104,000,000 from legitimate first-class mail should be used in an effort to balance undercharged mail in other classes as revealed.

FACTS BROUGHT DOWN TO YESTERDAY

I have quoted from the Senate Democratic control committee the question by Senator Jim Reed in regard to Deeds, Disque, Potter, and Ryan, all of whom were given control of aircraft at different periods, none of whom had any previous experience.

Before the committee of which I was chairman, Secretary of War Baker testified at length in reference to Deeds, of Ohio, Disque, Ryan, Potter, and others, and his evidence confirmed the Senate committee's report that these men received their positions because of personal interest, with profits attached, and not because of any understanding or knowledge of aircraft production or of fitness for the aircraft-controlling positions.

The close connection of all these facts taken from the record of 13 years ago lies in the further fact that Col. E. A. Deeds, who never saw a day of military service, and whose record of aviation, Charles E. Hughes, now Chief Justice of the United States, in a separate report recommended for court martial, together with my own committee, excoriated Deeds, because of his record. It is brought close home by the hearing of yesterday before the House Military Affairs Committee, which was dealing with the question of frauds in the Government's handling of aviation.

The virus inoculated by Deeds, Disque, and others still clings to the system, when before the House Military Committee, Capt. James V. Martin, inventor of the Martin bomber, used during the war, who was before my committee 13 years ago, declared yesterday on questioning that 75 cents of every dollar expended for aircraft by the United States is "stolen", and that the Air Trust, of which Deeds and Coffin, both connected with war aviation lack of results, now controls Army and Navy airplane contracts. That these contracts are let secretly, collusively, and in violation of law, and that the United States as a result is 10 years behind in its aviation development. It has further been stated that an investment of $207 by an aircraft promoter brought a return of $7,800,000 to the beneficiary.

If this testimony is true, and it certainly bears evidence of truth throughout all the years, the House at this time is concerned particularly in learning what part, if any, of the $104,000,000 surplus profits derived from first-class mail last year was given directly or indirectly to these air mail profiteers.

AIR MAIL AT $4 PER POUND

Not one reason can be offered why this aircraft mail carried at a ridiculous loss to the Government should be charged, directly or indirectly, against first-class mail. I have what purports to be the average poundage of mail carried in 1933, running from $1.32 per pound to $4 and $4.20, carried by some 10 or more airplane companies. It is not to question necessity for granting legitimate airplane subsidies. That is a matter aside from this discussion, but by no stretch of imagination can anyone suggest reasons for compelling first-class mail to pay losses of other classes or subsidies, particularly when surrounded by scandals from the time Government contracts were first made 16 years ago.

When the Ways and Means Committee last week, by a partisan vote of 13 to 10, rejected my motion to reduce first-class mail rates from 3 cents to 2 cents per ounce it was undisputed that back in 1932 at a 2-cent rate the Government had received a net profit of $33,600,000 for carrying that mail, and in 1933 it exacted a further penalty of $104,800,000 from those who bought the accusing face of George Washington on a 3-cent stamp to evidence his protest against a 70-percent overcharge.

Among the losses reported in mail service it will be noted that daily newspapers paid $7,910,634 and the Government reported $38,392,155 cost of carriage for this mail, or a $30,481,517 loss. On what theory of government should first-class mail contribute to or pay over three times that loss in daily papers? Newspapers, other than daily, reported $9,713,452 loss in carriage in 1933. "All other publications" a loss of $25,163,229 and "Free in county papers" $8,271,232, a total loss in carrying these printed publications of $88,214,232. Even this heavy burden was more than balanced by the $104,600,000 excess paid by first-class mail, but what justification exists in stealing from Peter to pay Paul when George Washington's face on the 3-cent stamp accusingly challenges the robbery?

If educational as asserted and on that ground newspapers may properly be carried free or at a loss, supported by the further argument that possibly a great majority would otherwise fail to exist, it is reason for the existing subsidy of printed mail matter carriage, but the Government Treasury and not first-class mail, in all fairness, should bear

the newspaper loss burden. No jury would otherwise decide.

Third-class mail losses of $28,296,562 and fourth-class mail losses of $32,014,401 are also thrown into the red side of the postal ledger. All these losses, not to forget the item of air mail that pays about one quarter cost of its carriage, is offset in the Department by $104,000,000 first-class mail surplus. That is the picture presented by the Postal Department.

EXECUTIVE ACTION REJECTED BY THOSE URGING HIS POWERS

Another phase of the discussion was given by a member of the committee who suggested that the President, under existing law, not only determines how much publicity shall be allowed income-tax returns, later referred to, but among a thousand other more or less important duties placed on his shoulders, also is authorized to change postal rates. That argument seemed to have some weight with my 15 colleagues of the majority until suggested by one of these that immediate change required correcting an alleged injustice in advertising matter covered by second-class mail. Thereupon 15 of my colleagues forgot the injunction to await Presidential action but immediately relieved in part the heavy second-class mail loss of $88,214,189, above disclosed, by further reducing a portion of that mail charge, thereby increasing a total loss of $88,000,000 that is only offset by the one credit item of $104,600,000 collected from first-class mail.

The Presidential power is fully appreciated but as that power will not be exercised without approval of the Postmaster General and the policy of the Post Office Department is to let first-class mail "George" carry the entire burden of losses there is no hope for relief unless Congress acts.

EXCESSIVE FIRST-CLASS MAIL PROFITS PROMOTES FRAUDS

No purpose is mine of urging the necessities of millions of unemployed and of other millions who find letter postage, small as it seems to those of means, a drain in keeping touch with one's kin. That comes to us only through other sources and is hard to comprehend except by those having a substantial correspondence. There is now, however, knowledge by Congress and by the people that the Government is seeking to do that which public sentiment would prevent Congress from attempting to do openly, for by secrecy and subterfuge the people are being hoodwinked in mail service and pay for that privilege.

Every effort to grant direct subsidies to steamship lines and transportation aid generally has been frowned upon because of graft and scandal that frequently follows, apart from the principle involved, but when our Postal Department sends a handful of letters to a distant port in Timbuctoo or beyond the Madagascar Island and pays first-class mail rates of $100 and more per letter carried as a direct subsidy to the ship, it is time to protest vigorously.

A rumor that a $42,000,000 mail subsidy demanded by the Dollar Line, after building ships at Government expense through like manipulation of law is also important to remember. Again no partisanship is responsible, for graft and favoritism know no politics. If not related to mail profits, it is concerned with the Federal Treasury losses from mail carriage.

Ships to carry American soldiers to Europe or Asia in American bottoms in case of war, in addition to a billion-dollar 1934 naval program, is one plea, and to ship American products under the American flag rings patriotic chimes that permit these secret methods of offsetting a $104,000,000 first-class surplus to line pockets of graft with gold.

The Senate gives us the facts through investigations that disclose many alleged crooked deals in shipping and air mail contracts. By no other means can such corruption be disclosed. It is the duty of the House to aid the coordinate branch of Congress by preventing accumulation of $104,000,000 surplus profits from first-class mail which attracts graft mail contracts like the proverbial "molasses-and-fly" act.

Attempts to cover up the real purpose by alleged methods of computation, priority costs, and like arguments are neither creditable nor frank and in no way affect or disclose evils of a system that robs people generally to pay unconscionable mail graft for which Congress is culpable by furnishing the price.

Let us eliminate tax-free securities, community tax-escape methods, and by publicity of records close up income-evasion gaps to raise all necessary funds for handling Government affairs, but with the facts now presented any attempt to blind ourselves to mail-contract graft or unjust first-class mail rates is without possible excuse or explanation.

Due to bank pressure, with which I had sympathy because of its nuisance tax, the committee removed the 2-cent bank-check tax. In these days of depression it is certain that only a portion of the total population—possibly 10 percent—are benefited in their deposits by that committee act for which I voted, but in the case of first-class mail, over 50 percent of the population, usually without bank deposits, directly purchase the portrait of "First in peace, first in war, and first in the hearts of his countrymen" with which to carry a personal word of cheer or other sentiment by mail to friend or foe. In one case we pick out the recognized propagandist favoring the 2-cent bank-check reduction which I approved because a nuisance, but the same committee at the same time refused to reduce a far greater nuisance and injustice carried by 3-cent first-class mail rates. That extortion should be corrected by Congress in the bill now under consideration.

I repeat that without one word for justification the Government has extorted from the general public an unconscionable profit in first-class mail. If reduced from 3 cents to 2 cents with increased business prospects the surplus should reach 50 percent more than in 1932—or $50,000,000—with which to help miscellaneous expenses, but mail carried at a loss should be charged actual cost of service or else supported out of the Federal Treasury.

PUBLICITY OF INCOME-TAX RECORDS

A second disagreement of major importance occurred when the committee, called in session particularly to prevent secret tax evasions not disclosed except by Senate investigations, thereafter rejected my proposal to prevent secret evasions by making the tax records public. All other records are public and evasion is impossible, but secrecy is a badge of permission to commit fraud.

On this subject of income-tax publicity I offered for consideration a statement prepared by the State tax commissioner on my request of the Governor of Wisconsin, in which a fairly complete review is offered of the method of treatment of the subject by that State. Without further argument it seems superfluous beyond the presentation of the Wisconsin experience, which has been eminently satisfactory, I will not further impose upon your time by discussing the various details of State experience in publicity matters beyond the accompanying memoranda and additional views.

The statement is as follows:

OFFICE OF WISCONSIN TAX COMMISSION,
Madison, Wis.

To all assessors of income:

PUBLIC EXAMINATION AND INSPECTION OF INCOME-TAX RETURNS

Chapter 449, Laws of 1933, prohibits the circulation for revenue of information derived from income-tax returns and provides a penalty for such circulation. The law is designed to prevent certain uses being made of such information and not to prevent the acquisition of the information, and therefore does not affect the access to returns now permitted in assessors' offices. It has come to the attention of the tax commission, however, that the regulations under which examination of returns is permitted in the several income-tax offices differ greatly. In the interests of uniformity the following regulations are hereby adopted and are to be put into immediate effect by all assessors of incomes:

1. Hours for examination: Returns may be examined at any time during regular office hours. In order to facilitate examinations, assessors may suggest certain daily hours for inspection of returns by the public and may request that persons desiring to examine returns confine their inspection as nearly as possible to such hours. However, no person applying during the regular office hours is to be denied access to a return of income by reason of the time of making such application.

2. Returns not in files: The examination of returns by the public must not be allowed to interfere with the use of such returns

by the assessor or other employees of the tax commission, and therefore, when returns are out of the file for the purpose of writing a tax roll or for verification or for other sufficient reason are being used by auditors or accountants of the commission, persons desiring to inspect such returns must wait until such time as the returns are again filed.

3. Record of examinations: Every person desiring to examine an income-tax return shall be required to fill out and sign a card setting forth certain information. A sample card, showing the information desired is attached hereto. These cards should be filed in such a manner that all of the cards relating to examination of any one taxpayer's returns will be together and readily accessible. The practice which has been followed in some offices of notifying taxpayers of the examinations made of their returns is an expensive one, and it is believed that the results do not justify the cost of mailing such notices, it is ordered that the sending of such notices be discontinued wherever such practice is now followed. It is likewise ordered that the practice of requiring a person to signify his intention to examine a return of income on a day preceding that on which the examination takes place be discontinued.

5. Copies of returns by the tax commission personnel at the request of legislators or legislative committees making due request for such information.

6. Preparation of certified copies of returns duly certified to by the secretary of the tax commission for use as evidence in matters of court litigation.

The only legislation affecting the freedom of examination of income tax returns since the repeal of the secrecy section in 1923 was enacted by the 1933 legislature and reads as follows:

"71.20. Circulation for Revenue of Information from Income Tax Returns. No person shall divulge or circulate for revenue or offer to obtain, divulge, or circulate for compensation any information derived from an income tax return: *Provided*, That this shall not be construed to prohibit publication of any newspaper of information derived from income tax returns for purposes of argument nor to prohibit any public speaker from referring to such information in any address. Any person violating the provisions of this subsection shall upon conviction be punished by a fine of not less than $100 nor more than $500, or by imprisoment in the county jail for not less than 1 month nor more than 6 months, or by both such fine and imprisonment."

The purpose of this recent amendment to the statutes is to prevent the practice which had been indulged in a few instances by persons who were making a business practice for compensation of making copies of income-tax returns and taking information contained therein for general distribution to parties interested in securing the same. Only one or two instances of this practice had come to the attention of the tax commission, and it had not developed into any serious matter prior to the enactment of the above corrective legislation.

Studies made in the office of the income tax division, where the returns of approximately 20,000 corporations are filed, show that 332 separate public examinations were made during a 6-month period and that examinations were made of the returns of 640 corporations. These figures include only examinations made in the office and do not include the furnishing of copies of returns by the tax commission. Some of the examinations covered corporations' returns for only a single year, and others covered the returns filed for several years.

It is estimated that approximately one half of these examinations were made by credit agencies. Since the amendment of the statutes in 1933 prohibiting the divulging or circulating of information from tax returns for compensation, the number of public examinations had materially decreased.

EXAMINATION OF STATE INCOME-TAX RETURNS BY THE PUBLIC AND THE ADMINISTRATIVE FEATURES THEREOF

By the Wisconsin Tax Commission

Although the advisability and propriety of making income-tax returns open to public inspection is a controversial question, this is an endeavor to present as impartial a statement as we can concerning its operation.

Wisconsin income-tax returns prior to the year 1923 were not open to public inspection by specific provision of statute. The 1923 legislature, however, repealed section 71.20, providing for what is commonly known as the "secrecy clause", and since that time State income-tax returns have been open to the public, the same as any other public records. I am attaching hereto a copy of section 71.20, which was formerly incorporated in our income tax law as a secrecy clause but which was repealed in 1923.

The privilege of inspection, as we have interpreted it, implies also the privilege of making copies of any information included in said returns or securing certified copies of said returns upon request and upon payment of the proper costs of preparing the same. The tax commission has from time to time issued general rules of guidance to the administrative authorities with respect to the examination of returns, and we are enclosing herewith our latest regulations, which were issued under date of December 5, 1933, to the assessors of incomes of this State concerning the examination of individual returns. The examination of corporation returns is also subject to the same regulations.

You will note that a card is made out and signed by every person applying for the privilege of examining a return, or for the privilege of having a copy thereof made. A sample of this card is attached to these instructions. These cards are filed with the tax commission, or the person in custody of these returns, as a permanent record, to indicate the names of the parties making the examinations and such other information as is indicated thereon. Any person requesting the tax commission or the assessor of incomes for a list of the persons who examined his or her return during any period may obtain such a list from the tax commission or the assessor of incomes upon request.

The methods of public inspection may be classified as follows:

1. Personal examination of the original returns by the parties seeking such information.

2. An examination of the returns by an agent for the use of some other person.

3. Preparation of copies of returns at the office of the custodian of said returns by the party making the inspection or his agent.

4. Copies of returns prepared by the personnel of the tax commission or the assessor of incomes to be submitted to taxpayers who have lost or mislaid their original copies. This service is performed free of charge in the event the taxpayer desires a copy of his own return.

4. Copies of returns. Any taxpayer desiring a copy of any return of income filed by him is to be furnished therewith without charge. Likewise copies of returns are to be furnished, free of charge, to members of the legislature or to other State, county, or local officers or employees when such copies are to be used for public purposes. Assessors shall furnish certified copies of returns to other persons upon request, and amounts received for furnishing such copies shall be turned over to the state treasurer. Persons desiring uncertified copies of returns must have the same made at their own expense.

Dated at the capitol at Madison this 5th day of December 1933.

WISCONSIN TAX COMMISSION,
J. E. USHER, *Secretary*.

[Sample of card]

Name of corporation_____ File No. _____
Years examined_____
Examination made on behalf of yourself_____
Examination made as agent for_____
_____
_____
(Signature of examiner)
_____ Address_____
(Person in charge)
Date_____ File out_____ File in_____
(Time) (Time)

DEPRECIATION CHARGES

An important part of this portion of our investigation and final decision by the committee comes from the fact that the Treasury Department, after objecting seriously to the 25-percent annual discount for 3 years recommended by the subcommittee, gave its assurance to our committee that through a careful effective examination of depreciation charges under the various corporation and individual tax returns the Department believed it possible to effect all the savings predicted by the subcommittee as reported reaching $85,000,000 annually. To that degree the report of the subcommittee on depreciation has been successful. The Treasury Department admitted that excess amounts of depreciation had been deducted during past years but only 100 percent was entitled to be considered, and that would be the maximum hereafter permitted.

COMMUNITY RETURNS

An unexplainable and unjust decision was presented in the committee that passed, then reconsidered the item of community returns, that would increase the Federal income tax, according to subcommittee estimates, from fifty to sixty million dollars annually. The following brief statement from my report is offered on the subject:

Community return in family relations recommended to prevent evasion in high surtax were rejected by majority members. On this proposition, also reported adversely by the subcommittee majority over the minority, the Treasury report says:

"The Treasury Department recommends that the committee consider whether a husband and wife living together should not be required to file a single joint return, each to pay the tax attributable to his share of the income. Such provision has long been in force in other countries."

The report further says:

"Our estimates indicate that on the present rates the suggested change would directly account for an additional $40,000,000 of revenue besides discouraging innumerable colorable transactions and eliminating present inequalities."

Subcommittee experts estimated the Government is losing from fifty to sixty million dollars annually on that proposal which provided that States with community property laws be brought under a general Federal tax law, equitable to all. The Treasury and subcommittee both agreed as to large tax avoidance quoted. Efforts to prevent this avoidance should have been taken by the committee.

On foreign tax credits, depreciation partnership losses, and other matters contained in the subcommittee report, the Treasury De-

partment also differed from the subcommittee—a situation that challenged further consideration from the committee and from Congress.

After the Treasury Department with its attorneys and attorneys for the subcommittee came to the same conclusion regarding community reports that were depriving the Federal Government of a large income by reason of the simple procedure of assuming that a legal provision in eight States granting husband and wife equal rights in the husband's income and property, although not vested, should be accepted instead of the principle that management of the community property, usually in the husband, should control. Any proposal on the subject was defeated in the committee. By dividing the income in the eight States between the husband and wife, as occurs in theory, if not in practice, the tax returns would be lower in each case together with the examination granted, and thereby remove the family income from the surtax brackets to the extent that now controls in the remaining 40 States.

Threats that the Treasury and subcommittee were pursuing a nonconstitutional act that would be controversial and subject the bill on the floor to further opposition received more consideration than any other proposal presented to the committee. A number of the committee members, although composing a minority, believed that all the 48 States should be placed, so far as possible, on the same basis and with the income-tax examinations and surtax that if any question of constitutionality arises it should be submitted to Congress and the courts and decided in proper form.

TAX-FREE SECURITIES

Herewith is a brief statement from my minority report affecting the tax-free securities. This proposal was passed by the House several years ago and it was again presented to the House and through the Ways and Means Committee was strongly supported, although the Senate has never acted upon the tax-free proposal. The committee decided that, in view of present financing of the Government, it should not be taken up, although many billions of dollars in Federal, State, and municipal bonds are now tax free and have destroyed the whole income-tax principle with those holding large incomes. It was stated to me during the present week in the House that a man of large means, reaching over $50,000,000 in liquid form, pursued common businesslike judgment ordinarily exercised by investing practically the entire amount in tax-free securities because assured that it would give a more permanent and better return than in any other form.

This serious weakness in our tax structure can only be corrected apparently by a constitutional amendment that will prevent the issuance of further tax-free securities, and that action should have been taken with the bill before us. Failure to do so has postponed the decision and the remedy that should be enacted into law.

One of the most difficult methods of reaching these incomes, second only to secret records, is this tax-free method permitted under our dual form of government that persuades Treasury officials to issue tax-free Government securities in order to compete with tax-free State and municipal bonds.

Passed by the House on two different occasions heretofore a strange situation is presented when, through error, the Judiciary Committee secured jurisdiction and asks to hold hearings as an initial proceeding. Hearings for what? The only question of constitutionality has been passed upon by the House when on different occasions it sent the measure to the Senate asking for a constitutional amendment. No House committee action is needed to cover the ground; that will be for the courts to decide. If the Senate refuses to act, the House, the body of popular government, must again and again press the question in order to strengthen the income tax law.

A purpose to avoid the issue appeared when our committee decided to pass by the tax-free question because of new Government securities to be sold. Any constitutional amendment would take a period of two or more sessions, so it is difficult to understand the motive for evading a clear duty when called in session particularly to buttress the income tax law by making all future bond issues of State and municipal government with the Federal Government returns by interest taxable as such.

Late action of the committee in approving the 5-cent tax on coconut oil and copra is to be commended because these products come from far-distant islands where labor and living expenses do not approach anything near the living conditions in this country. That product is shipped direct to the United States free of duty under the status held by the islands in which purchased, and this enters into direct competition with oil producers in this country. More serious with the dairy interests is the fact that the oil is used for butter substitutes and so comes into competition with dairy products, much to the latter's injury. I believe the committee's action was right in fixing a domestic excise tax upon these products.

In conclusion, I do not desire to trespass longer upon the time of the House with a discussion of other phases of the committee report, some of which have brought about a valuable improvement in tax methods and tax receipts. No bill can cover every proposal, but I am bringing back to your attention the fact that continuing of first-class mail charges and refusal to enact a publicity provision, failure to take steps toward remedying the tax-free security evil are among the larger matters that deserve serious attention of the House, and in my judgment have not been correctly decided by a committee that otherwise is entitled to great credit for its handling of a difficult and intricate tax problem.

ADDITIONAL VIEWS

For separate views on the committee tax report I respectfully submit that the subcommittee of seven members appointed last session met with Treasury and committee tax experts early in November and worked on various tax propositions there presented, with the announced purpose of closing income-tax loopholes which enabled great wealth to escape payment of proper Federal income taxes. No public hearings were had by the subcommittee, and information of extreme technical character often came from these tax experts, who differed radically in their opinions. No Treasury recommendations were received by the subcommittee.

Before the full committee witnesses from the Treasury Department, including Secretary Morgenthau, appeared at hearings, expressing in a printed pamphlet and orally, opposition to portions of the subcommittee report and disagreement with many of its findings. Serious losses and mistaken results in part were predicted, with Treasury spokesmen voicing opposition.

Reorganizations of corporations, disapproved by the subcommittee, Treasury experts believed unwise to eliminate, and responsibility was placed upon the Treasury Department, which stated: "The Department believes that the proposal would not only yield no additional revenues but would result in a net loss." Differences were compromised.

Of personal holding companies reported against by the subcommittee, the Treasury unqualifiedly differed. The Department report stated it is open to the same criticism the subcommittee addressed to reorganization provisions, that "it is over specific legislation which not only complicates the revenue law and allows no flexibility in administration but also facilitates evasion." Differences were again compromised.

Dividends out of corporation profits from computations prior to March 1913 brought many protests of unjust and unwarranted treatment from witnesses who appeared before the full committee. The Treasury and subcommittee reports agreed, although tax experts before the full committee and others representing recent heavy losses in timberlands and other property declared it a capital tax on property acquired prior to the enactment of the law and fundamentally wrong. Action so taken is believed to have been unjust and should be corrected.

COMMUNITY RETURNS

Community returns in family relations recommended to prevent evasion in high surtax were rejected by majority

members. On this proposition, also reported adversely by the subcommittee majority over the minority, the Treasury report says:

> The Treasury Department recommends that the committee consider whether a husband and wife living together should not be required to file a single joint return, each to pay the tax attributable to his share of the income. Such provision has long been in force in other countries.

The report further says:

> Our estimates indicate that, on the present rates, the suggested change would directly account for an additional $40,000,000 of revenue besides discouraging innumerable colorable transactions and eliminating present inequalities.

Subcommittee experts estimated the Government is losing from 50 to 60 million dollars annually on that proposal which provided that States with community property laws be brought under a general Federal tax law, equitable to all. The Treasury and subcommittee both agreed as to large tax avoidance quoted. Efforts to prevent this avoidance should have been taken by the committee.

On foreign tax credits, depreciation partnership losses, and other matters contained in the subcommitte report the Treasury Department also differed from the subcommittee, a situation that challenged further consideration from the committee and from Congress.

TAX-FREE SECURITIES

A controversial problem in Federal income-tax returns again was presented by subcommittee experts on Government, State and municipal tax-free securities. Tax-free bonds are held by taxpayers who accept a lower rate of interest for tax-free privilege. Issuance of Treasury certificates reaching billions of dollars or of tax-free bonds to afford a better market in the Government's financing program, confront Congress, and it is argued in a great sea of tax-free securities the Federal Government competes with State and municipal bonds now tax free.

Congress has a distinct duty to perform in overcoming this recognized weakness in our tax problem. These views propose that Congress squarely face the issue by appropriate constitutional amendment to cover all future tax-free bond issues and register its legislative decision so that every income-tax payer will be taxed on actual income received and ability to pay. This change would shift the income-tax load from the great middle class to those holding tax-free securities, best able to pay. The committee postpones action at this time. These matters it is believed were incorrectly decided, but the committee did provide that hearings should be held on bills involving the subject.

PUBLICITY OF INCOME-TAX RECORDS

More vitally important as stated is the fact that called to stop tax evasions, the committee is confronted by secrecy in tax returns that enable income-tax payers to cover up evasions from public knowledge., Senate investigations disclose astounding results that can only be met by public inspection of records. An amendment offered in committee to extend full publicity of income-tax returns as now exists among several of the States failed in passage.

Publicity of tax returns would have prevented evasions disclosed by the Senate. Wisconsin has an income-tax publicity law helpful in preventing evasions. Publicity of income-tax records, with reasonable restrictions only as to hours and methods of inspection, is urged as part of these views. Public tax records should be public in fact. Tax evasions will continue with present secrecy methods.

Section 55 of the Revenue Act of 1932 now provides—

> and all returns made under this act after the date of enactment of the National Industrial Recovery Act shall constitute public records, and shall be open to public examination and inspection to such extent as shall be authorized in rules and regulations promulgated by the President. The prior law is surrounded with restrictions and inoperative.

This law is of no value, because among thousands of other duties presumably the President is unaware of the authority conferred or necessity for publicity, and the Treasury Department, ever opposed to such publicity, has probably forgotten to advise the President of his unexercised power. It is now of no value because no publicity is permitted.

The committee amendment, without prevention strings, was offered, as follows:

> Section 55 of the Revenue Acts of 1926, 1928, and 1932 is amended to read, "All returns made under this act shall constitute public records, and shall be open to public inspection without restriction by any official excepting as to reasonable hours for inspection."

This publicity provision should be accompanied by penalty requirement that every inspection application will be in writing and no person shall divulge or circulate for compensation any information derived from an income-tax return, but not to prohibit publication by any newspaper of information derived from the records. Additional requirement should prevent agents or attorneys known as "ambulance chasers" from using information for financial gain. Protective provisions usual in States accompany an income-tax publicity act that by 10 years' experience in Wisconsin have justified their passage. These were offered in committee but rejected.

EXCISE TAX ON IMPORTED OIL

Action by the committee in placing a 5-cent excise tax on 600,000,000 pounds annual importation of coconut oil and of copra was reconsidered but retained by a close vote. Soap manufacturers, shipping that may enjoy mail contracts now under fire, with others opposed the tax. The committee's action protects great dairy interests of the country against unjust competition. A racketeering procedure prevents shipping of milk and cream into our largest cities due to milk sheds that by an embargo restrict receipts to a limited class and area. This racketeering compels surplus milk to be manufactured into butter and cheese with alleged destructive competition now forced by coconut oil manufactured substitutes. The tax would reach free imports produced by foreign cheap labor and bring a substantial income to the Treasury. Dairy interests, aggregating enormous investments, unanimously urged imposition of the tax.

EXCESSIVE FIRST-CLASS POSTAL RATES CONTINUED BY COMMITTEE

Without sufficient hearings or evidence offered, the committee at its last meeting February 8 approved a request of the Postal Department for continuance of 3-cent letter postage to July 1935, and it was inserted in the bill. On April 20, last, I urged amendment in committee of a 2-cent instead of 3-cent postage rate based on the 1932 fiscal year postal report. That is hereby renewed. Probability of increased first-class mail revenues through that reduction would have occurred and thereby every household relieved from an unjust rate. A brief word as to effect of the present postal policy: Herewith is extract from departmental report for fiscal year 1932. The Federal Government received in round numbers from its first-class mail in 1932, fiscal year (excepting air mail) $310,000,000. Expense of handling that mail, $276,700,000. Annual profit, first-class mail, $33,300,000. Department report also inserted in the RECORD of May 10, 1933. Entire departmental loss, $206,000,000.

The Post Office Report for 1933, fiscal year, page 85, discloses net profits in first-class mail (excluding air mail) of $104,860,190.06. Loss from air mail, $16,917,414. No valid reason exists for charging air mail losses to first-class mail, more than for congressional or other governmental expenditures. From the 1933 report it further appears loss from second-class mail is apportioned at $88,202,962; loss from third-class mail at $28,296,562, and loss from fourth-class mail at $32,006,000, or a total loss from all classes of mail excepting first-class letter postage of $165,422,938. These figures are significant, because they both slow up business through overcharging letter-mail service and by potent injustice create widespread resentment.

Increases with justice might be proposed on undercharged mail items contributing to the $165,422,938 deficit, but no justification was offered before the committee for continuing an excessive first-class mail 3-cent postage rate. Further proof of this mistaken policy is furnished from increased profits reported by reducing local drop-letter rate from 3 cents to 2 cents, which increased $20,800,000 profits in drop letters from 1932 to $37,551,927 in 1933, or practically 80 percent increase under the lower rate. If followed in pro-

portion, receipts from first-class mail a 2-cent postal rate profit of 80 percent would have reached $120,000,000, instead of $67,000,000 profits reported on the 1933 3-cent rate, a loss through overcharging first-class mail of more than $40,000,000 in 1933.

More important, the Postal Department is maintained for public service, not revenue, and any deficit not subject to increased rates in carriage should in all fairness be borne from Treasury funds, and not by placing an unjust and unwarranted burden on first-class mail.

Steamship mail contracts and air mail contracts, now under fire with other postal extravagances or undercharges, create a deficit in that Department. No other Department attempts to balance receipts and debits. This Government's Naval Department, for illustration, within 60 days had Congress appropriate or authorize greater naval expenditures in 1934 than England, Japan, France, and Italy, or all of the remaining great naval powers combined. Whether spending a billion dollars to lead a mad naval race is a Government credit or war liability to be balanced history will decide. Several times the estimated annual committee savings from this bill will be thus absorbed in 1 year for eventual obsolete targets. Scandalous air and ship mail contracts having no legitimate relation to first-class mail rates an outgrowth of excess charges in letter postal rates now carried by the bill. The President's power to correct postal injustice, first urged, was squarely ignored when the majority so willed, as here illustrated.

Committee action in refusing reduction on first-class mail that brought $104,000,000 profits to the Federal Treasury in 1933, an alleged extortionate charge affecting everybody, found a striking contrast when at the same session action was taken reducing second-class advertising mail rates to 1932 rates. The total loss in second-class mail for 1933 was $88,202,962, notwithstanding which fact such action was taken. Motion to reduce first-class mail rates from 3 cents to 2 cents to take effect July 1, 1933, was defeated by a vote of 13 to 10 in committee.

The policy of requiring first-class postal earnings and profits to cover postal departmental experiments and extravagances or to meet other deficits is without possible defense and the committee's hurried endorsement of that proposal is diametrically opposed to its close scrutiny of income-tax evasions and usual fairness.

A $250,000,000 BILL THAT STOPS TAX EVASIONS

In pointing out omissions, alleged mistakes, or changes that properly should have been inserted when seeking to carry out the limited purposes of a revenue bill, directed more particularly against tax evasions, these views express unstinted praise for the arduous and faithful work performed by the committee and subcommittee that offered many desired recommendations found in the report. Further consideration is urged for legislation specifically set forth in these views.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. FREAR. I yield to the gentleman from Pennsylvania, because the gentleman from Pennsylvania and my friend the gentleman from NEW YORK [Mr. MEAD] know more about postage matters than almost anyone else, and I know the gentleman wants to bring information to you.

Mr. KELLY of Pennsylvania. What amount did the Post Office Department say would be produced by continuation of the 3-cent rate?

Mr. FREAR. The understanding I had was that it would cause a reduction of $25,000,000 to $75,000,000 to change the rate from 3 cents to 2 cents. In other words, there was a $33,000,000 profit under the 2-cent rate in the old days, and this jumped to $104,000,000 this past year.

Mr. KOPPLEMANN. Will the gentleman from Wisconsin yield?

Mr. FREAR. I yield for a question.

Mr. KOPPLEMANN. The committee has in the bill a tax on coconut oil of 5 cents a pound. What is the gentleman's justification for that?

Mr. FREAR. I would like to take some time to discuss that question, but I will ask the gentleman this question: Does the gentleman know anything about the Philippines? Has the gentleman ever been there?

Mr. KOPPLEMANN. I have asked the gentleman a question. Does he refuse to answer it?

Mr. FREAR. Let me tell the gentleman that in the Philippines they live in houses on stilts, and they raise coconut oil without a cent of expense, while the people in my State cannot get into New York and cannot get into Boston and cannot get into Philadelphia with their milk, yet my State is the principal dairy State in the Union. The people of my State today are in direct competition with coconut oil, because coconut oil enters into the production of oleomargarine as a substitute, and this is one reason why they object to it and say that at least a 5-cent excise tax is the only protection they ask.

I have always been friendly to the Philippines, and I would like to see the people of the Philippines have their independence tomorrow. Today the Filipinos send their products free to the United States, while the Filipinos' method of living is nothing like the method of living of the people in my State, and I hope in the gentleman's State.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. FREAR. Yes.

Mr. VINSON of Kentucky. With reference to the depreciation item, did I understand the gentleman's statement to be that we pick up between $50,000,000 and $60,000,000?

Mr. FREAR. I thank the gentleman for calling my attention to that error. We gain $85,000,000.

Mr. VINSON of Kentucky. And it is $85,000,000 annually?

Mr. FREAR. Annually, yes.

I thank you for your kindness, and I thank my colleague for yielding me the time. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Pennsylvania [Mr. KELLY].

Mr. KELLY of Pennsylvania. Mr. Chairman, under the conditions of the past few years some mistakes are unavoidable, but it is not necessary that mistakes be perpetuated. If the 3-cent letter postage rate is continued through this tax bill, it is a deliberate determination to follow a mistaken policy.

There is no record in the committee hearings as to the Post Office Department's estimates of the revenues to be produced by this continuation of the rate we were assured would expire July 1, 1934. However, the gentleman from Wisconsin [Mr. FREAR] who has just concluded an earnest and interesting speech on this subject, stated in response to a question of mine that the Department's estimate is that $75,000,000 in revenue will be lost if the old 2-cent rate is restored.

That estimate is on a par with the estimates given us when this rate of 3 cents was adopted in the midst of a most strenuous attempt to balance the Budget. It was stated then that this 50-percent increase in the rate would bring in $135,000,000.

I quote from the hearings before the Ways and Means Committee when the Revenue Act of 1932 was under consideration. Postmaster General Brown was testifying. The chairman of the committee asked him this question:

What would be the amount of revenue if the first-class revenues were raised 1 cent? Have you estimated that?

Mr. BROWN. Yes; if it were raised 1 cent on all letters, it would produce about $135,000,000. If drop letters were excluded—that is, letters that are posted in Washington for delivery in Washington, which we call a drop letter—or if the increase was limited to letters which came from one post office to another post office, it would be from $100,000,000 to $105,000,000, based on the present volume. If you increased it all the way around, it would bring about $30,000,000 more.

A little later the following colloquy took place:

Mr. LEWIS. Your estimates, which, I think, have high value, coming from an informed administrative department, are that with a 3-cent rate you would derive $135,000,000 more revenue. However, you would not apply the 3-cent rate to local deliveries.

Mr. BROWN. Well, that is a question. I will not interrupt you now, but when you finish I want to discuss that.

Mr. LEWIS. I am leading up to another question. And so under those circumstances you would expect a revenue of $100,000,000 additional. If the 3-cent rate had no effect in diminishing the volume of the first-class mail, a 50-percent increase in your gross revenues of $342,000,000 would mean $171,000,000. The difference

between the estimate you make as to what your increase would be on a 50-percent increase indicates something like a billion and a half mail pieces, first-class mail pieces, would fail to move. Put in a simpler way, if the volume of the first-class mail is not to be interfered with, your estimate would have to be $171,000,000 increased revenue. Your estimate, however, is $135,000,000.

Mr. BROWN. Yes; we estimate in our figures, in order to be safe, that there will be a reduction in volume. Our statisticians believe that in times like this, when people are counting the pennies as well as the dollars, that a safe computation would carry with it a factor for loss of revenue. But, Mr. Congressman, I did not say at any time I did not think there would be any reduction. I stated to you that the effect of the War Revenue Act of 1917 did not reduce the volume, but we were then in a different period. We were in a period of expansion; everything was going pretty fast. Now things are going very slowly, and we estimate that there will be a reduction, that a lot of people who acknowledge letters now will stop it; that a good deal of the direct mail that goes first class now will go third class at a lower rate—that is, the advertising matter—and we have taken all those factors into consideration and tried to make you a conservative estimate, not an extravagant one but one that if you call me back a year from now will be justified.

Now, Mr. Chairman, that was the estimate upon which we acted. What was the actual result? The total first-class revenue, with air mail excepted, for 1932 at the 2-cent rate was $310,325,000. With additional revenues of $135,000,000, the revenues for 1933 should have been $445,000,000. Remember that the estimate was distinctly stated to have taken into consideration the loss in volume due to the increased rate.

The actual revenues received for 1933 were $332,341,000, which was $113,000,000 under the amount so definitely stated. In other words, instead of increased revenues of $135,000,000, they dwindled down to $22,000,000.

But this is not all the story. The estimate was that there would be a gain of $30,000,000 through the additional 1 cent on drop letters, or local letters. What actually happened was a loss of $2,827,000 on this class of mail. In 1932 the revenue on these local letters was $86,529,000 at the 2-cent rate. In 1933 the revenue at the 3-cent rate dropped to $83,702,000. Here is a mistake of more than $32,000,000 on this one item.

There was no increased rate on post cards and postal cards, yet the revenues increased. In 1932 the amount received was $14,472,000, while in 1933 it was $14,572,000, or a gain of $100,000. Of course, it is true that this gain was largely due to the refusal of patrons to pay 3 cents and who used postal cards instead of letters. This only proves the disorganization and change brought about by the excessive rate imposed on letters.

Let us see what happened as to the number of pieces carried in the mails. In 1932 the number of pieces of all first-class, excluding foreign mail, was 14,687,184,000. In 1933, under the high rate, this number dropped to 10,938,247,000. In other words, 3,700,000,000 letters went out of the mails in 1 year's time, something that was never approached in the entire history of the United States mail service. One fourth of all the first-class volume was lost, which, of course, explains the surplus and floating postal workers in many post offices in the land.

It is true that some of this loss in pieces must be credited to the depression conditions. However, the normal drop, judged from preceding years, would be about 8 percent. At least two and a half billion letters were driven out of the mails by the effect of the 3-cent rate alone.

Mr. Chairman, we have had a hundred and fifty years of postal experience to prove that increases in rates reduce volume and increase the cost of handling each piece of mail. There were increases in force in 1933 as to three classes of mail matter, first, second, and fourth. The results as to second and fourth were exactly the same as to the first. In 1932, 4,552,000,000 pieces of second class were handled. In 1933, this had dropped to 3,869,000,000. In 1932, 616,531,000 parcels were carried in the fourth-class group. In 1933, this had dropped to 530,030,000.

Third-class mail was the only one unchanged as to rates, and it showed a gain in pieces of 112,000,000. Is any further proof needed as to the effects of postage increases upon the volume of mail?

The real injury through reduced volume is that it increases the unit cost of handling the mail. In 1932, at the old 2-cent rate, it cost 2.04 to handle each piece of first class, including all weights. In 1933, at the high rate, it cost 2.29 to handle the same piece of mail matter.

Remember, too, that drastic economies had been made in the Postal Service during that year. More than $80,000,000 was cut from the wages of postal workers. In spite of such a desperate drive to bring down costs, the fact is that every piece of first-class mail that went through this great United States system cost a quarter of a cent more to handle than it did before.

The records show the same thing as to second and fourth classes where the rates were increased. Second-class went up from 2.75 per piece to 2.79 per piece, while fourth-class went up from 23.72 per piece to 24.95. In spite of all the wage reductions and savings in labor cost, every parcel-post package handled in 1933 at the increased rate cost a cent and a quarter more than it did before.

Third-class, on which there was no increase, came down in unit cost. In 1932 it cost 2.13 to handle a piece of third-class mail matter. In 1933 it cost 2.11.

Mr. Chairman, by a mistaken policy we drove out of the mails in all classes, in a single year's time, 4,406,000,000 pieces of mail. It meant that there was a vast reduction in the service rendered the American people. It meant disorganization in every post office, where the personnel stood ready at hand to do the work. It meant an added cost put upon every piece of mail matter carried.

Serious demoralization has already come to pass. Last year we restored the 2-cent rate for local letters, but the results are disappointing, because former users of the mails are now relying upon other methods of delivery. We have compelled them to forsake the mails as their distributing agency.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes; I yield.

Mr. VINSON of Kentucky. Then the gentleman admits that going back to the 2-cent rate for local letters or drop letters did not increase the revenue as we hoped in going back to the lower rate.

Mr. KELLY of Pennsylvania. Of course. I stated at the time that we would not get these revenues back in a year. It required no prophet to foresee that. The excessive 3-cent rate had in a year's time educated great users of local letters to establish their own systems. Almost every public utility—gas companies, electric-light companies, telephone companies, water companies, department stores, bakeries, milk companies, and the like—has found that it can use its own messengers at less cost. They have sent out their bills and statements of account and circulars and have saved money. Even if we restore the universal 2-cent rate now by eliminating this continuance provision from this revenue bill, it will be some time before we can get the mail back which was driven out at first by the 3-cent rate.

Mr. VINSON of Kentucky. We suffered a loss of $15,000,000 in drop-letter mail by going back to the 2-cent rate.

Mr. KELLY of Pennsylvania. That is another estimate, Mr. Chairman, and we had better wait until the year is up.

Mr. VINSON of Kentucky. That is the information from the Post Office Department. It was originally estimated that we would lose $17,000,000, and they told us in the hearings that the loss would be $15,000,000.

Mr. KELLY of Pennsylvania. Yes; and they told you in the hearings in 1932 that the additional 1 cent on drop letters would bring in $30,000,000 new revenue, while the truth was it meant a loss of $2,800,000 under the revenues we were receiving.

Mr. VINSON of Kentucky. I am not talking about the first-class, 3-cent mail. I am talking about the drop-letter rate, the reduction from 3 to 2 cents.

Mr. KELLY of Pennsylvania. Oh, I know what the gentleman is talking about. I am suggesting that when the year is up and the figures are in we may find that the present estimate of loss through the 2-cent rate on drop letters will be about on a line with the other estimate. I knew, and so did everyone else who had studied it at all, that the 2-cent

rate would not bring back immediately all the drop letters we drove out by the 3-cent rate.

Mr. VINSON of Kentucky. We agree on that. I am interpolating the fact that the loss on the local-delivery mail for the year is $15,000,000.

Mr. KELLY of Pennsylvania. Well, if that is true, it is unanswerable proof that the 3-cent rate in the beginning was a blunder. Before we experimented with this 3-cent rate, drop letters were highly profitable. We made millions of profit from them, according to the cost-ascertainment report, during all the years of the 2-cent rate. Now, if they say there is a loss of fifteen millions because that 2-cent rate is restored, they admit the utter folly of fixing the 3-cent rate in the beginning.

What I am trying to emphasize is that these rate increases reduce volume and increase unit cost. We are not using good judgment by increasing postage rates when the results of such action are so clearly evident.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield again?

Mr. KELLY of Pennsylvania. Surely, I yield to my friend from Kentucky.

Mr. VINSON of Kentucky. If I get the gentleman correctly, he is claiming that the present administration raised the rate. As I recall it, the postal rates were raised in the 1932 Revenue Act.

Mr. KELLY of Pennsylvania. Of course. The last administration urged this 3-cent rate, and now the present administration comes here and takes responsibility for urging that we continue a mistaken policy. Both are wrong; and Congress, as the policy-making authority, should remedy this mistake right now.

Mr. VINSON of Kentucky. Will the gentleman refer to something that the committee did by way of lowering the rate on advertising matter in publications? I take it that the gentleman, who is a specialist on postal matters, would be in entire accord with the committee on that?

Mr. KELLY of Pennsylvania. Certainly, Mr. Chairman, the committee did the sensible thing and the wise thing, from a revenue standpoint. The rates fixed in the Revenue Act of 1932 were the highest rates under the War Revenue Act of 1917. They had been repealed by Congress after the Post Office and Post Roads Committee of this House had made an exhaustive investigation. In 1928, when the revision was made, the Post Office Department and every other factor agreed that the rates were too high. Now the Ways and Means Committee action puts these rates back to where they were under the Postage Rate Act of 1928.

There is a vast misunderstanding about this second-class rate. It is natural, too, for the cost ascertainment indicates that there is a loss of $88,000,000 on second-class mail. However, all costs are assessed against this incidental class of mail matter exactly the same as first class. The same system is applied as to third and fourth classes. The result is the same as though a railroad company would figure that since a car of fine watches and a car of gravel were hauled in the same train, the costs are the same and the freight rates must be the same.

In the Annual Report of the Postmaster General for 1932 there is the following statement:

> In this apportionment and division of expenses no account is taken of the relative priority of services, the relative economic values of the mail of the several classes, nor the degrees of preferment in handling, except to such an extent as these factors are actually and directly responsible for additional expenses. Such degrees of preferment are incapable of expression in mathematical formulas and must be independently appraised. Because the cost ascertainment is an abstract finding which omits the valuation of these intangible considerations, it cannot be relied upon as an index to the rates to be charged for the several classes of mail and services. The fixing of the postal rates necessarily must take into account not only the direct or apportioned costs but the value of the service, the kinds and degree of competitive service, and the consideration of what the traffic will bear.

Mr. Chairman, instead of increased revenues of $3,000,000 from the increased rates on second class, as estimated by the Department, there was a loss of $781,941 on the advertising portions alone. The advertising portions carry the reading matter in publications, so it is fair to say that these increased rates on advertising reduced the volume of reading matter also. We lost $1,847,000 in 1933 on the revenues from the reading matter, or a total on this publishers' second class of $2,629,000.

It is sometimes said that the elimination of all second class would save a loss of $88,000,000 and turn a deficit into a surplus.

That is a most erroneous assumption. With every economy that could be made by eliminating all second class, it would be impossible to save $20,000,000. I feel certain that the experts in the Post Office Department will agree with that statement. The remaining apportioned loss of second class would simply be transferred to the other classes, increasing the deficit on third and fourth and wiping out the profit on first class. Then the logic of the case would be the elimination of third and fourth classes, since they do not pay their way. Only first class would be left, and the first-class rates would have to go back to those of pre-Revolutionary days.

Mr. Chairman, the committee has refused to continue the high rates on second class. It should have taken the same action as to the letter postage rate, and I believe almost every Member here would have heartily approved their action.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. TREADWAY. I yield the gentleman 5 additional minutes.

Mr. KELLY of Pennsylvania. Mr. Chairman, the committee in this House charged with responsibility for reporting postal legislation has studied postage rates over a period of many years. We have listened to estimates from the Department, such as that which came in 1925 in regard to post cards. We were told there was a loss on every post card, and if the rate were fixed at 2 cents instead of the time-hallowed rate of 1 cent, it would result in new revenues to the amount of $6,000,000. Some of us denied it on the ground that the rate was more than the traffic would bear, but it was adopted. The result in the first year was a dead loss of $4,000,000 from the revenues received at the former 1-cent rate. It was necessary to restore the lower rate to hold the mail.

Now the Department estimates that there will be a loss of $75,000,000 if we go back to the old, traditional rate under which our marvelous postal growth was made. What we need above all else in the Postal Service is volume, and that does not come through excessive rates. We could handle right now mail producing $100,000,000 in revenue with scarcely no additional expense. The organization is built and ready; the personnel is trained and at hand. To continue this 3-cent rate simply means that we drive billions of letters out that ought to be in the mails. The unit cost will continue to go up. The service will be curtailed in a desperate effort to cut expenses. The results of our past experience proved that it was a blunder to raise this rate. Let us not deliberately repeat that blunder.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. KELLY of Pennsylvania. Yes; I yield.

Mr. BROWN of Kentucky. Did the gentleman take into consideration the proportion which the depression might have caused in the falling off of this mail?

Mr. KELLY of Pennsylvania. Yes. Between 1931 and 1932 there was a drop in first-class pieces of approximately 8 percent. The decrease in 1933 should not have been more than that amount. As a matter of fact, it was around 25 percent. It was this tremendous fall, unexpected by the Post Office Department, which made their estimate of $135,000,000 additional revenue so completely erroneous.

Mr. MEAD. Mr. Chairman, will the gentleman yield?

Mr. KELLY of Pennsylvania. Gladly to the Chairman of the Committee on the Post Office and Post Roads.

Mr. MEAD. Before the gentleman finishes a very interesting and enlightening speech, I wish he would explain to the House the position the Post Office Department ought to take in a serious economic storm such as we are now going through.

Mr. KELLY of Pennsylvania. I thank the gentleman for that suggestion for that is the key to this whole problem. The policy adopted determines all action. This depression is a challenge to the policy of the Post Office Department of raising rates and curtailing service. In this time of great stress the true postal policy is to encourage American business and the American people, not to discourage and dishearten them. Private business, dependent entirely upon profits, may be forced to squeeze and curtail at no matter what cost to the public welfare; but the Post Office Establishment is not a profit-making but a service-giving institution. It ought to lead the way upward, not downward.

Today we have the highest postage rates and the lowest service in the past 50 years. Just the opposite ought to be true. We should have the lowest postage rates and the highest service. The Department should be here urging us to take off these high rates which cripple the service and prevent its complete utilization by the American people. If the Department will not do that, let the Congress of the United States—which, after all, has the final responsibility as to postal policies—do its duty, and adopt the policy which every consideration proves to be right and sound and beneficial. [Applause.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I yield 20 minutes to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, in the time allotted to me I wish to tell the House, if I can, why the farmers of this Nation have asked for this 5-cent excise tax upon coconut oil and sesame oil, which tax is carried in the pending bill.

In the first place, the Treasury of the United States needs the revenues this tax will bring. In the second place it is absolutely essential to the recovery of American agriculture. The buying power of the farmer must be restored before the business of the Nation can recover; and if that recovery is to be permanent we must begin to build upon a solid foundation. A profitable agriculture is the cornerstone of our national prosperity.

The agricultural interests of the Nation have been asking for this legislation for 10 or 15 years. This is the first time we have ever had a chance to have it voted upon in the American Congress with a prospect of its being enacted into law. There has been a voice, a call for this legislation, coming up to the Congress from every portion of this Republic. Let me point it out to you.

The National Dairy League, representing the great dairy interests of the entire Nation, wrote a letter to the Congress only last month in which they stated that the legislation we are now considering was the most important measure of farm relief before the American Congress.

The American Farm Bureau Federation, representing the organized farm bureaus of the Nation, in a letter to me only last month stated that it was most forward-looking legislation for the rebuilding of agriculture and giving to the American farmer the home market.

In the latter part of January more than 200 representative livestock men, beef cattle men, and dairy association men were invited here by the Secretary of Agriculture to consider the bad condition of the livestock business and see if something could not be done to help it. They met in the rooms of the Committee on Agriculture, and the very first thing this great gathering of the representative livestock men did was to pass unanimously a resolution asking that the tax on coconut oil be enacted into law, and asking the Committee on Ways and Means that they retain it in the present bill, which they have done.

The Quaker Soap Co., of Secaucus, N.J., speaking for the independent soapmakers of the country, wrote to me as follows:

> We know the producing and the consuming side of this question, and we do not hesitate to say that unless substantial and early protection is afforded the American producer he is doomed to bankruptcy.

More than 50 cottonseed mills and cottonseed cooperative associations throughout the South have wired me in support of this excise tax.

Only yesterday I read in the New York Journal of Commerce where the Associated Cotton Cooperatives, meeting at New Orleans, La., passed resolutions on this question in which they made the following statement:

> Failure to protect the cottonseed-oil industry against foreign competition within our borders is a subordination of the interests of both the dairy farmer and the cotton farmer to the interests of the manufacturer who profits from importation of cheap oils and fats.
>
> We appeal to the Congress—and particularly to our southern Senators and Representatives—to support the above-mentioned excise tax on coconut and sesame oils, and such similar legislation as may overcome the grievous situation which has caused the price of cottonseed oil—and, therefore, the price of cottonseed—to drop lower and lower during the past decade.
>
> We call upon our southern Senators and Congressmen to show by their action that they are determined to protect cotton farmers to the same degree that Senators and Representatives of other sections of the Nation protect their constituents' basic industries.

When the last Presidential campaign was on, the American National Livestock Associations and other farm organizations wired the Democratic and Republican candidates for President, Mr. Roosevelt and Mr. Hoover, asking for a statement as to their position on the question of adequate protection for American oils and fats and the raw materials from which they are extracted in order to save the home market for the American farmer.

In reply Mr. Roosevelt wired:

> Let me make it clear that I have consistently stood for a policy of tariff protection that will insure the domestic market for our American farmer.

Mr. Hoover's reply, incorporated into his St. Paul campaign speech, was:

> Your oils and fats are suffering entirely unnecessarily from foreign imports of these commodities. The American market should be and must be reserved for the American farmer at all times, whether in emergency or normal times.

So much for the universal cry of help for agriculture that has come up from all over the country. The flood of coconut oil has just about dried up the principal sources of income for the American farmer. Three fourths of the income of the American farmer comes from the great dairy interests, from the hogs and cattle of the great Corn Belt region, and the cotton and the cattle of the South, the Southwest, and the West. The agricultural interests of the Nation that produce three fourths of the income of American farmers are all affected adversely by the importation of these foreign oils. They come to you asking for this legislation.

Just a word to show the extent of this importation. I doubt if you realize it or the extent to which it has grown in the last decade. For the 5-year period of 1914 to 1918, average annual importation was 238,826,000 pounds; for the period 1919 to 1923, average annual importation increased to 425,439,000 pounds; 1924 to 1928, average imports were 513,958,000 pounds; and for the years 1929 to 1933, average imports rose to the tremendous figure of 679,822,000 pounds.

The peak fiscal year, prior to the present, was that of 1928–29 when 810,174,000 pounds of cocoanut oil were imported. For the first 5 months of the present fiscal year, 449,887,000 pounds of coconut oil has come to the United States as against only 244,106,000 pounds for the same months of the previous fiscal year. If the same increase is maintained for the remaining 7 months of this year, the importation of this oriental oil will amount to a little more than 1,000,000,000 pounds. It comes in tax- and tariff-free for the reason that copra is on the free list and the tariff of 2 cents per pound on coconut oil does not apply as to the Philippines, and practically all coconut oil imported into the United States comes from those islands.

Now, let us see what this flood of foreign oil displaces in our home markets and how it affects our prices. In 1931 and 1932 the production of lard in the United States amounted to over 1,600,000,000 pounds. The production of butter was over 2,000,000,000 pounds. The production of beef tallow for 1931 was 500,000,000 pounds, for 1932 it was 530,000,000 pounds. Our total production in 1931 of all animal fats, other than butter fat, was 2,827,000,000 pounds.

For 1932 it amounted to 2,751,000,000 pounds. The mere statement of these figures at once discloses that coconut oil is in direct competition with a tremendous volume of American oils and fats other than dairy products.

Here is how it displaces our fats and oils: Coconut oil is priced at the American seaboard at 2½ to 2¾ cents per pound. It undersells every American fat or oil that it displaces in our markets. Its competition has driven these American products to the lowest level ever known. Cottonseed oil is quoted at 3½ cents, lard 6 cents, and butterfat 10 to 14 cents. The prices for American fats and oils cannot rise with oriental oils underselling them everywhere in the home market.

The Department of Agriculture is working as hard as it possibly can to lift the prices of American farm products to a level that will give the farmer a fair return. How can this be done as to dairy products, meat products, animal fats, and cottonseed and other vegetable oils, if imported oils are permitted to flood our markets duty-and-tax free and sold at 2½ cents per pound at the American seaboard?

Mr. Chairman, I want to call attention to another thing.

The Government is trying to establish a price for corn by loaning farmers 45 cents a bushel on corn in the crib. The price of corn is dependent upon the price of fat hogs and fat cattle. Eighty-five percent of our corn crop is fed upon the farm. How can the price of corn be maintained at 45 cents a bushel and hogs sell at 3 or 3¼ cents per pound at the farm? Fat hogs and fat cattle are dirt cheap because foreign oils have displaced our lard and fats in our home markets. The American livestock farmer is simply being cooked in cheap coconut oil.

Last December, just before I came to this session of Congress, I called on one of my farm neighbors to talk over the livestock situation. I found him out in the feed lots feeding his hogs. He had placed a big basket of ear corn on the ground and had backed up to the hog pen and was throwing the corn over his shoulder to the hogs in the pen. I said to him, "Joe, why do you feed your hogs in this strange fashion?" He said, "Well, you see, I've lost so much money feeding this high-priced corn to these low-priced hogs I cannot look a hog in the face any longer, and I have to feed them backward."

This flood of oriental oils displaces the lard produced from 10,000,000 American hogs. It takes away the market for 200,000,000 pounds of butter and other fats and oils, such as oleo and peanut oil. It is a substitute for millions of pounds of cottonseed oil and other vegetable oils produced in this country.

After displacing all these American products, there is still left hundreds of millions of pounds of coconut oil for the soap kettle.

Mr. Chairman, if you will listen to some of the propaganda that has been going on around the Capitol since we have been discussing this measure, you would think the salvation of the soap kettle was more important than the salvation of the farmer's home, but I do not believe the American Congress is going to take this view of it.

Just a word as to the effect of the price of coconut oil and other soap fats on the price of soap to the consumer.

In 1926 the price of laundry soap at Philadelphia was $4.85 per box of 100 bars. Until 1931 it continued to be priced annually at $4.85 per box of standard soap. In 1932 the price was $4.52 and in 1933, $4.49. The price to the public for the 8 years was almost constant.

Now, let us look at the record as to prices on fats and oils during this same period. For 1929 the price of cottonseed oil was 8⅓ cents per pound, and by 1933 the price had fallen to 3⅓ cents per pound. Beef tallow in 1926 and 1927 was quoted at 8.7 cents per pound, by 1933 it had fallen to 3.4 cents per pound and coconut oil to 2¾ cents.

It will be noted that while the price of coconut oil, cottonseed oil, and tallow fell 60 to 70 percent, the price of laundry soap declined less than 10 percent. The soap manufacturers have not suffered the fall in prices for their manufactured product that dairy interests, meat producers, and many other American manufacturers have had to endure.

They are able to take care of themselves by controlling the price of their manufactured products. Because of the tremendous profits they make, the stocks of some soap companies are among the highest listed on the stock markets.

I saw the other day a statement of the Procter & Gamble Co., published in the Chicago Journal of Commerce, showing that in the last fiscal year their net earnings were $13,300,000. They were allowed a depreciation of more than $7,000,000 in addition to that. Their earnings are 5 percent on $250,000,000 or with the $20,000,000 that they had before they were allowed the depreciation it is 5 percent on $450,000,000. So I say that the soap makers are able to take care of themselves.

Let me give you men from the South some figures to show you what this foreign competition has done to cottonseed oil prices.

In 1929 the production of cottonseed oil in America was 1,584,000,000 pounds. As the flood of foreign oils continued to increase on the American market, production of cottonseed oil constantly declined. In 1933 it had fallen to 878,000,000 pounds. In other words, in 5 years the amount of oil that you are producing from cottonseed had fallen more than 700,000,000 pounds, or a decline of almost 50 percent. Did the price of your cottonseed oil go up as you reduced production? Not at all. The price of cottonseed oil fell off. In 1929 the price was 8 cents a pound and in 1933 the price of cottonseed oil was 3½ cents a pound. Reduction of production did not help the southern farmer a particle, because all that resulted was that cheap oil from the Orient kept coming in, filling up the void you had tried to bring about by contracting the production of your oil 700,000,000 pounds.

At the same time lard declined in price from 14 cents per pound, in 1929, to 6½ cents in 1933. The price of creamery butter fell from an average price of 44 cents, in 1929, to 20 cents in 1933. In other words, the competition of these oils coming in tax free and duty free, produced in a climate we cannot equal and produced with labor that we cannot match, undersells everything they compete with in our market.

I want you to note that this 5-cent excise tax to raise the price of foreign oils that competes with our home products fits in with the program of the Agricultural Adjustment Administration in its efforts to raise prices of American farm products to a living level. The Agricultural Adjustment Administration proposes a processing tax of 5 cents a pound on hogs; a similar tax on cattle; a tax of 5 cents on dairy products; and a compensating tax of 5 cents on oleomargarine.

Prices on all these American products have fallen more than 5 cents a pound under pressure from cheap oriental oils. Lard has declined more than 8 cents per pound and butter over 20 cents, and the price of cottonseed oil has declined more than 5 cents. The prices of hogs and cattle have fallen to the lowest level in a generation.

What will the restoration of 5 cents a pound on these basic American products mean to the American producer? We now produce annually 2,200,000,000 pounds of butter; 1,000,000,000 pounds of cottonseed oil; 2,800,000,000 pounds of lard, beef tallow, and other animal fats. The total production of these basic farm products is over 6,000,000,000 pounds a year. An increase of 5 cents a pound in price means three hundred millions each year put into the now empty pockets of American farmers.

This whole question, which is so vital to the welfare and recovery of the Nation, may be summed up in one sentence. We must consider the interests and welfare of the American farmer first. We will never get the farmer out of the ditch of depression into which he has fallen unless we relieve him from the unfair foreign competition which is destroying him.

The farmer has always been the foundation of the Nation's credit in time of peace and the bulwark of her honor and her glory in time of war.

Just before the period of the Civil War there lived at Peoria, Ill., near where I was born, a somewhat celebrated but also eccentric lawyer. He later became a Federal judge in a western Territory. He was blessed with a large family

of children, but they were all girls. One of his eccentricities was that he named them so that their first names all began with the letter "A" and the second with the letter "V." So the first was called America Virginia, another Austria Vienna, a third Antonia Victoria, and again Antoinette Valdosia, and so on. It was said that when young men came to him and asked for the hand of one of the younger daughters, his invariable reply was, "See America first, America must be first."

I hope that when the American Congress comes to determining upon which side you will stand up on this great question so vital to American business and American agriculture, by your votes you will say America first, American interests must be first.

Mr. CELLER. Will the gentleman yield?

Mr. SHALLENBERGER. I yield.

Mr. CELLER. The gentleman's contention is that because of the interchangeability of fats and oils the coconut oil coming into this country in such quantities beats down the price of animal and vegetable fats produced in this country?

Mr. SHALLENBERGER. Yes.

Mr. CELLER. The United States Census Bureau says that between January 1933 and October 1933 there was imported into this country 223,000,000 pounds of coconut oil and 215,000,000 pounds of palm oil. Why is it that the Committee on Ways and Means have not taken into consideration the vast quantities of palm oil and various other oils that have been imported to take the place of fats produced by our farmers?

Mr. SHALLENBERGER. If the gentleman had listened to the discussion in committee he would have seen that I was accused of dragging the tariff into it. Now, the tariff does not apply as to imported coconut oil, because it comes from the Philippine Islands.

Mr. CELLER. There are other oils that can be substituted for coconut oil, and the gentleman will have his labor for his pains.

Mr. SHALLENBERGER. The amount of palm oil that will come into the country is not a demonstrated fact. There is a tariff on palm-kernel oil. I want the bill in shape to be beneficial to the farmers of this country. I did not want to take a position as in anyway attempting to enact a tariff bill in this measure.

Now, one word more. I have been coming to Congress for a long while. There is only one man on either side of the House that was here when I first came. When I go back to Nebraska I want to be able to say, if this remains in the bill, it will mean more to the farmers than anything that I have been able to do in all my service in Congress. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. ELTSE].

THE COCONUT 5-PERCENT EXCISE TAX

Mr. ELTSE of California. Mr. Chairman and members of the Committee, I hope to prove that a 5 cents per pound excise tax on Philippine copra and coconut oil is economically unsound, detrimental to the farmers themselves, including the cotton grower, the dairy producer, the wheat farmer, the apple grower, the citrus grower, and also detrimental to our fisheries, the tobacco producer, the railroads, the steamship lines, to labor, and detrimental to our people as a whole. The American farmer and all of our people are being mislead by false propaganda.

As I view it, this 5-cent excise tax will constitute an embargo and practically stop the importation of Philippine products, thereby destroying Philippine markets for vast and valuable quantities of our exportable products. According to the gentleman from Kansas [Mr. SHALLENBERGER], the sponsor of this tax, the intent of the tax is to stimulate the prices of cottonseed products, lard, and dairy products. This tax will not accomplish that purpose. The facts do not support the contention.

Preliminarily, may I point out that the present world-wide crisis demonstrates that we cannot sell our exportable goods unless we buy those of the country to which we export. It seems uncommonly strange to me that a predominantly Democratic Ways and Means Committee should be giving birth to a renegade high-tariff measure in view of the immemorial commitment of the Democratic Party to free trade and its current policy of reciprocal trade agreements.

WHAT DOES THE PHILIPPINES MEAN TO THE DOMESTIC COTTON GROWER

You should be informed that in 1930 the Philippines was the largest export customer for American cotton goods. That year the Philippines imported United States cotton manufactured goods valued at $8,650,000, and in 1931, $7,325,329; in 1932, $9,880,718. These approximating figures make a grand total of $25,856,047 for the 3 years.

When I come to discuss the subject of competition of coconut oil with American agricultural products I will prove that coconut oil does not compete with cottonseed oil.

At this point I ask you Members from the cotton-producing States whether or not it is your desire to destroy the very market you are trying to create for your cotton by voting for this unjust, discriminatory excise tax.

WHAT DOES THE PHILIPPINES MEAN TO THE DOMESTIC DAIRY INTERESTS

In 1930 the Philippines was the largest export customer of United States milk. That year the Philippines imported 29,000,000 pounds, valued at $2,700,000. Add to that 203,000 pounds of butter and 486,000 pounds of cheese, with a value of $176,000. In 1931 we exported to these islands 25,962,625 pounds of dairy products, valued at approximately $2,815,000; in 1932, 22,430,010 pounds, valued at approximately $1,777,108. This makes a grand total for the 3 years of $8,468,000.

Do you gentlemen from the dairy-producing districts propose to destroy this market for dairy products by voting this excise tax, thereby cutting off the ability of the people of the Philippine Islands to purchase your dairy products? Perhaps you prefer to pursue a policy of slaughtering your dairy cows in order to increase the price of your dairy products for domestic consumption.

Later I will prove that coconut oil does not compete with domestic dairy products.

WHAT DOES THE PHILIPPINES MEAN TO OTHER UNITED STATES DOMESTIC PRODUCTS

A. Flour: During 1930 the Philippines imported 136,056,383 pounds of United States flour, valued at approximately $3,981,186, which would mean the wheat produced on 244,000 acres of American farms. Add to that $266,000 for breadstuffs exported to the Philippines. In 1931 the Philippines purchased $2,654,325 of our flour and breadstuffs; in 1932, $1,827,931. I ask you Members representing the wheat-producing areas, Would you rather destroy this Philippine market for a part of your exportable surplus of wheat, or pursue the policy of plowing under your wheat acreage and relying upon a Federal subsidy?

It is enlightening to note some comparisons. During 1901 the Philippines imported United States flour valued at $360,000; in 1908, $507,000; and in 1930, $3,981,000. The increase in purchases of 1930 over 1908 was 700 percent.

Now you propose this tax which, if passed, will restrict the purchasing power of the people of the Philippines, and they will go back to a rice diet and forget our flour, or they will purchase flour from Australia and China.

B. Apples: In 1930 we exported to the Philippines 5,000,000 pounds, valued at $282,514, as against 1,800,000 pounds of apples, valued at $114,000, in 1920. The value of our exports of apples to them for the years 1931 and 1932 aggregated $283,648.

Again I ask you Members from Virginia, Washington, Oregon, Idaho, and other great apple-producing States, Do you propose to penalize your apple growers in the belief that in so doing you will help your dairymen? Think twice, or at least once.

C. Oranges: In 1930 the United States exported to the Philippines 3,262,000 pounds of oranges, valued at $329,213, and there were corresponding amounts exported during subsequent years.

D. Fish: In 1930 the United States exported to the Philippines mackerel, salmon, and sardines aggregating 22,209,523 pounds, valued at $1,313,358.

E: Tobacco: In 1931 we exported to the Philippines 1,075,737,000 cigarettes, valued at $2,031,792, plus tobacco leaf, amounting to $304,000, and chewing tobacco, amounting to $445,000, totaling $2,780,792, which was practically the same as the value of the cigars imported from the Philippines to the United States in the same period.

At this point I wish to insert in the RECORD a table showing the exports from the United States to the Philippines for the year 1930.

I have not mentioned by name all of the exportable products to the Philippines; but may I impress you with the truth that in 1930 we exported to these islands 1,305,270,172 pounds, for a total value of $18,023,790. And there has been corresponding exportations for the subsequent years.

WHAT THE PHILIPPINES MEAN TO INDUSTRY ON THE PACIFIC COAST

According to the United States Department of Commerce, "Foreign Commerce Navigation, 1932", a total of 539,348,960 pounds of coconut oil and a total of 10,334,175 pounds of sesame oil were imported or produced during 1932. A lesser amount of sesame oil was imported during 1933. In a wire recently received from the Philippine Islands I am informed that during 1933, 654,000,000 pounds of oil and copra were imported into the United States. While this is 115,000,000 pounds greater than in 1932 it is only 60 percent of the amount which the gentleman from Kansas [Mr. SHALLENBERGER] stated had been shipped into the country during that year.

Of the total coconut oil used in the United States about one half is produced on the Pacific coast or imported through its ports. There are 7 crushing plants located on the Pacific coast, 6 of which are located in California and one in Oregon. These seven plants consume approximately 18,000 tons of copra, or 216,000 tons per year. In handling this copra the steamship lines received approximately $1,300,000 per year revenue, most of which comes over in American bottoms. Without this revenue very few of the trans-Pacific lines could exist unless subsidized by the Federal Government, for copra is their chief article of tonnage east bound. Over 15 percent of the imports of the San Francisco Bay ports is copra, while 25 percent of the imports of Portland, Oreg., is copra, and a heavy percentage of the imports for Los Angeles Harbor. Without return freight for these vessels outbound rates on freight and passenger service would of necessity become exorbitant. The railroads receive approximately $2,000,000 in revenue for the transportation of coconut products. Stevedores employed in unloading the copra oil from the vessels receive in excess of $215,000. In addition to the stevedores there are thousands of men employed in crushing the copra, manning the steamships, the railroads, and those employed in the manufacture of the supplies needed in the plants. The pay roll from crushing copra is in excess of $250,000. There are millions of dollars invested in the crushing plants and factories on the Pacific coast and elsewhere in the United States. Other hundreds of millions are invested in port facilities on the Pacific coast. These tremendous private and public investments will be jeopardized by the imposition of the excise tax.

Vote for this 5-cent excise tax if you wish to dry up the source of taxation, if you wish to throw men out of employment, if you wish to confiscate property, if you wish to close factories and plants.

With a view of ascertaining whether or not copra and coconut oil are competitors with the products of our American farms let us consider the facts. In that connection I assert that the Philippine coconut-oil subject is the biggest scarecrow in the field of American agriculture. I have partly demonstrated that. Let me proceed further.

COCONUT OIL VERSUS COTTONSEED OIL

Cottonseed oil interests make complaint against coconut oil as a competitor, but there is no conflict between coconut oil and cottonseed oil.

Coconut oil does not compete with cottonseed oil in the manufacture of oleomargarine. Proof of this is found in the fact that during the past several months a bona fide advertisement has been running in one of the main cotton-oil magazines offering $5,000 for a formula for oleomargarine made from domestic oil, but this prize has not been claimed.

Sixty-three percent of all the coconut oil consumed in the United States is used in the manufacture of soaps and other cleansing products. Cottonseed oil is not used in the manufacture of soaps. A study of the functions of coconut oil in soap making shows conclusively that it is absolutely indispensable and not interchangeable with any fat or oil used in the production of modern types of soap. None of the modern varieties of white laundry soap, flakes, beads of soap, and soap powders for washing dainty fabrics, dish washing, laundering, and other household purposes, could be made without large proportions of coconut oil.

On page I–100 of the report of the Tariff Commission for 1932 we find the statement that—

> Price fluctuations of cottonseed oil show little or no correspondence with those of coconut oil, its price, as determined from the side of demand, being largely a result of competition, in the form of lard compound, with lard.

If this excise tax is levied it will increase the price of soap to the consumer 100 percent, and since there are annually consumed in this country 3,300,000,000 pounds of soap, or over 26 pounds per capita, many millions of dollars are to be taken out of the pockets of rich and poor alike. Levy this 5-cent excise tax and the cotton grower will pay his share of the tax without one vestige of compensating benefit, since cottonseed oil is not used and would not be used in the manufacture of soap or oleomargarine. Moreover, if we levy this tax, soap manufacturers in the United States will be forced to compete with foreign manufacturers and the Government will lose large revenues. It will be far cheaper to import foreign soaps into the United States made from duty-free coconut oil than it would be to endeavor to import coconut oil for the purpose. Several large American soap manufacturers have Canadian plants. These Canadian plants would ship soap into the United States and these manufacturers would, therefore, survive, but the great mass of small soap manufacturers in the United States would be exterminated almost immediately, and the American plants of the larger ones would be closed.

COCONUT OIL VERSUS DAIRY PRODUCTS

Coconut oil is not a serious competitor with the products of the dairy. Let me prove that thesis.

First. For every 20 pounds of butter consumed in the United States there are but 1¾ pounds of oleomargarine consumed. Such a small consumption cannot have much, if any, effect on the price or consumption of butter. Moreover, margarine appeals to those in certain circumstances, and most of its users could not be butter buyers under any conditions.

Second. The spread between the retail price of butter and the retail price of margarine is so great that even with the imposition of this 5-cent excise tax those who have been using margarine would continue to use it. The price would not be materially increased by reason of the tax. Let me demonstrate: 0.53 pound of coconut oil is used in 1 pound of vegetable oleomargarine. If the coconut oil is charged with a 5-cent tax per pound, that would be equivalent to 2.65 cents on the coconut-oil content of each pound of vegetable oleomargarine. To cover manufacturer's profit on added cost make it a round 3 cents. For years the price of butter has been 15 to 25 cents per pound higher than the price of oleomargarine. At present the spread is 10 to 15 cents. Now, cut down this spread by adding the 3 cents additional cost to oleomargarine resulting from the 5-cent tax and we will still have it selling from 7 to 12 cents under the current price of butter. The difference will still be so great that the millions of oleomargarine users in this country, especially during this depression, will still buy it in preference to the higher-priced butter. Not an additional pound of butter will be sold, nor would there be a fractional cent increase in the price of butter.

I submit that this tax will not benefit the dairymen of the United States.

Third. The price of foreign butter, plus the duty, and the over- or under-production of butter in the United States are

the factors which control the price of butter. If the production of domestic butter is below domestic requirements, the price of butter tends to advance to the cost of foreign butter delivered in New York, plus the duty. If the production of domestic butter exceeds the domestic demand, then the competition between domestic butter producers in their efforts to dispose of their surplus production results in the price of butter declining below the duty-paid New York price of foreign butter.

Oleomargarine is not a factor in determining the price of domestic butter. The price of oleomargarine is controlled entirely by the cost of the raw materials from which it is made.

Fourth. Concluding on this point that coconut oil is not a competitor with dairy products, I would add that from the dairyman's standpoint margarine must be margarine, and any effect upon the butter price would be the same no matter from what the margarine is made. Any claim that nut margarine lowers the butter price and that animal-fat margarine would not affect it is absurd and untrue. In the report of the Tariff Commission made in March 1932 we find, on page V–33, the following:

> Insofar as the use of coconut oil merely involves a change in the character and not in the quantity of margarine, it clearly does not affect the production and consumption of butter.

This tax will not benefit the dairymen nor the dairy industry of the United States. Mr. A. M. Loomis, secretary of the American Dairy Federation, at Washington, in 1930, said:

> A duty on copra would be without appreciable benefit to the American dairyman.

In conclusion, I want to warn the Members of this House that if this 5-cent excise tax is imposed our exports to Europe will be severely curtailed. The United States is a very large exporter of edible fats and oils, such as lard, cottonseed and oleo oils, and tallow. If these foreign oils against which this tax is directed, and which have been heretofore imported into the United States, are suddenly thrown into the European market to which we ship by far the greater portion of our oils and fat exports, this market will become entirely demoralized, with the consequence that export prices will be depreciated to such an extent that the domestic price may be less than now. It must be remembered that when a country exports a surplus, the price obtained for such surpluses sets the domestic price.

This tax would change the direction of movement of a vast tonnage of oils and fats. When a thing like this occurs sharp declines in price always set in until an equilibrium is created again. This sometimes takes years.

In view of the premises, I urge you to vote against the imposition of this 5-cent excise tax. [Applause.]

Mr. DOUGHTON of North Carolina. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 7835, the revenue act, had come to no resolution thereon.

THREE-WAY PROGRAM FOR AIR DEFENSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my remarks on three bills which I have introduced, H.R. 7601, H.R. 7657, and H.R. 7413, relating to the extension and development of the Air Reserve.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I wish to explain briefly three very important bills that I have recently introduced seeking to promote the defense of our Nation by a more efficient and better organized system of air power. I have in mind a threefold plan of developing air power. This is because I am fully convinced that the most effective and most economical means of defending the Nation against invasion by any foreign foe is air power. I know that we must have a navy and that we must have an army of ground troops, but if we have sufficient strength in air power we may never actually have to use the navy or the ground army.

AMERICA, A PEACE-LOVING NATION

In other words, adequate preparation in air power will mean the discouragement of war by any possible enemy and this will mean the promotion of peace. Undoubtedly all of our people are peace loving and simply wish to be let alone. Our military policy is one of defense pure and simple. We have a great expanse of territory stretching from ocean to ocean, with a friendly people on the north and friendly nations on the south. Our country is so large and so varied in resources that we are practically self-sufficient. We can endure a war longer than any other nation on earth, and with least inconvenience to our people. We have the semi-tropical products of Florida, and we have all the other resources, both agricultural and mineral, necessary to carry on our ordinary pursuits and at the same time conduct a war.

AMERICA WILL NEVER CONDUCT A WAR OF AGGRESSION

Therefore, it is the fixed policy of our Nation not to prepare for a war of aggression. No other nation has any territory or any resources that we covet. We desire merely to be let alone and to be allowed to develop our own resources and our own people. If it were left to America to be the aggressor and thus to provoke any war, there never would be another war. But America cannot control the attitude and actions of other nations. Therefore, if any other nation for some imaginary grievance, or to enrich her own people at our expense, should attack us, it is necessary that we defend ourselves. Surely there is not a right-minded person in America that would complain that we fight in defense of our own land and of our own people. But we do not wish to have to fight. If we are strong in air power and adequately strong in the Navy and in ground troops, no other nation would attempt to invade us. They would be doomed to defeat and perhaps to destruction. No nation would be foolish enough to deliberately commence a war without feeling that it had an even chance to win.

WEAKNESS INVITES ATTACK

But if our Nation is weak in the instrumentalities of defense, then it will invite war from jealous and envious nations. Under modern scientific conditions, it is manifest that the most powerful factor in any future war, and especially in its earlier stages, will be air power. With sufficient air strength we can prevent the landing of troops seeking to invade our Nation. Our air force, operating in conjunction with the Navy, can surely prevent foreign troops from landing. However, as extra and abundant precaution, we should preserve our coast defenses as they now are and keep an adequate ground Army which can be readily expanded and enlarged to safe proportions, so that no other nation will attack us. We hope never to be drawn away from the American continent in the conduct of any future war. We are relinquishing our sovereignty in the Philippine Islands. The Filipinos wish to be independent and we have promised them their independence, and have enacted a statute whereby their independence will be gradually restored to them. We will keep our faith with the Philippines in that respect, and in all other respects. Therefore, our whole military policy, which means land forces, air forces, and sea forces, is governed, controlled, and determined by considerations of defense and of defense only, and we never contemplate a war of aggression.

AIR POWER OUR CHEAPEST DEFENSE

Mr. Speaker. with these general considerations in mind I have sought to point the way to strengthen our air defenses with the minimum of expense and outlay. On February 2, 1934, I introduced H.R. 7601 to increase the efficiency of the Air Corps of the Regular Army. This organization is the backbone of our air defense. It will train not only officers and men to fight in the air in time of war and to carry out other air missions, but it will train the reserve elements in our air forces, and thus supply a reservoir of trained pilots to fight in the air if any nation should attempt to invade our shores.

TO STRENGTHEN THE AIR RESERVES

Again on February 5, 1934, I introduced H.R. 7657, for the better organizing and training of the Air Reserves. This element of our national defense consists of young men who have obtained training as pilots and have received commissions as Reserve officers in the Air Corps of the United States Army, and are ready at any instant to be called into the service of the Nation. My purpose is to insure more thorough and satisfactory tactical training for these Reserve officers of the Air Corps. They are men of the highest patriotism, who are willing to give of their time and strength and talents in order to keep themselves ready for a national emergency. It is very little to ask of the Nation to give them some training each year in formation flying so that they may the better be prepared to fight, if fight they must.

JUNIOR AIR CORPS RESERVES

Then again on January 29, 1934, I introduced H.R. 7413, to organize the junior Air Corps Reserve as a civilian component of the United States Army. I believe this is a most constructive piece of legislation. It encourages all persons between the ages of 18 and 21 to learn to become pilots so that they, too, may be a reservoir from which Reserves may be finally withdrawn, and also from which the Air Corps itself may be finally supplied with flying material, both officers and enlisted men. Flying is not only the work but actually is the sport of young men. All the boys of the Nation are filled with an ardent love for flying. If this enthusiasm can be capitalized for the defense of the Nation it will be a great asset. Under my plan, perhaps 10,000 young men may annually be graduated into the junior Air Corps Reserves with practically no expense to the Nation. These young persons love the sport of flying so much and will be so inspired by the thought that they may be of service to the country, and will receive some suitable recognition of such service, that they will give of their money and of their time in order to prepare themselves for this kind of service. I am receiving many responses from all parts of the country to this suggestion, and I believe it is bound to be one of the most far-reaching and useful defense measures ever suggested to the Congress. It appeals to the love of daring and the spirit of adventure in all youth, and turns these youthful traits into the service of the Nation without cost or charge. It contains vast possibilities for good.

REVISION OF FEDERAL FOOD AND DRUGS ACT

Mrs. JENCKES of Indiana. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mrs. JENCKES of Indiana. Mr. Speaker, I introduced a bill in the House today designed to thoroughly revise the Federal Food and Drugs Act and strengthen materially its protection to consumers.

The bill introduced extends the Food and Drugs Act to include cosmetics, therapeutic devices, and substances other than food to remedy a structural or functional defect of the body, prohibiting their adulteration, misbranding, and false advertisement. It also extends the act to prohibit the false advertisement of food and drugs. Administrative powers and enforcement provisions of the act are strengthened by the addition of an injunction proceeding, enlargement of the administrative authority of publicity, and increased penalties.

An important provision of my bill calls for the establishment of an administrative board of review of five members, appointed by the President, acting independently of the Department of Agriculture, to which any adverse decision rendered by the Secretary of Agriculture under the act may be appealed. The decision of the board of review would be binding upon the Secretary of Agriculture.

I contend that because of the vast scope of the affected advertising and the difficulties of administering an act regulating it, such a board of review is a necessary safeguard which will in no way lessen the protection given the consuming public under the act.

Publishers and other disseminators of advertising are relieved of responsibility for the dissemination of false advertising for others, as are dealers handling adulterated or misbranded articles purchased by them in good faith.

Collection and examination of representative samples of food, drugs, and cosmetics is provided for, and delivery of a part of each sample to the person affected, for check analysis, is required. An administrative hearing is provided for before a criminal prosecution, and the Secretary of Agriculture is empowered to settle violations on the basis of a warning, or notice or agreement to cease and desist if he believes such a settlement satisfies the act.

As revised by my bill the Food and Drugs Act is extended, as follows:

First. To include cosmetics: Cosmetics are brought under the act and their adulteration, misbranding, and false advertisement are prohibited. A cosmetic is declared adulterated if it contains any poisonous or deleterious substance which renders it injurious to health, when it is used as directed or customary. A cosmetic is declared misbranded if its label is false in any particular, or if its label, while not false, is actually and injuriously misleading to the purchasing public in any particular.

Second. To include therapeutic devices: Such devices are brought under the act by including them within the term "drug", and their adulteration, misbranding, and false advertisement are prohibited. A device is declared adulterated if it is injurious to health, when it is used as directed by the seller. A device is declared misbranded if it is offered for sale in pursuance of any representation regarding its use, value, or effect, which is false in any particular, or which, while not false, is actually and injuriously misleading to the purchasing public in any particular.

Third. To include all substances, other than food, intended for use to remedially affect the structure or any function of the body: Such substances—for example, obesity remedies—are brought under the act by including them within the term "drug", and their adulteration, misbranding, and false advertisement are prohibited. Any such substance is declared adulterated if it is injurious to health, when used as directed. It is declared misbranded if its label is false in any particular, or if its label, while not false, is actually and injuriously misleading to the purchasing public in any particular.

Fourth. To include the false advertisement of food, drugs, and cosmetics: Such advertisement is brought under the act and prohibited. An advertisement is declared false if it is false in any particular; or if, while not false, it is actually and injuriously misleading to the purchasing public in any particular. But it is provided that no representation upon the label or in an advertisement, regarding the value or effect of a drug, shall be deemed false if it is supported by substantial medical opinion or by demonstrable scientific facts. Likewise it is provided that no representation upon the label or in an advertisement, regarding the value or effect of a food or cosmetic, shall be deemed false if it is supported by substantial scientific opinion or by demonstrable scientific facts.

Fifth. To broaden the definition of food: This definition is broadened to include ingredients of food and their adulteration is specially defined. An ingredient is declared adulterated if its use in food renders such food injurious to health or unfit for consumption.

Sixth. To broaden the definition of the adulteration of food: This definition is broadened to outlaw any food dangerous to public health; also a food whose container bears or is composed of any poisonous or deleterious substance which by contamination renders such food injurious to health; also a food prepared, packed, or held under insanitary conditions, whereby it has become contaminated with filth and is unfit for consumption; also a food containing any admixture to deceptively increase its bulk or weight.

Seventh. To broaden the definition of the misbranding of food: This definition is broadened to outlaw deceptively made, formed, or filled containers; also to require the name and address of a manufacturer or seller on the label; also to prohibit the sale of any food falling below the minimum

standard of identity, quality, and/or fill prescribed by the Secretary of Agriculture, unless its label plainly indicates that fact. The Secretary is empowered to establish one minimum standard of identity, quality, and/or fill for each generic class of food, which is reasonable in character and necessary for the purposes of the act, but proprietary foods are excluded from this power if they comply with the other provisions of this act; and in prescribing such standard the Secretary is required to follow good commercial practice if and to the extent he can do so consistently with the public interest. The standard is subject to approval by an expert committee on food advisory to the Secretary. The committee is appointed by the President and consists of nine members proportionately representative of the Department of Agriculture, the food-manufacturing industry, and the public at large.

Eighth. To broaden the definition of the adulteration of drugs: This definition is broadened to outlaw any drug if it is injurious to health when it is used as a medicine or remedy as directed; also to expressly include drugs recognized in the Homeopathic Pharmacopœia of the United States; also to empower the Secretary of Agriculture to prescribe reasonable tests or methods of assay for official drugs, if they are not officially prescribed, after public hearing and subject to approval by an expert committee advisory to the Secretary, consisting of five members appointed by the President; also to outlaw any injurious or deceptive admixture or substitution.

Ninth. To broaden the definition of the misbranding of drugs: This definition is broadened to outlaw deceptively made, formed, or filled containers; also to require the name and address of the manufacturer or seller on the label; also to require an adequate statement of directions and any necessary warning on the label, with certain exceptions; also to require the label declaration of certain narcotic or hypnotic or dangerous ingredients; also to require a precautionary statement on the label of drugs subject to injurious deterioration.

Tenth. To increase the penalties: That penalties are ranged up to a fine of not less than $1,000 nor more than $10,000 or imprisonment for not less than 1 year nor more than 3 years, or both, in the case of a gross and willful violation highly dangerous to the public health.

Eleventh. To permit an injunction proceeding: The district courts of the United States are vested with jurisdiction to restrain by temporary injunction a violation of the act in issue before any such court in a proceeding under the act if probable cause is shown that the public interest requires such injunction, and to restrain by permanent injunction a violation of the act with respect of which a final court judgment in favor of the United States has been entered in a proceeding under the act.

Twelfth. To enlarge the publicity power of the Secretary of Agriculture: The Secretary is empowered to disseminate general and correct information regarding food, drugs, or cosmetics consistent with the provisions of the act and necessary to safeguard the public health and to protect the purchasing public from fraud, provided that such information shall not refer by trade name or otherwise to a particular product unless and until it has been finally adjudged adulterated or misbranded in a court proceeding under the act, except in cases actually involving imminent danger to public health or gross deception of the purchasing public.

As so revised by my bill the act is subject to these exceptions:

First. The act does not apply to any regularly established common carrier in the ordinary conduct of its business in good faith as a common carrier. This exception is not in the present act.

Second. The act does not apply to any food, drug, or cosmetic shipped for export to a foreign country in a form complying with the laws of such country and acceptable to the foreign consignee, provided that if the article is diverted for domestic use, it becomes subject to the act. This exception is in the present act.

Third. No person acting in the capacity of publisher, advertising agency, radio broadcast licensee, or any commercial disseminator of advertisement for another is deemed in violation of the act because of his dissemination for another of a false advertisement by another. But if any such person willfully refuses or neglects to disclose the name and address of the party who caused him to disseminate any advertisement subject to investigation under the act, upon official request, he is guilty of a misdemeanor subject to a fine of not more than $500 for each offense. This exception is not in the present act, because it does not apply to advertisements.

Fourth. No person acting in the capacity of dealer is deemed in violation of the act because of his commerce in an adulterated or misbranded food, drug, or cosmetic secured by him from another, if its adulteration or misbranding occurred prior to the receipt of the article by the dealer and he has no knowledge of such adulteration or misbranding. But if any dealer willfully refuses or neglects to disclose the name and address of the party from whom he secured any article subject to investigation under the act, upon official request, he is guilty of a misdemeanor subject to a similar fine. This exception is not in the present act.

Fifth. No person acting in the capacity of a dealer may be prosecuted under the act with respect of any food, drug, or cosmetic secured by him from another, residing in the United States, if he establishes a dated guaranty signed by and containing the address of such other person, to the effect that the article when and as delivered by such other person is not adulterated or misbranded within the meaning of the act. This exception is in the present act in a broader form.

NATIONAL DEFENSE WEEK

Mrs. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent to proceed for one-half minute.

The SPEAKER. Is there objection to the request of the lady from Massachusetts?

There was no objection.

Mrs. ROGERS of Massachusetts. I ask unanimous consent to revise and extend my remarks and to include therein an editorial on Lincoln's Birthday and our national defense which appeared in the Washington Herald on Lincoln's Birthday.

The SPEAKER. Is there objection?

There was no objection.

Mrs. ROGERS of Massachusetts. I wish to direct the attention of the Members of the House to National Defense Week which is now being observed and sponsored by various patriotic societies, in order that the people of the United States may think of the importance of our national defense and its relation to our national economic well-being.

National Defense Week is being sponsored by the following organizations: Daughters of the American Revolution, American War Mothers, Reserve Officers' Association, American Legion, Navy League, Military Order of the World War, Navy Reserve Officers' Association, Coalition of Patriotic Societies, and other patriotic societies.

These organizations have undertaken to render a worthwhile patriotic service to the country in acquainting our citizens with the necessity of adequate national defense. They are disseminating useful information concerning our Army, Navy, and Marine Corps. They are conducting and sponsoring essay contests in our educational institutions on such subjects as The Navy and Our Trade Lanes and The Economic Value of the Soldier.

This last subject, The Economic Value of the Soldier, is very dear to me, because the Army has so ably shown in the past 12 months its economic value. I refer particularly to its service in the conservation of our natural resources and the conservation of the youth of our country in connection with the Civilian Conservation Corps. Further, according to our recent announcements, in connection with the cancelation of the air mail contracts the Army regular pilots and reserve pilots will again serve the country. These are two recent illustrations of how the Army serves in peace time. Those who served in the World War know what it does in war time.

The following stirring editorial appeared in the Washington Herald on Lincoln's Birthday:

NATIONAL DEFENSE WEEK

The short period between the birthday of Abraham Lincoln, which we observe today, and that of George Washington, which will be celebrated next week, invites with strong appeal a concentration of our thought upon the fundamentals of our national being and well-being.

The names of Washington and Lincoln are the greatest in American history. Each year widens our comprehension of the character of both, the nobility of their lives, the grandeur of their deeds, the immeasurable significance of their careers.

Washington, the founder of the Nation; Lincoln, its preserver.

Today, the birthday of Lincoln; it is upon his great contribution to our history that we should particularly dwell.

Lincoln—the preserver of the Union.

He carried the Nation through its gravest and most tragic conflict of arms. Under his guidance, it met and overcame powerful enmity at home and abroad.

He preserved the Constitution, the unity of our national life, the individual freedom and the institutions of liberty which we inherited from the founders of the Nation. Indeed, he laid a new foundation of the Nation—of a greater, freer, worthier nation.

Upon the Americans of today the same duty rests—the duty of preservation.

In a world seething with unrest, threatened with war's imminent outbreak by conflicts of policy and interest which seem beyond appeasement, the position of our country is one of exposure and danger.

It must be guarded. Its safety must be studied and secured.

With that thought in mind we propose devoting the days between these significant anniversaries to an intensive endeavor to impress upon the country and upon Congress the vital importance of a scientific perfecting of the national defense.

No political gesture will answer. No empty speeches, no mere resolutions unaccompanied by action.

And no fragmentary or spasmodic or unsustained action will suffice.

Every branch of our national defense must be brought up-to-date, brought up to standard, developed in due proportion and in complete harmony of parts.

The Army must be scientifically organized, due regard being paid to the maintenance of its reserves as well as its regular units.

The Navy must be not only adequate in size but adequately drilled and equipped.

Our aerial defense, too long neglected, must be broadly developed until it is able to discharge the great and growing function which aviation is destined to play both in attack and defense.

We have had much to say on this vital subject of preparedness. We shall have more to say.

Its importance must be a part of the consciousness of every citizen.

Our country is our theme. It is your theme and that of every true American.

Our country—now and forever—devoted to peace, unafraid of war, prepared against attack, able in defense.

In this temper let us observe the birthday of Lincoln—the preserver of his country.

[Applause.]

PERMISSION OF SUBCOMMITTEE ON MILITARY AFFAIRS TO SIT DURING SESSIONS OF THE HOUSE

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent that Subcommittee No. 3 of the Committee on Military Affairs have permission to sit and conduct hearings during the remainder of this week and next week while the House is in session.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

SPANISH-AMERICAN WAR VETERANS' COMPENSATION

Mr. McFADDEN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Speaker, I hold in my hand a telegram from a Spanish-American War soldier friend of mine, Rock H. English, commander Catlin Camp, at Wellsboro, Pa., and I ask unanimous consent to insert this in the RECORD.

Mr. CELLER. Reserving the right to object, what is it about?

Mr. McFADDEN. Spanish-American War legislation.

The SPEAKER. Is there objection?

There was no objection.

The telegram referred to is as follows:

WELLSBORO, PA., *February 14, 1934.*

LEWIS MCFADDEN:

For God's sake and the veterans, use your mightiest efforts to urge Congress to accept the Senate amendment to appropriation bill whereby our veterans shall not be reduced more than 10 percent of the amount paid to them prior to March 20, 1933; special request of every one of the 120 members of Catlin Camp and Auxiliary.

ROCK H. ENGLISH, *Commander.*

Mr. McFADDEN. I should like to say that Mr. Rock H. English is a Spanish-American War soldier. He is now disabled, unable to stand alone, through a service-connected disability. His pension was reduced under the Economy Act from $72 a month to $30 a month.

EXCISE TAX ON IMPORTED FATS AND OILS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD.

The SPEAKER. Without objection, it is so ordered.

There was no objection.

Mr. CELLER. Mr. Speaker, H.R. 7835, a revenue bill, provides in section 602 for an excise tax on the processing of coconut oil and sesame oil. I am in favor of this tax because the Treasury is in need of funds, and secondly because this tax is necessary for the protection of American vegetable and animal oils and fats; thirdly, it will be a boon to the American farmer in that it will create a parity of prices for farm products. We have passed laws for the purpose of boosting the price of cotton and wheat grown by our American farmers. We propose to do the same for sugar, to the end that these basic products will bring a price yielding a profit and a living to the farmer. An excise tax on imported oils and fats, when processed, would give the farmer a profit on cottonseed oil, peanut oil, soyabean oil, domestic fish oil, and butter. All these oils and fats are interchangeable; the domestic product is interchangeable with the imported product. I had hoped that the Ways and Means Committee would have brought in a provision to include not only coconut oil and sesame oil but palm oil, palm-kernel oil, soyabean oil, fish oil, and all other edible and inedible oils imported into the United States. It is insufficient to limit the tax to coconut oil and sesame oil.

The National Dairy League, the American Farm Bureau Federation, and many other farm organizations are in favor of putting a tax upon all these foreign oils that displace domestic vegetable and animal fats and oils. Of course, soap manufacturers have developed a powerful lobby in opposition to this excise tax. They care very little for the producers of fat hogs and fat cattle. They little realize that fat hogs and fat cattle are bringing ruinous prices to the farmer because foreign oils have displaced our domestic lards and fats in our home markets.

Let me indicate how this affects certain of my constituents in New York City. They are fat and grease renderers. They have thousands and thousands of dollars invested in plants and factories. They gather, with their trucks and wagons, the waste, suet, grease and fat, and offal from restaurants and butcher shops. These waste products they render and manufacture into tallow and grease, which they in turn sell to soap manufacturers. Many of these rendering concerns are themselves soap manufacturers. If they get a decent price for the tallow and grease, they can pay a decent price to the butchers for the suet and the fat, which in turn will bring a better price to the packers for beef and lamb and other food products. If the packers get a better price, the livestock farmers get a better price. If, however, these grease and fat renderers cannot sell their product to the soap manufacturers who use as substitutes for domestic animal fats, coconut oils, and palm oil and palm-kernel oil, the tallow and grease accumulates in the establishments of these fat and grease renderers, the price of their product goes down, and eventually the livestock farmer is seriously affected.

In this connection, I am pleased to submit communications received from John T. Stanley, Inc., of New York, manufacturers of toilet, laundry, and textile soaps, and from the Long Island Soap Co., Inc., of New York:

NEW YORK, *January 29, 1934.*

Hon. EMANUEL CELLER,
House Office Building, Washington, D.C.

DEAR MR. CELLER: In connection with the House Ways and Means proposal to place an excise tax of 5 cents per pound on coconut oil imported to the United States, it is vitally necessary

that this proposal include other oils, such as palm oil, soybean oil, fish oil, and other edible and inedible oils imported to the United States.

These oils are produced in many cases by cheap labor brought in at a low cost and are offered for sale to soap manufacturers who buy them in preference to American-made tallows and greases.

We are producers of inedible tallows and greases which are rendered from butcher-shop scraps, fat, bones, trimmings, suet, etc. Many rendering concerns like ourselves are engaged in this business of producing domestic fats.

The raw materials are collected by these companies from thousands of retail and wholesale butcher shops through the United States.

Our finished products, tallows and greases, are sold almost entirely to soap manufacturers; a small percentage being sold for other industrial purposes.

There is a tremendous consumption of fats and oils in the United States, but in spite of this fact our market is entirely limited on account of relatively few buyers. The large buyers who buy the bulk of fats for soap and industrial purposes can be counted on the fingers of one hand while 10 years ago they were much more numerous.

These buyers not only use domestic fats but are large importers of foreign oils; palm oil chiefly from Africa, coconut oil and copra from the Philippines, also India, Ceylon, British Malaya, Netherland East Indies and the South Sea Islands; and whale oil from the South Antarctic.

Although these foreign oils are interchangeable with domestic fats and oils, the imports have continued to mount tremendously in the last 20 or more years. In 1912 soap was made from about 20 percent imported oils and 80 percent domestic. Today it is about 50 percent of each, and this in spite of the fact that sufficient domestic fats and oils can be produced to supply the demand. This year is no exception and has shown a colossal increase in imports. Figures for the month of October 1933 show coconut oil up, up almost 300 percent above October a year ago, and copra and palm oil up 50 percent.

What has happened on account of these staggering imports? Our own domestic products have backed up on us. The Bureau of Census figures for September 1933, which are the latest quarterly figures available, as compared with September 1932, show the following increase in stocks on hand:

Lard, approximately 125 percent; tallow, approximately 33 percent; cottonseed oil, approximately 20 percent; and corn oil, approximately 75 percent. Stated otherwise, that of these four very important items of domestic production total stocks were more than 277,000,000 pounds greater in September 1933 than September 1932. In simpler figures, that equals 4,616 tank cars of 60,000 pounds each.

This is what foreign oils are doing to us. They are creating an enormous surplus of our own domestic stocks.

The labor producing these oils in tropical climates is ridiculously cheap—as low, I believe, as 8 to 10 cents a day, since there is no serious problem of food, shelter, and clothing among the natives as there is among our workers. On account of the low cost of production, therefore, the foreign producer is able to sell his fats and oils in the United States at prices ruinous to domestic producers of American fats. The result is that while many commodities have risen substantially within the last year, tallow and grease is selling today at about one third of the 1926 price and about 45 percent of the average prices prevailing between the years 1909 and 1914.

In the last 3 months our prices have declined as much as three quarters of a cent per pound. Many renderers have been patriotically working under the President's code, but you can immediately see what an impossible situation this is—increased cost, increased wages, and yet the renderers being forced to take lower prices on account of unfair, cheap, foreign competition.

An industry such as ours, where the competition is primarily foreign, cannot operate successfully, pay decent wages, and so forth, under conditions as they exist today.

We must have relief since we cannot reduce our standard of existence to that of conditions prevailing in tropical countries.

Most of the renderers in business today are members of the trade association, the Association of American Producers of Domestic Inedible Fats, and they already have in their files thousands of signatures from their butchers who join with them in asking for a tax of 5 cents per pound on imported fats and oils and oil-bearing materials.

The Ways and Means Committee have gotten the thing started and we are on our way to victory if you will take a hand in the proceedings and fight for the adoption of the excise tax that will include all the oils mentioned above.

If there is any further information we can give you, or you desire a delegation to come down, let me know.

Very truly yours.

JOHN T. STANLEY CO., INC.,
HARRY DAIBER,
Manager, By-products Department.

BROOKLYN, N.Y., *January 29, 1934.*

Congressman E. CELLER,
House of Representatives, Washington, D.C.

HONORABLE SIR: I understand that the Ways and Means Committee voted for a 5-cent tax on coconut and sesame oil.

Without taxation on palm oil, sunflower oil, whale oil, and copra, it will have little effect on the fat and grease rendering business. It will also help the farmers and butchers to get more money for their by-product.

Heavy importations of farm produce, competing oils, and fats during the past few years have forced many of our American manufacturers into bankruptcy, resulting in an alarming increase of wholesale unemployment and general discouragement.

The price of tallow today is 3 cents delivered. The normal price is 5½ cents to 6 cents. The price of grease today is about 2½ cents delivered. The normal price is 4½ cents to 5 cents.

Every producer of fats and oils in the United States has seen his market shrink, and his prices decline steadily since the N.R.A. was inaugurated. Our costs have increased, our code has not been acted on, and our markets and prices have been reduced. Our only help is in the protection which we have asked for from imported fats and oils.

Will you help us?

Very truly yours,

LONG ISLAND SOAP CO., INC.,
ALEXANDER BAAR, *Treasurer.*

It is unfortunate that the Ways and Means Committee limited the excise tax to coconut and sesame oils. There is almost as much palm oil brought in as coconut oil. In January to October 1933 there was imported into this country 215,000,000 pounds of palm oil. There was imported a little over 223,000,000 pounds of coconut oil, a difference of about 8,000,000 pounds. Why, therefore, the palm oil was excluded is beyond me. It should be included, along with whale oil, palm-kernel oil, and a number of others.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. MULDOWNEY, for several days, on account of serious illness in his family.

To Mrs. NORTON (at the request of Mr. BOYLAN), for the balance of the week, on account of illness.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 752. An act to amend section 24 of the Judicial Code, as amended, with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled a bill of the House of the following title, which was thereupon signed by the Speaker:

H.R. 7527. An act making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings;

S. 1975. An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; and

S. 2465. An act to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

BILL PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, a bill of the House of the following title:

H.R. 7527. An act making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

ADJOURNMENT

Mr. DOUGHTON of North Carolina. I move that the House do now adjourn, Mr. Speaker.

The motion was agreed to; accordingly (at 4 o'clock and 41 minutes p.m.) the House adjourned until tomorrow, Thursday, February 15, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Feb. 15, 10 a.m.)

Continuation of the hearing on H.R. 7852, National Securities Exchange Act of 1934.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Thursday, Feb. 15, 10 a.m.)

Hearings on H.R. 7800, an act to amend the Radio Act of 1927.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. RUFFIN: Committee on the Judiciary. H.R. 6219. A bill to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma; with amendment (Rept. No. 715). Referred to the House Calendar.

Mr. JONES: Committee on Agriculture. H.R. 7928. A bill to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934; without amendment (Rept. No. 721). Referred to the Committee of the Whole House on the state of the Union.

Mr. CARTWRIGHT: Committee on Indian Affairs. H.R. 5631. A bill to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him; with amendment (Rept. No. 723). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. S. 2308. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.; without amendment (Rept. No. 724). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; without amendment (Rept. No. 725). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay, near the city of Astoria, Oreg.; without amendment (Rept. No. 726). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. H.R. 7060. A bill to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.; with amendment (Rept. No. 727). Referred to the House Calendar.

Mr. MILLIGAN: Committee on Interstate and Foreign Commerce. H.R. 7554. A bill to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; with amendment (Rept. No. 728). Referred to the House Calendar.

Mr. MALONEY of Louisiana: Committee on Interstate and Foreign Commerce. H.R. 7705. A bill to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; without amendment (Rept. No. 729). Referred to the House Calendar.

Mr. LEA of California: Committee on Interstate and Foreign Commerce. S. 1759. An act to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith; with amendment (Rept. No. 730). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 6161. A bill to fulfill certain treaty obligations with respect to water levels of the Lake of the Woods; without amendment (Rept. No. 716). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 1769. A bill for the relief of Jeannette S. Jewell; without amendment (Rept. No. 717). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 4080. A bill for the relief of Mucia Alger; without amendment (Rept. No. 718). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 6647. A bill to compensate Harriet C. Holaday; without amendment (Rept. No. 719). Referred to the Committee of the Whole House.

Mr. GILLETTE: Committee on Foreign Affairs. S. 696. An act to authorize Frank W. Mahin, retired American Foreign Service officer, to accept from Her Majesty the Queen of the Netherlands the brevet and insignia of the Royal Netherland Order of Orange Nassau; without amendment (Rept. No. 720). Referred to the Committee of the Whole House.

Mr. McREYNOLDS: Committee on Foreign Affairs. H.R. 2326. A bill for the relief of Emma R. H. Taggart; without amendment (Rept. No. 722). Referred to the Committee of the Whole House.

Mr. SWANK: Committee on Claims. H.R. 5736. A bill for the relief of Shelby J. Beene, Mrs. Shelby J. Beene, Leroy T. Waller, and Mrs. Leroy T. Waller; with amendment (Rept. No. 731). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (H.R. 4819) authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J., and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. GASQUE: A bill (H.R. 7959) granting uniform pensions and benefits to veterans, their widows, and dependents; to the Committee on Pensions.

By Mr. MALONEY of Connecticut: A bill (H.R. 7960) authorizing the issuance of a special postage stamp in commemoration of the three hundredth anniversary of the founding of the colony of Connecticut; to the Committee on the Post Office and Post Roads.

By Mr. TRAEGER: A bill (H.R. 7961) to amend section 51 of the Judicial Code (28 U.S.C. 112), to provide the venue and service of process in proceedings against officials of the United States, to promote the administration of justice, and for other purposes; to the Committee on the Judiciary.

Also, a bill (H.R. 7962) to amend section 111 of the United States Code (Judicial Code, sec. 50); to the Committee on the Judiciary.

By Mr. STEAGALL: A bill (H.R. 7963) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes; to the Committee on Banking and Currency.

By Mrs. JENCKES of Indiana: A bill (H.R. 7964) to prevent the adulteration, misbranding, and false advertising of food, drugs, and cosmetics, in the commerce affected, for the following purposes, namely, to safeguard the public

health and to protect the purchasing public from injurious deception; to the Committee on Interstate and Foreign Commerce.

By Mr. COFFIN: A bill (H.R. 7965) providing that the proceeds from hunting and fishing permits within the Fort Hall Indian Reservation, Idaho, may be expended under the direction of the tribal council for the benefit of the Indians; to the Committee on Indian Affairs.

By Mr. BRUNNER: A bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. JONES: A bill (H.R. 7967) to provide for an additional judicial district in Texas; to the Committee on the Judiciary.

By Mr. BLAND: A bill (H.R. 7968) to establish fish sanctuaries in the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HOWARD (by request): A bill (H.R. 7969) to reserve certain public domain lands in Nevada and Oregon as a grazing reserve for Indians of Fort McDermitt, Nev.; to the Committee on Indian Affairs.

By Mr. SMITH of Virginia: A bill (H.R. 7970) to authorize the Secretary of the Interior to quitclaim to Jameson Cotting and Anita Cotting, his wife, their heirs and assigns, a certain strip of land containing approximately 3.05 acres in Fairfax County, State of Virginia, in exchange for an equal area to be conveyed to the United States of America; to the Committee on the Public Lands.

By Mr. BANKHEAD: A bill (H.R. 7971) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, and for other purposes; to the Committee on Agriculture.

By Mr. SPENCE: A bill (H.R. 7972) to aid in reducing the tobacco surplus, and for other purposes; to the Committee on Agriculture.

By Mr. CHRISTIANSON: A bill (H.R. 7973) to direct the distribution of the interest and principal of the permanent fund of the Chippewa Indians of Minnesota in accordance with the true purpose and intent of the agreements made pursuant to the act of January 14, 1889; to the Committee on Indian Affairs.

By Mr. BLAND: A bill (H.R. 7974) to prohibit the broadcasting by radio of advertisements of, or information concerning, lotteries; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. HOWARD (by request): A bill (H.R. 7975) to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings; to the Committee on Indian Affairs.

Also, a bill (H.R. 7976) to add certain public-domain land in Montana to the Rocky Boy Indian Reservation; to the Committee on Indian Affairs.

By Mr. GUYER: A bill (H.R. 7977) authorizing loans by the Reconstruction Finance Corporation to publicly and privately controlled colleges, universities, and other institutions of higher learning, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCANDLESS: A bill (H.R. 7978) to amend the Air Mail Act of February 2, 1925, as amended, for the purpose of further encouraging commercial aviation; to the Committee on Interstate and Foreign Commerce.

By Mr. SWEENEY: A bill (H.R. 7979) to amend section 4463 of the Revised Statutes of the United States, as amended by the act of Congress approved May 11, 1918; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. MOTT: A bill (H.R. 7980) to amend section 3 of the act of July 13, 1926 (44 Stat. 915), entitled "An act for the relief of certain counties in the States of Oregon and Washington within whose boundaries the revested Oregon & California Railroad Co. grant lands are located; to the Committee on the Public Lands.

By Mr. KELLER: A bill (H.R. 7981) authorizing the Reconstruction Finance Corporation to loan money on school-district orders issued to school teachers; to the Committee on Banking and Currency.

By Mr. LEWIS of Maryland: A bill (H.R. 7982) to establish a national military park at the Battlefield of Monocacy, Md.; to the Committee on Military Affairs.

By Mr. AYERS of Montana: A bill (H.R. 7983) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska; to the Committee on Mines and Mining.

By Mr. VINSON of Georgia: A bill (H.R. 7984) to amend section 5 of the act of March 2, 1919, generally known as the "War Minerals Relief Statutes"; to the Committee on Mines and Mining.

By Mr. CORNING: A bill (H.R. 7985) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla.; to the Committee on Interstate and Foreign Commerce.

By Mr. McFADDEN: A bill (H.R. 7986) to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162); to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. DOWELL: Joint resolution (H.J.Res. 274) proposing an amendment to the Constitution of the United States relative to taxes on certain incomes; to the Committee on the Judiciary.

By Mr. McDUFFIE: Joint resolution (H.J.Res. 275) to construct a technical air school of the United States Army; to the Committee on Military Affairs.

By Mr. FULMER: Joint resolution (H.J.Res. 276) authorizing the issuance of a special postage stamp in honor of Gen. Thomas Sumter; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Nebraska: A bill (H.R. 7987) authorizing Andrew E. Seidelman to bring suit in the District Court of the United States for the District of Nebraska, Omaha division, against the United States of America for damages sustained by reason of being injured by an automobile truck owned by the United States; to the Committee on Claims.

Also, a bill (H.R. 7988) authorizing John H. Owens to bring suit in the District Court of the United States for the District of Nebraska, Omaha division, against the United States of America for damages sustained by reason of being injured by an automobile operated by an employee of the United States engaged in Government business; to the Committee on Claims.

By Mr. CHURCH: A bill (H.R. 7989) granting a pension to William H. Fouts; to the Committee on Pensions.

Also, a bill (H.R. 7990) for the relief of Myrtle Anderson; to the Committee on Claims.

Also, a bill (H.R. 7991) for the relief of Dennis H. Sullivan; to the Committee on Military Affairs.

Also, a bill (H.R. 7992) for the relief of Frank E. Gilliland; to the Committee on Military Affairs.

By Mr. DARROW: A bill (H.R. 7993) for the relief of James Akeroyd & Co.; to the Committee on Claims.

By Mr. ELLENBOGEN: A bill (H.R. 7994) for the relief of Robert Joseph Britton; to the Committee on Naval Affairs.

Also, a bill (H.R. 7995) for the relief of Harry Gordon; to the Committee on Military Affairs.

By Mr. FULMER: A bill (H.R. 7996) for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S.C.; to the Committee on Claims.

Also, a bill (H.R. 7997) for the relief of the Farmers' Storage & Fertilizer Co., of Aiken, S.C.; to the Committee on Claims.

Also, a bill (H.R. 7998) granting a pension to Dr. Arthur D. Morgan; to the Committee on Pensions.

By Mr. HOEPPEL: A bill (H.R. 7999) to extend to Sgt. Maj. Edmund S. Sayer, United States Marine Corps, retired,

the benefits of the act of May 7, 1932, providing highest World War rank to retired enlisted men; to the Committee on Military Affairs.

By Mr. KEE: A bill (H.R. 8000) granting a pension to Henry C. Arthur; to the Committee on Invalid Pensions.

By Mr. KNIFFIN: A bill (H.R. 8001) granting an increase of pension to Mary L. Hill; to the Committee on Invalid Pensions.

By Mr. KVALE: A bill (H.R. 8002) for the relief of the Mississippi Barge Corporation; to the Committee on Claims.

Also, a bill (H.R. 8003) for the relief of John Cyrol; to the Committee on Claims.

Also, a bill (H.R. 8004) for the relief of certain riparian owners for losses sustained by them on the drained Mud Lake bottom in Marshall County in the State of Minnesota; to the Committee on the Public Lands.

By Mr. LAMBETH: A bill (H.R. 8005) for the relief of Agnes Spaugh; to the Committee on Claims.

By Mr. LOZIER: A bill (H.R. 8006) granting a pension to Amanda Napier; to the Committee on Invalid Pensions.

By Mr. LUCE: A bill (H.R. 8007) to authorize the presentation of the Congressional Medal of Honor to Timothy Sullivan; to the Committee on Naval Affairs.

By Mr. McFARLANE: A bill (H.R. 8008) granting an increase of pension to David R. Majors; to the Committee on Pensions.

By Mr. MALONEY of Connecticut: A bill (H.R. 8009) granting a pension to Frank C. Comstock; to the Committee on Pensions.

By Mr. MARTIN of Oregon: A bill (H.R. 8010) to extend term of Patents No. 980356, 980357, 980358, and 980359; to the Committee on Patents.

By Mr. VINSON of Georgia: A bill (H.R. 8011) for the transfer of Commander Alva B. Court from the Construction Corps to the line of the Navy; to the Committee on Naval Affairs.

By Mr. WIGGLESWORTH: A bill (H.R. 8012) for the relief of Patrick J. Cloherty; to the Committee on Military Affairs.

By Mr. WOLVERTON: A bill (H.R. 8013) for the relief of Samuel J. D. Marshall; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2250. By Mr. AYERS of Montana: Petition of W. W. Crawford of Great Falls, and sundry other citizens of Great Falls, Havre, Billings, Glasgow, Glendive, Homestead, Missoula, and Whitefish, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2251. By Mr. BACON: Petition of the Allied Patriotic Societies, Inc., opposing any and all bills granting certificates of legal entry to aliens who have entered the country illegally, for the purpose of naturalizing said aliens, or for any other purposes, etc.; to the Committee on Immigration and Naturalization.

2252. Also, memorial of the Legislature of the State of New York, praying for the abolition of the Federal gasoline sales tax, and that this type of tax be reserved exclusively to the respective States; to the Committee on Ways and Means.

2253. By Mr. BUCKBEE: Petition of Hobert Kraft and 29 other veterans, asking for the immediate payment of the balance of the bonus; to the Committee on World War Veterans' Legislation.

2254. By Mrs. CLARKE of New York: Petition of officials and business men of Norwich, N.Y., opposing continuance of Federal taxation of motor vehicles, gasoline, accessories, and other Federal motor-vehicle imposts; to the Committee on Ways and Means.

2255. By Mr. CUMMINGS: Petition of Woman's Christian Temperance Union of Holyoke, Colo., urging the passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2256. Also, petition of Boulder Council of Federated Church Women, Boulder, Colo., urging passage of House bill 6097, providing for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2257. By Mr. EDMONDS: Resolution of the Vessel Owners' and Captains' Association, of Philadelphia, regarding the merger of the various railroads having terminals at and passing through Philadelphia; to the Committee on Interstate and Foreign Commerce.

2258. Also, resolution of the Vessel Owners' and Captains' Association, of Philadelphia, regarding the contemplated consolidation of the United States Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2259. By Mr. HOWARD: Petition of H. W. Kenaston, of Butte, Nebr., and others residing in the Central Northwest area of the United States, urging the passage of the Frazier bill; to the Committee on Agriculture.

2260. By Mr. KRAMER: Resolution of the Builders' Exchange of Oakland, Calif., urging that the United States Senate and House of Representatives pass remedial legislation to provide suitable loans for new home construction; to the Committee on Ways and Means.

2261. Also, resolution adopted by the board of supervisors of Los Angeles County, Calif., February 5, 1934, recommending that the item of farm irrigation be restored to the budget of the Bureau of Agricultural Engineering of the Department of Agriculture; to the Committee on Appropriations.

2262. By Mr. KVALE: Petition of citizens of northern Minnesota, urging passage of the Frazier farm relief bill; to the Committee on Banking and Currency.

2263. Also, resolution of the North Branch Unit, No. 85, American Legion, North Branch, Minn., favoring the four-point legislative plan of the American Legion; to the Committee on Ways and Means.

2264. Also, resolution of the City Council, St. Paul, Minn., urging Congress to provide financial facilities to relieve municipalities from financial difficulties arising from tax delinquency; to the Committee on Banking and Currency.

2265. Also, petition of the farmers of northeast Sandous Township, Minn., urging passage of farm-relief legislation embodied in Farmers' Union program; to the Committee on Banking and Currency.

2266. Also, resolution of the West Duluth Business Men's Club, favoring legislation for punishment of kidnapers; to the Committee on the Judiciary.

2267. Also, resolution of the Minneapolis League for the Hard of Hearing, favoring House bill 578 amending the present birth control laws; to the Committee on the Judiciary.

2268. Also, resolution of the City Council of St. Paul, Minn., urging Congress to appropriate more funds for Civil Works Administration program; to the Committee on Appropriations.

2269. Also, resolution of the City Council of St. Paul, Minn., favoring extension of Public Works Administration by appropriation of additional funds; to the Committee on Appropriations.

2270. Also, resolution of St. Paul Junior Association of Commerce, endorsing ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, and asking successful conclusion of this treaty; to the Committee on Interstate and Foreign Commerce.

2271. Also, resolution of Chokio Live Stock Association, Chokio, Minn., urging the Government to put the direct buying of livestock under governmental supervision; to the Committee on Agriculture.

2272. By Mr. LINDSAY: Petition of the Van Iderstine Co., of Long Island City, N.Y., favoring the 5-cent excise tax on coconut oils; to the Committee on Ways and Means.

2273. Also, petition of the Vessel Owners' and Captains' Association, Philadelphia, Pa., opposing the consolidation of the Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2274. Also, petition of Brillo Manufacturing Co., Brooklyn, N.Y., protesting against the proposed 5-cent tax per pound

on coconut and sesame oils; to the Committee on Ways and Means.

2275. Also, petition of the United Spanish War Veterans, Washington, D.C., urging support of the Senate amendment to the independent offices appropriation bill; to the Committee on Appropriations.

2276. By Mr. MEAD: Petition of the American Legion Auxiliary, South Buffalo Post, No. 721, Buffalo, N.Y.; to the Committee on World War Veterans' Legislation.

2277. Also, petition of the Ladies' Auxiliary to the Brotherhood of Locomotive Firemen and Enginemen, of Buffalo, N.Y.; to the Committee on Interstate and Foreign Commerce.

2278. By Mr. RUDD: Petition of the Vessel Owners' and Captains' Associations, Philadelphia, Pa., opposing the consolidation of the Coast Guard service with the United States Navy; to the Committee on Naval Affairs.

2279. Also, petition of the Brillo Manufacturing Co., Brooklyn, N.Y., opposing a 5 cents per pound tax on coconut and sesame oils; to the Committee on Ways and Means.

2280. Also, petition of the Van Iderstine Co., Long Island City, favoring a 5-cent excise tax on coconut oil and all foreign oils, oil-bearing material, and other imported fats; to the Committee on Ways and Means.

2281. Also, petition of Ferd. T. Hopkins & Son, New York City, opposing the 5 cents excise tax on coconut oil; to the Committee on Ways and Means.

2282. By Mr. SEGER: Petition of the Clifton City Council, of Clifton, N.J., favoring continuance of Civil Works Administration work; to the Committee on Appropriations.

SENATE

THURSDAY, FEBRUARY 15, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

EXPRESSION OF APPRECIATION BY PRESIDENT ROOSEVELT

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, which was read and ordered to lie on the table, as follows:

THE WHITE HOUSE,
Washington, February 14, 1934.

The Honorable JOHN NANCE GARNER,
President of the Senate.

MY DEAR MR. PRESIDENT: It gives me great pleasure to assure the Senate of the United States, through you, of my sincere and deep appreciation of the courtesy of its Members in extending, by Senate Resolution 160, the Senate's greetings on the occasion of my fifty-second birthday, together with good wishes for the future.

I am profoundly grateful for this expression of cordiality and trust that I shall merit the commendation which the Senate has so generously conferred. I know that in relying on the Senate for cooperation in continuing our common task of aiding our countrymen to aid themselves, the years which lie before us will be those of confident hope and of definite achievement.

Very sincerely yours,

FRANKLIN D. ROOSEVELT.

SUPPLEMENTAL ESTIMATES FOR VETERANS' ADMINISTRATION (S.DOC. NO. 134)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting two supplemental estimates of appropriation for the Veterans' Administration, fiscal year 1935, totaling $21,092,205, made necessary by the issuance on January 19, 1934, of certain Executive orders amending veterans' regulations and calling for increases over the amounts set forth in the Budget for 1935 under the appropriation titles "Salaries and expenses, Veterans' Administration" and "Pensions, Veterans' Administration", which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

PUBLIC WORKS EMERGENCY HOUSING CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the Federal Emergency Administrator of Public Works, transmitting, pursuant to Senate Resolution 151 of the present session, a report regarding the organization and functions of the Public Works Emergency Housing Corporation, incorporated under the laws of the State of Delaware, which, with the accompanying papers, was ordered to lie on the table.

REPORT OF THE COMPTROLLER OF THE CURRENCY

The VICE PRESIDENT laid before the Senate a letter from the Comptroller of the Currency, transmitting, pursuant to law, his annual report covering the activities of the Currency Bureau for the year ended October 31, 1933, which, with the accompanying report, was referred to the Committee on Banking and Currency.

GEORGE LAWLEY & SON CORPORATION v. THE UNITED STATES (S.DOC. NO. 135)

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting, pursuant to order of the court, a certified copy of the special findings of fact, conclusion of law, and opinion of the court, filed January 8, 1934, in the case of *George Lawley & Son Corporation, of Boston, Mass.*, v. *The United States* (Congressional, No. 15005), which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the following concurrent resolution of the Legislature of the State of Texas, which was ordered to lie on the table:

Senate Concurrent Resolution No. 7 (by Moore)

Whereas Texas citizens and industries have in the past conducted national good-will tours; and

Whereas these tours have proven of untold value to the prosperity of Texas; and

Whereas we have in President Franklin Delano Roosevelt, a Chief Executive whose every effort is being devoted to a return of prosperity; and

Whereas Texas is rapidly returning to a state of prosperity as contemplated in the President's program; and

Whereas the press of Texas has seen fit to revive interest in good-will tours by sponsoring the Texas Press Good-Will Special Train that will visit Washington, D.C., and other major cities of the Middle West and East to carry our message of returning prosperity to the seat of the Federal Government and to industrial and financial centers, thus affording an opportunity on the part of our citizens to renew financial and commercial connections for our State; and

Whereas we recognize in the proposal for the Texas Press Good-Will Special Train a magnificent opportunity to present the many advantages which Texas offers over other States of the Nation: Now, therefore, be it

Resolved by the Senate of Texas (the house of representatives concurring), That we give official sanction to the press of Texas in this splendid and patriotic undertaking, not alone in recognition of the service that will be rendered our State, but also in recognition of the part that Texas' most distinguished citizen, Vice President John Nance Garner, and our able United States Senators and Congressmen, have contributed in cooperation with President Roosevelt to the return of prosperity; be it further

Resolved, That we commend the press of Texas for sponsoring this good-will tour and recommend full cooperation on the part of Texas citizens in this undertaking; be it further

Resolved, That a copy of this resolution be enrolled for presentation to President Roosevelt and other members of his official family by messengers in conveying the best wishes of the citizens of our State.

EDGAR E. WITT,
President of the Senate.

I hereby certify that S.Con.Res. No. 7 was adopted by the senate February 6, 1934.

BOB BARKER,
Secretary of the Senate.
JAKE S. STEVENSON,
Speaker of the House of Representatives.

I hereby certify that S.Con.Res. No. 7 was adopted by the house of representatives February 7, 1934.

LOUISE SNOW PHINNEY,
Chief Clerk of the House of Representatives.

The VICE PRESIDENT also laid before the Senate a resolution adopted by the annual convention of the Associated General Contractors of America, favoring the passage of legislation lending the credit of the Government on long terms and under reasonable conditions in order that construction projects may be properly financed, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the annual convention of the Associated General Contractors

of America, favoring carrying out the President's program for national recovery by conforming to the terms of his reemployment agreement and adhering to the codes of fair competition incident to the construction business by all governmental agencies, which was referred to the Committee on Finance.

The VICE PRESIDENT also laid before the Senate a resolution of the Manchester (N.H.) Y.M. and Y.W.H.A., endorsing Senate Resolution 154, submitted by Mr. TYDINGS, opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also laid before the Senate a resolution of the White Ribboners (W.C.T.U.) of Oroville, Calif., protesting against the adoption of naval and other measures of war preparation, which was ordered to lie on the table.

Mr. WALCOTT presented petitions and papers in the nature of petitions from Rose of New England Lodge, No. 898, of Norwich; Fraternity Lodge, No. 743, of New London; Ararat Lodge, No. 13, of Hartford, all being units of the Independent Order of B'nai Brith; the United Jewish Committee of Waterbury; Fidelity Lodge, No. 78, Knights of Pythias, of New Haven; and the St. Elmo Lodge, No. 21, Knights of Pythias, of New Britain, all in the State of Connecticut, praying for the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS) opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. WALSH presented a petition of sundry citizens of the State of Massachusetts, praying for the passage of legislation revising the national food and drugs laws, which was referred to the Committee on Commerce.

THE CRISIS IN PUBLIC EDUCATION

Mr. WALSH. Mr. President, many Senators have been receiving inquiries with reference to legislation to provide for relief for educational purposes in the several States, Territories, and the District of Columbia.

For the information of the Senate, therefore, I request that a letter similar to many other petitions and a bill introduced by the senior Senator from Georgia [Mr. GEORGE], S. 2402, entitled "An act to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in public education", be printed in the RECORD, together with copy of letter which has been sent me by the Chairman of the Reconstruction Finance Corporation, to whom the measure was referred by the Senate Committee on Education and Labor.

Also, I request that a similar bill, S. 2522, be printed, together with copy of a letter which has been sent to me by the Civil Works Administrator giving his reaction thereto.

There being no objection, the bills and letters were ordered to be printed in the RECORD, as follows:

S. 2402

A bill to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in public education

Be it enacted, etc., That the Congress hereby declares that the present economic depression has created a crisis in public education and that the cooperation of the Federal Government with the several States, Territories, and the District of Columbia is essential in order to make available to the youth of the Nation those educational opportunities which are necessary for the training of citizens in a democratic government.

SEC. 2. The Reconstruction Finance Corporation is authorized and directed to make available, out of the funds of the Corporation, $50,000,000 for the fiscal year ending June 30, 1934, and $100,000,000 for the fiscal year ending June 30, 1935, for the purpose of carrying out the provisions of this act.

SEC. 3. The funds provided in section 2 are to be disbursed to the several States, Territories, and the District of Columbia upon the certification of the United States Commissioner of Education and shall be allotted on the basis of need as determined by the ability of the several States and Territories to maintain a term of normal length in the public schools of less than college grade. All moneys available under the provisions of this act are to be paid monthly to the State treasurer of the several States and Territories, except that upon the passage of this act three fourths of the fund provided for the present fiscal year shall be paid immediately.

SEC. 4. The State school superintendent or commissioner and/or State board of education shall administer the funds within the several States and Territories in accordance with the school laws governing the maintenance and operation of schools of elementary and secondary grade.

RECONSTRUCTION FINANCE CORPORATION,
Washington, February 3, 1934.

Hon. DAVID I. WALSH,
Chairman Committee on Education and Labor,
United States Senate, Washington, D.C.

DEAR SENATOR WALSH: I have your letter of January 23, enclosing copy of S. 2402, proposing to direct the Reconstruction Finance Corporation to advance an aggregate of $150,000,000 to June 10, 1935, for the purpose of maintaining a term of normal length in public schools of less than college grade.

Insofar as S. 2402 involves a question of solely legislative policy within the province of the Congress, the board of directors feels that it is not in a position to express an opinion. It would, however, like to point out that since this bill provides for an outright grant to the States with no possibility of reimbursement to the Corporation on account of any funds so expended, it should carry a provision increasing the lending power of the Corporation by the amount necessary to carry out the provisions of the bill.

The funds now available to the Corporation from new appropriations and repayments have been tentatively allocated to purposes more directly connected with rehabilitating the credit structure of the country, the primary purpose of the Corporation, and hence it would not at present be possible for the Corporation to advance sufficient funds to adequately carry out the purposes of S. 2402.

Yours very truly,

JESSE H. JONES, *Chairman.*

S. 2522

A bill to provide for the cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in public education

Be it enacted, etc., That the Congress hereby declares that the present economic depression has created a crisis in public education and that the cooperation of the Federal Government with the several States, Territories, and the District of Columbia is essential in order to make available to the youth of the Nation those educational opportunities which are necessary for the training of citizens in a democratic government.

SEC. 2. There is authorized and directed to be made available, out of funds appropriated for the Civil Works Administration, for the fiscal year ending June 30, 1934, $50,000,000 for the purpose of providing to the several States, Territories, and the District of Columbia funds to enable them to provide educational opportunities for that State, Territory, or the District of Columbia.

SEC. 3. The funds provided in section 2 are to be disbursed to the several States, Territories, and the District of Columbia upon the certification of the United States Commissioner of Education and shall be allotted on the basis of need as determined by the ability of the several States and Territories and the District of Columbia to maintain a term of normal length in the public schools of less than college grade. All moneys available under the provisions of this act are to be paid monthly to the State treasurer of the several States and Territories and the District of Columbia.

SEC. 4. The State school superintendent or commissioner and/or State board of education shall administer the funds within the several States and Territories and the District of Columbia in accordance with the school laws of that State, Territory, or the District of Columbia.

FEDERAL EMERGENCY RELIEF ADMINISTRATION,
Washington, D.C., February 10, 1934.

Hon. DAVID I. WALSH,
United States Senate, Washington, D.C.

MY DEAR SENATOR WALSH: This is in reply to your letter of January 31, which was received at this office February 2. With your letter was a copy of bill S. 2522, upon which you asked my views with a recommendation regarding it.

I need not inform you that there has been heavy and constant demand upon this office to keep the schools of America open. While we have full sympathy with the situation, I do not think that the money requested should be taken out of the civil-works appropriation, which is already largely obligated by the very terms of its provisions, and I am sure you will appreciate the very difficult situation it would place us in if this sum were taken from civil works.

Yours very truly,

HARRY L. HOPKINS.

PITTSBURGH TEACHERS ASSOCIATION,
Pittsburgh, Pa., February 14, 1934.

Hon. DAVID I. WALSH,
Chairman Education Committee of the Senate,
Washington, D.C.

MY DEAR MR. WALSH: On behalf of the thousands of schools which have been closed or which are about to close this year, depriving approximately a million boys and girls of their opportunity to an education, the Pittsburgh Teachers Association urges the passage of S. 2402 and its companion H.R. 7479 and S. 2522 and its companion H.R. 7477.

We believe that no service of the Government, especially of a republic, is of greater importance than free public education and that schools, therefore, should be given Federal emergency aid in the present crisis.

Fifty million dollars to keep schools open during 1933–34 and $100,000,000 during the school year 1934–35 are modest sums in comparison with the appropriations made during the past year to industry, banks, agriculture, labor, and roads. We believe, therefore, that this proposal is entirely reasonable, especially since the Federal Government is the only agency able to meet the crisis in education which is threatening the Nation.

May we not count upon you to support these bills?

Very sincerely yours,

ESTHER M. SMITH, *President.*

REPORTS OF COMMITTEES

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 620) for the relief of Catherine Wright, reported it without amendment and submitted a report (No. 302) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 1430. An act for the relief of M. Thomas Petroy (Rept. No. 304);

S. 2201. An act for the relief of the Neill Grocery Co. (Rept. No. 303); and

S. 2377. An act for the relief of A. E. Shelley (Rept. No. 305).

Mr. BAILEY, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 5242. An act for the relief of William C. Campbell (Rept. No. 310); and

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama (Rept. No. 306).

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2050) for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department, reported it without amendment and submitted a report (No. 307) thereon.

He also, from the same committee, to which was referred the bill (S. 2051) to authorize settlement, allowance, and payment of certain claims, reported it with an amendment and submitted a report (No. 309) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 2138) for the relief of Charles J. Webb Sons Co., Inc., reported it without amendment and submitted a report (No. 308) thereon.

Mr. SMITH, from the Committee on Agriculture and Forestry, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon (Rept. No. 311); and

S. 2652. An act to include peanuts as a basic agricultural commodity under the Agricultural Adjustment Act (Rept. No. 312).

Mr. NORRIS, from the Committee on the Judiciary, to which was referred the joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States, reported it with amendments and submitted a report (No. 313) thereon.

RESOLUTIONS REPORTED FROM THE COMMITTEE TO AUDIT AND CONTROL THE CONTINGENT EXPENSES OF THE SENATE

Mr. BYRNES. Mr. President, from the Committee to Audit and Control the Contingent Expenses of the Senate, I report back favorably, without amendment, Senate Resolutions Nos. 178, 141, 139, 140, 145, and 156, and as I think they will lead to no discussion, I ask unanimous consent for their immediate consideration at this time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will state the resolutions for which the Senator from South Carolina requests consideration.

EXPENSES OF INVESTIGATOR FOR THE JUDICIARY COMMITTEE

The resolution (S.Res. 178) submitted by Mr. MCCARRAN on the 6th instant, and reported this day by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on the Judiciary or any subcommittee thereof appointed to consider the nomination of Judge Frank H. Norcross to the United States Court of Appeals for the Ninth Circuit, is authorized to expend not to exceed $2,500 out of the contingent fund of the Senate for the purposes of defraying the traveling and other necessary expenses of an investigator to be appointed by said Committee on the Judiciary or subcommittee thereof.

FLORENCE E. UNDERWOOD

The resolution (S.Res. 141) submitted by Mr. DAVIS, on January 16, 1934, and reported this day by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Florence E. Underwood, widow of William H. Underwood, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

NELLIE E. ROGERS

The resolution (S.Res. 139) submitted by Mr. JOHNSON on January 16, 1934, and reported this day by Mr. BYRNES, from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Nellie E. Rogers, daughter of Theodore F. Hodgson, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 6 months' compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

FANNIE TAYLOR

The resolution (S.Res. 140) submitted by Mr. ERICKSON on January 16, 1934, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Fannie Taylor, widow of Miles Taylor, late clerk in the office of Senator JOHN E. ERICKSON, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

LILLIAN P. NICHOLS

The resolution (S.Res. 145) submitted by Mr. MCCARRAN on January 18, 1934, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Secretary of the Senate hereby is authorized and directed to pay from the contingent fund of the Senate to Lillian P. Nichols, daughter of Thomas P. Mitchell, late a special employee of the Senate under supervision of the Sergeant at Arms, a sum equal to 1 year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered inclusive of funeral expenses and all other allowances.

ASSISTANT CLERK TO COMMITTEE ON IRRIGATION AND RECLAMATION

The resolution (S.Res. 156) submitted by Mr. ADAMS on January 26, 1934, and reported this day by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the Committee on Irrigation and Reclamation hereby is authorized to employ an assistant clerk for the remainder of the present session of Congress, to be paid at the rate of $2,000 per annum from the contingent fund of the Senate.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 14th instant that committee presented

to the President of the United States the following enrolled bills:

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings;

S. 1975. An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes; and

S. 2465. An act to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2780) to amend the Reconstruction Finance Corporation Act with respect to the acquisition by States, municipalities, and other public bodies of projects public in nature; to the Committee on Banking and Currency.

By Mr. TOWNSEND:

A bill (S. 2781) relating to assessments upon class A stockholders of the Federal Deposit Insurance Corporation; to the Committee on Banking and Currency.

(Mr. ROBINSON of Indiana introduced Senate bill 2782, which appears under a separate heading.)

By Mr. TYDINGS:

A bill (S. 2783) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Dora M. Jeffery; to the Committee on Claims.

A bill (S. 2784) granting a pension to Annie J. Maddox; to the Committee on Pensions.

By Mr. FRAZIER:

A bill (S. 2785) to include rye, flax, and barley as basic agricultural commodities under the Agricultural Adjustment Act; to the Committee on Agriculture and Forestry.

By Mr. WALSH:

A bill (S. 2786) to charter the National Society of Women Descendants of the Ancient and Honorable Artillery Company; to the Committee on the Judiciary.

A bill (S. 2787) for the relief of Michael F. Calnan; to the Committee on Naval Affairs.

By Mr. FLETCHER:

A bill (S. 2788) to amend section 5219 of the Revised Statutes, as amended (relating to State taxation of national banking associations); and

A bill (S. 2789) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Banking and Currency.

By Mr. GOLDSBOROUGH:

A bill (S. 2790) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.; to the Committee on Claims.

By Mr. CAPPER:

A bill (S. 2791) granting an increase of pension to Martha A. Allison (with accompanying papers); to the Committee on Pensions.

(Mr. DILL introduced Senate bill 2792, which appears under a separate heading.)

By Mr. NEELY:

A bill (S. 2793) granting a pension to Sarah E. Foster; to the Committee on Pensions.

By Mr. LA FOLLETTE:

A bill (S. 2794) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes; to the Committee on the Judiciary.

PROTECTION AND PRESERVATION OF FINGERPRINT RECORDS

Mr. ROBINSON of Indiana. Mr. President, the criminal world is now resorting to plastic surgery and other means of lifting finger bulbs for the purpose of defeating the fingerprint system. This development effaces ridges and furrows found upon the fingers, and the operation can be readily performed by surgeons and others. Of course, such mutilation tends to prevent bureaus of identification and investigation from preserving fingerprint records of criminals.

The Superintendent of the Bureau of Identification at Gary, Ind., one of the most efficient bureaus in the United States, has gone into the question very carefully and has done a great deal of research work in the matter. It develops that there have been more than 650,000,000 fingerprints recorded throughout the world in the last 32 years and that the widespread adoption by the criminals of this means of disguising the finger tips has served to cripple the efforts of the police to identify and apprehend criminals. All law-enforcement officials admit this is true. I have been informed that Mr. Hoover, Chief of the United States Bureau of Investigation, is interested in the matter also.

To remedy this situation to some extent and to prescribe penalties against not only the criminals themselves but against surgeons and others who would attempt to perform any of these operations, I have prepared a bill which I desire to introduce at this time.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2782) to protect and preserve fingerprint records in the posession of bureaus of identification or investigation was read twice by its title and referred to the Committee on the Judiciary.

IMPORTATION OF PULPWOOD AND WOOD PULP

Mr. DILL. Mr. President, one of the industries that has been greatly injured in recent years by the importation from abroad is the pulpwood industry, pulp being used for the making of newsprint paper. The fact of the matter is that so much pulpwood is being imported into this country that our domestic pulpwood industry is being seriously interfered with, although we have an abundance of pulpwood both on the Atlantic and on the Pacific coasts. I offer a bill which I ask to have printed in the RECORD, and also ask to have printed with it a statement as to the amount of imports of pulpwood.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2792) to prohibit the importation of pulpwood, wood pulp, or any wood susceptible of use in manufacturing paper, was read twice by its title, referred to the Committee on Finance, and, with the statement above referred to, ordered to be printed in the RECORD, as follows:

Be it enacted, etc., That the importation of all pulpwood, wood pulp, or other wood susceptible of being used in the manufacture of paper is hereby prohibited.

SEC. 2. The provisions of this act shall be deemed to be a part of the Tariff Act of 1930.

The statement presented by Mr. DILL is as follows:

Imports of pulpwood, wood pulp, and paper by United States from 1911 to 1932, inclusive

GRAND TOTAL FOR 22 YEARS, $3,300,407,393; EQUALLY SUM APPROPRIATED FOR PUBLIC WORKS ADMINISTRATION

Year	Pulpwood	Wood pulp	Paper
1911	$5,682,716	$14,394,243	$18,712,859
1912	6,227,346	14,903,218	18,723,877
1913	7,007,350	15,935,517	24,359,827
1914	6,773,198	20,411,225	27,604,771
1915	6,278,948	16,907,026	24,465,694
1916	7,202,570	26,985,693	28,189,998
1917	8,563,458	41,939,330	41,734,084
1918	13,362,586	31,477,175	42,753,789
1919	10,458,753	37,048,381	53,602,174
1920	16,902,939	89,418,185	84,686,852
1921	13,607,000	67,002,000	105,239,000
1922	13,607,000	67,002,000	105,239,000
1923	13,607,000	67,002,000	105,239,000
1924	13,607,000	67,002,000	105,239,000
1925	13,607,000	67,002,000	105,239,000
1926	14,176,000	91,231,000	139,499,000
1927	16,484,000	85,842,000	149,365,000
1928	16,157,000	83,464,000	156,407,000
1929	14,598,000	88,573,000	163,365,000
1930	17,017,000	81,109,000	147,461,000
1931	11,211,000	60,887,000	125,623,000
1932	5,581,976	46,903,246	94,089,413
Total	251,719,820	1,182,439,239	1,866,248,334

NOTE.—The Department of Commerce reports from which these figures were taken gave only the average for the 5 years 1921–25. The foregoing figures include all types of paper, chiefly newsprint.

In the last session of Congress there was appropriated for the purpose of relieving unemployment the staggering sum of $3,300,000,000. No fault is found with this action. With millions of people in the United States out of work and more or less in a condition of semistarvation, the legislation was wise and just and proper and necessary.

But attention should be drawn to the indisputable fact that in the 22 years preceding the enactment of that legislation we spent a greater sum in foreign countries for forest products which could easily and profitably have been produced within our own borders. This is a pathetic example of what it is best to avoid in a country whose government is founded on the principle of the greatest good to the greatest number.

It seems unbelievable, and yet it is true, that in the years beginning in 1911 and ending in 1932 there was imported into this country forest products aggregating in value $3,300,407,393. During that period the annual importations of pulpwood grew, in round numbers, from a minimum of $5,000,000 to a maximum of $17,000,000; importations of wood pulp grew from a minimum of $14,000,000 to a maximum of $68,000,000; and paper expanded from a minimum of $18,000,000 to a maximum of $63,000,000.

These figures were compiled by the Timber Conservation Board, an officially created body, from the customs records of the United States. This Board made an exhaustive study and, among other things, it reports that the area now covered with commercial forests within the United States and likely to remain available for that purpose, if given ample protection and management, is more than sufficient to meet any probable future demand.

It is thus made clear that the threat of a timber shortage, which was used to induce Congress to place newsprint, paper, and pulp on the free list some 20 years ago was and is wholly unfounded and never was justified by the facts.

Failure to realize this truth has kept thousands of men out of employment for a period of more than 20 years. The realization of our unwarranted fears will not bring back the billions sent abroad which could have been kept at home to the encouragement of labor and industrial life and the assurance of self-sufficiency of these items in case of war. But we can, and should, stop the expenditures of further billions abroad. If we keep our factories and plants busy supplying our own markets, we will be enabled to abolish our costly Public Works Administration.

The patience of the workmen engaged in the forest-products industries who have sat on the railroad sidings and steamship docks hungry and cold and out of a job watching shipload after shipload and carload after carload of these products coming into their midst from foreign countries is a constant source of amazement to those who had opportunity to observe it.

But there is hope for a change in this situation. With the President's program for reforestation and conservation of our timber already launched and put into practical operation under the lumber code, and an electric-power program proposed that will have a vital bearing upon forest products, our present abundant resources of timber will be vastly increased.

To this is added discoveries of new uses of woods and uses of varieties of woods for paper not hitherto considered available, such as southern pine, all of which emphasizes the desirability of a large domestic consumption of forest products as one of the most direct means of increasing employment and helping the national economy through keeping capital at home.

Of what avail, however, will be the reforestation policy and scientific discoveries if we do not utilize to the maximum the resources with which nature has endowed the United States. The South, for example, never will reap all the wealth of its pine for papermaking so long as foreign producers have free access to our markets. The same is true of resources in the East, North, and West.

In its survey of our resources the Timber Conservation Board finds that the present commercial forest area (leaving out Alaska) is 496,000,000 acres, estimated to contain 487,000,000,000 cubic feet of saw timber, cordwood, pulpwood, and other commercial forest products.

But that is not all. In Alaska we have another magnificent stand of timber lying untouched and rotting in the forests. In the forest reserves of Alaska alone—and remember this is timber owned solely by the United States Government—we have 26,000,000 acres of forest lands, and a conservative cruise shows that these reserves contain a stand of more than 80,000,000,000 feet of standing timber. This stand is owned by the Government in forest reserves. It takes no account of enormous forests on the Kuskokwim, the Tanana, the Yukon, and other great valleys that are outside the forest reserves.

It has been said, and it is believed to be true, that in Alaska alone there is more standing timber today than in all of the Scandinavian Peninsula. Yet we talk about the exhaustion of our timber resources, wholly overlooking the fact that timber is a reproductive natural resource. We fail to observe that the State of Maine has been cutting timber for more than 200 years, and many of the forests of the South have been cut over time and again.

It is worthy of note that a large part of the standing timber in the United States is the property of the Federal Government, held in forest reserves in many of our Western States, to say nothing of the fact that a very considerable amount of timber has been set aside in Indian reservations and that in some cases this timber on Indian reservations, which is being cut and the land reforested, is saving the wards of our Government from starvation.

The present average annual consumption of forest products is 14,500,000,000 cubic feet. But to offset this drain the new growth plus the reserves will keep the supply adequate in perpetuity. Not only so, but the Board calculates that within 70 years, under such management, the annual consumption could be increased to 19,000,000,000 cubic feet, while if given intensive management it could be increased by that time to 30,000,000,000 cubic feet annually.

A highly important fact not sufficiently widely known is that timber is a crop and that it reaches maturity and should be harvested like any other crop. If neglected or allowed to stand indefinitely, it deteriorates for the best commercial uses. For this reason the United States, in the last 20 years of free trade, has suffered a double loss—billions of dollars spent abroad and our own forests declining in value from nonuse.

In 1930, not a normal year, but also not the worst of the depression years, the United States sent to foreign countries $81,000,000 for wood pulp, $17,000,000 for pulpwood, and more than $147,000,000 for newsprint paper, a total of more than $245,000,000 that could have been expended at home. And this was done at a time when many thousands of Americans were idle in our own forests and related industries.

Until the Timber Conservation Board made its report, late in 1932, the old myth about a timber shortage in the United States still was being used by those who were thinking in terms of forestry opinion 2 decades ago, or who had special and private reasons for wanting the United States to keep paper and pulp on the free list.

Despite the abundance of natural resources, and even after reducing operating costs to depression levels, the American paper industry today is on the verge of bankruptcy. This is due to the double hazard of free trade and competition from foreign countries enjoying cheap labor and other advantages.

The industry made some headway against a policy of free trade, though supplying only about one third of the home demand for newsprint paper and pulp, the other two thirds being imported. When foreign pulp-producing countries depreciated their currencies the American industry thereby faced price cutting it could not meet and remain on a paying basis. Many units in the industry, losing heavily, either closed their plants or shifted into other types of forest products, with sometimes a bad effect on domestic competition.

Under existing conditions of free trade the American industry could not continue its rate of employment or sustain its capital; it could not continue to supply its accustomed quantity and quality of products; and the result is, in many instances, an addition to the already heavy national burden of unemployment relief, reduced tax income, and frozen assets. The paper industry, once a powerful group in the national economic structure and among the most stable, has become the victim of ruthless foreign competition without any protection such as is given many other industries which could not so largely enrich the Nation.

Recently the enactment of the National Recovery Act has brought about an increase in the production costs of commodities manufactured from the forests. This increase, of course, is due to the higher wages and shorter hours required. The net result is that newsprint, for instance, is being sold at an average of $3.28 per ton below its actual cost of manufacture.

This cost figure is the result of conservative compilation from accurate information supplied by individual manufacturers and was made part of the record at the recent hearings before the newsprint code authority of the National Recovery Administration.

It does not include any interest paid upon indebtedness, whether bond interest or bank interest, nor any return on capital whatever. It makes no allowance for extraordinary expenses which face an industry vulnerable at all times to the devastation of the elements—wind, water, and fire. If proper provision is to be made for reforestation and other necessary expenses, the price would have to be raised at least $7 per ton. Under the circumstances, economic necessity has forced curtailment of proper reforestation and forest management.

As a direct result of our stupidity or blindness to our own interests, mills having 58 percent of the total Canadian capacity and 29 percent of the total North American capacity are in bankruptcy or receivership, or are passing, or have recently passed, through some form of reorganization. And it should be noted that these companies crashed when both the price of newsprint and the volume of production were substantially higher than they are today, and they include 5 out of 8 of the largest newsprint manufacturers in North America. Working capital of these mills has been depleted to the breaking point, and if this condition is allowed to continue, bankruptcy of an industry in which more than $300,000,000 has been invested in the United States is inevitable, resulting in great loss to hundreds of thousands of American investors and adding hundreds of thousands of workmen to the bread lines.

Without adequate protection of the forest industries, between 200,000 and 300,000 workers in the forests and related industries are now at the mercy of foreign competition, pitched on a level below even the present drastically deflated American cost of production. Overhead costs have been cut to the bone, and the efficiency of the workmen speeded to the maximum. The restoration of jobs to the thousands now idle, as well as assurance of continued employment to the others, are surely reasonable American objectives and in harmony with the "new deal" that was inaugurated by this administration.

The present free-trade policy keeps foreigners at work making commodities our own workers could be producing. When we buy abroad foreigners get our gold and we get paper and pulp; if we produce at home, we have both the gold and the paper and pulp.

When the wide-spread departure from the gold standard began in 1931, the pulp-producing countries—Norway, Sweden, Finland and Canada—immediately gained a trade advantage over American producers, in various degrees, according to the extent of the depreciation of their currencies. This advantage enabled them to pay ocean, or other, transportation costs and land their paper or pulp in our markets at controlled prices just low enough to be ruinous to American production.

The opponents of protection for the American industry make the misleading assertion that imports have declined despite depreciation in currencies. Of course, the consumption of paper and pulp has declined during the depression in the United States, as other products have declined in consumption, but the essential point is not volume but price.

What depreciation did for these foreign producers was to cut their costs of production almost by the same percentage as their currencies were depreciated. Not even the deepest wage cutting in the United States could keep pace with this foreign depreciation and leave anything at all for the home industry.

Recognition of this adverse factor now permeates our whole political and economic life. The abandonment of the gold standard by the United States was frankly a result in part of depreciated foreign-currency competition, of which not only the paper and pulp industry was a victim but every other industry in the United States in competition with foreign producers.

The American paper and pulp industry, however, requires something more than equalization of currencies if the Nation is to derive the fullest benefit from its unrivaled timber resources. A permanent policy giving unquestioned preference to American forest products of every kind alone will assure the United States of the riches within our grasp if home industry is fostered. It will then no longer be the fact that the United States is the only nation in the world that spends billions abroad for products it could produce in its own borders.

From the first American tariff until 1910–13, the paper industry was given protection, and under this policy it rose to a prominent place, paying well for its labor and capital and contributing amply to the wealth of the Nation. When, two decades ago, protection was withdrawn from newsprint paper and pulp, the shift whereby most of our needs of these items are imported took place.

In the decade before the World War grew up the impression that our consumption of timber was rapidly exhausting the supply. Conservation became the great word of the day. "Save the trees for our children's children" became the battle cry, and some newspapers printed cartoons of the last standing tree in the United States, which it was predicted would be cut in the year 1918. Really adequate information about our forest areas and replenishment processes and possibilities was lacking. The prophecy of the United States becoming a treeless plain failed of fulfillment.

The idea that we must depend upon foreign forest supplies to supplement our own was fostered and developed and it was comparatively easy, by 1910–13, to induce Congress to open our markets freely to the foreign supplies. This erroneous impression still is widely imbedded in the national thought, but now is in process of being eliminated.

Even then the use of lumber had begun to decline, contrary to popular knowledge. This decline from 1907 to 1929 has been at the annual rate of 200,000,000 board-feet of lumber, as substitutes for it in building construction and other uses were originated and more generally used. Since 1929, or during the depression, the consumption of lumber has decreased even more startlingly, or from 55,000,000,000 board-feet in 1929 to 10,000,000,000 board-feet in 1932. But this latter decline was abnormal. Nevertheless, the main fact stands, that lumber use is, and has been, declining for a considerable period.

As an offset to this decline many new uses of timber have been discovered requiring forest products almost equal in volume to the loss in lumber consumption. Wood-fiber products—newsprint, rayon, cellophane, plastics, containers, wall board, wrapping paper, shipping boxes, and other products—have taken up the slack. There are large possibilities in those and other uses of pulpwood.

The decline in the use of lumber is not without its compensations. Wood pulp has been substituted for millions of feet of lumber which a few years ago went into a multitude of different forms of packing boxes and containers and this has added to the number of men employed. It also has enabled those engaged in the forest-products industry to harvest their crops to better advantage. For instance, hemlock does not make a particularly good type of lumber, but it makes first-class pulp. A pulp mill which consumes 75,000,000 feet of hemlock per annum would employ 1,150 men from the woods to the finished products. The value of this product would be, roughly, $3,000,000. The same amount of hemlock converted into lumber would employ only 350 men and would have a sale value of only $900,000.

In modern forest management, it is the custom to send part of the forest growth to the pulp mills and part to the lumber mills, each industry getting the wood must suitable for its purpose.

Another phase of the situation that merits earnest consideration is that of collateral employment. This collateral employment is scattered in many parts of the United States, some of them remote from the pulp plant itself. Large sums are paid out for freight, both inbound and outbound, for cotton-felt blankets, for sulphur, for limerock and chemicals, for fuel oil and coal, for power, water, repair materials, miscellaneous camp and plant supplies, kaolin, taxes, insurance, wharfage, cartage and towing, and many other materials and services that are required in the manufacture of wood pulp and paper.

The violent fluctuations of the industry under pressure of foreign competitive forces in recent years not only have halted progress but positively have started the industry downward. New capital will not enter the industry under such circumstances. Foreign producers, unless some protection is given the American industry, presently will be in a position to dominate our supplies and dictate prices.

These foreign producers are not subject to American antitrust laws, but can and do engage in pools and cartels as a means of fastening their grip on world markets, including our own markets, the largest in the world.

Every angle of the situation emphasizes the need of safeguarding the domestic industry so as to stabilize it to attract new capital and keep existing capital unimpaired in its function of providing employment for Americans. The Federal Government has itself a large interest in such stability, for the Government cannot realize on its large holdings of virgin mature forests unless such areas are developed free from foreign price raiding.

The futility of the Government spending hundreds of millions of dollars on reforestation without guaranteeing stability in the industry is obvious. The very large sums also expended by private owners of forest areas to recrop them and provide for future needs are largely imperiled by the nonprotective policy.

The paper normally consumed in the United States requires approximately 13,000,000 cords of pulpwood a year in its manufacture. At present less than half of this pulpwood comes from forests in the United States. More than 7,000,000 cords are produced in foreign countries and come here chiefly in the form of newsprint paper or pulp.

Were all of the 13,000,000 cords cut in American forests the domestic industry would have to be doubled as to plant capacity or output of existing plants, for papermaking, and the manufacture of other fiber products. It would mean a heavy increase in employment in the Nation as a whole.

To be most profitable, the industry necessarily would have to concentrate among the types of woods and in the regions where such woods needed in papermaking are most economically available. The 115,000,000 acres of southern pine are one such type and region. Since experiments have produced newsprint paper from pine trees only 7 years old, the reforestation program and power projects in that section indicate that it alone might supply the entire newsprint needs of the United States for which hundreds of millions of dollars are spent annually.

Science also is finding new uses for younger fir and other trees in many sections, so that the period of maturing is being shortened, making reforestation more profitable North, East, South, or West. A sounder taxation policy for growing timber is making it a crop which our farmers could grow profitably and not have to wait so long as once was believed necessary to realize upon it.

Reforestation is a perfectly practical proposition and it is being carried out on that basis. On the Pacific slope good stands of pulping species can be, and are being, produced in from 25 to 40 years. Some of the pulp mills at present operating are drawing, in part, from second-growth pulpwood cut by farmers or small operators from farm wood lots or old cuttings. The entire pulp and paper industry of the Lake and Northeastern States is practically sustained by second-growth timber and there are numerous forest properties in New York and New England which have been cut over two and three times for successive crops of pulpwood.

In a lesser degree this is also true of Virginia, Louisiana, Mississippi, Florida, Georgia, Arkansas, North Carolina, and many other Southern States. Pulpwood, in fact, constitutes one of the major crops of the farmers in these States who maintain their wood lots as a recognized farming enterprise. In the Northeastern States the wood is harvested in wintertime and in Maine it is known as the farmers' money crop.

The net fact is that we have present and prospective supplies in excess of our probable needs, but the millions of dollars needed in existing and new plants will not be forthcoming until investors are assured of safety in an expansion program to meet our full domestic requirements.

The President's reconstruction program includes water-power development as a companion to reforestation. Major projects are contemplated in the principal sections of the United States, with the Tennessee River Valley project most advanced.

Here, again, the question of utility arises. Much of this power cannot be used in large volume locally except as local resources are used. One of the best, if not the best, uses of water power in a forested region is in the manufacture of pulp and newsprint paper.

There are three essentials to the economic production of pulp and paper—wood, water, and power—and all three must be cheap and abundant. The manufacture of forest products is one of our greatest consumers of electrical energy, and the development of this form of enterprise would furnish a market for much of the power that is now being generated by the Government and for which there is at present no other apparent market of considerable dimensions.

The total consumption of newsprint in the United States, now 5,500,000 tons annually, would require nearly 4,500,000 cords of wood and a tremendous voltage of electrical energy—both items important contributions to our national wealth. But, to realize on these possibilities it again must be emphasized that protection of a tariff on forest products will be imperative.

There would be a real advantage to our newspaper publishers in a stable domestic newsprint industry capable of supplying their greatest needs—in war as well as in peace. The consumptive demand of the American newspaper publisher is so great that if the

newsprint industry in this country is allowed to perish—and inevitably it will perish unless it is given due protection—he will be placed in a very precarious position. In the event of a great world disturbance, such as occurred from 1914 to 1918, shipments of paper from foreign countries might be cut off.

There is also the possibility that after the American plants have been dismantled some of the foreign countries might place an export tax on paper products, to say nothing of a raise in prices. An eventuality of this character would put foreign countries in a position to dictate to the newspapers of the United States and imperil the free-press provision of our Constitution.

The junking of American newsprint plants will add to the general depression with increased unemployment, and the resulting diminished purchasing power will be reflected in a decrease of newspaper advertising. It is immutable law that every newspaper must measure its prosperity by the welfare of the community that it serves.

As pulp also plays an important part in the making of war munitions, the ending of the dependence of the United States on foreign supplies, aside from economic considerations, would be desirable from a defense viewpoint.

Revival and expansion of the domestic paper and pulp industry would stimulate our faltering transportation lines by a larger tonnage of freight in not only the product itself but also the materials used in manufacturing paper and kindred items.

A larger use of coal and other fuels, a greater demand for trucks and other motor vehicles, more machinery and equipment for use in the forests, as well as in new plants, and a better market for the chemical products used in paper manufacture are among the lines that would be benefited.

All of the related industries would employ more men to take care of the new business which would be created as a result of expansion in the paper industry. And the millions of dollars now going to foreign labor would go to American labor as wages and would be spent in the United States.

Will we spend abroad in the next 20 years billions of dollars for paper and pulp, as we have spent abroad billions in the past 20 years?

Can the national economy continue to stand such a drain while world competition grows sharper and sharper? The plugging of this leak in gold to foreign nations would strengthen our budgetary position and take hundreds of thousands of Americans out of bread lines.

There will be efforts by particular groups now deriving an advantage in buying paper and pulp abroad to retain this special privilege at the expense of the welfare of the whole country. Yet nothing can obscure the fact that foreign nations are being enriched while our own resources deteriorate and workers remain idle.

If to this huge loss is added a further loss of hundreds of millions of dollars spent on reforesting and power development, which will not be adequately utilized, more and more public funds will be needed for relief and disaster is certain. The Public Works Administration and its subsidiary, the Civil Works Administration will become permanent institutions in our national life.

The paper industry in this country can adapt itself to domestic supplies without the difficulty and cost sometimes asserted to be inevitable in a policy of self-sufficiency for the United States in forest products. In any event, nothing like the loss would result in such adaptation as is resulting from the present dependence upon foreign supplies. The national interest demands corrections of the 20-year mistake. Let it be part of the new deal that American products shall be given preference in the American markets.

INDEPENDENT OFFICES APPROPRIATION BILL—AMENDMENTS AND NOTICES OF MOTIONS TO SUSPEND RULES

Mr. McCARRAN submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 30, beginning with line 20, strike out through line 2, on page 35, and insert in lieu thereof the following:

"SEC. 21. (a) Section 3 (b) of title II of the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: 'except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934.'

"(b) In the application of section 105 (a) (relating to the salaries of the Vice President, the Speaker of the House, Senators, Representatives, Delegates, and Resident Commissioners) of the legislative appropriation act, fiscal year 1933, and sections 12 (relating to compensation reductions of officers and employees of insular possessions) and 13 (relating to the retired pay of certain judges) of the Independent Offices Appropriation Act, 1934, with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

"SEC. 22. There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this section. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years."

Mr. STEIWER. Mr. President, I send to the desk certain amendments with respect to veterans' provisions intended to be proposed by the Senator from Nevada [Mr. McCARRAN] and myself to House bill 6663, the independent offices appropriation bill. I ask that they be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. STEIWER. In connection with the amendments I also send to the desk a notice in writing that I shall hereafter move to suspend the rule for the purpose of offering certain of the amendments.

Mr. BYRNES. Mr. President, in connection with the independent offices appropriation bill I, too, send to the desk a notice in writing of my intention to move to suspend the rules, which I ask may be printed in the RECORD. I ask that the amendment intended to be proposed to the same bill contained in the notice may be printed and lie on the table.

The VICE PRESIDENT. Without objection, it is so ordered.

The notices are as follows:

NOTICE OF MOTION TO SUSPEND THE RULES—BY MR. STEIWER AND MR. M'CARRAN

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes, the following amendments, viz: On page 38, between lines 14 and 15, insert the following:

"TITLE III. VETERANS' PROVISIONS

"SEC. —. The fifth paragraph of section 20 of the Independent Offices Appropriation Act, 1934, is amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply: (1) To persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.'"

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished, and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918; (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts."

On page 38, between lines 14 and 15, insert the following:

"SEC. —. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third

Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act as amended and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph as amended takes effect, the surviving widow, child or children, and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.'"

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: *Provided*, That any veteran of any war who was not dishonorably discharged, suffering from disability, disease or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility, within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Where a World War veteran, who was employed in the active military or naval service between April 6, 1917, and November 11, 1918, dies from disease or injury not due to service, compensation shall be payable to the surviving widow and/or child or children, in the same manner and under the conditions and limitations contained in Veterans' Regulation No. 1 (a), part III, promulgated pursuant to Public Law No. 2, Seventy-third Congress, when shown to be in need in accordance with Veterans' Regulation No. 1 (a), part III, paragraph II (a), promulgated pursuant to Public Law No. 2, Seventy-third Congress."

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Section 10 of Public Law No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows:

"'Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., Supp. VI, title 38, secs. 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, shall be entitled to continue to receive, from the date this section as amended takes effect, retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty, except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities.'"

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws, except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes', approved September 7, 1916, as amended.

"SEC. —. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

"SEC. —. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled 'compensation' and not 'pension.'

"SEC. —. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date."

NOTICE OF MOTION TO SUSPEND RULES—BY MR. BYRNES

Pursuant to the provisions of rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill H.R. 6663, the following amendment, viz, on page 36, after line 8, insert two new sections, as follows:

"SEC. 23. Notwithstanding the provisions of Public Laws Nos. 2 and 78, Seventy-third Congress, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, shall be payable from the date of passage of this act to the date of decision by the Board of Veterans' Appeals in all cases disallowed by the special boards of review authorized under section 20 of Public Law No. 78, Seventy-third Congress: *Provided*, That the Board of Veterans' Appeals is hereby authorized and directed to review all such cases at the earliest practicable date: *Provided further*, That the Administrator of Veterans' Affairs is hereby authorized and directed to develop such cases by correspondence and investigation to the end that all available material evidence shall be secured and made a part of the claim before decision by the Board of Veterans' Appeals is rendered: *Provided further*, That in those cases where, as a result of the review, service connection is granted by the Board of Veterans' Appeals, pension shall be payable, effective July 1, 1933, at the war-time service-connected rates under Public Laws Nos. 2 and 78, Seventy-third Congress, subject to deduction of the amount of pension paid for any period subsequent to June 30, 1933.

"SEC. 24. That section 6 of Public Law No. 2, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'SEC. 6. The Administrator of Veterans' Affairs is hereby authorized within the limits of Veterans' Administration facilities to furnish medical and hospital treatment for diseases or injuries and domiciliary care for permanent disabilities, in the following order of preference and subject to the following requirements:

"'(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and to any other person entitled to pension for disease or injury incurred in line of duty during the World War when in need of hospital treatment for such injury or disease;

"'(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"'(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"'(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living.'"

INFORMATION RELATIVE TO PUBLIC WORKS PROGRAM

Mr. LA FOLLETTE. I submit a Senate resolution and ask that it be read and be given immediate consideration.

The VICE PRESIDENT. The clerk will read the resolution.

The legislative clerk read the resolution (S.Res. 190), as follows:

Resolved, That the Administrator of Public Works is hereby requested to furnish the Senate the following information:

(1) A general survey of the Public Works program.

(2) An account of the organization of the Public Works Administration.

(3) A statement of the policies of the Public Works Administration.

(4) A statement of allotments under the Public Works Act and the number of men employed.

(5) A list of Federal and non-Federal projects approved.

(6) A list of Federal and non-Federal projects pending in the Public Works Administration at Washington and in the offices in the several States.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the resolution. I merely question the Senator from Wisconsin as to whether the information called for in two of the paragraphs, particularly the first, is, in his opinion, definite?

Mr. LA FOLLETTE. I think that the resolution is sufficiently definite to elicit a general response as to policies, and my understanding is that this information can readily be furnished to the Senate.

Mr. ROBINSON of Arkansas. Very well; I have no objection to the consideration of the resolution.

There being no objection, the resolution was considered and agreed to.

REDUCTION IN PERSONNEL OF CIVILIAN CONSERVATION CORPS

Mr. BARBOUR submitted a resolution (S.Res. 191), which was ordered to lie over under the rule, as follows:

Resolved, That the Director of Emergency Conservation Work is requested to report to the Senate at the earliest practicable date the extent of the reductions and contemplated reductions in personnel of the so-called "Civilian Conservation Corps" in the several States, respectively.

COMPILATION OF FEDERAL LAWS RELATING TO CARRIERS

Mr. DILL. Mr. President, in 1927 the Senate printed Document No. 166, which was a compilation of Federal laws relating to the regulation of carriers subject to the Interstate Commerce Act, with certain digests of pertinent decisions of the Federal courts and the Interstate Commerce Commission. The Commission has prepared the data bringing down to date the compilation of cases that have been decided. They are ready to be printed, and I submit a resolution requesting that the data referred to be transmitted by the Commission to the Senate and providing that they be printed as a Senate document. I ask unanimous consent for the immediate consideration of the resolution.

There being no objection, the resolution (S.Res. 192) was read, considered, and agreed to, as follows:

Resolved, That the Interstate Commerce Commission is hereby requested to prepare and transmit to the Senate a manuscript in form suitable to be printed, to supplement and bring as closely to date as is practicable Senate Document No. 166, Seventieth Congress, first session, heretofore submitted by the Commission in response to Senate Resolution 17 of December 6 (calendar day, Dec. 9), 1927, the same being entitled "Compilation of Federal Laws Relating to the Regulation of Carriers Subject to the Interstate Commerce Act, with Digests of Pertinent Decisions of the Federal Courts and the Interstate Commerce Commission, and Text or References to General Rules and Regulations"; and that such manuscript, when transmitted by the Commission to the Secretary of the Senate, be printed as a Senate document.

FINANCING OF TRADE WITH SOVIET RUSSIA

Mr. TYDINGS. Mr. President, the New York Times of February 13 carried an article with the following headline:

Eleven-million-dollar bank formed to extend credit for $100,000,000 trade with Soviet Russia.

It is not my intention to read this article in full; but what I cannot understand is upon what ground we can hope to lend Russia money when we already have a favorable trade balance with Russia, and the creation of the proposed bank will be calculated to increase that favorable trade balance.

Another thing I cannot understand is under what authority of law the funds of the people of the United States can be loaned, in effect, to a foreign government. If there should be any sound way that trade could be promoted between these two countries, the creation of this proposed bank might be justified; but when it is a known fact that we are selling more goods to Russia in dollars than Russia is selling of her goods to us, to lend her more money with which to buy still more goods of us while refusing to take her goods in return, the only medium through which she can make payment, to me is absolutely not understandable.

I do not mean to attack Russia; that is not the purpose of what I am saying. I should like to see trade increased between the two countries. I think it would be a healthy thing for the world; but I can see only the loss of $11,000,000 through this process.

The article says in part:

The first deal will probably be the exporting of about 500,000 bales of cotton through the Amtorg Trading Corporation, with which negotiations have been under way for 6 months. Sales of another 500,000 bales of cotton and of 1,250,000,000 yards of unfinished cotton cloth are also under negotiation.

Other exports, expected to follow soon, are products of heavy industry, which has been perhaps hardest hit by the depression. In this category, to meet immediate needs in Russia, are equipment for railroads and steel mills, electrical equipment, trucks, and automobiles.

This portion is particularly significant:

Although this country will have a large trade balance, Russia will be able to ship goods here, which may include potash, manganese ore, mica, precious stone, platinum and gold, furs and waste silk, castor-oil beans, sausage casings, and caviar.

Russia can ship those things to us now without the proposed bank. If she can ship in dollars more of them to us than we are shipping of our goods to Russia, she can get the means to repay this proposed loan, but already we are shipping more to Russia than Russia is shipping to us. Russia is in our debt already, and this proposal will put her further in our debt, and make it absolutely impossible, under existing trade arrangements, for her to discharge this debt.

I want to enter my individual protest against this whole scheme. It is unsound; it is but a part of the policy which was carried on by the last administration when the imprimatur of the State Department was placed upon foreign loans which are now in default and American investors in such foreign bonds are holding them without either the payment of interest or any payment in the form of a sinking fund. After having been in opposition to that whole policy, as we were on this side of the aisle, knowing that those loans would not be paid, I cannot understand how it is that this administration wants to put itself in line with that repudiated policy. I hope that before any negotiations are undertaken by this bank it will have a closer scrutiny than that which it seems to have had up to the present time.

There is no doubt in the world that we are now selling to Russia more goods than Russia is selling to us; that the balance of trade is in our favor; that she cannot pay the unfavorable balance of trade which is now existing, and yet the policy seems to be to sell her still more goods for which she is unable to pay. As a matter of fact, I am advised that Russia today has only about $300,000,000, and that is all, of gold and silver monetary stock. Our export trade with Russia for 1 year at this rate would take all the money there is in Russia in gold and silver in order that payment might be made in international exchange; and here we are about to lend more money when we know already that under the existing arrangements Russia cannot pay in goods and she has not the money with which to make payment in exchange.

This policy, in its final analysis, is not calculated to help international relations at all. We cannot continue to sell more goods to Russia than we buy from Russia unless we put her further and further in our debt, a debt which she is unable to pay. The only way she can make payment is in goods. I want to protest against the loan of $11,000,000 through any agency which will permit us to sell still more

goods to Russia and to accentuate the unbalanced trade relations which already exist between the two countries.

Mr. BARKLEY. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. BARKLEY. I did not have the good fortune to hear the beginning of the Senator's remarks, and, therefore, I do not know just upon what he bases them, but I happen to know—and it is a matter of common knowledge—that in 1930 Russia bought about $150,000,000 worth of goods from the United States and we bought from Russia very little, but Russia did manage to pay for that $150,000,000 worth of American goods. Are the Russians in any worse condition now to pay for what they buy than they were 3 or 4 years ago?

Mr. TYDINGS. Russia may have had a favorable balance of trade with the world in that year which enabled her to take from the rest of the world, through the exchange of goods, sufficient money to pay for the goods which we were selling her; but I know that in the year 1930, which the Senator uses for an illustration, much of that business was done upon credit; I know that much of that business has not as yet been paid for. That was a private transaction, and to that I have no objection; but I do have objection to the United States Government injecting itself into the picture by establishing a Russian bank in the United States to finance exports which cannot be paid for with any degree of certainty under the existing trade set-up.

Mr. BORAH. Mr. President——

Mr. TYDINGS. I yield to the Senator from Idaho.

Mr. BORAH. Is there something pending before the Senate with reference to the $11,000,000 bank to which the Senator refers?

Mr. TYDINGS. No; there is not. I read from a newspaper article entitled:

Eleven million dollar bank formed to extend credit for $100,000,000 trade with Soviet Russia.

And the only way I can voice my opposition, as it is not a matter now before the Senate, is by saying in my individual capacity what I think of the arrangement.

Mr. BORAH. I was not objecting; I simply wished to know.

Mr. TYDINGS. I understand the Senator's attitude.

Mr. President, in conclusion, the naked facts are these: At present we are selling to Russia more goods than Russia is selling to us. There may be ramifications in her world transactions which would give Russia a favorable balance of trade, permitting her to repay this debt, and if that situation exists, then Russia does not need these credits. If Russia can sell the world more than she buys from the world, she will draw the gold to Russia, which she can use to pay for any products she buys from the United States; but I am opposed to the policy of taking the taxpayers' money and, in effect, lending it to any foreign government, whether it be Russia or any other country. That is a matter in the field of private business, and I know of no authority under any existing law which will permit financial transactions of the kind described here to have the approval of the Congress or of any department of the Government of the United States.

Mr. KING. Mr. President, the Senator from Maryland [Mr. TYDINGS] earlier in the day made reference to an article in the New York Times in which it was stated that the Reconstruction Finance Corporation was organizing a corporation for the purpose of extending $100,000,000 credit to Soviet Russia and that a portion of the capital subscribed was to come from the Reconstruction Finance Corporation. I heard only the closing sentences of the Senator's address, from which I concluded that he was opposed to the plan as outlined in the public press.

I join with the Senator from Maryland in expressing my disapproval of the proposed plan. I am unwilling to have the Government of the United States participate in the organization of a corporation for the purpose of extending credit to the Bolshevik Government. For that matter I am opposed to the Government taxing the American people for the purpose of lending money to foreign governments. The American people have, during the past few years, lost hundreds of millions of dollars; indeed, several billion dollars, by reason of loans which have been extended to Germany and other countries. Many of the banks of the United States hold in their portfolios bonds issued by foreign governments and various cities and political subdivisions in Europe and South America. Recent investigations conducted by the Senate of the United States reveal the fact that foreign bonds of the face value of hundreds of millions of dollars have been unloaded upon the people of the United States. My information is that a number of State as well as Federal banks failed because they were holding as reserves foreign bonds, the value of which was from 10 to 30 or 40 percent of the amount paid for the purchase of the same. This is no time for the Government of the United States to tax the American people in order to loan money to foreign countries. Notwithstanding the very heavy burdens of taxation laid upon the people both Federal and State Governments are confronted with large deficits, and municipalities are appealing to Congress to enact legislation that will aid them in meeting their obligations, some of which are in default. Undoubtedly there will be great pressure brought upon the Government to extend credit to the Bolshevik Government, and that Government is eager to obtain credits in the United States, and, for that matter, in any other country that will extend credit. Our domestic obligations are so stupendous that I can find no justification—assuming the power exists—for the Government of the United States to loan money to the Soviet regime. I respectfully register my opposition to this proposed plan and sincerely hope that those in control of the Reconstruction Finance Corporation will not carry into execution the plan to which reference was made by the Senator from Maryland.

GENERAL ECONOMIC SITUATION AND TAXATION—STATEMENT BY I. DAVIDSON

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in the RECORD a statement on the general economic situation and taxation, prepared by Mr. I. Davidson, of Elizabeth, N.J.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The cause of our present calamity and unemployment is very simple and it can be readily understood by this uncomplicated example—A, B, C, and D—the tailor, shoemaker, hatter, and baker, each one with an even amount of capital start in business; the baker sells his bread to the tailor, shoemaker, and hatter, on which he makes a profit; in turn, he spends that profit with the tailor for clothes, with the shoemaker for shoes, and with the hatter for hats. These three are also making a profit on what they sell, and they spend that profit back with the baker, for bread. The same with the tailor, he sells his clothes to the shoemaker, hatter, and baker, of which he makes a profit. He in turn spends that profit with the shoemaker for shoes to wear, with the hatter for hats to wear, and with the baker for bread to eat—the same with the shoemaker and hatter; they work and produce, sell their wares at a profit, in turn spend that profit back again, thus giving employment to the others, and the others spend their profits or earnings back again. In this case, they are all employed and earn their living continuously. Should, however, for instance, the baker sell his bread to the other three, making a profit, but he does not spend that profit, he will not buy shoes, neither hats nor clothes; while the shoemaker has to produce and sell three pairs of shoes to earn his living, but if he only sells two pairs to the tailor and hatter, then within a period of time he will eat up his original investment and starve. The tailor, for instance, even if he did earn his living by selling his clothes only to the hatter and shoemaker, will also begin eating up his original investment by having but one buyer left, and so it is with the hatter, and within another short period the baker will have accumulated and in his possession all the original investments of the other three, and they will remain idle, out of work, and there is a panic.

The same condition applies to a larger group of men, and to a whole nation. When the moneys earned by the laborer or small business man is being spent by them for their needs, but these moneys are not being spent back by those who come in possession of it, but are either put away in savings or spent in foreign lands on clothes, luxuries, and pleasure. It is the same law of nature that it will come about and cause unemployment and depression, and that is what is taking place in our country today. There has been and still is larger and smaller sums of money being made by a certain percentage of the people, but these people are spending but a small part of it on themselves; they are either increas-

ing their savings or going to Europe to spend part of it. If the movie star, radio artist, opera singer, business man, banker, etc., is fortunate to have an income of 50 or 100 thousand, or even more or less, per year, these moneys have been spent by the general public; that is, the laborer, the farmer, and the small business man; but the laborer and farmer are not getting it back for labor and produce, as most of it is being saved by that artist, movie star, business man, or executive, or part of it spent in Paris, London, St. Moritz, and other foreign pleasure resorts, thus being the cause of our present depression and unemployment. I cannot see how the N.R.A. will solve it, for if the working hours are shortened, though it might give employment to more people in the shops and factories, it will make the items they produce go up in price, and if the workingman will even receive the same pay for 40 hours as he did for 60, his wage will not suffice to purchase the same necessities, and be compelled to work for only a starving wage; and if his wages be raised, then it would mount the cost of the item he produces still higher, and his earnings again cannot buy any more, for his earning power cannot be on a level basis with the purchasing power.

Therefore, my dear Senator, I can plainly see that the time is not very far off when labor will tell capital (by the term "labor" I mean the one who works for his daily bread, and by the term "capital" I mean the one who has and earns more), "I am the same flesh and blood as you are; my children are entitled to live the same as yours. We were born alike, and we have to share what the world affords alike"—unless capital will give ear to the voice of labor, which pleads at present in this term: "You can have your mansion—in fact, I want you to have more than one. You can have your 2, 3, even 4 automobiles—in fact, I'll be glad to see you have 6, and still more glad to see you have 10. You can have your yacht—in fact, I would enjoy seeing you own a still more luxurious one. All I want is work to earn enough for bread and butter for my wife and children and my rent for my three- or four-room dwelling." Therefore, my dear Senator, there is in my opinion only this one solution to our entire economic condition, and that is, if the Government has the power to enact laws regarding the working hours, if the Government has the power to draft life in case of war, and if the Government has the power to have everyone submit a financial statement every year as to people's incomes and collect a certain tax thereof, then the Government should pass and enact a law in the following form: That everyone must annually submit to the Government a financial statement, either of his or her income or of his or her wealth, and that a certain percentage of that income or wealth must be spent for his or her own personal use for such things that are made of cotton, wool, silk, leather, wood, iron, silver, copper, tin, glass, steel, and all other things that are mined, produced, and manufactured in this country.

A system can easily be worked out whereby it would be easy to ascertain the amount everyone has spent for the above items, if one buys an automobile, a pair of shoes, a set of dishes, or has his home remodeled, or builds a new one, he is to get receipts from the merchant, automobile dealer, or builder for the amount spent, which will be proof that he or she spent the required amount of the income according to law; either Government bureaus or local boards to be established in every county to handle this work; a heavy penalty to be imposed on anyone caught violating the full term of the law. We all may be assured that there will always be work for everyone and there will always be demand for labor. It will not be necessary for the Government to compute wage scales and have codes of working hours; the law of supply and demand will take care of that. I must also add that it is comprehensive that these moneys which would be spent by everyone, whether banker, manufacturer, merchant, lawyer, artist, or executive, would eventually return to them by the increased volume of business and profits in every line, for if myself, for example, would have to spend this year, we'll say, $3,000, according to law, my increased profits would be $3,000 or more from a much larger volume of business, and this applies to the manufacturer, banker, and everyone else, and everyone would get so much more comfort and pleasure out of life while the workingman would always have work to provide the essential necessities for his family. It would also be a good move by the Government, then, to abolish the income tax law and get that amount of revenue in the form of a tax levied on all articles manufactured.

COMPARATIVE STUDY OF VETERANS' LEGISLATION

Mr. HARRISON. Mr. President, I ask unanimous consent to have incorporated in the RECORD a statement, prepared at my request, by the Solicitor of the Veterans' Administration. In the letter to me, Mr. Roberts, who, I notice in the morning paper, is to resign, and who has been a most efficient public official, rendering very valuable service to the Government in his official capacity, states:

In pursuance with your request, I have prepared the enclosed statement entitled "Historical Statement Supporting Need for Corrective Measures and Comparative Study of Veterans' Legislation Prior and Subsequent to the Economy Act, Showing Entitlement to Benefits."

I think every Member of the Senate and everyone interested in what has been done or what may be done respecting veterans' legislation will be interested in reading this statement; so I ask unanimous consent to have it incorporated in the RECORD.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

HISTORICAL STATEMENT SUPPORTING NEED FOR CORRECTIVE MEASURES AND COMPARATIVE STUDY OF VETERANS' LEGISLATION PRIOR AND SUBSEQUENT TO THE ECONOMY ACT, SHOWING ENTITLEMENT TO BENEFITS

In view of the extent of discussions pertaining to veterans' relief and because of confusion in the minds of many persons regarding the recently enacted laws and regulations affecting veterans and their dependents, it is deemed advisable to furnish a statement of the reasons for the new policy, how it was enacted into law, a brief explanation of the existing provisions, including the policy of the administration with reference to rounding out of the program. It has been found that the present policy is strongly supported by those who have made a thorough study not only of the prior laws and practices but of the provisions of the recent laws and regulations. It can be stated without reservation that there has been established a reasonable and just program of relief, which, under the policy of the President, is being rounded out on the basis of the study of effects of the provisions.

Part I. History

NEED FOR LEGISLATION

The urgent need for corrective legislation pertaining to veterans' relief was recognized particularly over the past several years by those who had studied the problem. There were three major elements requiring attention: (1) The necessity for curbing the increase in the cost of veterans' relief; (2) the necessity for removing administrative complications arising out of consolidation of the Pension Bureau, National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau, and effectuating the various statutes and eliminating inequalities existing under the prior laws affecting veterans and their dependents of the various wars and the Regular Establishment; (3) elimination of double and unjustifiable benefits permitted under the prior laws.

COST OF VETERANS' RELIEF

As to the mounting cost of veterans' relief, it was shown for the fiscal year 1932 the total appropriation for veterans' relief was $987,539,930.27. The appropriation for this same purpose for the fiscal year ending June 30, 1933, was $931,025,164.64. While this figure was a reduction over the previous year, this was only because of the fact that the amount appropriated for the adjusted-service certificate fund was reduced from $200,000,000 to $100,000,000. The estimated appropriation for veterans' relief for the fiscal year ending June 30, 1934, based upon the laws in effect prior to the economy act, was $945,988,634. It has been estimated upon a conservative basis that without any further liberalization in the laws the cost of veterans' relief would amount to $1,081,200,000 for the estimated peak year 1958. Of course, if past history were to repeat itself and similar provisions made for World War veterans and their dependents as had been made for veterans and the dependents of veterans of prior wars, taking into consideration economic changes which might reasonably be expected, this estimated cost might reach $1,913,400,000 in an estimated peak year 1950. The reason for this is very apparent when one takes into consideration the fact that approximately 3,000,000 World War veterans will be living at the age of 62. Multiply this number by the average monthly rate of pension paid Spanish-American War veterans, which was $43.59, and the answer speaks for itself. It will therefore be seen that the National Government was confronted by a serious financial problem if the prior laws were continued in effect and additional liberalizing legislation following along the lines adopted for veterans and the dependents of veterans of prior wars were to be placed into effect. Certainly up to the adoption of the Economy Act one had every reason to believe we would continue on our reckless way.

On the subject of cost of veterans' relief it is well to compare the expenditures of the United States with those of foreign countries for World War veterans. The following table appears on page 22 of the hearings before the Joint Congressional Committee on Veterans' Affairs, Seventy-second Congress:

	Men mobilized	Dead and wounded	This year's relief bill	Per capita based on men mobilized	Per capita based on dead and wounded
United States	4,757,240	322,407	[1] $860,635,000	$180.91	$2,668.66
Germany	13,000,000	6,111,862	298,690,000	22.98	48.87
France	8,410,000	5,623,000	286,722,000	34.09	50.99
Great Britain	6,600,000	3,000,000	174,802,000	26.49	58.27
Italy	5,615,000	1,597,000	69,853,300	12.44	43.74
Canada	619,636	232,045	61,123,000	98.64	263.41
Total for foreign countries	34,244,636	16,563,907	$891,190,360	26.02	53.80

[1] That portion of Veterans' Administration appropriations made applicable to World War veterans for fiscal year 1932, including $312,000,000 appropriated to adjusted-service certificate fund.

INEQUALITIES UNDER PRIOR LAWS

While the authority given to the former Director United States Veterans' Bureau, Board of Managers of the National Home for Disabled Volunteer Soldiers, and the Secretary of Interior or former Commissioner of Pensions regarding pensions was vested in the Administrator of Veterans' Affairs by the act of July 3, 1930 (Public, No. 536, 71st Cong.), creating the Veterans' Administration, the former acts were not repealed. As a result numerous questions arose as to the extent of the authority of the Administrator in directing the operation of the consolidated establishment. Many of these conditions indicated the urgent need for remedial legislation.

Rates of pension and compensation for service-connected disabilities: World War veterans with service-connected disease or injury could receive as high as $275 per month. Veterans of the Spanish-American War, Philippine insurrection, and Boxer rebellion took under the general law which applied to both peace and war-time service and could not receive in excess of $125 per month, with the sole exception of the provisions for double pension for disability incurred in service as the result of aviation or submarine accident.

World War veterans suffering from particular conditions as provided by statute were guaranteed a permanent and total rating of $100 per month, and the same statute provided that a combination of any two of such statutory conditions would constitute double permanent total disability warranting the payment of $200 per month. There was no such provision pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment. The World War rate for total blindness was $150 per month, whereas the pension rate for the Spanish-American War, Philippine insurrection, and Boxer rebellion and peace-time service was $125 per month.

World War veterans received $100 per month for permanent total disability, which included conditions other than those provided by statute, so rated under the Schedule of Disability Ratings, 1925, and addenda.

Under the laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, there was no basic rate for permanent total disability, but 18 permanent specific rates were provided by law ranging from $24 to $125 per month. Some of them would constitute total and others partial disability.

World War veterans were also entitled to rates on a temporary basis for temporary total disability $80 per month, with additional allowance for dependents. The laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment did not provide rates for temporary disabilities.

For World War veterans the rates for total disability not specified by statutes and for partial rates either on a permanent or temporary basis were fixed by the schedule of disability ratings, such partial rates being a fractional part of the total rate. Under the laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment the partial rates were partly fixed by law and partly by regulation, the latter using the statutory rates as a guide. No schedule was required under these laws and the ratings were effected by instructions and established by practice where not prescribed by statute.

The World War Veterans' Act provided for a minimum rate of $50 per month for service-connected arrested tuberculosis, with a minimum disability rating of 25 percent permanent partial for apparently cured tuberculosis. At the time of the enactment of the economy act there were approximately 46,000 veterans of the World War drawing $50 per month compensation for arrested tuberculosis. The condition of many of these men had been arrested for more than 5 or 6 years, and insofar as their industrial adjustment was concerned they were regularly employed. Notwithstanding such to be the fact, payments to such veterans under the prior laws were required to be continued at the rate of $50 per month. The laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment did not contain any such provision.

The World War Veterans' Act provided additional compensation of $25 per month for the loss of use of a creative organ or one or more feet or hands as the result of injury in active service between April 6, 1917, and November 11, 1918, or, if Russian service, between April 6, 1917, and April 1, 1920. The laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment did not provide for additional pension on account of such injuries incurred during war or peace time.

The World War Veterans' Act provided for additional allowance of $50 per month if the veteran was in need of nurse or attendant. The laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment did not provide additional allowance for nurse or attendant. A pension rate of $50 or $72 per month was allowed where the veteran was so helpless or blind as to require frequent or periodical or regular aid and attendance of another person. Where the pension rate being received for disability was equal to or in excess of the $50 or $72 rate the man would not receive any increased amount by virtue of the need of attendance.

The rate of pension for service-connected total deafness by statute was $40 per month for the Spanish-American War, Philippine insurrection, and Boxer rebellion, and peace-time service, whereas the World War Veterans' Act, 1924, as amended, provided for permanent total disability, $100 per month, for service-connected total deafness.

With reference to the pension rates for the Spanish-American War, Philippine insurrection, Boxer rebellion, or peace-time service, the practice of evaluating disabilities was complicated on account of the various specific rates authorized by law. Exclusive of the permanent specific disabilities the rate of pension for total disability was $30 per month. Total disability referred to in the preceding sentence was described by law as "so disabled as to be incapacitated for performing any manual labor, but not so much as to require regular personal aid and attendance." There were other total rates for pension purposes relating to total disability of a body part, for example, hand or foot. As to rates below $40, rank in service was considered. With the exception of the $24 permanent specific rate and regulatory rates for partial deafness based on the $30 rate (not changed after rate for total deafness was increased to $40) there were no proportionate rates between $18 and $30 except on account of rank. Between $6 and $18, rates were provided proportionate to the degree of disability, depending on or regardless of rank. The permanent specific rates up to $125 per month were awarded regardless of rank. The pension rates discussed herein were under the general law, which applied both to the peace-time persons and those with war service. A veteran of the Spanish-American War with service-connected total disability of both hands or both feet received $100 per month, whereas veterans of other wars prior to the World War and peace-time soldiers received $80 per month for the same disabilities. By enacting increased pension rates for certain disabilities, service-connected, many disabilities equivalent in degree still were the basis for proportionately lower amounts of pension based upon the range from $6 to $30 per month. It should be borne in mind that veterans of the Spanish-American War, Philippine insurrection, and Boxer rebellion, although eligible to these rates if suffering from service-connected disability, would, if entitled, claim service pension, service-connected disability not required, if the rate was higher.

Rates of pension and disability allowance to war veterans for non-service-connected disabilities: World War veterans were entitled to disability allowance, similar to service pension, requiring 90 days' service or more. The rates were for permanent disabilities, one fourth, $12 per month; one half, $18 per month; three fourths, $24 per month; and total, $40 per month, not the result of willful misconduct. The veteran must have been exempt from the payment of Federal income tax for the year preceding the filing of application.

The laws pertaining to the Spanish-American War, Philippine insurrection, and Boxer rebellion provided service pension (service-connected disability not required), as follows: With 90 days' service or more, or if less than 90 days was discharged for disability incurred in line of duty, $20 to $60, proportionate to degree of disability:

Disability	Pension	Age	Pension
One tenth	$20	62	$30
One fourth	25	68	40
One half	35	72	50
Three fourths	50	75	60
Total	60		
If helpless or blind or so nearly helpless or blind as to need or require regular aid and attendance of another person	72		

With 70 days' service or more, $12 to $30 per month, proportionate to degree of disability:

Disability	Pension	Age	Pension
One tenth	$12	62	$12
One fourth	15	68	18
One half	18	72	24
Three fourths	24	75	30
Total	30		
If helpless or blind or so nearly helpless or blind as to need or require the regular aid and attendance of another person	50		

Evaluation of disabilities for pension and compensation purposes: Under the World War Veterans' Act, provision was made for a Schedule of Disability Ratings to be based, as far as practicable, upon the average impairments of earning capacity resulting from such injuries in civil occupations similar to the occupation of the injured man at the time of enlistment. The Schedule of Disability Ratings, 1925, and addenda, based upon the World War Veterans' Act enacted June 7, 1924, was used primarily for rating service-connected disabilities. This schedule was used as a guide in rating claims for disability allowance. The provisions of section 202 (4) of the World War Veterans' Act, 1924, as amended, particularly the occupational factor, resulted in a schedule which was highly analytical and as a result contained many rates ranging from zero to 100 percent.

The laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment provided for no schedule of disability ratings. Separate acts provided for determination of disability to be based upon inability to perform manual labor so as to render the veteran unable to earn a support. With the provision in the laws pertaining to service-connected disabilities, war- or peace-time service, granting certain amounts for permanent specific disabilities, it became necessary to develop certain other rates for guidance, based upon sound judgment to insure uniform practice in the rating of

disabilities. Under the service pension laws the percentages of disability recognized generally were one tenth, one fourth, one half, three fourths, and total.

Double compensation or pension: In the case of World War veterans, a combination of two statutory permanent total conditions, service-connected, entitled a veteran to compensation in the amount of $200 per month. Under the laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, double pension was paid for a disability or death due to submarine or aviation accident, service-incurred. The double pension provision extended to dependents who took by virtue of death of the soldier. The double permanent total provision for the World War did not extend to dependents receiving compensation on account of death. If the veteran died of service-connected disability for which he received double permanent total benefits the widow, children, and dependent parents could receive only the amount specified for dependents of veterans who died of service-connected disabilities.

Statutory presumptions: (1) Under the laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, there was a presumption of permanent specific disability at the age of 62 years and over, whereas under the World War Veterans' Act there was no presumption of disability at any certain age.

(2) Under the World War Veterans' Act tuberculosis and other specific diseases were presumed to have been acquired in service if shown to have existed to compensable degree before January 1, 1925. The presumption for tuberculosis and spinal meningitis was conclusive. No comparable provision was contained in the laws pertaining to service in the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment.

(3) World War veterans were given the benefit of a conclusive presumption of soundness, except as to defects noted by proper authorities at time of or prior to enlistment, whereas for the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment the presumption of soundness at time of enlistment was rebuttable.

Misconduct diseases: As to World War veterans, compensation and disability allowance were denied for misconduct disease, except that compensation could be paid for service-connected paralysis, paresis, blindness, helplessness, or bedriddenness. As to the Spanish-American War, Philippine insurrection and Boxer rebellion, misconduct was a factor only if the claim was based on service-connected disability; and as to peace-time service, pensions were denied if the disability resulted from willful misconduct.

Payment of pension or compensation on account of the death or disability of two or more persons: Under the laws pertaining to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, not more than one pension could be paid at the same time to the same person or to persons entitled jointly, but any person who so elected could surrender his pension certificate and receive in lieu thereof a certificate for any other pension to which he would have been entitled had not the surrendered certificate been issued. Under the World War Veterans' Act the receipt of a gratuity, pension, or compensation, including adjusted compensation, by a widow, child, or parent, on account of the death, disability, or service of any person would not bar the payment of compensation on account of the death or disability of any other person. A person entitled to receive compensation or pension on account of the same person could elect to receive the higher rate.

Effective dates of awards of compensation and pension: Under the World War Veterans' Act compensation could be awarded 1 year prior to date of original claim and increased compensation could be awarded 6 months prior to date of claim therefor. If paid as an accrued right under the War Risk Insurance Act, compensation could be paid 2 years prior to date of original claim or increased compensation could be paid 1 year prior to date of claim therefor. Disability allowance was payable from date of application therefor.

As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, original pensions generally were payable from date of filing of application. However, the various pension laws contained numerous provisions for effective dates permitting payments from a date other than the date of application, for example, from the date of death of the veteran in certain cases. Generally, as to disability rates, increased pension was payable from date of examination showing change of condition but not prior to effective date of statute granting increased rates. As to War with Spain, Philippine insurrection, and Boxer rebellion, under the act of June 2, 1930, increased rates provided were payable from date of application therefor.

Payment of pension or compensation to officers of institutions: Under the World War Veterans' Act, if an insane veteran in an institution had no guardian, or if the guardian did not supply needs of his ward, there could be paid to the chief officer of such institution a sum sufficient to care for the comforts and desires of such veteran. At the end of each accounting period the chief officer returned to the Veterans' Administration, or to the guardian, any excess of funds. If the veteran was sane, there was no authority to pay his compensation to an official of a hospital or national military home.

As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, all pensions payable to inmates of national military homes were paid to the treasurers of such homes to be disbursed for the benefit of the pensioners without deduction for fines or penalties. Any balance of pension which would remain at date of pensioner's discharge was paid over to him. Pensions payable to inmates of State homes were paid direct to the pensioner and not to the treasurer or other officer of such homes. If an insane veteran was hospitalized by authority of the Veterans' Administration, under section 202 (10) of the World War Veterans' Act, as amended, in hospitals other than those in national military homes, there was no authority to pay the pension to the officers of such institutions.

Reduction of payments while veteran was residing in a National or State military home: While a veteran of the Spanish-American War, Philippine insurrection, or Boxer rebellion was an inmate of a soldiers' home he could not receive more than $50 per month service pension. Veterans of the World War domiciled in the same home received no reduction whatsoever in their compensation, and, as a matter of fact, if they were in such home for the treatment of a service-connected disability, would receive an increase in the amount of compensation payable to them up to a minimum of $80 per month. If an insane person without dependents was maintained by the United States in an institution for a period or periods amounting to 6 months and disability was service connected, compensation was reduced to $20 per month while so maintained. The laws pertaining to peace-time service contained no provision for reductions as described.

Reduction of awards: Under the World War Veterans' Act, except in cases of fraud by the beneficiary, there was no retroactive reduction in compensation and no reduction or discontinuance was effective until the first day of the third calendar month next succeeding that in which reduction or discontinuance was determined.

As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, pensions would be increased or reduced according to right and justice; but in no case could a pension be withdrawn or reduced except upon notice to the pensioner of not less than 30 days and a hearing upon sworn testimony, except as to the certificate of examining surgeon.

Reduction of payments to insane veterans without dependents: Under the World War Veterans' Act, if an insane veteran without dependents was maintained by the United States in an institution for a period or periods amounting to 6 months and disability was service connected, compensation was reduced to $20 a month while so maintained. Where the estate of such veteran derived from funds paid under the War Risk Insurance Act, as amended, and/or the World War Veterans' Act, 1924, as amended, equaled or exceeded $3,000, payment of the $20 per month was discontinued until the estate was reduced to $3,000. If the veteran recovered his reason and was discharged as competent, such additional sum was paid him as would equal the total sum by which his compensation had been reduced or discontinued. Recipients of disability allowance were not affected by this statute. As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, the laws contained no comparable provision.

Hospitalization, treatment, and examination: (1) World War veterans suffering from service-connected disabilities had a mandatory right to treatment in Government hospitals. If necessary, contract hospital facilities could be used, and if an emergency developed requiring immediate treatment or hospitalization and no Bureau facilities were available, the veteran could be reimbused for reasonable value of services received from sources other than the Bureau. As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, there was no comparable right.

(2) All hospital facilities under the control and jurisdiction of the Veterans' Administration were available to honorably discharged veterans of the Spanish-American War, Philippine insurrection, Boxer rebellion, or World War when suffering from neuropsychiatric or tubercular ailments and diseases, paralysis agitans, encephalitis lethargica, amoebic dysentery, or the loss of sight of both eyes, regardless of whether such diseases were connected with service. As to peace-time service, there was no such provision.

(3) Hospitalization was furnished to veterans of all wars, so far as existing Government facilities permitted, without regard to the nature or origin of the disabilities. No provision was made for the Regular Establishment, except that members could be treated in Veterans' Administration homes while domiciled there.

Medical examinations of claimants: Under the World War Veterans' Act a person applying for compensation or treatment or in receipt of compensation upon request submitted himself to examination by a duly qualified physician designated by the Administrator or by a medical officer of the United States. Traveling expenses were paid by the Government. Compensation was suspended for neglect or refusal to submit to examination. As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, there was authority to appoint surgeons on a fee basis. The claimant had to pay his own transportation expenses when reporting for examination for pension purposes, but if physically unable to travel, the Administrator could order the surgeon to make examination at claimant's residence, in which case the Government paid transportation expenses.

Per diem allowance upon reporting for examination: World War veterans were entitled to reimbursement of $2.65 per diem (which represented loss of income) when reporting for examination under Government authority incident to application for compensation or observation in connection with hospital treatment under sections 202 (9) and 202 (10) of the World War Veterans' Act, 1924, as amended. As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, there was no comparable provision except that if a veteran of the Spanish-American War, including the Philippine insurrection and Boxer rebellion, became entitled to compensation under section 213, World War Veterans' Act, that is, was injured as the result of treatment afforded for nonservice disability, the entitlement was the same as for World War veterans.

Definition of children and parent: (1) As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, pensions were payable only on behalf of legitimate children, which included children born before marriage, if acknowledged by father before or after marriage. As to the World War, the term "child" included: (a) legitimate child; (b) child legally adopted; (c) stepchild, if member of man's household; (d) illegitimate child, but, as to father only if acknowledged in writing signed by him, or he had been judicially ordered to contribute to its support, or had been judicially decreed to be the putative father of such child.

(2) As to the Spanish-American War, Philippine insurrection, Boxer rebellion, and Regular Establishment, pensions were payable only to dependent natural parents or parents by legal adoption. As to the World War, father and mother included natural parents, step-parents, parents through adoption, and persons who stood in loco parentis for 1 year prior to enlistment.

Pension and compensation to dependents of deceased veterans

World War	Spanish-American War, Philippine insurrection, Boxer rebellion	Regular Establishment
WIDOW AND CHILDREN		
If death of veteran was service connected: Widow $30 per month; widow and 1 child, $40 per month ($6 for each additional child); no widow, 1 child, $20 per month; no widow, 2 children, $30 per month; no widow, 3 children, $40 per month; ($5 for each additional child).	If death of veteran was service connected. (See Regular Establishment.)	If death of soldier was service connected: Widow $12 to $30 per month. (Dependent on rank of veteran); $2 per month additional for each child. If there was no widow, the child or children shared the widow's portion in addition to their own.
If death of veteran was not service connected: No benefits to dependents were authorized.	If death of veteran was not service connected: Widow, $30 per month, with $6 additional for each child. If there was no widow, the child or children shared the widow's portion in addition to their own. Service of veteran must have been 90 days or more or regardless of length of service if discharged for disability incurred in line of duty.	If death of soldier was not service connected: No benefits to dependents were authorized.
Compensation to widow terminated upon remarriage and could not be revived.	Pension to widow terminated upon remarriage but could be revived if remarriage was terminated by death or divorce for any cause except adultery on her part.	Pension to widow terminated on remarriage and could not be revived.
Compensation to widow was not terminated because of open and notorious illicit cohabitation.	Right of widow to pension terminated if widow was guilty of open and notorious adulterous cohabitation.	Same as Spanish-American War.
Compensation to children terminated at age of 18 years or marriage but could be continued to age of 21 years if to complete education in approved school.	Pension to children terminated at age of 16 years.	Do.
Compensation to helpless child continued during helplessness.	Helpless child took pension during helplessness after age of 16 years provided helplessness existed at age of 16.	Do.
Right of helpless child could arise at time of disability regardless of age.	No right of helpless child if helplessness arose after age of 16 years. Child must have been under 16 years of age at date of death of soldier.	Do.
Compensation could be apportioned for children not in widow's care.	If widow was unsuitable or had abandoned her children, pension could be paid to guardian of the children as if there were no widow. No apportionment provided.	Do.

Pension and compensation to dependents of deceased veterans—Continued

World War	Spanish-American War, Philippine insurrection, Boxer rebellion	Regular Establishment
DEPENDENT PARENTS		
Compensation payable if death of veteran was due to service-connected disability: 1 parent $20, or both $30. Amount could not exceed the difference between the total amount payable to widow and children and the sum of $75. Where there was a dependent mother and a dependent father the amount payable to them could not be less than $20 per month.	If death was due to service, pension of $20 to $30 per month was payable according to rank of veteran.	If death was due to service, pension of $12 to $30 per month was payable according to rank of veteran.
Dependent parents could receive compensation concurrently with widow and children.	Dependent parents could not receive pension while widow or children were in receipt thereof. Pension was payable to one parent at a time, dependent mother first, if no mother then to father if dependent.	Same as Spanish-American War.
Compensation was not terminated upon remarriage of dependent mother, but dependency had to be established annually.	Pension to dependent mother ceased upon remarriage but could be revived if dependency was shown.	Do.
BROTHERS AND SISTERS		
Brothers and sisters, as such, were not granted compensation.	If veteran died of service-incurred disability leaving no widow, children, or dependent parents, and disability was incurred after Mar. 4, 1861, orphan brothers and sisters under 16 years of age were eligible for pension. They shared pension in the same manner as minor children but the total pension was in the amount authorized for a dependent parent, $20 to $30, according to rank of veteran.	Same as Spanish-American War, except that rate was $12 to $30 dependent upon rank of veteran.

In preparing the foregoing statement of inequalities it was deemed advisable to confine comparisons to the Spanish-American War, Philippine insurrection, Boxer rebellion, Regular Establishment, and the World War. There were many inequalities pervading the laws pertaining to the service prior to the Spanish-American War, including disparities between different groups having similar service prior to the Spanish-American War, and between these groups and the ones heretofore discussed. It was deemed advisable to restrict the application of the broad principles in the Economy Act to the Spanish-American War and subsequent service for the purpose of eliminating inequalities and establishing uniformity. This determination was based principally upon the consideration of the average age of those persons receiving benefits on account of service prior to the Spanish-American War, and the comparatively fewer numbers of them. However, certain phases of the Economy Act and subsequent legislation affected this group as hereinafter explained in part II, "Service Prior to the Spanish-American War."

Additional benefits to World War veterans: World War veterans received adjusted compensation, the bonus cost representing commitments of approximately $3,700,000,000, and received vocational training to overcome their handicaps as a result of service-incurred disability costing approximately $600,000,000. Yearly renewable term insurance, war-risk insurance, and automatic insurance have resulted in commitments of approximately $2,200,000,000, as of November 30, 1933. There have been collected in premiums on term insurance as of November 30, 1933, $453,878,518.77. These post-war benefits were never afforded veterans of other wars. Concerning this training, it might be interesting for the public to know that after spending this amount to rehabilitate men to overcome their handicaps in their pre-war occupations, by teaching them new trades or professions which, notwithstanding their disabilities, they could follow, a disability schedule was directed to be used which based the monetary allowance on the inability of the veterans to follow this same pre-war occupation. As to war-risk insurance, many persons are under the impression that this insurance represented a contract entered into between the United States and the man, for which adequate premiums were charged. No better statement as to the true relationship of the Government to its soldiers in regard to this insurance will be found than the statements of the Supreme Court in the cases of *Emma White*

v. *United States* (70 L.ed. 530), and *Worley* v. *United States* (74 L.ed. 388). When we take into consideration that at the time of authorizing these contracts, the Government assumed the cost of the extra hazards of the military service and permanent and total disability benefits, only charging the soldiers net peace-time rates for life insurance, it can readily be seen that the granting of this insurance assumed the nature of a gratuity.

The provisions with reference to war-risk insurance were liberalized from time to time, and in thousands of cases wherein insurance was allowed to lapse from date of discharge from military service the insurance was reinstated by the provisions of section 305, World War Veterans' Act, 1924, as amended, and prior to that time under section 408, War Risk Insurance Act, as amended, by applying uncollected compensation to the payment of premiums for the purpose of reinstatement, in many instances these reinstatements being made after the death of the veteran. The Government was obliged to pay the insurance to the designated beneficiary, and due to the fact that the veteran had no knowledge of the possibilities of liberal reinstatement of such insurance, although he may have died after discharge, survived by a widow and children, it was necessary to award the installments of insurance from the date of the veteran's death to the beneficiary designated while the man was in service.

DOUBLE BENEFITS

As to the elimination of double benefits and benefits which the Government was under no moral obligation to pay, the following can be cited: Pensions to those suffering from misconduct disease (syphilis and gonorrhea, etc.), increases in rates where single men entered hospitals or homes for treatment, when the Government was expending on such men from $2.50 to $12 per day, depending on the necessary type of treatment, payments of benefits in large monthly sums to insane and other veterans without dependents maintained by the United States or political subdivisions, payments of large retroactive awards amounting to thousands of dollars in individual cases, payments of benefits for non-service-connected disabilities where the veterans were independently wealthy or occupying remunerative positions, thus not being in need of aid from their Government. These along with other provisions needed remodeling badly.

HOW THE NEW POLICY WAS ESTABLISHED

There is no thought of criticism of Congress for the imperfections that pervaded the legislation existing prior to the Economy Act. Each enactment or amendment to existing laws was in generous response to urgent representation and demands of different groups, and in many instances these demands were so insistent and immediate in character as to preclude deliberate consideration. Further, earlier legislation had been taken up piecemeal, as it were, and the needs of each group of veterans had to be handled separately because the benefits were dispensed or administered by several different governmental agencies and legislation pertaining to their affairs was handled by different committees in both Houses of Congress. It was not until 1930 when the Veterans' Administration was created, and all agencies dealing with veterans' relief consolidated therein that the glaring discrepancies and injustices existing in these laws became apparent. Following this, the Congress, recognizing the need for remedial action, appointed a joint committee of the Senate and the House to study the question. This committee went deeply into the question of veterans' relief, and was in the process of formulating a report, but before a final report was made the President presented his program of economy with reference to veterans' benefits which was enacted into law. The printed hearings before the Joint Committee on Veterans' Affairs contain exhaustive data pertaining to all phases of the veterans' laws and administration thereof.

It was apparent that in order to insure elimination of inequalities and injustices revealed by the exhaustive studies and reports the program should call for legislation expressing the broad principles governing the relief to veterans and the limits within which benefits could be administered, leaving the details to the President. This program insured immediate action by the Congress and as subsequently revealed by veterans' regulations the program within the limits prescribed by Congress has been effectuated in such manner that the desired results have been realized within the minimum length of time and with the establishment of an acceptable system of administration.

That the method suggested by the President was the only method which could be expected to attain results must be conceded by all who are familiar with the subject. While the Congress had recognized the evils of the existing situation it became early apparent during the deliberations of the joint committee that there was no unanimity of opinion as to what should be done. One member or group of members believed that this or that should be done, but the other should not be done. Other members believed that other different benefits were the ones which should be changed. It was only by placing the authority in the President to make corrections relying on his fairness of mind and courage to tackle the problem and solve it that definite accomplishment could be realized.

Part II.—Comparative statement of benefits prior and subsequent to the Economy Act

The primary purpose of the new legislation was to equalize as far as possible the benefits payable for death or disability incurred in active service and to divide them into two groups, that is, war time and peace time, the underlying theory being that because of the greater hazard, a larger amount should be paid where death or disability was incurred during war service. In addition it was necessary to establish rates for non-service-connected disabilities which would be uniformly less than those authorized for service-connected disabilities, war- or peace-time service.

Under the prior laws, persons who served in the active military or naval forces between the declaration of war and the proclamation of peace were considered veterans of a war. This resulted in granting war benefits to a large number of persons who had no true war service, having entered the active military or naval forces of the United States long after the cessation of hostilities. Under the present laws, in order to be considered a war veteran and thus be entitled to benefits granted war veterans, the person must have been in the active military or naval service of the United States during the period of hostilities, that is to say, he must have served during the period between the commencement and cessation of hostilities.

Under the new law, therefore, war veterans include as Spanish-American War veterans only those persons who were employed in the active military or naval forces of the United States between April 21, 1898, and August 12, 1898; only those persons who actually participated in the Philippine insurrection between August 13, 1898, and July 4, 1902, or if serving in the military forces engaged in hostilities in the Moro Province, before July 15, 1903, as veterans of the Philippine insurrection; only those persons who actually participated in the Boxer rebellion between June 20, 1900, and May 12, 1901, as veterans of the Boxer rebellion; and only those persons who were employed in the active military or naval forces between April 6, 1917, and November 11, 1918, and those serving with the United States military forces in Russia before April 1, 1920, as World War veterans.

Under the prior laws for pension purposes any person who was employed in the active military or naval forces of the United States between April 21, 1898, and April 11, 1899, was considered a Spanish-American War veteran; any person who was employed in the active military or naval service between April 12, 1899, and July 4, 1902, was considered a veteran of the Philippine insurrection; any person who participated in the Boxer rebellion between June 16, 1900, and May 12, 1901, was considered a veteran of the Boxer rebellion; and any person who served in the active military or naval forces between April 6, 1917, and July 2, 1921, was considered a World War veteran.

While many persons who heretofore had been considered veterans of the Spanish-American War or the World War, by virtue of the delimiting dates which confine a period of war service to the actual period of the war, are no longer entitled to benefits as war veterans, those whose disability is found to be service connected and those Spanish-American War veterans in whose cases the presumption of service connection for the disability on account of which pension had previously been paid is not rebutted, are not denied pension but are pensioned on the basis of peace-time service, which, generally speaking, is one half of the rates now payable for war-time service disabilities.

The rates paid for service-connected disabilities under the prior laws to World War veterans ranged from $8 per month for temporary partial 10-percent disability to $80 per month for temporary total disability to single men without dependents, and an additional allowance for dependents to those who were married, had minor children, or dependent parents. For permanent disabilities the rates ranged from $10 per month for permanent partial 10 percent to $100 for permanent total. Special rates for more seriously disabling conditions were authorized to a maximum of $275 per month. For non-service-connected disabilities the rates payable to those veterans who entered the active service prior to November 11, 1918, and served 90 days or more, ranged from $12 for permanent partial 25 percent to $40 for permanent total. In the Spanish-American War group, under the prior laws, the rates payable for non-service-connected disabilities to those who served 90 days or more or were discharged on account of disability ranged from $20 per month for one-tenth disability to $60 per month for total. A pension of $72 per month was authorized for helplessness or blindness requiring regular aid and attendance and pension of from $30 to $60 was granted for age alone from 62 years to 75 years. The rate for those persons who served 70 days or more ranged from $12 per month for one-tenth disability to $30 per month for total. A pension of $50 per month was authorized for helplessness or blindness requiring regular aid and attendance and a pension of from $12 to $30 per month was granted for age alone from 62 years to 75 years. The rates payable for service-connected disabilities were the same for war service as peace-time service, and as the rate for non-service-connected disabilities to Spanish-American War veterans generally was greater than that paid for service-connected disabilities, Spanish-American War veterans, as a rule, elected to receive the pension based on war service. For peace-time service the rates ranged from $6 per month for one-tenth disability to $30 per month for total, depending on the rank of the injured person. Special rates for specified disabilities were provided up to $125 per month. Double pension was authorized for disabilities incurred in an aviation or submarine accident.

Under the present law the rates for all war-time service-connected disabilities range from $10 per month for partial 10 percent to $100 per month for total disability. No additional allowance is granted for dependents and disabilities are no longer rated as temporary. Special rates are provided for certain serious disabilities up to $250 per month. The rates for peace-time disabilities range from $6 per month for permanent partial 10 percent disability to $45 per month for total disability. Special rates are provided in excess of the total rate up to $125 per month, the maximum under prior laws. No double pensions are authorized under

existing legislation. War veterans who served 90 days or more and who are permanently and totally disabled as a result of disability not due to misconduct are entitled to a pension of $30 per month, if in need. While no pension is authorized for those persons who are not permanently and totally disabled or who served less than 90 days, there is a specific provision granting pension of $15 per month to those Spanish-American War veterans past the age of 62 years who on March 20, 1933, were on the pension rolls, provided they were not receiving less than $15 per month at that time. Spanish-American War veterans who have become 62 years of age since the enactment of Public, No. 2, and those who are 50 percent disabled and in need, are granted a pension of $15 per month if they served 90 days or more during that war, the Boxer rebellion, or the Philippine insurrection.

As regards major disabilities, such as loss of arms, legs, total blindness, helplessness requiring the constant need of a nurse or attendant, etc., the present rates as to World War veterans very closely approximate the rates paid under prior laws. As to Spanish-American War veterans, the rates for such conditions are materially increased.

Under the prior laws the basis for evaluating disabilities was not uniform. In the case of World War veterans ratings were based upon the average impairment of earning capacity resulting from such injuries in civil occupations similar to the occupation of the injured man at the time of enlistment. In cases of Spanish-American War veterans and pensions for disabilities incurred in peacetime service, the basis for evaluating disabilities was the inabilty of the claimant to earn a support by manual labor as a result of his disability. Under the new law the basis for evaluating disabilities is uniform and is the average impairment of earning capacity resulting from such injuries in civil occupations. While the changed basis of evaluating the disabilities may in some cases result in a reduction in the amount of pension payable to World War veterans, there is a specific provision in the present legislation to the effect that the rates of compensation payable for directly service-connected disabilities to those veterans who entered active military or naval service prior to November 11, 1918, and whose disabilities are not the result of their own misconduct shall not as a result of original review be reduced by more than 25 percent of the amount being paid on March 20, 1933, except in accordance with the regulations pertaining to Federal employees, hospitalized cases, and cases of beneficiaries residing outside the continental limits of the United States, and except where the compensation previously received was the result of mistake, misrepresentation, or fraud.

Under the prior laws, any person who was employed in the active military or naval service between April 6, 1917, and July 2, 1921, who prior to January 1, 1925, was shown to have had a neuropsychiatric disease, spinal meningitis, active tuberculous disease, paralysis agitans, encephalitis lethargica, or amoebic dysentery, developing to a 10-percent degree or more, was presumed to have acquired his disability in such service between April 6, 1917, and July 2, 1921, or to have suffered an aggravation of a preexisting neuropsychiatric disease, spinal meningitis, tuberculosis, paralysis agitans, encephalitis lethargica, or amoebic dysentery in such service between said dates. The presumption as to tuberculosis and spinal meningitis was conclusive. In all other cases the presumption was rebuttable by clear and convincing evidence. Under the present law, an active tuberculous disease developing within 2 years from discharge and a chronic disease manifesting itself to a 10-percent degree within 1 year from date of discharge is considered to have been incurred in the service if the veteran served 90 days or more in an enlistment entered into or extending into the period between April 6, 1917, and November 11, 1918, or if he served with the military forces in Russia before April 1, 1920, or during Spanish-American War, Boxer rebellion, or Philippine insurrection service as defined by regulations. However, if there is affirmative evidence to the contrary or in the opinion of the medical authorities the condition did not develop in service, benefits are not payable therefor. By virtue of section 20, Public, No. 78, Seventy-third Congress, all cases previously connected with service under the presumptive provisions of the World War Veterans' Act and/or the War Risk Insurance Act where the veteran entered service prior to November 11, 1918, were referred to and considered by special boards of review created for the purpose of determining whether the evidence was sufficient to warrant a finding of service connection, notwithstanding it did not comply with existing regulations. During the period of the review the claimant was awarded 75 percent of the amount of compensation which he was receiving on March 20, 1933, because of the presumptively service-connected disability.

In addition to compensation for the service-connected disability, the World War veteran was furnished by the Veterans' Administration such reasonable governmental care or medical, surgical, dental, and hospital services and supplies, including dental appliances, wheel chairs, artificial limbs, trusses, and similar appliances and special clothing made necessary by the wearing of prosthetic appliances as the Administrator determined to be useful and reasonably necessary. A World War veteran who was suffering from a service-connected disability of a noncompensable degree—that is, less than 10 percent—who was not dishonorably discharged from the service was given similar benefits.

Veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection were not furnished medical care and treatment in addition to pensions as were furnished World War veterans, solely on the basis of treatment for service-connected disabilities. However, they could receive hospitalization and treatment under the provisions of section 202 (10) of the World War Veterans' Act, which authorized the furnishing of hospitalization and treatment to honorably discharged veterans of the Spanish-American War, the Philippine insurrection, the Boxer rebellion and the World War, suffering from neuropsychiatric or tubercular ailments or diseases, paralysis agitans, encephalitis lethargica or amoebic dysentery, or the loss of sight of both eyes, regardless of whether such ailments or diseases were due to military service or otherwise. Under the same section 202 (10) of the World War Veterans' Act, veterans of any war, not dishonorably discharged, were also entitled to hospital treatment within the limits of existing Government facilities for a disability, irrespective of the nature and cause thereof. Every honorably discharged member of the military or naval forces was eligible for admission to a national home, if he was, because of disability, permanently or temporarily incapacitated from earning a support, irrespective of whether the disability was service connected.

Under the present law, honorably discharged veterans of any war and persons honorably discharged from the Army, Navy, Marine Corps, or Coast Guard on account of a disability incurred in line of duty, are entitled to receive medical care and treatment including such supplies and appliances as the Administrator may determine to be advantageous and reasonably necessary for the treatment of service-connected disabilities. Honorably discharged veterans of any war and persons honorably discharged from the Army, Navy, Marine Corps, or Coast Guard on account of disability incurred in line of duty, may be furnished hospitalization or domiciliary care within the limits of existing Veterans' Administration facilities (1) as to war veterans if they served continuously for 90 days or more in the active military or naval forces or the Coast Guard, or if less than 90 days were discharged for disability incurred in line of duty, (2) are suffering from permanent disabilities, tuberculosis or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living, and (3) have no adequate means of support. Persons who were not discharged under honorable conditions are no longer eligible for hospital or domiciliary care. Retired officers and enlisted men are not entitled to the benefits of hospitalization from the Veterans' Administration. This, however, imposes no hardship on them, because they are eligible to receive medical care and treatment from the Government under the regulations of the service department, that is, the Army or Navy.

Under the prior laws World War veterans reporting for examination or treatment and veterans of any war reporting for hospital treatment were furnished transportation for such purposes by the Government. Transportation consisted of all necessary traveling expenses, including cost of meals, lodging, and necessary attendants, occasioned by reporting at and returning from the place of examination, treatment, or hospitalization. In addition to the payment of transportation expenses those veterans who left remunerative employment were granted a per diem allowance of $2.65 for the period of examination and observation. Under the present law transportation at Government expense to report for medical treatment is authorized only when prior authority to incur such expenses has been granted. Upon completion of treatment and regular discharge, expense of travel may be paid, in the discretion of the Administrator of Veterans' Affairs. In all other cases the claimant must report to the place of examination, treatment, hospital, or domiciliary care at his own expense.

Under prior laws artificial limbs, or commutation in lieu thereof, were furnished every 3 years to those persons who lost a limb in line of duty or were deprived of the use of a limb due to bodily injury sustained in line of duty. This provision, however, was not applicable to World War veterans. The latter group were furnished such appliances as the Administrator deemed reasonably necessary for treatment of the service-connected disability. Under the present law artificial limbs and such other prosthetic appliances as are reasonably necessary for treatment of a service-connected disability are furnished to honorably discharged war veterans and to those persons honorably discharged from the Army, Navy, Marine Corps, or Coast Guard for disability incurred in line of duty. The limbs and artificial appliances are replaced when necessary and not periodically. Veterans suffering from nonservice-connected disabilities who are financially unable to supply themselves therewith may be furnished such prosthetic appliances and supplies as are required as incident to medical care or treatment being furnished. Commutation in lieu of a replacement is no longer authorized.

Under prior laws, death compensation was payable to the widow, minor children, and dependent parents of deceased World War veterans, whose death was held to be the result of a disability incurred in or aggravated by military or naval service during the World War. Pension was payable to the widow, minor children, or dependent parents of a veteran who served 90 days or more in the Spanish-American War, Boxer rebellion, or Philippine insurrection, or who was discharged as a result of disability incurred in line of duty even though the cause of death was not due to service and pension was payable to these dependents at the same rates as if the veteran died in such service of a disability incurred in line of duty therein. Pension was also payable to the widow, minor children, or dependent parents of those persons who died as a result of a disease or injury incurred in the active military or naval service and in line of duty. The rates payable for the dependents of World War veterans were $30 to the widow, $40 for widow and one child, and $6 extra for each additional child. A dependent mother or father of a World War veteran whose death was service connected was granted $20 per month, or both, $30. The widow of a Spanish-American War veteran whose death was not

service connected was granted $30 if she had no children, and $6 per month for each minor child under the age of 16; and if death was service connected the widow received from $25 to $30 per month depending on rank of veteran with $2 additional for each child; if death was service connected, dependent parents were granted $20 to $30 per month dependent upon rank of the veteran. Pensions to dependents of persons who died as the result of disability incurred in the service in time of peace was based on the rank of the decedent at time of death and ranged from $12 to $30 per month, with $2 additional for each minor child under the age of 16 years. If death resulted from an aviation or submarine accident, double pension was payable to the dependents. Only one dependent parent could take pension at a time and could not receive pension concurrently with a widow or children. Dependent brothers and sisters could take pension at the rate for dependent parents, share and share alike, if the death of the veteran was service connected and no widow, child, or dependent parent was in receipt of pension.

Under the present law the following rates are payable to the dependents of those war veterans whose death is service connected:

Widow but no child	$30
Widow and one child (with $6 additional for each child)	40
No widow but 1 child	20
No widow but 2 children	30
No widow but 3 children (with $5 extra for each additional child)	40
Dependent mother or father	20
Or both—each	15
Total pension payable in this class of cases per month	75

Dependents of Spanish-American War veterans, the Boxer rebellion, and the Philippine insurrection, who served 90 days or more, or, if he served less than 90 days, was discharged for disability incurred in line of duty and whose death is not service connected, are entitled to pension at the following rates:

Widow but no child	$15
Widow and 1 child (with $3 monthly for each additional child)	20
No widow but 1 child	12
No widow but 2 children	15
No widow but 3 children (with $2 monthly for each additional child)	20
Total pension payable to these dependents per month	27

If death results from a disability incurred during peace-time service, pension at the following monthly rates is payable to the dependents:

Widow but no child	$22
Widow and 1 child (with $4 for each additional child)	30
No widow but 1 child	15
No widow but 2 children	22
No widow but 3 children (with $3 for each additional child)	30
Dependent mother or father	15
Or both—each	11
Total pension payable in this class of cases not to exceed per month	56

No double pensions are payable under existing legislation.

The following is a detailed comparison of all benefits granted under the prior laws with those granted under the new law to the three major groups—that is, World War veterans, Spanish-American War veterans, including veterans of the Boxer rebellion and Philippine insurrection—and persons entitled on account of peace-time service:

World War veterans

PRIOR LAWS	NEW LAW
WAR SERVICE	
Active service between April 6, 1917, and July 2, 1921.	Active service between April 6, 1917, and November 11, 1918, or if veteran served with military forces in Russia between April 6, 1917, and April 1, 1920.
PENSIONABLE DISABILITY	
Disability resulting from disease or injury incurred in or aggravated by active service between April 6, 1917, and July 2, 1921.	Disability resulting from disease or injury incurred in or aggravated by active service prior to July 2, 1921, if the enlistment was entered into or extended into war service—that is, between April 6, 1917, and November 11, 1918—or if service was with the military forces in Russia between April 6, 1917, and April 1, 1920.
BASIS OF EVALUATION	
Ratings based upon average impairment of earning capacity resulting from such injuries in civil occupations similar to the occupation of the injured man at the time of enlistment.	Ratings based on average impairment of earning capacity resulting from such injuries in civil occupations.
RATES	
For temporary disabilities rates ranged from $8 per month for 10-percent disability to $80 per month for total disability for a single man without dependents.	Rates are for disabilities ranging from $10 per month for 10 percent to $100 per month for total. No additional pension for dependents. Only 10 rates;
PRIOR LAWS—continued	**NEW LAW—continued**
Additional compensation payable for dependents. For permanent disabilities rates ranged from $10 per month for 10 percent to $100 per month for total. No additional compensation payable for dependents where the rating was permanent.	that is, 10 percent, $10; 20 percent, $20; 30 percent, $30; 40 percent, $40; 50 percent, $50; 60 percent, $60; 70 percent, $70; 80 percent, $80; 90 percent, $90; and total, $100.
PRESUMPTIONS	
Conclusive presumption of soundness at enlistment except as to noted defects. Presumption of service incurrence of chronic diseases which became manifest to a degree of 10 percent or more within 1 year from discharge. Presumption of service connection for active tuberculosis, neuropsychiatric disease, spinal meningitis, paralysis agitans, encephalitis lethargica or amoebic dysentery, developing to a 10-percent degree or more prior to January 1, 1925. Presumption in cases of active tuberculosis and spinal meningitis was conclusive.	Rebuttable presumption of soundness at enlistment except as to noted defects. Chronic diseases becoming manifest to a 10-percent degree or more within 1 year from discharge and active tuberculosis, developing within 2 years from discharge, are considered to have been incurred in or aggravated by active service. However, where there is affirmative evidence to the contrary or evidence to establish that an intercurrent injury or disease which is a recognized cause of such chronic disease has been suffered from date of discharge and onset of chronic disease, or if disability is due to person's own misconduct, service connection will not be in order. [NOTE.—The presumptions under the present law are applicable only where the veteran served 90 days or more in the active service.]
NATURE OF DISCHARGE	
Nature of discharge did not affect right to compensation, except that discharge pursuant to a courtmartial on grounds of mutiny, treason, spying, or any offense involving moral turpitude or willful and persistent misconduct, or being an alien, conscientious objector who refused to wear the uniform, or a deserter barred all rights to compensation.	Discharge under honorable conditions a prerequisite to entitlement to pension.
LINE OF DUTY	
Compensation payable for disabilities incurred in or aggravated during service, irrespective of line of duty.	Disability must have been incurred in or aggravated during active service and in line of duty.
MISCONDUCT	
No compensation payable if disability was result of veteran's own willful misconduct. Exception made where the veteran was suffering from paralysis, paresis, or blindness or was helpless or bedridden.	No pension payable if disability results from veteran's own misconduct. No exceptions.
EFFECTIVE DATE OF PAYMENTS	
In original claims compensation was payable for a period of 1 year prior to date of claim therefor. In claims for increase compensation was payable 6 months from date of claim therefor.	Pension payable from date of claim. Increased pension payable from date of receipt of evidence showing entitlement thereto.
ADDITIONAL COMPENSATION	
If disability was rated temporary, additional compensation was granted for dependents. If the veteran was so helpless as to be in need of a nurse or attendant, an additional allowance of $50 per month was authorized. If veteran suffered the loss of use of a creative organ, or one or more feet or hands as a result of injury or disease received in active service in line of duty between April 6, 1917, and November 11, 1918, or while serving with the United States military forces in Russia prior to April 1, 1920, he was granted additional compensation of $25 per month.	No additional pension for dependents. If veteran is so helpless as to be in need of regular aid and attendance, the rate of pension payable is $150. If the disabled person, as a result of a service-incurred disability has suffered the anatomical loss of, or loss of use of, one foot or one hand or one eye, he is paid an additional pension of $25 per month. This provision is more liberal than the prior law, in that if the veteran entered service prior to November 11, 1918, the disability causing loss of, or loss of use of, the member may have been incurred in active service at any time prior to July 2, 1921.
MAJOR DISABILITIES	
Compensation for the loss of use of both eyes was $150 per	Pension payable for anatomical loss of, or loss of use of,

PRIOR LAWS—continued	NEW LAW—continued
month. Compensation for the loss of use of both eyes and one or more limbs was $200 per month, and compensation for double total disability was $200 per month. In most of the cases above referred to the claimant was granted an additional allowance of $50 for a nurse or attendant.	both hands and one foot or both feet and one hand or blindness in both eyes, having only light perception, is $175 per month. Pension payable for blindness in both eyes and anatomical loss, or loss of use, of one hand or one foot is $200. Pension payable for blindness in both eyes and anatomical loss, or loss of use, of both hands or both feet, or one hand and one foot, is $250 per month.
RATES DURING HOSPITALIZATION	
A veteran who was hospitalized for a compensable service-connected disability was rated as temporary total during period of hospitalization and paid on that basis. No reduction of compensation was made during hospitalization except in those cases of insane veterans without dependents.	The amount of pension payable while the veteran is being maintained in an institution by the United States or a political subdivision thereof is $15 per month for service-connected disability and $6 per month for non-service-connected disability. If the veteran has a wife, child or children, or dependent parents, all or part of the difference between the amount otherwise payable and $15 or $6 per month, as the case may be, may be paid to the dependents in the discretion of the Administrator.
PAYMENT TO INSANE VETERANS WITHOUT DEPENDENTS	
An insane veteran without dependents who was being maintained in an institution for a period of 6 months by the United States Government was paid $20 per month so long as he was thereafter maintained by the Government. If his estate derived from funds paid under the War Risk Insurance Act and/or the World War Veterans' Act equaled or exceeded $3,000, compensation was discontinued until such time as the estate derived from such funds was reduced to $3,000. If the veteran was discharged from the institution as competent, the amount by which his compensation was reduced or discontinued under this provision of law was paid to him. The disability allowance paid to insane veterans for non-service-connected disabilities was not subject to the reduction above referred to.	The amount payable to an insane veteran without dependents who is being maintained by the United States or a political subdivision thereof is $15 per month for service-connected disability, and $6 per month for non-service-connected disability. If his estate derived from funds paid under the War Risk Insurance Act and/or the World War Veterans' Act, the Emergency Officers' Retirement Act of May 24, 1928, the various pension acts or the present laws, equals or exceeds $1,500, pension is discontinued until the estate derived from such funds is reduced to $500. The present law contains no provision for payment of additional pension if the claimant is discharged from the institution as competent.
ARRESTED TUBERCULOSIS	
A veteran who had a service-connected, active tubercular disability who in the judgment of the Administrator had reached a condition of complete arrest was paid compensation at the rate of $50 per month for the rest of his life. If the service-connected tubercular disability had not been active, the rate payable was $25 per month for the rest of his life.	Present legislation contains no such provision. However, under the existing schedule of ratings in those cases in which the tubercular disability had been active a rating of 50 percent for the first 5 years following the last day of arrest and 35 percent for the next 5 years is authorized.
NON-SERVICE-CONNECTED DISABILITIES	
Disability allowance was authorized to be paid to any honorably discharged veteran who entered active service prior to November 11, 1918, served 90 days or more, and was 25 percent or more permanently disabled as a result of disability not due to his own willful misconduct. This benefit was payable if the veteran was exempt from payment of income tax for the year preceding the filing of his application. The rates were: Permanent partial, 25 percent, $12. Permanent partial, 50 percent, $18. Permanent partial, 75 percent, $24. Permanent and total, $40.	Pension of $30 per month is payable to any honorably discharged war veteran who served 90 days or more, or if less than 90 days, was discharged for disability incurred in line of duty, and is permanently and totally disabled as a result of a disability not due to own misconduct. This benefit is payable if the veteran, if single, has an income not in excess of $1,000 per year, or if married, or if he has a minor child or children, has an income not in excess of $2,500 per year. World War veterans suffering from nonservice-connected disabilities less than permanent and total in degree are not entitled to a pension.

PRIOR LAWS—continued	NEW LAW—continued
SPECIAL PROVISIONS	
A veteran who suffered a disability or aggravation of a preexisting disability as a result of training, hospitalization, or medical or surgical treatment awarded him under the Vocational Rehabilitation Act, the War Risk Insurance Act, or the World War Veterans' Act, and not the result of his misconduct, was entitled to compensation for such disability in the same manner as though it were incurred in or aggravated by active military or naval service.	No such provision. However, if the disability is incurred in or aggravated by treatment furnished for a service-connected disability, it is considered the proximate result of the service-connected disability, and therefore pensionable.
Rights and benefits granted under War Risk Insurance Act for disabilities incurred after July 2, 1921, protected as accrued rights.	No such provision.
Nature of employment did not affect right to benefits except that retired emergency officers were not permitted to receive more than $3,000 per year as retired pay and salary from Federal employment. This provision not applicable to emergency officers retired for disability incurred in combat with an enemy of the United States.	Federal employees may not receive pension or emergency officers' retirement pay while drawing a salary from such employment in excess of $1,000 per annum, computed monthly, if single, or, if married or as to any person with minor children, $2,500 per annum, computed monthly, except (1) those receiving pension or emergency officers' retirement pay for disabilities incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during war service; (2) those whose pension is protected by the provisions of Public, No. 2, Seventy-third Congress; however, the rate of pension as to this class is $6 per month.
No such provision.	Persons residing outside the continental limits of the United States, exclusive of the enumerated exceptions, shall, while so residing, not receive more than 50 percent of the amount of pension or emergency officers' retirement pay otherwise payable.
EMERGENCY OFFICERS	
Any person who served as an emergency officer in the Army, Navy, or Marine Corps between April 6, 1917, and July 2, 1921, whose service-connected disability was rated as permanent partial, 30 percent or more, who made application therefor within the time limit prescribed (before May 24, 1929) was granted retirement with pay. The amount payable was 75 percent of the pay to which the veteran was entitled at the time of discharge from his commissioned service, except pay under the act of May 18, 1920.	Any emergency officer who was retired with pay under the Emergency Officers' Retirement Act for a disability resulting from disease or injury or aggravation of a preexisting disease or injury incurred in line of duty during the World War service and who is shown to have been heretofore properly rated is entitled to continue to receive retirement pay at the monthly rate paid him under the prior law: *Provided, however,* That such person entered active service between April 6, 1917, and November 11, 1918, and that the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty and that the causative factor therefor is shown to have arisen out of the performance of duty during the World War. [NOTE.—Under this provision those emergency officers who were retired with pay for presumptively service-connected disabilities and those who entered active service subsequent to November 11, 1918, were removed from the retirement rolls. They were, however, granted a pension for disabilities found to be service connected.]
APPEALS	
An appeal could be had from a board of original jurisdiction to a board of review; and if the decision of the board of review	All questions on claims involving benefits under the laws administered by the Veterans' Administration are subject to

PRIOR LAWS—continued

was unsatisfactory, an appeal would lie to the Administrator of Veterans' Affairs, if filed within 1 year from the date of mailing of notice of the decision of the board of review.

NEW LAW—continued

one review on appeal. Application for such review must be filed within 6 months[1] from the date of mailing of notice of the result of initial review or determination, or 6 months[1] from July 1, 1933, whichever is the later date. When a claim has been disallowed by the Board of Veterans' Appeals, it may not thereafter be reopened and allowed and no claim based on the same factual basis may be reconsidered, except where subsequent to such disallowance new and material evidence in the form of official reports from the proper service department is secured.

HOSPITALIZATION, MEDICAL TREATMENT, ETC.

In addition to compensation, veterans suffering from service-connected disabilities were furnished medical, surgical, hospital treatment and supplies, including out-patient treatment, dental appliances, wheel chairs, artificial limbs, trusses, and similar appliances, including special clothing made necessary by wearing prosthetic appliances as the Administrator of Veterans' Affairs determined to be useful and reasonably necessary.

Persons who were not dishonorably discharged and who were suffering from service-connected disabilities of a noncompensable degree (less than 10 percent) were furnished, without charge, hospital, dental, medical, surgical, and convalescent care, treatment, and prosthetic appliances, including out-patient treatment.

Honorably discharged veterans suffering from non-service-connected neuropsychiatric or tubercular ailments and diseases, paralysis agitans, encephalitis lethargica, or amoebic dysentery, or the loss of sight of both eyes, were furnished hospitalization and/or out-patient treatment. Veterans not dishonorably discharged were entitled to hospitalization within the limits of existing Government facilities without regard to the nature or origin of their disabilities. Those veterans who were hospitalized under this provision and were financially unable to supply themselves with clothing were furnished clothing by the Veterans' Administration. Those veterans entitled to and in need of hospitalization under these provisions who were suffering with a disease or injury necessitating the wearing of a prosthetic appliance and who were financially unable to supply themselves with such appliances were entitled to same from the Veterans' Administration upon execution of an affidavit to that effect.

In addition to pension, honorably discharged persons who served between April 6, 1917, and November 11, 1918, and those honorably discharged for disabilities incurred in line of duty, are granted the same benefits if suffering from service-connected disabilities.

Honorably discharged persons who were in active service between April 6, 1917, and November 11, 1918, and those honorably discharged for disabilities incurred in line of duty are entitled to the same benefits.

Granting of care and treatment for non-service-connected disabilities is limited to those honorably discharged veterans who were in the active military or naval service between April 6, 1917, and November 11, 1918, and those honorably discharged for disability incurred in line of duty and as to war veterans who served continuously for 90 days or more in the active military or naval service or the Coast Guard, or if they served less than 90 days, were discharged for disability incurred in line of duty, who are suffering with permanent disabilities or tubercular or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living and who have no adequate means of support. Such clothing as is necessary for the protection of health or sanitation, or as is required by the wearing of prosthetic appliances, may be furnished to those persons in Veterans' Administration facilities who because of financial condition are unable to supply themselves therewith. Veterans suffering from non-service-connected disabilities who are financially unable to supply themselves therewith may be furnished such prosthetic appliances and supplies as are required as incident to medical care or treatment being furnished.

TRANSPORTATION

The necessary cost of transportation and other traveling expenses (including meals and lodging and an attendant, where necessary) incident to reporting for examination, treatment, or hospitalization was assumed by the Veterans' Administration in all cases. In addition to necessary traveling expenses, a veteran who reported for examination or observation in connection with claim for compensation or to determine entitlement to hospitalization was granted a per diem allowance of $2.65 for the period of travel and observation.

Cost of travel assumed by the Government only when authorized in advance for hospitalization for treatment and in the discretion of the Administrator of Veterans' Affairs. Transportation expenses upon completion of treatment are payable in discretion of the Administrator of Veterans' Affairs. No per diem allowance authorized under existing legislation.

DEATH BENEFITS

Where disability causing death was service connected, death compensation at the following rates was authorized: Widow, $30; widow and one child, $40; widow and two children, $46; each additional child, $6; child, no widow, $20; two children, no widow, $30; three children, no widow, $40; each additional child, $5; dependent mother or father, $20; both, $30. Total pension not to exceed $75, provided that if there were two dependent parents they should not receive less than $20.

Same as prior law. Present laws contain a specific provision protecting awards of death compensation to dependents of World War veterans who were on the rolls on March 20, 1933, regardless of service connection or fact that relationship is not established under existing definitions. Total pension not to exceed $75 per month. Provision as to dependent parents receiving no less than $20 was not continued.

The term "child" included a legitimate child, stepchild, adopted child, and illegitimate child, but as to father only if acknowledged in writing or he was judicially declared the putative father. Death compensation to a child ceased at 18 or marriage, except if permanently incapable of self-support by reason of mental or physical disability. A child pursuing a course at a recognized institution could be paid death compensation until completion of the course, but not beyond the age of 21 years. The term "parent" included natural parent, parent through adoption, step-father or step-mother, and a person who stood in loco parentis to a member of the military or naval forces at any time prior to enlistment or induction for a period not less than 1 year.

The term "child" includes a legitimate or a child legally adopted, unmarried, and under the age of 18, unless prior to reaching 18 the child becomes permanently incapable of self-support by reason of mental or physical disability. Pension may be continued to a child pursuing a course of instruction at a recognized institution until completion of the education, but not beyond the age of 21. The term "mother" and "father" is limited to natural mother and father of the veteran and mother and father through legal adoption.

BURIAL EXPENSES

Payment of burial expenses not in excess of $100 was authorized, irrespective of assets, in those cases where the veteran died at a Veterans' Administration facility or died while in receipt of compensation. In those cases in which the veteran died at the facility, in addition to burial expenses, the Administration assumed cost of transportation (including preparation of the body) to the place of burial. Payment of burial expenses not exceeding $100 was authorized in those cases where the veteran who was not dishonorably discharged, died after discharge, provided his net assets, exclusive of debts, accrued compensation, insurance, and adjusted compensation, were less than $3,000.

Where the veteran dies in a Veterans' Administration facility the Administration assumes the actual cost (not exceeding $100) of burial and funeral, and the cost of transportation of the body to the place of residence or to the nearest national cemetery, or to such other place as the next of kin may direct, where the expense is not greater than the cost of transportation to the place of residence. Payment of burial expenses not exceeding $100 is authorized in the case of an honorably discharged veteran of the World War who dies after discharge, provided his net assets at the time of death, exclusive of debts and accrued pension, compensation, or insurance due at the time of death, are less than $1,000.

ACCRUED BENEFITS

Accrued benefits which had not been paid prior to the death of the person entitled to receive the same were payable to his personal representative. In the absence of a duly appointed legal representative, payment could be made to the persons who, under the laws of the State of residence of the decedent, would be entitled to his per-

Pension or emergency officers' retirement pay not paid during the lifetime of the veteran shall upon his death be paid, first, to the widow; second, if there be no widow, to the child or children under the age of 18 years at his death; and third, if there be no widow, or child or children under the age of 18 years at the time of death, so much

[1] Executive Order No. 6606, dated Feb. 17, 1932, changed this time limit to 1 year.

PRIOR LAWS—continued

sonal property in case of intestacy if the amount of the accrued benefits was less than $1,000.

NEW LAW—continued

thereof as may be necessary to reimburse the person who bore the expense of burial, provided claim therefor be filed within 1 year from the date of death. Accrued pension due a widow is payable to her child or children under the age of 18 years at the time of her death. In all other cases payment of only so much of the accrued benefits as may be necessary to reimburse the person who bore the expense of burial may be authorized.

Spanish-American War veterans and veterans of the Philippine Insurrection and Boxer Rebellion

WAR SERVICE

Any person who entered active service between April 21, 1898, and April 11, 1899, including those women who served as contract nurses, was considered a veteran of the Spanish-American War. Any person who served between April 12, 1899, and July 4, 1902, was considered a veteran of the Philippine insurrection. Any person who participated in the Boxer rebellion between June 16, 1900, and May 13, 1901, was considered a veteran of the Boxer rebellion.

Any person who entered the active military or naval service between April 21, 1898, and August 12, 1898, including those women who served as Army nurses under contract, are considered veterans of the Spanish-American War. Any person who, as a member of the military or naval forces, participated in the Philippine insurrection, including those women who served as contract nurses, on and after August 13, 1898, and before July 5, 1902, or if serving in the Moro Province before July 15, 1903, is considered a veteran of the Philippine insurrection. Any person who participated in the Boxer rebellion as a member of the military or naval forces, including those women who served as contract nurses, on or after June 20, 1900, and before May 13, 1901, is considered a veteran of the Boxer rebellion.

RATES OF PENSION

Since in most cases the rate payable for service pension (service connection not required) to those veterans who had 90 days' service or who were discharged for disability incurred in line of duty was greater than that payable under the general law for directly service-connected disabilities, Spanish-American War veterans as a rule elected to receive a service pension. The rates payable for 90 days' service and to those discharged for disability were:

1/7 disability	$20 per month
1/4 disability	$25 per month
1/2 disability	$35 per month
3/4 disability	$50 per month
Total disability	$60 per month
Age 62	$30 per month
Age 68	$40 per month
Age 72	$50 per month
Age 75	$60 per month
Regular aid and attendance	$72 per month

Pension payable for 70 days' service, but less than 90 days' service was:

1/7 disability	$12 per month
1/4 disability	$15 per month
1/2 disability	$18 per month
3/4 disability	$24 per month
Total disability	$30 per month
Age 62	$12 per month
Age 68	$18 per month
Age 72	$24 per month
Age 75	$30 per month
Regular aid and attendance	$50 per month

Those persons who are suffering from disabilities incurred in or aggravated by war service and in line of duty are entitled to pension at the following rates:

10 percent	$10 per month
20 percent	$20 per month
30 percent	$30 per month
40 percent	$40 per month
50 percent	$50 per month
60 percent	$60 per month
70 percent	$70 per month
80 percent	$80 per month
90 percent	$90 per month
Total	$100 per month

With special rates for more serious disabilities up to $250 per month.

Regular aid and attendance, $150 per month.

For non-service-connected disabilities a pension of $30 per month is granted to those veterans who served 90 days or more; or if they served less than 90 days, were discharged for disability incurred in line of duty, who were honorably discharged, and who are permanently and totally disabled as a result of a disability not due to their own misconduct, and who are in need.

Those veterans past the age of 62 years who were on the rolls on March 20, 1933, are entitled to a pension of $15 per month, except that those receiving less than $15 on March 20, 1933, are continued at the old rate. Those persons who were not on the rolls on March 20 but attain the age of 62 years and who served 90 days or more, or if less than 90 days were discharged for disability incurred in line of duty, who were honorably discharged and are in need, are entitled to a pension at the rate of $15 per month. Those veterans who are 50 percent or more disabled who served 90 days or more, or if less than 90 days were discharged for disability incurred in line of duty, and are in need, are entitled to a pension at the rate of $15 per month. Those persons whose annual income, if single, is not in excess of $1,000, and those whose annual income, if married or have minor children, is not in excess of $2,500 per year, are considered to be in need.

COMPUTATION OF SERVICE

In computing length of service all leaves of absence or furlough under General Order 130, War Department, dated August 29, 1898, were included as active service.

In computing 90 days active service, all unauthorized leaves of absence or periods of agricultural, industrial, or administrative furlough, or other authorized leaves of absence during which no duty could be or was performed, except leaves of absence for periods of 1 day, week-ends, and the like, are excluded.

SPECIFIC DISABILITIES

(Service connected)

Loss of both arms at or above elbow, or loss of both legs above knee, loss of sight of both eyes, $125.	Anatomical loss of, or loss of use of, both arms at or above elbow, or of both legs above knee, or loss of sight of both eyes, $150.
Loss of or total disability of both hands or both feet, or of one hand and one foot, $100.	Anatomical loss of, or loss of use of, both hands or both feet, or of one hand and one foot, $175.
Loss of arm at or above elbow, $90.	Loss of arm at or above elbow, $106.
Total disability of arm or leg, $90.	Total disability of arm, $106. Total disability of leg (average), $88.
Loss of one hand or one foot and a portion of other hand or foot, $85.	Anatomical loss of, or loss of use of, one hand or foot and major portion of other hand or foot, $150.
Loss of or total disability of one hand or one foot, $80.	Anatomical loss of, or loss of use of, one hand, $79, one foot, $52.
Regular aid and attendance, $72.	Regular aid and attendance, $150.
Periodical aid and attendance, $50.	No such rate.
Total deafness, $40. [NOTE.—In cases of total deafness if the claimant served 90 days or more, or was discharged for disability, he probably would elect to take under the Service Act, in which event the rate was $60.]	Total deafness, $72.

LINE OF DUTY

If claimant elected to take under general law, the disability must have been incurred in line of duty.	Disability must have been incurred in line of duty.

NATURE OF DISCHARGE

If claimant elected to take under general law, the nature of discharge not material except that discharge for desertion was a bar to pension. If under service act, an honorable discharge from all Spanish War and Philippine insurrection service was required.	Discharge under honorable conditions a prerequisite of entitlement to pension.

MISCONDUCT

For service pension misconduct was not a bar to payment.	If disability resulted from veteran's own misconduct, pension is denied.

EVALUATIONS

Rates were based on inability to perform manual labor.	Rates are based on average impairment of earning capacity resulting from such injuries in civil occupations.

REDUCTIONS

Pensions under general law (for service-connected disabilities) were not reduced. Pen-	While veteran is being maintained in an institution by the United States or a political sub-

PRIOR LAWS—continued	NEW LAW—continued
sions under service acts were reduced to $50 per month while veteran was an inmate of the United States Soldiers' Home or in National or State soldiers' home.	division thereof, the rate payable for service-connected disability is $15 per month, and for non-service-connected disability $6 per month. If the veteran has a wife, child, or dependent parent, all or any part of the difference between $15 and $6, as the case may be, and the amount otherwise payable may be paid to the dependents in the discretion of the Administrator of Veterans' Affairs.
PRESUMPTIONS	
For the purpose of pension under the general law (service-connected disabilities), there was a rebuttable presumption of soundness at enlistment.	If the veteran served 90 days or more during an enlistment entered into or extending into war period, he is presumed to have been sound at enlistment, except as to noted defects. This presumption is rebuttable. Any person who served 90 days or more during the war period who is suffering from a chronic disease becoming manifest to a 10-percent degree within 1 year from date of discharge is considered to have incurred the disease in the active military or naval service. In cases of active tuberculosis the disease is considered to have been incurred in active service if becoming manifest within 2 years from discharge. A veteran who was in receipt of pension at the time of enactment of Public, No. 2, is presumed to have incurred the injury or disease causing disability in line of duty in the active military or naval service during either the Spanish-American War, the Boxer rebellion, or the Philippine insurrection, but such presumption is rebuttable.
FEDERAL EMPLOYMENT	
Federal employment had no effect on entitlement to pension.	Federal employees may not receive pension or emergency officers' retirement pay while drawing a salary from such employment in excess of $1,000 per annum, computed monthly, if single, or if married, or as to any person with minor children, $2,500 per annum, computed monthly, except (1) those receiving pension for disabilities incurred in combat with an enemy of the United States or for disabilities resulting from an explosion of an instrumentality of war in line of duty during war service; (2) those persons past the age of 62 who were receiving a pension on March 20, 1933. However, the rate of pension as to this class shall not exceed $6 per month; (3) widows of veterans.
FOREIGN RESIDENCE	
Residence in a foreign country did not affect right to pension.	While residing outside the continental limits of the United States, exclusive of the places specifically enumerated in the regulations, beneficiaries may not receive more than 50 percent of the amount of pension or emergency officers' retirement pay otherwise payable.
APPEALS	
Appeal must have been filed within 1 year from the date of mailing of notice of the action from which the appeal was taken.	Application for review on appeal must be filed within 6 months[1] from the date of mailing of notice of the result of initial review or determination, or 6 months[1] from July 1, 1933, whichever is the later date.
EFFECTIVE DATES OF PAYMENT	
In original claims, pension was payable from the date of application. In claims for increase on account of age from date of birthday. Claims for increase on account of disability from date of medical examination.	In original claims, pension is payable from date of application. Increased pension is payable effective as of the date of receipt of the evidence showing entitlement thereto.
HOSPITALIZATION, MEDICAL TREATMENT, ETC.	
Honorably discharged veterans of the Spanish-American War, Philippine insurrection, and/or the Boxer rebellion suffering from neuropsychiatric or tuberculous ailments and diseases, paralysis agitans, encephalitis lethargica, amoebic dysentery, or loss of sight of both eyes were furnished hospital care and treatment (including out-patient treatment) by the Veterans' Administration regardless of the fact that such ailments or diseases were due to military service or otherwise. Veterans of the Spanish-American War (for this purpose any person who was employed in the active military or naval service between April 21, 1898, and July 4, 1902, was considered a Spanish War veteran), those women who served as contract nurses between April 21, 1898, and February 2, 1901, and those persons who served overseas as contract surgeons of the Army, who were not dishonorably discharged, were granted hospitalization within the limits of existing Government facilities by the Veterans' Administration, irrespective of the nature or origin of the disability.	Veterans suffering from disabilities incurred in or aggravated by service in line of duty during the war period are entitled, in addition to pension, to such medical, surgical, and dental services as may be found to be reasonably necessary for the treatment of such disabilities. Veterans who served continuously for 90 days or more during the Spanish-American War, the Philippine insurrection, or the Boxer rebellion, as those periods are now defined, including those women who served as contract nurses and persons who served overseas as contract surgeons of the Army, or, if service of less than 90 days, was discharged for disability incurred in line of duty, may be furnished hospitalization and domiciliary care for non-service-connected disabilities if they were honorably discharged and are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments or such other conditions requiring emergency or extensive hospital treatment as prescribed by the Administrator of Veterans' Affairs which incapacitate them from earning a living and if they have no adequate means of support.
PROSTHETIC APPLIANCES	
A veteran who lost a limb in line of duty or was deprived of the use of a limb due to bodily injury sustained in line of duty was furnished an artificial limb every 3 years, or commutation in lieu thereof. Those persons entitled to and in need of hospitalization under prior laws who were suffering with a disease or injury necessitating the wearing of a prosthetic appliance and were financially unable to supply themselves with the same were entitled to such appliances upon the execution of an affidavit to that effect.	Veterans suffering from service-connected disabilities incurred in line of duty may be furnished such prosthetic appliances and supplies, including dental supplies, wheel chairs, artificial limbs, trusses, and similar appliances, as the Administrator of Veterans' Affairs may determine to be useful and necessary. Artificial limbs are furnished as needed and not periodically. Commutation in lieu of artificial limbs is no longer payable. Those veterans who are being maintained in a Veterans' Administration facility and who are financially unable to supply themselves therewith may be furnished such prosthetic appliances as are required as an incident of the medical care or treatment furnished.
TRANSPORTATION	
Any veteran who was furnished hospitalization or medical care and treatment by the Veterans' Administration was given transportation (including meals and lodging) to and from the facility at which the treatment was being furnished.	Cost of travel assumed by the Government only when authorized in advance for hospitalization for treatment and in the discretion of the Administrator of Veterans' Affairs. Transportation expenses upon completion of treatment are payable in discretion of the Administrator of Veterans' Affairs.
DEATH PENSION	
If death resulted from service-connected disability, the widow could receive $25 to $30 per month, depending on the rank of the veteran, with $2 additional for each child under 16; and if death of veteran was service connected, dependent parents could receive $20 to $30 per month, depending on the rank of the veteran. Since the rates for service pension (service connection of death not required) were higher, the widows and children, if entitled, elected	If death results from disability incurred in or aggravated by active service in line of duty, pension is payable at the following rates: Widow, $30 per month; widow and one child, $40 per month, with $6 for each additional child. No widow but one child, $20 per month; no widow but two children, $30 per month; equally divided; no widow but three children, $40 per month, equally divided, with $5 for each additional child; total amount to be

[1] Executive Order No. 6606, dated Feb. 17, 1932, changed this time limit to 1 year.

PRIOR LAWS—continued

to receive service pensions discussed below.

If the veteran served 90 days or more during the Spanish-American War, the Philippine insurrection, or Boxer rebellion, or was discharged from such service on account of disability incurred in line of duty and died of a disability not shown to be service connected, or died in service as a result of service-connected disability, pension at the following rates was paid to his dependents: Widow, $30 per month, with $6 additional for each child under the age of 16. If there was no widow or she had no title to pension, generally the child or children received the amount payable for a widow and child or children. Dependent parents were paid a pension only where there was no widow or minor children surviving and only one parent could receive pension at one time. If veteran was survived by neither widow, legitimate children, nor dependent parents, orphan brothers and sisters under 16 years of age took pension under general law at rate payable for dependent parents, share and share alike.

DEFINITION OF CHILD

A child was defined as a legitimate child, unmarried, under the age of 16 years, unless prior to reaching the age of 16 the child became permanently incapable of self-support by reason of mental or physical defects.

REMARRIED WIDOWS

Pension to widows ceased on remarriage. However, if such subsequent or successive marriage had been dissolved either by death of the husband or by divorce for any cause except adultery on the part of the wife, pension could be reopened.

ACCRUED PENSION

Accrued pension to date of death of veteran was paid, first, to his widow; second, if there was no widow, to his child or children under the age of 16 years at his death; and third, if there was no widow or child, only so much of the accrued pension as was necessary to reimburse the person who bore the expenses of the last illness could be paid. Accrued pension due a widow was payable to her minor children under the age of 16 years. In all other cases only so much of the accrued pension as was necessary to reimburse the person who bore the expenses of last illness and burial could be paid. The issuance of a check in payment of pension constituted payment in the event of the death of the pensioner on or after the last day

NEW LAW—continued

equally divided. Dependent mother or father—$20, or both—$15 each. Total pension payable in such cases shall not exceed $75 per month. Brothers and sisters are not entitled.

If the veteran served 90 days or more during the Spanish-American War, the Boxer rebellion, or the Philippine insurrection, or, if less than 90 days was discharged for disability incurred in line of duty, the following rates are payable where the death is not due to a disability incurred in active service and in line of duty: Widow but no child, $15 per month; widow and one child, $20 per month, with $3 monthly for each additional child; no widow but one child, $12 per month; no widow but two children, $15 per month, equally divided; no widow but three children, $20 per month, equally divided, with $2 monthly for each additional child. Total amount to be equally divided. The total pension payable under these conditions is $27 per month. Provision is made for widows of any deceased person who died of service-connected disability, who on March 20, 1933, were being paid pension under general or service pension laws, if rate was in excess of that authorized for peace-time service-connected death under the Veterans' Regulations, to receive the rate authorized under prior law but not to exceed $30 per month.

A child is defined as a legitimate child, or child legally adopted, unmarried, and under the age of 18 years, unless prior to reaching the age of 18 the child had become permanently incapable of self-support by reason of mental or physical defect. Continuation of pension to a child past the age of 18 and until completion of education or training, but not after the age of 21 years, is authorized to any child who is pursuing a course of instruction at a recognized institution.

Pension ceases on remarriage of widow. May not be resumed upon termination of subsequent remarriage.

Accrued pension to date of death of veteran is payable, first, to widow; second, to minor children under the age of 18 years at his death; and third, so much as may be necessary to reimburse the person who bore the expenses of burial; provided no payment shall be made unless claim thereto be filed within 1 year from the date of death of the person entitled. Upon the death of a widow pensioner, accrued pension may be paid to her children under the age of 18 years at her death, or if no children under the age of 18 at her death, then so much as may be necessary to reimburse the person who bore the expenses of burial. In all other cases only so much of the accrued pension as may be necessary to reimburse the person who bore the

PRIOR LAWS—continued

of the period covered by such check and became an asset of the estate of the deceased pensioner.

BURIAL EXPENSES

If veteran died while receiving treatment in an institution from the Veterans' Administration payment of burial expenses not in excess of $100, plus cost of transportation (including the preparation of body for burial) to the place of burial, was assumed by the Veterans' Administration. If veteran, who was not dishonorably discharged, died after discharge and his net assets, exclusive of debts, accrued pension and insurance, were less than $3,000, payment of burial expenses not in excess of $100 was authorized.

Peace-time service

NECESSARY SERVICE

Any person who was disabled in the military or naval service and in line of duty was entitled to a pension for such disability.

PRESUMPTION OF SOUNDNESS

All applicants for pension were presumed to have had no disability at time of enlistment, but such presumption could be rebutted.

RATES

Rates ranged from $6 per month to $30 per month, except for certain specific disabilities up to $125 per month.

EVALUATIONS

Evaluations were based on inability to earn a support by manual labor.

SPECIFIC DISABILITIES

Loss of both arms at or above elbow or loss of both legs above knee, $125.

Loss of sight of both eyes, $125.

Loss of or total disability of both hands or both feet or loss or total disability of one hand and one foot, $100.

Loss of arm at or above elbow, $90.

Total disability of arm or leg, $90.

Loss of one hand or one foot and a portion of the other hand or foot, $85.

Loss or total disability of one hand or one foot, $80.

Loss of sight of one eye, the other being blind before enlistment, $100.

So helpless as to be in need of regular aid and attendance, $72.

So helpless as to be in need of frequent and periodical aid or attendance, $50.

NEW LAW—continued

expenses of burial may be paid. All pension checks not cashed prior to death of pensioner must be returned to the Veterans' Administration. The estate has no title in such payments.

If death occurs at a Veterans' Administration facility, payment of the burial expenses (not exceeding $100), plus cost of transportation of the body to place of residence or such other place as the next of kin may direct, where the expense is not greater than the cost of transportation to the place of residence is assumed by the Veterans' Administration. If honorably discharged veteran dies after discharge, payment of burial expenses not exceeding $100 is authorized, if his net assets at the time of death, exclusive of debts and accrued pension or insurance due at time of death is less than $1,000.

Any honorably discharged person who, while employed in the active military or naval service is disabled as a result of disease or injury contracted in or aggravated by such service, in line of duty, may be paid a pension if the disability was not the result of his own misconduct.

Every person employed in the active service for 6 months or more is presumed to have been in sound condition when examined, accepted, and enrolled for service, except as to noted defects, or except where evidence or medical judgment is such as to warrant a finding that the disease or injury existed prior to acceptance for service.

Rates range from $6 for 10-percent disability to $45 for total disability, except for certain specific disabilities up to $125 per month.

Ratings are based upon the average impairment of earning capacity resulting from such injuries in civil occupations.

Anatomical loss or loss of use of both arms at or above elbow, or both legs above knee, $75.

Loss of sight of both eyes, $87.

Anatomical loss of or loss of use of both hands or both feet or of one hand and one foot, $75.

Loss of arm at or above elbow, $52.

Total disability of arm, $52; total disability of leg, $48.

No such rate now payable; depends on degree of disability, plus $12 for anatomical loss or loss of use of member.

Loss of or total disability of one hand, $39 or $43; one foot, $25 or $30.

Loss of sight of one eye, the other being blind before enlistment, $87.

So helpless as to be in need of regular aid and attendance, $75.

No such rate. If disability is total, rate payable is $45 per month.

PRIOR LAWS—continued	NEW LAW—continued
Total deafness, $40. Double pension was authorized where the disability was incurred in line of duty as a result of an aviation accident received while employed in actual flying in or handling aircraft, or as a result of an accident to a submarine vessel when the person was employed on or in handling the submarine at the time of such accident.	Total deafness, $36. No double pension authorized.
NATURE OF DISCHARGE	
Pension was payable for disability incurred in service and in line of duty, irrespective of the nature of discharge, except where there had been an absence in desertion during the period of enlistment in which the disability was incurred.	Honorable discharge from period of service in which disease or injury was incurred or aggravated is a prerequisite of entitlement to pension.
REDUCTIONS	
Pension was not subject to reduction because of the nature of employment or where pensioner entered an institution.	A pensioner who is employed by the Government may not be paid a pension while drawing a salary from such employment in excess of $1,000 per annum, computed monthly, if single, or if married, or as to any person with minor children, $2,500 per annum, computed monthly. A pensioner who is being maintained by the United States or a political subdivision thereof in an institution may not receive a pension in excess of $15 per month so long as he is being maintained by the United States or a political subdivision thereof in an institution. If the pensioner has a wife, child, or dependent mother or father, all or part of the difference between the amount otherwise payable and $15 per month may be paid to the dependents in the discretion of the Administrator. In cases of an insane pensioner without dependents, the $15 rate is discontinued when his estate derived from funds paid under the War Risk Insurance Act, the World War Veterans' Act, the Emergency Officers' Retirement Act of May 24, 1928, the several pension acts, and the present law equals or exceeds $1,500 and is not again resumed until the estate derived from such funds is reduced to $500.
FOREIGN RESIDENCE	
No reduction in pension because of foreign residence.	While residing outside the continental limits of the United States, except as specifically provided in regulations, the amount otherwise payable is reduced by 50 percent.
PROSTHETIC APPLIANCES	
A person who lost a limb in line of duty or was deprived of the use of a limb due to bodily injury sustained in line of duty was entitled to an artificial limb every 3 years or commutation in lieu thereof.	Any person who was honorably discharged on account of a disability incurred in line of duty may be furnished such prosthetic appliances as are necessary for treatment of his service-connected disabilities. Prosthetic appliances are furnished as needed and not periodically, and no commutation in lieu thereof is authorized. Those veterans who are being maintained in a Veterans' Administration facility and who are financially unable to supply themselves therewith may be furnished such prosthetic appliances as are required as an incident of the medical care or treatment furnished.
HOSPITALIZATION	
(Medical treatment, domiciliary care)	
Hospitalization and medical treatment was not furnished by the Government except as an incident to domiciliary care. Any person honorably discharged from the military or naval service who was disabled by disease or wound, who had no adequate means of support, and was temporarily or permanently incapacitated from earning a living was entitled to enter a national military home.	Any person honorably discharged for disability incurred in line of duty may be furnished such hospitalization, medical care, and treatment, including out-patient treatment, as the Administrator of Veterans' Affairs may deem necessary for the treatment of the service-connected disabilities. Any person honorably discharged for disability incurred in line of duty in the active military or naval service or in the Coast Guard, who is suffering with permanent disabilities or tuberculous or neuropsychiatric ailments or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs which incapacitate him from earning a living, and who has no adequate means of support, may be furnished hospitalization or domiciliary care within the limits of Veterans' Administration facilities. Those peace-time veterans who were not discharged for disability incurred in line of duty are not entitled to domiciliary or hospital care or medical treatment.
DEATH BENEFITS	
Pension at the rate of from $12 to $30 per month, depending on the rank of the service man, was payable to the widow for death connected with peace-time service. The widow was entitled to $2 per month for each child. If there was no widow, the child or children received the amount which the widow would have received for herself and children. If there were no widow, child, or children surviving, the dependent mother or father, in the order named, would be entitled to the rate of $12 to $30 per month, depending on the rank of the service man. Where death was the result of disability incurred in an aviation accident while employed in actual flying in or in handling aircraft, or the result of a disability incurred in an accident to a submarine vessel where the officer or enlisted man was employed in duty on or in handling a submarine at the time of the accident, the dependents were entitled to a double pension.	If death results from a disability incurred in line of duty or as a result of the aggravation of a preexisting disability in line of duty, pension at the following rates is payable to the dependents: Widow, but no child, $22 per month; widow and one child, $30 per month, with $4 for each additional child; no widow, but one child, $15 per month; no widow, but two children, $22 per month, equally divided; no widow, but three children, $30 per month, equally divided, with $3 for each additional child, total amount to be equally divided. Dependent mother or father, $15 or both, $11 each. Total pension payable under this provision may not exceed $56 per month. If death results from an injury received in line of duty in actual combat in a military expedition or military occupation, pension at war-time rates is payable to the dependents. No provision for double pension. Provision is made for widows of any deceased person who died of service-connected disability who on March 20, 1933, were being paid pension under general or service pension laws, if rate was in excess of that authorized for peace-time service-connected death under the Veterans' Regulations, to receive the rate authorized under prior law but not to exceed $30 per month.
BURIAL	
If the ex-service man died at a Veterans' Administration facility, burial at a local national cemetery was provided. If the next of kin desired the body shipped to the place of residence or some other destination, body was prepared for burial at Government expense. All other expenses were borne by the next of kin.	If death occurs at a Veterans' Administration facility, the Veterans' Administration assumes the actual cost of burial not to exceed $100 and the cost of transportation of the body (including preparation thereof) to the place of residence or the nearest national cemetery or such other place as the next of kin may direct where the expense is not greater than the cost of transportation to the place of residence.
ACCRUED BENEFITS	
Accrued pension to date of death of veteran was paid, first, to his widow; second, if there was no widow, to his child or chil-	Accrued pension to date of death of veteran payable, first, to widow; second, to minor children under the age of 18 years

PRIOR LAWS—continued

dren under the age of 16 years at his death; and third, if there was no widow or child, only so much of the accrued pension as was necessary to reimburse the person who bore the expense of last illness and burial could be paid. Accrued pension due a widow was payable to her minor children under the age of 16 years. In all other cases only so much of the accrued pension as was necessary to reimburse the person who bore the expense of last illness and burial could be paid. The issuance of a check in payment of pension constituted payment in the event of death of the pensioner on or after last day of the period covered by such check and it became an asset of the estate of the deceased pensioner.

NEW LAW—continued

at his death; and, third, so much as may be necessary to reimburse the person who bore the expense of burial, provided no payment shall be made unless claim therefor be filed within 1 year from the date of death of the person entitled. Upon the death of a widow pensioner, accrued pension may be paid to her children under the age of 18 years at her death, or, if no children under the age of 18 at her death, then so much as may be necessary to reimburse the person who bore the expense of burial. In all other cases only so much of the accrued pension as may be necessary to reimburse the person who bore the expense of burial may be paid. All pension checks not cashed prior to death of pensioner must be returned to the Veterans' Administration. The estate has no title to such payments.

SERVICE PRIOR TO THE SPANISH-AMERICAN WAR

For the fiscal year ending June 30, 1934, pensions payable on account of war service prior to the War with Spain, are reduced by 10 percent of the amount payable. This reduction of 10 percent was applied to this group in view of the fact that the Economy Act (Public, No. 2, 73d Cong.) did not repeal the laws pertaining to service prior to the Spanish-American War. Considering the advanced age of the persons taking under those prior laws and the reduced numbers, it was not deemed advisable to apply the principles of the Economy Act to them. As there were reductions as to the groups entitled to benefits on account of service during the Spanish-American War and subsequently, the 10-percent reduction enabled those groups not otherwise reduced to contribute to the economy program.

As to those persons receiving pension under laws pertaining to service prior to the Spanish-American War, should they be maintained in a Veterans' Administration facility, the pension is reduced to $15 per month. However, if the pensioner has dependents, all or part of the difference between the amount to which he is otherwise entitled and $15 may be payable to the wife, child, or dependent mother or father in the discretion of the Administrator of Veterans' Affairs. Where a Civil War veteran is maintained in the United States Soldiers' Home or a State soldiers' home, and is in receipt of service pension (service connection not required) which generally, under present laws, is $75 or $100 per month, such pension reduced by 10 percent is further reduced by $25 per month. Thus, under these circumstances, the pension of $75 would be reduced to $42.50 and the $100 pension would be reduced to $65 per month.

Under section 15 of the Independent Offices Appropriation Act, (Public, No. 78, 73d Cong.) for the fiscal year ending June 30, 1934, the same reduction applied to salaries of Government employees (at present 15 percent) is applied to pension payable under private relief acts not affected by the provisions of the Economy Act (Public, No. 2, 73d Cong.).

ROUNDING OUT OF PROGRAM

In accordance with the request of the President, the Veterans' Administration is conducting a continuous study of the effects of the veterans' regulations for the purpose of submitting proposed changes to round out the program already established. Changes in the veterans' regulations were submitted on the basis of these studies and the President promulgated amendments June 6, 1933, July 28, 1933, January 2, 1934, and January 19, 1934.[1] Although, generally speaking, the principles are satisfactorily established, it is to be expected that upon the basis of the aforementioned studies, there may be further changes to improve the administration of relief and to perfect the plan without departure from the fundamental standards now established.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. DIETERICH obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Black	Capper	Couzens
Ashurst	Bone	Caraway	Cutting
Austin	Borah	Carey	Dickinson
Bachman	Brown	Clark	Dieterich
Bailey	Bulkley	Connally	Dill
Bankhead	Bulow	Coolidge	Duffy
Barbour	Byrd	Copeland	Erickson
Barkley	Byrnes	Costigan	Fess
Fletcher	Keyes	Nye	Stephens
Frazier	King	O'Mahoney	Thomas, Okla.
George	La Follette	Overton	Thomas, Utah
Gibson	Lewis	Pittman	Thompson
Goldsborough	Logan	Pope	Townsend
Gore	Lonergan	Reynolds	Trammell
Hale	Long	Robinson, Ark.	Tydings
Harrison	McCarran	Robinson, Ind.	Vandenberg
Hatch	McGill	Russell	Van Nuys
Hatfield	McKellar	Schall	Wagner
Hayden	McNary	Sheppard	Walcott
Hebert	Murphy	Shipstead	Walsh
Johnson	Neely	Smith	Wheeler
Kean	Norris	Steiwer	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate by reason of illness.

I wish to announce that the junior Senator from California [Mr. MCADOO] is detained from the Senate by a severe cold.

Mr. HEBERT. I desire to announce the necessary absence of the following Senators:

The Senator from Pennsylvania [Mr. DAVIS], the Senator from Delaware [Mr. HASTINGS], the Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], the Senator from Missouri [Mr. PATTERSON], and the Senator from Pennsylvania [Mr. REED].

The VICE PRESIDENT. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. DIETERICH. Mr. President, on the 12th of February the Senator from Idaho [Mr. BORAH] had inserted in the CONGRESSIONAL RECORD a telegram from a citizen of the State of Illinois, which telegram stated in part, as follows:

Illinois Senators' position on St. Lawrence waterway fails to reflect large body of public opinion of Chicago and of the State and must not be interpreted as the attitude of the Illinois public.

I shall not read the rest of the telegram. It is in the RECORD. It charges those who are opposing the treaty with being influenced by matters that should not have any effect upon a Senator of the United States. While I am not assuming a defensive attitude I do want to place in the RECORD some memorials addressed to the Senators from the State of Illinois from various public bodies of that State.

In May 1933 there was a meeting in Chicago of an organization known as the Tidewater Association—that is, the meeting was called by that organization—which purported to be a meeting of Governors of the North Central States.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. DIETERICH. Yes.

Mr. CLARK. As I understand, the Tidewater Association is the organization which admits having spent something like half a million dollars in propaganda for the St. Lawrence Treaty.

Mr. DIETERICH. That is the association. That is correct.

Immediately after that meeting, the Senators from Illinois received the following telegram from the Governor of Illinois:

SPRINGFIELD, ILL., *May 16, 1933.*

Hon. WILLIAM H. DIETERICH,
United States Senate, Washington, D.C.:

I have sent the following telegram to President Roosevelt:

"I beg leave to protest the telegram to you from the group of Governors assembled by the officers of the Tidewater Association. The meeting and telegram sent by it was unquestionably for the purpose of influencing Senators now opposed to treaty in present form. Illinois and the States of the Mississippi Valley do not oppose a St. Lawrence seaway, but insist upon an unqualified reservation to the treaty preserving the sovereignty of the United States over Lake Michigan, and reserving in Congress the right at all times to provide adequate diversion for a commercially useful Lakes-to-the-Gulf waterway. Lake Michigan is no portion of the international boundary as are the other Great Lakes, and is entirely a domestic lake. Our history furnishes no precedent for submitting to international arbitration our domestic problems. Article 8 surrenders these basic and essential rights. Twenty-three Governors were invited to the meeting. No response from 11 Governors; only 2 Governors present, including myself; 8 others represented by proxies, some of whom representatives of Tidewater Association. Governor Furtell of Arkansas and Governor Allen of Louisiana wired vigorous protest, but conference refused to include this in telegram to you. Protests were received from leading organizations in eight other States, vigorously opposing ratification of treaty without adequate reservation pro-

[1] Also on Feb. 17, 1934.

tecting Lake Michigan and Lakes-to-Gulf waterway. The meeting also refused to even hear the protests and objections of representatives of Mississippi Valley Association, which represent more than 20 States who are adversely affected by the proposed treaty. Today Illinois Legislature adopted a joint resolution opposing treaty in its present form. I am hoping you will withhold your approval of the treaty until representatives of more than 50 percent of the country adversely affected by article 8 have an opportunity to present their case to you."

HENRY HORNER, *Governor of Illinois.*

Following that the Senators from Illinois received from the secretary of state of Illinois a joint resolution adopted by the Legislature of the State of Illinois, as follows:

Senate Joint Resolution No. 27

Whereas a treaty relating to the St. Lawrence waterway has been negotiated between the United States and Canada which is now before the Senate for ratification; and

Whereas this treaty internationalized Lake Michigan, a body of water entirely within the limits of the United States and places the control in an international joint commission; and

Whereas it embodies the order of the Supreme Court reducing the flow of water from Lake Michigan into the Chicago River to 1,500 cubic feet per second and thereby makes this order unchangeable except by international agreement; and

Whereas a 1,500 cubic feet per second as provided in the treaty is inadequate for the needs of the waterway from the Great Lakes to the Gulf and is therefore injurious to the entire Mississippi Valley; and

Whereas by the terms of this treaty the cost of the undertaking is borne mainly by the United States and the benefits therefrom are received mainly by Canada; and

Whereas not only are valuable rights of the whole United States surrendered by the treaty for no adequate consideration but it constitutes a gross injustice to the State of Illinois against which Illinois should have the joint protection and support of its sister States; and

Whereas our two United States Senators, LEWIS and DIETERICH, are making a steadfast fight on behalf of the people of this State against the treaty in its present form: Now, therefore, be it

Resolved by the Senate of the Fifty-eighth General Assembly of the State of Illinois, (the house of representatives concurring herein), That the General Assembly of the State of Illinois petition the Senate of the United States to disapprove and refuse to ratify the proposed treaty to the end that a fair to just agreement may be negotiated between the United States and Canada; and be it further

Resolved, That copies of this preamble and joint resolution be transmitted forthwith to the President of the United States, the Secretary of State of the United States, and to each Senator and Member of the House of Representatives of Congress from the State of Illinois.

Adopted by the senate May 16, 1933.

THOMAS P. DONOVAN,
President of the Senate.
A. E. EDEN,
Secretary of the Senate.

Concurred in by the house of representatives May 16, 1933.

ARTHUR ROE,
Speaker of the House of Representatives.
CHARLES P. CASEY,
Clerk of the House of Representatives.

Afterward, on January 11 of this year, during the present session of Congress, the Senators from Illinois received another telegram from the Governor of Illinois, as follows:

SPRINGFIELD, ILL., *January 11, 1934.*

United States Senator WILLIAM H. DIETERICH,
United States Senate, Washington, D.C.:

Illinois is unalterably opposed to the ratification of the proposed St. Lawrence Treaty in its present form. The legislature of this State at its regular session this year has formally and emphatically so declared. Your vigorous opposition to ratification has the whole-hearted support of the Mississippi Valley States, including your own. We applaud your opposition in the past and know that you will do your utmost to prevent the surrender of Lake Michigan to international control. Lake Michigan never has been considered part of nation-boundary waters, and to permit it to become internationalized now would be surrender of a principle long recognized by authorities on international law. Internationalization of Lake Michigan would surrender our basis and essential rights in our greatest inland body of navigable water and subject to international control water leaving its southern outlet from Chicago to the Gulf of Mexico. This would seriously jeopardize the future of the Lakes-to-Gulf waterway in the development of which approximately $100,000,000 has been spent to date by the State and the Federal Governments. Furthermore, the costs as well as the benefits of the proposed St. Lawrence waterway are distributed unequally. Almost continuously during the past year I have employed every effort at my command to present Illinois opposition to the ratification of the treaty in its present form. Our case is now in your hands, and I wish you success in your fight for your fellow citizens of Illinois and the Mississippi Valley.

HENRY HORNER,
Governor of Illinois.

On May 1, 1933, the Senators from the State of Illinois received a communication from Edward J. Kelly, mayor of the city of Chicago, protesting against the ratification of the St. Lawrence Treaty in its present form. I shall not take the time to read this entire letter. It sets out in detail the opposition of the mayor, voicing the sentiments of the city council and the people of Chicago. It ends with this quotation:

I am sure that not only the people of Chicago and Illinois but those of the entire Mississippi Valley will appreciate your exerting your very best efforts in opposition to the ratification of the treaty as now written.

Yours very truly,

EDWARD J. KELLY, *Mayor.*

I ask unanimous consent to have the entire letter embodied in the RECORD as part of my remarks.

The PRESIDING OFFICER (Mr. HATCH in the chair). Without objection, it is so ordered.

The letter is as follows:

CHICAGO, *May 1, 1933.*

Hon. JAMES HAMILTON LEWIS and
Hon. WILLIAM H. DIETERICH,
United States Senators, Washington, D.C.

DEAR SENATORS: As representatives of the State of Illinois and the city of Chicago, and in a sense of all the States interested in the Lakes-to-Gulf waterway, it is respectfully suggested that you ought to assume leadership in opposition to the ratification of the proposed St. Lawrence Waterway Treaty. That treaty in its present form is highly objectionable in many respects, some of which hereinafter are outlined.

GENERAL OBJECTIONS

1. Economic infeasibility

It has not been demonstrated that the saving in cost of transportation over this proposed seaway will be sufficient to meet interest on the investment, expenses of maintenance and operation, and a reasonable charge for obsolescence. On the contrary, the most reliable estimates indicate that the probable earnings of the waterway will fall far short of meeting these charges.

Cost: The cost of the waterway from the Great Lakes to Montreal is estimated by the joint board of engineers at $543,429,000.

Annual charges: The average of the estimates of probable expenditures for navigation purposes is around $440,000,000. Allowing nothing for interest on investment during construction period of approximately 8 years and nothing for possible overrun of engineers' estimates, the annual charge for interest at 4 percent is $17,600,000. Expenses of maintenance and operation are estimated at $2,730,000 per year, making a total annual charge of $20,330,000. If to this be added for obsolescence or depreciation a reasonable annual allowance of 1 percent, the total annual charges which must be met before the waterways can be said to show any profit is $24,730,000.

Possible earnings: Estimates of the possible volume of traffic which might become available vary from around 10,500,000 tons up to 20,000,000 tons annually. The latter estimate was made in 1923 and is very much out of line with any estimate recently made. Actual traffic in the year 1928, which was a prosperous year, was around 8,000,000 tons. Taking the estimate made by Mr. Thomson, a professor at McGill University and consulting engineer of Montreal, the highest estimate made by anyone in recent years, to wit, 16,120,000 tons, it would follow that a saving of approximately $1.50 per ton in freight charges would be required merely to offset the annual charges. In 1932 the average cost of transportation of grain from Duluth to Montreal was about $1.50 per ton. Grain, of course, constitutes by far the larger part of any traffic that is likely to use this route. It will, therefore, be seen that in order to save $1.50 per ton it would be necessary to carry the grain free of charge. Obviously, it is impossible to effect a saving in freight rates which will come anywhere near offsetting the overhead on the proposed seaway.

2. Inequitable allocation of costs

The allocation of costs between the United States and Canada is out of proportion to the benefits to be received. All the work in the Great Lakes is at the expense of the United States. The major portion of the work in the International Rapids section is at the expense of the United States, though the water power in this section is to be divided evenly. The United States is required to provide money for a considerable amount of work to be done on Canadian soil with Canadian workmen and materials.

The cost of the waterway from the Great Lakes to Montreal is estimated by the joint board of engineers (comprising 3 Canadian and 3 American engineers) at $543,429,000. Of this amount it is estimated that the United States will be required to expend $272,453,000 and Canada $270,976,000. Each country is to be given credit for certain sums already expended.

Canada is given credit for the cost of construction of the new Welland Ship Canal, which has been completed and which cost $128,008,000; also $772,000 expended in the Thousand Islands section of the river. Thus the amount to be expended by Canada is $142,204,000.

The United States is given credit for an aggregate of $14,461,000, which has been expended or appropriated, leaving $257,992,000

as the amount of new money which the United States will be required to provide, as against $142,204,000 to be provided by Canada.

3. Internationalization of Lake Michigan

Up to the present time the United States has always insisted that Lake Michigan is a purely domestic body of water, subject to the exclusive control of the United States. This position was stubbornly upheld by former Secretary of State Elihu Root in the negotiations preceding the boundary waters treaty of 1909. Under the proposed treaty the United States abandons this contention and agrees to internationalize Lake Michigan. It is inconceivable that any American statesman should be willing to make such a concession.

4. Inequitable division of water at Niagara for power purposes will remain unchanged

The allocation of water for power purposes at Niagara made under the 1909 treaty, whereby the United States obtained 20,000 cubic feet per second and Canada 36,000 cubic feet per second plus the water used for power from the Welland Canal, remains as at present. Secretary of State Elihu Root stated that this disproportionate allotment of water at Niagara was made in the 1909 treaty because Canada agreed to leave Lake Michigan out of that treaty. If the reason for this unequal distribution is removed by internationalizing Lake Michigan in this treaty, then this allocation of water should be readjusted on an equal basis.

5. Unjustifiable addition to tax burden

In the present time of depression and general distress an additional burden of nearly $258,000,000 in taxes should not be placed upon the taxpayers of the United States.

SPECIFIC OBJECTIONS AFFECTING CHICAGO, ILL., AND THE MISSISSIPPI VALLEY

6. Harmful effects on Lakes-to-Gulf waterway

The consensus of competent engineers is that a minimum diversion of 5,000 cubic feet per second of water from Lake Michigan is necessary to make the Illinois waterway commercially a success. Should this treaty be ratified in its present form, the maximum diversion which will be permitted after 1938 is 1,500 cubic feet per second.

Article VIII of the proposed treaty specifies that the quantities of diversion permitted shall not exceed those specified in the decree of the Federal Supreme Court of April 21, 1930.

At the present time the Court possesses power to change those limitations. They may also be changed by Congress. Once this treaty is ratified, however, neither the Court nor Congress will possess any further power over the matter.

Under the Rivers and Harbors Act of July 3, 1930, the United States took over the Illinois waterway and provided money for its completion. It is now complete and open for traffic. Considerable commerce is developing. The act directed the Secretary of War to cause a study to be made of the amount of water (from Lake Michigan) that will be required to meet the needs of a commercially useful waterway and on or before January 31, 1938, to report to Congress the results of such study with his recommendation, to the end that Congress may take such action as it may deem advisable.

It is reasonable to assume that should the Secretary of War, after such study, recommend that a minimum diversion of 5,000 second-feet should be required, Congress will act upon such recommendation.

It is true that the treaty provides that in an emergency an international board of arbitration may temporarily authorize an increase in the diversion. However, it is not likely that a board on which Canada is represented and on which it may have a majority would ever consider the needs of this Midwest inland waterway to be an emergency.

A good statement of the objections to and the arguments that can be made against the ratification of this treaty can be found in the hearings before a subcommittee of the Committee on Foreign Relations, United States Senate, Seventy-second Congress, second session, on Senate Resolution 278, at pages 551 to 608, inclusive.

In view of the fact that the treaty is now before the Senate for ratification and may be brought to vote in the near future, the foregoing suggestions are offered to the end that all its provisions may be thoroughly debated and, unless objectionable features shall be eliminated, that ratification be vigorously opposed. I am sure that not only the people of Chicago and Illinois but those of the entire Mississippi Valley will appreciate your exerting your very best efforts in opposition to the ratification of the treaty as now written.

Yours very truly,

EDWARD J. KELLY, *Mayor.*

Mr. DIETERICH. On May 12, 1933, the Senators from the State of Illinois received a communication from Peter J. Brady, city clerk of the city of Chicago, in which he transmitted a resolution passed by the City Council of the City of Chicago pertaining to the St. Lawrence waterway, which resolution is as follows:

Whereas President Hoover submitted to the United States Senate for its approval or rejection a treaty providing for making the St. Lawrence River a deep waterway, the costs of which are to be borne by the United States and Canada, the major portion falling to the United States: and

Whereas the provisions of this treaty would, if approved by the United States Senate, give virtual control of our Great Lakes into the keeping of a foreign nation, including control over Lake Michigan, which lies entirely within the boundaries of the United States; and

Whereas this treaty has a provision which limits the American outflow from our own Lake Michigan to 1,500 cubic feet per second, an amount notoriously inadequate to serve the Chicago-New Orleans waterway, and precludes the possibility of a direct waterway from the Lakes to the Atlantic seaboard across American soil; and

Whereas it is self-evident that the completion and use of the proposed St. Lawrence waterway would redound to enormous business gains to Canada at the expense of our agriculturists, manufacturers, mechanics, business men, and laborers because of Canada's nearness to Europe as compared with our Mississippi Valley; and

Whereas this treaty provides that the controlling works regulating the flow from the Great Lakes be constructed on Canadian soil, thus allowing Canada to conserve and use these great bodies of water for its own use in perpetuity not alone for commerce but for naval purposes if need arises; and

Whereas a careful analysis of this proposed treaty shows that it is wholly inimical to the United States as a whole, and to the great Mississippi Valley in particular: Therefore be it

Resolved by the City Council of the City of Chicago, That we oppose and denounce the deep waterway treaty between Canada and the United States now before the United States Senate as being a gross impairment of our sovereignty rights and destructive of the best interests and welfare of the people of the United States; and be it further

Resolved, That a copy of these resolutions be sent to the Honorable WILLIAM E. BORAH, Chairman Senate Foreign Relations Committee, and to Hon. JAMES HAMILTON LEWIS and Hon. WILLIAM H. DIETERICH, Senators from Illinois in the United States Senate.

STATE OF ILLINOIS,
County of Cook, ss:

I, Peter J. Brady, city clerk of the city of Chicago, do hereby certify that the above and foregoing is a true and correct copy of the certain resolution adopted by the City Council of the City of Chicago at a regular meeting held Wednesday, the 10th day of May, A.D. 1933.

Witness my hand and the corporate seal of the said city of Chicago this 12th day of May, A.D. 1933.

[SEAL] PETER J. BRADY,
City Clerk.

It will be seen, therefore, that the two Senators from Illinois have heard from the Governor of the State, from the legislature of the State, from the mayor of the city of Chicago, and from the City Council of the City of Chicago, But that was not all. On January 17, 1934, while this treaty was under consideration, a communication was addressed to the Senators from Illinois by the Illinois Chamber of Commerce, which communication is as follows:

ILLINOIS CHAMBER OF COMMERCE,
Chicago, Ill., January 17, 1934.

Hon. WILLIAM H. DIETERICH,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: As an official of the Government of the United States and representing the State of Illinois, I am sure you are already aware of the opposition which exists in the Commonwealth to the ratification of the St. Lawrence Seaway Treaty.

Our people are not opposed in principle to the construction of the seaway at a proper time and under reasonable conditions, but the Illinois Chamber of Commerce, in common with the majority of the people of the State, objects in particular to that part of the treaty which fixes water diversion from Lake Michigan at a figure which would be inadequate for the operation of the Illinois waterway, upon which the Government itself has already expended considerable money, to say nothing of the outlay made by the State.

This organization appeared before the committee considering this treaty last year at least twice, and we therefore know the arguments pro and con pretty well. It would be useless for us to attempt to change the minds of some of the Representatives from other States in relation to this treaty, but we certainly believe we have a right, in view of the public opinion that is evident in this State, to rely upon our Representatives in the Congress to vigorously and conscientiously oppose the ratification of this treaty.

We feel that it is inimical to the interests of this State, to say nothing of the Nation. From a national standpoint, the best argument that can be used against the treaty is the perfectly apparent satisfaction of the Canadians over its terms.

In view of the fact that this matter is again before the Congress, we desire to reiterate and reemphasize our objections.

With kindest regards, I am, very truly yours,

C. G. FERRIS,
Executive Vice President.

Following that, on the 20th of January, the Senators from Illinois received a telegram from C. G. Ferris, executive vice president of the Illinois Chamber of Commerce, as follows:

CHICAGO, ILL., *January 20, 1934.*

Hon. WILLIAM H. DIETERICH,
Senate Office Building:

Press reports allege strong administration pressure upon Senators to vote for St. Lawrence Seaway Treaty. The Illinois Chamber of Commerce and Illinois people in general, so far as we can ascertain their sentiment, want no compromise. Not only is article 8 objectionable but opinion developed since original proposal of treaty is that we release sovereign rights to Lake Michigan to Canada and in return get nothing comparable to the sacrifice we make. They further object to whole project from standpoint of lack of timeliness. Have been assured heretofore of your firm determination to vote against this treaty but so many rumors are current that we desire to be reassured at this time of your intention as Senator from Illinois to vote against treaty.

C. G. FERRIS,
Executive Vice President, Illinois Chamber of Commerce.

On September 7, 1933, the Senators from Illinois received a communication from the Chicago Association of Commerce protesting against the ratification of the St. Lawrence Waterway Treaty. It is as follows:

THE CHICAGO ASSOCIATION OF COMMERCE,
Chicago, September 7, 1933.

Hon. WM. H. DIETERICH,
United States Senate, Washington, D.C.

DEAR SENATOR: I wish to take this opportunity of expressing the appreciation of the business and professional interests of Chicago, as represented by the Chicago Association of Commerce, for the constructive thought and effort you rendered during the Seventy-third Congress, first session, in opposing ratification of the proposed St. Lawrence Treaty.

No doubt every effort will be made to pass the treaty in its present form during the regular session of Congress in January.

Notwithstanding that other interests are attempting to stir up sentiment in the Middle West, and especially in Illinois, in favor of the treaty, I wish to assure you that there is no change of position insofar as our organization is concerned, and I trust you will continue your good offices in opposing the treaty, with especial emphasis on article VIII, which would make the waters of Lake Michigan international in character, while they should be maintained under domestic control.

With kindest regards and best wishes,

Sincerely yours,

GEORGE W. ROSSETTER,
President.

Following that, on January 11, 1934, there was a reiteration of the request contained in the letters to the Senator to oppose the St. Lawrence waterway, in a telegram as follows:

CHICAGO, ILL., *January 11, 1934.*

Hon. WILLIAM H. DIETERICH:

Business interests of Illinois are counting on continuance of your able leadership and wholehearted energy to prevent ratification of St. Lawrence Treaty in its present form. Sovereignty of Lake Michigan and the continuance of control over its waters by our own Federal Government of paramount importance to our State and entire Mississippi Valley. We hope and believe you can secure necessary amendments and express our full confidence in your devotion to this end.

GEORGE W. ROSSETTER,
President Chicago Association of Commerce.

On January 12, 1934, the Senators from Illinois received a communication from the Chicago Real Estate Board protesting against the ratification of the St. Lawrence Waterway Treaty, in a telegram, as follows:

The Chicago Real Estate Board is in favor of the St. Lawrence waterway as a project but is much opposed to that portion of the treaty, particularly section 8, which gives to Canada the power of limiting the flow of water to be used through the Illinois and Mississippi waterway. If treaty cannot be approved without the limitation or substantial modification of that limitation, we would prefer not to have such waterway under those conditions.

THE CHICAGO REAL ESTATE BOARD,
By L. W. PORTER, *President.*

In addition to that, we have received communications from the Joliet Association of Commerce, of Joliet, Ill., the city of Cairo, the Mississippi and Ohio River Pilots Association, the St. Louis National Stock Yards, and the Western Cartridge Co., and this day we received a telegram as follows:

We unalterably oppose adoption present Canadian Waterway Treaty. Appreciate your opposition.

EAST ST. LOUIS CHAMBER OF COMMERCE.

In addition to that we have received hundreds of memorials in opposition to the treaty from various civic organizations and citizens of the State of Illinois.

Mr. President, when Colonel Knox, who is the publisher of the Chicago Daily News, gives out the information that "the Illinois Senators' position on the St. Lawrence waterway fails to reflect a large body of public opinion of Chicago and the State of Illinois, the statement must not be interpreted as the true attitude of the Illinois public." I do not see from what he draws his conclusion, or whom he has in mind who is not opposed to it. Every municipal subdivision of the State, almost unanimously, including the State and the city of Chicago, every association which controls and has at heart the business interests of the State of Illinois, is opposed to the ratification of the treaty.

This telegram which was inserted in the RECORD appeared as an editorial in the Chicago Daily News on February 7. The editorial was transmitted, I am reliably informed, to the representatives of the press in the city of Washington by this Tidewater Association. The editorial then was sent by its author, in the form of a telegram, to various Members of the Senate.

I have no personal feeling against Colonel Knox. I have no right to charge anyone with insincerity. But like others who have been for the ratification of this waterway treaty, he has been misinformed. Many of those supporting it do not understand the provisions of the treaty, and do not understand the sentiment of the substantial people of the State, whose judgment is of some assistance in determining what that sentiment is.

Mr. CLARK. Mr. President, will the Senator yield to me?

Mr. DIETERICH. I yield.

Mr. CLARK. I would like to ask the Senator how long Colonel Knox has lived in Illinois.

Mr. DIETERICH. He has lived in Illinois, I understand, 3 years.

Mr. CLARK. Does the Senator know whether he is the same Colonel Knox who was gallivanting around over the country a few years ago conducting an active propaganda for universal compulsory military service in time of peace?

Mr. DIETERICH. I am not informed in regard to that.

Mr. CLARK. I am. I will say to the Senator that he is the same gentleman.

Mr. DIETERICH. I understand that Colonel Knox came to Chicago and took charge of the Chicago Daily News, one of the leading newspapers of the city of Chicago, about 3 years ago. Current rumor was that he represented the administration then in power, and the periodical of which he took charge was made the organ of that administration; that he was sent there to promote the candidacy of the then President of the United States, Mr. Hoover, and of course it goes without saying that his stand on this proposed waterway has been consistent, because it was used in that campaign as a sort of a political drawing card, heralded as an accomplishment.

I know nothing against Colonel Knox, and there is nothing personal about what I say, but I felt that there should be some comment, in view of the fact that this telegram was placed in the RECORD, saying that the Senators from Illinois did not reflect the sentiment of their constituency at home. I might say in passing that if we did not, and still thought we were right, it would be our duty to take this stand. The Senators from Illinois feel that they are not only right in protecting American rights in this treaty, but also that they are acting in harmony with the desire of their constituency.

The telegram further says:

Opposition to ratification of the St. Lawrence Seaway Treaty presents an unusually clear picture of the tactics employed by confederated special interests fighting a project conceived in the public interest. It simply reverses the political technique of the pork barrel.

Instead of a logrolling combination in favor of a grab bag of public expenditures for works primarily of local or private interest, we see in the leagued lobbies arrayed against the St. Lawrence Treaty with Canada bands of logrollers united against the execution of a public improvement which each confederate

deems inimical to his special interest. The porcine motive is there, even when the pork hides behind the plea of economy. The fight against the treaty is a fight to save the bacon of vested interests that levy tribute upon the incomes of the people through capitalizing natural transportation handicaps which the ship channel would eliminate.

It goes along in that tenor and in that tone.

I will say to Senators that that is not a proper argument, and should not enter into the discussion of the treaty. If there is any place where truth should prevail it is here, where we are dealing with such important rights.

If we are to draw on our imagination, as the Senator from Missouri [Mr. CLARK] well said, in reference to the Tidewater Association, which in 1920, when New York was making a fight for the Erie ship canal, had up to that time, according to the then Governor of New York, expended $100,000 to prevent that construction, and which leading newspapers have said and published to the world has expended $500,000 in propaganda for the purpose of promoting the St. Lawrence seaway, and if there is going to be the inference that some power trust, which seems to be public enemy no. 1, is behind this, I think it would be well to go over the Canadian border and find out if there is not a power trust over there that is somewhat interested in the construction of the waterway which gives to Canada the big share of the water power, not only of Niagara River, but in the St. Lawrence Rapids, and charges us, as a copartner, to divide the expense of construction. If we desire to draw on imagination, there is a fertile field for imagination.

I do not know what the Tidewater Association is. No one seems to have found out. It seems to be like the sacred bull of the ancients; no one should point an accusing finger at it; it is pure. But any agency, I do not care on which side of the treaty, which will expend one-half million dollars in propaganda deserves to be investigated, and the Senate should have the right to know where its money comes from, to whom it is given, and for what purposes it is expended.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Missouri?

Mr. DIETERICH. I yield.

Mr. CLARK. I desire to invite the attention of the Senator from Illinois to the fact that the statement of expenditure in excess of a half a million dollars for propaganda in favor of the St. Lawrence Treaty is not based on hearsay or newspaper rumor. It is based on an interview recently printed in the Chicago Tribune, given to a reputable reporter, a member of the press gallery of the Senate, by the head of the Tidewater lobby himself, a man by the name of Craig.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Illinois yield to the Senator from Louisiana?

Mr. DIETERICH. I yield.

Mr. LONG. I am very sorry that the Senator from Wisconsin [Mr. LA FOLLETTE] is not here. I see his colleague here. I should like to have the news get to the Senator from Wisconsin that there are some of us who would like to find out how, why, and where the $500,000 came and went. I have never seen so much propaganda for anything in my life. I will be frank with the Senate and say that I do not believe I have ever seen the mail bags loaded with so many various and sundry kinds of publicity for a treaty since I was born. I should like to know who is putting up the money.

Mr. DIETERICH. I will answer the Senator from Louisiana and say that when the United States furnishes 65 percent of the water that flows over the Niagara Falls and down the St. Lawrence River, and when the Canadian power interests get 38,000 cubic feet per second at Niagara, as against our 20,000 cubic feet, and will get more than that when the treaty is consummated, and when they get three quarters of the water power developed along the St. Lawrence River, if we want to draw on our imagination we can imagine that Canadian power interests are somewhat interested in the ratification of the treaty.

When the power interests in this country are branded public enemy no. 1, and the transportation companies are branded public enemy no. 2, is it the fact that such organizations get purer when they get over across the Canadian border? Does greed cease at the line? Are the tactics which these agencies are accused of employing in this country strangers to the people in Canada? I wonder what those in favor of the ratification of the treaty would say if the tables were reversed.

I thank the Senate.

Mr. DIETERICH subsequently said: Mr. President, I ask unanimous consent for permission to read, in continuation of the remarks I made this afternoon on the St. Lawrence Treaty, a further telegram which I have received, as follows:

CHICAGO, ILL., *February 15, 1934.*

Hon. WILLIAM H. DIETERICH,
Senate Office Building:

In spite of efforts being made through press and elsewhere to make it appear that Illinois favors ratification of St. Lawrence Seaway Treaty, facts are that those who are at all familiar with waterway situation in this State are opposed to ratification, particularly as to article 8. There are also other objections. Investigation on your part will corroborate statement that most reputable business organizations in this State are absolutely opposed to ratification of this treaty as it stands, and commend the valiant position you have taken in opposition, and urge you to stand by your guns to the last on this proposition.

WALTER W. WILLIAMS,
President Illinois Chamber of Commerce.

TRIBUTE TO THE MEMORY OF SUSAN B. ANTHONY

Mr. CAPPER. Madam President——

The PRESIDING OFFICER (Mrs. CARAWAY in the chair). The Senator from Kansas is recognized.

Mr. CAPPER. Madam President, it is my honor and my privilege today to pay a brief tribute to a great American; to my mind one of the greatest personages of all time.

One hundred and fourteen years ago today, in the little town of Adams, Mass., Susan B. Anthony, emancipator of women, was born.

This month of February, as has been before noted, has furnished this country and this Nation with the three great warriors for liberty in its history—George Washington, Abraham Lincoln, and Susan B. Anthony.

It is not detracting in the least from the memory of the Father of His Country nor of the immortal Lincoln to name Miss Anthony as one of that great triune of American liberators. All honor to them and to the victories they won.

George Washington lived to see the country he had freed from foreign domination well on the road toward its place in the world family of nations.

Abraham Lincoln lived to strike the shackles from the slaves and to preserve the Union which Washington had forged from the Thirteen Colonies.

Susan B. Anthony did not live to see national woman suffrage. At the time of her death only four States in the Union had recognized the political equality of women.

Susan B. Anthony could only visualize the victory which was in sight when she passed to the Great Beyond, of which we know so little and hope so much.

Only a few short weeks before her death she attended a suffrage convention in Baltimore. In the very Valley of the Shadow this indomitable spirit urged her followers and successors to carry on.

"Failure is impossible", were her closing words.

And she spoke the truth; failure is impossible. To the dauntless and the indomitable, fighting the cause of right and justice, even the victory may come years, even decades or centuries after the life work of the individual is apparently ended.

In this brief life span allotted to each of us none of us can hope to complete his task. To few, indeed, comes the opportunity of initiating; none can hope to complete a worth-while undertaking in his own lifetime.

The one who can say, when sun sets, "I have finished my work", has not had the vision which inspires to great deeds.

The life work of the Great Master did not end but only started when he was crucified. George Washington only planted the seed from which a great Nation is growing.

Abraham Lincoln struck the shackles from the Negro slave; he gave the Negro the right to be free; he gave to this Nation the right to live. "No nation can exist half free and half slave," Lincoln declared. But Abraham Lincoln did not really free the slaves, in a completed sense. He did not guarantee the continued right of existence to this Nation. He was the instrumentality which granted the Negro the right to freedom; who gave this Nation the right to continued existence.

It is we, successors of Washington and Lincoln, to whom these passed the torch, who must carry on if the Nation and the freedom they made possible are to bear fruit.

But without these great ones, who have vision, who have courage, who have the essence of immortality in spirit, in mind, aye, as I verily believe, in body, the rest of us would never rise above the level of the age into which we happen to be born.

Susan B. Anthony was truly one of these great ones.

She had vision; she had courage—the courage of perseverance, than which there is no greater courage. She had that immortality of mind and spirit, the physical stamina that also is necessary to visualize a goal, to plan how that goal can be attained, to organize forces for its attainment, and to battle along sound lines with organized forces in successive advances toward the goal which she had visualized.

Susan B. Anthony was born of Quaker parentage. She had a good mother and a noble father; it always has been a matter of pride to me, as a man, and myself coming of Quaker stock, that throughout his lifetime Daniel Anthony not only sympathized with her ambitions and aspirations for women but also himself supported her with undying loyalty and courage.

Right at this point allow me to make an observation.

I have never been one of those who believed that Susan B. Anthony's noble battle for woman suffrage was a battle for the rights of women alone.

She fought for recognition of women, it is true, but also she was battling for the rights of all mankind. She visioned, as did the immortal Lincoln, that mankind, no more than a nation, could exist half free and half slave; and it must be admitted by all fair-minded persons, when Miss Anthony entered the battle that woman's legal position in this country, indeed, largely over the world, was, in many respects, a practical enslavement.

The wife, under the law, was the property of the husband. He could dispose of her property—not only their property, but her property—to suit himself. If she earned or received any money, it belonged to the husband. He could even will away her unborn child, sell her wedding finery. She had no political rights; she could not vote; the right of free speech was not guaranteed her. For years after women were in the great majority of schoolteachers in this country they were not allowed to speak at teachers' conventions.

In fact, one of the bitterest experiences of Miss Anthony's career came when she tried unavailingly to get recognition in her own right to express an opinion at a teachers' convention. Yes; she won that fight, but only after having insults and even threats heaped upon her.

We have come a long way since then. The right of women to vote has been granted. Professions are opened to them. We find them in business, in industry, in legislative halls, in executive positions—everywhere.

All this is due largely to Susan B. Anthony and the loyal band of women who worked with her and who carried on after her own time had passed. All honor to her and to them.

I hope it will not be out of place at this time to ask for some small measure of recognition also for the men of this Nation. It took Susan B. Anthony and Lucretia Mott and Elizabeth Cady Stanton—and hosts of others, including noble women in my own State such as Lilla Day Monroe and Lucy B. Johnston—to educate men to the great injustice they were doing to women. But, after all, when the pleas had been made, when the cause had been justified by faith and by works, it was the men of the United States who granted to women equal political rights, from which, in the long run, all equality and recognition have come and are coming.

As I said before, Susan B. Anthony, while battling for the rights of women, also was battling for the rights of all mankind. And I say that fact also should be given due recognition when the accounts are balanced.

And may I express the hope that somewhere in this National Capital a fitting memorial, in keeping with the memorials erected for George Washington and Abraham Lincoln, may be erected to that other great American, Susan B. Anthony.

It is not my intention to tell the life history of Susan B. Anthony and her times, although that is an interesting and an inspiring story.

She was a born crusader, as well as an intelligent fighter, and rarely equaled leader, on behalf of the underprivileged; for the betterment of all people.

Not all of Susan B. Anthony's lifetime of conscientious endeavor was devoted to the cause of woman suffrage. She taught school for 15 years. It was toward the end of that time that she obtained for women teachers the right to the floor in teachers' conventions. It is difficult for us to realize, in this day and generation, that women were not even allowed to speak in teachers' conventions—even though they were in a great majority in such conventions—until after Susan B. Anthony had won for them that right.

Her next fight was for the cause of temperance. I have always been somewhat surprised that Miss Anthony's part in the temperance movement has not been more generally recognized. Perhaps it is because, after several years' connection with that movement, Miss Anthony decided that the basis of success in control of the liquor traffic in the long run depended upon women gaining the ballot. And, in my judgment, she was correct; that is where the cause of temperance will be won.

Susan B. Anthony took an active and at times prominent part in the antislavery movement. Her urge for freedom found expression in the troublous days preceding the Civil War, when she was a pronounced abolitionist. Miss Anthony never believed in half-way measures. She never sacrificed principle for expediency; and in that lay part of her strength.

Susan B. Anthony, once she decided upon the ultimate objective, was never satisfied with less. Even the great Lincoln would have been satisfied, at one time, with limiting slavery to the States in which it was an established institution and preventing its extension further—but not so Miss Anthony. She believed in "immediate and unconditional emancipation." So she joined Wendell Phillips, William Lloyd Garrison, and those other intrepid spirits who risked their lives in the cause of abolition. She, with them, faced infuriated mobs in city after city; she, like them, was insulted and rotten-egged, and faced threats of death with equanimity and dauntless intrepidity.

Many meetings were broken up. Women were run out or dragged out of the meetings by mobs. Not always. It is recorded that at one of these meetings the mayor of the town sat on the platform with a loaded shotgun and compelled attention while Miss Anthony made her speech.

But it is as the leader of the woman-suffrage movement that Susan B. Anthony is best known, and best deserving to be known. From 1852 until her death in 1906, she led that fight, organized the fight, and fought the fight.

During the stormy days preceding secession, and during the war years, she devoted all her energies to the cause of abolition and toward "winning the war."

After the war Susan B. Anthony suffered one of her many disappointments. She had understood that the Abolitionists, after getting freedom for the Negro slaves, would take up the battle for woman suffrage, but most of them failed her, and she had to start from the beginning again. She based her campaign this time on the assumption that, if women were to win freedom, they would have to win it first for themselves and by themselves.

She also decided, with clear vision and sound logic, that the ballot is the basis of political liberty. It is this clear vision that keeps the primary in effect wherever the voters are intelligent. The ballot is the basis of political liberty.

In 1869 the Woman's National Suffrage Association was organized. In the 22 years that followed, Susan B. Anthony developed into a marvelous field general as well as an inspiring leader. The women organized all over the United States. Public opinion, slowly, indeed, for 4 decades—at time of her death in 1906, as before noted, suffrage had been granted women in only four States—public opinion finally swung to her cause.

But public opinion did not swing to the women's cause of its own volition, or just from chance or even from the general trend of events. It was largely the perseverance and generalship of Susan B. Anthony that brought the final victory. And I say this without in the least detracting from the credit due to the other suffrage leaders.

"Convention after convention, for 50 years, planned and managed by one woman," comments Ida Husted Harper, her biographer. "Was there ever such a record?"

She led or directed campaign after campaign to win individual States. Fate chalked up failure after failure on the records, with an occasional victory, with more and more promises of ultimate victory as the years wore on.

As a matter of fact, before her death Susan B. Anthony knew that her cause would win.

"Failure is impossible," the words she used at her last convention, was more than an inspiring slogan for her followers. It was a promise of the result; it was a prediction, and a prediction justified by the constantly increasing number of adherents to the cause.

There is nevertheless something very touching in another statement she made at that same time—on the occasion of her eighty-sixth birthday anniversary.

"Just think of it," she said, "I have been striving for 60 years for just a little bit of justice, and yet I must die without obtaining it. It seems so cruel."

Then the indomitable fighting spirit shows again. "Failure is impossible."

Madam President, my regret this morning is my own inadequacy to convey to you and to the country the depth of my admiration, my respect—aye, I would almost say my worship—for this brave spirit to whose memory I have addressed myself this morning.

I am well aware that even if I were gifted with the power of eloquence and oratory, there would be nothing I could say which would add to the great thing which she accomplished; nothing I could say which would add to the imperishable record of achievement which she wrote in the pages of history.

There is one thing I would say to the women of America. Susan B. Anthony, with dauntless courage and indomitable will, with vision and wisdom and practical leadership, wrung for you a heritage of freedom and of opportunity. In doing that she also bequeathed to you great responsibilities. In the period of travail through which we are passing, it may well be that the power given women through the inspiring leadership of this woman—one of the great figures in human history—it may well be in your hands rests the final decision as to whether this civilization of ours will move on to higher and higher levels, or will plunge into the abyss of ruin. If the latter happens, mankind will have to start the long march upward over again, as it apparently has countless times in past history.

If you women of America, if we men of America, can live up to the spirit of Susan B. Anthony, then I have no fear of what the future will be. But the responsibility now is shared by you women with us men, and it is my hope that all of us may arise to our responsibilities as did that brave soul to whose memory I have tried, in feeble words but with sincere appreciation, to pay my tribute today.

THE VERSAILLES TREATY AND CONDITIONS IN EUROPE

Mr. BORAH. Madam President, I ask to have read at the desk an editorial appearing in the New York Times under date of February 9.

The PRESIDING OFFICER. Without objection, the clerk will read, as requested.

The Chief Clerk read as follows:

[From the New York Times of Feb. 9, 1934]

AGAIN THE SCAPEGOAT

From two British sources on Wednesday, the United States got blamed once more for all the troubles in Europe. Mr. Stanley Baldwin declared that the refusal of this country to ratify the Versailles Treaty and join the League of Nations brought about all the diplomatic and economic difficulties with which European statesmen have since been compelled to struggle. In an address at Vienna, Mr. Harold Nicolson declared that everything abroad was upset when the American Senate refused to ratify the Treaty of Versailles, signed by their fully qualified representative. There followed an era of conferences and agreements which have only led to further confusion. In particular, Mr. Nicolson referred to the Kellogg Treaty as a danger to international amity, because it engenders a false sense of security.

Mr. Nicolson's attention could hardly have been called to the terms of the new treaty between Poland and Germany. It has been dubbed an "Eastern Locarno", since it is a 10-year pact of nonaggression, which apparently puts an end, for the time being, to the threatening dispute about the Polish Corridor. Now, the official statement issued by the two Governments contains the following passage:

"They start from the fact that the maintenance and insuring of a durable peace between their countries is an essential condition for general European peace. They have therefore decided to base their mutual relations on the principles laid down in the Kellogg Pact of 1928, and more precisely to define the application of these principles to their own relationship."

It would thus appear that American diplomacy was not so futile and barren as Mr. Nicolson implies. The American Secretary of State took the suggestion of M. Briand for a nonaggression treaty between France and the United States, and broadened it into a universal principle which was at once accepted by nearly all the other nations.

Mr. BORAH. Madam President, it would seem that the old English pride, characteristic of the race, to say nothing of a due regard for historic facts, would make impossible, especially for those in places of responsibility, statements such as are quoted in this editorial. Statements of similar import have become somewhat common and were in the beginning of rather low origin. They sprang up after the war, and were put forth by those who had no reputation for truth and honor to maintain. Distinguished gentlemen now adopting as their own slanders of such mean source and such questionable purpose will not be able to give to them respectability or even the color of truth. They are in plain terms a perversion of historic facts. And, notwithstanding the high source from which they now come, are an ungracious libel upon a nation whose brave sons helped to keep the English Channel from becoming a German lake.

It is not in harmony with English traditions and presents a rather melancholy spectacle to see British statesmen searching about for someone upon whom to place the blame for their own policies. There has evidently been a break in the hereditary traits of English statesmen. They have been known heretofore for the relentless way in which they dealt with associates, as well as enemies. They have driven hard bargains for Britain. But whether wise, or unwise, they have always in manly fashion assumed responsibility for their own policies. The craven spirit was never an attribute of English statesmen.

No ratification of the Versailles Treaty by the United States could have stayed the devastating, demoralizing, disintegrating effects of its terms upon the political and economic life of Europe. When finished it was the embodiment of the spirit of vengeance and of spoils. It sacrificed the peace and recovery of Europe to the imperialistic ambitions of a few victor nations. An American President sought in vain to assuage its vindictive terms and to mollify its predatory effect. He entertained the hope, no doubt, that the League would ameliorate its terms. Others thought differently. But had the treaty stood alone, it is safe to say that it would never have received his signature. It was contrary to his whole theory of adjustment and peace.

That which has brought turmoil and unrest, economic chaos and widespread human suffering were the terms and conditions of the treaty. And no one had more to do with making its terms and no one received greater material benefits from its provisions than the nation which now de-

nounces the United States as a scapegoat. The United States received nothing, asked for nothing, and displayed both wisdom and humanity when she rejected its obligations.

It is perhaps not surprising when men look about them and see misery and wretchedness on every hand, the fruits of their own acts and policies, that, seeing these things, they should seek out some nation upon which to place the blame. It is not strange either, perhaps, when we analyze the motives of men engaged in such a desperate enterprise, that they should turn upon the nation to whom they owe the greatest debt of gratitude.

BERYL M. M'HAM

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate the amendment of the House of Representatives to the bill (S. 558) for the relief of Beryl M. McHam, which was, on page 1, to strike out lines 10 and 11, and insert "That no bounty, back pay, pension, or allowance, except adjusted-service compensation, shall be held to have accrued prior to the passage of this act."

Mr. THOMAS of Oklahoma. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

INTERIOR DEPARTMENT APPROPRIATIONS

Mr. HAYDEN. Mr. President, I desire to ask unanimous consent that the unfinished business, which is the motion to consider the naval construction bill, may be temporarily laid aside and that the Senate proceed to the consideration of the Interior Department appropriation bill.

The PRESIDING OFFICER. Is there objection?

Mr. TRAMMELL. Mr. President, I shall not make objection, but I wish to ask the Senator from Arizona how much time he thinks the consideration of his bill will consume?

Mr. HAYDEN. I doubt if legitimate debate upon the bill will last 30 minutes.

Mr. TRAMMELL. I am exceedingly anxious to carry to a conclusion my motion to take up the naval construction bill. It has been pending for several days. I do not wish to be disagreeable or lacking in proper courtesy, but if repeated requests continue to lay aside temporarily the Navy measure and to take up some other measure, I am going to be compelled to object, because the Navy bill is very important. It has already passed the House and is pending in the Senate, with some amendments which I am confident will be adopted, and certainly it is one of the major propositions before the Senate and should be quickly acted upon. Of course we cannot act upon it if other bills are continuously being brought in, and consideration of the Navy bill deferred. With the assurance, however, of the Senator from Arizona that the bill which he now proposes to have taken up, and for which he asks that my motion be temporarily laid aside, will occupy, as far as he can estimate, probably 20 or 30 minutes, I will not make any objection to the motion.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Arizona? The Chair hears none. The unfinished business is temporarily laid aside, and the Chair lays before the Senate House bill 6951.

The Senate proceeded to consider the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. FESS obtained the floor.

Mr. HAYDEN. Mr. President——

Mr. FESS. If the Senator from Arizona wants to make his start with his measure I will give way to him for a moment.

Mr. HAYDEN. I ask unanimous consent to dispense with the formal reading of the bill, that the bill be read for amendments, and that committee amendments be first considered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered. The Clerk will state the first committee amendment.

The first amendment of the Committee on Appropriations was, under the heading "General Land Office", on page 9, after line 4, to insert:

Surveying public lands: For surveys and resurveys of public lands, examination of surveys heretofore made and reported to be defective or fraudulent, inspecting mineral deposits, coal fields, and timber districts, making fragmentary surveys, and such other surveys or examinations as may be required for identification of lands for purposes of evidence in any suit or proceeding in behalf of the United States, under the supervision of the Commissioner of the General Land Office and direction of the Secretary of the Interior, $500,000, including not to exceed $5,000 for the purchase, exchange, operation, and maintenance of motor-propelled passenger-carrying vehicles: *Provided*, That not to exceed $5,000 of this appropriation may be expended for salaries of employees of the field surveying service temporarily detailed to the General Land Office: *Provided further*, That not to exceed $10,000 of this appropriation may be used for the survey, classification, and sale of the lands and timber of the so-called "Oregon and California Railroad" lands and the "Coos Bay Wagon Road" lands: *Provided further*, That no part of this appropriation shall be available for surveys or resurveys of public lands in any State which, under the act of August 18, 1894 (U.S.C., title 43, sec. 863), advances money to the United States for such purposes for expenditure during the fiscal year 1935: *Provided further*, That this appropriation may be expended for surveys made under the supervision of the Commissioner of the General Land Office, but when expended for surveys that would not otherwise be chargeable hereto it shall be reimbursed from the applicable appropriation, fund, or special deposit.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—FOREIGN DEBTS

Mr. FESS. Mr. President, I should like to have the attention of the Senate 2 or 3 minutes only. There has been more than ordinary consideration given by all Members of the body to the matter of air mail contracts. I would say that I have suggested to the chairman of the committee investigating the matter that I wanted to speak just a few minutes and that I should like to have him present while I did so. He understands that I am going to have something to say on the subject.

From the beginning I had assumed, and I have not any ground for the belief that that assumption is not well founded, that in due time the ex-Postmaster General would be given a chance to appear before the committee. He has expressed to me such a desire at different times over the telephone and also at different times by letter. I have in every case replied to him that there is no doubt about opportunity being afforded to him to appear before the committee.

Mr. BLACK. Mr. President——

The PRESIDING OFFICER (Mr. BACHMAN in the chair). Does the Senator from Ohio yield to the Senator from Alabama?

Mr. FESS. I yield.

Mr. BLACK. I stated to the Senator from Ohio a few days ago when the request was made, when he stated to me that he understood Mr. Brown was willing to waive his immunity, and I repeat now that I shall be very glad, as far as it is within my power—and I think as chairman of the committee I would have the right—if the Senator will state now that Mr. Brown wants to be heard tomorrow or next day on Monday or Tuesday or any other day, to arrange for him to be before the committee instantly.

Mr. FESS. I had assumed that would be the attitude of the chairman of the committee. My remarks are simply to give the background of why the request has not been laid before the committee.

I had advised Mr. Brown that it would seem to be in regular course not to demand an appearance or request an appearance until after the testimony that was given against the contracts was all in and the proceedings here were concluded. He rather reluctantly submitted to my suggestion, but stated to me that there was danger that the matter might be prolonged to a point where all the money would be expended, and the hearings might be closed without his being heard. I assured him that that would not take place. I talked with Members of the Senate on both sides

of the aisle about the matter and had open expressions from them that Mr. Brown would be given a chance to be heard.

When the air mail contracts were annulled by the order of the Postmaster General, Mr. Brown wrote me that he could not withhold the request longer and asked me to lay it before the committee. I notified him immediately that the committee was not in session at the time, that the proceedings in the Senate were in closed session; that on Monday, the 12th, with many Senators absent, we would not be considering the air mail matter, and that as soon as the committee should reconvene I would ask them to permit Mr. Brown to come before them, fixing the time.

The Senate knows that we have been in a situation where the Senate committee could not be in session as a committee, and I did not know just when a session of the committee would be called. I therefore felt it was essential that Mr. Brown's attitude in the matter should be made public. Up to date, I have not said anything more than was said on the floor of the Senate the other day when the question as to immunity came up. I stated at that time that the immunity question would not be an obstacle at all.

This morning I read the letter of the Postmaster General. It was inserted in the RECORD yesterday at the request of the chairman of the committee. Of course, had I known or heard the request of the chairman, I should not have objected to its being inserted. It is official and proper. It is a letter that was sent to the committee. The chairman of the committee asked to have it inserted in the RECORD, which was done, and which was proper. I had not had a chance to read it until a newspaperman called my attention to it this morning. Up to that time I had not seen it. Since that time I have read very carefully the letter of the Postmaster General.

There can be no question, I think, that the Postmaster General gives the inference that the meeting to which he refers constituted some form of collusion. Secondly, the specific statement in the letter that the provision of law calling for competition in bidding was not carried out is certainly a statement of opinion that the law was violated. So there has been made public now in the Senate a statement from a high official, the inference from which is, I think, that these contracts were the result of collusion, and secondly, were a violation of law, and those matters are given as the basis upon which action was taken.

Mr. President, the letter which the former Postmaster General wrote me, insisting upon being invited or permitted to testify, was written on Monday last. I had a telephone message from him today that in view of the statements carried in the paper he insisted upon my laying this letter before the committee. I stated to him that the committee was not in session. Consequently, I feel that I shall be justified in reading the letter on the floor of the Senate for the benefit of the RECORD. I had not intended to do that. I had expected to follow the regular course of submitting it to the committee; but in view of the fact that the letter of the Postmaster General is in the RECORD, I think in fairness to all parties concerned I ought to read the former Postmaster General's letter, which I now proceed to do.

THE BARCLAY,
New York City, February 10, 1934.

Hon. SIMEON D. FESS,
United States Senate, Washington, D.C.

MY DEAR SENATOR FESS: Because it now appears that the insinuations and innuendoes with respect to my postal administration and personal affairs, recently developed before a special committee of the Senate, are being used to justify in the public mind the wholesale annulment of air mail contracts and destruction of the Air Mail Service, I am writing you again as a Senator from the State of which I am a citizen concerning my desire to appear before the Senate committee.

The air-transport industry, which has been fostered by generous Government aid throughout the administrations of Wilson, Harding, Coolidge, and Hoover, is still dependent for its very existence upon the Air Mail Service. Much progress toward the goal of economic independence has been made, particularly during the last few years. The revenues of air mail carriers derived from passenger and express services have increased from practically zero in 1929 to the rate of $10,000,000 per year at the end of 1933. At the same time the compensation paid to the air mail carriers by the Post Office Department has been reduced by successive steps from $1.09 per mile in 1929 to 42 cents per mile at the end of my administration. Despite the depression, the air-transport industry has grown with amazing speed and consistency until it now has an annual turnover of more than $100,000,000. To you I need not point out its incalculable value in time of national emergency or the essential service which the air mail performs for the business of the country.

I had ventured to hope that, because of the high position in the Postal Service which I had the honor to hold for 4 years, a majority of the Senate special committee might deem it fitting to invite me to testify concerning the postal matters, pertinent to the committee's inquiry, that were peculiarly within my own knowledge, without imposing conditions reflecting on my integrity. However, my desire to prevent, if possible, an irreparable injury to an industry, the uninterrupted development of which, in my judgment, is vital to our national security and well-being, transcends any personal considerations. Will you be good enough, therefore, to convey to the members of the Senate special committee authorized to investigate air mail and ocean mail contracts my urgent request to be heard at the earliest date convenient? In so doing, you will please state for me that I will appear voluntarily, that my testimony will be given without compulsion, and that anything I may say may be used against me in any court in the land.

Sincerely yours,

WALTER F. BROWN.

As I stated, I should not have chosen to read the letter in the open Senate were it not that yesterday the letter from the Postmaster General to the committee was placed in the RECORD in the open Senate. For that reason, and because of the very great importance of this matter both to the parties in interest and to the entire country, I desire to express my gratitude to the chairman of the committee for his statement that Mr. Brown will be given an early opportunity to appear. I am not authorized to say just at what time, other than that he desires to appear as soon as it is convenient to the committee. I suggest, therefore, for the convenience both of Mr. Brown and of the committee, that the date be fixed some time early next week.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BLACK. I will state that I see no reason why Mr. Brown should not come on any day next week that he desires to come. I am perfectly satisfied, and I am sure the committee will agree with me, that any day the Senator suggests—Monday, Tuesday, or any other day—will be satisfactory.

Mr. FESS. Mr. President, I again desire to express my gratification over the attitude of the Senator from Alabama. If it will be all right with him, I will communicate with Mr. Brown at once, and ascertain what will be a convenient date next week, and then will communicate with the Senator.

Mr. ROBINSON of Arkansas. Mr. President, I do not quite understand the cloud of mystery that seems to envelop this proposal from the Senator from Ohio.

It will be recalled that a week or two ago he made an address on the floor which indicated his resentment at the impliedly alleged fact that Mr. Brown had been denied by the special committee of the Senate the privilege of testifying in a matter where the good faith of his actions as a public officer was brought in question. It was announced then by the Senator from Alabama, as it has been today, that the committee was ready to hear Mr. Brown at any time; that he had never made a request to be heard; that the committee had never indicated a desire to avoid hearing him; that if he would come on to Washington his testimony would be taken very promptly.

Now, after a week or 10 days have elapsed, the Senator from Ohio again takes the floor and repeats his former statement that Mr. Brown is eager to be heard, is appealing to be heard; and the Senator from Ohio is very grateful to the chairman of the special committee for now indicating that Mr. Brown will be granted a hearing, just as if the committee or the Senate or any one else had ever indicated a disposition to suppress any testimony that Mr. Brown might be desirous of giving.

I am wondering now whether Mr. Brown will avail himself promptly of the opportunity which has been open to him from the beginning to come forward and present the facts within his knowledge, or whether within a week or 10 days the chairman of the select committee will again be

called upon to say whether he is willing to grant Mr. Brown a hearing.

Mr. FESS subsequently said: Mr. President, in reference to the matter of the discussion when I had the floor previously, the Senator from Arkansas [Mr. ROBINSON] made the suggestion that I indicated some resentment over the failure of the committee to call Mr. Brown. I confess that I did feel a sense of resentment in the insinuation that he was not being called because of a matter of immunity. He also suggested that in all probability in the next 10 days we would have another request.

For the information of those who are interested, I desire to state that I have talked with Mr. Brown since the colloquy a little while ago, and have advised him to appear here by Monday. I announce that he will appear here at 10 o'clock next Monday morning, and I hope the committee will make arrangements to allow him to appear before the committee at that time.

Mr. ROBINSON of Indiana. Mr. President, I hold no brief for Mr. Brown; I know nothing about the facts, and I do not suppose anybody in the Senate knows what the facts are. In these days, when it is easy to arouse suspicion, I think suspicion might just as well be aroused, and perhaps has been aroused, with reference to the manner in which the hearing has been conducted.

So far as I am personally concerned, I shall refuse at all times to vote to whitewash any man just because he happens to be a member of my party. If a Republican official insists on using the Republican Party selfishly, for his own personal interest, regardless of the injury he may do to the party as a whole, then he may expect no mercy from me, so far as my vote is concerned.

I recognize thoroughly that there is just as much crookedness in the Democratic Party as there is in the Republican Party——

Mr. ROBINSON of Arkansas. That just cannot be possible. [Laughter.]

Mr. ROBINSON of Indiana. And I assume that Democrats interested in their party would take the same position I take on this question. But I am wondering why it is, if it be true, as is reported in the press, that in this sweeping cancelation of air mail contracts, one company has been spared. I do not know that it is true, but a responsible Member of the Congress yesterday, according to the press, made that statement on the floor of the House of Representatives. Since then, I understand, he has named the company.

Now it is suggested that this one company was a large contributor to the Democratic national campaign fund in the last campaign, when Mr. Roosevelt was elected. That casts suspicion on the entire matter of these hearings and on everything else connected with the investigation. I am wondering whether the chairman of the committee has arranged now to investigate that phase of the situation.

Mr. BLACK. I shall be very glad, indeed, to do so, if the Senator desires to have any evidence of that kind in.

Mr. ROBINSON of Indiana. It is not a question of having evidence in. I am wondering whether they will not now, as the leader of the majority suggests with reference to Mr. Brown, come rushing to the committee volunteering this evidence.

Mr. ROBINSON of Arkansas. Mr. President, would the Senator from Indiana like to divert the issue now from Mr. Brown to someone else?

Mr. ROBINSON of Indiana. No, Mr. President; but let us be fair. Let us not be Democrats or Republicans at all. Let us go after all of the malefactors, wherever they may be, and regardless of the party to which they may belong.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. When I finish this statement I will yield, and not before. Let us go after all the crooks, wherever they are, whether they are on the other side or on this side. Let us find out who they are and send them all to jail.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. The Senator makes an appeal, let us be fair. I do not know of a Senator whose course in debate here equips him less for such an appeal than the Senator from Indiana. If he will make a charge that favoritism has been shown by this select committee in its investigation, if he will make that allegation, the matter will be investigated. If he will make the charge that there has been corruption in the cancelation of contracts, if he will make a charge as a Senator that there has been partiality displayed in the matter, of course it will be investigated. But he talks about suspicion. It is not fair to talk about suspicion in matters of this kind.

I want to say, in reply to what the Senator has said——

Mr. ROBINSON of Indiana. Mr. President, if the Senator is going to make a prolonged speech let him do it in his own time. I very courteously yielded to the Senator——

Mr. ROBINSON of Arkansas. Oh, the Senator has——

Mr. ROBINSON of Indiana. To ask me a question, and not to comment.

Mr. ROBINSON of Arkansas. I will discontinue, if the Senator objects to yielding further.

Mr. ROBINSON of Indiana. No; go ahead. Let the Senator finish, and then I want to say something about fairness.

Mr. ROBINSON of Arkansas. Perhaps I had better take the floor in my own right, when I will not be dependent for time on the genial gentleman from Indiana.

Mr. BLACK. Mr. President, will the Senator yield to me for a question?

Mr. ROBINSON of Indiana. I will yield to the Senator from Alabama in just a second. If there is one man on the floor of the Senate who should never talk about fairness, it is the Senator from Arkansas. Constantly he interrupts everybody who attempts to debate a question. It makes no difference whether it is in the midst of a sentence or not, immediately he interrupts. He does not wait until the Chair asks the Senator whether he will yield or not, but on the spot he starts talking, and then he talks, and talks, and talks, and talks; and then he undertakes to lecture any other Senator who stands up for his rights.

Mr. ROBINSON of Arkansas. Mr. President——

Mr. ROBINSON of Indiana. He may bulldoze the Members on the other side if he desires——

Mr. ROBINSON of Arkansas. Mr. President——

Mr. ROBINSON of Indiana. But he cannot bulldoze me.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. I would not think it worth while attempting to bulldoze the Senator from Indiana.

Mr. ROBINSON of Indiana. Mr. President, the Senator would not think it worth while attempting it; but he has attempted it many times, and until comparatively recently continued to attempt it, until he found it did not work. So far as I am concerned, I represent one of the sovereign States of the Union, and as long as I have my commission to sit here, I propose to speak my mind. The Senator from Arkansas cannot gag me, nor can the President of the United States, although they succeeded in gagging the House at the other end of the Capitol.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. ROBINSON of Arkansas. Does the Senator imagine that either the Senator from Arkansas or the President of the United States has attempted to gag him?

Mr. ROBINSON of Indiana. Mr. President, this administration has attempted to gag the country—there is no ques-

tion about it—and the country is terrified at this moment. Does the Senator from Arkansas not understand that people over this Nation, all over the country, are utterly alarmed about the direction in which we are going—with a $32,000,000,000 national indebtedness staring us in the face within the next year and no suggestion from the other end of Pennsylvania Avenue as to how that enormous indebtedness is to be paid?

Mr. ROBINSON of Arkansas. Mr. President——

Mr. ROBINSON of Indiana. Does he not know that the average man can see no other method of paying it except by printing-press money? Does he not know that the whole country has been gagged?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Does he not know that the House at the other end of the Capitol has been gagged to such an extent that they cannot represent their constituents back home, as free men?

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Does he not know all these things? And since I am a citizen of the United States, that attempt to gag the country has, of course, been made upon me, as well as upon every other citizen of the 130,000,000.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield to the Senator.

Mr. ROBINSON of Arkansas. I will answer the Senator's question in good humor.

Mr. ROBINSON of Indiana. I am not asking any questions of the Senator.

Mr. ROBINSON of Arkansas. The Senator has asked several questions.

Mr. ROBINSON of Indiana. I have been answering.

Mr. ROBINSON of Arkansas. The Senator asked a number of questions, and directed them to the Senator from Arkansas. He said, "Does not the Senator from Arkansas know that the country is alarmed over the President's attitude, does he not know that the President has gagged the country?"

I will answer the Senator. I believe that the country has more confidence in Franklin D. Roosevelt, President of the United States, than it has in any other one man or in any other one group of men in the United States, and I do not believe that the people are alarmed at the course being taken by the President.

I will answer another of the Senator's questions. I do not believe that the President has gagged or attempted to gag anyone, nor do I believe that the Senator from Indiana can justify his assertion that I have attempted to gag him. He has made more bad speeches in this Chamber than all the other Senators of the United States combined, and nobody has attempted to gag him. [Laughter.]

Mr. ROBINSON of Indiana. Mr. President, I am very grateful to the Senator from Arkansas for his complimentary reference to me and to the speeches I have made. Such as they are, they are my own, and I take full responsibility for them. They can never rise higher than my own humble ability will permit, of course. I was going to characterize some of the speeches I had heard the Senator from Arkansas make, but in charity I will forbear. [Laughter.]

Mr. BLACK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Alabama?

Mr. ROBINSON of Indiana. I yield; but let me suggest to the Senator before I get off this subject——

Mr. BLACK. I would like to get back to the subject of the investigation.

Mr. ROBINSON of Indiana. I want to get back to it, too, in just a moment.

I should like to ask the Senator now whether he would permit consideration of the resolution I have submitted, asking for a statement from the President, if not incompatible with the public interest, with reference to the foreign debts, as to just what representations have been made by this Government to the governments which owe our people those enormous sums of money.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. The Senator introduced a resolution which, in my judgment, deliberately in almost every line transgresses upon the jurisdiction and province of the Executive. I cannot say here that its purpose is solely political, but I do say that, in my judgment, the resolution will accomplish no wholesome purpose; its effect will be to embarrass the Executive, and it will not be to advance any interest which the Senate has in mind.

Of course, I will not consent to the Senator from Indiana in a speech of this character, attacking the President, calling up a resolution which he, as a lawyer, must know violates the prerogative of the President of the United States. I should hold myself in the same contempt that my friend from Indiana sometimes holds me, if I consented to that course.

Mr. BLACK. Mr. President, will the Senator from Indiana yield to me?

Mr. ROBINSON of Indiana. Not just now, Mr. President. I wish to finish the subject upon which I am now talking. I will yield to the Senator in due time.

Mr. BLACK. Mr. President, I rise to a question of personal privilege. The Senator from Indiana has made a statement about the committee of which I am chairman, and I have the right to answer it before the Senator diverts his speech to other subjects.

Mr. ROBINSON of Indiana. Mr. President——

Mr. BLACK. I think decency requires that I answer the statement of the Senator.

The PRESIDING OFFICER. The Chair recognizes the Senator from Alabama [Mr. BLACK] for a question of personal privilege.

Mr. BLACK. The Senator made a statement intimating that the Senate committee, of which I am chairman, would not call witnesses if they happened to be biased on one side of a political question.

Mr. ROBINSON of Indiana. I made a statement intimating what?

Mr. BLACK. As I understood the Senator he was reflecting upon the action of the committee with reference to its summoning of witnesses, and indicated that the committee would not call someone who, he said, had made a political contribution to the Democratic Party.

Mr. ROBINSON of Indiana. No, Mr. President; I made no such suggestion at all.

Mr. BLACK. I desire to make a statement.

Mr. ROBINSON of Indiana. My statement was that I hoped the committee would go into the question, and I asked the Senator from Alabama if it was proposed to go into that question, and I understood the Senator to answer me in the negative.

Mr. BLACK. No, Mr. President. I am sure the Senator could not have so understood it, because he has too much intelligence, I think, to have understood it that way.

Mr. ROBINSON of Indiana. Mr. President, in my own time, let me suggest, if I can have the floor for a second myself——

The PRESIDING OFFICER. The Senator from Indiana has the floor.

Mr. ROBINSON of Indiana. I understood the Senator to say that if this question should be gone into, his committee would be glad to undertake it. I appeal to the RECORD.

Mr. BLACK. I will state this to the Senator. I have heard the Senator make many statements reflecting upon various individuals on the floor of the Senate from time to time. So far as this one is concerned, I now desire to say to the Senator that if the Senator will give to me the name of any witness in the United States that he wants sum-

moned, who is not himself in such condition that I believe that it would not be wise to summon him on account of immunity, I shall be very glad indeed to summon him immediately, and the first question I shall ask him, if the Senator desires it, is "Did you make any contribution to the Democratic campaign fund at any time in your life?"

The committee of which I am chairman knows no difference insofar as people who violate the law is concerned, between the members of one party and the members of another. I have not shown any such discrimination, and I shall not. So far as I am concerned, if any man wants to play fast and loose with the public money, and he attempts to hide himself under the cloak of being a Democrat, I am more anxious to turn him up than I am if he is a Republican.

If the Senator desires to submit any names now, or hereafter, I should be very glad indeed to summon them, and I should be very glad indeed to notify the Senator to be present, and I shall be very glad to ask the witness myself to what party he contributed, or permit that privilege to be given to the Senator.

Mr. ROBINSON of Indiana. Mr. President, the Senator's attitude reflects great credit upon him, I am sure. I am glad he takes that position, and I would suggest that he summon the Representative from New York, who, according to the press, has given the statement to the country. I refer, of course, to Congressman FISH who made the statement, according to the press, that I have in substance repeated here. If that be true, then of course there ought to be some reason shown for sparing one company while all the rest with one stroke of the pen have had their contracts instantly canceled, and without any hearing whatever.

Mr. BLACK. The suggestion I should like to make to the Senator is that he find out the name of whatever witness it is who, it is claimed, has been given any special favor; give me his name and I shall be very glad indeed to summon him, and the first question I shall ask him is if he made any contribution to the Democratic Party.

Mr. ROBINSON of Indiana. Mr. President, since the Senator from Arkansas has undertaken to characterize the resolution asking for information as something that never ought to have been suggested here, permit me to read the resolution. It is very brief.

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the United States Senate with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation? (2) What steps have been taken to induce France, Belgium, or any other defaulting nations to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreements approved by the Congress? (3) What, if any, verbal or written understanding, assurance, or agreement has been entered into by the present administration offering to accept a reduction in the payment of principal or interest, or both, on any of the war debts since the joint resolution adopted by the Congress, approved December 23, 1931, expressly declaring against further reduction or cancelation of war debts? (4) What, if any, verbal or written assurances have been given or negotiations entered into by the present administration with any foreign nation regarding tariff concessions or trade agreements in respect to war-debt payments?

Why is not that information, Mr. President, that the people of the United States should have? The money is their money. The money does not belong to the President. It is true we have just given $2,000,000,000 over into the hands of his Secretary of the Treasury to use as he may see fit in an international poker game. All of it, possibly, may be lost, and even the Senate cannot inquire what is to be done with it during the next 3 years. Is that any reason why, no matter how high the purpose of the President may be, that we should not ask him what arrangements he has made, if any, as to cancelation or reduction of the $11,000,000,000 or $12,000,000,000 indebtedness due this country from foreign nations?

Certainly the Senator from Arkansas and everybody else must know, Mr. President, that the opinion is very widely held that some arrangement was made. A great Democratic President years ago said he believed in open diplomacy. He believed that questions should be discussed openly. He believed in pitiless publicity. What objection can there be, I say again, to acceding to such a request? I have stated in the resolution "if not incompatible with the public interest." So the President can refuse to give the information if he desires, if he says it is incompatible with the public interest.

Is it the Senator's contention or anyone's contention that the American people have no right to this information?

Just a few days ago there appeared in one of the newspapers of wide circulation a statement on this very question. It was in the Washington Herald under the headline:

Washington has encouraged Europe in the belief the United States will agree to further cut in the debts.

The article is written by Mr. William Hillman, and so far as I know, Mr. President, the Chief Executive of the Nation has never seen fit to deny any of these allegations, nor have these statements ever been challenged or denied on the floor of the Senate.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Arkansas?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. The Senator has just said that the President has not seen fit to deny certain statements he has referred to in the press. Would the Senator expect the President to put himself in the defensive attitude of denying such statements made in the press? The Senator well knows that the conduct of foreign relations is an Executive function under the Constitution; and that the President in his own good time, when he deems it in the public interest, will communicate his views regarding various subjects pertaining to foreign relations to the Congress of the United States.

Mr. ROBINSON of Indiana. Mr. President, may I say to my friend from Arkansas that this is not a Presidential function. It has been taken out of the hands of the President by the Congress, which has the final say-so in the matter. The Congress itself has said there shall be no cancelation nor reduction of the debts. Therefore, when the President, if he attempts to discuss these debts, should negotiate any settlement of the debts, is undertaking to do something that the Congress has reserved specifically to itself.

Mr. ROBINSON of Arkansas. Will the Senator further yield?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. The Senator does not mean by that to say that the Congress, by passing a statute, can limit or restrict the constitutional prerogative of the President? Certainly, if the power to conduct foreign relations is in the President, the President may make negotiations as and when he chooses. He may submit them to the Congress, and, if congressional approval is required, then the Congress may refuse to assent to any arrangement that he may make; but it is sniping from concealment to assume, because of newspaper reports, that the President is conducting negotiations on the subject, and then demand that the President tell what he has in mind and what he proposes to do, when the President has the power to communicate any information which he sees fit to the Congress at all times.

The Congress could pass a thousand laws on the subject of the debts, but it could not restrict the power of the President to negotiate. Any arrangements under such circumstances, of course, could not be put into effect by any executive agency.

I do not know whether the President has conducted any negotiations or not, but from the information which I have, I am morally certain that no agreements have been reached, and I think it is—I do not wish to use the word "unfair", for the Senator from Indiana and I have used that word perhaps often enough today, and, perhaps, justifiably; but if we were in a place where we could say exactly what we think without being amenable to some form of process, perhaps we could express ourselves more accurately than we are permitted to do under existing circumstances. However, I am saying to the Senator from Indiana that I think I know what would be in the mind of anyone if we were not proceeding in the Senate and had in mind the resolution

which the Senator from Indiana has submitted. I think it would be in mind that there was an effort to try to capitalize in a political way the unpopularity of proposals for the reduction of debts. I think it would be in mind that there was an effort to embarrass the Executive who happens to be of another political party. Far be it from me in the Senate of the United States where its rules apply from intimating that either the Senator from Indiana or I would be influenced under any circumstances by gross political considerations. [Laughter.]

Mr. LONG rose.

Mr. ROBINSON of Arkansas. But if it were out of the Senate even the Senator from Louisiana might be suspected of having motives of that kind. [Laughter in the galleries.]

The PRESIDING OFFICER (Mr. OVERTON in the chair). The occupants of the galleries will refrain from any demonstrations of approval or disapproval. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I inquire if the Senator from Arkansas has concluded.

Mr. ROBINSON of Arkansas. Yes; I have concluded.

Mr. ROBINSON of Indiana. Then, I yield to the Senator from Louisiana.

Mr. LONG. Would it be in order, Mr. President, that I move a vote of confidence in both the Senator from Arkansas and the Senator from Indiana? [Laughter.]

Mr. ROBINSON of Arkansas. I should object to that for two reasons: Neither the Senator from Indiana nor the Senator from Arkansas wishes such a motion from the Senator from Louisiana. [Laughter.]

Mr. ROBINSON of Indiana. Mr. President, I had not intended, when rising, to discuss this question at all today, though I did expect to discuss it at some later date. So long, however, as it has been brought into the debate, permit me to say that I can see no reason in the world why the resolution should embarrass the Chief Executive. It asks for information which the American people certainly have a right to have; it gives the President the opportunity in a dignified manner to supply that information to the people, and it also gives him an opportunity to answer, with all the dignity that could be desired, the criticism that has been made in that direction.

Furthermore, Mr. President, the Congress——

Mr. ROBINSON of Arkansas. Will the Senator yield to me there?

Mr. ROBINSON of Indiana. I will yield in just a second.

The Congress has practically unanimously established the policy on this question that there shall be no cancelation or reduction. Therefore, it is not so much a question of the Congress sniping at the Executive's prerogative, if we undertake to inquire into the debt situation today, as it would be a question of Executive sniping at the Congress if he undertook to do something contrary to the policy which the Congress has established. Therefore, I can see no objection to the resolution. I now yield to the Senator from Arkansas.

Mr. ROBINSON of Arkansas. I think the Senator has departed just a little from the point in his remarks that attracted my notice. That was the portion of the last paragraph in which he asserted that the resolution was really prompted by a desire to help the President and to promote the ends of the administration. Astonishing! Oh, very astonishing!

Mr. ROBINSON of Indiana. With that suggestion, then, I assume the Senator has no objection to the immediate consideration of the resolution?

Mr. ROBINSON of Arkansas. The only difficulty is that I am unable to accept as accurate the statement of my friend from Indiana. I still think if we were somewhere else than in the Senate I could make clear to him what his real motive is in submitting this resolution.

Mr. ROBINSON of Indiana. Mr. President, I, of course, do not know to what the Senator from Arkansas alludes; but I know his motives are always good, and, therefore, I acquit him cheerfully of any ulterior thought.

Mr. LONG. Mr. President, I should like to renew the motion I suggested a few moments ago.

Mr. ROBINSON of Arkansas. Both the Senator from Arkansas and the Senator from Indiana objected to that.

Mr. ROBINSON of Indiana. Mr. President, I think I ought to read some of the statements that have been made, and I may say that they have a great deal to do with my desire to have this resolution adopted.

Europe had direct and substantial indication that the administration and advisers of the administration were in favor of substantial debt reduction.

And that was published all over the country, and to this date it has not been denied.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. I yield.

Mr. ROBINSON of Arkansas. In all fairness, that is no news, is it? That has been the state of mind that has existed in the debtor nations almost since the time when the debt settlements were made. There is this condition, may I say, regarding the problem of the war debts? Public sentiment in the debtor countries will not permit the governments to pay, even if they are able to pay—I believe that is true in the case of some of the debtor governments at least—and public opinion in the United States will not consent to or approve the cancelation or reduction of the debts. So I can see that we are approaching a time when the deadlock which has existed for some time may become permanent. I think it is a subject that ought to be considered, but I do not believe that the public opinion in the United States now would justify a cancelation or a material reduction in the debt settlements.

Mr. ROBINSON of Indiana. Mr. President, so long as I am on the subject, let me read what has been published widely throughout the country.

A tentative scheme was proposed by agents of the administration last April for a general all-embracing revision and settlement of war debts, involving the use of the Bank of International Settlement, and proposing the reduction of the $11,000,000,000 debt due to the United States to $6,000,000,000. This meant an almost 50 percent reduction. This payment was considered too great by Europe, which envisages a figure no higher than around one billion or one billion and a half dollars. So the matter was temporarily dropped.

Further indication of the attitude of the administration was forthcoming shortly after. The token payments made by Great Britain and Italy were the result of this indication.

What was little known at the time of Premier MacDonald's historic trip to Washington was that the British Premier did not start for Washington until he was given assurances that it would be possible for Great Britain to hurdle the June 1933 payment without returning again to the payments provided under the Baldwin-Mellon funding agreement. * * *

The British were informed by American officials that the American administration would not consider it a default if Great Britain failed to pay the June 1933 installment.

In other words, that they could miss that payment, and the administration would not consider it a default. That statement is baldly made.

The President, the British were informed, was prepared to persuade Congress not to consider the failure to pay as a default but as deferment and that in view of the British record of payments he felt he could convince Congress.

I skip several paragraphs.

As the date for the payment of the June installment approached, the British Government asked for concrete proposals to enable it to hurdle this payment.

Again it was suggested that British failure to pay would not be construed a default but deferment. But as congressional opinion was sounded out, administration officials realized that hurdling the June payment would not be easy.

Then spokesmen of the departments in Washington concerned with the matter suggested a token payment.

In other words, the statement is made that the suggestion of a token payment came from the administration.

How large was this token to be was the British inquiry. The suggestion was that it should be not too small to be ridiculous and not large enough to be important.

Those are serious charges, Mr. President, in view of the established policy of the Congress of the United States on

this question, and I think they should be answered by the President.

Hectic negotiations began in the early part of June. What was to be the sum? An agreement was finally reached on $10,000,000.

The people were not given to understand any agreement had been reached at all. It was the belief of the country as given to them at the time, by sources speaking for the White House, that the British just sent along a token payment and that this Government credited it to their account. But, according to this statement, an agreement was made in advance before the token was even paid.

This sum represented, roughly, 10 percent of the installment due. The basis on which the English desired the whole war debt to be settled.

Then arose an important question. The British wanted to know whether this token payment was legal.

Would Congress construe a token payment as default, for the British Government insisted it did not want to be placed in a position of defaulting.

Washington officials declared inquiry had not been made as to the legality of the token payment but that they would institute inquiry.

The highest legal authority was consulted. The answer given was far from satisfactory.

But the President declared his readiness to regard the token payment not as default.

The British, therefore, made one of the conditions of the payment of this token of $10,000,000 that the President in acknowledging the receipt of the money state categorically that this payment was not default.

Again I skip several paragraphs and continue reading:

Through semiofficial and indirect diplomatic channels an effort was made to induce France to take similar steps, first by paying in full the December 1932 installment, and, second, by making a token payment for the June 1933 installment.

But France wasn't interested. France would pay nothing, not even 10 percent of the payment due. Members of the administration, who had hoped for some progress in the erection of good will and machinery toward a final revision of war debts, were bitter against France for obstructing settlement on a reasonable basis.

That was followed the next day or a day or two later by this statement in the same medium, the Washington Herald, and by the same author:

Agents of the administration at Washington have categorically informed European debtor nations that American public opinion must be prepared by gradual stages to accept the idea of war-debt revision.

The token payments by Great Britain and Italy are considered essential stages in this preparation.

Agents and spokesmen of the administration outlined a scheme for reducing war debts by $5,000,000,000 in a way that would make the plan appear especially advantageous to the United States.

Another paragraph reads as follows:

One prominent spokesman of the administration suggested in the course of informal diplomatic conversations that the administration would favor according Great Britain similar terms accorded the French under the Mellon-Berenger agreement.

This is not acceptable to the British.

Another agent of the Government declared the administration favored cutting the British debt 80 percent.

These are the charges that are made. So far as I know the President has never attempted to deny them. My resolution simply goes to the question. That is why I asked unanimous consent to take it up, have it adopted, and give the President an opportunity to say what arrangements or what representations have been made to the defaulting nations and to those who are indebted to the United States.

Since the Senator from Arkansas [Mr. ROBINSON], not in the Chamber at the moment, has objected to its present consideration, the resolution will have to lie on the table until we have an adjournment and a morning hour, when I hope to be able to have the resolution considered by the Senate.

INTERIOR DEPARTMENT APPROPRIATIONS

The Senate resumed the consideration of the bill H.R. 6951, making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

The PRESIDING OFFICER. The next committee amendment will be stated.

The next amendment of the Committee on Appropriations was, under the heading "Bureau of Indian Affairs", on page 11, line 10, after the name "District of Columbia", to strike out "$333,900" and insert "$340,075", so as to read:

SALARIES

For the Commissioner of Indian Affairs and other personal services in the District of Columbia, $340,075.

The amendment was agreed to.

The next amendment was, under the subhead "Industrial Assistance and Advancement", on page 17, line 24, after the figures "$325,000", to strike out "not to exceed the sum of $5,000 of this amount may be used for the establishing of cooperative marketing of these crops and other Indian products, such as wild rice, berries, fish, and furs", so as to read:

For the purpose of encouraging industry and self-support among the Indians and to aid them in the culture of fruits, grains, and other crops, $325,000, which sum may be used for the purchase of seeds, animals, machinery, tools, implements, and other equipment necessary, and for advances to Indians having irrigable allotments to assist them in the development and cultivation thereof, in the discretion of the Secretary of the Interior, to enable Indians to become self-supporting.

The amendment was agreed to.

The next amendment was, under the subhead "Conservation of Health", on page 35, line 14, after the word "diseases", to strike out "$2,981,040" and insert "$3,056,040"; and in line 15, after the words "sum of", to strike out "$2,254,800" and insert "$2,329,800", so as to read:

For conservation of health among Indians, including equipment, materials, and supplies; repairs and improvements to buildings and plants; compensation and traveling expenses of officers and employees and renting of quarters for them when necessary; transportation of patients and attendants to and from hospitals and sanatoria; returning to their former homes and interring the remains of deceased patients; and not exceeding $1,000 for printing and binding circulars and pamphlets for use in preventing and suppressing trachoma and other contagious and infectious diseases, $3,056,040, including not to exceed the sum of $2,329,800 for the following-named hospitals and sanatoria.

The amendment was agreed to.

The next amendment was, under the subhead "General Support and Administration", on page 40, line 18, after the figures "$39,405", to insert "Consolidated Chippewa, $5,000, to be used for establishing a system of cooperative marketing for Indian crops, including wild rice, berries, fish, and furs; in all, $44,405", so as to read:

For general support of Indians and administration of Indian property under the jurisdiction of the following agencies, to be paid from the funds held by the United States in trust for the respective tribes, in not to exceed the following sums, respectively:

Arizona: Colorado River, $3,000; Fort Apache, $18,355; San Carlos, $41,505; Truxton Canyon, $8,690; in all, $71,550;

California: Mission, $5,000;

Colorado: Consolidated Ute (Southern Ute, $15,000; Ute Mountain, $15,000); in all, $30,000;

Idaho: Fort Hall, $9,285;

Iowa: Sac and Fox, $2,000;

Minnesota: Red Lake, $39,405; Consolidated Chippewa, $5,000, to be used for establishing a system of cooperative marketing for Indian crops, including wild rice, berries, fish, and furs; in all, $44,405;

The amendment was agreed to.

The next amendment was, on page 41, line 4, before the word "including" to strike out "$51,310" and insert "$56,310"; and in line 5, after the word "including", to strike out "$5,000" and insert "$10,000", so as to read:

Wisconsin: Keshena, $56,310, including $10,000 for monthly allowances, under such rules and regulations as the Secretary of the Interior may prescribe, to such old and indigent members of the Menominee Tribe as it is impracticable to place in the home for old and indigent Menominee Indians, and who reside with relatives or friends;

The amendment was agreed to.

The next amendment was, on page 41, line 11, after the word "exceed" to strike out "$346,835" and insert "$356,835", so as to read:

In all, not to exceed $356,835.

The amendment was agreed to.

The next amendment was, under the heading "Bureau of Reclamation", on page 53, line 24, before the words "the

unexpended" to strike out "not to exceed $10,000 of", so as to read:

Giving information to settlers: For the purpose of giving information and advice to settlers on reclamation projects in the selection of lands, equipment, and livestock, the preparation of land for irrigation, the selection of crops, methods of irrigation and agricultural practice, and general farm management, the cost of which shall be charged to the general reclamation fund and shall not be charged as a part of the construction or operation and maintenance cost payable by the water users under the projects; the unexpended balance of the appropriation for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935;

The amendment was agreed to.

The next amendment was, under the heading "Geological Survey—General Expenses", on page 56, line 14, after the name "United States" to strike out "$112,140" and insert "$226,340"; and in line 15, after the word "exceed" to strike out "$92,140" and insert "$122,000", so as to read:

Topographic surveys: For topographic surveys in various portions of the United States, $226,340, of which amount not to exceed $122,000 may be expended for personal services in the District of Columbia:

The amendment was agreed to.

The next amendment was, on page 56, line 24, before the words "of this", to strike out "$93,800" and insert $208,000", so as to make the further proviso read:

Provided further, That $208,000 of this amount shall be available only for such cooperation with States or municipalities.

The amendment was agreed to.

The next amendment was, on page 57, line 20, after the word "resources", to strike out "$301,130" and insert "$500,000"; in line 23, after the word "drainage", to strike out "$36,520; in all, $337,650" and insert "$40,000; in all, $540,000"; and in line 24, after the word "exceed", to strike out "$124,540" and insert $125,000", so as to read:

Gaging streams: For gaging streams and determining the water supply of the United States, the investigation of underground currents and artesian wells, and the preparation of reports upon the best methods of utilizing the water resources, $500,000; for operation and maintenance of the Lees Ferry, Ariz., gaging station and other base gaging stations in the Colorado River drainage, $40,000; in all, $540,000, of which amount not to exceed $125,000 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 58, line 10, before the words "of this", to strike out "$210,000" and insert "$400,000", so as to make the further proviso read:

Provided further, That $400,000 of this amount shall be available only for such cooperation with States or municipalities.

The amendment was agreed to.

The next amendment was, on page 58, line 20, before the words "of which", to strike out "$85,950" and insert "$93,450"; and in line 21, after the word "exceed", to strike out "$75,000" and insert "$82,500", so as to read:

Classification of lands: For the examination and classification of lands with respect to mineral character, water resources, and agricultural utility as required by the public land laws, and for related administrative operations; for the preparation and publication of land classification maps and reports; for engineering supervision of power permits and grants under the jurisdiction of the Secretary of the Interior; and for performance of work of the Federal Power Commission, $93,450, of which amount not to exceed $82,500 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 58, line 24, after the word "binding", to strike out "$69,800" and insert "$110,000"; in line 25, after word "illustrations", to strike out "$13,810" and insert "$15,000"; and on page 59, line 1, after the word "maps", to strike out "$72,890; in all, $156,500" and insert "$85,000; in all, $210,000", so as to read:

Printing and binding, etc.: For printing and binding, $110,000; for preparation of illustrations, $15,000; and for engraving and printing geologic and topographic maps, $85,000; in all, $210,000.

The amendment was agreed to.

The next amendment was, on page 59, line 13, after the word "exceed", to strike out "$40,000" and insert "$52,500", so as to read:

Mineral leasing: For the enforcement of the provisions of the acts of October 20, 1914 (U.S.C., title 48, sec. 435), October 2, 1917 (U.S.C., title 30, sec. 141), February 25, 1920 (U.S.C., title 30, sec. 181), and March 4, 1921 (U.S.C., title 43, sec. 444), and other acts relating to the mining and recovery of minerals on Indian and public lands and naval petroleum reserves; and for every other expense incident thereto, including supplies, equipment, expenses of travel and subsistence, the construction, maintenance, and repair of necessary camp buildings and appurtenances thereto, $173,700, of which amount not to exceed $52,500 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 61, line 24, to increase the total appropriation for the United States Geological Survey, from $1,303,060 to $1,680,610.

The amendment was agreed to.

The next amendment was, under the heading "Office of National Parks, Buildings, and Reservations", on page 73, line 11, after the word "services" to strike out the comma and "without reference to civil-service rules,", so as to read:

Salaries and general expenses, public buildings and grounds in the District of Columbia: For administration, protection, maintenance, and improvement of public buildings, monuments, memorials, and grounds in the District of Columbia under the jurisdiction of the Office of National Parks, Buildings, and Reservations, including the Arlington Memorial Bridge, the Mount Vernon Memorial Highway, and other Federal lands authorized by the act of May 29, 1930 (46 Stat. 482), and including the pay and allowances in accordance with the provisions of the act of May 27, 1924, as amended, of the police force of the Mount Vernon Memorial Highway, and the purchase, at not to exceed $1,500, operation, maintenance, repair, exchange, and storage of revolvers, bicycles, motor-propelled passenger-carrying vehicles, ammunition, uniforms, and equipment necessary for this force; per diem employees at rates of pay approved by the Director, not exceeding current rates for similar services in the District of Columbia; rent of buildings; demolition of buildings; traveling expenses and car fare; leather and rubber articles and gas masks for the protection of public property and employees; not exceeding $13,000 for uniforms for employees; and the maintenance, repair, exchange, storage, and operation of two motor-propelled passenger-carrying vehicles; $4,000,000, of which amount not to exceed $3,114,000 shall be available for personal services in the District of Columbia, and of this latter amount not to exceed $66,330 shall be available for personal services incident to moving various executive departments and establishments in connection with the assignment, allocation, transfer, and survey of space.

The amendment was agreed to.

The next amendment was, under the subhead "Office of Education—Federal Board for Vocational Education", on page 75, line 5, after "sec. 29)," to strike out "$22,500" and insert "$30,000", so as to read:

For extending to the Territory of Hawaii the benefits of the act entitled "An act to provide for the promotion of vocational education; to provide for cooperation with the States in the promotion of such education in agriculture and the trades and industries; to provide for cooperation with the States in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditure", approved February 23, 1917 (U.S.C., title 20, secs. 11–18), in accordance with the provisions of the act entitled "An act to extend the provisions of certain laws to the Territory of Hawaii", approved March 10, 1924 (U.S.C., title 20, sec. 29), $30,000.

The amendment was agreed to.

The next amendment was, on page 75, line 14, after "secs. 31–40)," to strike out "$822,750: *Provided*, That the minimum allotment to any State hereunder for the fiscal year 1935 shall be $7,500" and insert "$1,079,000", so as to read:

Cooperative vocational rehabilitation of persons disabled in industry: For carrying out the provisions of the act entitled "An act to provide for the promotion of vocational rehabilitation of persons disabled in industry or otherwise and their return to civil employment", approved June 2, 1920 (U.S.C., title 29, sec. 35), as amended by the act of June 5, 1924 (U.S.C., title 29, sec. 31), and the acts of June 9, 1930, and June 30, 1932 (U.S.C., supp. VI, title 29, secs. 31–40), $1,097,000.

The amendment was agreed to.

The next amendment was, on page 76, line 11, after the word "expenses" to strike out "$55,060" and insert "$58,000", and in line 12, after the word "exceed" to strike out "$45,000" and insert "$48,000", so as to read:

Salaries and expenses: For making studies, investigations, and reports regarding the vocational rehabilitation of disabled persons and their placements in suitable or gainful occupations, and for the administrative expenses of said Board incident to performing the duties imposed by the act of June 2, 1920 (U.S.C., title 29, sec.

35), as amended by the act of June 5, 1924 (U.S.C., title 29, sec. 31), and the acts of June 9, 1930, and June 30, 1932 (U.S.C., supp. VI, title 29, secs. 31, 40), including salaries of such assistants, experts, clerks, and other employees, in the District of Columbia or elsewhere, as the Board may deem necessary, actual traveling and other necessary expenses incurred by the members of the Board and by its employees, under its orders; including attendance at meetings of educational associations and other organizations, rent and equipment of offices in the District of Columbia, and elsewhere, purchase of books of reference, law books, and periodicals, newspapers not to exceed $50, stationery, typewriters and exchange thereof, miscellaneous supplies, postage on foreign mail, printing and binding, and all other necessary expenses, $58,000, of which amount not to exceed $48,000 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 76, at the end of line 22, to strike out "$10,740" and insert "$15,000", so as to read:

Cooperative vocational rehabilitation of disabled residents of the District of Columbia: For personal services, printing and binding, travel and subsistence, and payment of expenses of training, placement, and other phases of rehabilitating, disabled residents of the District of Columbia under the provisions of the act entitled "An act to provide for the vocational rehabilitation of disabled residents of the District of Columbia", approved February 23, 1929 (U.S.C., supp. VI, title 29, secs. 47–47e), $15,000.

The amendment was agreed to.

The next amendment was, on page 77, line 12, to strike out "$78,750" and insert "$105,000", so as to read:

For extending to Puerto Rico the benefits of the act entitled "An act to provide for the promotion of vocational education; to provide for cooperation with the States in the promotion of such education in agriculture and the trades and industries; to provide for cooperation with the States in the preparation of teachers of vocational subjects; and to appropriate money and regulate its expenditure", approved February 23, 1917 (U.S.C., title 20, secs. 11–18), in accordance with the provisions of the act entitled "An act to extend the provisions of certain laws relating to vocational education and civilian rehabilitation to Puerto Rico", approved March 3, 1931 (U.S.C., title 20, secs. 11–18; title 29, secs. 31–35; U.S.C., supp. VI, title 20, sec. 30), $105,000.

The amendment was agreed to.

The next amendment was, under the heading "Howard University", on page 87, line 10, after the word "instruction", to strike out the comma and "and of which not less than $20,000 shall be used only for the school of engineering", so as to read:

Salaries: For payment in full or in part of the salaries of the officers, professors, teachers, and other regular employees of the university, the balance to be paid from privately contributed funds, $405,000, of which sum not less than $2,200 shall be used for normal instruction.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. HAYDEN. Mr. President, by direction of the Committee on Appropriations, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The Senator from Arizona offers a committee amendment, which will be stated.

The CHIEF CLERK. On page 46, after line 24, it is proposed to insert a new paragraph, as follows:

For the fiscal year 1935 all expenditures by the Indian Service shall be segregated by functions of the service and jurisdiction, such expenditures to be classified thereunder in accordance with approved character and object designation; and the estimates for the Bureau of Indian Affairs for the fiscal year 1936 and thereafter shall be prepared and submitted to the Bureau of the Budget and to Congress accordingly: *Provided*, That for the fiscal year ending June 30, 1936, in addition to the budget provided for by this paragraph, there shall also be prepared and submitted an alternate budget for the Bureau of Indian Affairs which shall follow the order and arrangement of the appropriations for the fiscal year ending June 30, 1935.

Mr. McKELLAR. Mr. President, as I understand that amendment, it merely requires the submission of the alternate plan. It does not commit the Congress to the plan in the future; but, as I understand, it merely provides for the submission of all the facts on which the plan is based for a choice by the Congress as to which course it will pursue—the old course or this new course.

Mr. HAYDEN. Exactly so. Under this plan the budget for the Indian Bureau will be submitted in two ways, and the House Committee on Appropriations, which makes the primary investigation, can first determine what action shall be taken; but it does not affect in any manner the items in the pending bill.

Mr. McKELLAR. I am glad that is so, because unquestionably the plan of a lump-sum appropriation is not a good plan. I am very happy that the committee takes the course of requiring that the specific items be included before the plan is adopted.

The PRESIDING OFFICER (Mr. CLARK in the chair). The question is on agreeing to the amendment offered by the Senator from Arizona on behalf of the committee.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, by direction of the committee, I offer another amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The Senator from Arizona offers another committee amendment, which will be stated.

The CHIEF CLERK. On page 73, after line 25, it is proposed to insert:

Hereafter the Office of National Parks, Buildings, and Reservations shall be known as the "National Park Service", and appropriations herein made for the Office of National Parks, Buildings, and Reservations shall be available to the National Park Service, and the services of the Director and personnel of the Office of National Parks, Buildings, and Reservations shall be continued in the National Park Service under their present appointments.

The amendment was agreed to.

Mr. HAYDEN. Mr. President, I offer the amendment which I send to the desk.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 77, after line 18, it is proposed to insert:

Pursuant to the provisions of section 407 of title IV of part II of the Legislative Appropriation Act, fiscal year 1933, as amended, Executive Order No. 6586, dated February 6, 1934, revoking section 18 of Executive Order No. 6166, dated June 10, 1933, shall take effect on the date of approval of this act.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

INDEPENDENT OFFICES APPROPRIATION BILL

Mr. BYRNES. Mr. President, I ask unanimous consent that the Senate proceed to the consideration of the independent offices appropriation bill, H.R. 6663.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

Mr. TRAMMELL. Mr. President, a parliamentary inquiry. Am I to understand that the Senator asks unanimous consent to take up this bill, and temporarily to lay aside for that purpose the pending motion?

There is before the Senate unfinished business in the nature of a motion to take up the naval bill. That is the pending business, and I do not desire to have it lose its position.

The PRESIDING OFFICER. The Chair is advised that the unfinished business is the motion of the Senator from Florida to consider House bill 6604. As the Chair understands, the Senator from South Carolina asks unanimous consent to take up for present consideration the independent offices appropriation bill, H.R. 6663.

Mr. LONG. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. LONG. Where has the St. Lawrence Treaty gone? [Laughter.]

The PRESIDING OFFICER. The Chair will state to the Senator that that is a matter of executive business.

Mr. LEWIS. It has not gone anywhere. It will go; the Senator may be assured of that. [Laughter.]

Mr. McNARY. Mr. President, if I am correctly informed, the request is for unanimous consent that the Senate consider the independent offices appropriation bill and temporarily lay aside the motion of the Senator from Florida

to consider the so-called "Vinson" or "naval construction" bill.

The PRESIDING OFFICER. The Chair will state to the Senator that his statement is correct.

Mr. McNARY. I do not desire to object, and probably shall not object. I should like, however, to have some understanding with the Senator from South Carolina with regard to the time for considering the amendments affecting the World War veterans which will be offered on the floor of the Senate.

The ranks of the Senate are somewhat thinned by indisposition. Some of the Senators have left the city, and will not return until the first of the week. I think it will be agreeable to the Senator from South Carolina to consider this bill in all its phases except that which appertains to the World War veterans and the Civil Works employees, and that then it may go over until Monday of next week. If that be so, I shall make no objection.

Mr. BYRNES. Mr. President, I have discussed the matter with the Senator from Oregon, and am aware of the situation as described by him. It would be my purpose to consider the appropriation bill only down to the so-called "economy provisions", and then ask that the bill be laid aside until Monday. That would eliminate the consideration of any provisions in the title headed "economy provisions." I think the other parts of the bill will take a very short time, if the Senator from Oregon has no objection.

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Illinois?

Mr. McNARY. Not for a moment. That is very gracious upon the part of the Senator from South Carolina. With that understanding, it is entirely agreeable to me to proceed to the consideration of the bill.

Mr. TRAMMELL. Mr. President, from the statement made by the Senator from South Carolina it would seem apparent that we will dispose this afternoon of the measure he is now calling up, insofar as it is to be considered this week. That should leave tomorrow and the next day or two succeeding for a consideration of the pending motion as to the Navy bill.

While I shall make no objection to the request of the Senator from South Carolina, I desire to give notice that I shall insist that when we revert to the unfinished business we give consideration to my motion to take up the Navy bill, and that its consideration be pursued diligently until the measure is taken up and finally passed upon.

Mr. BYRNES obtained the floor.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

Mr. LEWIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Illinois?

Mr. BYRNES. I do.

Mr. LEWIS. I take the liberty of asking the able Senator from South Carolina to yield to me for a moment while I state that our Ambassador to Cuba, as one readily understands from the public press, is not without considerable difficulties, such is the atmosphere surrounding him, by reason of which he should be confirmed as soon as possible. His name has been here for a considerable length of time. The able Senator from Louisiana desires to make a motion; and I ask if the Senator will yield to me to have that nomination disposed of, in view of the complications surrounding the functions of the State Department.

Mr. DILL. Mr. President, it is the understanding that we are to have an executive session this afternoon.

Mr. McNARY. Mr. President——

The PRESIDING OFFICER. The Senator from South Carolina has the floor. To whom does he yield, if to anyone?

Mr. BYRNES. Mr. President, if there is to be a contest with reference to this matter, I am satisfied that the consideration of the independent offices bill, insofar as it is to be considered this afternoon, will not take an hour; so there will be ample time for an executive session.

Mr. DILL. Mr. President, I may say to the Senator that the Senator from Arkansas [Mr. ROBINSON] has stated that there will be an executive session.

Mr. LEWIS. I had understood we would not have one for 2 or 3 days. If my able friend assures me that we will have one, of course, I will not inject this matter.

Mr. DILL. I only know what the Senator from Arkansas told me.

Mr. McKELLAR. Mr. President, if my colleague will yield——

Mr. BYRNES. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to know if the Senator would object to the several paragraphs affecting the Civil Service on pages 6, 7, and 8 also going over until Monday?

Mr. BYRNES. I have no objection to that.

Mr. McKELLAR. I have up with the Budget officer the matter of an additional appropriation, and until I get that information I should like to have the subject go over.

Mr. BYRNES. I will agree to that.

The PRESIDING OFFICER. Is there objection to the request of the Senator from South Carolina?

There being no objection, the Senate proceeded to consider the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. BYRNES. I ask unanimous consent that the formal reading of the bill be dispensed with, and that it be read for amendment, the amendments of the committee to be first considered.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Federal Trade Commission", on page 11, line 23, after the word "Act" and the semicolon, to strike out "$1,208,730" and insert "$1,708,730, of which $150,000 shall be immediately available", so as to make the paragraph read:

For five commissioners, and for all other authorized expenditures of the Federal Trade Commission in performing the duties imposed by law or in pursuance of law, including secretary to the Commission and other personal services, contract stenographic reporting services; supplies and equipment, law books, books of reference, periodicals, garage rentals, traveling expenses, including not to exceed $900 for expenses of attendance, when specifically authorized by the Commission, at meetings concerned with the work of the Federal Trade Commission, for newspapers and press clippings not to exceed $400, foreign postage, and witness fees and mileage in accordance with section 9 of the Federal Trade Commission Act; $1,708,730, of which $150,000 shall be immediately available.

Mr. COUZENS. I suggest the absence of a quorum. A matter is about to be reached in which several Senators are interested.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Robinson, Ark.
Ashurst	Costigan	Kean	Robinson, Ind.
Austin	Couzens	Keyes	Russell
Bachman	Cutting	King	Schall
Bailey	Dickinson	La Follette	Sheppard
Bankhead	Dieterich	Lewis	Shipstead
Barbour	Dill	Logan	Smith
Barkley	Duffy	Lonergan	Steiwer
Black	Erickson	Long	Stephens
Bone	Fess	McCarran	Thomas, Okla.
Borah	Fletcher	McGill	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Murphy	Trammell
Byrd	Goldsborough	Neely	Tydings
Byrnes	Gore	Norris	Vandenberg
Capper	Hale	Nye	Van Nuys
Caraway	Harrison	O'Mahoney	Wagner
Carey	Hatch	Overton	Walcott
Clark	Hatfield	Pittman	Walsh
Connally	Hayden	Pope	Wheeler
Coolidge	Hebert	Reynolds	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the amendment on page 11, line 23, to strike out "$1,208,730", and to insert in lieu thereof "$1,708,730, of which $150,000 shall be immediately available."

The amendment was agreed to.

The next amendment was, on page 12, line 1, to increase the total appropriation for the Federal Trade Commission from $1,242,730 to $1,742,730.

The amendment was agreed to.

The next amendment was, under the heading "Interstate Commerce Commission—Salaries and Expenses", on page 16, line 18, after the word "expenses", to strike out "$1,052,700" and insert "$526,350", so as to make the paragraph read:

Valuation of property of carriers: To enable the Interstate Commerce Commission to carry out the objects of the act entitled "An act to amend an act entitled 'An act to regulate commerce', approved February 4, 1887, and all acts amendatory thereof, by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities", approved March 1, 1913, as amended by the act of June 7, 1922 (U.S.C., title 49, sec. 19a), and by the "Emergency Railroad Transportation Act, 1933" (48 Stat., p. 221), including one director of valuation at $10,000 per annum and traveling expenses, $526,350.

Mr. DILL. Mr. President, this is the proposal to reduce the amount of the appropriation to be spent by the Interstate Commerce Commission for valuation work. The amendment proposes to cut the appropriation in half.

I do not know what reason the committee had for making such a reduction. I do know that the members of the Interstate Commerce Commission feel that this is an extremely serious reduction, and I should like to have an explanation, if I may have one from the Senator having the bill in charge, as to why the reduction is recommended.

Mr. BYRNES. Mr. President, the reduction was made first by the subcommittee and then by the general committee, on the motion of the Senator from Nevada [Mr. McCARRAN]. As I notice that that Senator is not in the Chamber at this moment, I have sent for him in order that he might appear to defend this action of the committee.

I may state to the Senator from Washington that I did not believe in the reduction, and I do not now believe in it. The committee, however, took the opposite view, and believed that the appropriation should be reduced by $500,000. As well as I remember the arguments, it was stated that this work had been started back in 1905, and that it was believed that it cost more than $40,000,000, and that it should now be discontinued. My own thought was that the representatives of the Interstate Commerce Commission had presented good reasons why the amount estimated by the budget, $1,052,700, should be continued in the bill.

Since the R.F.C. has been engaged in lending money to the railroads of the country, the Interstate Commerce Commission has had to make investigations as to the physical valuations of those properties, and as those investigations are made, they make reports to the Reconstruction Finance Corporation, upon which reports the Reconstruction Finance Corporation acts in making these loans. In addition to that, the Interstate Commerce Commission is engaged in making a number of investigations at the request of the N.R.A.

The appropriation has been gradually reduced. In the last Congress I voted to reduce it from approximately 2½ million dollars to 1 million dollars, about the sum proposed to be appropriated in the pending bill.

The statement of the Interstate Commerce Commission in the past, and this year, has been that, with the completion of the valuation, it is essential that the Commission keep the work up to date, and that it would be unwise to lose the advantage of all the work which has been done from 1905 to this date in estimating the physical valuation of the roads.

Mr. DILL. Mr. President, I appreciate the Senator's statement; in fact, he has stated the reasons why the reduction should not be made, and it seems to me that those reasons are sound.

There is one other point that is made in the letter of the Chairman of the Interstate Commerce Commission to the Senate Committee on Appropriations, to the effect that while these valuations have been generally made up, and while the emergency railroad act of last year makes it unnecessary to go back and study the valuations so closely, there is a continual fluctuation of prices, so that this whole matter should be kept up to date. They have reduced the force now to 380, I think, and if the proposed reduction in the appropriation shall be made, they will have to cut the force practically in two.

Mr. BYRNES. Mr. President, I think the Rayburn Act, which originated in the House, and which passed the Senate, directed the Commission, upon the completion of the original valuations—and they are now completed—thereafter to keep itself informed as to all new construction, extensions, improvements, retirements, and all other changes in the condition, quantity, use, and classification of the property of the common carriers, and the cost of all additions and betterments, and all the changes and the investment therein, and to keep itself informed of all current changes in cost and value of railroad properties.

Under the circumstances, I was impressed that if the Commission is to carry out the plain intent of the law there must be some force, and I do not believe, in view of that work, and the work that is essential by reason of the requests from the Reconstruction Finance Corporation, that the appropriation recommended by the Budget Bureau is excessive. So far as I am concerned, I expect to vote for the restoration of the amount that was estimated by the Budget and agreed to by the House.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Washington yield to the Senator from Tennessee?

Mr. DILL. I yield.

Mr. McKELLAR. I want to say to the Senator from Washington that while the majority of the committee voted to cut this appropriation down, I am very firmly of the opinion that it ought to be restored to what it was when the bill passed the House. I see no reason why it should not be, so far as I am concerned.

Mr. DILL. I think it is extremely important that this appropriation be restored.

Mr. BYRNES. Mr. President, I ask unanimous consent that the section of the bill relating to the valuation of the property of carriers be temporarily passed over until the Senator from Nevada [Mr. McCARRAN], who made the motion in the committee which resulted in reducing the appropriation, may have an opportunity to be present.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and that portion of the bill will be passed over temporarily. The clerk will state the next amendment of the committee.

The next amendment was, under the heading "Puerto Rican Hurricane Relief Commission", on page 19, line 4, after the word "expenses", to strike out "incident to the refinancing of old loans and collecting of loans", so as to read:

To enable the Puerto Rican Hurricane Relief Commission to continue collection and administration of moneys due the United States on account of loans made under the joint resolutions approved December 21, 1928 (45 Stat. 1067), and January 22, 1930 (46 Stat. 57), not to exceed $25,000 of any unobligated balances of appropriations made by authority of those joint resolutions, including repayment of principal and/or payments of interest on such loans, is hereby made available for administrative expenses during the fiscal year 1935: *Provided*, That otherwise proper payments made or to be made prior to July 1, 1934, for administrative or other necessary expenses shall not be questioned because of the nonavailability of the loan appropriations for such expenses.

The amendment was agreed to.

The next amendment was, under the heading "Veterans' Administration—Military Services", on page 23, line 23, after the word "administering", to strike out "$76,649,907: *Provided*", and insert "$86,740,099: *Provided*, That when found

to be to the best interest of the United States, not to exceed $500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, who are in such institutions on the date of the enactment of this act:", so as to read:

Administration, medical, hospital, and domiciliary services: For all salaries and expenses of the Veterans' Administration, including the expenses of maintenance and operation of medical, hospital, and domiciliary services of the Veterans' Administration, in carrying out the duties, powers, and functions devolving upon it pursuant to the authority contained in the act entitled "An act to authorize the President to consolidate and coordinate governmental activities affecting war veterans", approved July 3, 1930 (U.S.C., supp. VI, title 38, secs. 11–11f), and any and all laws for which the Veterans' Administration is now or may hereafter be charged with administering, $86,740,099: *Provided*, That when found to be to the best interest of the United States, not to exceed $500,000 of this amount may be used for payments to State institutions caring for and maintaining veterans suffering from neuropsychiatric ailments, who are in such institutions on the date of the enactment of this act.

The amendment was agreed to.

The next amendment was, on page 26, line 13, after the word "homes", to insert a colon and the following additional proviso:

Provided further, That the appropriations herein made for medical and hospital services under the jurisdiction of the Veterans' Administration shall be available, not to exceed $10,000 for experimental purposes to determine the value of certain types of treatment.

The amendment was agreed to.

The next amendment was, on page 28, line 7, after the name "Veterans' Administration", to strike out "$284,789,984" and insert "$296,291,997", so as to read:

Pensions: For the payment of pensions, gratuities, and allowances, now authorized under any act of Congress, or regulation of the President based thereon, or which may hereafter be authorized, including emergency officers' retirement pay and annuities, the administration of which is now or may hereafter be placed in the Veterans' Administration, $296,291,997, to be immediately available.

The amendment was agreed to.

The next amendment was, on page 29, line 7, to increase the total appropriation for military services under the Veterans' Administration, from $525,155,891 to $546,748,096.

The amendment was agreed to.

The next amendment was, under the subhead "Civil Service Retirement Fund" on page 29, line 16, after the name "Veterans' Administration", to strike out "$546,005,891" and insert "$567,598,096", so as to read:

Total, Veterans' Administration, $567,598,096.

The amendment was agreed to.

The next amendment was, under the subhead "Civil Service Retirement Fund", on page 29, line 20, after the word "act", to strike out "$566,435,693" and insert "$588,001,548", so as to read:

Total appropriated by this act, $588,001,548.

The amendment was agreed to.

The PRESIDING OFFICER. That brings the amendments down to the title covering "Economy Provisions."

Mr. BYRNES. Mr. President, while waiting for the Senator from Nevada [Mr. McCARRAN], I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 3, after line 21, it is proposed to insert the following:

No claim shall be filed with the Alien Property Custodian or allowed by him or by the President of the United States, nor shall any suit be instituted or maintained against the Alien Property Custodian or the Treasurer of the United States, or the United States, under any provisions of law, by any person who was an enemy or ally of enemy as defined in the Trading with the Enemy Act, as amended, and no allowance of any such claim now pending shall be made, nor judgment entered in any such suit heretofore or hereafter instituted, for the recovery of any deduction or deductions, heretofore or hereafter made by the Alien Property Custodian from money or properties, or income therefrom, held by him or by the Treasurer of the United States hereunder, to pay any and all expenses of the office of the Alien Property Custodian heretofore or hereafter incurred by him or by any depositary for him as such expenses and deductions have been heretofore or shall be hereafter determined by said Alien Property Custodian.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. KING. Mr. President, in view of the amendment just offered I desire to make an inquiry of the Senator who has charge of the bill, with respect to the provision found on page 3, lines 18 to 21, under the heading "Alien Property Custodian." I make the inquiry because several years ago, when this matter was before the Committee on Finance, we received assurances that the Alien Property Custodian's Office would conclude its work within a limited time, as I recall not exceeding 2 years, and about 3 years the claim was made by those in charge of the agency that one more year would be all that was required. The next year, when the question arose, the suggestion was made that progress was being made and that the agency would be ready to disband within a year.

It seems to me that this is one of the organizations, like so many of the Federal agencies, that possesses immortality. The promises to wind up the business of the Alien Property Custodian's Office seems to be vain and meaningless.

I was wondering whether the Senator had any information as to when the organization will cease functioning. Of course, the plea may be made that the Germans have to pay the expenses of the organization, but I submit that is no excuse at all. Indeed, it is ground for criticism. I should feel a little more tolerant because of the slow methods of the agency if the Government were required to meet the expenses than if we were imposing upon nationals of some other country whose funds we were holding and consuming.

Mr. BYRNES. Mr. President, the committee did not go into any investigation at this time as to the status of the trust estates in the jurisdiction of the Alien Property Custodian. As the Senator will see by looking at the item on page 16, it is the language that has been carried each year in making available the funds of the estates for the specific purpose mentioned.

The statement was made in connection with the amendment which I offered a few moments ago, and which was agreed to that the work of the office is nearing completion, but exactly how long we may expect it to continue I do not know.

I will further say to the Senator from Utah that the purpose of the amendment offered—and it was offered and agreed to—was to correct a situation that developed by reason of a number of suits which were brought by aliens to recover the proportions of the expenses of administering the office.

It was held by one of the courts in the District of Columbia that they were entitled to recover, and the case is now on appeal. In connection with that it was stated that the fund which was raised by levying first 1 percent and then 2 percent upon the estates had mounted to $8,000,000; that it had cost $4,000,000 to the Government of the United States to administer the office of the Alien Property Custodian before it had determined to levy this 1 percent upon the estates.

There is now in the administration fund $4,000,000, and the purpose of the amendment is to make certain that we have the right to use the fund to pay the expenses of this office in administering the estates and to prevent the successful bringing of suits by countless persons who are interested, because it has been stated that if they were to be successful and we now have to go back to allocate the costs to some 40,000 or 50,000 estates, that it would take years to do so and it would cost thousands of dollars, and aside from the actual expense by reason of the allocation, that the cost of auditing would amount to a considerable sum.

We have no information as to the opinion of the Alien Property Custodian, because the Alien Property Custodian was not before the Senate committee, and there was no inquiry along that line.

Mr. STEIWER. Will the Senator yield to me for an observation?

Mr. BYRNES. I yield.

Mr. STEIWER. Whatever the fact may be with respect to the time required for closing up the work of this agency, it appeared to the committee, without any question, that the adoption of the amendment would hasten the conclusion of the work.

Mr. KING. For that reason I should be in favor of it. I shall not offer an amendment, because perhaps it would not be proper upon an appropriation bill, but I shall offer a resolution within a few days calling upon the Alien Property Custodian for full and complete information as to the fund on hand and what disposition has been made of the fund up to date, and the reason for the delay in distributing the same, together with the number of employees in the agency, and the salaries paid to each employee.

Mr. BYRNES. I will say to the Senator that I believe the last report of the Alien Property Custodian would give much of the information desired by the Senator.

Mr. KING. In view of the fact that I was called from the Chamber when the item on page 17, relating to the Interstate Commerce Commission, was brought up, I desire to ask the Senator the reason for an increase over the amount allowed by the House.

Mr. BYRNES. The item relating to the Interstate Commerce Commission was reduced below the amount allowed by the House. That was passed over temporarily, but is now to be considered, because I understand the Senator from Nevada [Mr. McCARRAN] is now in the Chamber.

The PRESIDING OFFICER. Without objection, the amendment on page 16, line 18, which was temporarily passed over, will be stated.

The CHIEF CLERK. On page 16, line 18, after the word "expenses", it is proposed to strike out "$1,052,700" and to insert "$526,350".

Mr. McCARRAN. Mr. President, the amendment was offered by me, and I regret exceedingly that I am suffering from a throat affliction which prevents me from being heard. Would it be possible to have the amendment go over until Monday, so that I might have an opportunity to be heard? I regret very much that my throat affliction prevents me from being heard.

Mr. BYRNES. Mr. President, if the Senator desires to have the amendment go over until Monday, I have no objection.

The PRESIDING OFFICER. The Senator from Nevada asks unanimous consent that the amendments relating to the valuation of the property of carriers be passed over until next Monday. Is there objection? The Chair hears none, and it is so ordered.

The bill is still before the Senate and open to amendment.

Mr. BYRNES. Mr. President, under the agreement the bill can be temporarily laid aside.

Mr. McCARRAN. I ask to have the bill laid aside until Monday.

The PRESIDING OFFICER. Without objection, it is so ordered.

NAVAL CONSTRUCTION

Mr. TRAMMEL. Mr. President, I suggest that we proceed with the unfinished business, which is my motion to take up the naval construction bill.

Mr. KING. If that bill is to be taken up I shall suggest the absence of a quorum.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from Michigan?

Mr. TRAMMELL. Perhaps I can obtain unanimous consent to have the naval construction bill made the unfinished business.

Mr. VANDENBERG. Mr. President, I desire to speak briefly about the pending sugar bill, and perhaps no quorum is necessary for that purpose.

Mr. TRAMMELL. Mr. President, is it understood that the motion made by me is the unfinished business now before the Senate?

The PRESIDING OFFICER. The motion made by the Senator from Florida [Mr. TRAMMELL] to proceed to the consideration of H.R. 6604, is the pending question.

PRICES AND MARKETING OF SUGAR

Mr. VANDENBERG. Mr. President, the President of the United States sent a message to the Congress on February 8 in which he proposed a thoroughly novel and revolutionary method for dealing with the domestic sugar industry. The able Senator from Colorado [Mr. COSTIGAN], to whom I completely defer as an authority on the sugar question, made a brief explanation of the President's purposes when he presented the President's bill 2 or 3 days ago. It is the purpose of the Finance Committee to open hearings in about 10 days in respect to this new proposal. It is so revolutionary in its purpose, it is so novel in most of its aspects, and it has such far-reaching import in respect to a large section of American agriculture and industry, that I have wanted to take this preliminary opportunity not to speak necessarily in opposition to the new program but to emphasize the very great necessity that the Finance Committee shall prosecute its hearings to the utmost limits in probing and exploring the implications that are involved in this contemplated program.

Mr. President, the basis of the program is the application of the so-called "processing-tax theory" to the production of sugar. This in itself is more or less of a paradox and an anomaly, because the processing tax was born as a medium of controlling surplus production, and the only argument I have ever heard in respect to the use of the processing tax is in respect to the control and the curtailment of surpluses, yet here is a domestic crop which by no stretch of the imagination now or hereafter can possibly reach the surplus basis. Here is a commodity which is not only about the only cash crop that farmers in many sections of the country have had during the last 2 or 3 years, but here is a cash crop which offers the farmers, to my view, the greatest advantageous possibility of expansion of any agricultural crop of which I know in the country, so that it is at a complete antithesis to the original theory of the uses of the processing tax.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. VANDENBERG. I yield to the Senator.

Mr. ADAMS. I merely desire to make an inquiry. I am wondering if, in ascertaining whether or not sugar is a surplus crop, there may not have been some who have taken it for granted that the island of Cuba is a part of the United States, and who are interested in protecting that island?

Mr. VANDENBERG. I think the Senator's observation is justified; in fact, I should like to quote from the Senator's colleague's presentation of the subject on February 12, in which he said—I quote:

> It is refreshing to find at last an administration which gives first place to the welfare of farmers rather than the prices of stocks and bonds.

I am sure the able senior Senator from Colorado meant precisely that statement, and I am sure it describes what the administration intends to be its objective; but in the present instance, as indicated by the interruption of the junior Senator from Colorado, it occurs to me that that statement is utterly pathetic, because the net result, as I shall presently indicate, of the proposed sugar allocation, far from giving first place to the welfare of the farmers, is to put the American farmer absolutely in the last place in respect to sugar consideration; and, far from subordinating the prices of stocks and bonds, as indicated in the quotation which I have read, is to put Cuban sugar in the first place; and since Cuban sugar is controlled, directly or indirectly, to the extent of at least 50 percent, through ownership or financial arrangements by the National City Bank, the Chase National Bank, the Hayden-Stone Co., of New York, and the Royal Bank of Canada, here is a contemplation, indeed, where it could not be said that this suggested arrangement gives first place to the welfare of farmers rather than to the prices of stocks and bonds.

Mr. President, the theory upon which this arrangement is to operate involves a quota system. I am passing for the moment the question of the processing tax as such and am coming directly to the particular problems which I want to urge upon the Finance Committee in its consideration of this issue.

The program involves a series of quotas. The President sets out in his message of February 8 the nature and extent of the quotas which he has in mind. The quotas are indicated in short tons in the President's message of February 8. We do not know whether he is speaking about raw sugar or refined suger in his estimates, but I am assuring that he is speaking about refined sugar inasmuch as most estimates are on that basis.

Now let us see what a quota system, such as the President has proposed, would do in respect to the average sugar consumption of the United States. This is what it would do: The President suggests, in the first place, that Cuba should be given a quota of 1,944,000 tons. Cuba's actual sales to the United States in 1933 were 1,600,000 tons. In other words, the prospectus represents an increase in the American market for Cuban sugar of approximately 344,000 tons. That is an increase in behalf of Cuba.

Secondly, the President's message suggests a quota for the Philippine Islands of 1,037,000 tons.

Mr. President, when Congress passed the Hawes-Cutting Act setting up a regime for ultimate Philippine independence it spent a great deal of time arguing over what would be a fair proportion of our sugar market for the Philippine Islands, and I submit that, so far as Congress is concerned, it is res adjudicata that 850,000 maximum tons is all that the Philippine Islands are entitled to enjoy in the American market so long as we are putting sugar universally upon a restricted basis.

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. KING. This is probably rather impertinent, but can the Senator accurately state it is res adjudicata? It may have been temporarily res adjudicata so far as the Congress is concerned; it is not res adjudicata so far as the President is concerned, and it certainly is not res adjudicata so far as the Philippine Islands are concerned.

Mr. VANDENBERG. The Senator is entirely correct in limiting the application of my remarks. I am saying that, so far as Congress, where the problem now lodges, is concerned, it is res adjudicata on the basis of a quota of 850,000 long tons for the Philippine Islands, which is the equivalent of 955,000 short tons. The Philippine Islands are to gain 82,000 tons.

Mark you, Mr. President, first, Cuba is gaining 344,000 tons, and second, the Philippine Islands are gaining 82,000 tons.

Third, it is suggested in the President's message that the Louisiana and Florida cane-sugar growers are entitled to a quota of 260,000 tons. On the basis of actual 1933–34 production they produced 238,000 tons. Therefore, in the third place, it is suggested that Louisiana and Florida cane sugar be given a quota advantage of 22,000 tons.

In the fourth place—and we are now reaching the subtractions instead of the additions—a quota of 935,000 tons is suggested in the President's message for Hawaii, whereas the actual production there for 1932–33 was 1,035,000 tons. In other words, the quota of the Hawaiian Islands is reduced by 100,000 tons.

In the fifth place, it is suggested in the President's message that Puerto Rico shall have a quota of 821,000 tons, whereas the estimate for 1933–34 is 981,000 tons. Therefore, Puerto Rico is penalized 160,000 tons.

In the sixth and last place, according to the President's suggestion, the continental beet producers are to be given a quota for 1,450,000 tons, whereas their actual 1933–34 production is 1,756,000 tons. In other words, they are slated for a reduction of 306,000 tons.

Mr. BORAH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. The additions, then, all apply to territory outside the United States, while the subtractions all apply to territory inside the United States?

Mr. VANDENBERG. The Senator's observation is approximately correct. There is at least one subtraction outside the United States, but let me say to the Senator that the net result of the formula is that Cuba has first preference; the Philippine Islands have second preference; Louisiana and Florida cane-sugar growers have third preference; Hawaii has fourth preference, if it may be called a preference; Puerto Rico has fifth preference, if it may be called a preference; and the American farmer raising beets enjoys sixth and last place.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield.

Mr. FESS. I have observed these reductions and additions, and it appears to me that the figures show that the reduction to the American beet farmer is about the same as the increase to the foreign producers.

Mr. VANDENBERG. I think the Senator is approximately correct. It is very difficult to arrive at dependable figures in respect to this proposition, because sometimes we have to use last year's production statistics and sometimes we have to use the contemplated production for the new year, but the Senator is approximately correct.

Mr. FESS. I observe, if the Senator will permit me further, that the reduction in the case of beet sugar is just about the same as the increase in the case of Cuban sugar.

Mr. VANDENBERG. The increase in the case of Cuban sugar is 344,000 tons, and the reduction in the case of continental beet sugar is 306,000 tons.

Mr. KING. Mr. President, will the Senator pardon me an interruption?

Mr. VANDENBERG. Yes.

Mr. KING. Has the Senator made a calculation showing the net result, whether gain or loss, over the production for the year 1933? If he has not, I do not want to interrupt him.

Mr. VANDENBERG. I do not think I follow the Senator's question.

Mr. KING. What I am trying to get at is whether, from the figures the Senator has given, he has made a computation showing whether in the aggregate there is a gain or loss.

Mr. VANDENBERG. No; I have not made that computation.

That is the first question involved in undertaking to assess the values of the President's own formulas. It must be remembered, furthermore, that the President's suggestion does not propose to set up any specified quotas in the law which Congress is to enact expressing the congressional view on this subject. The only purpose expressed in the proposed law is that the Secretary of Agriculture shall be permitted to establish these quotas as he sees fit and to change them from time to time as he may desire.

With all respect to the Secretary of Agriculture, it is universally recognized that the Secretary of Agriculture is inherently hostile to the domestic sugar-beet industry. He considers it an abnormal and unnormal industry for the United States. He is very frank in stating so in his own farm publications. The President of the United States, in his message of February 8, undertakes rather prejudicially to define the sugar-beet industry as a necessarily expensive industry. In other words, I am sure it is no perversion of the prospectus to say that it is in the mind and purpose of the authors of this new formula progressively to drive domestic sugar out of production. That is the type of dictatorship upon which we are asked to lean. That is the type of attitude to which we are asked to submit ourselves in mercy.

I am saying, therefore, at the outset in respect of this quota problem that from my viewpoint, and I think from the viewpoint of American agriculture as represented in the sugar industry, it is absolutely essential, if this processing-tax law is to be passed, that the quotas shall be determined by Congress, at least to the extent of maximum and mini-

mum, and written into law by the Congress and not left to the judgment and mercy of the Secretary of Agriculture. The very fact that there are these prejudicial and controversial differences in the statistics which I have submitted indicates the breadth and scope of the argument and the field of error that may be involved in the decisions which are to be made.

Mr. BORAH rose.

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. Aside from what is supposed to be, and I presume is, the unfriendly attitude of the Secretary of Agriculture toward domestic sugar production, if there is no established quota how could the beet-sugar industry know from year to year how to plan its crops and its production?

Mr. VANDENBERG. The Senator asks a very pertinent question. Sugar is a planned farming industry. The farmer contracts ahead of his production season for his entire production and its consumption at the factory. Certainly there can be no planned agricultural production under a system of uncertain, flexing quotas from time to time which are at the mercy of some administrator in Washington.

Mr. BORAH. Furthermore, the mills are established in different communities and they must have a certain amount of sugar-beet production in order to operate.

Mr. VANDENBERG. The Senator is correct. Wherever there is one of these mills, far in advance of the planting campaign it is the mill which canvasses the countryside and obtains the contracts with the farmers. The farmers then obtain their necessary seed and proceed with their long-range development of their crops.

In the Michigan-Indiana-Ohio field, I may add, Mr. President, this crop comes the closest to being raised and sold on the basis of a fair cooperation, for the benefit of the farmer of any single agricultural product, of which I know, because all of our operations in the Michigan-Indiana-Ohio beet fields are on the so-called "50-50 contractual basis." The farmer has a half interest in any advantage that comes out of the higher price of the sugar.

So the first problem which I urge upon the Senate Finance Committee in considering this thoroughly revolutionary thing—and, I emphasize again, that which has within its purview the very fate itself of this great agricultural interest—the first thing they must consider, I prayerfully submit, is the necessity for setting these quotas in the law itself, and secondly, to set them on a basis which is fair, primarily to our own American agriculture.

There is another reason why it is very necessary that a proper rule should be written into the law itself. After this quota for continental beet sugar is arranged for the whole 48 States of the Union, then comes the necessity for allocating that quota all over again to the various beet-sugar producing fields of the United States. There are a number of very well-defined beet-sugar producing fields within the United States. How is that allocation to be made?

The first proposition was that this allocation should be made upon the basis of the average production for the last 3 years. Let me show how unfair that would be. Let me show how unfair it would be to divide this total continental allocation among the American fields on the basis of the production during the last 3 years. I ask Senators to bear in mind the fact that in many of these sectors the beet-sugar industry has been almost prostrate during all of 1 and most of 2 of the 3 years involved in such an average. I invite the attention of Senators to the following figures.

There are 5 pretty well-defined sugar-beet areas in the United States. There are 8 factories in California, which constitute 1 field. During those 3 years of which we speak, 6 factories operated in the California field 1 year, 6 factories another year, and 5 factories another year, so that in the California field we have a fairly constant average of approximately 6 out of 8 factories operating during the 3-year period.

What about the Utah-Idaho-Washington field? In this field there are 26 factories. The most that have operated during the 3-year period are 17 factories and they have run as low as 14 factories both in 1932 and in 1931, so that in this field we would have an average of about 15 factories operating for the 3-year period out of a total plant capacity of 26 factories.

What about the field identified as running from the Missouri River to Lake Michigan, which includes roughly Minnesota, Iowa, and Wisconsin? This is a relatively small field of 8 factories. One year 5 factories operated, another year 6 factories, and another year 6 factories, so there we have an average, let us say, of 6 factories out of 8, about the same as California.

Now, what about the eastern territory which embraces Michigan, Ohio, and Indiana and which is the second great sugar-beet field in the country? There are 22 factories in this field. Last year we got finally, through reorganization and thoroughly heroic efforts, 20 of those 22 factories at work. The previous year there were only 14 operating. The year before that there were only 7 operating. In the Michigan-Indiana-Ohio field, therefore, the average factory operation during the last 3 years would be in the neighborhood of 12 or 13 factories out of 22.

But how about the other major field in the country, to wit, the Rocky Mountain territory? That embraces Colorado, Wyoming, Montana, Nebraska, Kansas, and South Dakota, and, generally speaking, is dominated by the Great Western Sugar Co. There are 36 factories in that field, and 35 of the 36 factories have operated every one of these 3 years.

What happens if we take the 3-year average to reallocate these quotas in the United States. This is what happens: The deficit almost entirely escapes the area served by the Great Western Sugar Co. in the Rocky Mountain territory, and falls almost exclusively in these other fields in Utah, Idaho, and Washington; in Minnesota, Iowa, and Wisconsin; and in Michigan, Ohio, and Indiana.

As the bill finally has come to us, they have broadened out the number of years in which this 3-year average shall be figured, and I think the language used is that the most favorable period shall be used. Favorable to what? What does the word "favorable" mean in such a connection? I am submitting to you that it is a type of thing which cannot be left in suspension. It is a type of decision which it is not fair to turn over to the Secretary of Agriculture upon his own uncounseled judgment to settle. I am submitting that the second proposition which must be earnestly considered by the Senate Finance Committee is that there must be a fair rule for the redivision of this continental allocation after it shall have been made; and I take the liberty of suggesting that there is just one rule which would unquestionably answer the whole proposition, avoid all possible intersectional arguments, and avoid all possible controversy as to whether or not we are legislating in favor of aliens instead of in favor of American farmers. There is one rule that would do it, and that rule is that the Secretary of Agriculture shall be required to make his allocations on a basis which first allocates the maximum existing plant capacity in the United States.

Let us see where we would be if we had a rule like that.

In the first place, we would protect the existing production in the United States, and I submit as a matter of elementary fair play, at a time when we still are wrestling with the problem of farm relief, that the point to start is with the protection of the existing American farmer's production.

All right! If we start at that point, then we not only have avoided all of these collateral controversies but we have done something else—we have also avoided any argument as to favoritism east or west, north or south, in respect to the redivision of this quota, because automatically the existing facilities are recognized. There is not any chance for argument, and there is not any chance for controversy. We have protected American agriculture to the limit. We have protected the eastern and the western fields against any favoritism one way or the other. We have set up a dependable, identified rule which leaves no room for doubt as to what is to happen within the United States in respect to any of this production.

Mr. KING. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BROWN in the chair). Does the Senator from Michigan yield to the Senator from Utah?

Mr. VANDENBERG. I yield to the Senator.

Mr. KING. Assume that Congress should be willing to fix a minimum limit of production in the United States. In view of the fact that our consumptive needs are 100, and our production is 25, would the Senator be willing to fix a quota for any indefinite period of time? We might, for an emergency, consent to it; but I may say to the Senator that, with my present views, I would never consent to fixing a limitation that would extend into infinity.

This is a growing country, and our needs of sugar are imperative; and we ought, it seems to me, to encourage the production of sugar and at the same time, of course, aid agriculture because of the benefit which the production of sugar beets is to the agriculturists of the United States.

Mr. VANDENBERG. The Senator's view and mine are in complete sympathy. I am assuming that in this situation we probably shall be forced to accept the lesser of evils. That usually seems to be our legislative lot these days.

I would not for a moment voluntarily undertake to restrict what I consider to be not only the most useful single commodity crop the farmer raises but also what I believe can be demonstrated to be the American sugar consumer's only protection against a price gouge. If I were a free agent in connection with this problem, I should agree with the Senator. I am undertaking to submit that if we are to proceed upon a processing-tax basis, before we can reluctantly consent to that proposition certain fundamental protections must be written into the charter.

Mr. ADAMS. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Colorado.

Mr. ADAMS. The inquiry I desire to make is this: We have had processing taxes levied for the purpose of compensating for restricted production. The restricted production in these other surplus commodities has been voluntary. Do we propose here to make a compulsory reduction, and if so, what power does the Federal Government have to enforce it?

Suppose the Senator and I are farmers, and we proceed to produce. How can we be, within the limits of constitutional power, forbidden to produce?

Mr. VANDENBERG. I entirely agree with the Senator again, and that brings me to another point which I think must be insisted upon if any such proposal as has been submitted by the able Senator from Colorado is to prevail.

It is provided in this proposal that the public shall be protected in respect to its ultimate price for sugar to the extent that the tariff reduction and the processing tax are tied together. In other words, it is proposed, as I understand, that there shall not be a processing tax in excess of the tariff reduction. But, Mr. President, I submit that that relationship and protection ought to be reciprocal. In other words, if at some unhappy moment in the life of the "brain trust" it shall develop either that the processing tax does not work, as apparently it has not worked in respect to all the other commodities to which it has been applied, or if it shall be disclosed some day that the processing tax is unconstitutional and has to disappear, I submit that we are entitled, on the very theory of the bill itself, to have the tariff protection restored at the moment any such accident as that shall happen to the processing tax itself. I hope I am making myself clear. It seems to me that the two things must be tied together, and that they must be tied together in a mandatory fashion.

Mr. FESS. Mr. President, will the Senator yield?

Mr. VANDENBERG. I yield to the Senator from Ohio.

Mr. FESS. The Senator is a student of this particular problem. I should like to have him give me his explanation of the slow growth of the production of sugar in the face of the fact that we produce only a small percentage of what we consume. We have the capacity, so far as the cultivable area is concerned, to produce probably all we shall need to consume; and yet, in the face of the fact that we need it and we have the ability to produce it, we have not increased the production much. I have been greatly disappointed in the last 20 years over this experiment.

Mr. VANDENBERG. I presume that if we held a clinic on the question, there would be as many different answers as there were doctors in the clinic. I will say to the Senator, in the first place, that the eligible territory in the United States where sugar beets can be raised is more or less limited. It cannot be done universally. In the second place, I will say that except as there is an adequate tariff protection which brings an adequate cost-of-production price to the farmer, plus a reasonable profit to the processor, there is no stimulus or encouragement to the expansion of the industry.

In the western field the Great Western Sugar Co. has been a tremendously profitable enterprise, and is one of the great, rich corporations of the country, as I understand. That has not been so true in the States which the Senator from Ohio and I in part represent. I have always felt that there should be a sliding-scale tariff in respect to sugar which would stabilize a permanent retail price on a basis which would guarantee a continuity of fair return to the farmer and the processor, in which event I should expect the expansion to which the Senator refers to occur.

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Colorado?

Mr. VANDENBERG. I yield to the Senator.

Mr. ADAMS. I desire to suggest that in explaining why American sugar production has not grown as the Senator anticipated, the Senator should not overlook the situation in the Philippine Islands and other tropical islands from which sugar is brought in tax free. The production in the Philippine Islands, practically all of which is imported to the United States, has doubled in the past 5 years.

Mr. VANDENBERG. I think the Senator makes a thoroughly pertinent answer to the question of the Senator from Ohio. We have had this pressure not only over our tariff walls but through our free gates.

Mr. ADAMS. It has come in the back door.

Mr. VANDENBERG. It has come in the back door, as the Senator from Colorado suggests. We have had that pressure without any offset whatever.

In the case of the Philippine Islands, I so well recall the time when Governor Taft prophesied that the most sugar that ever could be raised in the Philippine Islands would be 300,000 or 350,000 tons. Yet the production in 1932–33 was 1,382,000 short tons of raw value, and the estimate for 1933–34 is 1,500,000 short tons of raw value. That pressure is resting constantly upon the development of this domestic market, and any time that pressure is relieved again a factor will have been injected, I submit to the Senator from Ohio, which would encourage the stimulation to which he refers.

Mr. FESS. Mr. President, if the Senator will permit, the President in his message mentioned this as an "expensive" industry.

Mr. VANDENBERG. Yes; I referred to that.

Mr. FESS. That would largely be predicated, I should think, on the enormous cost of the building of a sugar mill on the one hand, and the small portion of the year in which it would be in operation on the other. The question with me is this: If we have built, say, 70 sugar plants, at an average cost of $1,000,000, although that number of plants has not produced more than a very small fraction of our needs, whether there would be any prospect of increasing the production very much under the limitations under which we are now operating?

Mr. VANDENBERG. I am not clear as to that, but I am clear, Mr. President, that we are going to operate in the future under enforced limitations, as a result of the new policy which is coming down to us from the White House.

Mr. FESS. If the Senator will permit another observation, several telegrams have reached me from the sugar area in Ohio, stating that the quota as recommended would have a very deleterious effect upon the individual plants in

that particular locality. It so happens that the area where sugar is grown in Ohio is very splendid for corn growing; it is a great corn section of the State. While the sugar beet could be supplanted, the property would not be lost; it would be used for other crops. Yet the fear of the people there is that on any basis of enforcement of the suggested quota would have a very deleterious effect upon the plants which are now in existence, built at a tremendous cost.

Mr. VANDENBERG. I am sure that is so in Ohio, as it would be particularly in Ohio and Indiana and Michigan, because, as I have already indicated, in the subdivision of this national allocation, except as there be a different rule than just the last 3-year average, the territory from which the Senator comes and from which I come would be more heavily penalized than any other territory in the country, and the farmers in the Senator's State and the Michigan farmers would "hold the bag", which is not only an idiom, but a rather literal expression with respect to the sugar problem, as a result of the application of this proposal.

Mr. President, I have not wanted to go into any detail at all today in respect to the discussion. The fundamental question as to whether a processing tax formula should be applied in connection with an industry of this sort is a very broad question, upon which I think a very serious debate is inevitable. I have already indicated that I think that even from the standpoint of those who believe in processing taxes, it is nothing short of a nature fake to apply the processing tax, which was born in the first instance for the purpose of handling a surplus, to a commodity which is notoriously on a subsurplus basis, and never by any stretch of the imagination is calculated to reach even parity in respect to the domestic consumption.

My own view is inevitably, furthermore, that whenever the processing tax finally gets into court it is just bound to be discarded on the basis of unconstitutionality. I notice that when Federal Judge Alexander Akerman, at Tampa, Fla., passed upon one section of the Agricultural Adjustment Act on January 30, in an oral order from the bench at the conclusion of a 2-day hearing, he said that when this act is considered in the light of the Constitution, it is so full of holes you could drive eight yoke of oxen through it.

I will not undertake to discuss constitutional law, after the Senate has been surfeited with it for the last week, but if there ever was a situation in which a constitutional challenge would seem to lie, it occurs to me that it is at the point where we not only delegate our taxing power but delegate our appropriation power, and we permit the Secretary of Agriculture, sitting in his magnificent new temple, to decide for himself from whom he shall collect and to whom he shall distribute the resultant bounty.

Mr. President, that is not all. He is now using this power in a punitive sense in respect to collateral but related industry. For instance, he is putting so-called "compensatory taxes" upon paper bags, paper towels, and paper napkins for the sake of forcing the use of cotton bags, cotton towels, and cotton napkins. Perhaps that language does him an injustice; I do not mean that he is doing it for the purpose of forcing this net result. He is doing it on his theory that it is necessary to apply this compensatory tax in order to offset the processing-tax burden which is borne by these cotton products. But all of the testimony that comes to my hand is that the compensatory taxes are all out of line with the processing taxes, and have become, in fact, punitive taxes, with the result that the cotton industry is enjoying this prejudicial benefit at the cost of the forest-products industry.

Certainly a tax of that nature would be utterly beyond the purview of constitutional government. So that when we come to the fundamental question of processing taxes, taxes which are failing their own dedicated purposes as confessed by the fact that the Senator from Alabama has introduced a proposal for compulsory restriction of cotton production, in lieu of the effort to restrict production through processing taxes—the fact that it is a failure in that aspect but adds to the challenge which we must fundamentally confront when we get around to it in respect to the application of this doubtful theory to the sugar industry, and I am not undertaking to survey that field today, because I have not the time.

The only thing I have undertaken to do today, Mr. President, has been to submit what I believe to be highly important questions respecting the nature of this legislation if we are to have such legislation. I have sought to develop the questions which the Finance Committee should survey and canvass in respect to possible amendments to the proposal which has been submitted by my able friend from Colorado, ere this formula is brought back to the floor of the Senate for final consideration, and I am submitting these suggestions in the view that if some sort of adequate protection for what we believe to be the fundamental necessities of the sugar industry could be tied in with the program which has been proposed by the Senator from Colorado, it might be possible for us to agree upon an experiment, but that in the absence of those protections, from my point of view—and I think from the point of view of the middle western beet-sugar farmer and beet-sugar industrialist—it would be absolute suicide for us to submit to the new arrangement, and that was the sole purpose for which I rose today.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Michigan yield to the Senator from Louisiana?

Mr. VANDENBERG. I yield.

Mr. LONG. I had intended to look over this recommendation and analyze it, to see the quantities we would be allowed. I believe they allowed the cane-sugar industry of Florida and Louisiana 260,000 tons. Will the Senator state how much it was?

Mr. VANDENBERG. Two hundred and sixty thousand tons. May I say to the Senator that in the course of my observations I canvassed this arithmetic in great detail, and I prefer not to go over it again.

Mr. LONG. I just want to ask a few questions; I will read the RECORD. As I understand it, that refers to short tons?

Mr. VANDENBERG. Yes.

Mr. LONG. How does that affect what we are allowed now?

Mr. VANDENBERG. Louisiana and Florida are linked together in these computations.

Mr. LONG. Yes.

Mr. VANDENBERG. The actual 1933–34 production in Louisiana and Florida in short tons, raw value, was 238,000. In other words, the tentative quota which has been suggested gives Louisiana and Florida cane fields an increase of 22,000 tons, while it is penalizing the beet fields 306,000 tons. I simply pause to congratulate the Senator from Louisiana for his influence at the White House. [Laughter.]

Mr. LONG. That is the first thing we have gotten from the Democratic administration. I am glad to see it.

PRICES AND MARKETING OF SUGAR

Mr. KING. Mr. President, I desire to make a few observations concerning the matter so ably discussed by the junior Senator from Michigan [Mr. VANDENBERG].

The sugar question has been thrust into this session of Congress by the bill offered by the Senator from Colorado [Mr. COSTIGAN], followed by the message of the President of the United States, both of which are now before the Committee on Finance. That committee will meet next week for the purpose of considering the question presented by the bill and the message submitted by the President. The committee was to have met on Friday of this week, but owing to the absence of the Secretary of Agriculture, consideration of the matter was postponed until the return of the Secretary of Agriculture.

I regret, Mr. President, that the suggested plan, which had the approval of the sugar interests of the United States, as well as Cuba, following the protracted hearings of last year, was not tentatively, at least, accepted by the administration. Dr. Coulter, a member of the Tariff Commission, conducted the hearings and obtained data com-

prehensive in character relative to the sugar industry, and, as I remember, quotas were then voluntarily accepted by the representatives of the beet- and cane-sugar industries of the United States, as well as by those who represented the Cuban interests. My understanding is that the plan, including the question of quotas, was temporary and would be terminated when the depression was over. What the Senator from Michigan [Mr. VANDENBERG] stated a moment ago, namely, that the Cuban sugar interests are largely American interests is not inaccurate. My information is that 70 percent of the cane lands and the centrals of Cuba are owned by American capital. That capital is largely controlled by three of the large banks of New York and the Royal Bank of Canada.

I might add, by way of parentheses, that the deplorable economic condition in Cuba—and that has contributed largely to the unsettled political condition—has resulted from what many believe to have been the rather harsh and oppressive conduct of the American interests controlling the sugar business of Cuba.

I think the adventure of American capital into Cuba has been unfortunate for Cuba, and it may prove unfortunate to the Americans who have made investments there.

The Haitian people a number of years ago realized the disadvantages which would result from large foreign investments in their country. They appreciated that they could not compete with the representatives of American capital and that in time the resources of their country would be owned or controlled by foreign interests. Accordingly they incorporated in their constitution a provision forbidding aliens to acquire lands in Haiti.

Unfortunately, after we seized Haiti and forced a new constitution upon them that prohibition was removed from the organic law, and the result was that considerable American capital flowed into Haiti and large areas of land were purchased for the purpose of developing the pineapple and sugar industries. This intrusion of American capital provoked resentments upon the part of the Haitian people toward the United States and its nationals. American capital was invested in Santo Domingo with similar results.

It is believed by some persons that our adventure into the Philippines and the investment of American capital there has been a deterrent to the proper economic development of the Philippine Islands and will prove an obstacle to the independence of the Philippines.

The American people have been interested in Cuba because of the peculiar and unique relations existing between the two countries. The Platt amendment, it is contended, imposes upon us certain obligations and prevents the United States from regarding Cuba in the same light as it does other countries. Personally I should be glad to see the Platt amendment repealed and Cuba be entirely freed from its restriction. The American people desire the happiness and welfare of the Cuban people and will welcome every opportunity to contribute to Cuba's prosperity.

We have been benefited, as has Cuba, by reason of the commercial relations which have existed between the two countries in the past. Cuba has been a purchaser of several hundred millions of dollars annually of American commodities, and her prosperity is of material advantage to the United States.

It is therefore quite important to the United States, aside from any humanitarian interests and from obligations resulting from the Platt amendment and our relations, political or otherwise, to Cuba, that Cuba should be prosperous. Her prosperity benefits our country financially and materially. I sympathize with the desire of the President—if I understand his view—to promote the welfare of the Cuban people. We cannot be indifferent to the sufferings of the Cuban people and to the tragic economic and industrial conditions.

We should pursue a policy, so far as we may compatible with the interests of the American people, that will aid in lifting Cuba from the plight in which she finds herself and in advancing her upon the road to prosperity and happiness.

However, we owe a duty to the American people; we owe a duty to the American farmer. During the past few years we have been spending not only millions but hundreds of millions of dollars in order to aid agriculture. Mr. Hoover launched his unwise but, as he believed, sound policy which resulted in dissipating nearly $500,000,000 in agricultural experiments. The Farm Board plan failed, and the farmers found themselves in a worse condition after this stupendous sum was exhausted than they were before.

I am not so sure that some of the policies that have been inaugurated under the present administration will prove highly successful; I fear that some may prove disappointing. We all hope that they will prove successful.

I am not satisfied with the suggestion that the American farmer will be benefited by the so-called "Costigan bill" or by the sugar policy so earnestly advocated by the Agricultural Department and the experts and college professors whose voices are powerful in the formulation of new if not novel policies.

We have justified the policies which placed certain agricultural commodities in the category of basic agricultural commodities, upon the theory that they yielded an exportable surplus. No one suggested that we should assign to the category of basic agricultural commodities any crop the production of which was less than domestic consumption requirements. If we produced an exportable surplus of cotton and wheat the justification was advanced in the hearings by representatives of the Agricultural Department, as well as by the protagonists of that policy, that because we had an exportable surplus of these commodities they should be subjected to a different governmental treatment than was accorded to those products which were entirely consumed in the United States. However, when we come to consider sugar we find that there is not an exportable surplus; indeed, the domestic production in continental United States is but 25 percent of the consumptive needs of the inhabitants of the United States.

What justification is there for imposing upon sugar beets and cane, produced in continental United States that philosophy, that policy which was invoked to control and handle wheat and cotton?

I repeat that no one pretended to justify the abnormal, unheard-of policy of imposing processing taxes, limiting production, placing within a certain category agricultural commodities until the suggestion was made with respect to the two commodities to which I have referred. No one has suggested any sound reason, as it appears to me, to justify the attempt to place beet sugar, beets, and sugarcane in the same classification as wheat and cotton.

To emphasize the philosophy employed in the wheat and cotton commodities and to show how utterly inapplicable it was to sugar beets and cane, I offered in January of this year an amendment to the proposed bill, which provides:

> That in the case of sugar beets and sugarcane the provisions of section 8, paragraphs (1), (3), (4), and (5), and section 9 of this title shall not apply until such time as the production of sugar from sugar beets and sugarcane grown within the United States and its possessions exceeds the amount required for domestic consumption.

If we are to invoke the philosophy upon which rests the processing tax with respect to cotton and wheat as a foundation for legislation affecting sugar, then, obviously, that philosophy does not apply to sugar beets and sugar cane.

Reference was made a moment ago by the Senator from Ohio [Mr. FESS] in the interrogatory which he propounded to the Senator from Michigan [Mr. VANDENBERG] concerning the meaning of the word "expensive" employed in the President's message. The President, as I recall, expressed the view that the sugar crop in the United States was "expensive." I think the President had in mind the fact that the cost of sugar in the United States is greater than the cost of its production in Cuba, in Java, in Hawaii, in Puerto Rico, and in other lands.

But, Mr. President, many commodities produced in the United States, measured by the cost of production in some other lands, are expensive to produce. If we should attempt to produce bananas in the United States the cost would be very great, measured by the cost of production in other lands.

Senators may recall that in the discussion of the last tariff bill a Senator—and I think he was rather serious—made the suggestion that we impose a heavy tariff duty upon bananas in order to compel people to eat apples. We can produce tea in the United States, but at a cost greatly in excess of that in China and in other countries. But there are commodities and manufactured articles, notwithstanding the cost in the United States may be greater than the cost in other countries, that we are justified in producing.

The suggestion has not infrequently been made when the sugar question has been under discussion that it would be far better for the American consumers to take out of the Treasury from twenty five to fifty million dollars a year and distribute it among the sugar producers, and then let sugar come in free, because, with the tariff upon sugar, undoubtedly the cost of sugar to the American people is considerably increased. However, the American people have entered upon the production of sugar and thousands of farmers make their livelihood from the production of sugar beets and sugarcane.

Speaking of my own State, Mr. President, the production of beets is of great importance. Perhaps the beet crop is the most important agricultural crop produced not only in my State, but in some of its neighboring States. It must be borne in mind that in the intermountain region, while we have had in the past a rather active mining industry, owing to the depression and the fall in the price of metals, the States, communities, and the people in that section have suffered perhaps more severely than those in any other part of the United States. The sugar-beet crop has been if I may use the expression, the salvation of the American farmer in the State of Utah and in adjoining States.

The production of sugar has been encouraged. Tariff legislation has been enacted in order to accomplish that result. It seems to me that to adopt a policy that will immediately reduce the production of beet sugar in the United States 306,000 tons, as is now proposed, would be not only unwise but unjust and unfair. There is no reason why we should strike a blow at those who are engaged in the production of beet sugar, particularly during this serious industrial and economic crisis through which we are passing.

Speaking for myself, I object to a policy which will now restrict the production of sugar beets within the United States. With the limited amount produced, with the consumptive need so great, I think it would be unfair to the American agriculturist to reduce the tonnage of beets 306,000 tons annually and to fix this limit of production for an indefinite period. Perhaps as an exigent measure, justified by extraordinary conditions, we might voluntarily and properly join in a movement to limit the production of beet sugar for a limited period, but to fasten upon the American farmer a limitation that is to extend indefinitely and a limit that falls 306,000 tons below the production for the past year is a proposition to which I do not subscribe.

ORDER FOR RECESS UNTIL MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I desire to submit a request for unanimous consent that when the Senate concludes its labors today it take a recess until next Monday at 12 o'clock noon, and that following the conclusion of the consideration of the independent offices appropriation bill the Senate proceed to the consideration of H.R. 6604, the naval construction bill.

I will state that I have consulted a great many Senators who have an enormous amount of work in their offices unattended to, and in view of the rapid progress that has been made by the Senate during this week I think we will conserve time in the long run to enter into this arrangement.

The PRESIDING OFFICER. Is there objection to the unanimous-consent agreement proposed by the Senator from Arkansas? The Chair hears none, and it is so ordered.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate proceed to the consideration of executive business. I will state that it is not the intention to take up cases to which there is objection but to dispose of the Executive Calendar insofar as that can be done.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

The PRESIDING OFFICER. Reports of committees are in order.

EXECUTIVE REPORTS OF COMMITTEES

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Frank J. Shaughnessy, of New York, to be collector of internal revenue for the Twenty-first District of New York in place of Jesse W. Clarke.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

THE CALENDAR

AMBASSADOR TO CUBA

The PRESIDING OFFICER. The calendar is in order.

The Chief Clerk read the nomination of Jefferson Caffery, of Louisiana, to be Ambassador Extraordinary and Plenipotentiary to Cuba.

Mr. LEWIS. Mr. President, I am authorized by the Senator from Louisiana [Mr. LONG], whose home State is the State of the nominee for this position of Ambassador, to say that he approves the confirmation, and authorizes me to move the confirmation of Mr. Caffery's nomination. Therefore, I take great pleasure in moving the confirmation of one whom I have known for many years in public service. May I not pledge the Senate that he will make a most worthy successor of his worthy predecessor, Ambassador Welles?

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES MARSHALS

The Chief Clerk read the nomination of Donald A. Draughon to be United States marshal for the district of Puerto Rico.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Wayne Bezona to be United States marshal for the eastern district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

UNITED STATES ATTORNEY

The Chief Clerk read the nomination of James B. Frazier, Jr., to be United States attorney for the eastern district of Tennessee.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

COLLECTORS OF INTERNAL REVENUE

The Chief Clerk read the nomination of William B. Riley to be collector of internal revenue for the fourteenth district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of George T. McGowan to be collector of internal revenue for the twenty-eighth district of New York.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

DISTRICT OF COLUMBIA

The Chief Clerk read the nomination of Miss Fay L. Bentley to be judge of the juvenile court, District of Columbia.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

BUREAU OF INTERNAL REVENUE

The Chief Clerk read the nomination of Robert H. Jackson, to be general counsel, Bureau of Internal Revenue, Jamestown, N.Y.

The PRESIDING OFFICER. The Chair understands this is one of the matters objected to by the Senator from Maryland [Mr. TYDINGS] and accordingly it will be passed over.

CUSTOMS SERVICE

The Chief Clerk read the nomination of Agnes M. Hodge to be collector of customs at Minneapolis, Minn.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

PUBLIC HEALTH SERVICE

The Chief Clerk read the nomination of Franklin R. Frampton to be passed assistant dental surgeon, Public Health Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James S. Miller to be passed assistant dental surgeon, Public Health Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Gordon G. Braendle to be passed assistant dental surgeon, Public Health Service.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read the nominations of sundry postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that nominations of postmasters be confirmed en bloc.

The PRESIDING OFFICER. Without objection, it is so ordered.

IN THE ARMY

The Chief Clerk read the nomination of Luther Weltmer Evans, Chaplains Reserve, to be chaplain in the Regular Army with the rank of first lieutenant.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of James William Elder to be chaplain in the Regular Army with the rank of first lieutenant.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

The Chief Clerk read the nomination of First Lt. Ralph Harris Bassett for appointment to the Ordnance Department.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

The Chief Clerk read the nomination of Second Lt. John Dabney Billingsley for appointment to the Ordnance Department.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

PROMOTIONS IN THE REGULAR ARMY

The Chief Clerk read the nomination of William Henry Christian, Jr., to be captain, Medical Corps.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

The Chief Clerk read the nomination of Otto Leonard Churney to be captain, Medical Corps.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

The Chief Clerk read the nomination of Henry Clay Chenault to be captain, Medical Corps.

The PRESIDING OFFICER. Without objection the nomination is confirmed.

The Chief Clerk read the nomination of Frank Burton Bonner to be chaplain with the rank of major.

The PRESIDING OFFICER. Without objection the nomination is confirmed. That completes the calendar.

LEGISLATIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate resume legislative session.

The motion was agreed to, and the Senate resumed legislative session.

PERSONNEL IN THE N.R.A.

Mr. NYE. Mr. President, I should like to make inquiry of the Senator from Arkansas [Mr. ROBINSON] whether objection would be heard at this time to the consideration of Senate Resolution 175, having to do with the personnel in the N.R.A. organization?

Mr. ROBINSON of Arkansas. Mr. President, the objection cannot be waived unless the Senator is willing to permit the resolution to go to a standing committee for consideration.

Mr. NYE. Since the resolution calls for information altogether in keeping with other resolutions, I cannot consent to that procedure.

Mr. ROBINSON of Arkansas. I do not consider it a mere resolution calling for information.

Mr. NYE. Are we to have an adjournment tonight?

Mr. ROBINSON of Arkansas. No; but I will say to the Senator from North Dakota that after the order entered today has been carried out providing for a recess until Monday, I shall ask for an adjournment in order that opportunity may be afforded for action on the resolution, but it is my intention to make a motion to refer the resolution to a committee. I had hoped the Senator from North Dakota would agree to that; but if he is not in a position to do so, I shall feel compelled to make the motion.

Mr. NYE. I am not prepared to do that tonight.

Mr. ROBINSON of Arkansas. Very well.

Mr. HARRISON. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. HARRISON. The resolution is with reference to information that the Senator seeks?

Mr. NYE. It is.

Mr. HARRISON. Will not the Senator agree to let the resolution be referred to the Finance Committee? I will say to the Senator that if that shall be done, I will call the committee together, invite the Senator there, invite General Johnson there, and then we can ascertain in the committee the reasons for his not getting all the information he desires.

Mr. NYE. Mr. President, only a few days ago General Johnson himself called me on the telephone and told me of his acquaintance with this resolution, and stated that he had absolutely no objection to it; that with the adoption of the resolution he would gladly undertake to conform quickly with its requirements. The resolution asks only for information that no man can give in a personal appearance before the committee, and I do not see why it should not be granted.

Mr. ROBINSON of Arkansas. Mr. President, I will state to the Senator frankly that the objection to the resolution made to me by Mr. Johnson was that it attempts to "put on the spot" employees of the National Recovery Administration who, at some time in their lives, may have had connection with the business or industry concerning which they have had something to do in the making of codes. The matter cannot be taken up this afternoon; but if Mr. Johnson has withdrawn his objection, I think I shall not make any.

Mr. NYE. Perhaps, then, over the week-end we can arrive at an understanding that will win early action on the resolution.

Mr. ROBINSON of Arkansas. Mr. Johnson expressed to me formerly a bitter criticism of the resolution on that ground alone. He had no objection to furnishing any information that it called for; but in the peculiar form in which the resolution is presented he indicated the opinion that it was objectionable for the reasons I have suggested.

Mr. NYE. Very well.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate, pursuant to the agreement heretofore entered into, take a recess until 12 o'clock noon on Monday next.

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 4 o'clock and 28 minutes p.m.) the Senate, under the order previously entered, took a recess until Monday, February 19, 1934, at 12 o'clock meridian.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 15 (legislative day of Feb. 6), 1934

AMBASSADOR EXTRAORDINARY AND PLENIPOTENTIARY

Jefferson Caffery to be Ambassador Extraordinary and Plenipotentiary of the United States of America to Cuba.

UNITED STATES MARSHALS

Donald A. Draughon to be United States marshal, district of Puerto Rico.

Wayne Bezona to be United States marshal, eastern district of Washington.

UNITED STATES ATTORNEY

James B. Frazier, Jr., to be United States attorney, eastern district of Tennessee.

COLLECTORS OF INTERNAL REVENUE

William B. Riley to be collector of internal revenue, fourteenth district of New York.

George T. McGowan to be collector of internal revenue, twenty-eighth district of New York.

JUDGE OF THE JUVENILE COURT, DISTRICT OF COLUMBIA

Miss Fay L. Bentley, to be judge, juvenile court, District of Columbia.

COLLECTOR IN THE CUSTOMS SERVICE

Agnes M. Hodge to be collector of customs, collection district no. 35, Minneapolis, Minn.

PUBLIC HEALTH SERVICE

Franklin R. Frampton to be passed assistant dental surgeon.

James S. Miller to be passed assistant dental surgeon.

Gordon G. Braendle to be passed assistant dental surgeon.

APPOINTMENTS IN THE REGULAR ARMY

Luther Weltmer Evans, Chaplains Reserve, to be chaplain with the rank of first lieutenant.

James William Elder to be chaplain with the rank of first lieutenant.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

TO ORDNANCE DEPARTMENT

First Lt. Ralph Harris Bassett.

Second Lt. John Dabney Billingsley.

PROMOTIONS IN THE REGULAR ARMY

William Henry Christian, Jr., to be captain, Medical Corps.

Otto Leonard Churney to be captain, Medical Corps.

Henry Clay Chenault to be captain, Medical Corps.

Frank Burton Bonner to be chaplain with the rank of major.

POSTMASTERS

ARKANSAS

Verna C. Payne, Arkansas City.
William M. McQueen, Des Arc.
Halton B. Stewart, Greenwood.
Ruth D. Slaton, Joiner.
Earl E. Sterling, Mammoth Springs.
Norine C. Wilkerson, Newport.
William F. Bryant, Quitman.
Ernest R. Maddox, Rison.
Simon O. Norris, Williford.

CONNECTICUT

Paul F. Sherran, Darien.
William H. Russell, Southport.
Albert E. Lennox, Windsor.

FLORIDA

Anna W. Lewis, Everglades.
Henry A. Drake, Port St. Joe.

IDAHO

George Alley, Bancroft.
Frank M. Heistand, Hazelton.

ILLINOIS

Daniel E. Sexton, Carlinville.
Clarence B. Muchmore, Charleston.
Deane J. McAlister, Greenville.
Margaret Hawley, Sandoval.
Emil A. Rahm, Staunton.
Ora C. Maze, Tower Hill.

IOWA

Frederick W. Werner, Amana.
John A. Hull, Boone.
Julius J. Chekal, Fort Atkinson.
Philip T. Vaughan, Fort Dodge.
Frank J. A. Huber, Hawkeye.
Frank M. Wheeless, Hopkinton.
Charles F. Brobeil, Lytton.
Paul J. Kehoe, Manchester.
Simon H. Wareham, Peterson.
Frank M. Halbach, Primghar.

KENTUCKY

Dycie B. Chism, Camp Taylor.
John S. Hollan, Jackson.
Theophilus B. Terry, Sonora.

MAINE

George I. McIntosh, Lisbon Falls.
Leo M. Cyr, Rockwood.
Nellie O. Gardner, Smyrna Mills.
Allie D. Richards, Strong.
Joseph M. Gerrish, Winter Harbor.

MASSACHUSETTS

Clarence R. Halloran, Framingham.
James E. Williams, North Dighton.
John R. Parker, Rockland.
Roger W. Cahoon, Jr., West Harwich.

MICHIGAN

Charles P. Sawyer, Newaygo.
Victoria Jesionowski, Posen.

MISSISSIPPI

Lillie Burns, Brandon.
Ivy G. Hill, Cleveland.
Florence Churchwell, Leakesville.
Annette T. Parker, Liberty.
Leroy N. Mixon, Shubuta.
Ossie J. Page, Sumrall.
Alfis F. Holcomb, Waynesboro.

NEBRASKA

Louis C. Kuster, Tecumseh.

NEW MEXICO

Joseph Q. Welch, Dawson.
Selah C. Hoy, East Vaughn.

NEW YORK

Levi S. Davis, Berkshire.

NORTH CAROLINA

James A. Bonner, Aurora.
Berder B. Long, Cullowhee.
Newberry McDevitt, Marshall.
William M. Stearns, Tryon.

OHIO

Michael J. Callaghan, Bellevue.
Edward R. Reichenbach, Bluffton.
Michael F. O'Donnell, Cleveland.
Marion J. Lacer, Clyde.
Williard R. Hower, Doylestown.
Ralph C. Benedum, East Liverpool.
Charles F. Hildebolt, Eaton.
Dudley F. Briggs, Jr., Frankfort.
Helen Stoltz, Gettysburg.
Olive Kast, Holloway.

William Ransom Shaw, McDermott.
Mark B. Strahl, Malta.
Robert L. Hagerty, Mingo Junction.
William E. Farmer, Piketon.
Charles A. Ferren, St. Clairsville.
Theodore A. Lauber, Sandusky.
Paul M. Keyser, Shadyside.
George V. Wise, Shreve.
John E. Kassell, South Zanesville.
Arnold M. Speir, State Soldiers Home.
James Connor, Toronto.
Harry R. Schoner, Uniontown.
Charles A. Trinter, Vermilion.
William I. Dague, Wadsworth.
Robert E. Jennings, West Milton.
Henry C. Stapf, Willard.

OREGON

Ruby O. Roberts, Ione.

TENNESSEE

James D. Clemmer, Benton.
Alexander L. Allison, Dover.
Etoile Johnson, Doyle.
Roscoe T. Carroll, Estill Springs.
Hugh C. McKellar, Memphis.
David H. Ensley, Old Hickory.
Joseph H. Sevier, Savannah.
Nell E. Coleman, Smyrna.
James H. Davenport, Soddy.
James R. Hennessee, Sparta.

TEXAS

Willie N. Cargill, Eddy.
Charles R. Conley, Iredell.
Clyde T. McWilliams, Malakoff.
Theodore M. Herring, San Angelo.

WASHINGTON

Adrian C. Gehres, Connell.
Oscar W. Behrmann, Fairfield.
Gerald H. McFaul, Ione.
George P. Fishburne, Tacoma.
Edward Johnson, Twisp.
Grover C. Houtchens, Waitsburg.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 15, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

"God is love." It is in the inspiration of this deathless truth that all strength and virtue lie. In the moments of perplexity it is the merciful grasp of our Heavenly Father that holds and sends sunshine through the cloud. When we search after the Infinite One, we get fresh reason to believe that Thou dost hear all who struggle and aspire to the uplands of the soul. Adversity—when it comes—may it not be allowed to whiten our lips or chill our hearts. Blessed Lord, lead us to the Rock that is higher than I. Sweeten our spirits and permit nothing to contend with our peace of mind. O may we recall the height and the rapture and the passion of other days and cling to Thee. Thine arm is not shortened nor Thine ear stopped. With strength and hope and joy, in the power and pride of life, with work to do for men and praise to win for Thee, may we continue in life's joyous and daily path. Amen.

The Journal of the proceedings of yesterday was read and approved.

OLD-AGE PENSIONS

Mr. BANKHEAD. Mr. Speaker, I call up a privileged resolution from the Committee on Rules and ask unanimous consent that the reading of the preamble be dispensed with.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

The Clerk read as follows:

House Resolution 249

Resolved, That the standing Committee on Labor be, and the same is hereby, authorized and directed—

(a) To study and investigate—

1. The operation and extent of old age assistance systems now in operation in the various States;

2. The establishment of a system of old age contributory pensions for persons 65 years of age and over under the jurisdiction of the Federal Government or of any agency thereof, and the constitutional questions involved therein;

3. The actuarial problems involved in the inauguration of a contributory old age pension system;

4. The amount of contributions and the cost required for a contributory system for the payment of pensions, beginning at 65 and at 70 years of age at amounts ranging from $25 to $50 monthly; and

5. The desirability of contributions exclusively from employers and employees or also from the Federal Government.

(b) To sit and act in the District of Columbia or elsewhere in the United States, whether or not the House is sitting, has recessed, or has adjourned, to hold such hearings, to consult or employ such experts, actuaries, and such clerical, stenographic, and other assistants, to request by subpena or otherwise the attendance of such witnesses, and the production of such books, papers, and documents, to administer such oath, to take such testimony, to secure such data and any and all other information, to have such printing and binding done, as it deems necessary; an oath or affirmation may be administered by any member of the committee.

(c) To require the services of such employees of the House of Representatives, as are available, and of the Federal Government as it may deem necessary and as the department or independent agency is able to dispense with.

(d) To report before the adjournment of this session of Congress if possible, and if that should not be possible, then to file its report not later than January 3, 1935, before noon, and to recommend legislation establishing an old age contributory pension system under the jurisdiction of the Federal Government, if the committee deems such legislation appropriate.

With the following committee amendments:

Page 3, lines 10 and 11, strike out the words "or elsewhere in the United States."

Page 3, lines 13 and 14, strike out the words "or employ such experts, actuaries, and such clerical, stenographic, and other assistants" and insert in lieu thereof the following: "such experts and actuaries."

Mr. BANKHEAD. Mr. Speaker, it is not my purpose to take up any time in the consideration of this resolution. Many Members may not have it before them in printed form.

It is called up by agreement with the minority members of the Rules Committee in order that we may dispose of it.

Some time ago the gentleman from Pennsylvania [Mr. ELLENBOGEN], who drew the original resolution, requested, and that resolution set up, a special select committee for the investigation of the old-age pension question. It was thought desirable not to grant that request because, among other reasons, it would entail possible expenditure of considerable sums of money. By consultation with the chairman of the Committee on Labor, which committee was pursuing a similar inquiry, it was agreed that the modified form of resolution would be prepared as amended, which strikes out all provisions for any junketing trips. The committee itself will hold these hearings. The resolution provides for no expense. It merely provides that the Committee on Labor shall hold the hearings.

This resolution is presented with the entire consent of the committee that the Committee on Labor shall be directed and requested to investigate not only the system of direct Federal aid but also the so-called "contributory system."

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. I yield.

Mr. BLANTON. The gentleman says it will cause no expense. Even after being amended the resolution provides that the Committee on Labor has authority, carte blanche authority without any restriction whatever, to employ such experts and actuaries as it may see fit.

Mr. ELLENBOGEN. Mr. Speaker, if the gentleman will yield, the language of the resolution is "consult", not "employ." The word "employ" has been stricken out.

Mr. BLANTON. Just a minute. Mr. Speaker, the resolution as amended by the Committee on Rules provides that

the committee "may hold such hearings and consult such experts and actuaries", and so forth.

Whenever you consult an expert or an actuary to help a committee of Congress you have to pay for the consultation of the experts and the actuaries, for such gentlemen do not serve this Government free. This has been my experience in checking up the business of this Government for many years; and I have checked it up for 50 years back, long before I ever came to Congress.

Mr. BANKHEAD. I think I can satisfy the gentleman if he will let me speak for a moment.

Mr. BLANTON. Certainly. I wanted to call attention to this language.

Mr. BANKHEAD. I do not agree at all with the construction placed upon this resolution by the gentleman from Texas. I specifically stated that it was the purpose, and in my opinion the letter, of this resolution to entail no expense.

I see the Chairman of the Committee on Accounts now on the floor of the House. I state in his presence that if he is presented with a bill for one dollar of expense in connection with this resolution, we hope he will not pay it.

Mr. BLANTON. There will not be any cost to this investigation?

Mr. BANKHEAD. Absolutely none.

Mr. BLANTON. If that is the case, I have no objection, except this—I want to call my friend's attention to this one other matter: This subject of old-age pensions is something that applies to the whole United States; it applies to Alabama, to Texas, and to Washington, D.C. Now, if this investigation is going to cover the whole United States, and such legislation that may follow will apply to the whole United States, I hope it will be understood and agreed here that there will not be brought on this floor during this session of Congress the bill that has been reported out of the District Committee to provide right now an old-age pension just for the District of Columbia. This is a question that is coextensive with the limits of the United States. Whenever an old-age pension is granted by the Government of the United States for any part of the United States, it ought to cover all the United States, and not just a little part of it.

Mr. BANKHEAD. Of course, as the gentleman from Texas well knows, the Committee on Rules has no control over the Committee on the District of Columbia or any other committee of the House.

This is a very simple proposition. I think it has been fully explained. It is agreeable to all parties concerned and entails no expense whatever. It merely provides for the investigation of a question that is very interesting to all the Members of the House.

Mr. CONNERY. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Massachusetts.

Mr. CONNERY. May I say to the gentleman from Alabama and to the gentleman from Texas that the only expense that will be necessary in connection with this resolution will be the stenographer who takes the hearings, which we expect to start on Tuesday next.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I do not think the gentleman from Massachusetts [Mr. CONNERY] understands the situation and I think he is making a mistake.

Mr. CONNERY. That is our intention. The gentleman knows that certain charges have been made in reference to racketeering in connection with old-age pensions. We intend to give all the publicity we can to this matter and break up racketeering in old-age pensions as we did in connection with veterans' legislation some years ago.

Mr. BLANTON. Then the gentleman will be doing a great service to the country, such as he always performs here.

Mr. CONNERY. There is one thing I noticed in the resolution. It directs the standing Committee on Labor to make a study and to prepare legislation for the establishment of a uniform national old-age pension system on a contributory basis. I would offer an amendment to strike out the words "on a contributory basis", because according to the heading of the resolution this would direct the committee to report and prepare legislation only on a contributory basis.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. I think this is one of the most meritorious resolutions providing for an investigation that has ever been brought in here. This is a matter that the entire country is interested in at this time, and we are going to have to face this question sooner or later. I do not think the Chairman of the Committee on Labor should tie himself down and say he is not going to need any money in order to make a thorough investigation of this subject. The committee is supposed to investigate various systems now existing in the States and he is supposed to bring witnesses here. That will cost money and it will be well spent. How is he going to get them to come here at their own expense?

Mr. CONNERY. They have always come at their own expense to any hearings we have had. We have been able to get them here very readily.

Mr. COCHRAN of Missouri. I am glad to hear that, but as a member of the Committee on Accounts, I am willing to support a resolution granting the gentleman's committee some money in order to make a real investigation. This is a question of outstanding importance to millions of our citizens and we must meet it in the near future.

Mr. CONNERY. The members of the Committee on Labor feel they can get every fact necessary in connection with the subject of old-age pensions without spending any money except for a stenographer to take down the hearings.

Mr. PARKS. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Arkansas.

Mr. PARKS. Is it the purpose of the Committee on Labor to bring in legislation that will take in the entire United States in connection with the subject of old-age pensions, as well as the District of Columbia?

Mr. BANKHEAD. I have nothing to say about that. I know nothing about the question, and I have no opinion about the matter. This is merely authorizing the committee to make an investigation.

Mr. CONNERY. We are having some hearings now. A bill was introduced in the last session requiring a contribution by the States having an old-age pension law. I do not know what the committee will report. We expect them to report something.

Mr. ELLENBOGEN. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Pennsylvania, the author of the resolution.

Mr. ELLENBOGEN. The purpose of the introduction of the resolution is this: Since 1907——

Mr. BANKHEAD. Not the merits. Just state the purpose of the resolution.

Mr. ELLENBOGEN. Just one statement. Since 1907 Congress has had before it bills dealing with old-age pensions, but in these bills it was contemplated that the expenditures necessary for the pensions would be made out of the Public Treasury. This resolution, however, contemplates the establishment of a system by which contributions will be made by the employers and the employees.

Mr. O'CONNOR. Will the gentleman yield?

Mr. ELLENBOGEN. In a moment.

Mr. O'CONNOR. The gentleman is telling us about a bill. This is an investigation of every feature of the subject and is not confined to a contributory system or any one type of system.

Mr. ELLENBOGEN. Including the contributory system.

Mr. O'CONNOR. Yes. This includes the contributory system. My suggestion is that the gentleman should not pursue his particular pet subject and go into the merits of the resolution at this time.

Mr. SNELL. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from New York.

Mr. SNELL. I suppose the gentleman intends to cut out all the whereases?

Mr. BANKHEAD. Yes. I will ask that they be omitted.

Mr. SNELL. And the gentleman is going to make a motion to cut them out?

Mr. BANKHEAD. I will.

Mr. SNELL. As far as I am concerned, I have no objection to an investigation of the subject. I think this is an important subject and should be investigated. However, I believe that the Committee on Labor at the present time has all the power they can get under this resolution and all they need, but I have no objection to passing this resolution.

Mr. CONNERY. We have not the power to subpena witnesses.

Mr. SNELL. I do not think the gentleman will have to subpena a single person who is interested in the subject. They will come here and bear their own expenses. They will come anyway.

Mr. CONNERY. We cannot subpena certain people who may be against this matter. They may not come in.

Mr. SNELL. We will have to pay them if they are subpenaed.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. BANKHEAD. I yield to the gentleman from Minnesota.

Mr. SHOEMAKER. I do not think there is a Member of this House opposed to this resolution. The fact of the matter is that the United States, China, and Turkey are about the only countries that have not old-age pensions at this time.

Mr. DUNN. No.

Mr. CULLEN. Mr. Speaker, I ask for the regular order.

Mr. CONNERY. I ask the gentleman to yield to me for one moment.

Mr. BANKHEAD. I yield to the gentleman from Massachusetts.

Mr. CONNERY. I merely want to make it plain to the gentleman from Alabama and to the gentleman from New York that the title of this resolution does not confine the Committee on Labor to reporting legislation simply in reference to a contributory pension. That is all I want to make clear. This will cover the whole question, and whatever the members of the committee see fit to report, whether it is contributory or otherwise, they are at liberty to do so.

The SPEAKER. The question is on the committee amendments.

The amendments were agreed to.

Mr. BANKHEAD. Mr. Speaker, I move to strike out the preamble to the resolution.

The motion was agreed to.

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

Mr. MORAN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts.

The Clerk read as follows:

House Resolution 263

Resolved, That the expenses of conducting the investigation authorized by House Resolution 237, incurred by the special committee appointed to investigate the conservation of the wild-life resources of the United States and related questions, acting as a whole or by subcommittee, not to exceed $10,000, including expenditures for the employment of experts, and clerical, stenographic, and other assistants, shall be paid out of the contingent fund of the House on vouchers authorized by such committee, signed by the chairman thereof, and approved by the Committee on Accounts.

SEC. 2. That the official committee reporters shall serve said committee at its meetings in the District of Columbia.

With the following committee amendment:

In line 6, strike out "$10,000" and insert "$7,500."

Mr. COCHRAN of Missouri. Mr. Speaker, may I ask the gentleman where this resolution comes from?

Mr. MORAN. From the Committee on Accounts.

Mr. COCHRAN of Missouri. When did the Committee on Accounts meet?

Mr. MORAN. Yesterday.

Mr. COCHRAN of Missouri. I received no notice of a meeting of the Committee on Accounts. I am a member of that committee and always attend the meetings.

Mr. WARREN. Will the gentleman from Maine yield?

Mr. MORAN. I will be pleased to yield to the gentleman from North Carolina.

Mr. WARREN. Every member of the Committee on Accounts, of course, is always notified of the meetings of the committee. The gentleman from Missouri [Mr. COCHRAN] was mailed a card, because I personally put the card in the mail box along with others for the other members of the committee. The gentleman's office was called twice yesterday morning before the meeting and notice was left at his office that there would be a meeting.

Mr. COCHRAN of Missouri. I will say to the gentleman from North Carolina that I did not receive the card. I will not challenge the gentleman's statement, for I may say I personally mailed two letters Sunday morning in the House Office Building chute, one to an address on Fifteenth and H Streets, and I find that neither of those letters has been delivered. I should like to know what is the matter with our mail system. If my letters were undelivered, the committee notice could have failed to reach its destination.

Mr. WARREN. I cannot inform the gentleman about that.

Mr. COCHRAN of Missouri. I insist I did not get the notice of the meeting of the committee. Had I received it, the gentleman knows I would have been present. I always attend the meetings, and cooperate with the gentleman from North Carolina, as he well knows.

Mr. SNELL. Ask Mr. Farley and he will tell you all about it.

Mr. COCHRAN of Missouri. I am not talking about the merits of the resolution. Naturally, I was surprised to hear a report from a committee of which I am a member when I did not know a meeting had been held.

Mr. TABER. Was it air mail?

Mr. COCHRAN of Missouri. Now, as to the resolution. I did not participate in the debate when the original resolution was before the House, but I did hear the gentleman from Texas, Mr. BLANTON, ask the author of the resolution, Mr. DRIVER, of Arkansas, what the expense would be and Mr. DRIVER informed him that the resolution had been amended so that the committee would sit in the District of Columbia and not go out on a junket. Mr. DRIVER said the amendment would mean that no expense would be involved. Mr. SNELL, likewise, inquired about expense, and again the statement was made that no money would be needed.

This is an important subject, and being interested in the conservation of wild life, not only wild fowl but also fish, I am perfectly willing that the money be appropriated if it is necessary; but, Mr. Speaker, I insist that Members should not come forward and ask the House to pass a resolution saying no money would be needed and then come back in 10 or 15 days and submit a resolution calling for an expenditure of $7,500. It is beyond me to understand how you can spend such an amount on an investigation of this kind to be held in the District of Columbia.

Mr. Speaker, a few moments ago we passed a resolution calling for a complete investigation of old-age pension systems by the Committee on Labor. Several Members wanted to know how much it would take. Here is a very live subject affecting the old men and women in this country. The committee said it wanted no money—or at least the chairman did; $7,500 for investigating wild life, not 75 cents for investigating such an important question as old-age pensions. Think it over.

Mr. MARTIN of Massachusetts. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. MARTIN of Massachusetts. When this resolution was before the Committee on Rules, the statement was made

that this would not cost any money. Will the gentleman explain how this money is going to be expended?

Mr. MORAN. The committee yesterday had a meeting to discuss the matter of expense and considered in that connection the expenses of the Senate committee which has a similar purpose and which spends approximately twice the amount provided in this resolution. The expense invoved in the matter will be confined largely to the District of Columbia.

Mr. MARTIN of Massachusetts. Does the gentleman think it is fair to the House to go before the Committee on Rules and make a statement that the proposition is not going to cost any money, and when the authorization is granted because the House thinks it will not cost any money, to come in then and want $7,500?

Mr. MORAN. Of course, the Committee on Accounts did not make any arrangement with regard to expense under the original resolution. The matter was presented to us as a necessity on account of secretarial and clerical services.

Mr. MARTIN of Massachusetts. Does not the gentleman think you ought to keep faith with the Members of the House when a promise of this sort is made?

Mr. COX. Will the gentleman yield?

Mr. MORAN. I yield to the gentleman from Georgia.

Mr. COX. I want to corroborate the statement made by my colleague on the Rules Committee, the gentleman from Massachusetts [Mr. MARTIN], when he states that representations were made to the Rules Committee that this investigation would not cost any money. I do not know, but it is my feeling that if the Rules Committee had been advised that the investigation would cost $7,500, the resolution would not have been favorably reported. Will the gentleman now inform the House what representations were made to the Committee on Accounts which justify the committee's asking for an appropriation of $7,500?

Mr. MORAN. The new committee which has been created by the Speaker has presented to the Committee on Accounts the proposition that this will necessitate at least the clerical help of two employees and also the employment of a secretary.

Mr. COX. Does it not impress the gentleman as being absurd that the committee should need two stenographers and a secretary to conduct an investigation of this kind?

Mr. MORAN. I was simply presenting their request and not our final decision.

Mr. ROBERTSON. May I answer the gentleman from Georgia?

Mr. MORAN. Yes; I yield to the gentleman from Virginia.

Mr. BAILEY. May I ask if this is the resolution in which the gentleman from Texas [Mr. KLEBERG] is very vitally interested?

Mr. MORAN. Yes.

Mr. BAILEY. I have just sent for the gentleman from Texas; and if you will give him the opportunity, I know the gentleman will be pleased to explain the matter.

Mr. MORAN. Yes. I have just yielded to the gentleman from Virgina [Mr. ROBERTSON], the chairman of the committee.

Mr. ROBERTSON. Mr. Speaker, I am sorry the members of the Rules Committee feel that this request for a limited fund for the work of the special committee is not keeping faith with the request of that committee to report out the original resolution creating this committee. I appeared before the Rules Committee and was not conscious of having made to them any statement that this would not involve any expense. What I thought I said to the committee was that the original resolution did not provide for any appropriation or any authority to spend any money, and what I think I said to the gentleman from Texas [Mr. BUCHANAN], when he offered his amendment and stated that the committee was expecting to take junket trips, was that there was no intention on the part of the committee to take any such trips, and we were very pleased to agree to his amendment that the committee could only hold hearings in the District of Columbia.

Mr. MARTIN of Massachusetts. Does the gentleman believe this $7,500 is necessary?

Mr. ROBERTSON. I certainly do.

Mr. MARTIN of Massachusetts. Who are the scientists or the experts that are going to be employed?

Mr. ROBERTSON. We hope that the services of the experts can be obtained from existing Federal agencies.

Mr. MARTIN of Massachusetts. Then why pay them?

Mr. ROBERTSON. It is not contemplated that the experts will be paid.

Mr. MARTIN of Massachusetts. Then why are you putting that provision in the resolution?

Mr. ROBERTSON. Because if for any reason we cannot get the necessary experts, we want the privilege of employing them. I may say to the gentleman that we are spending millions of dollars in conservation. There are at least 10 Federal agencies whose work is not coordinated. They are spending much money on the conservation of a great natural resources. We want these activities directed toward giving simple, wholesome, and clean recreation to thousands of men of small means who now cannot hunt and fish.

Mr. MARTIN of Massachusetts. Is not all of that information available now?

Mr. ROBERTSON. I do not think it is; the various Federal agencies are not coordinated, and the results are not what they should be. Over 40 conservation associations of a national character have endorsed the purposes of the Beck special committee.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. ROBERTSON. If I have the floor.

Mr. KOPPLEMANN. In the opinion of the committee will not this expenditure of money be the means of saving a great many thousands of dollars?

Mr. ROBERTSON. If this committee functions properly, we ought to be able to save thousands of dollars in the sense of getting better value for the money expended.

Mr. MARTIN of Massachusetts. Are they not seeking the same information in the Senate?

Mr. ROBERTSON. Not that I know of, but I understand the Senate has asked that a committee be formed in the House to cooperate with them and to assist in legislation. When their constituents write to them about wild-life preservation, the Members of the House do not feel like going to the Senate to have some action taken there.

Mr. TABER. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. TABER. Mr. Speaker, it seems to me that when they come in here and tell the House that they are going to make an investigation without expense, we ought to have the investigation without expense. We have had large investigations on very important matters that did not cost the Government any money except for printing the hearings. I do not believe it is necessary at all to go into any large expense for the operations of this committee.

We have official committee stenographers who will take the hearings, and it seems to me absolutely ridiculous for them to come here now and ask for $7,500 at this time. I think the resolution should be laid on the table, and, Mr. Speaker, I move that the resolution be laid on the table.

Mr. KLEBERG. Will the gentleman yield?

Mr. MORAN. I yield.

Mr. KLEBERG. Would it be in accordance with the idea of sane procedure for this committee to come into the House and deliberately hamstring itself by saying that it would incur no expense?

Mr. MORAN. I might say that the Committee on Accounts, of which a large majority were present, was unanimously in favor of the resolution.

Mr. MARTIN of Massachusetts. Does not the gentleman think that after the committee came in and said that it would incur no expense that they should adhere to that? It is the practice we are protesting against.

Mr. KLEBERG. May I say that as a matter of fact the study which it is proposed to undertake here has merely up to date scratched the surface?

Mr. MARTIN of Massachusetts. I am in favor of the investigation; it is the principle of the thing that I am objecting to.

Mr. KLEBERG. Does the gentleman honestly believe that this committee set up here in accordance with the administration's desire to protect wild life——

Mr. MARTIN of Massachusetts. The administration has had nothing to do with it until now.

Mr. KLEBERG. It would be impossible for this committee to function without some expense, and the gentleman knows it.

Mr. SNELL. You were going to make the investigation without expense, and now you come in and say it is favored by the administration. I suppose if that is so, we will have to give them the money.

Mr. O'CONNOR. Mr. Speaker, in reply to the gentleman from New York [Mr. SNELL], the gentleman from his experience on the Committee on Rules knows that almost invariably such a resolution does cost money.

Mr. SNELL. If the gentleman is referring to my experience, the gentleman knows that we put out very few of them when I was chairman of the Committee on Rules.

Mr. O'CONNOR. Yes; but every time they say that, it is a hope rather than a fact.

Mr. SNELL. Is the gentleman from Alabama [Mr. BANKHEAD] this morning representing the situation?

Mr. O'CONNOR. No. There is going to be expense.

Mr. SNELL. Then the truth should be told to begin with, and the gentleman should not come in afterward with a request for money.

Mr. O'CONNOR. They may not spend any part of the $7,500.

Mr. COOPER of Ohio. Mr. Speaker, will the gentleman yield to me?

Mr. MORAN. I yield to the gentleman from Ohio.

Mr. COOPER of Ohio. Mr. Speaker, I do not know what took place when this resolution passed the House. I do not know whether the statement was made relative to expenses or not, but I understand this is a resolution calling for $7,500 for the Wild Life Conservation Committee of the House. All over the United States today we find a great desire upon the part of American people for the conservation of wild life. We can see our wild life passing away, and it will be only a little while before they are extinct in our country, unless something is done to conserve them. It seems to me that when in 30 minutes we can pass legislation carrying an appropriation of $950,000,000, we ought to be willing to spend $7,500 for this committee to do this work, to conserve the wild life of our country.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. MORAN. Mr. Speaker, I yield now to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Speaker, I want to clear up what I think is an honest misunderstanding about any representation before the Committee on Rules with reference to this investigation. The gentleman from Massachusetts, and other Members on that side, seem to be under an impression that when these gentlemen appeared before the Committee on Rules asking for the passage of the resolution setting up this joint committee, it was stated that it would involve no expenditure of funds out of the Accounts Committee of the House. As I told the gentleman from Massachusetts [Mr. MARTIN] a few moments ago in private conversation, I think he has an erroneous recollection about the facts of that case. It is my recollection that no assurance was given by the gentleman who presented the resolution that it would entail no expense, and I think I can have that confirmed by the other members of the Committee. That, at least, is my recollection about it.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. COX. I regret that I cannot support the gentleman in that statement. My recollection is very distinct that assurances were given the Committee on Rules that there would be no appropriation asked for the investigation.

Mr. BANKHEAD. Mr. Speaker, in view of the statement of my colleague from Georgia—and our memories are always fallable—I hasten to say now that the gentleman from Massachusetts [Mr. MARTIN] may be right about it, and I am glad to withdraw the statement I made because the gentleman from Georgia [Mr. COX] and the gentleman from Massachusetts [Mr. MARTIN] seem to be under entirely different impressions.

Mr. KLEBERG. Mr. Speaker, will the gentleman yield?

Mr. MORAN. Yes.

Mr. KLEBERG. I rise to ask the gentleman from New York [Mr. SNELL] if he knows of any committee, either standing or temporary, in this House now created for the purpose of making the study now before the group under this resolution, to whom we could go to have that study made?

Mr. SNELL. Oh, there have been committees in the past that have not incurred expense.

Mr. KLEBERG. Is there one now?

Mr. SNELL. I cannot say whether there is one now or not, but I do not think you gentleman do it as cheaply as we tried to do it.

Mr. KLEBERG. My colleague has been here a long time.

Mr. SNELL. Perhaps too long.

Mr. O'CONNOR. Right there, Mr. Speaker, the gentleman from New York [Mr. SNELL] has forgotten about the $500,000 expended to investigate why the eighteenth amendment should not be repealed, which proved afterward to have been wasted.

Mr. SNELL. We never set up any such committee as that, and the gentleman knows it.

Mr. KLEBERG. The gentleman from New York has been here a long time, and the gentleman is aware of the fact that expense is incurred by every committee of this body. When the question of expense comes up, there might be great wisdom in the suggestion that all committees of this House be curtailed by depriving them of the use of any funds to function in the ordinary regular course of business. Would the gentleman consider merely the performance of the perfunctory duties which this committee would be called upon to undertake, an expense?

Mr. SNELL. Mr. Speaker, I have no objection to the gentleman's general statement, but I do object to their continually coming on the floor and setting up investigating committees and saying it is not going to cost a single dollar and then coming in afterward within a week or 10 days and asking for $7,500 or for $10,000. I object to the way in which it is done more than I do to the fact itself. Why not tell the whole proposition the first time it is brought up?

Mr. KLEBERG. It should have been understood.

Mr. SNELL. I certainly understood that this special committee was not going to ask for any appropriation. Whether I was wrong or not I do not say, but that was my understanding at the time.

Mr. KLEBERG. Does the gentleman know of any committee in the history of the House that has functioned without any expense?

Mr. SNELL. I know we have had a great many of them.

Mr. TABER. I can refer the gentleman to a committee that ran up no bills against the House.

Mr. BAILEY. Mr. Speaker, I demand the regular order.

Mr. MORAN. Mr. Speaker, I move the previous question on the resolution.

The previous question was ordered.

The SPEAKER. The question is on the committee amendments.

The amendments were agreed to.

The SPEAKER. The question is on the passage of the resolution.

The resolution was agreed to, and a motion to reconsider the vote by which the resolution was passed was laid on the table.

SUSAN B. ANTHONY

The SPEAKER. Under the special order for today, the lady from Massachusetts, Mrs. ROGERS, is recognized for 15 minutes.

Mr. GRAY. Will the lady yield to me to make a unanimous-consent request?

Mrs. ROGERS of Massachusetts. I yield if it is not taken out of my time.

Mr. GRAY. Mr. Speaker, I ask unanimous consent that I may be permitted, at the conclusion of the lady's remarks, to address the House for 10 minutes on the life and character of Abraham Lincoln.

The SPEAKER. Is there objection to the request of the gentleman from Indiana [Mr. GRAY]?

Mr. TABER. Mr. Speaker, I object.

Mrs. ROGERS of Massachusetts. Mr. Speaker, I asked for time to speak today for two reasons. First, because this is the one hundred and fourteenth anniversary of the birth of Susan B. Anthony, and second, because, so far as I know, no recognition of her birthday has ever been made in Congress. As the first woman elected to Congress from her own State, it is a real privilege to eulogize her memory and to review briefly her untiring perseverance in the cause which she loved so well.

Born in the beautiful little town of Adams, in the Berkshire Hills of Massachusetts, on February 15, 1820, she was the second of eight children in a family which carried out the best traditions of old New England.

Both her father and her mother had been reared in comfort and plenty. Her father, Daniel, was a man of culture. When Susan was born, he was the owner of a cotton factory, and the Anthonys enjoyed a prosperity at that time unusual when small incomes and close economy were the rule.

Susan's father, a Quaker, was a strong temperance advocate and an equally strong opponent of slavery. His ways of thinking were of great influence in determining the course of her life. The little Quaker girl was unusually intelligent and precocious. She attended a little old-fashioned district school. When she was 15, she became a teacher in a school held by her father in one part of her home. At 17 she taught in a private family for $1 a week and board. Her teaching later became a necessity, through the crash of the Anthony fortune.

It is interesting to read of the causes of the depression which wiped out the Anthony fortune. I quote: "All manufacturing industries in the country were in a ruinous state. The unsound condition of the banks, with their depreciated and fluctuating currency, had created financial chaos. Overproduction of cotton goods on a credit basis, inordinate speculation, reduction of duties on importations, produced the inevitable result, and the commercial world began to totter on its foundations." How like the present day.

The people of that period also had the same problems that we have in 1934 in regard to the currency. When on a business trip to Washington, Daniel Anthony wrote to his family:

> Our Congressmen are some like other folks, they look out first for themselves. They have spent most of this day in debating whether they shall be paid in specie.

In her early years of teaching she joined the Daughters of Temperance. Her heart and soul were enlisted in the cause. This was only a step to her first entrance into public life. Her religious training was responsible for much of her progressiveness. The Quakers were firm in their belief in the equality of the sexes. They even encouraged their women in public speaking. In her own home her father believed in giving the same advantages in preparing the girls as well as the boys for self-support. The daughters were taught business principles and invested with responsibility at an early age. She was not told that woman's place is in the home.

Perhaps she owed more to her father than to anyone else. He thoroughly believed in her and encouraged her desire for reforms which were then considered radical. He gave his moral support and financial backing whenever he could.

In July 1848 the first woman's rights convention was held in Seneca Falls. Susan Anthony's parents and her sister attended and signed the declaration demanding equal rights for women. They brought home to her their enthusiasm on the subject.

At that time there was but one field of public work into which women had dared venture, except in a few isolated cases—that was the cause of temperance. Susan Anthony presented her credentials to the Daughters of Temperance Society at Rochester, and she soon became a leader.

She was sent as a delegate to the Sons of Temperance Convention at Albany. She caused a furor which brought her name to the notice of the country as a whole. Listening intently to the arguments at the convention, she could stand it no longer and arose from her seat. "Mr. President, I wish to speak to the question." All eyes were turned toward her. The meeting was aghast at the audacity and unprecedented nerve of a woman who dared rise and speak, even though she be an accredited delegate. The presiding officer hastened to admonish her, stating that "the sisters were not invited there to speak, but to listen and learn." As a result, Susan Anthony and others left the hall and formed a committee, of which she was chairman, to call a woman's State temperance convention.

The refusal to let her speak at the Albany convention transformed Susan B. Anthony from a quiet domestic Quaker maiden to a strong, courageous, uncompromising advocate of absolute equality of rights for women. She abandoned school-teaching and gave her life to advance the causes of temperance, antislavery, and equal rights for women.

At the second convention of the Women's State Temperance Society, with men and women delegates, great dissension occurred. When a vote was passed that the society should have nothing to do with the woman's rights movement, Mrs. Stanton, the president, and Susan Anthony withdrew from the organization. Susan never again joined a temperance society. She had reached the conclusion that, if women had the ballot, they could deal effectually with intemperance. She was very resourceful in always keeping her objective in mind. If she could not gain it in one way, she tried another. Thereby she showed her foresight.

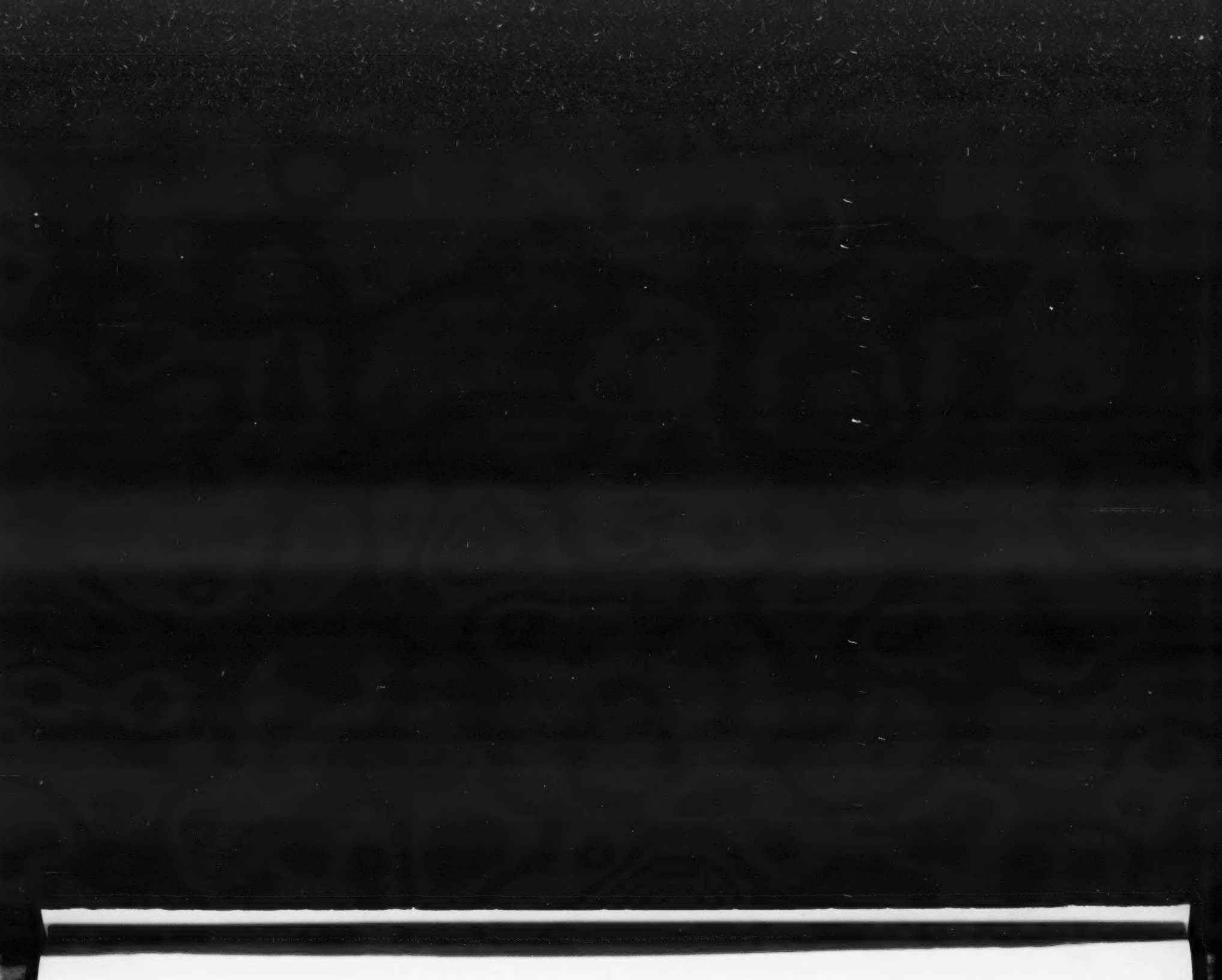
The early meetings of the Equal Rights Society were held under great difficulties. Speakers were heckled, booed, and hissed. Often the meeting was forced to adjourn in the midst of great confusion. Of her courage in the face of hostile audiences there are numerous instances. On one occasion, the mayor of the town had to sit on the platform throughout the meeting with a shotgun across his knees to maintain order. Her unflinching courage carried her through all such experiences. Nothing could thwart her.

Her life could not have been easy. It could not have been pleasant. Insult and ridicule were her daily portion. How weary and sick at heart she must often have been. As she went from place to place, trying to interest women in her cause, often the door was slammed in her face with the remark that they "had all the rights they wanted." At one time she was hanged in effigy. At another she was accused of being immoral because she advocated coeducation. Her feelings must have been crucified constantly. She was held up as a horrible example and women even drew their skirts aside as she passed.

She was quick of mind and ready of reply. She was equal to every battle of wits and often men who came to jeer remained to pray. At one time when she appeared before a committee, Horace Greeley asked her: "Miss Anthony, you know the ballot and the bullet go together. If you vote, are you ready to fight?" Her reply was instant. "Yes, Mr. Greeley, just as you fought the last war—at the point of a goose-quill."

She proved her originality when she and two of her sisters decided to put to a test her theory that the fourteenth amendment to the Constitution gave the women the right to vote. She convinced the registrars of voters at Rochester, N.Y., that she had at least the right to try to vote. On election day Susan Anthony and a few others deposited their ballots. The newspapers made much of the occurrence and news of it was telegraphed to all parts of the country.

About 2 weeks after the election, she was arrested. How strange all of this seems to us in this time and age! Members of Congress now almost feel like sending women to jail who do not vote for them. Scarcely a Member but



depends upon his women constituents for work at the polls. He has found that the loyalty of women workers is steadfast and dependable.

The trial which resulted is famous. Susan Anthony stood upon her theory that she was "called to the ballot box not as a female, but as a citizen of the United States." She was convicted and sentenced to pay a fine of $100. The trial brought the country to a better understanding of the question of equal rights. Converts were made daily to the cause. It was a victory even in defeat.

The trait in Susan Anthony's character most admired by all who have studied her active life was her absolute unselfishness. She gave to her cause every ounce of her energy. She gave up all that most women hold dear for her ideals. For their furtherance, she spent her own money and begged that of her friends. No motive of self-interest or lure of fame spurred her to battle. In the face of strong opposition, she never lost her smile or her good nature. This lightened her almost fanatical zeal. She was a true optimist, who searched out the brighter side when all seemed wrong. Above all, she was a most human person. Her prominence and position as a leader did not take from her that gracious charm and simplicity which made her so beloved by her friends and acquaintances. Curiously gentle to women and to the oppressed, she was militant in battering down the walls of precedent which imprisoned half the human race.

During a campaign in the early nineties she was obliged to stay for the night at a poor hotel. But even this apparently did not depress her, as through the thin walls of the partition the voice of the landlady was heard to say: "Well, I never supposed I could entertain big-bugs and I thought I couldn't live through having Susan Anthony here, but I'm getting along all right. You ought to hear her laugh. Why, she laughs just like other people."

The later years of her life were filled with activity. Her writings covered the vital questions of the day and were always to the point. She was right when she said:

> I marvel that the men did not see that the question of liberty and peace could not be settled until all the people, women as well as men, were enfranchised and had the power to work and enforce the laws.

Perhaps the other great emancipator, Abraham Lincoln, had this idea when he said:

> That government of the people, by the people, and for the people shall not perish from the earth.

In the early nineties, South Dakota had experienced one of the hottest summers ever known. Drought and prairie fires had reduced the people to severe financial straits. She wrote:

> Starvation stares them in the face. Why could not Congress have appropriated money for artesian wells and helped these earnest, honest people, instead of voting $40,000 for a committee to come out here and investigate.

If she were alive today, there is little doubt that she would have sat in Congress, if she so wished. Her earnestness of purpose and perseverance would have placed her here. Miss Frances Willard once said of her:

> Susan B. Anthony—she of the senatorial mind—will be remembered when the politicians of today have long been doomed to "innocuous desuetude."

She believed in preparedness and realized the importance of accessibility of information. She insisted that all of the workers for woman's suffrage keep scrapbooks. These, with her scrapbooks and her personal library, are now in the rare-book department of the Congressional Library and form a complete history of the equal-rights movement. In each of her volumes there is an inscription of some length, in her own handwriting, which portrays the mental ability, the breadth of vision, and the warm and noble character of the great emancipator of women. The inscriptions are most delightfully and naively written and reveal a complete lack of ego. A marvelous biography of her life could be written from these inscriptions. It must have been a great sacrifice for her to present her library to Congress before her death. She loved her books.

When this silver-haired warrior made the last speech of her life in Washington, at the celebration of her eighty-sixth anniversary, her voice was firm and she swayed her audience to enthusiastic applause. Her closing motto had been her guidon throughout her wonderful life: "Failure is impossible."

She died on Tuesday, March 13, 1906. One of the truest and most apt things ever said of her was by a friend in speaking of the many favors asked of Susan Anthony. It contains a sentiment which sums up her life of self-sacrifice. She said:

> How they all turn to you when they want favors and perhaps forget you when it is the other way. Well, the Supreme Being is treated in the same fashion. People seldom think of God when they are happy but quickly turn to prayer in their hour of need. It is the way children treat their mothers, too, and you stand as a sort of divine mother to the women-children of today.

Certainly the women for whom she opened the gateway to such broad liberties today are reaping the benefits of her self-sacrifice and ought to be supremely grateful to this great pioneer. She never faltered along the thorny path to her goal. It is cruel that she could not have lived to see her efforts crowned with complete success. But the spirit of Susan B. Anthony animates thousands of American women who are trying today to follow her shining example by giving themselves to the service of others. [Applause.]

REFINANCING FARM DEBTS, 1934

Mr. JONES. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 7928) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts and for other purposes", approved January 31, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. MARTIN of Massachusetts. Reserving the right to object, I would like to ask the gentleman if he has consulted the minority leader about taking up this resolution at this time?

Mr. JONES. I have, and it is satisfactory to the gentleman from New York [Mr. SNELL]; and I have also taken it up with the ranking member of the committee of which I am chairman, and he has no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, I have no objection.

There being no objection, the Clerk read as follows:

> *Be it enacted, etc.*, That subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, is amended to read as follows:
> "(b) Mortgages executed to the Land Bank Commissioner and mortgages held by the Corporation, and the credit instruments secured thereby, and bonds issued by the Corporation under the provisions of this act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes)."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

THE REVENUE BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 7835, the revenue bill, with Mr. CANNON of Missouri in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, I feel like calling the attention of the Members on the Democratic side to the fact that when we were considering a very important tax bill a few years ago, I was glad to join with them, in company with 15 or 20 other Republican Members, and we succeeded in amending that measure in several important particulars. I want to say that we had no gag rule on tax bills then. I for one, wish to remind you that the party on this side was much fairer in dealing with tax matters.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. VINSON of Kentucky. Is the gentleman referring to the 1924 Revenue Act?

Mr. GIFFORD. I rather think he was.

Mr. VINSON of Kentucky. Does the gentleman recall that that side of the aisle hardly had a majority that would have supported a gag rule?

Mr. GIFFORD. I should like to say that this side has not, for a long, long time had a real majority, but now our so-called "progressives" are coming back to the fold. You have gone back on them. You have repudiated them, and, I think, you will find that for some time to come they will be sound Republicans after a few more gag rules like this have been imposed upon them.

Mr. Chairman, I remind the gentlemen that in the matter of tariff bills, with their immense number of items, there may be a shade of reason for not throwing the entire measure open to amendments. But on a tax bill, which is to most people at least, far more important than a tariff bill, we should like to have the opportunity to express ourselves and offer amendments, because we shall certainly be held responsible for it.

I recall the attitude of the Democratic side in that year of 1924, relative to consolidated returns, and how we helped you to win your point regarding consolidated and affiliated returns. Now, I observe in this tax bill that you still recognize the wrong, but as a palliative have raised the rate from 1 to 2 percent for the privilege. Individuals and corporations cannot now carry their gains and losses over and average them through the years. To illustrate, if one corporation makes $50,000,000 and another owned by the same parent company loses $50,000,000 let one offset the other. Perhaps all corporations should be treated alike and if they earn $50,000,000 the Government should get the tax thereon. There should be more explanation on this point than is offered in your report. I want to recall to the Members now in control the arguments of their own leaders in 1924. They now appear to have reversed their position and listened to the Treasury Department, when they say, "Oh, this method is simpler. If we do not adopt it we shall have to look into an awful lot of intercompany transactions and seek for fraud. And you know that would be very difficult." Such arguments were ridiculed, then. As a further illustration, suppose that a parent company owns a dozen different vessels, which are incorporated separately. They would like to limit suits against the particular company involved. I recognize, of course, that these intercompany transactions are very difficult to determine as to their bona fide character. But I rose to remind you that about 20 from this side joined with you at that time in the arguments which you made then, but are now disclaiming.

Much has been said on the floor of the House—and I wonder that the committee does not profit by it—in favor of the sentiment to present the constitutional amendment required to make tax-exempt securities bear a little of the tax burden. Do you recall the year 1922 when, for several days, the argument waxed hot over such a proposed constitutional amendment? It was the argument of the Members on the Democratic side that the municipalities of the South and West needed to borrow money to construct schoolhouses and other public buildings and that they would be penalized. Therefore it was necessary to have this situation continue. Now, when you are in the majority, you say in this report that you are in favor of such an amendment. Yet you make no effort whatsoever to bring it about.

I should also like to remind the House that the defeat of that amendment in 1922 was suddenly brought about when the Members from Pennsylvania, Ohio, and Illinois thought that their States would be forced to adopt an income tax before they could participate in such taxes, and that the advantage was altogether with the Federal Government. However, the original arguments against such a constitutional amendment came from the Democratic side, and I still doubt whether they are really sincere in this matter of placing a tax on securities of this character.

A day or two ago the gentleman from Maryland, small of stature though he may be, stood here and boldly proclaimed that the committee lacked courage. You have not brought in a tax bill, but merely a tax avoidance bill, and the lawyers will probably find a way to beat you in most of these items, at that. One of the greatest tax experts in this country a few years ago said that, under this income-tax method, it was costing the people of the United States—paid in fees to lawyers, accountants, and others—$400,000,000 just to make out their returns. In order for the Federal Government to obtain two and a quarter billions of dollars it cost the American people $400,000,000, merely to prepare their tax returns! Now, with your Securities Act, with your condemnation of bankers and the current fear paralyzing business, there will be but few new concerns capitalized and few big fortunes made to tax. You have killed the goose which laid that $2,500,000,000 golden egg. You will get but few income taxes out of the higher brackets. The gentleman from Maryland was right; it is the middle-class people who must now pay and pay.

Mr. BULWINKLE. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. BULWINKLE. Is the gentleman in favor of or opposed to the Securities Act?

Mr. GIFFORD. I really do not know. Time will tell, but at present it is little understood and greatly feared.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. I yield.

Mr. RAYBURN. Is the gentleman for this bill now?

Mr. GIFFORD. I have referred to the Securities Act. The result of that act is that no one dares to put securities on the market today and sign the guaranties demanded. Only a short time ago I saw a sample of that document. If I were a director of a corporation wishing to issue securities, I would not dare to sign anything like it. We do know the demand which has been made for its amendment, but I do not care to branch off into a discussion of that act, since I admit that I know very little about it.

Mr. RAYBURN. Mr. Chairman, will the gentleman yield further?

Mr. GIFFORD. I am not yielding for that purpose. I am talking now about a tax bill and the lack of courage on the part of this House to raise even sufficient money to meet current expenses or to pay the interest on the public debt. What municipality could possibly do that and obtain further credit?

A day or two ago I was talking with one of the prominent men disbursing emergency funds regarding the financial condition of the city of New York. I said, "New York is probably the wealthiest city in the world. Does it owe more than four times its annual budget?" He could not answer. I then said, "It probably does and you are giving it a lot of the Federal Government's money. Are they, then, in real danger of collapse, owing four times their annual budget?" His reply was, "Yes; it would be in grave danger of losing its credit."

Of course, the bankers would put the city in a strait-jacket by tying up current revenues. Naturally it could not secure credit if it owed four to six times its annual budget. But the United States Government will owe $32,000,000,000—nearly 10 times its yearly budget—and this tax bill will not even take care of the interest thereon, while the Government continues to give away millions and millions to municipalities far better off financially than it.

But the statement is made, "Our credit is still all right. The securities of the Federal Government still sell readily."

True. But why? Because bankers do not know where else to put their money. They know also that they must furnish every dollar necessary to save the credit of the Federal Government, for when that goes all goes. Yet these same bankers would put a strait-jacket on the great city of New York and demand its current revenues as security.

Mr. O'CONNOR. Mr. Chairman, will the gentleman yield?

Mr. GIFFORD. For a witticism or a question? I know the gentleman.

Mr. O'CONNOR. Maybe I shall combine the two; I do not know.

Talking about the city of New York, does the gentleman think that a city or a corporation or an individual which owes $2,000,000,000, having at the same time assets of $20,000,000,000, is insolvent?

Mr. GIFFORD. No.

Mr. O'CONNOR. Of course it is not.

Mr. GIFFORD. But I ask if the city of New York does not owe nearly six times its annual revenue?

Mr. O'CONNOR. No.

Mr. GIFFORD. How much does it owe?

Mr. O'CONNOR. It owes about $2,000,000,000, as against an annual budget of $650,000,000.

Mr. GIFFORD. Well, that is very nearly four times as much.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. GIFFORD. I rose particularly to remind you gentlemen on the other side of the aisle that we aided you in putting over certain things which now—when you are in authority—you are repudiating. Secondly, I remind you, and shall do so often, that the United States Government will soon owe $32,000,000,000. I remind you that England, France, and Germany, having large national indebtednesses, are sufficiently courageous at least to meet their current expenses.

A tax bill that does not pretend to take care of current expenditures and interest on the national debt is not a courageous bill. Do not expect the revenue formerly obtained from the rich. Their big incomes were never made from earnings and dividends. They largely resulted from the capitalization of everything possible for as much as would produce even a small dividend. All this is gone. Do not look for it any more.

Mr. LEE of Missouri. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Missouri.

Mr. LEE of Missouri. These big fortunes were made under a Democratic administration, Wilson's administration. At that time everybody had money and you Republicans came in power and refunded to every thief in this country the money they had paid into the Treasury of the United States.

Mr. GIFFORD. Shall we have another war such as Wilson had in order to get prosperity? It was war that made those big fortunes. not the Democratic Party. We were left with a national debt of $26,000,000,000 as a result of it, and the Republican administrations reduced that debt to sixteen billion. For some years we had a Yankee President, and I wish that his voice could be heard now. I can almost hear him say, "You cannot spend yourself into prosperity." Yes, the Republicans reduced that debt to sixteen billion. You are swiftly raising it to $32,000,000,000. Are you boasting about this? We have not this session heard a speech from the other side in which they boasted about anything. All are riding along on the popularity of one man and hoping that the blame will be his, not theirs, if things go wrong.

But I can congratulate the committee on one thing, at least. We here have a bill actually framed by a committee of the Congress, itself. It was not sent down from the White House. On this point you are to be congratulated; but in closing, may I say that I cannot applaud your courage in bringing in a revenue measure which fails of its real purpose. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. PATMAN].

TAX ON COCONUT OIL

Mr. PATMAN. Mr. Chairman, in this tax bill there is a provision that coconut oil and sesame oil will carry a levy of 5 cents a pound excise tax. I am sorry it does not include palm, palm kernel, and whale oil, even if the rate of tax was lower. On this particular provision of the bill I want to make a few remarks.

The excise tax on coconut oil and sesame oil of 5 cents a pound will probably raise some revenue. At the same time, it will be, I presume you would call it, a protection to a domestic industry.

FREEDOM FOR PHILIPPINES

I think that the Filipinos should be granted their freedom. I think that the people of the Philippine Islands are capable of self-government, and I should like to see the Congress of the United States grant them their independence. If we would, this would solve many of our problems that are now upsetting the economic situation as it affects the farm population in our own country.

A NATIONAL DANGER

If we ever have trouble with any country in that part of the world, the Philippine Islands will be seized by that country, and then we will either have to send our boys several thousand miles across the sea to fight that country or sacrifice our national honor. We do not want to be in that position.

LOBBYIST

I have before me a statement gotten out by a man by the name of John B. Gordon, who claims to be the secretary, and I presume he is, of the Bureau of Raw Materials for American Vegetable Oils and Fats Industries here in Washington, D.C. I want you to know why he is fighting the tax of 5 cents a pound on this foreign oil.

First, he says that it will destroy the smaller soap makers of this country. There is not a word of truth in this at all. This will give the smaller soap makers of the country the same opportunity to make a fair profit that Procter & Gamble, Peet, Palm Olive, and other large manufacturers now enjoy because they can buy in such large quantities, whereas the small soap maker cannot buy in a large quantity.

WHO OWNS COCONUT INDUSTRY

This man Gordon further says that it will destroy the $35,000,000 investment in copra crushers in the United States and the Philippines. Who owns the coconut-oil industry in the Philippines? It is owned and controlled largely by the Chase National Bank and the National City Bank of New York City, together with a few other people in this Nation. They are interested in making the coconut-oil industry prosperous. They do not care anything about local industries if they interfere with the making of a profit on their investment over there.

Mr. MOTT. Will the gentleman yield?

Mr. PATMAN. I have not time to yield. I have only 15 minutes and my time is taken up. I am sorry.

Mr. MOTT. I am sorry too. I wanted to ask the gentleman a pertinent question.

Mr. PATMAN. If the gentleman will get me additional time I will answer questions all day, but I do not have the time now. I am sorry.

WHO OWNS RAILROADS THAT WILL PROSPER

With reference to the National City and Chase National Banks, they are largely interested in investments in the transcontinental railroads. Gordon says if we put on this tax of 5 cents a pound it will destroy the second largest freight item on incoming ships entering our great west coast ports and of the transcontinental railroads running out of these ports. In other words, he would have you make it easy for the foreign fats and oils to come into this country; first, because it would help the small soap maker, which statement is absolutely untrue, and second, it will help the

people who own the coconut groves in the Philippines, and, third, it will help the owners of the transcontinental railroads extending from the Gulf ports, because this is their second largest freight item.

PROTECT GARBAGE PAIL

He does not finish there. He goes ahead and he criticizes and ridicules the Congress of the United States in this. He says:

This is the first time in the history of America that protection has been carried to the point of protecting the garbage pail. Tallow renderers who collect the fat scraps from the hotels and restaurants produce 70 percent of the tallow consumed in the United States.

Why should they not be entitled to protection, if as he says, this is a bill for protection? Are not these poor people entitled to an honest living just the same as the transcontinental railroad owners or the owners of the coconut groves in the Philippines? Here is what he refers to. Every butcher in your district is interested in this bill. All of his scraps are used to make tallow and fats, and they are interested in getting a good price for these scraps. Therefore, he says if you protect the butchers you are protecting the garbage pail, and he endeavors to criticize and ridicule you because you want to give the butchers of this country this little item of protection which certainly they are as much entitled to as anyone else.

INFLUENCE LAWYERS

This just goes to show the extent that they will go in order to carry a point to make a little profit for themselves. Too many members of the bar in Washington are selling influence, and there are too many lobbyists who will resort to any means on earth to mislead Congress. I invite your attention to this fact: I live in a cotton-growing section of the South. The principal crop is my district is cotton, but the people are interested in getting into something they can make a living with, and if you do not help them make a living out of cotton they are going to produce other crops. For instance, the dairy industry will be interested in what I have to say about this coconut oil tax. The dairy industry, the hog industry, the beef-cattle industry, and the cotton-oil industry are all interested in this tax remaining in this bill, not only in this body but in the other body.

DO NOT PUT COTTON FARMER OUT OF COTTON BUSINESS

If the southern cotton farmers cannot make a living growing cotton, what are they going to do? They can go into the dairy business. They can put any other section of this Nation out of the dairy business. Do not forget that. They have 10 months of grass. They do not have to feed their cattle more than 1 or 2 months in the year. They do not need airtight barns, because any kind of shed will do. They do not have to go to any expense there. They are as close to the markets as the farmers of Iowa, Minnesota, and Wisconsin. They have cheaper labor and they have cheaper land than any other section of the Nation, and any time you force the cotton farmers out of the cotton business you are going to put them in your business, which is going to damage the industries in your congressional districts. Therefore it is to your interest to cooperate with us and help us stay in the cotton business, and this will be one step in that direction.

I now want to say a few words in regard to publicity of income-tax returns.

INCOME-TAX PUELICITY

The Government's system of requiring secrecy of income-tax returns places the Government in its effort to collect revenue in almost the same position as a blind man passing around the hat. The blind man does not know who contributes nor how much. With the Government's system of collecting income taxes the people do not know who pays taxes nor how much.

MELLON'S REFUNDS

During 3,000 days, commencing in 1921, the Federal Government remitted to the taxpayers of this Nation more than $3,000,000,000. Were the taxpayers entitled to these remissions? We know that some of them were illegally made, the few that have been brought to light. Income taxes are not only paid in secret, but they have been remitted in secret. Therefore, the people do not know whether these remissions were properly made or not.

If it had been possible for even representatives of the Government, including Members of Congress, and a restricted number of the citizens of this Nation, to have had an opportunity to inspect income-tax returns I do not believe that the taxpayers would have indulged in the wholesale graft, corruption, and evasions that they have indulged in in recent years in order to escape the payment of income taxes. Mr. Mitchell would have never attempted the absurd and ridiculous way of evading the payment of income taxes had he known that his return would be subject to public inspection.

BILLIONS LOST BY SECRECY

If inspection of returns had been allowed, the Government would have probably collected billions of dollars more in taxes than it did collect during recent years. There is no way of estimating the enormous amount of money that the Government has been defrauded of by secrecy. Tax secrecy is a badge of fraud. It only helps the tax evaders, tax dodgers, the dishonest, unscrupulous, and unpatriotic.

Loopholes in the law under a secret tax system are not known until the Government has lost enormous sums of money. The Congress has just recently discovered the loopholes that have been used for tax-evasion purposes 3 years ago. Under a publicity provision loopholes will be discovered immediately and legislation passed to correct evasions.

JOINT COMMITTEE INEFFECTIVE

There is a joint committee of Congress that has a right to pass on refunds, credits, and abatements, where the amount involved is more than $75,000. This is a subterfuge and a hindrance. The committee cannot properly pass upon these cases. One large taxpayer a few years ago received a hundred million dollar tax refund. When a Member of Congress insisted that the joint committee should look over the evidence the Treasury Department sent to the Capitol six large truck loads of books and papers. It would require 25 years' time of the joint committee to properly investigate this one case. However, if the joint committee is privileged to keep up with the case during its progress, very little time would be required.

CHICAGO'S SECRET TAX SYSTEM

I invite further attention to the fact that the city of Chicago has had a secret tax system. An interesting article was written about that secret tax system not long since. The writer of the article warned the American people not to keep their assessments secret. That should apply not only to the city of Chicago but to every State, county, and municipal government, and the Federal Government as well. Here is what happened in Chicago: It was discovered in an investigation that one man would be paying $5 taxes on his home, while the man next door would be paying $50 taxes on a home that had the same value, and the one next to him was paying $500 on a similar home. The reason why the man was paying $5 on that valuation was because of a political pull that he had and the secrecy of the returns, and it is my understanding that as a result of those fraudulent returns, which resulted by reason of a secret tax system, all assessments were declared void. Today Chicago is very much in the red and trace it back and it all comes from a secret tax system. Certainly there should be some way that representatives of the people should have the right to examine a tax return when the one who filed that return is making application for public funds to be returned to him.

A secret tax system has kept some of our so-called "big men" out of the penitentiary. I know one, and probably more, who would be in Al Capone's company were it not for our secret tax system.

TAX CHEATERS NEED NO PROTECTION

When the so-called "big men" of our Nation, the heads of the largest banks and industrial concerns in the world, seek to use, and do use, every method on earth to evade the payment of taxes justly due to their Government and seek the benefit of every loophole and twilight ruling for that

purpose, they should not be further protected by secrecy. Many of our citizens pay no attention to the law. We have discovered that they believe in law and order only when they can make the law and give the order. They use the credit of our Nation, which represents a mortgage upon our homes and other property, free of charge and run rough-shod over our laws and Constitution. Such a group is not entitled to be dealt with in a secret manner.

One of the best revenue measures we could pass is one permitting publicity of income-tax returns. It would cause more money to come into the United States Treasury than any other proposal that I know of.

I appeared before the Ways and Means Committee of the House asking that a provision be inserted in the pending tax measure permitting income-tax returns to be subject to public inspection. It is my belief that the Government should deal with its taxpayers in an open and above-board fashion; that no secrecy should be allowed either in the expenditure or collection of public money. To require names and amounts paid to be subjected to public inspection would be very helpful. I am not so much interested in requiring as I am in permitting publicity. Even if the information could only be disclosed in answer to written inquiries of the Bureau of Internal Revenue, we would have a great improvement over the present system.

PUBLICITY FOR ALL OTHER RETURNS

Why should we have secret tax returns? Would you stand for it in your own city, would you stand for it in your own county, would you stand for it in your own State? Would you be willing to have your tax collectors collect your money secretly and disburse the money secretly? Why, no; you would not. So why stand for it in this Government of ours? Every argument against it will apply with equal force to city, county, and State.

MITCHELL WOULD HAVE SUNG A DIFFERENT TUNE

Do you think that Mitchell, head of the National City Bank, when he was sitting in his own room writing a little note to his wife, "I hereby transfer to you so much stock" and at the same time saying that he did that to evade taxes, and thereby deprive the Government of hundreds of thousands of dollars—do you think he would have dared do that if the return had been subject to public inspection? No. There is only one answer.

MORGAN WOULD HAVE PAID

Do you think that J. P. Morgan, the year he launched his two and a half million dollar yacht and collected $8,000,000 interest on Government tax-exempt bonds and then neglected to pay any income tax of any kind—do you think he would have dared to do that if the income-tax returns had been subject to public inspection? You know he would not.

HOW IT CAN BE DONE

I do not want to put the Treasury Department to too much trouble, but I suggest that every person making an income-tax return might fill out a publicity sheet which could be detached and sent to a separate department and which would be subject to inspection of any citizen at any time. There would be no harm to the Government, no inconvenience to the Treasury Department. The sheet would contain limited but all essential information.

WISCONSIN HAS PUBLICITY

The State of Wisconsin has publicity of income-tax returns. The people in that State are well pleased with it, so far as I am able to find out—certainly, the people of Wisconsin see no reason why they should not have publicity—just like the city tax, the county tax, the State tax.

READ ABOUT WISCONSIN LAW

If you are interested in this subject, I hope you read what Senator LA FOLLETTE has said about 10 years of secrecy and 10 years of publicity of income-tax returns in his State. You may find his discussions of this subject in the bound CONGRESSIONAL RECORDS for June 13, 1933, page 5852, and for June 9, 1933, page 5419.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield to myself 5 minutes. Mr. Chairman, the gentleman from Texas for a long period of time has endeavored to convince the House of the merits, as he says, of the publicity of income-tax returns.

The gentleman from Texas appeared before the Ways and Means Committee at the hearings, and in the course of a colloquy, or rather before the colloquy began, the gentleman made this statement—and I am reading from page 303 of the hearings. He said:

The State of Massachusetts has a provision requiring publicity of tax returns.

Mr. Chairman, I ask that the Clerk read a telegram that I received from the Commissioner of Corporations and Taxation of the State of Massachusetts.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read the following telegram:

BOSTON, MASS., *January 15, 1934.*

Congressman ALLEN T. TREADWAY,
House of Representatives:

Answering your letter January 13. The statement attributed to Congressman PATMAN is in error. Massachusetts income tax returns are not available for publicity nor open to public inspection nor have they ever been. Massachusetts has always maintained her well-established principle that the relations between its taxing authorities and the taxpayer are entirely confidential and a complete and honest disclosure of the taxpayers' liability to pay can be made without hesitation. It seems reprehensible even to think of publishing the tax information furnished the Government by an individual taxpayer, as it cannot possibly help the governmental tax authorities but might seriously injure the taxpayer in his business and private relations. Massachusetts has a provision in the law that the tax commissioner must anwer yes or no to the question of did so-and-so file an income-tax return, but he cannot go further because the law forbids giving any further information as to a person's income tax return which can be used only for the proper calculation and collection of the tax. The law prohibits the commissioner and his assistants from giving any information in respect to income-tax returns and has a penalty in the event they do, which faces them with a fine or imprisonment, or both, and disqualification from public service. Over a long period of years it has been proven beyond question that Massachusetts has gained materially by adhering to the principles of no public disclosure of the taxpayers' information. I do not believe that Massachusetts will ever depart from that principle because the attitude of the Massachusetts taxpayer is one of cooperation and not one of hostility.

HENRY F. LONG,
Commissioner of Corporations and Taxation.

Mr. TREADWAY. Mr. Chairman, if the gentleman from Texas is no more correct in his statements in relation to the general subject of publicity of tax returns than he has shown to be in the accuracy of his statement about the law in Massachusetts, I do not think the House need worry a lot about publicity.

Mr. PATMAN. Will the gentleman yield?

Mr. TREADWAY. Yes.

Mr. PATMAN. Does not the gentleman know that all income-tax returns in the State of Massachusetts are subject to public inspection of the amount paid by taxpayers? Every year it is announced from Massachusetts how much in income taxes was paid by HENRY Ford and others. So they do have publicity of the essential information there.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TREADWAY. I yield to myself 5 minutes more.

I prefer to follow Commissioner Long's reference to the law rather than what the gentleman from Texas says about it. Henry Ford owns Wayside Inn, at Sudbury, Mass., made famous by Longfellow. The tax on this property is, of course, a matter of town record, and I am of the opinion that the gentleman from Texas has his wires crossed.

Now, Mr. Chairman, the gentleman made several statements on the floor a moment ago in relation to the subject matter. One had to do with refunds. I am surprised that a Member of the House as well informed as we seem to find our friend from Texas [Mr. PATMAN] should fail to know that refunds have to be reported to Congress every year when they are in excess of $500. This report gives the name and address of the taxpayer and the amount refunded. In the

case of refunds of $20,000 and more, the information given is more complete.

The CHAIRMAN. The time of the gentleman from Massachusetts has expired.

Mr. TREADWAY. I yield to myself 5 additional minutes. The gentleman from Texas went on to say that we ought to have these refunds reported. The law distinctly provides for that very thing, and if he will look at section 1676 of the Codification of the Internal Revenue Laws he will find that I am quoting to him the law under which he can see all the income-tax refund reports that he wishes to see. Moreover, the law provides that all refunds in excess of $75,000 must be referred to the Joint Committee on Internal Revenue Taxation before they can be paid.

Mr. PATMAN. Mr. Chairman, will the gentleman yield to me?

Mr. TREADWAY. Oh, the gentleman need not talk so loud. I can talk just as loud as the gentleman from Texas, and I shall continue to in my 5 minutes. With all due respect to my friend, I think he occupies probably an hour to every 5 minutes on the floor that I do. When I take the floor I like to use the 5 minutes myself. The gentleman further says that these examinations ought to be in the hands of experts. In whose hands are they but those of experts? I have had dealings with the chief of staff of the Joint Committee on Taxation for quite a number of years, and if the gentleman from Texas thinks that he is equally expert with that gentleman, he is showing great conceit, and that is all I have to say about it. I would trust the examination made by experts that we employ as against nosing desires of the gentleman from Texas.

There may be some advantage—there is one advantage, possibly, for this publicity of income-tax returns. It might show that somebody has not fully reported the amount of profits that he made in some business. Aside from that, I defy anybody to show the slightest good to be gained from publicity of income-tax returns, other than an effort, possibly, to blackmail. There are at least six outstanding reasons why it is not within common sense or decency to call for such publicity. First, the business secrets of competitors in business will be revealed. That is a good enough reason for any sensible man for not putting these reports in the public's hands.

Another thing is that the tax experts would be on every taxpayer, in order to get commissions for trying to save the taxpayer money. It would be the greatest harvest for the tax experts who want to actually try to save in an illegal way money in behalf of the taxpayer. There is no question about that. No one can for a moment doubt it.

In the third place it would seriously interfere also with the taxpayer whose business may not be profitable. Frequently a man has to make an income-tax return which, if known to the public, might seriously embarrass him in his business.

Next is a reason that would not hit me, though it might hit the gentleman from Texas, because I judge he is a man of great property and means. Persons with substantial incomes would be hounded by bond and stock salesmen, promoters—every kind of person—trying to get a commission selling stocks or bonds or wildcat schemes. The income-tax returns form the best basis imaginable for the creation of so-called "sucker lists."

Mr. PATMAN. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. I shall be glad to yield if the gentleman wants to deny his affluence.

Mr. PATMAN. I disclaim any such affluence; and any bond salesman can get that same information now from either Bradstreet's or Dun's or from other credit agencies or banking institutions.

Mr. TREADWAY. Oh, I beg the gentleman's pardon, but that is not official information. I, for one, never have made such a report as the gentleman speaks of, and I have done business in Massachusetts for 30 or 40 years. I never have made any report to Bradstreet or Dun, and nobody can compel me make a report to them.

Mr. PATMAN. The gentleman said these tax lawyers will have a great harvest. One has to have a license to practice before the Bureau of Internal Revenue. One who would resort to such methods could easily be disbarred.

Mr. TREADWAY. When you deal with the Treasury Department or the Income Tax Bureau, you are dealing with officials; but when you deal with Bradstreet and Dun, you are dealing with business people. It is a great distinction.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TREADWAY. I shall have to yield myself 2 minutes more to finish my statement.

Mr. PATMAN. Let me ask the gentleman another question. I want to explode another fallacy.

Mr. TREADWAY. There are no fallacies to explode in what I have stated, and I do not yield to the gentleman.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. TREADWAY. If I have any time, I shall be glad.

Mr. MOTT. Just for a question.

Mr. TREADWAY. I yield for a question.

Mr. MOTT. As a member of the Committee on Ways and Means, is it not a fact that if the gentleman from Texas had voted against the gag rule instead of voting for it, and had assisted in killing the gag rule, it would then have been possible for the gentleman from Texas to have offered his publicity proposal in an orderly way by way of amendment?

Mr. TREADWAY. If he could have gotten a sufficient number of his Democratic colleagues to vote that way; but the gentleman voted for the gag rule, as I did.

Mr. MOTT. Then, in view of these facts, what is the purpose of the speech of the gentleman from Texas?

I am glad the distinguished member of the committee yielded to me for the purpose of asking this question in regard to the gentleman from Texas [Mr. PATMAN]. I tried to ask this question of the gentleman from Texas himself, but the gentleman from Texas never yields to anyone for a question which he thinks may be embarrassing to him. And I might add that most questions that have been put to the gentleman from Texas at this session have been exceedingly embarrassing to him.

Mr. TREADWAY. Mr. Chairman, the fifth and greatest objection to this whole program is the possibility of blackmail, and you cannot get away from that as being an accurate statement. Further than that, if at any future time in its lack of wisdom Congress decides to make public such tax returns, then I say the man who applies for the right to see those returns should have his name published as well as the taxpayer's. That never has been suggested. Further than that, who is going to be smart enough to make these examinations, and why? Our tax exports are here for that purpose. I do not know who is going down to find out what Mr. PATMAN is paying unless he is some inquisitive salesman or a possible blackmailer.

The sixth disadvantage of publicity would be that every man will be made a spy on his neighbor and every employee a spy on his employer, or such persons will refuse to stoop to this practice, with the result that nobody with good purposes will examine the returns.

The CHAIRMAN. The time of the gentleman from Massachusetts has again expired.

Mr. TREADWAY. Mr. Chairman, in extension of my remarks I wish to say that no practical plan has been advanced which would secure the sole advantage to be claimed from the publicity of returns which at the same time would eliminate the serious disadvantages which have been stated. Until such a plan is advanced I am unalterably opposed to any such policy.

I wonder what my colleagues who favor publicity would expect me to do if we had complete publicity of returns. Do they expect me to look over their returns and the returns of the other Members? Do they expect to spend several months a year themselves checking up returns? Who do they expect will do this work? I know who would do this examining if we had complete publicity—surely not my colleagues, surely not our honest citizens, surely not the

loyal employees. The type of people who would do the examining would be high-powered salesmen, the unethical tax expert, business competitors of the sharp-practice type, credit men, disgruntled employees, curiosity seekers, and blackmailers.

In my opinion the country does not want any such system as this, and if we force it upon the country we will by that act sound the knell of the income tax. The records show that the income-tax returns of the Civil War period were open to public inspection. That income-tax law was repealed, and the principal arguments for such action were based on the abuses resulting from publicity.

Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I am very glad of this opportunity to express my personal appreciation to the members of the Ways and Means Committee for the courtesy they have extended to me since I became a member of that committee.

I want to bring home to the Members of the House a word or two with reference to the work done by a subcommittee of the Ways and Means Committee. On the 9th day of June 1933 a resolution was passed which authorized the Ways and Means Committee or a subcommittee thereof to investigate tax avoidances and also to discover, if possible, new sources of revenue. That committee was composed of Hon. SAMUEL B. HILL, of Washington; Hon. THOMAS H. CULLEN, of New York; Hon. FRED M. VINSON, of Kentucky; Hon. JERE COOPER, of Tennessee; Hon. ALLEN T. TREADWAY, of Massachusetts; Hon. FRANK CROWTHER, of New York; and Hon. JAMES A. FREAR, of Wisconsin. While the Membership of this House may have been enjoying a vacation, those men entered upon the discharge of their duties, and with the exception of 2 months, they worked continuously until they made their report to the full Committee on Ways and Means on December 4 of last year.

On December 15 the Ways and Means Committee took under consideration this revenue bill, and if the Members will examine the hearings closely, you will see that very intensive study has been given to a highly technical subject.

I think it would be well worth the time of every Member of the House to read carefully, word for word, the report of the subcommittee. I have taken the liberty of making a sort of an analysis, giving the pages where the various subjects are treated in this subcommittee report, a report of some 49 pages. If the Members of the House desire to become familiar with the major and many of the minor tax problems which will arise here every 2 years, they could do no better than to study this report. It is arranged in succinct form, in logical sequence, and treats each subject in a way that is very understandable, even to a layman.

I am interested in one item in this bill. It deals with the removal of an excise tax. I want to go back a little into the history of the grape industry so that you may understand the justice of the removal of this tax, which this bill eliminates.

I can remember back when I lived on a farm, we had about 6 acres of vineyard. It was one of the early vineyards in Chautauqua County. Prior to our putting out 6 acres on our farm, there were only a few acres of vineyard in the township. There was no particular market for grapes then; but little by little the farmers put in small acreages, 5 acres, 6 acres, up to 10 acres of grapes. The income from those grapes helped them to pay the taxes and send the boys and girls to school. It was a sort of a cash income, very much the same as the cash income which the southern farmer receives from the cotton oil that he gets from the cottonseed. Gradually and up to the present time the acreage has increased, so that in Erie and Chatauqua grape belt there are some 30,000 acres of grapes. The grape farms average about 10 acres each. There was a time when they received a fair return for their grapes, but grapes have been developed in Ohio, Michigan, and other States, thus increasing competition. Some 3,000 farmers in my district are engaged in raising grapes; about an equal number in Michigan, a large number in Ohio, some out in Arkansas, some in Washington; but you will find vineyards on almost every farm of any size east of the Rocky Mountains.

We raise a particular variety of grape known as the Concord. It has never really been adapted to the making of wine. Chemists have tried to make a palatable wine, but they have found it was better adapted to use as a table grape, and also in the making of unfermented grape juice, a pasteurized drink.

As time went on the market for table grapes was greatly imperiled by the development of vineyards in other States. In certain years, because of weather conditions, grapes would ripen in Michigan, New York, and Ohio at practically the same time. The result was that trainloads of table grapes came into the Chicago, New York, Cincinnati, and St. Louis markets, creating a glut in the market. The fruit being highly perishable, it would often spoil while it was waiting to be marketed, and in many cases the farmers would not get even the freight on the grapes. Grapes cannot be held in cold storage for any length of time. It is too expensive; but the farmers finally devised a plan for developing unfermented grape juice. Factories were erected in my district, also in Michigan, Arkansas, Washington, and various other States. It is very expensive to erect these processing plants. They are operated for only 3 months or less a year. This method, however, although expensive, has enabled the farmers to store the juice until it could be absorbed by the market. A large portion of the unfermented grape juice is sold in our hospitals and prescribed by physicians for convalescing patients. It has been very beneficial. Up to the time of the economy act, the Federal Government was a very large purchaser of unfermented grape juice for use in the veterans' hospitals. However, that market has been largely lost because it has been necessary to cut down the expenditures of the Veterans' Bureau hospitals.

Another thing that enters into the picture is the great cost of raising grapes. When a vineyard is set out it requires 4 years before the vines come into bearing. A man who has a vineyard must have special apparatus, special farm tools, a packing house, and other equipment not used in general farm work. The containers have increased in price; farm machinery has increased in price; farm labor, during a period of years, has increased, and freight transportation has increased, with the result that the price of grapes has gone down.

In the 1932 Revenue Act the Senate, laboring under a misapprehension, placed a tax of 5 cents a gallon on unfermented grape juice.

Now, that is equivalent to a tax of over $8 a ton on grapes. Grape juice cannot compete with synthetic drinks because it costs so much to raise the grapes, so much to process the grapes that the grape juice has to be sold for a fairly high price, much higher than the price of synthetic drinks. The manufacturer, unable to pass the tax on to the consumer, has found it necessary to protect himself against this tax of 5 cents a gallon by reducing the price paid the farmers for their grapes. Last year the farmers who raised grapes received, on an average, $12 to $18 a ton. It is utterly impossible for a farmer to pay his labor, to pay for material, to pay for the frequent spraying and constant cultivation and have anything left at all from such a low price. The result is that the farmers in my district are in a desperate situation. The same holds true of the farmers in Michigan, Ohio, Arkansas, and many other States where grapes are grown. The farmers have been penalized by the tax to the extent of over $8 a ton.

Here is another situation I want to bring to your attention: Grapes are not a basic commodity under the Agricultural Adjustment Act. The result is the farmers have had no relief whatever from the Federal Government, except some of the cooperatives have received loans; but the situation has been so desperate that one of the cooperatives in my district has gone into the hands of a receiver; farmers have suffered terrifically from the loss, because, as a result of this failure, they have not been paid for crops produced 2 years ago. We cannot plow under every third

row of grapes; we cannot destroy the vineyards. Unless the vines receive fertilizer, they soon deteriorate and become less productive. It is very difficult to bring them back to normal production. The vines have to be rooted out and replanted with new stock.

Our farmers are getting no money from the Federal Government, no loans to take care of the surplus grape juice. We must have relief from Congress; and the only relief that Congress can give, so far as I know, is to remove this 5-cents-a-gallon tax on grape juice. The provision in this bill removes the 2-cent tax on other fruit juices—lemon juice, orange juice, and pineapple juice—all of them strictly farm products.

I think this committee deserves great credit in recognizing the situation as it exists in these States by removing the gallonage tax on grape juice and other fruit juices contained in the 1932 act. I know that when the question comes before the House, the Members on both sides of the aisle, understanding the situation, will vote as a unit to remove this unfair tax from all fruit juices. The tax on other fruit juices outside of grape juice is 2 cents a gallon. The tax on grape juice is 5 cents a gallon.

The total revenue realized by the Government from this tax during the year was only $214,000. Why? Because of this tax many farmers did not even pick their grapes, did not harvest their grapes, and they could not afford to harvest them for the prices they were receiving.

I am very glad of this opportunity to talk on this particular phase of the bill.

Mr. EVANS. Mr. Chairman, will the gentleman yield?

Mr. REED of New York. I yield.

Mr. EVANS. The vote of the committee on the proposition of removing this tax was unanimous, was it not?

Mr. REED of New York. The action of the committee was unanimous.

Mr. EVANS. So there is no dissension at all as to the removal of this tax on fruit juices?

Mr. REED of New York. That is true.

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. Mr. Chairman, ladies and gentlemen of the Committee, as stated by the distinguished gentleman, who has just preceded me [Mr. REED of New York], the tax revision end of this bill, H.R. 7835, was considered by a subcommittee who spent many months on the subject matter. The work of the subcommittee was done under the authority of a House resolution authorizing this work. I was honored by the distinguished chairman of our committee, Hon. R. L. DOUGHTON, of North Carolina, to sponsor its passage through the House. It was adopted on June 10, 1933. The subcommittee consisted of Hon. SAMUEL B. HILL, of Washington, chairman, THOMAS H. CULLEN, of New York, JERE COOPER, of Tennessee, and myself, Democratic members, and ALLEN T. TREADWAY, of Massachusetts, and FRANK CROWTHER, of New York, Republican members. The work of the subcommittee proceeded through the summer and fall. It made its report to the full committee on December 4, 1933, in a printed statement consisting of 42 pages.

We state, in compliment to ourselves, that the consideration of this general income-tax revision was wholly without political bias. The conclusions of the subcommittee were reached without a single division of its members. It was a unanimous report.

After the report of the subcommittee was submitted to the full committee, very comprehensive hearings were held, witnesses upon practically all the various subject matters presented their views, and thereupon the full committee spent several weeks in consideration of the subcommittee's report, the testimony of the witnesses and the views of the Treasury as expressed in the printed statement of the Secretary, and thereafter amplified through the Treasury's representative, Dr. Roswell Magill. The result of the full committee's consideration is H.R. 7835, which the Treasury endorses and estimates to yield $258,000,000 in the plugging of loopholes and the stopping of gaps in the income-tax structure.

It was the thought of those who initiated the resolution that there were loopholes that should be closed; that there were gaps that should be plugged in order that taxes might be collected from those who had incomes, those who are able to pay; in order that the tax burden might be distributed more equitably.

It might be interesting to know that when the income-tax law was originally written we had a normal rate of 1 percent on individuals and a like rate on corporations. What happened after it was placed upon the statute books? The World War came along and it was necessary to increase the rates both as to individuals and as to corporations, to raise additional revenue in that field. The rates were increased; the revenues were obtained; and then with this burden upon them, the large taxpayers came silently and secured amendment after amendment that applied to their particular industries and their particular class. Thereby we saw written into the law provisos and amendments that in effect nullified the purpose of the country in adopting the income-tax amendment and the passage of laws pursuant thereto. When the rates were reduced the amendments for the favored few remained in the law.

We are told by the experts, both those of the Treasury and of the House, that this is the first time there has been an effort to have a comprehensive revision of the income-tax laws. This very nature of the bill is good reason in defense of such a rule as was enacted by the House for the consideration of the pending bill.

I now wish to take up in as logical sequence as I may certain features of this bill, endeavoring as best I can to state my views with reference to them and to their effect.

TAX-RATE STRUCTURE

The first subject is the tax-rate structure. At the outset, let me say, the purpose of the subcommittee and the full committee as well in respect of this item was not to increase the rate on the income-tax payer as such. Our effort was to simplify the income-tax structure affecting millions of American citizens. Now, how do we do this? At the present time we have two normal rates, two brackets—the 4-percent and the 8-percent bracket. The committee has wiped out one of these brackets and now there is only one normal bracket of 4 percent. When it came to surtaxes, under the present law we have 53 brackets; the committee reduced them to 28 brackets. Certainly this will simplify the making of reports.

Personal exemptions and the exemption of dependents: We applied these exemptions not only against the normal tax but against the surtax as well. The effect of this change is to permit a married man with dependents to get the break. He will pay less tax because of this change than he does now. The single man with no dependents will have an increase. The increase is very small and the decrease is not large.

In this bill we bring back the earned-income philosophy—that is, we make a distinction between income that is earned from wages, salaries, professional fees, and compensation for personal services and income from corporate dividends and partially tax-exempt interest.

I would like to know if there is a single Member of this House who would attempt to defend for one moment a law that would compel the man with an earned income to pay more taxes than the man that has an unearned income? To state the case answers it conclusively.

Income from partially tax-exempt interest and income from dividends have capital behind the income. It certainly is fair to tax this income reasonably and that is what we have endeavored to do in this bill.

How did this occur? By dropping the bracket where the surtax begins from $6,000 down to $4,000. Thus, we bring into the tax base millions of dollars of interest from partially tax-exempt securities, and corporate dividends. You understand that corporate dividends and partially tax-exempt interest are not taxed at the normal rate. They are not subject to the normal tax, but they are subject to the surtax. We dropped the surtax bracket from $6,000 down to $4,000 and thereby made a broader base for sur-

taxes. Under the terms of the bonds from which partially tax-exempt interest is collected, this income is not subject to normal tax.

The changes in the tax rate structure, Mr. Chairman, will not increase the income tax of an individual in this country who has an income from salaries or wages or ordinary business. It decreases the taxes of married men with dependents. A person with an earned income gets a reduction. This reduction comes in as 10 percent of the gross income up to $8,000 used as a deduction rather than a credit. The earned-income feature makes a reduction in the tax, and all earned income up to $8,000 has a lesser tax to pay than heretofore.

It was suggested by a gentleman on the committee that it might not be fair to make the increase, not in rate, Mr. Chairman, but by virtue of the change in the surtax bracket, of the tax paid by a gentleman whose income would be $22,000 solely from corporate dividends or partially tax-exempt interest. As I recall the figures, the increase was 100 percent. It was an increase from the present tax of $600 to the sum of $1,200. This looked like a real increase, whether you did it by broadening the base or by increasing the rate, which we did not do. But when you look at this same gentleman on the other side, the man who has an income of $22,000 from salaries, wages, or from ordinary business, we found that under the present law he was paying about $2,000 tax and under the proposed law something less than that. This change in the rate structure means $28,000,000 to the Treasury of the United States. This is money that will be collected from those who are well able to pay.

Mr. HOEPPEL. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from California.

Mr. HOEPPEL. Does the gentleman approve of taxing unearned income more than earned income? This is what we find in the bill.

Mr. VINSON of Kentucky. I am fearful the gentleman did not get the real import of my remarks, because I just got through saying that the man with an income of $22,000 from partially tax-exempt interest and corporate dividends pays 100 percent increase, whereas the man who earns it in ordinary business pays no increased tax. In this bill we increase the taxpayer's bill 100 percent. I feel certain the gentleman understands that the corporation pays a tax on its income before the dividend is distributed. The dividend under present law is not subject to normal tax. I can say to the gentleman from California that in the 1932 House bill, as well as the 1933 N.R.A. bill, I helped include provisions making corporate dividends subject to the normal rate, which was estimated in the 1932 bill to raise $88,000,000. The opponents argue that such a tax is double taxation, since the corporation has once been taxed upon it. The Senate refused this tax in the 1932 revenue bill, refused our provisions applying the normal rates on dividends in the N.R.A., but adopted a modified dividend tax of 5 percent collected at source, which, of course, went off automatically with the ratification of the twenty-first amendment in the proclamation of the President. Because of the promise made that such tax would be repealed upon the ratification of the twenty-first amendment, the committee felt that it would not be keeping faith with the country to subject this income to the normal tax at this time.

Mr. HOEPPEL. That is exactly what I want to find out, whether the gentleman is in favor of a higher tax for earned income or not?

Mr. VINSON of Kentucky. I certainly am not. I am in favor of earned income paying its proportionate share of the tax burden of this country. But, as I have just stated, we have brought into the tax base in the lower brackets partially tax-exempt interest and corporate dividends not heretofore taxed in these brackets, and thus are placing the heavy hand of the Federal tax collector upon that sort of gentleman, as I have indicated.

Mr. HOEPPEL. The gentleman has not answered the question.

Mr. VINSON of Kentucky. I have answered the question, if I understand the gentleman.

Mr. HOEPPEL. I asked the gentleman whether he approved of a tax on earned income larger than on unearned income?

Mr. VINSON of Kentucky. I certainly do not.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. In connection with the example given by the gentleman from Kentucky as to the tax on the smaller income, the gentleman was limiting it to partially taxable Government securities and dividends from corporations.

Mr. VINSON of Kentucky. It was wholly that sort of income. I will say to the gentleman that when we take a taxpayer who has an income from wages, salary, or business, and likewise income from partially tax-exempt interest and corporate dividends in this increased tax, the gentleman will see that his attitude is well preserved in this bill.

Mr. SAMUEL B. HILL. Following up my statement, may I say that a corporation pays a 13¾-percent tax on its corporate income. This is distributed to its stockholders and the stockholder pays on the distributive share of the dividends received no normal tax, but only a surtax. He pays a surtax upon his income according to the bracket in which he is placed. The recipient of a dividend from a corporation pays no normal tax. The recipient of interest on Government securities, partially taxable, pays no normal tax. He pays only a surtax. In this bill we have increased the surtax of that individual on these partially taxed securities and corporate dividends 4 percent.

Mr. VINSON of Kentucky. May I say to the gentleman from California that this is the point I think he overlooked in connection with my statement: That is, that we bring into the tax vision and tax range income from partially tax exempt interest and corporate dividends that heretofore have not been taxed at all.

Mr. HOEPPEL. The gentleman has not answered the question yet.

Mr. VINSON of Kentucky. I have answered the question.

Mr. HOEPPEL. I would like to get a statement from the gentleman on the proposition, yes or no. I certainly feel that earned income is entitled to the lesser tax.

Mr. VINSON of Kentucky. I will say to the gentleman that when the corporation pays 13¾ percent, and oftentimes they pay 2 percent additional, totaling 15¾ percent, that no one can overlook such tax in the effort to tax dividends. If our provisions are written into the law, and we drop the surtax from $6,000 to $4,000, the man who has what we term an income from partially tax-exempt interest and corporate dividends will be paying a very materially increased taxation without any increase in the tax rates.

When you increase the rates you are increasing the tax on the man who has an earned income as well as the man who has the so-called "unearned income."

DEPRECIATION

I now want to develop the depreciation item. This item was called to the attention of the Ways and Means Committee by me in the last session of the Congress when we went out to get the money for the amortization of the Public Works bonds, aggregating $3,300,000,000. I thought I had sold the idea to certain gentlemen connected with the Treasury and that $85,000,000 to $100,000,000 of revenue might be obtained in the lessening of the amount taken in annual depreciation. But it was said at that time it was necessary to have the cold coin of the realm, certain money, so that the purchasers of the bonds, amounting to $3,300,000,000, would know that the revenue had been provided in cold cash for their amortization. Consequently, we were not able to impress our views successfully upon the Treasury and upon the committee at that time.

The subcommittee gave very considerable study to this item of depreciation. The fact we had before us when we started was that the depreciation item was mounting

by leaps and bounds, both as to corporations and as to individuals.

The law as it is written today provides for a reasonable allowance of depreciation. It was thought by those who had given the matter some study that more than a reasonable allowance in depreciation was being awarded. This was a difficult matter to develop.

When we got the facts and figures we found that in many instances, through the course of years, not only were corporations receiving 100 percent in depreciation, to which they were entitled, but in many cases they were receiving more than 100-percent depreciation. The depreciation item is simply giving credit for the use of property according to normal life.

Mr. ARNOLD. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to the gentleman from Illinois.

Mr. ARNOLD. I wish the gentleman would explain what he has in mind when he says that depreciation of more than 100 percent is taken. I do not understand how it is possible to take depreciation of more than the value of the property.

Mr. VINSON of Kentucky. Well, it is hard for a person with the honest mind of the gentleman from Illinois to conceive that such a thing ever could happen, but I may say to the gentleman from Illinois it has happened many times. I can give the gentleman an illustration that will show how it happens.

We were told by our experts and by the Treasury experts that this condition actually existed: Assume you have a plant that uses a machine that is given a 10-year life for purposes of depreciation. I think the gentleman will recognize that when the normal life of machinery is fixed for depreciation that is on the side of the taxpayer. In other words, the machinery would probably last longer than 10 years, but for the purpose of depreciation it is assumed that the machine will last 10 years. Now, assume you add a $100 machine every year for 20 years.

At the end of the tenth year, or the eleventh year, your first $100 machine should have 100 percent depreciation and pass from the picture, but it does not work out that way. We had men before us who testified that this was the actual way in which such depreciation is handled: When you come down to the end of the twentieth year you would write off $1,950 in depreciation and then you would have the nineteenth machine with 9 more years of life, the eighteenth machine with 8 more years of life, the seventeenth machine with 7 more years of life, and when the final line was drawn they would get $2,450 of depreciation on items that cost $2,000.

Mr. ARNOLD. Does the gentleman take into consideration the addition to capital assets in the buying of the new machines?

Mr. VINSON of Kentucky. Yes. That is carried right on down, the trouble is you do not drop off the value of the machine that has had 100 percent depreciation allowed.

The subcommittee, after many weeks of work, concluded that we would have to go in and operate, and we recommended that there be a 25 percent reduction in depreciation allowances for a temporary period of 3 years, 1934, 1935, and 1936.

Now, Mr. Chairman, this was in the nature of a meat-ax operation. I want you to realize that the law says there shall be a reasonable allowance for depreciation, but we could not get at the matter administratively. We had to do it by legislation and we planned for a temporary period of 3 years to reduce the depreciation allowance 25 percent and thereby recover for the Treasury of the United States $85,000,000 per annum.

Mr. TERRELL of Texas. Will the gentleman yield for a question on this subject.

Mr. VINSON of Kentucky. I yield to the gentleman from Texas.

Mr. TERRELL of Texas. Did the committee allow the same percentage of depreciation on the various kinds of industries, including oil wells and everything else?

Mr. VINSON of Kentucky. I am fearful the gentleman is confusing depletion with depreciation.

Mr. TERRELL of Texas. I had reference to depletion.

Mr. VINSON of Kentucky. The bill makes no change with reference to percentage depletion.

Mr. TERRELL of Texas. The bill leaves that exactly as it was before?

Mr. VINSON of Kentucky. I know the gentleman from Texas is interested in percentage depletion and this bill does not affect that.

Mr. EVANS. Will the gentleman yield?

Mr. VINSON of Kentucky. I yield to my colleague from California.

Mr. EVANS. I fully appreciate the splendid work the gentleman did on the subcommittee which sat for many months, having heard the work expounded before the full committee, but the gentleman will recall that I did not concur in his views on this one point.

Now, I would like to ask the gentleman if he believes that the plan proposed by the subcommittee allowing only 25 percent of actual depreciation would it be fair to the taxpayers who have been modest in reporting their depreciation in comparison to those who have been padding their depreciation accounts?

Mr. VINSON of Kentucky. I will be glad to answer the gentleman. When the subcommittee made its report we were criticized and attacked because it was said that our recommendation taxed capital. The Treasury even misunderstood us because when they made the report on that item they attacked it rather severely, but when the representative of the Treasury Department came before the committee and his attention was called to a matter that he had overlooked—that our method of treatment was merely temporary, that the proposed 25-percent reduction was for only 3 years—his testimony will show a much changed attitude.

Now, referring to the question by the gentleman from California, whether it was fair to the man who had been modest and the man who made an honest return, I will say that the man who had been honest in his statement of depreciation allowance would not have lost a dollar in depreciation, but, as a matter of fact, when a taxpayer had no income he was in a better condition under our proposal than under the language of the bill. He would still have this difference to use when he had taxable income.

Under the subcommittee's proposal we merely deferred the taking of the other 25-percent depreciation after the fiscal year 1936.

Mr. EVANS. Will the gentleman yield again?

Mr. VINSON of Kentucky. I will yield.

Mr. EVANS. Does the gentleman believe that would be fair, to compel the honest taxpayer who has claimed no more than he is entitled to, to compel him to defer his claim for three or four years?

Mr. VINSON of Kentucky. I will say that the modest, honest taxpayer to which the gentleman refers would not be affected under the subcommittee's plan, would not have lost a single dollar in depreciation as a deductible act.

Mr. EVANS. After the end of the deference, probably that is true.

Mr. VINSON of Kentucky. As a result of the subcommittee's work, and as a result of the study of the subject by the Treasury, they came to us and said they would recover into the Treasury of the United States in administrative manner a sum equivalent to that which would have been covered into the Treasury, under the original proposal; namely, $85,000,000 yearly.

We have it on the printed page in the letter signed by Mr. Morgenthau, Secretary of the Treasury, which may be found in full in the report. In the first place, they are going to review the income-tax reports, and fair depreciation shall not be reduced. Improper depreciation items will be handled in two ways. It will be done in reduction of the rates themselves, and then there will be amendments to the regulations of the Treasury. At the present time, while the regulations say that the burden of proof is upon the

taxpayers, in respect of reasonable allowances, that language is followed by the statement—

That such deductions will not be disallowed unless shown by clear convincing evidence to be unreasonable.

In the first part of the regulations as they did stand, they said the burden of proof was upon the taxpayer to show reasonableness in the items for depreciation. Then in the next breath it says:

That such deductions will not be disallowed unless shown by clear and convincing evidence to be unreasonable.

Under new regulations the Treasury proposes to let the taxpayer show that the items are reasonable.

Mr. EVANS. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. EVANS. Will the gentleman state whether or not that has not always been the real intent and purpose of the law?

Mr. VINSON of Kentucky. In regard to the burden of proof?

Mr. EVANS. Yes.

Mr. VINSON of Kentucky. I think it may have been to start with. It seems to me it is one of those things that started off right—the burden of proof would be on the taxpayer. Then somebody came along who wanted to put his hand into the Treasury and to lower his tax burden and added additional language which nullified what was patently the original purpose.

Mr. EVANS. The gentleman will remember that in committee some of us contended that the law had always been sufficient to take care of the condition of which the gentleman complains.

Mr. VINSON of Kentucky. Yes; the law is fair, but the old regulation nullified the law. Under the old regulations it was impossible for the Treasury of the United States to go out and prove that the items of depreciation which had been submitted in complicated businesses were unreasonable by "clear and convincing evidence." But now, under the schedules to be prepared by the taxpayers, they are to submit these items of depreciation and defend them. As a result of this change in the attitude of the Treasury, the change in these regulations, together with one further treatment, they tell us that they will recover into the Treasury something like $85,000,000 annually on the depreciation items alone.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. BLANCHARD. I think the gentleman stated it was possible under the old regulations for a taxpayer to obtain the benefit of more than 100-percent depreciation.

Mr. VINSON of Kentucky. I said that, and I hope that my illustrations proved it. At least, I am certain that that condition has arisen many times.

Mr. BLANCHARD. Was it not possible under the law and the present regulations for the administrative authorities to prevent a taxpayer from taking more than 100-percent depreciation?

Mr. VINSON of Kentucky. I certainly feel they had that power and that it should have been done, but the fact remains it was not done. There is one further thought in connection with depreciation, and that is this: The Treasury is going to operate it in this way, and possibly I can give you an illustration that will make it plainer than the use of many words. Naturally, when the life of property is determined for depreciation purposes, it is a reasonable thing to take such a figure that the taxpayer will not be injured. I think that is fair treatment. For instance, we had testimony that in many cases more depreciation had been allowed than was proper in accordance with the normal life of the property. Take, for instance, a plant that cost $10,000,000, and say that it had a 10-year life, and therefore a depreciation of $1,000,000 a year. It runs along, say, for 7 years and $7,000,000 in depreciation has been taken. That would give a remainder of depreciation over a period of 3 years of $3,000,000. With repairs and replacements, and with the present outlook, the Treasury expects to review, inspect, and determine a new life for purposes of depreciation. It is very probable that in going into that plant, instead of saying it would become obsolescent or worthless at the expiration of 3 years, they may say that it will have a normal life of 10 additional years. It is proposed, in the treatment for depreciation, instead of allowing $1,000,000 a year for the 3 years remaining, to take that $3,000,000 and spread it over the new life of 10 years and allow a depreciation to the extent of $300,000 a year instead of $1,000,000. Thereby the taxpayer will not be deprived of a single copper cent in depreciation items at the end of its life; the owner will have his full 100-percent depreciation. If it becomes useless and worthless before its new life is lived, full 100 percent can be taken.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. Yes.

Mr. SAMUEL B. HILL. And this readjustment in the Treasury Department is the direct result of the disclosures by the Committee on Ways and Means as to this depreciation item. It is the direct result of the efforts of the Committee on Ways and Means in disclosing the extortionate demands in the way of depreciation allowances.

Mr. VINSON of Kentucky. There is no doubt about that, because at the time we took it up with the Treasury that work had not been started. I might say that it is with pleasure that I note in the press that the great American who is our chief, President Roosevelt, is quoted as being strongly behind the efforts to stop the leaks because of excessive depreciation allowances.

DISCRIMINATORY FOREIGN TAXES

I want to develop one item in the bill—that is, present section 104—which deals with taxes that may be levied against the income of foreign individuals or foreign corporations, when it is determined that discriminatory taxes have been levied by such nation against our citizens and our corporations. This provision was proposed by me in an effort to secure fair treatment for American industry abroad.

My friends, there are nations throughout this world who are not particularly friendly to Uncle Sam in a business way, and when they get an opportunity to dig into the pocketbook of his citizens, whether individual or corporate, they have not hesitated so to do.

There is one country, France, that is not satisfied with taxing the income of American individuals and American corporations as they tax their own citizens; they are not satisfied with getting a tax upon the income that is actually derived in their own country; but when the American parent company of that subsidiary declares dividends, they place a corporate tax upon these dividends, derived from whatever source. They are not satisfied with that, but they are seeking to use as a basis for their taxation the entire income derived by that American individual or corporation, wherever earned. Now, that is intolerable; and the committee, in its wisdom, has inserted a provision that will be known as "section 104" of this bill empowering the President of the United States when he, in his discretion, ascertains and determines that discriminatory taxes have been levied against American citizens and American corporations, may increase the income tax upon individuals and corporations from that nation 50 percent of the ordinary income taxes that it would otherwise pay. This power can be used to protect American business from present discrimination and will probably help restrain foreign countries from further discriminatory levies.

CONSOLIDATED RETURNS

Mention was made today of consolidated returns, and we were chided with the fact that the committee, as presently constituted, had increased the rate on those corporations which chose to make consolidated returns from a 1-percent penalty to a 2-percent penalty instead of abolishing the returns in their entirety. Now, my friends, at different times in this House since I have been a Member, particularly in the act referred to by the gentleman from

Massachusetts in 1924, I voted to abolish consolidated returns. I think I voted to abolish them a time or two since. I do not know that I have changed my mind materially in that respect, so I have no quarrel with the gentleman from Massachusetts [Mr. GIFFORD] with reference to his attitude toward the abolition of such returns; but I want to tell the House the condition which confronted us and what actuated us in bringing in this additional penalty for those corporations filing consolidated returns rather than abolishing such returns.

In the first place, it was in 1932, as I recall, that we increased the tax that would be paid by corporations filing the consolidated or affiliated return. We made that penalty 1 percent. In other words, 13¾ percent is the normal corporate rate, and we increased it to 14¾.

Mr. DOUGHTON. I think the 1932 law provided for three quarters of 1 percent, and the National Recovery Act raised it to 1 cent.

Mr. VINSON of Kentucky. I am glad to have the correction. It was increased a quarter of a cent under the N.R.A. law.

When we came to the treatment of this matter in this bill we were not able, because of the physical work attached to the consolidated returns that had been filed under this penalty statute, to have a complete picture of consolidated returns. That is a fact that no one can dispute. We did not have the complete picture. Many concerns testified that it would mean a loss of money to them if these returns were abolished. Others testified that they would not lose any money; that they would have intercompany transactions, and by bookkeeping entries change the profits and losses in such a way that it would not mean additional taxes. I believe that a substantial increase in revenue can be obtained by abolishing the consolidated returns, but I do not believe that such an amount of additional revenue can be obtained as many of my friends believe. I know that the bookkeeping arrangements in companies which are 100 percent owned by a parent corporation can be juggled so that real revenue from that source cannot be recovered.

Now, of course, as members of a committee and as Members, of the House, we have to be governed to a large degree by the evidence that is submitted to us, just as a jury who tries a case. I recall distinctly that in 1932 we were told that the abolition of the consolidated return would not mean a dollar of additional tax to the United States Treasury. I did not agree with that. I do not agree with that now. Later the Treasury told us that possibly $5,000,000 would be recovered if the consolidated returns were abolished. I just overlooked mentioning the thing nearest my heart when I think of the abolition of the consolidated return, and that is the competitive factor in consolidated returns. I think that is a vicious thing. Back to revenue: The Treasury of the United States today tells us that with the added 1-percent penalty, and that is what it is—it is a penalty—we will recover into the United States Treasury $40,000,000 per year. Forty million dollars at this time is a considerable sum. I submit to you that when you compare $40,000,000 with $5,000,000 in the event the consolidated returns were abolished, you have a difference of $35,000,000 per year to consider.

The CHAIRMAN. The time of the gentleman from Kentucky [Mr. VINSON] has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Kentucky 15 additional minutes.

Mr. VINSON of Kentucky. This will not be the only Congress. Some of us may not be here in the next Congress, but other gentlemen, probably far more capable than we, will carry on. When you take the added penalty of 1 percent for another year, you will get a better picture of the consolidated return. You will know how many corporations are willing to pay the 2-percent penalty for this privilege. While you are getting the real picture, you are getting the money paid into the Treasury of the United States in the amount of some $35,000,000 annually.

Mr. MAY. Will my colleague yield for a brief question for information?

Mr. VINSON of Kentucky. I shall be glad to yield to the gentleman.

Mr. MAY. I have read this bill, but it is a matter of such complex technicality that it takes almost an expert to understand it, and I am frank to admit there is one feature of it I do not understand.

I am sure my colleague can advise me on it; that is, the system that has been approved by the Treasury in the past of making refunds of income taxes to various corporations, which I have understood has always arisen more from the method of figuring depreciation and items of this kind than anything else. Does this bill in any way stop these leaks so that the Treasury will not have to resort to so much calculating and refunding as it has done in the past?

Mr. VINSON of Kentucky. The question of refunds in the main is an administrative feature governed by the laws on the books. I think I can say without fear of contradiction that the legislation proposed in the pending bill not only will make recovery possible in the first instance where money is justly due but also will prohibit the refunding of that money collected which was justly, fairly, and reasonably due.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. VINSON of Kentucky. I yield.

Mr. KNUTSON. Before the gentleman takes his seat will the gentleman discuss the publicity feature of this bill to which attention was called by the gentleman from Texas?

Mr. VINSON of Kentucky. I fear I shall not have time to do that. Other gentlemen have done it and still others will speak on it.

PERSONAL HOLDING COMPANIES

The bill endeavors to reach a very prevalent form of tax avoidance which has been practiced for years by individuals with large incomes who form corporations which hold their personal income-producing property. This permits the collection of the corporate tax upon the income from his property and avoids such income from paying the surtax, which would have been imposed upon it, had the income from said property been received by the individual rather than the corporation.

To illustrate, a man with a million-dollar annual income from taxable bonds under existing law would pay $571,100. However, if a holding company was organized to take title to such bonds or other property, the corporation would receive the income, whereupon the old tax would be the corporate tax of $137,500, as long as no dividends were distributed. In this way, a tax saving of $433,600 is readily seen.

This resolution sets up the definition of personal holding companies. They are defined as any corporation, 80 percent of whose gross income for the taxable year is derived from rents, royalties, dividends, interest, annuities, and gains from the sale of stock or securities and whose voting stock to the extent of more than 50 percent is owned by not more than five individuals at the close of the taxable year. All members of a family in the direct line, as well as the spouse and brothers and sisters are counted as one individual.

This measure levies a tax of 35 percent on what is defined as "undistributed adjusted net income" of such corporations. The manner of arriving at this undistributed adjusted net income is clearly set forth in the bill.

An amendment reducing the 50-percent rate carried in the present section no. 104 to 25 percent and excluding the amount of dividends paid during the taxable year is felt by the committee to make this provision of law, present section no. 103, more readily enforceable. It is estimated that from these amendments $25,000,000 will be recovered into the Treasury.

POSTAL RATES

There is no member of the Committee on Ways and Means, so far as I know, who desires the continuance of the 3-cent postal rate on first-class matter. The recommendation for its continuance is brought about solely because of the specific recommendation of the President in his message

and the recommendation from the Post Office Department that such rates be continued for 1 more year. The testimony before the committee in relation to the revenue end of the question was that the Treasury would lose $75,000,000 this year if the old rate were restored. We personally feel that a portion of this might be offset by increased volume, but as the sum total is so large the committee did not feel that it could make this restoration in this bill.

The committee, however, permits the old rates on the advertising matter in newspapers and publications to terminate on June 30, 1934. This item was not asked to be continued by the President in the Budget message above referred to.

As a matter of fact, the present rates on such advertising matter were inserted in the bill in the Senate in the 1932 Revenue Act. The Treasury, speaking through Hon. Ogden L. Mills, urged the increase on first-class matter from 2 cents to 3 cents per ounce; but, as I recall it, had no recommendation with reference to the advertising matter and second-class rates. The rates then existing were those recommended by a joint committee of the House and Senate, who put in 2 years' work on the postal-rate structure. The rate in effect prior to the 1932 Revenue Act on the advertising matter in newspapers and publications were those recommended by such joint committee after this extended study. For some reason, after the House bill got to the Senate, the rates on advertising matter in newspapers and publications then existing was raised. The conference report agreed to the increased rates.

Here is the result of the increased rates on this advertising matter. It has driven millions of pounds of advertising matter and many more millions of pounds of newspaper matters from the mails. In 1932, under the old rates, the mail carried 384,000,000 pounds of advertising matter. With the increased rates in 1933 the advertising matter was reduced to 265,000,000 pounds, a loss of 119,000,000 pounds in volume.

The Third Assistant Postmaster General, in a communication to me, advised that it would require a pick-up of 102,000,000 pounds of such advertising matter at the old rates to prevent any loss in revenue; that if the same amount of volume were carried in 1934 as in 1933, there would be a loss of two and one half million dollars in revenue. With the testimony available, the committee concluded to restore the rates in existence prior to 1932. It was the view that considerable volume of advertising would be restored, and likewise considerable revenues from nonadvertising matter in newspapers and publications would be received. Undoubtedly, much volume has gone from the Post Office Department because of the increase of these rates to shipments by truck, baggage, express, and freight. While the entire amount of revenue may not be picked up in the first year, it is the hope of the committee that such volume heretofore lost will be ultimately restored.

I wish to refer to an administrative change with reference to the tax on gasoline. This tax is a very sore spot to the Members of this House and we all are hopeful that the day will come when we can take the Federal Government out of this field of taxation.

A reading of the bill might leave the impression that there is some change in the rate. There is no change in the gasoline tax rate. What is done in this regard is simply to call for the payment of the tax on gasoline by the manufacturer. The 1932 bill provided that where the manufacturer sold it to a dealer, the manufacturer did not pay the tax; but you can very easily understand that the dealer might want to evade the payment of the tax, or he might be a fly-by-night dealer. So we have provided that the tax shall be paid by the manufacturer. Then the manufacturer will get a refund of the taxes paid on the gasoline sold by the dealer upon which he pays tax, or which he shows went for a tax-free purpose. It is very apparent that if a dealer avoids payment of the tax, he enters unfairly into competition with his neighbor who does pay the tax.

It is estimated there will be a pick-up in the sum of $20,000,000 or $25,000,000 through this particular administrative feature without any additional burden upon legitimate dealers or legitimate business.

REGULATORY TAX ON CRUDE PETROLEUM AND REFINERIES

Through the provisions of this bill, there is levied a tax on crude petroleum and the refining of crude petroleum, one tenth of 1 cent per barrel each. It should be stated, however, that this is not a tax for revenue. The amount in itself shows that it is not a revenue proposition. It is a tax levied purely for regulatory purposes. As a matter of fact, I would not have supported a tax upon a commodity of this character, either in the raw state or in the refined state, but the industry was very, very strong in its urging of this particular regulatory tax. They said that under the code authority the Federal Government should have the power to go in and inspect, should have this regulatory power, else code authority in this great industry might crumble and fall. It was at their urgent insistence that this regulatory tax was placed in the bill. It might be well to suggest that only recently a Federal court handed down a decision relative to the power of the Federal Government in respect of the oil industry, and this legislation may be very helpful to the oil industry throughout the country without being any appreciable burden whatsoever.

FOREIGN TAX CREDITS

I come now to the question of foreign tax credits. We did not get the full measure in this regard. I believe it was in the 1932 bill that we first observed the loopholes in our legislation on this subject. We found, Mr. Chairman, that in a statute that had been built for one purpose, to prevent credit for foreign taxes paid, just like the regulations in the Treasury Department had been originally built in regard to depreciation, where it said there should be no credit for taxes paid in foreign countries, a proviso was added: "Nevertheless, perhaps, mayhaps, but"; and then, through parenthetical clauses within very complex clauses, they rigged up a system whereby at one time the taxpayer doing business abroad was able so to apply his tax paid abroad as to wipe out entirely the tax on his domestic income.

In other words, if a corporation made $100,000 a year in America from American industry but paid a tax abroad of $15,000, it would take that $15,000 foreign tax and wipe out the tax of the American Government on earnings made in this country. Attempts were made to cure this situation and it was finally thought to be cured, but such was not the case for we saw the spectacle where certain credits were still allowed for taxes paid abroad. We plugged up that hole in the 1932 bill. We did not get all we sought in the bill, but I want to say, frankly, I think it is a fair compromise. Our effort was to secure the taxes paid abroad as a deductible item rather than a tax credit. Now, if you use the taxes paid abroad as a deductible item, it amounts to about a 30-percent credit. Under the provision of the subcommittee the taxpayer gets 50-percent credit. So the only difference between the proposal of the subcommittee and that which is written in the bill is something like 20-percent credit of the foreign tax item. We feel that American industry should be encouraged in its business abroad, that we should take into account that part of their business where they use American labor, where they use American raw material and ship it abroad. We thought that the 50-percent compromise at this time was a fair one.

My time is about up, but before I close I want to pay my respects and tribute to some heroes that ordinarily are unheralded and unsung, and that is the staff of the joint committee, composed of our friends, Parker, Stam, Chesteen, and those other splendid fellows; and the legislative counsel, Beaman, O'Brien, and the other gentlemen associated with them, to that splendid, experienced, and helpful coworker, W. L. (better known as "Pete") Price; and then some fellows down in the Treasury, Bartholo, King, and others. I must refer to the splendid spirit of cooperation shown by our new Secretary of the Treasury, Mr. Morgenthau. He was keenly alive to the question involved and cooperated splendidly with us. Then the last one, evidently a real find, as I see it, for this or any administration, and that is Dr. Magill. I may say, however, that Dr. Magill does not like

to be called "doctor", for some reason. He is a prince of good fellows; he is a profound student; he knows taxes; he thinks straight; he is a most capable gentleman. I think the whole committee will join me in saying that never has there worked with us any more splendid group than Dr. Magill and this group of splendid gentlemen. [Applause.]

Mr. FREAR. And, the gentleman might add, he comes to us at a less salary than he was getting at Columbia University.

Mr. VINSON of Kentucky. Thanks. This administration and this country would have a good investment in Dr. Magill at most any salary he might request. It is a difficult matter to iron out the different points of view held by the Treasury Department and by Congress. Dr. Magill rendered great service in this bill.

He showed breadth of mind and vision in meeting the House viewpoint, the viewpoint of the Representatives of the American people. I think I am within my rights in expressing appreciation to these gentlemen. We have lived together so long, we have had so many friendly fights together, that we can almost say we are one family. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 1 minute to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by incorporating a letter from the Chairman of the Committee on Rivers and Harbors [Mr. MANSFIELD] on the subject of "Waterways."

Mr. PARSONS. Mr. Chairman, reserving the right to object—and I do not expect to object—may I ask what the subject matter was?

Mr. CULKIN. This is on the subject of "Waterways", with which subject the gentleman is very familiar.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CULKIN. Mr. Chairman, under leave to extend my remarks in the RECORD, I include the following letter written by Judge MANSFIELD, Chairman of the Rivers and Harbors Committee, to Mr. Lachlan Macleay, vice president of the Mississippi River Valley Association. This letter is by way of reply to the propaganda now being circulated by the railroads against existing and contemplated waterways. Judge Mansfield is a technician in this field, and his letter is very illuminating.

JANUARY 31, 1934.

Mr. LACHLAN MACLEAY,
Executive Vice President Mississippi Valley Association,
511 Locust Street, St. Louis, Mo.

DEAR MR. MACLEAY: I am in receipt of your letter of January 25, enclosing copy of an article by George Creel entitled, "Get Out of the Ditches", and recently appearing in Collier's. The copy you send is a reprint in the form of a folder, by permission of the publishers, and, as you say, is being distributed to passengers on the Missouri Pacific trains.

I read the article when it appeared but considering it a story for pastime reading, and seeing no authentic information in it, I failed to file it for reference. I have now reread it, and find no reason to change my first impression.

The writer criticizes waterways in general, but stresses the Government barge-line operations, the Missouri River improvements, and the St. Lawrence Treaty in particular. None of these measures can be said to be hobbies of mine or of the Committee on Rivers and Harbors, of which I am now the chairman.

The barge line is under the jurisdiction of the Committee on Interstate and Foreign Commerce. The St. Lawrence Treaty is entirely with the United States Senate. I could not think of expressing a view in the face of that august body. For the information of Mr. Creel I will say that it has not yet been ratified, and the enormous expenditures he has in mind have not yet been authorized.

As to the Missouri River, the section below Kansas City has been under improvement for 70 years or more. When the proposition was before Congress to extend the project to Sioux City, I opposed it and helped defeat it in the committee. When it was offered as an amendment on the floor of the House, I voted against it.

At that time every railroad influence in and around Congress joined with the friends of the Missouri to have it put in the bill over the opposition of the Rivers and Harbors Committee. Their purpose was to load the bill down with what they considered objectionable matter, with a hope of eventually defeating the measure or of causing it to become unpopular. The Missouri River is, therefore, the baby of the railroads. They should not now disown or disinherit their offspring.

I have looked over some of Mr. Creek's figures, to which you call my attention. Like the report of Mark Twain's death, they are "very much exaggerated." They remind me of some of the populist orators of 40 years ago, who dealt so lavishly in figures. He says:

"Rivers and canals to date have cost the Federal Government around $1,000,000,000, and this is exclusive of the appropriations for flood control, seacoast harbors, and the Great Lakes."

I haven't the figures before me for the past year, but have a statement from the Chief of Engineers showing the expenditures from the beginning of our Government to June 30, 1932. It is as follows:

Cost of river and harbor work to June 30, 1932

River and harbor work	New work	Maintenance
Atlantic-coast harbors	$276,208,555.85	$83,627,913.57
Gulf-coast harbors	85,811,659.54	51,843,300.30
Pacific-coast harbors	67,864,446.37	26,316,488.76
Mississippi River system	377,227,994.18	61,174,183.25
Intracoastal waterways	47,818,948.41	8,746,083.35
Great Lakes	154,796,520.23	40,569,220.84
Inland waterways	38,402,939.10	17,137,604.55
Hawaiian harbors	9,410,648.78	616,611.70
Alaskan harbors	1,614,388.19	315,608.61
Puerto Rican harbors	2,671,061.57	529,429.65
Sacramento River, Calif.	381,814.93	2,789,879.49
Total	1,062,210,977.15	293,666,324.17

From this statement it will be seen that inland and intracoastal waterways combined have cost only $550,507,102.84 while ocean, Gulf, and Great Lakes harbors and channels, including also those of Hawaii, Alaska, and Puerto Rico, have cost $805,370,198.47.

It must be borne in mind that more than 90 percent of these expenditures for harbor improvements have been made at the urgent request of the railroads, who have been the greatest beneficiaries of such improvements. Their viewpoint is, that the portion of these expenditures which is for the benefit of the railroads is not subsidy, but the portion for the benefit of others is subsidy.

Of the New York State canals, the article says:

"New York has poured an aggregate of $346,000,000 into its canal system."

These figures are not borne out by any authentic statement. On May 26, 1932, the Committee on Rivers and Harbors passed a resolution for the Engineers of the War Department to review this subject. A distinguished board was appointed for the purpose, consisting of Cols. George M. Hoffman, E. M. Markham, and G. R. Lukesh, and Major Eugene Reybold. All of these gentlemen have international reputations for ability, thoroughness, and accuracy. This same Colonel Markham is now a major general and Chief of Engineers of the War Department.

On September 28, 1933, the board made its report to Congress, which is embraced in Document No. 20, Seventy-second Congress, second session. Paragraph 17 of the report is in part as follows:

"17. The State of New York had expended large sums upon the construction, maintenance, and operation of its canal system before it was decided, in 1903, to build the more modern and so-called 'barge system', but the amounts actually expended on the old Erie and Oswego Canals cannot be reliably stated. From the best available sources it has been determined that the total cost of all branches of the existing barge canal system (Erie, Oswego, Cayuga, and Seneca and Champlain Canals), including court and legal costs, fees, and expenses of appraisers and consultants, damages, engineering, accounting, and superintendence, cost of real estate and water rights, reservoirs, power houses, bridges, terminals, and grain elevators was $230,881,000 up to June 30, 1932."

This report, it will be observed, emanating from the highest authority we have upon the subject, places the cost of the New York canals about $120,000,000 under the figures given by Mr. Creel.

As to the St. Lawrence River, Mr. Creel says:

"It will cost between $999,000,000 and $1,350,000,000."

Evidently he broke the keyboard of his typewriter before finishing his array of figures. I will let this statement of Mr. Creel be answered by the President of the United States. In the documentary statements submitted by him to the Senate on January 10, 1934, embraced in Senate Document No. 110, on page 3, appears the following language:

"The total United States share of the cost of completing this waterway to open the Great Lakes to ocean-going commerce under the treaty is estimated at $272,453,000, including the development of 1,100,000 horsepower on the United States' side of the International Rapids. Of this it is proposed, under the terms of the joint resolution which has already passed the House of Representatives, that $89,726,750 be assumed by the State of New York as representing the cost which may fairly be allocated to the power project. This would place the total net cost to the United States for the entire project under the treaty at $182,726,250."

These were the estimates of cost agreed upon by the boards of engineers representing both Canada and the United States. They were the result of perhaps the most thorough investigation ever made of any waterway.

Of the Missouri River, Mr. Creel says:

"It was first figured that the comparatively small sum of $3,500,000 would make the Missouri River permanently navigable between St. Louis and Kansas City."

Further on he says that $58,000,000 will now be required to do this same work, first estimated at $3,500,000.

I have not run across these estimates he refers to, but he says they were the first estimates for the Missouri. If so, they were made something like 70 years ago. At that time the elaborate system of dikes and revetments now being installed to prevent bank erosion, as well as for aid to navigation, were not even dreamed of. Those early improvements only contemplated a depth of 2½ to 3 feet for the little packet steamboats then in operation, carrying perhaps from 60 to 150 tons. The present improvements are for large steel barges in fleets of six and carrying from 6,000 to 10,000 tons. If Mr. Creel had gone to some reliable source for his information, he might have obtained these facts.

You, of course, know full well the tremendous influence exerted by the railroads to defeat the appropriations necessary to carry out the Missouri River improvements. This caused a very large proportion of the expenditures to go to waste. But for these influences the work could have been completed many years ago and at less than one half the cost. If you should desire any further information in regard to these matters, I will be glad to have them checked up and furnished you. I am,

Very truly yours,

J. J. MANSFIELD.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. JOHNSON].

Mr. JOHNSON of Minnesota. Mr. Chairman, no one can accuse me of taking up much of the time of this House, and I am only going to take up 5 minutes now. I want to pay my respects to all the members of this committee, who have been in session so long and have worked so hard. I want to particularly pay my respect to the gentleman from Nebraska [Mr. SHALLENBERGER] for putting this amendment of foreign oils and fats in this bill in order to help the American farmer and more especially the dairy farmer. I was at work for several days trying to prepare an amendment at that time, and I went to the Federal Tariff Commission to get the information necessary, as I did 10 years ago when I found that Denmark, New Zealand, and other butter-fat-producing countries had exported to this country during the months of January and February 1924 butter fat to the amount of over nine and one half million pounds. As the Members of this House know, I introduced a short resolution to put a tariff on butter fat coming into this country. It took a long time to investigate the cost of production of butter fat, not alone here but in Denmark. It took a still longer time for the President to sign the proclamation after the Federal Tariff Commission had agreed that a raise in the tariff of 50 percent, as I had requested in the resolution, was necessary.

The reason I mention this is to show that the American farmer has not been taken care of as he should have been. Even Republican spellbinders throughout the State of Minnesota have agreed that my resolution has brought millions of dollars to the dairy farmers of this country, and I hope that this amendment by the gentleman from Nebraska [Mr. SHALLENBERGER] will bring millions of dollars more in better prices for their products.

Mr. Chairman, we are all apt to make mistakes. We cannot put a tariff on duty-free coconut oil and other oils and fats from the Philippine Islands, but the thing we can do is to put a tax on this vicious flood of oil imports. I want to be fair to everybody. There are two sides to every question. And, as I have sat here day in and day out listening to these wonderful orators that I have had the privilege of listening to on both ends of this Capitol and in both houses of my own State legislature, it has often occurred to me that I would be willing to trade my voice for part of their brains, and in spite of this oratory it is very seldom that something worth while is accomplished for the farmer. [Applause.] But at the same time we have to get together and do something for the basic industry of this country. Unless we, the farmers, have buying power—and I want to say to you gentlemen who represent the great industrial centers of this country, especially the New England States, that you cannot expect to sell very much to us unless you provide the necessary steps for building up prices for the things the farmer has to sell. His market to a great extent must be protected if he is to continue to be the greatest purchaser of manufactured goods both for his home and farm.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. JOHNSON of Minnesota. Mr. Chairman, I will not take up much more time.

If the farmers of this country would have been organized like labor and big-business people we could have come down here to Congress and would have put our demands through and received attention. If we had been organized 100 percent it would have meant something. [Applause.]

We have the Farmers' Union, Farm Bureau Federation, Farm Holiday Association, and the National Grange, and other farm organizations, all-powerful well-meaning groups, perhaps, but still at the same time somewhat disassociated in matters of policy and principle and representing entirely different views on farm legislation. I say that big business has always been presenting a united front and it is big business and special privilege that has written their own legislation in the style and form that would best suit their interests. But let farm organizations such as I have mentioned bring a program into this body and it is emasculated to such an extent that it is no longer the same child. If we could get the farmers of this country solidly behind a program I am confident that beneficial farm legislation would be placed on the statute books, and this amendment that we are now striving to pass would have long been a law and the farmers would have long been benefiting under the provisions of it.

I have stood with the Democratic side on most of my votes, but, I have not voted for any gag rule so far, nor will I ever stamp my seal of approval upon gag rules [applause]; and I do not need to go home to Minnesota to apologize for my votes, as many may have to do when facing the voters at the next election.

As I stated, if we had been organized 100 percent, we could have accomplished something here, but we farmers are divided. One group has been telling us how to raise more, and we have spent millions and millions of dollars to do so, and now we have to engage the "brain trust" of this country to tell us how to raise less, and even destroy the things that we have raised. Is it fair, is it right?—and if the prominent Congressman over here will let me say something about what industry is doing every time the American farmer tries to get a square deal, I should be glad to take up a couple of minutes more.

The American dairy farmer has been slowly but surely crushed out of existence, he has, because of the ever increasing imports of duty-free fats and oils that have flooded this country from the Philippine Islands, and also because of duty-free copra that has found its way into the United States by the millions of pounds. Mr. Speaker and Members of this House, I know that each and every one of you is anxious to aid the dairy farmer and the stock farmer. I know that this body is honestly endeavoring to see that commodity prices are again placed on a basis that will assure cost of production with a profit to agriculture, and I know that if this Membership vote in behalf of section 602 of the revenue act they will, in a large measure, accomplish that very thing.

Section 602 of this act provides that a tax of 5 cents per pound be placed on the processing of all foreign coconut and sesame oils in manufacture or production of an article for sale. This processing tax to apply to the first use of this oil, and would also apply on the manufacture of mixtures and combinations of this oil. So rapidly have these imports been increasing and so effectively have they been finding their way into the homes of the consumers of this country that the Government has had to require the farmers to destroy acreage, by plowing under cotton, slaughtering thousands of hogs, and have argued corn-hog reduction agreements, thus causing large surpluses of our domestic fats and oils to relegate to storage.

There is no livestock overproduction in this country; do not let anyone ever try to tell you that. But I personally do not believe that we can attain satisfactory results from a production-control program until something is done to assure the American producer of the home market. The importa-

tion of fats and oils, duty free, from the Philippine Islands is decreasing the demand for various fats and oils produced in this country. During July, August, and September of 1932 we imported from the Philippine Islands 152,000,000 pounds of coconut oil and copra, while during this same period in 1933 this figure increased 280,000,000 pounds. The coconut oil which has come into this country during this 3-month period amounts to as much beef tallow as that produced by 3 million 1,000-pound prime steers, or, putting this on a per-month basis, 1,000,000 steers per month. At present there are 9,000,000 cattle, and four and one half million are slaughtered under Federal inspection per year in this country, so you can readily ascertain what percentage of our domestic market is affected by this vicious flood of duty-free imports. Not only has it vitally affected this industry, but the evil influences are found in the large city markets, where oleomargarine and lard prices are reduced to such a figure that the dairy farmers are forced to sell their milk and butter products at below cost figures in order to compete with poor-quality butter substitutes.

The danger of this situation is alarming when we stop and pause and consider that the Philippine Islands and other growers of coconuts are considering the flooding of this country with still greater amounts of these oils and fats. Where 65,000,000 coconut trees were in production this year, we find that within a short time 35,000,000 more trees will be in production; and, with 100,000,000 coconut trees producing, the American home market for butter products, lard compounds, salad oils and dressings, and paints and their products will be completely destroyed.

The American farmer for years has petitioned Congress to aid them in their just fight for a home market that would be protected against this pernicious flood of coconut and sesame oils. More than 50,000,000 pounds of American butter would be consumed annually by the American people if the amendment to the revenue act was placed into effect. This amount now represents what is produced by the use of these imported oils and fats. Every farm organization with the interests of the farmers at heart is and has been actively behind this tax amendment. Today every farmer in this country is anxiously awaiting Congress' action on this part of the revenue act. We must not fail them now. It is our duty to assure American agriculture that we are behind them. We must give the farmer the protection that his home market needs. He is the best customer on earth for American manufactured goods. Let us not desert him on this real chance to help.

Let us get solidly behind our good friend and colleague, Mr. SHALLENBERGER, on his amendment as introduced into the Ways and Means Committee. I wish to congratulate him on his very deserving efforts for our American farmers and I ask the complete support of this body in behalf of our farmers.

I remember, as a member of the Minnesota Legislature—and I served in the State house and senate—and as a member of the senate I introduced a resolution to prohibit the State of Minnesota from using butter substitutes in State institutions. The bill passed the house and came to the senate. I shall never forget the day I walked into the senate chamber. In a speech I said that no one could dispute that by using butter instead of butter substitutes such as oleomargarine, we would build up the bones, flesh, and nervous systems of the unfortunates who were in our institutions; and I stated that the doctors would agree with me, and for this reason the resolution should be passed.

However, the oleomargarine lobby had already placed before the membership of the State senate propaganda illustrating and purporting unsanitary conditions of milk production and butter manufacture in a despicable effort to block the passage of my butter resolution. They tried to show how butter would be distributed so as to spread disease and went so far as to belittle the food content of butter as compared to oil substitutes. I am happy to say that my butter resolution was passed in both branches but was vetoed by a Republican Governor. In the next session, with the pressure of all Minnesota's dairy farmers behind the measure, we succeeded in making it a law, and, gentlemen, in later years in the United States Senate I am glad to say that the butter resolution calling for investigation and tariff regulation sponsored by me has placed millions into the pockets of all of the dairy farmers in the United States and has today reduced foreign competition of butter to an almost negligible amount. [Applause.]

This bill should have been amended in other ways, and I am firmly convinced that this Membership would vote almost solidly behind amendments to eliminate the so-called "nuisance taxes" now prevailing on bank checks, as well as the reduction of the 3-cent postage to 2 cents for the first ounce. Both of these measures should be eliminated at the first possible moment, and I am sure had the cloture rule not been put on this bill that these two items would have been properly eliminated and amended.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. KNUTSON].

Mr. KNUTSON. Mr. Chairman, the bill now before the House is the result of many months of hard work on the part of the Subcommittee and the whole Committee on Ways and Means. We started to hold hearings early in December and there came before our committee representatives of the Treasury Department, the Post Office Department, and scores of private individuals from every part of the country. One and all were given a full hearing for it was the earnest wish of the committee to get all possible information before the measure was drafted. In this connection I wish to pay tribute to our chairman, Mr. DOUGHTON, and to the ranking minority member, Mr. TREADWAY, both of whom proved towers of strength in the great problem that we had to solve.

Mr. Chairman, no member of the committee will contend that the bill now before us is perfect, but we do not hesitate to say that it is as good as it was possible for us to make. At no time was there any partisanship displayed in the committee and all worked together to a common end, that of putting a stop to the tax evasions that are possible under the present law. Our aim was to present a measure that would be sound and fair, and yet produce the required revenue.

For one, I am glad that the special rule, which accompanied the bill, was adopted by the House yesterday because that will prevent the 5 cents per pound excise tax on vegetable oils from being stricken from the bill while the measure is in the House. Ordinarily, I am opposed to gag rules; but when the Rules Committee brings in a rule that is for the benefit of the farmer, as it did in this instance, I can vote for it without crossing my fingers. It is so seldom that the farmer is the beneficiary of a gag rule in this body. I had to smile when I heard several "professional" friends of the farmer say that it was the principle of the thing that caused them to vote against the rule. Yes; that is a handy excuse and one that the soap and oleomargarine people will applaud in this instance. So will the House of Morgan and their kind, whom we propose shall henceforth bear their full share of the tax burden.

Mr. DOUGHTON. Will the gentleman yield?

Mr. KNUTSON. I am glad to yield to my beloved chairman.

Mr. DOUGHTON. I was somewhat surprised when the gentleman from Minnesota voted for the rule. I am wondering if I am correct in assuming that the gentleman had in mind the interests of the farmers of his district and the Nation when he did so.

Mr. KNUTSON. Absolutely; I broke a time-honored rule in voting for the rule, but there are good rules and bad rules, and this was a good rule in that it was brought in here to protect the provisions in the bill, among them the 5-cent excise tax on vegetable oils. The chairman will recall that Mr. LEWIS of Maryland served notice in committee that if given an opportunity he would offer such an amendment. In a nutshell, my friends, a vote for the rule clinched the coconut oil tax in the bill; a vote against the rule made it possible for an amendment to be offered to take it out, which might have carried.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. JOHNSON of Minnesota. In case we had an opportunity to amend the bill, does the gentleman believe the bill is so perfect that it couldn't be amended in some other respects—in relation to banking conditions and other taxes?

Mr. KNUTSON. Let me say to my good friend that when the time comes he will be given an opportunity to explain his vote on the rule yesterday. I dare say there will be many who will wonder why the gentleman voted as he did, which would have thrown the whole bill open and the benefit the farmers are to receive might have been destroyed.

Mr. CELLER. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. CELLER. I take it that if opportunity had been offered for amendment the gentleman would have voted to include other oils with coconut oil, oils that are used as a substitute for vegetable fat.

Mr. KNUTSON. I should like to have seen the bill include other oils, but we took all we could, and we would rather have a half loaf than none.

Mr. CELLER. I am in sympathy with the gentleman.

Mr. ARENS. Will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. ARENS. I should like to ask the gentleman if this is a correction of the omission in the Revenue Act of 1929?

Mr. KNUTSON. That is a matter of opinion. Of course, the tax should have been put on long ago. Perhaps the gentleman from Nebraska [Mr. SHALLENBERGER] and I having been put on the Ways and Means Committee only last year has had something to do with putting this tax in the bill.

Mr. ARENS. The point I am making is that the gentleman voted for the rule in 1929 that prevented any amendment.

Mr. KNUTSON. Revenue bills should not be amended on the floor of the House, because the subject is too involved to take snap judgment on.

Mr. ARENS. Not under the gag rules.

Mr. KNUTSON. Neither a tariff bill nor a revenue bill can be written on the floor of the House.

Mr. ARENS. I have never voted for a special rule and I never will.

Mr. TREADWAY. Will the gentleman yield?

Mr. KNUTSON. I will yield to the gentleman from Massachusetts.

Mr. TREADWAY. Is it not a fact that in the Committee on Ways and Means, two thirds of the bill was not touched by the Ways and Means Committee in the preparation of this bill? Then why should we open the whole bill for amendment when two thirds of it was not considered by the Ways and Means Committee?

Mr. KNUTSON. That is another important reason.

Mr. KELLER. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. KELLER. Why should any member of the committee be afraid to put these questions before the House?

Mr. KNUTSON. That question assumes that the gentleman is not acquainted with the Membership of the House.

Mr. TREADWAY. Will the gentleman further yield?

Mr. KNUTSON. Yes; I yield.

Mr. TREADWAY. In that connection, is it not a fact that after the tax was adopted in the committee, on coconut oil, there was a lot of propaganda in opposition to the tax?

Mr. KNUTSON. There has been one of the most powerful lobbies that I have ever seen in Washington since I have been here. It was in opposition to this tax, and let me say further that the gentleman from Massachusetts will recollect that there were five efforts made in the committee to have the Shallenberger amendment reconsidered.

Mr. CELLER. There was a soap lobby here.

Mr. KNUTSON. Not only that, but the oleomargarine lobby, and also the Wall Street crowd, because we are plugging up the holes, and the Wall Street crowd was here with a lobby trying to kill that rule yesterday.

Mr. CELLER. We have in New York a number of fat-rendering companies. They take the suet and grease from the various restaurants and butcher shops and make a tallow and grease which they sell to the soap manufacturers, and the more they can get for their products the better it is for the farmer, because it increases the price of the animal on the hoof to the farmer.

Mr. KNUTSON. Precisely, and one of the purposes of this tax is to keep the grease from going into the swill pail by making it worth something.

Mr. HENNEY. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. HENNEY. Would it have been possible to get this 5-cent tax on imported oils into this House and get it through without a cloture rule?

Mr. KNUTSON. If we did not have a cloture rule, the gentleman from Maryland [Mr. LEWIS] would have offered an amendment to strike out the 5-cent tax, and nobody knows how the 434 Members of the House would vote upon that.

Mr. HENNEY. That is what I have reference to.

Mr. KNUTSON. Yes; and the test yesterday was whether or not we wanted to throw the 5-cent tax on vegetable oils open to an attack on the floor of this House.

Mr. HENNEY. Whether we wanted to keep our promise to the farmers in our districts.

Mr. KNUTSON. That is it.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. JOHNSON of Minnesota. I am glad to see the gentleman is so interested in the farmers. He has been here for nearly 18 years, but during this whole time he has not been awfully particular about the farmers before at any time.

Mr. KNUTSON. Is that so?

Mr. JOHNSON of Minnesota. But he is now, because Magnus Johnson is going to run against him in the next election.

Mr. KNUTSON. Let me say to the gentleman that I do more than talk. The gentleman who is now addressing me has given the farmers lip service and that is all.

Mr. JOHNSON of Minnesota. Oh, the gentleman will have to do more than talk.

Mr. KNUTSON. That 5-cent tax is one thing.

Mr. JOHNSON of Minnesota. Yes; and it is open to me and the people from Minnesota——

Mr. KNUTSON. Oh, I don't want to enter into a personal altercation with the gentleman.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. MOTT. I do not want to enter into a row between the gentlemen from Minnesota, but I do want to ask how many Members of the House the gentleman knows of who are against the 5-cent tax?

Mr. KNUTSON. Oh, a very considerable number.

Mr. MOTT. How many?

Mr. KNUTSON. The vote was very close in the committee. The change of 2 or 3 votes would have changed the whole matter.

Mr. MOTT. I mean in the House.

Mr. KNUTSON. I would say nearly one half, or perhaps more than half. We don't know. We did not dare take the chance; we did not want to gamble on it.

Mr. REED of New York. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. REED of New York. The situation was placed before the Committee on Ways and Means and a thorough investigation made of the whole subject. Propaganda was not coming to the House generally, except the Soap Trust was bearing down on every member of the committee, and they were here by the dozens, the most powerful lobby, and the House generally was not well informed of the facts as was the Ways and Means Committee, and with that lobby working on the membership of the committee, talking about the

ruination of the soap industry, which was pure bunk, they could easily have been misled.

Mr. KNUTSON. The members of the Committee on Ways and Means bore the brunt of the attack, of course.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. KELLER. I do not want to be insistent, and yet I am not able to see why this body should not be trusted to express its opinion on any such subject as this, and I never will understand it.

Mr. KOPPLEMANN. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. No; I cannot yield any more at the present time.

The other day a member of the committee, in addressing the House on the revenue bill, decried the differential in the income-tax rates proposed in this measure and those in effect in Great Britain. Yes; the spread is big, I will admit; but in making a comparison one should bear in mind that while the British subject pays but one income tax the American citizen in many States pays a heavy State income tax in addition to the Federal income tax. The only fair way to compare the rates of the two countries is to give the total tax which the citizen of each country must pay.

In view of the fact that I represent an agricultural district I shall confine my remarks to that portion of the revenue bill which is of the greatest importance to my people, and that is section 602, title IV, which imposes a 5-cent per pound excise tax on coconut and sesame oils. For years the agricultural interests of this country have fought and struggled for protection against oils and fats coming from the Orient. While others were getting theirs the farmer was invariably left out in the cold. But now, thanks to Mr. SHALLENBERGER and the other members of the committee, he is at last going to get some real farm relief. In fact, Mr. Chairman, this is the first real constructive thing that Congress has given to a bankrupt agriculture in years, as hundreds of letters and telegrams from back home attest.

The large users of vegetable oils naturally oppose this tax because it will tend to force them to the use of American-produced fats and oils. Four or five attempts were made in the committee to strike out or modify the Shallenberger amendment, but our forces held without a break, and while the several votes were too close for comfort, it was another case of "a miss being as good as a mile."

I understand that the soap people are advising their customers that the imposition of the 5-cent tax will increase soap prices 50 percent. Let me say to you Members of the House that the soap people have fared better during the depression than almost any other class. At this point, Mr. Chairman, I desire to give some figures in support of that statement which have been compiled by the Department of Labor.

Wholesale prices—Bureau of Labor Statistics

	1926	1927	1928	1929	1930	1931	1932	1933	Percentage 1933 is of 1923
Soap:									
Laundry									[1] 61.4
Laundry (Philadelphia) per 100 cakes	$4.851	$4.851	$4.851	$4.851	$4.851	$4.851	$4.528	$4.429	91.7
Oleomargarine: Standard uncolored (Chicago) per lb.	.228	.223	.225	.235	.215	.133	.097	.087	38.2
Butter: Creamery extra (Chicago) per lb.	.429	.458	.461	.437	.353	.271	.201	.208	48.6
Lard: Prime contract (New York) per lb.	.150	.129	.123	.120	.109	.080	.050	.057	38.0
Raw materials:									
Coconut oil (New York) [1] per lb.	.106	.097	.095	.085	.073	.053	.045	.042	39.6
Copra (coast) (New York) per lb.	.058	.052	.051	.044	.037	.023	.019	.016	27.6
Palm oil (niger) (New York) per lb.	.080	.071	.073	.074	.057	.039	.029	.032	40.0
Palm-kernel oil (denatured) (New York) per lb.	.100	.091	.091	.084	.068	.055	.043	.043	43.0

[1] Crude, Manila spot, in barrels.

Wholesale prices—Bureau of Labor Statistics—Continued

	1926	1927	1928	1929	1930	1931	1932	1933	Percentage 1933 is of 1926
Raw materials—Con.									
Olive oil (New York) [2] per gal.	$1.911	$2.125	$2.283	$2.154	$1.863	$1.061	$1.389	$1.473	$77.1
Cottonseed oil (New York) [1] per lb.	.118	.097	.099	.097	.081	.060	.038	.045	38.1
Soybean oil (New York) [4] per lb.	.128	.120	.122	.120	.101	.066	.042	.065	51.6
Oleo oil (extra) (Chicago) per lb.	.120	.134	.141	.109	.105	.064	.057	.059	49.2
Tallow (edible) (Chicago) per lb.	.095	.089	.094	.089	.063	.047	.035	.037	38.9
Tallow (packers prime) (Chicago) per lb.	.087	.081	.083	.085	.052	.039	.032	.034	39.1
Glycerine (chemical pure) (New York) per lb.	.273	.249	.156	.144	.133	.119	.106	.104	37.8

[2] Edible in barrels.
[3] Prime summer yellow.
[4] Crude in barrels.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield at that point?

Mr. KNUTSON. Yes; gladly.

Mr. VINSON of Kentucky. Would the gentleman care to develop in respect to the action of the committee with reference to advertising matter in publication, and the reduction of the postal rates?

Mr. KNUTSON. I have some tables here that I want to present first. I do not know whether I can get more time. If I do not develop it now, I shall do so under extension.

From the foregoing table it will be observed that while the price of laundry soap has declined less than 10 percent since 1926 the price of raw materials has dropped 50 and 60 percent. According to Poor's Manual for 1932 the gross sales of one of the largest soap companies in the country increased from $179,622,000 in 1928 to $190,523,000—a very substantial increase when everything else was on the toboggan. Another soap firm shows a net profit of $7,598,000 on net sales of $89,844,000 in 1931—nearly 10 percent. If the price of soap, as a result of this tax, is increased to the consumer, in the face of this showing, the Government will no doubt take suitable steps.

Now, let us look at the other side of the picture. The American farmer has seen his products displaced in the domestic market by huge importations of vegetable oils and copra from the Orient. Our farmers are asked to reduce production but the Government is giving no heed to the agricultural products that are coming in and replacing the reductions effected. In other words, every reduction made merely serves to increase the market for foreign products so the American farmer does not gain any benefit from the reduction program. There are but two methods that will help him: Embargoes on all imports that compete with home produced products, or compensatory taxes on such imports. In this instance we seek to impose a tax which in my judgment is preferable.

Mr. Chairman, the American farmer, north and south, is compelled to meet a most relentless and devastating competition. I call to your attention statements in the printed hearings by representatives of the dairy interests, the hog and cattle men and the cotton farmer. The vegetable oil importations are felt wherever land is being tilled and the effect is the same in all sections. As imports increase the price of domestic fats and oils steadily decrease. Butter fat reached its all time low last month when the price should have been at its peak. Cattle and hog prices barely pay freight and commission. I have in my possession scores of stockyard receipts verifying this statement.

At this point I wish to call to your attention some very interesting figures compiled by the Bureau of Agricultural Economics, Department of Agriculture, which show the terrific shrinkage in butter-fat prices the past 10 years.

Butter fat: Estimated average price per pound (in cents) received by producers, United States, 1923–32

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Weighted average
1923	47.0	44.9	44.9	46.0	40.3	36.9	36.7	38.7	42.2	44.1	47.8	49.2	42.2
1924	50.6	48.5	46.4	40.8	37.6	37.1	37.8	35.8	36.6	36.6	37.0	41.1	39.8
1925	40.6	37.9	41.5	40.5	40.3	39.9	40.5	41.3	42.6	47.1	47.8	47.6	41.9
1926	45.2	43.1	42.9	40.4	39.1	39.3	38.6	38.6	40.5	42.4	44.8	47.9	41.3
1927	46.9	46.8	48.0	47.1	43.6	40.8	40.3	39.4	41.6	44.4	45.8	47.8	43.7
1928	48.5	46.0	46.5	45.4	44.4	43.5	43.3	44.3	46.5	47.0	47.6	49.2	45.6
1929	47.6	47.8	48.3	46.5	45.4	43.6	43.4	43.3	44.6	45.6	43.5	41.9	44.9
1930	36.7	35.4	34.9	37.3	36.5	31.6	31.6	35.2	37.7	37.0	35.3	30.6	34.8
1931	26.2	25.0	27.5	26.4	21.2	20.5	21.1	23.9	26.6	30.3	28.2	27.3	24.7
1932	22.8	19.8	19.5	17.8	16.3	14.6	14.4	17.5	17.6	17.8	18.4	21.1	17.6

NOTE.—Quotations cover butter fat for all uses. Based on reports of special-price reporters. Monthly prices by States, weighted by number of milk cows Jan. 1, to obtain a price for the United States; yearly price obtained by weighting monthly prices by production of creamery butter.

The shrinkage in beef-cattle prices has been equally violent as the following table, from the same source, will show:

Beef cattle and veal calves: Estimated average price (in dollars) per 100 pounds received by producers in the United States, 1923–32

Year	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Oct. 15	Nov. 15	Dec. 15	Weighted average
1923	5.51	5.55	5.62	5.78	5.77	5.82	5.72	5.60	5.70	5.48	5.23	5.26	5.58
1924	5.33	5.41	5.58	5.77	5.91	5.76	5.63	5.65	5.51	5.44	5.40	5.32	5.55
1925	5.61	5.66	6.15	6.50	6.44	6.43	6.54	6.55	6.25	6.26	6.11	6.17	6.23
1926	6.29	6.39	6.62	6.64	6.55	6.55	6.43	6.27	6.46	6.40	6.29	6.37	6.43
1927	6.42	6.57	6.79	7.12	7.15	7.06	7.11	7.18	7.39	7.52	7.96	8.29	7.23
1928	8.45	8.70	8.81	8.88	9.03	9.07	9.16	9.45	9.93	9.62	9.21	8.90	9.12
1929	8.91	8.83	9.09	9.45	9.64	9.67	9.75	9.55	9.16	8.85	8.57	8.43	9.15
1930	8.66	8.63	8.72	8.60	8.32	8.14	7.06	6.22	6.58	6.50	6.39	6.33	7.46
1931	6.38	5.98	5.98	5.95	5.61	5.21	5.11	5.05	4.96	4.72	4.76	4.32	5.31
1932	4.29	4.08	4.25	4.19	3.91	3.81	4.52	4.35	4.31	3.91	3.73	3.41	4.07

Unlike the soap and oleomargarine business, nothing produced on the farm has escaped the depression, not even swine. At this point I desire to read to you from another table prepared by the Bureau of Agricultural Economics, Department of Agriculture:

Hogs: Estimated average price (in dollars) per 100 pounds received by producers in the United States, 1922–23 to 1932–33

Year beginning October	Oct. 15	Nov. 15	Dec. 15	Jan. 15	Feb. 15	Mar. 15	Apr. 15	May 15	June 15	July 15	Aug. 15	Sept. 15	Weighted average
1922–23	8.33	7.78	7.63	7.77	7.65	7.52	7.45	7.13	6.37	6.68	6.85	7.81	7.41
1923–24	7.23	6.66	6.39	6.59	6.54	6.63	6.70	6.68	6.55	6.60	8.54	8.50	6.85
1924–25	9.45	8.62	8.39	9.31	9.62	11.83	11.64	10.78	10.82	12.02	12.19	11.50	10.15
1925–26	11.16	10.66	10.51	10.99	11.76	11.65	11.49	11.97	12.80	12.69	11.66	12.07	11.55
1926–27	12.06	11.45	10.97	10.97	11.19	10.89	10.41	9.41	8.40	8.58	9.24	9.78	10.24
1927–28	10.16	8.99	8.14	7.80	7.61	7.48	7.75	8.82	8.70	9.64	10.01	11.17	8.59
1928–29	9.55	8.51	7.95	8.18	8.88	10.00	10.20	9.96	9.80	10.33	10.28	9.53	9.24
1929–30	9.10	8.54	8.53	8.80	9.48	9.57	9.17	8.99	9.10	8.38	8.51	9.44	8.95
1930–31	8.79	8.20	7.44	7.25	6.81	6.92	6.92	6.35	5.70	6.20	6.25	5.44	6.95
1931–32	4.70	4.36	3.76	3.76	3.53	3.90	3.56	2.96	2.82	4.23	4.06	3.78	3.78
1932–33	3.25	3.05	2.73										

To get a true picture of the situation one should study the Agricultural Year Book for 1933, to which publication I am indebted for much of the statistical matter I have presented. From its pages we learn that imports of foreign oils have increased enormously. The average annual import for the 5-year period 1914–18 was 238,826,000 pounds; 1919–23 the average was 425,489,000 pounds; 1924–28 the average was 513,958,000; and from 1929 to 1933 the average annual importations increased to 679,822,000 pounds. The importation of coconut oil for the first 5 months of this fiscal year aggregates 449,887,000 pounds, as against 204,106,000 pounds in the same months last year.

Members of the House, it was upon this showing that the Ways and Means Committee placed a 5-cent-per-pound excise tax on coconut and sesame oils, which is going to put millions of dollars annually into the pockets of the American farmer. Our next task is to have palm and palm-kernel and soybean oils included in this tax. [Applause.]

Mr. SEGER. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. Yes.

Mr. SEGER. Does the gentleman know of any substitute for coconut oil in making hard-water soap, as it is called?

Mr. KNUTSON. I am not sufficiently versed in the soap business to answer that.

Mr. BROOKS. Mr. Chairman, will the gentleman yield?

Mr. KNUTSON. If the gentleman has some information to contribute on the question just asked by the gentleman from New Jersey.

Mr. BROOKS. There is really no substitute for coconut oil in the manufacture of soap, because coconut oil provides a gift to it that cannot be substituted.

Coconut oil produces a foam, and we see a quick-setting soap today which makes a sales value, as it is so attractive to the housewives. We have found nothing so far to replace that sales attractiveness of a soap which is made from coconut oil.

Mr. SEGER. Will the gentleman yield further for a question?

Mr. KNUTSON. At this point let me ask why should not the American producer of oils and fats have the necessary degree of protection, like all other lines have?

Mr. SEGER. The gentleman knows I am absolutely for protection.

Mr. KNUTSON. I understand that.

Mr. SEGER. But if there is no substitute for coconut oil to make soap not only attractive but to make it a hard-water soap, which is now used by the Army and Navy, if we had this soap denatured as we did alcohol, would that not answer the gentleman's purpose?

Mr. KNUTSON. No; because it would not give that degree of protection to the livestock industry that it should have. We are just as much concerned in the protection of animal fats as we are the protection of other farm products.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. SHOEMAKER. I do not think there is anything that will substitute for all the palm-olive advertising that has been going on for these years. That is where the substitute comes in.

Mr. ARENS. Will the gentleman yield?

Mr. KNUTSON. I yield.

Mr. ARENS. The gentleman will agree with me that the farmers of the United States, through cottonseed, flaxseed, and soybean oils, together with animal fats, can produce any fat needed in this country?

Mr. KNUTSON. It would seem to me that way, and those who want the higher-grade soaps may have to pay a little more, perhaps, but we are entitled to a little help. This tax is necessary to our existence.

Mr. ARENS. We can produce all we need.

Mr. KNUTSON. I think so.

The CHAIRMAN. The time of the gentleman from Minnesota [Mr. KNUTSON] has again expired.

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from Pennsylvania [Mr. SWICK].

Mr. SWICK. Mr. Chairman, I realize the amount of work required to prepare a tax bill such as the one before us. Coming from Pennsylvania, I am especially interested in this same section 602, the tax on certain oils. While Pennsylvania is not essentially a farming State, yet Lancaster County is the second richest farming county in the United States.

I have a letter from Hon. John A. McSparran, secretary of agriculture, who is a Democrat, in which he says that a tariff on these Asiatic oils, especially coconut oil, is highly desirable. I also have a letter from the Pennsylvania State Grange, whose president, J. Audley Boak, is a resident of my district. He sets out practically the same thing.

I realize the work required to set up a bill such as the one which is before us, and in order that the average citizen of the United States may know something of where this money will be used, I am inserting in the RECORD an extension of remarks.

I also take this opportunity to commend the Ways and Means Committee for their attention to the many petitions

received from the small oil producers in my district, urging the retention of the percentage depletion allowance clause in the bill which is now before us and which the committee has done.

Mr. Chairman, the average citizen of the United States must feel lost when he or she attempts to analyze the structure of the Federal Government today. If, as has been intimated by members of the so-called "brain trust", much of the emergency structure set up to promote recovery in the recent months is to be made a part of the permanent system of Government the public schools of the country will require an entirely new text on civics and history. What was familiarly known as the "new deal", is now referred to by proud Jeffersonian Democrats as the "bloodless revolution", an apt synonym for bewilderment and confusion.

What have been the results to date of this revolution, which swept into power a party whose national platform contained the following plank, drafted in June 1932, and was in no small measure responsible for the success of the party standard bearer in November:

> We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government, and we call upon the Democratic Party in the States to make a zealous effort to achieve a proportional result.

Waiving that plank before the overburdened taxpayers of the Nation, and pointing to the extravagances of the Republican administrations, and shouting the battle cry "A balanced Budget", the Democratic Party stampeded a suffering electorate, and won a decisive victory at the polls. Their party had controlled Congress during the last 2 years of the Hoover administration, and had consistently opposed the enactment of measures which under the new deal would be labeled "emergency legislation" although the greatest of all recovery measures, the Reconstruction Finance Corporation was set up during that time.

With the inauguration of the new deal, Congress promptly delegated almost unlimited powers to the Chief Executive, and the cry for nonpartisan consideration of legislation was heard from all sides. In several instances recovery legislation would have been endangered had it not been for the support given the President by Republicans.

We have abolished useless commissions and offices by setting up about 40 new ones, and adding more than 40,000 employees to the pay rolls, all of whom managed to escape competitive civil-service examinations.

There is a balanced Budget, but there is also an unbalanced Budget—one that could not be balanced during the present fiscal year, even though we were to double and collect all prevailing taxes for the remainder of the year.

We have economized by sweeping more than 12,000 employees from the classified civil-service rolls, while more than 40,000 deserving men and women have been given employment through the means of patronage, all of them exempted from civil-service regulation by Presidential order or congressional enactment.

We have solved our problems by setting up an alphabetical organization for each one until at the present time these combined agencies have a pay roll exceeding $5,000,000 per month, all of which, of course, is charged to the unbalanced Budget, the emergency budget.

During the 100 eventful days of the special session called last spring, the new deal created the following group of new Federal agencies with the number of employees on the roll of each as of December 1, 1933:

H.O.L.C. (Home Owners' Loan Corporation)	13,748
F.C.A. (Farm Credit Administration)	6,769
A.A.A. (Agricultural Adjustment Administration)	4,076
F.D.I.C. (Federal Deposit Insurance Corporation)	1,614
N.R.A. (National Recovery Administration)	1,922
P.W.A. (Public Works Administration)	1,764
T.V.A. (Tennessee Valley Authority)	934
F.E.R.A. (Federal Emergency Relief Administration)	150
F.C.T. (Federal Coordinator of Transportation)	94
C.C.C. (Civilian Conservation Corps)	1,109
F.T.C. (Federal Trade Commission (Securities Act))	87
U.S.E.S. (U.S. Employment Service (recovery)	437

Each of the following have from 10 to 50 employees: C.S.B. (Central Statistical Board), F.C.C. (Federal Commodities Corporation), N.L.B. (National Labor Board), C.F.C. (Commodity Finance Corporation), P.A.B. (Petroleum Administrative Board), F.C.W.A. (Federal Civil Works Administration), R.C.A. (Retail Code Authority), F.H.C. (Federal Housing Corporation), S.E.S. (Soil Erosion Service), S.H.D. (Subsistence Homesteads Division), P.L.P.B. (Petroleum Labor Policy Board), D.L.B. (Deposit Liquidation Board), B.A.P.C. (Business Advisory and Planning Council), N.P.B. (National Planning Board).

To review pension claims of World War veterans, the Veterans' Administration established 58 regional boards of inquiry, composed of five members each, who were paid at the rate of $15 per day for their services.

The Deposit Liquidation Board, created to hasten the reopening of banks closed by the March holiday orders, set up 64 regional offices to receive applications for liquidating loans from the R.F.C.

The Home Owners' Loan Corporation maintains 257 offices and at least 1 appraiser and 1 title examiner in each of the 3,016 counties in the country.

The Agricultural Adjustment Administration maintains quota inspectors in every contract-production county.

The Farm Credit Administration and the Reconstruction Finance Corporation each maintain 79 branch offices.

The Executive Council, composed of the Cabinet and the chiefs of the emergency units, meets with the President once a week as a board of strategy. It was necessary to allot $10,000 from the Public Works appropriation to defray the expenses of the council. It was also necessary to allot $5,000,000 from this appropriation to defray administrative expenses of the N.R.A., and the $300,000,000 required to continue the C.C.C. for the second 6-month period likewise came from that appropriation.

Under the direction of the Postmaster General, who is also the Democratic national chairman, we have adopted an entire new policy in the selection of personnel for the Federal services, one entirely different from that known as the "merit system" under the Civil Service Commission which existed from 1883 until 1933, which recognized three basic principles of the Civil Service code—competitive examinations, dismissal for cause only, and promotion by efficiency ratings.

Beginning with the farm bill in the special session and continuing with each new bill creating new agencies, the administration forces in Congress succeeded in preventing the inclusion of a provision that all new employees should be selected from civil-service classification rolls.

This practice has also been reported in older agencies; for instance the National Civil Service Reform League reported on November 15, 1933, that it had twice requested information from the Post Office Department as to the number of postmasters dismissed since March before the expiration of their appointed terms. In each instance the Department replied that the figures were not available.

> We have received numerous complaints of Presidential postmasters being asked to resign before the expiration of their terms of office and being succeeded by acting postmasters, for obviously political reasons—

The report continued—

> One common and recurring complaint is that efficiency ratings have been juggled, so that when reductions in force become necessary those employees not persona grata may be removed, even though years longer in service than those retained.

President Luther Steward, of the National Federation of Federal Employees, has tabulated some 12,000 classified civil-service employees dismissed from positions since last March—this while some 40,000 nonclassified workers were being added to the pay rolls. Mr. Steward made the following charge:

> Serious inroads are being made into the merit system by spoilsmen representing the largest army of political job hunters in the history of the Nation. In many instances, newly appointed politicians with administrative authority have begun forcing out capable, experienced employees with competitive status, in order to replace them with political hangers-on.

It is palpably absurd to expect the Federal Government to exert its maximum influence toward national economic recovery when such a large proportion of the agencies engaged in recovery work are overburdened with political appointees.

In July of last year the President was reported to have directed Mr. Farley, the Postmaster General, to draft legislation to bring all postmasters under civil-service regulations, "in order that I may submit it to the next session of Congress", but a month later, in an address before a national postal convention in Rochester, N.Y., Mr. Farley acknowledged that since March some 640 appointive postmasters had been removed, prior to the expiration of their terms, for violations of the Postal Regulations. During the same month a prominent district Democratic leader was appointed postmaster at Brooklyn. Announcing the appointment, Mr. Farley said the appointment would be made permanent "as soon as Mr. Sinnott completes his civil-service examination." Mr. Farley evidently meant just what he said when he announced "patronage is a reward to those who have worked for party victory."

New agencies, regardless of their name, mean additional jobs, which in turn require additional expenditures. So great were the new expenditures that a dual budget system was required to carry the load and at the same time spread the mounting deficit in such a manner that for purposes of public consumption it is entirely concealed, despite the fact that the national debt marches steadily upward and onward to a new high.

The Seventy-third Congress met in extra session, called for the express purpose of balancing the Budget and of maintaining the credit of the United States, shortly after the "new deal" was inaugurated. Overwhelmingly Democratic and lashed by the threat of withheld patronage by party leaders and the fright of a money panic as a result of the closing of all banks, the emergency Congress reluctantly decreed savings of more than $450,000,000, veterans contributing to the extent of $325,000,000, while Federal employees gave up $125,000,000 as the result of a 15-percent pay cut. The Congress then proceeded to increase the Federal revenue by imposing $1,000,000,000 in new taxes. The "new deal" was then able to point with pride to its accomplishment of having taken a billion and a half dollars from the red side of the Federal ledger for the fiscal year 1934.

But we did not stop there. That was only the first act, in which the Director of the Budget was permitted to play the lead, ably assisted by men who in years gone by had championed the cause of the veteran, basking in the spotlight of publicity, and denouncing the Republican administration for its disregard of disabled veterans. Those men today hold the legislative programs of veterans in their hands, clenched tightly, lest they see the light of day.

Then came the second act, the "emergency program", starring the "brain trust" and the birth of the second Budget.

What has been the result?

The daily increase in the national debt for the fiscal year ending June 20, 1933, according to the official report of the Secretary of the Treasury, was at the average rate of $6,013,000, while the daily average increase in the national debt for the first 4 months of the present fiscal year was $6,079,000. All this despite the fact that the first act in the play had reduced expenditures $500,000,000 and increased taxes $1,000,000,000 a year.

Regardless of the manner in which we juggle the Budgets and show a profit of $2,806,817,226.42 from the reduction in the weight of the gold dollar, we secure a true picture of the national-debt trend by comparing the net debt with the corresponding period in the previous fiscal year. The daily statement of the United States Treasury, issued by the Treasury Department, shows the following figures as of February 9, 1934:

Public debt this date (Feb. 9, 1934)	$25,144,785,750.30
Public debt corresponding date 1933	20,935,855,181.76
Net increase	4,208,930,568.54

In the same statement we see a comparison of the receipts and expenditures as follows:

	Fiscal year 1934	Corresponding period fiscal year 1933
Receipts	$4,588,415,275.31	$1,189,370,188.76
Expenditures	3,819,876,705.55	3,147,298,366.56

The following comparative figures from the emergency Budget give a graphic picture of the daily cost of the emergency program, including individual costs of the larger projects. With the exception of the R.F.C. none of the agencies charged with these expenditures were in existence prior to the present fiscal year. The figures are taken from the daily statements of the United States Treasury for February 7 and 9; the difference therefore represents the expenditures for 2 days. The amounts given under each date is the total expenditure of the fiscal year 1934 to date.

Agency	Feb. 7	Feb. 9	2 days' expenditures
Civil Works Administration	$302,112,494.11	$314,316,927.21	$11,204,523.10
National Recovery Administration	3,076,406.46	3,094,867.06	18,460.60
Agricultural Adjustment Administration	51,662,844.83	52,293,353.55	630,508.72
Civilian Conservation Corps	189,287,276.49	192,484,609.59	3,197,333.10
Reconstruction Finance Corporation	1,065,310,717.97	1,102,268,444.05	36,957,726.08
All others	431,494,742.06	439,027,933.13	7,533,191.07
Total	2,043,942,387.92	2,103,484,140.59	59,541,752.67

The following figures are for the same periods and are those charged to the regular Budget, known as "general expenditures":

FISCAL YEAR 1934

	Feb. 7	Feb. 9	2 days' expenditures
General expenditures	$1,699,231,787.62	$1,716,392,564.96	$17,160,777.34

FISCAL YEAR 1933

General expenditures	$2,487,877,237.86	$2,511,077,102.37	$23,199,864.51
Reconstruction Finance Corporation	618,530,387.95	636,091,264.19	17,340,876.24
Total, 1933	3,106,727,625.81	3,147,298,366.56	40,540,740.75
Total, 1934	3,743,174,175.54	3,819,876,705.55	76,702,530.01

The same statement indicates the following revenue received from all sources for the same 2-day periods:

1933	$12,087,109.14
1934	19,832,758.70

It is thus very plain to any person of average intelligence that in 1933 for this particular period our expenditures exceeded our income at the average rate of $13,853,991.02, while in the present fiscal year 1934 expenditures exceed income at the average rate of $28,434,885.65 per day.

In closing these remarks, which I have made for the purpose of giving facts, untainted with political bias, in order that those who read this RECORD may have a knowledge of the trend of Federal finances, I desire to insert an editorial from the Butler Eagle, published in Butler, Pa., which indicates that the public is beginning to think of the future. This editorial was carried in the issue of February 10, 1934.

PUBLIC WORK AND POLITICS

Rather startling figures were those produced by Ira Jewell Williams at the Chief Justice Marshall meeting of the Philadelphia Bar Association. He made specific charges that "the cotton vote, the farmer vote, the minimum-wage vote—all are being paid for, if not bought, and almost all out of the pockets of the taxpayers. The obvious, if not the announced, objective is the redistribution of property (if not of poverty) largely away from the East and the North."

These are serious charges. They involve manipulation for political purposes. How does Mr. Williams justify them? He insists that Pennsylvania is being "bled white"; that while this

Commonwealth contributes $114,000,000 to the Federal Treasury in taxation, which works out to $11.73 per capita, she receives back through the Public Works Administration only $1 for every $100 paid in. He contrasts this treatment with that accorded some other States—Mississippi and Arkansas, for example.

Mississippi is the home of the Democratic chairman of the Senate Finance Committee. Mississippi gets back $11 for every $1 paid in taxes or 1,100 times what Pennsylvania receives. Arkansas is the home of the Democratic leader of the Senate, and Arkansas is awarded $5.75 for every $1 of taxes that goes to the Federal Government—575 times what Pennsylvania obtains. One cent comes back to Pennsylvania out of every dollar levied by the processing tax under the Agricultural Adjustment Administration, but to Mississippi is restored $23.20 and to Arkansas $26.57.

Such criticism, coming as it does from a responsible citizen, requires explanation, remarks the Philadelphia Inquirer. Pennsylvania is victimized, says Mr. Williams, and so, he asserts, are New York and New Jersey. He has given the good people of these parts something to think about.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. JENKINS].

Mr. JENKINS of Ohio. Mr. Chairman, I have been here for the last 2 or 3 days listening patiently to the eloquent dissertations on this important piece of legislation. Not yet have I heard anyone raise his voice against the passage of this bill. It is passing strange to me that we are about to enact a piece of tax legislation that calls for an additional tax of $258,000,000 from the people of this country, who are now staggering under such a tremendous tax burden, and yet nobody objects seriously. It seems strange that we could with apparent unanimity agree on the passage of this important measure. What is the reason for it? They tell us they want to stop up some of the loopholes in the tax fabric. The fact that it does stop a few loopholes in the tax fabric is my reason for voting for it. But there is another reason—and it is a very important reason—and that is that we need the money. It is a proven fact that our country today owes more money than it ever did in its history. The Secretary of the Treasury came before the Ways and Means Committee a week or two ago and testified that between now and July 1 the Treasury Department of this country must arrange to refund $14,000,000,000 that it cannot pay—$14,000,000,000 is 14,000 million dollars. How are we going to pay 14,000 million dollars? How are we going to pay a debt that is increasing at the rate of about $20,000,000 a day?

I just want to throw these facts out to you to have you stop and think that all over this country there are a lot of people who are not going to be satisfied with this bill that we will pass in a few days. They will wonder how about it; but whenever we tell them that we need the money, perhaps they will be satisfied for a short while; but the time will soon arrive when they are not going to be satisfied, and we have to do something different. What must we do? We must see to it before long that we cannot go on forever spending $20,000,000 a day more than we take in. We have to see to it also that our national revenues increase rather than decrease as they have been doing for the last year or two. Because of failing incomes the revenues which the Government has been receiving are greatly diminished. But to add to this unfortunate situation we are piling up additional debts at a rate never before contemplated by the wildest Communist or the most profligate spendthrift, and I ask, in all solemnity, What has become of the promise that the "new deal" would balance the Budget?

In other words, we have a great and gigantic task before us. How are we going to come out of it? Well, I do not know. I do not think we will be out of it until we reelect the good old Republican Party to power. [Applause.] You know, when the Republicans took over the affairs of government after the last Democratic administration, our country then was facing the biggest debt it ever had faced prior to that time. Twenty-seven billion dollars was our debt.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. JENKINS of Ohio. I am very happy to yield to my distinguished friend and neighbor who lives across the river from me, a well-informed man, who, I think, knows as much about this tax bill as anybody else in this House. [Applause.] I think I have successfully disarmed him. [Laughter.]

Mr. VINSON of Kentucky. Referring to the hope expressed by the gentleman with reference to the time when we would snap out of it, I was just thinking the folks down around Ashland, Ky., and Ironton, Ohio, may have many, many hard winters if we wait until the gentleman's hope is realized. [Laughter.]

Mr. JENKINS of Ohio. I hope the gentleman is a false prophet. [Laughter.]

Mr. TREADWAY. It looks as though he were, too. The gentleman from Ohio thinks that, does he not?

Mr. JENKINS of Ohio. Yes. I was about to say that in the 10 years of Republican regime the debt was being paid at the rate of $1,000,000,000 a year. This is at the rate of $120,000 an hour. For the 10 years of Republican administration every hour the clock went around, summer or winter, day or night, we paid off $120,000 of Democratic debts.

Mr. WOODRUFF. And paid all our other expenses, too.

Mr. JENKINS of Ohio. Yes; we balanced our Budget every year. No other nation in the history of the world ever paid a debt as rapidly as we paid that debt.

Now, I shall vote for this bill, of course, because they say we have got to have the money to feed the poor. Yes; and I say that the poor must be fed. Bless your life! If we cut out a lot of the money we have wasted in an attempt to feed the poor, we would have a whole lot left to feed more poor people. I have injected a little partisan politics into this, which I did not intend to do, but I firmly believe that when we shall have continued this orgy of spending a little while longer, the people of this country will rise up in their honest might and place in power the Republican administration, the Republican Party that has always paid the debts that have been piled up in this country by the opposition party.

Mr. WEST of Ohio. Will my good friend from Ohio yield for a question?

Mr. JENKINS of Ohio. Yes; I am glad to say that another dear friend of mine from the great State of Ohio is about to propound to me a question; and if his question is as nice and as easy and as agreeable as he is personally, I shall have no trouble in answering it. [Laughter.]

Mr. WEST of Ohio. Of course, I am deeply grateful to the gentleman from Ohio, my good friend and colleague, for his gracious reference to me. The gentleman's knowledge regarding questions of public policy is very great. He has just made reference to the orgy of expenditure that the present administration has made in connection with the recovery program. I am just wondering to what part of this expenditure for relief and recovery he is opposed.

Mr. JENKINS of Ohio. Well, in fact it would take me too long to point them all out. [Laughter.] I have not the time to do that. But surely the gentleman does not believe, and surely he, himself, does not stand here and offer full approval of all this wild extravagance that his party has been guilty of in the last 8 or 10 months.

Mr. WEST of Ohio. If the gentleman will permit——

Mr. JENKINS of Ohio. Will the gentleman answer me that?

Mr. WEST of Ohio. I should like to ask this question: Is it not true that during the period of time this debt was being paid off, according to the statement of the gentleman, that there was an increasingly diminished percentage of the national income which went into wages and the maintenance of purchasing power, while there was an excessive and increasingly enlarged percentage of the national income that went into industrial profits and then in turn into industrial expansion? Is it not a fact that this tendency developed to such an extent that during the period of 5 years before 1929 only 13 percent of the national income went into labor and 70 percent went into industrial profits, while that which went into corporation dividends increased by 265 percent? Moreover, is it not true that the money that should have gone into internal-revenue collections through the income tax leaked out through the tax evasions we are now trying to prevent?

Mr. JENKINS of Ohio. Will the gentleman permit me to ask him a question? [Laughter.] Does he really intend that I should consider that long statement a speech or a question?

Mr. WEST of Ohio. I am simply asking if it is not a fact that there is a social obligation resting upon us to regard the income tax as a basis for social and industrial recovery and to seek to improve it by making it obligatory for those into whose hands great wealth has become concentrated to turn part of it back to the Government so we can get it out through the various relief agencies and raise the purchasing power generally of the people of our country?

Mr. JENKINS of Ohio. Surely the gentleman, when he has the floor in his own right, will take the opportunity to say the nice things about me that I have said about him inasmuch as I have been so patient to listen to him.

Mr. WEST of Ohio. I am very grateful to the gentleman for his courtesy, and I am sorry to have taken so much of his time. Because of his understanding of this important subject I am sure he must agree with this point of view.

Mr. JENKINS of Ohio. Because of confusion I did not catch any point of view, and I do not know whether I agree with it or not; but, anyhow, my dear friend, let me say this, that while the Republican Party was paying off this debt at this enormous rate, that same party nearly every year brought in a different kind of tax bill than this. In nearly every year of those 10 years it brought in a tax reduction bill. Nearly every year the taxes were reduced many millions of dollars.

Mr. WEST of Ohio. Is this a bill to increase taxes, may I ask the gentleman?

Mr. JENKINS of Ohio. It surely does. It raises taxes to the extent of $258,000,000. If it does not raise the taxes, we are just wasting our time.

Mr. WEST of Ohio. This bill does, in fact, propose to secure this sum of money in revenue, but we are simply getting in the money that should have come in under the present system and which has been lost through tax avoidance owing to the defects in the law.

Mr. JENKINS of Ohio. I shall address myself to just one paragraph in connection with the bill, and that is a paragraph to which I am opposed and was opposed to in the committee. But, of course, I will not oppose the whole bill just because I cannot get my way. Before we vote on this bill, I hope the committee will bring in an amendment to change this provision of the bill relating to pre-March 1, 1913, dividends. When the first income tax bill was passed, an exemption was made to all companies and all individuals who had a reserve of assets as of March 1, 1913. The law provided then, and has always provided since, that any distribution of assets accumulated before 1913 should be tax free. This bill changes that so that any distribution made henceforth, after the passage of this bill, shall be subject to the income tax. It is not right; it is not fair; and I hope the majority Members on this committee will appreciate this, that they will realize that we are about to do something that is not right, and will remedy it by striking out this section. The most sanguine prophecy only sees about $6,000,000 additional revenue. This will not justify the hardships that it will entail to lumbermen and many others who have retained these surpluses, in the shape of timber or other assets, and will now be compelled to dispose of them under circumstances that will be very discouraging to them.

I have only to cite as authority for my position one of the greatest Democrats that ever graced this body, who was later elevated to the Senate of the United States. I refer to Senator Oscar Underwood. He made a great speech against this change in the tax law. I have not time here to quote his speech, but under leave to extend my remarks in the RECORD I am going to put in his remarks with reference to this matter.

Mr. President, I had personally something to do with this legislation in its initial stages. There is no doubt in the world that the men who wrote the original bill and the Congress when they enacted it—at least, a majority of the Congress—were attempting to fix the status of the property throughout the United States so that the power to tax the increase—no matter what it was, earnings, profits on unearned increment—should begin on March 1, 1913, and that before that time it should be exempt. I do not think that there is a doubt in the world that that was the original intention. Of course, the recent decision of the Treasury Department puts a different interpretation on the case; but, to my mind, it is clearly not the interpretation which is proper, if the viewpoint of the men who passed the legislation has any weight in the decision of the question.

Just visualize the situation for a moment. Here is a man who bought a piece of city property, say, in 1900, for $100,000. In 1913 it had increased in value to $200,000. Now, 8 or 9 years have run by and the time comes for him to sell that property. He sells it for $200,000. The entire increase in value occurred before the income-tax amendment to the Constitution was adopted by the people of the United States; and yet it is proposed to go back and apply the heavy and severe taxes growing out of the recent war to the accumulations which came to him by the increased value of his property. Such action might halfway destroy an estate.

I had hoped we would have in this bill a provision reducing the rate of postage from 3 cents to 2 cents. I should like to see the committee between now and the time we vote on the bill change this provision so that it may apply between now and the 1st of July. The Post Office Department is the one great governmental Department that reaches nearly every citizen. Many of the people of this country have estranged themselves from this great Department because of this change in postal rates. I think if we would change the rate back to 2 cents, this would bring back into the channels of the mails a great volume of business. The additional revenue can be made from the additional volume.

I should like to see the provision reducing the tax on bank checks advanced so that this might become effective as soon as possible after the passage of the bill. There is no reason in the world why we should permit this tax on bank checks to continue until the 1st of January 1935. It should be stricken out now. It is a burden upon the business of the country. It does not produce a great amount of revenue, and I think while we are putting additional burdens on the people it would be a mighty good thing if we would relieve them of some of the burdens they now have.

The section dealing with personal holding companies should, I think, be amended so as to omit the word "rents." The language in the bill is as follows:

Derived from rents, royalties, dividends, interest, annuities, and (except in case of regular dealers in stock or securities) gains from the sale of stock or securities.

I am in sympathy with the purpose of this section. It proposes to reach individuals commonly known as the "big fellows" who have evaded their taxes successfully. In doing this, however, I am afraid if the word "rent" is not stricken from this bill that many individuals and corporations not intended to be reached by this section will be reached and thereby put to a great deal of trouble from which no great amount of revenue will result. By way of illustration I will say that suppose "A" and his wife and daughter own an office building. This office building represents the greater portion of their holdings. Their principal income therefore would be rents. Unless they distributed the income from this property each year they would be liable for this 35-percent additional tax. They might find it inconvenient to distribute, for they might need to maintain a surplus of more than $1,000 for repairs, and so forth. This would create a great hardship in many cases and should be taken care of before the bill finally passes.

It is proposed in this bill to raise $258,000,000 in taxes. As I have heretofore stated this bill is designed to be one which will stop up gaps and will not work hardships on many except those who heretofore have been favored. I know this impression is broadcast in the country. I know this is one of the reasons why this bill has not met more opposition.

The report accompanying this bill indicates that $28,000,000 is to be raised by changes in the tax-rate structure. It cannot be successfully claimed that these changes are made to reach persons who have heretofore escaped their just share of taxes. It is true that these changes probably are more equitable. I am led to support these changes not because they stop up any gaps, but rather that they furnish a more equitable plan of tax collection.

Likewise it is claimed that $85,000,000 will be saved in the administration of depreciation allowances. Not a single line has been changed in the law yet the Treasury Depart-

ment states that $85,000,000 additional can be collected by a more zealous effort on the part of the Department. Of course this is only problematical and whether it results in this gain in taxes will depend upon the zeal which the Department shows in the performance of this task.

Thirty-five million dollars is to be secured from a change in the allowances known as "capital gains and losses."

It is estimated that $25,000,000 will be collected from personal holding companies. I have heretofore discussed this item.

It is further claimed that $10,000,000 will be raised from exchanges and reorganizations. This also is problematical.

Six million dollars is the amount expected to be raised from the change in the law taxing dividends out of pre-March 1, 1913, earnings. I have heretofore discussed this item and I hope it will be stricken from the bill.

Five million dollars is to be raised from a change in that portion of the law known as "foreign tax credit." At present a taxpayer with property in various States pays the same income tax on income derived from this property regardless of where located. A taxpayer with property in foreign countries is allowed a greater exemption from income received from such property than he would be allowed if the money were invested in any of the various States. It was sought to repeal the provision allowing this exemption but because of entanglements resulting from complications of business in foreign countries it was decided to reduce the credit by 50 percent.

Twenty million dollars will be obtained from a change in the paragraph dealing with consolidated returns. Many large companies with intermeshing subsidiaries find it very convenient to make consolidated returns. It is claimed by many tax experts that through this provision they are able to balance off the losses in the nonproductive industries against the gains in the productive industries and thereby reduce their taxes materially.

There is no question but that there are many honest advantages in permitting consolidated returns, and rather than punish those who may be dishonest in the making of their tax returns under this provision it has heretofore been held wise by the Congress to charge an additional tax of 1 percent for permission to make consolidated returns. Under the present bill this rate is increased by an additional 1 percent so that corporations filing separate returns will pay 13¾ percent on their incomes and those filing consolidated returns are taxed 15¾ percent.

From other changes in the paragraphs dealing with partnership returns and from changes in numerous other sections it is sought to increase the taxes by approximately $50,000,000.

Time does not permit me to go further into detail and explain these various items. The average taxpayer will be more interested in a table showing the difference in the amount of taxes that will be collected under this new law as contrasted with the present law and for that reason I am appending hereto a copy of such table.

(e) Effect of rate structure changes: The changes recommended in paragraphs (a), (b), (c), and (d), above, are interrelated, and it is now necessary to point out the combined result of these changes. The exact results are shown in two tables, which set forth the present and proposed taxes on various amounts and kinds of net income in the case of both single and married persons.

Comparison of present and proposed tax

SINGLE MAN

Net income	If all earned income [1]		If half earned income and half dividends [2]		All dividends [2]	
	Present law	Proposed	Present law	Proposed	Present law	Proposed
$2,000	$40	$32	0	0	0	0
$3,000	80	68	$20	$8	0	0
$3,500	100	86	30	18	0	0
$4,000	120	104	40	28	0	0

[1] Earned income means wages, salaries, professional fees, or other amounts received for personal services actually rendered.

[2] Dividends from stock of domestic corporations. Same treatment is accorded interest from partially tax-exempt Government bonds.

Comparison of present and proposed tax—Continued

SINGLE MAN—continued

Net income	If all earned income		If half earned income and half dividends		All dividends	
	Present law	Proposed	Present law	Proposed	Present law	Proposed
$4,500	$140	$122	$50	$38	0	0
$5,000	160	140	60	48	0	0
$6,000	240	216	80	108	0	$10
$7,000	330	292	110	166	$10	80
$8,000	420	368	140	224	20	120
$9,000	510	448	170	282	30	160
$10,000	600	538	200	350	40	210
$12,000	800	728	320	496	80	320
$14,000	1,020	938	460	662	140	450
$16,000	1,260	1,168	620	848	220	600
$18,000	1,520	1,428	800	1,068	320	780
$20,000	1,800	1,728	1,000	1,328	440	1,000
$25,000	2,640	2,648	1,640	2,148	880	1,720
$30,000	3,600	3,708	2,400	3,108	1,440	2,580
$40,000	5,920	6,148	4,320	5,348	2,960	4,620
$50,000	8,720	9,098	6,720	8,098	4,906	7,170
$60,000	12,020	12,558	9,620	11,358	7,460	10,230
$70,000	15,820	16,498	13,020	15,098	10,460	13,770
$80,000	20,120	20,948	16,920	19,348	13,960	17,820
$100,000	30,220	31,168	26,220	29,168	22,460	27,240
$200,000	86,720	87,638	78,720	83,638	70,960	79,710
$500,000	263,720	264,608	243,720	254,608	223,960	244,680
$1,000,000	571,220	572,088	531,220	552,088	491,460	532,160

MARRIED MAN, NO DEPENDENTS

$3,000	$20	$8	0	0	0	0
$3,500	40	26	0	0	0	0
$4,000	60	44	0	0	0	0
$4,500	80	62	0	0	0	0
$5,000	100	80	0	0	0	0
$6,000	140	116	$20	$8	0	0
$7,000	210	172	50	46	$10	$20
$8,000	300	248	80	104	20	60
$9,000	390	328	110	162	30	100
$10,000	480	408	140	220	40	140
$12,000	680	583	220	351	80	235
$14,000	900	778	340	502	140	350
$16,000	1,140	993	500	673	220	485
$18,000	1,400	1,228	680	868	320	640
$20,000	1,680	1,498	880	1,098	440	830
$25,000	2,520	2,348	1,520	1,848	880	1,480
$30,000	3,480	3,378	2,280	2,778	1,440	2,310
$40,000	5,800	5,743	4,200	4,943	2,960	4,275
$50,000	8,600	8,633	6,600	7,633	4,960	6,765
$60,000	11,900	12,003	9,500	10,803	7,460	9,735
$70,000	15,700	15,868	12,900	14,468	10,460	13,200
$80,000	20,000	20,258	16,800	18,658	13,960	17,190
$100,000	30,100	30,358	26,100	28,358	22,460	26,490
$200,000	86,600	86,783	78,600	82,783	70,960	78,915
$500,000	263,600	263,708	243,600	253,708	223,960	243,840
$1,000,000	571,100	571,158	531,100	551,158	491,460	531,290

An examination of these two tables reveals that the tax on ordinary income is not changed to a consequential extent, except that a very moderate reduction in tax is given to taxpayers with small amounts of earned income. On the other hand, the tax on income derived from dividends and partially tax-exempt Government bonds is substantially increased, although the tax on this class of income will still be materially less than on earned income of equal size. It is believed this increase can well be borne both in the case of dividend income and in the case of income from partially tax-exempt securities.

THE REVENUE BILL

The motion was agreed to.

Accordingly the Committee rose; and Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee, having had under consideration the bill H.R. 7835, the Revenue Act, had come to no resolution thereon.

REAR ADMIRAL JAMES J. RABY

Mr. WOODRUFF. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD upon the death of Admiral James J. Raby.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

Mr. WOODRUFF. Mr. Speaker, Rear Admiral James J. Raby, United States Navy, commandant of the sixth, sev-

enth, and eighth naval districts and of the Navy Yard, Charleston, S.C., was killed in an automobile accident near Midway, Ga., at about 4:30 Monday afternoon, January 15, 1934. He is survived by his widow, Mrs. J. J. Raby. His son, Lt. (Jr. Gr.) John Raby, United States Navy, is attached to Aviation Squadron VF–3B, attached to U.S.S. *Langley*. Funeral services and interment took place at Arlington.

Admiral Raby had been ordered to duty as commandant of the twelfth naval district and naval operating base, San Francisco, Calif., as relief of Rear Admiral George W. Laws, United States Navy, who will be placed on the retired list of the Navy on March 1.

Rear Admiral Raby was born in Bay City, Mich., September 17, 1874, and was appointed to the Naval Academy in 1891. During the Spanish-American War he served on the U.S.S. *Marietta* in Cuban waters. For his service during the World War he was awarded the Navy Cross with the citation—

For distinguished service in the line of his profession as commanding officer of the U.S.S. *Albany*, engaged in the important, exacting, and hazardous duty of escorting and protecting vitally important convoys of troops and cargo ships through the area of submarine activity. Later in command of the U.S.S. *Missouri* in the Atlantic fleet.

He also received a special letter of commendation from the War Department.

He was on duty in the Navy Department and at the Washington Navy Yard from April 1919 until February 1922 when he was ordered to command Destroyer Squadron 9, Scouting Fleet, and later was in command of the U.S.S. *Rochester*. From June 1923 until April 1926, Admiral Raby, then with the rank of captain, was in command of the Naval Air Station, Pensacola, Fla. He enrolled in the naval aviation course and qualified on August 6, 1926, as a naval aviator, the second officer in the Navy to qualify as a naval aviator while holding the rank of captain.

From Pensacola, Admiral Raby was ordered to command the aircraft Squadrons, Scouting Fleet. In April 1928, he returned to duty in command of the naval air station, Pensacola, with additional duty as commandant eighth naval district. He was under instruction at the Naval War College from July 1929 until June 1930 when he was given command of Train Squadron 1, Fleet Base Force, and served in that capacity until he was appointed commandant of the sixth naval district in September 1931. He was given additional duty as commandant of the seventh and eighth naval districts on June 30, 1933.

Mr. Speaker, Admiral Raby was a native of my home city. There, among those who knew him from early boyhood, he leaves a host of friends to mourn his passing. I consider it a great privilege to have known him personally for many years, and to have made it possible for his only son to follow in his footsteps, by appointing him to the Naval Academy, from which he was graduated in 1928. I think without exception every person who came in contact with Admiral Raby was impressed with his high character, outstanding abilities, and kindly qualities. As is the case with all men of leadership, he was modest, tolerant, and generous in his judgments of others. He always impressed me as being one of the finest Christian gentlemen it has ever been my good fortune to know. In his death his family lost a devoted husband and father, and his country one of its citizens whose outstanding talents had been importantly recognized in the branch of the public service to which his entire life had been given.

PERMISSION TO ADDRESS THE HOUSE

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to address the House for one minute.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, I ask unanmous consent to extend my remarks by inserting certain documents.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

Mr. IGLESIAS. Mr. Speaker, ladies, and gentlemen, a recent and important message from the President addressed to Congress, recommending making sugar a basic commodity and fixing sugar quotas, appears to have caused a tremendous and unexpected effect in Puerto Rico. The recommendation prompted the sending of cables and letters from the island and the mainland by prominent personages discussing the subject matter and exposing their apprehensions and opinions with reference to the best interests of the people of the island. And for this reason I think it my duty to ask you to permit me to insert into the RECORD these communications for the information of all concerned and in behalf of those individuals who have at heart the welfare of the Puerto Rican people.

It may be that there are some misunderstandings and misapprehensions in the matter, but I consider it my duty to urge all the members of committees and Congress to give their most sympathetic and unprejudiced consideration to the suggestions contained in these cables when the bills dealing with sugar, which have already been introduced, are considered, in the interest of over 1,500,000 American citizens of the island of Puerto Rico. I hope, also, that the term "domestic", as may be used in these bills intended for the protection and control of sugar marketing in the mainland, be made applicable to Puerto Rico as an integral part of the United States.

I request that these cables and letters be inserted in the RECORD as an extension of my remarks.

SAN JUAN, P.R., *February 14, 1934.*

Hon. SANTIAGO IGLESIAS,
Puerto Rico Resident Commissioner,
House Office Building, Washington, D.C.:

Jones bill introduced in House to control sugar production would force our sugarcane farmers and cane-sugar producers out of business. Section 3A of bill includes Puerto Rico and other possessions with foreign countries, and this would bring disaster to general islands' interests. Economic life and government public services in Puerto Rico chiefly depend on sugar industry, and any discrimination against sugarcane farmers and cane-sugar producers would be seriously reflected upon all private and public enterprises, and labor more especially. Puerto Rico should appear in section 3B of Jones bill in accordance with Agricultural Adjustment Act that places Puerto Rico on equal level with continental domestic producers. The prosperity and happiness of 1,600,000 loyal American citizens depend upon the consideration given to the islands' sugar industry. Puerto Rico is cooperating to the relief of continental farmers, manufacturers, and laborers through the high increase in the cost of living brought by the operation of N.R.A. and A.A.A. We are paying for continental relief, and have been expecting national aid in line with whatever is done in behalf of our fellow domestic producers. Puerto Rico requests your valuable cooperation so as to bring our cane farmers and sugar producers out of depression.

RAMÓN ABOY BENÍTEZ,
President Puerto Rico Sugar Producers' Association.

SAN JUAN, PUERTO RICO, *February 12, 1934.*

Hon. SANTIAGO IGLESIAS,
Puerto Rico Resident Commissioner,
House Office Building, Washington, D.C.:

Sugar control bill (Jones) practically means ruin to cane farmers, sugar producer, and labor in Puerto Rico. This bill in section 3B includes Puerto Rico and other possessions with foreign countries imposing ruinous processing taxes. Under Agricultural Adjustment Act Puerto Rico properly belongs with American producers, therefore, your good services are extremely important so that Puerto Rico be placed in section 3B of this bill with American producers. Puerto Rico should be included in section 3B. If such discrimination is maintained, labor particularly will be disastrously affected inasmuch as all benefits recently received by labor here through employers-and-workmen agreements would be unavoidably destroyed as well as other betterment expected based on sugar price unless sugar industry be granted immediate due aid. As American citizens we demand equal benefits, consideration to compensate the hardships brought to the island under N.R.A. and A.A.A. so far.

RAFAEL MARTINEZ NADAL,
PEDRO JUAN SERRALLES,
Senators.

PONCE, PUERTO RICO, *February 12, 1934.*

SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
Washington, D.C.:

Sugar plan prejudicial to island. Reduction in production will sharpen unemployment problem, increasing misery and demolishing small landlord. Government will be obliged to reappraise the

land, determining considerable reduction in the revenue of the insular budget. Surplus production impossible to storage. Financial banking method in the island will not be able to finance surplus. We beg that you display your accustomed activity in defending our island.

BANCO PONCE.
BANCO CREDITO Y AHORRO PONCEÑO.

PONCE, PUERTO RICO,
February 12, 1934.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
Washington, D.C.:

Referring to the limitation of sugar production in Puerto Rico as proposed to Congress, we submit the following: The proposed limitation of 821,000 tons raw sugar for Puerto Rico would mean a reduction of at least 18 percent from this year's estimated output. One million short tons and more than 20 percent reduction in acreage, since the best lands would be kept in cultivation while the less productive fields which are more expensive to cultivate would be abandoned. This would mean a reduction of probably 25 percent in field labor employed to bring the cane to the point of harvesting; in order to appreciate what this would mean in unemployment, it should be remembered that the reduction in field labor would come at the time when employment in Puerto Rico is normally at the minimum and would thus accentuate a condition which is always a problem and calls for a careful consideration. It is hoped that before anything definite is done along the lines of the proposed reduction these facts will be carefully considered, as otherwise the next dead season will witness a more serious situation than ever before.

CAMARA DE COMERCIO OF PONCE,
President.

FEBRUARY 10, 1934.

Hon. SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico in Congress,
Washington, D.C.

DEAR MR. IGLESIAS: Enclosed please find copy of a letter addressed to Secretary Dern and one to the Agricultural Adjustment Administration which speak for themselves.

Please convey it to Senator COSTIGAN as soon as possible, and have him take into his consideration the suggestions made to the sugar bill that he may introduce.

Best regards.

JOHN BASS,
Chairman Producers Sugar Association of Puerto Rico.

WASHINGTON, D.C.
February 10, 1934.

Hon. GEORGE H. DERN,
Secretary of War, Washington, D.C.

DEAR SIR: I enclose herewith copy of a letter which I forwarded today to the Agricultural Adjustment Administration in connection with the proposed bill making sugar a basic commodity and fixing the Puerto Rico sugar quota.

You will see from my letter the injustice toward Puerto Rico if no adjustment can be made on account of the hurricanes in Puerto Rico, and I wish that you would kindly use your good offices in seeing to it that the bill be adequately changed, before being introduced, to take care of the Puerto Rican problem.

I understand the bill is still being changed today and in view of the urgency of this matter I wish that you would kindly see to it that my proposed change also be made.

Thanking you in advance for your courtesy, I remain,

Very sincerely,

JOHN BASS,
Representing the Puerto Rico Sugar Producers Association.

WASHINGTON, D.C., *February 10, 1934.*

AGRICULTURAL ADJUSTMENT ADMINISTRATION,
Department of Agriculture, Washington, D.C.

GENTLEMEN: With further reference to the personal conversation I had with your Mr. Weaver and Dr. Bernhard this morning in connection with the Puerto Rico sugar quota, I would like again to state to you the point of view of the Puerto Rico Sugar Producers Association, which I represent.

As you know, Puerto Rico has been visited by two very severe hurricanes, one in 1928 and one in 1932, which severely affected the crop outputs for 1929 and 1933. The effects of these hurricanes were so disastrous that the Puerto Rico sugar industry and, as a matter of fact, the entire island, has suffered severe financial losses, which we all feel we are entitled to make up in years to come. It would be unfair and unjust and discriminatory if the Puerto Rico sugar producers should have to suffer for such catastrophes for which they were not responsible, and it would be just as unfair to give the other sugar-producing areas the benefits of any such catastrophies by cutting down the Puerto Rico quota to the advantage of the other producing areas. In other words, if the other producing areas' quotas should be based upon an average of 3 years taken out of the last 8 years, of which the last 3 years are the highest ones, then it would be unfair to cut out the two hurricane years when considering the Puerto Rico quota, especially so when one of these hurricane years falls into the last 3 years, showing the highest production in the island, the same as in other areas. For that reason I feel that it is only fair and just that a provision be made in regard to Puerto Rico whereby the delivery figures for Puerto Rico for 1929 and 1933 be based upon the actual production figures, which naturally were considerably reduced on account of the hurricanes. A readjustment of these individual years could be made easily by taking the official estimates of these crop years made prior to the hurricanes by the Department of Agriculture in Puerto Rico or by the Puerto Rico Sugar Producers Association, or both, in which event it will be quite clearly shown that Puerto Rico would have supplied the continental United States in 1933, not with 791,000 short tons raw sugar value, but with at least 910,500 short tons. The mere striking out of the actual delivery figures for 1933 would not be fair in view of the above-mentioned arguments, but I feel that it would be fair to substitute the actual figure for 1933 with the estimated normal deliveries for 1933, thereby giving Puerto Rico the same privileges of including the three large crop years in their average as is being given to other areas. I therefore would suggest that you recommend a provision in the proposed bill reading approximately as follows:

"Since some of the Puerto Rico crop years have been abnormally affected by hurricanes and the inclusion of these abnormal figures in the 3-year average would be misleading and cause undue hardship to Puerto Rico, such actual delivery figures for these hurricane years shall be increased by the amount of the estimated crop damage as approved by the Secretary of Agriculture."

I would highly appreciate it if you would recommend the inclusion of such section in the proposed bill before same is submitted to Congress. I am quite sure that in view of the fairness of this request no other area will have any objection to the inclusion of this section in the bill.

Thanking you in advance for your courtesy, I remain,

Yours very sincerely,

JOHN BASS.

BUCKLEY & BUCKLEY,
ATTORNEYS AT LAW,
Washington, D.C., February 14, 1934.

Hon. SANTIAGO IGLESIAS,
Delegate from Puerto Rico,
The Capitol, Washington, D.C.

MY DEAR MR. IGLESIAS: I beg to enclose herewith a memorandum which has been prepared by Senator Serralles showing the facts on the sugar situation in Puerto Rico as it exists at present and demonstrating that any reduction in duty or reduction in output in Puerto Rico will be a very serious damage to the island.

The proposed output in Puerto Rico in the President's message amounts to about 20-percent reduction in acreage, which means about 25-percent reduction in field labor. You, as the leading exponent of labor benefits in the island of Puerto Rico, can appreciate what this will mean in unemployment, particularly as the reduction will come at the time when employment is normally at the minimum.

The enclosed memorandum is one which you are at liberty to use in such manner as you think will best serve the interests of the people of Puerto Rico.

Sincerely yours,

DAVID A. BUCKLEY, Jr.

Enclosure: One memorandum.

MEMORANDUM RE SUGAR MESSAGE

1. High cost of sugar to the American consuming public. Sugar has been for years lower in cost than any other foodstuff available and in general use. Based on annual per capita consumption of slightly over 100 pounds, the cost of sugar consumed by the average individual has been less than $5 per year. If sugar were placed on the free list, the saving to the consumer, assuming that Cuban raws did not advance in price, as they surely would advance, would be only $2 per person per year.

2. Value of American interest protected by the tariff on sugar. Apparently the annual gross value, $60,000,000, as stated, includes only the price paid to growers for beets and cane, f.o.b. cars, for shipment to the mills, and it refers to continental growers only. We must therefore add to the 60 million, $35,000,000 for value of cane grown in Puerto Rico and $45,000,000 for that grown in Hawaii, thereby arriving at the total farm value of beets and cane, grown by American farmers, $140,000,000.

This sum represents only the price received by the grower. To get a fair picture of the situation it must not be forgotten that transportation and factory costs add value to the product and represent American industry which is justly entitled to consideration. The raw sugar from Puerto Rico and Hawaii is transported to the mainland in steamers of United States registry, and this service is the principal source of income to the line serving Puerto Rico. Without sugar freights these lines could not stay in business on their present scale, and rates would inevitably be much higher.

So in considering the importance of the American production of raw sugar it would be fair to base calculations, so far as Puerto Rico and Hawaii are concerned, on the raw sugar value delivered at continental ports. The c.i.f. price at New York is lower than and controls the price at other ports. The average New York price for 96° sugar c.i.f. New York for 1933 is given by Willet & Gray as $3.208. Based on this figure, the value of Puerto Rican raws for 1933 crop was about $59,000,000 and the Hawaiian crop about $66,000,000; Louisiana-Florida, $16,000,000; add United States

beet crop, market value of sugar, $125,000,000, give a total of $266,000,000.

The total value of United States sugar production, not including refining costs of cane sugar, was therefore about two hundred and sixty-six millions for the 1933 crop. It should be borne in mind that sugar was one of the first products to be deflated after the era of high prices following the World War, and that there was no sugar boom in the period 1926–29. Quite the contrary. The average prices for 96° sugar c.i.f. New York, duty paid, as given by Willet & Gray, were as follows:

1924	$5.964
1925	4.334
1926	4.337
1927	4.730
1928	4.229
1929	3.769
1930	3.387
1931	3.329
1932	2.925
1933	3.208

It will be seen that the foregoing computations of gross annual value are based on the lowest price (with the exception of 1932) in 10 years.

The present rate of duty on sugar became effective June 18, 1930, and carries an increase of 23.52 cents per 100 pounds, from $1.7648 to $2 in the rate on Cuban raws. Notwithstanding this increase, the average price for 1930 was 38.2 cents per 100 pounds lower than the average for 1929, and 1931 was still lower by 5.8 cents than 1930. New York price for Puerto Rican raws, June 16, 1930, was $3.33; June 17, $3.30, $3.27; new tariff, June 18, $3.25; June 20, $3.24; June 23, $3.24; June 25, $3.30.

On June 27, 1930, the price rose to $3.42 and after that ranged downward until October 1, when it touched the low of $3.03.

Considering these facts it is clear that the market price of raw sugar does not rise and fall in strict accordance with the changes in tariff duties imposed by the United States of America. There are other factors which sometimes exert a stronger influence, as witness the recovery from 1932, $2.925, to 1933, $3.208=28.3-cent increase without change in rate of duty.

A study of the foregoing statistics does not justify the conclusion that the American consumer is paying over $200,000,000 for protection of $60,000,000 production. Apparently this statement is based on the assumption that the entire consumption of sugar in the continental United States of America, 5,270,366 tons in 1933 (Willet & Gray), cost the consumer 2 cents per pound—$44.80 per ton—more than it would have cost had there been no duty on Cuban raw sugar. The Cuban sugar imported into the United States during 1933, 1,471,705 tons, would pay about $66,000,000 in duties. It is difficult to believe that the Cuban producers would, if there had been no duty, have donated to the American consumer the one hundred and thirty-four millions' difference between this duty and the two hundred millions the duty is supposed to cost the consumer. Rather, it is reasonable to suppose that the Cuban would have collected for himself as much of this difference as possible. And in the light of history it appears that the Cuban has not altogether neglected his opportunities to collect. From March 1, 1914, to May 27, 1921, the duty on Cuban raws, 96°, was 1.0048 cents per pound and the average price paid for Cuban raws, c.i.f. New York, ranged from the 1914 average of $3.7498 duty-paid, to the 1920 average of $12.3385 duty paid. Comparing these prices with the present price, $3.40 duty paid, it does not appear that the American consumer can reasonably expect cheaper sugar or a continuance of the present price level if the duty is lowered or abolished.

Why should the consumer expect sugar to continue selling at such ruinously low prices as have prevailed for several years? Puerto Rico and other sugar-producing sections have been paying higher prices for supplies ever since last July. The processing taxes on cotton, wheat, corn, and hog products have been passed on to the consumer in every case. For example, cotton bags used as containers for sugar refined in Puerto Rico cost 8½ cents each a year ago. They now cost 17½ cents each. Jute bags for containers of raw sugar now carry a compensating tax of 7 cents each, the duty-paid cost before the compensating tax being about 15 cents each. These taxes are paid by the sugar producer who is the consumer of bags.

So if a processing tax is to be levied on sugar, why should it not be paid by the consumer as the other processing taxes are?

A TALK AMONG FRIENDS

Mr. BOLAND. Mr. Speaker, I ask unanimous consent to insert in the RECORD an address delivered in Manila by the Resident Commissioner from the Philippine Islands, Mr. OSIAS.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BOLAND. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address by Hon. Camilo Osias, Resident Commissioner from the Philippines, Manila, P.I., November 24, 1933:

It is very gracious of this representative group here gathered to hold this banquet in honor of a humble representative of the Filipino people who cooperated in securing an Independence Act. I thank you and the organizers from the very depths of my heart.

The people who are here and those they represent, I assume are either sympathetic to the unanimous stand of the members of the Osmeña-Roxas Mission, and the Resident Commissioners in favor of the acceptance of the Independence Act or are at least open-minded as to the merits of the congressional enactment. I am therefore among friends, and mine will be a heart-to-heart talk to fellow citizens friendly to me and sympathetic to the cause which I defended in the United States and in the Philippines.

CONSERVE AND WIN FRIENDS

We who have stood together, fought together, even suffered together, must conserve our friendship. We should organize to strengthen that friendship and lend a helping hand to those who have been or are being intimidated, threatened, or made to suffer by the ruthless and vindictive leadership that has become drunk with power.

We should continue to enlighten the people and win friends to a great and righteous cause. This is no time to make enemies here or in the United States. By the contagion of our faith in our people, in the Americans, and in the inevitable triumph of a great and dynamic idea let us go forward as crusaders for human freedom and justice.

We must not forget our duty to conserve our friends in America and win more friends there to espouse the cause of Philippine independence. In words and in deeds we must show our appreciation and gratitude to friends true and tried, like Senators Hawes, Cutting, Pittman, Tydings, Robinson, King, Byrnes, Borah, Norris, La Follette, Nye, Metcalf, McNary, and others who in committee or on the floor of the Senate defended the Filipinos and their independence, and loyal helpers like former Speaker Garner, Speaker Rainey, Representatives Hare, Byrns, McDuffie, Lozier, Cross, Bankhead, Cox, Knutson, Beedy, Thurston, and other Members or former Members of the United States House of Representatives who, by their voice, work, or vote, helped push forward the cause of Philippine independence in the Congress. Let us keep on contacting men, women, organizations, publications, and other entities who can be of assistance in the proper solution of American-Filipino relations.

GREAT DANGERS FROM REJECTION

A danger of incalculable consequences arising from the rejection of America's offer of self-government and independence lies in the possible disillusionment and disappointment of many American friends of Philippine independence. The Filipino people are not blind to the good that friends in America have sought to bestow upon us. But the Quezon leadership has been deaf to the advice and counsel of Americans friendly to independence. Mr. Quezon and his rabid followers were deaf to Senator Hawes who advised acceptance of the act to which Congress gave a large share of its time and attention. Our great friend, Senator Hawes, last April said:

"It is reported that some Filipinos opposed to this act will attempt to persuade Congress to enact a new independence measure or to change the act just passed so as to meet certain objections against the economic and political provisions of the latter. If those promoting this movement will acquaint themselves with American public opinion and the temper of Congress it is my judgment they will ascertain and admit that the act submitted to their countrymen for acceptance or rejection is the very best that can be obtained from the current Congress or any other in the next 10 years, if ever."

The full report of the Philippine Independence Commission (ch. XVIII) gives documentary evidences and authoritative statements from Senator PITTMAN, Senator LA FOLLETTE, Senator TYDINGS, Representative MCDUFFIE, the last two being the chairmen of the Senate and House Committees in charge of Philippine affairs in Congress, showing the adverse effects of rejection but all these were utterly disregarded by Mr. Quezon and the rabid rejectionists.

Congressman LOZIER said: "If the people of the Philippines reject the proffered independence, such action will keenly disappoint millions of Americans in every walk of life who have generously and unselfishly supported the cause of Philippine independence."

Mr. Quezon and his fellow antis or fellow-rejectionists in the legislature turned deaf to all such statements and their portentous implications. We can only say to our American friends that the Filipino people were denied the opportunity directly to act on the acceptance or rejection of the Independence Act.

The foregoing danger, together with the division and confusion that have followed the act of nonacceptance, must be borne in mind in order the better to shape the course that we should pursue in our emancipatory struggles.

It should not surprise the Filipino people if in the near future, following the rejection of the Independence Act, there will be several things that will be done in the United States that would not prove favorable to the Filipino cause. I shall mention some:

1. The delegations sent from the islands may suffer rebuffs.

2. There may be lessened faith in the declarations and statements of our leaders.

3. Many papers of the United States which have opposed the Independence Act will be found opposing any other independence measure.

4. Continued oppositition to independence may be expected from former opponents of the Hare-Hawes-Cutting enactment such as

Hoover, Hurley, Stimson, Theodore Roosevelt, Jr., General Harbord, and others like them.

5. The Philippine-American Chamber of Commerce in New York, which has contributed money in the past to fight our attempts to get independence legislation, may be expected to continue its campaign of opposition against immediate or early independence.

6. The imperialists that fought the Independence Act will fight any other independence measure.

7. The retentionists who opposed independence in 10 years will oppose independence within a shorter period.

8. People who in the past have accused Filipino leaders of publicly demanding "immediate, absolute, and complete independence", but praying they will not get it, may be looked for to resume their whispering campaign.

9. Many chance readers of newspaper headlines will conclude rightly or wrongly that either the Filipinos do not know what they want or that they refused independence.

10. The American exporters to the Philippines may resume their fight against independence.

11. Many vested interests will likewise fight us anew.

12. Certain selfish groups may be expected to push for legislation in Congress that are reactionary and even discriminatory.

I can imagine those who have criticized me in the past as being unpatriotic because I sought to utter truths and facts renewing their campaign of vilification and vituperation. I do not mind the bitter criticisms of those who think they have a monopoly of patriotism. The Filipino people are entitled to know the unalloyed truth. "Know the truth and the truth shall make you free."

ANTIS REPENT

I venture to state that even now some of the antis who are neither rabid nor fanatic realize with the pros at least some of the meritorious provisions of the act. I entertain the belief that many more will become repentant over the rejection of a congressional measure to enable the people of the Philippine Islands to adopt a constitution, form a semi-independent government of a Philippine commonwealth, and, after 10 years, enjoy the blessings of complete independence.

Many of those who opposed the Independence Act on the erroneous belief that we are compelled to pay our bonded indebtedness in 10 years will repent when they see the error of their views. They must realize that if it is difficult to pay our debt in 10 years it must be harder, not to say impossible, under the plan of immediate independence advocated by the leaders of rejection.

Many of those who rejected the law under the belief that commonwealth means common death, will realize that the government the commonwealth contemplated by the Independence Act would have been more autonomous and more advantageous than a government under the Jones Act, if we really and sincerely desire to be independent and free.

Many of those who opposed the act on the score of sugar limitations will soon realize that with or without a Hare-Hawes-Cutting Act limitation is in the offing as a means of bolstering up commodity price and as a means of salvation for the sugar industry itself.

Many of those who opposed the act on the ground of its provisions on military, naval, and other reservations will realize that the Philippines would fare better under the Independence Act than under the Jones Act. I make bold to assert that if the Quezon Mission will secure interpretation or clarification of the Hare-Hawes-Cutting Act on the question of reservations, the interpretation secured from responsible and authoritative sources in Washington will be substantially the same as we of the Philippine Independence Commission explained the provisions of the law in our official report and in our speeches and articles.

Those who have been led to oppose the act because as Mr. Quezon stated the Hare-Hawes-Cutting law was worthless, that under it there can be but a Filipino figurehead as chief executive, and that independence that is a joke is offered will find among responsible Congressmen and Senators that they did not entertain similar views when they worked and voted for the Independence Act.

Many Filipinos indeed, will repent of these. Their disgust and disappointment will grow with the passing months and years. But the crime of rejection has been committed and, as always, repentance comes too late.

OSROX MISSION AND QUEZON MISSION

While the responsibility for the nonacceptance of the Independence Act must be that of the Quezon leadership, we, who are for the acceptance must help mitigate the evil consequences of rejection. Ours is a common country and it is clearly our duty to do our share to prevent a complete debacle. This, we must do as a patriotic duty and not to take away one iota of the credit that belongs to the Quezon mission should it succeed in redeeming its pledge to secure a better law that would insure prosperity and immediate independence. Should it fail then there must be a group ready to assume new obligations and responsibilities for the Philippines.

It is especially incumbent upon the proindependence citizens of the Philippines or upon us the pros to combine our forces and coordinate resources for the sake of the impending change. The Philippine Independence Commission that brought the Independence Act to the Philippines was a representative and united mission. Both the majority and the minority were represented. They had the unanimous vote of the legislature when selected. They labored in cooperation in Washington. The official report submitted was signed by all. The recommendation for the acceptance of the Independence Act was unanimous.

The Congress was impressed by that representative commission and because of the unity and character of the members of that commission of legislative members and Resident Commissioners they were hailed as "agents of the Filipino nation * * * alert and able champions of their people's rights and aspirations." A concrete and positive result was achieved.

How about the new Quezon mission? According to one of its members, Senator Quirino, it is the best mission ever selected. He is entitled to that opinion, but others ought likewise to be entitled to opine.

For more reasons than one the new Quezon mission is a mission of division. For the second time Mr. Quezon will have to state in America, if he is honest, as he did when he headed the mixed mission, that "the people are divided."

The Quezon mission is a divided mission now, because while Messrs. Quezon, Quirino, and Gabaldon have gone with their retinue of technical advisers and other personnel have left our shores, Messrs. Paredes, Zulueta, Sumulong, and Auginaldo are still here. The advance guard is not truly representative.

The Quezon mission has no representation of the minority in the legislature. The very resolution creating the new mission is a documentary evidence of division. The leader of the minority in the senate was named, but the minority leader of the house was purposely omitted. One Resident Commissioner was mentioned in the resolution, but the other was not. I am the one omitted, but instead of complaining I declare I am glad because I shall feel free to act in accordance with the dictates of my conscience and the best interests of the Filipino people.

ANTIS AND PROS

In the foregoing observations I have given certain impressions of what we may expect in the United States now that the Independence Act has been rejected, or in the words of the leading rejectionists or antis that it has been "killed and buried." Recently they have been vociferating on unity which they destroyed, and they have been preaching that "it is now idle or futile to talk about the Hare-Hawes-Cutting law." It is understandable why the killers of the Independence Act would want silence on the part of us who condemn the murder perpetrated. But the antis themselves continue discussing the law and their attack on those who favored the law.

The pros have a perfect right to discuss the Independence Act and carry the issue to the people.

We have a right to conduct a campaign of information.

We owe it as a duty to the people to fiscalize the acts of a leadership that has been insincere and undependable.

We must not permit honest convictions to be repressed and freedom of thought and freedom of speech to be curtailed if we are to have a sound democracy in the Philippines.

We must expose the acts and conduct of leaders who play politics out of our liberty.

We must fight every attempt to tyrannize and terrorize especially the poor and defenseless employees.

We must forestall the implantation of the spoils system in our government.

We must exalt merit, enthrone reason, and establish a regime of right and justice.

Yielding to none in love of country and devotion to independence, we who are known as the "pros" must oppose men and measures that obstruct our freedom and progress and support whatever makes for the advancement, happiness, and independence of the people of the Philippines.

IMPRESSIONS OF THE PHILIPPINES

When I return to the United States, as I shall soon do, I shall carry with me certain definite impressions from my visit and travel in different parts of the Philippines. Among these impressions are that while a majority of the present members of the legislature have apparently voted to decline to accept the Independence Act, if there had been an opportunity in an honest plebiscite, the Filipino people would have voted to accept the Independence Act without thereby relinquishing their right to labor for modifications they deem desirable.

The majority of the newspapers of the country have favored acceptance. Even the daily paper in Manila that has been most rabid and bitter against the members of the mission editorially in August 1933 said:

"In resolutions, public demonstrations, and in private circles, the people in the Provinces have stood foursquare for the conditional acceptance of the act.

"* * * Clear and unmistakable, frankly and squarely, the irresistible force of the people's will demands that the Hare-Hawes-Cutting Act be conditionally accepted without delay."

A PERSONAL WORD

Just a personal word in closing. I wish again to thank you. Your manifestations of support and affection have been inspiring and will be a solace and encouragement to me in continuing the constructive service which I am pledged to render to our people and country.

I covet the friendship of people here and in the United States who are sympathetic to Philippine independence. It shall be my endeavor as a public servant to merit their friendship.

SERVICES IN CONGRESS OF HON. GEORGE HUDDLESTON TO VETERANS

Mr. HILL of Alabama. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the services in Congress of Hon. GEORGE HUDDLESTON.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. HILL of Alabama. Mr. Speaker, under leave to extend my remarks, I wish to make a brief statement upon the services in Congress of Hon. GEORGE HUDDLESTON as they relate to legislation of interest to veterans and to veterans' claims.

Congressman HUDDLESTON, a veteran himself, has a first-hand knowledge of veterans' problems. His own experience in service has enabled him to deal with such matters from a standpoint of deep sympathy with the veterans and of understanding of their situation. His long experience as a lawyer, before coming to Congress, qualifies him to handle veterans' claims with great success. The veterans have not only had his sympathy but his training as a skilled lawyer in dealing with their affairs. This fact has enabled him to perform services of the highest value.

Without making any attempt at an exhaustive statement, I set forth, in as few words as possible, his record as it has an especial interest to veterans:

VOLUNTEER PRIVATE SOLDIER

1898: May 1 to November 1—served as volunteer private soldier, Company K, First Alabama, Spanish War; has never claimed pension, bonus, or other benefit; asks nothing now except a square deal from his fellow veterans.

May 1, 1899: Elected first commander Alabama Veterans of Spanish War; served 1 year; has been member of all Spanish War veterans' camps organized in Birmingham.

RECORD IN CONGRESS

1916: Opposed conscription of National Guard for Mexican service; was one of the only two Congressmen voting against it.

1916: Introduced and had legislation passed making Confederate veterans eligible for pensions for death of sons in United States Army. (Prior to this ex-Confederates were barred from receiving pensions, even for disabilities incurred in their own service in Federal Army.)

OPPOSED CONSCRIPTION

1917: Spoke and voted against conscription as undemocratic, violative of American fundamentals, and depriving patriotic men of the opportunity to volunteer.

1917–18: Voted for all appropriations to carry on war, for compensation legislation, for increase in soldiers' pay, for increases in compensation, for all measures designed to bring war to successful conclusion; advocated financing war, as far as possible, by taxation of war profits instead of through bond issues; demanded that "no citizen should be allowed to come out of the war richer than when we entered it."

September 11, 1917: Voted and made speech which defeated proposal to place officers on higher rates of disability compensation than enlisted men; the law as passed placed all upon an equality.

FATHER OF SOLDIERS' BONUS

December 16, 1918: Father of soldiers' bonus. Introduced bill and spoke for bonus; advocated payment of $30 monthly for 6 months to enable discharged veterans to eat while looking for jobs—"I made it as much as I thought Congress would agree to and as little as I thought it would be decent to give. I would give more." (Speech, Jan. 2, 1919). Secured $60 bonus paid to soldiers on discharge. This fight for bonus was started while the soldiers were still in service, before the Legion was organized and months before any other Congressman had thought of it. Consistently advocated payment of a reasonable cash bonus down to passage of bonus bill, 1924. Opposed "tombstone bonus" in principle but voted for it as all that could be passed.

1918: Author of law creating presumption in favor of veterans, that all disabilities found while in service were caused by service unless noted at time of enlistment. Passed (act June 25, 1918). Thousands of veterans have been benefited by this.

1919: Advocated prompt return to the United States and discharge of soldiers after armistice (speech Feb. 6, 1919). Denounced social caste in Army (speech Jan. 28, 1919).

December 9, 1919: Introduced bill to provide homesteads for honorably discharged veterans; introduced bill again on April 22, 1921; again on February 28, 1924.

FAVORED EQUALITY IN VETERANS' RELIEF

May 11, 1928: Voted and spoke against Emergency Officers' Act, which gives officers having exactly the same disabilities, special status, and greater disability compensation than enlisted men.

1920–31: During all these years supported every proposal offered in Congress for veterans' relief and benefits, including compensation increases, 50 percent loan on bonus, and so forth.

June 15, 1932: Bonus marchers picketed Capitol demanding that Congress pay the balance of the bonus, in effect, an additional and new bonus for the reason that the 50-percent loan voted in 1931 had consumed all but less than 5 percent of both principal and interest of the original bonus voted in 1924, so that the alleged balance consisted merely of unearned interest on a debt already paid. Voted "no." This bonus drive aroused great prejudice against all veterans and gave force to the sentiment which caused drastic cuts in compensation and relief to the injury of many worthy veterans.

March 1933: With all banks closed, upon President's insistence that the credit of the Government was at stake, voted for Economy Act. This vote was cast upon the expectation that the cuts would be limited to 25 percent and upon the assurance, given by the President's spokesmen, that he was sympathetic, and would deal generously with the veterans.

June 10, 1933: Voted and spoke for the Connally amendment to limit cuts in pensions and compensation to 25 percent.

HANDLED 15,000 VETERANS' CLAIMS

As a veteran private soldier, has taken a deep interest in enlisted men, and in the disabled veteran—has handled over 15,000 separate soldier claims, for pensions, compensations, pay, and so forth, and claims no return in thanks or support from those he has served—is proud of his own service, and feels that the Government owes neither him nor any other able-bodied man any money merely because he did his duty by serving in time of war.

LINCOLN'S BIRTHDAY

Mr. DARROW. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein an address by Senator DICKINSON delivered in Philadelphia on Lincoln's Birthday.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DARROW. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of Senator L. J. DICKINSON, of Iowa, at the Lincoln banquet of the Germantown Republican Club, Philadelphia, Pa., on Monday evening, February 12, 1934:

On February 12, 1921, Dr. Montgomery opened the House of Representatives with prayer and, in part, said:

"Equip us this day with the best manhood. Rebuke us not with indignation but reprove us with tenderness. Stay with us while we tarry at the altar of our country and renew our vows and our pledges of patriotic devotion. Grant that the ideals, the labors of Abraham Lincoln, the preserver of our country, may live. May they live in the sweet ministries of our fireside; may they live in the glowing intensity of our national spirit."

There is a growing fear in this country that the political philosophy of Lincoln is slowly being forgotten. In the solitary confines of our own homes, and to our close associates in business today, we are expressing our hope for, and fear of, many of the present-day trends.

It is true that the life of Lincoln exemplifies the culture of the open spaces. He knew no force that he could not resist. Life to him was a battle, and regardless of the circumstances surrounding him, and the resistance he was compelled to face, he knew no

surrender and never once thought of turning back. He was always firm in his faith in and loyal to his country.

Provincialism is city-bred; broad vision comes from the fields and forests and man's cultural contact therewith.

In today's discussion it seems to me that we can, with profit, parallel some of the problems of '64 with some of the problems of 1934.

Apparently we are not seasoned in our resistance to destructive forces as were the pioneers of the earlier days. No one can read of the experiences of the early pioneers and of the conditions under which they were compelled to live, without realizing the strength of character necessary to carry through under such conditions. Their only assurance for food and shelter was their capacity to acquire these necessities. Their traits of character are best illustrated in the portrayals of early life in Vandemark's Folly, and in the endurance of the sod house, as described in Bess Streeter Aldrich's A Lantern in Her Hand.

They were not asking the Government to assure them of a meal ticket; they were not asking the Government to shelter them, nor house them, nor loan them money. All that was asked in the pioneer days was the right to use a small tract of land. The Lord would send the sunshine and the rain; fuel for the fire was in the forest. Everyone assumed the responsibility of not only supplying food, clothing, and shelter for their family, but also supporting the Government as well. Those were the conditions faced by the pioneers of the early centuries.

If we are to follow early traditions, if we are to follow the policies of Abraham Lincoln, we will today set our face to the preservation of our liberties by reestablishing the representative form of government of our fathers.

LINCOLN AND HIS COUNTRY

Lincoln saw the real necessity for the organization of the Republican Party. There was no suggestion that the party should promote other than the advancement of the country.

We are still the same Republican Party of the days of Abraham Lincoln. We are progressive enough for advancement, and yet, I hope, conservative enough for safety. We were the party of the Constitution under Lincoln, and we are still the party of the Constitution, and not a party against it.

Many governments have failed, not because they did not do enough for their people but always because they attempted to do too much. The Constitution of the United States is not a restriction on liberties but rather a protection of liberties. When we exceed its privileges, we are on dangerous ground.

The Democratic legislative program may be an experimental program, but one experiment may lead to another until no retreat is possible. Experiment is leading us far astray.

Most of the problems now confronting us are the problems of the individual and of the State and its subdivisions. Yet we hear the continuous cry, "Why does not the Government do something?" We ask the Government to plant our gardens, to plow our fields, to control our industries, and run our stores. The sooner we regain the self-consciousness that these are the problems of the individual and not of the Government, the quicker a safe road to recovery will appear in the foreground.

We are now enjoying a diet of alphabetical soup. These new bureaus are entering into practically every phase of our domestic and business life. Many of them have no foundation in legislation whatsoever. They are the result of Executive orders—illegitimate stepchildren of an ill-advised law whereby the legislative body surrendered its birthright and delegated legislative authority to the Executive of the United States.

We are at present the victims of such delegated authority. Pressure on Congress put through many measures transferring authority from Congress to the Executive—a cowardly procedure. Those governing us today were not elected to office. Johnson was not elected by the vote of the business men, nor Davis by the vote of the farmers. This has all been brought about by a delegation of power.

The Republican Party has always stood for, and now stands for, a return to fundamentals.

LINCOLN AN INDIVIDUALIST

Lincoln was an individualist—far-seeing, determined. No more fitting example of conquering adverse conditions can be given in any history than the ambition and determination of Abraham Lincoln to overcome the surroundings of his early life.

And yet, today we are about to abandon individual initiative. We are about to adopt the problem of planned society. We are no longer making any attempt to maintain inviolate our property rights

BUSINESS LEADERSHIP

The greatest tragedy of today is that the leadership of industry and business, which should oppose the present program of Federal regulation and control, is so irresolute and divided in what should be done.

If socialism once grips American capitalism, it will never release its grasp. One of the early conceptions of social reform is that the state shall control all means of production. There is nothing new in the present-day suggestions. All these theories have been tried in one form or another and failed.

But a Socialist never admits defeat. He will admit that his program has not worked, but never admits that its failure is on account of the defect in the system. The failure is always because he was not permitted to go far enough and extend his program to complete control of the economic system.

Once the Government begins the task of controlling economic relationships, it must continue. One commitment leads to the next. American capitalism, in its present faltering experiment with State control, is playing with the buzz saw.

STATE RIGHTS

Lincoln did not want to abolish State rights. He was a believer in fundamentals and believed that every locality should solve its own problems. His whole philosophy of life stressed individualism and its protection under State laws and under Federal laws. He did not believe that every individual should carry his complaints against society to the doorstep of the White House.

His career as a lawyer was based on the fundamentals of individual rights under the State, of State rights under the Federal Government, and the Federal Government merely a clearing house for conflicts between various States and individual differences in the States. But how far we have drifted from this philosophy!

Where are the advocates of State rights? The shades of democracy grow dim when the legislative leadership of that party forsake every tradition of Thomas Jefferson and the South and surrender to a centralized Government control. In finance they surrender to the R.F.C.; in industry to the N.R.A.; in agriculture to the A.A.A.

LINCOLN AND SOUND MONEY

Lincoln was for a sound currency. He said on December 20, 1839:

"* * * No duty is more imperative on that Government than the duty it owes the people of furnishing a sound and uniform currency."

On December 1, 1862, he said:

"Fluctuations in the value of currency are always injurious, and to reduce these fluctuations to the lowest possible point will always be a leading purpose in wise legislation. Convertibility—prompt and certain convertibility—into coin is generally acknowledged to be the best and surest safeguard against them * * *."

What about our currency today? A foreigner bought gold a short time ago at 23. He took it to Europe or to sea or hid it. With the assistance of our Government, he now returns it to the United States and sells it at 36, and pockets his profits. Who is to blame? Our own Government.

The Treasury statement of January 27, 1934, shows cash balance on hand of $462,000,000 plus. The statement of February 1, 1934, shows balance on hand of $4,434,000,000—money by legislative and Executive manipulation.

BUREAUCRACY

We are gradually centralizing all financial control in government. Most banks are merely discount agencies for Government securities. They are requested to sell stock to a Government agency.

Chairman Jesse H. Jones said:

"In fact, as I see it, if the banker fails to grasp his opportunity and to meet his responsibility, there can be but one alternative—Government lending. The question therefore follows, will our banking be continued in private hands or of necessity be supplanted by the Government?"

Where does such a program lead us? History tells. Daniel Webster, on March 15, 1837, said:

"A bank founded on the revenue and credit of the Government and managed and administered by the Executive was a conception which I had supposed no man, holding the Chief Executive power in his own hands, would venture to put forth."

Webster cites the experience of our country with a political bank as follows:

"* * * A disposition was manifested by political men to interfere with the management of the bank. Members of Congress undertook to nominate or recommend individuals as directors in the branches, or offices, of the bank. They were kind enough, sometimes, to make out whole lists, or tickets, and to send them to Philadelphia containing the names of those whose appointments would be satisfactory to General Jackson's friends."

Here in Philadelphia the Constitution was written. Lincoln held the Constitution inviolate. Our party should be committed to the principle as established by our forefathers. The preamble should continue to be our golden rule:

"We, the people of the United States, in order to form a more perfect Union, establish justice, insure domestic tranquillity, provide for the common defense, promote the general welfare, and secure the blessings of liberty to ourselves and our posterity, do ordain and establish this Constitution for the United States of America."

This has been revised in the new deal and now reads entirely differently. At the present time, if I were to write a preamble to fit into the present-day program, it would be as follows:

"We, the people of the United States, in order to test the stability of the Union, and to divide one section against the other, to endanger justice, to insure domestic discord, to retard the general welfare, to endanger the civil liberties of ourselves and our posterity, do ordain and establish the A.A.A., the C.A.B., C.C.C., C.S.B., C.W.A., E.C.P.C., E.H.F.A., F.A.C.A., F.C.A., F.C.T., F.D.I.C., F.E.R.A., F.H.L.B.B., F.S.R.C., G.S.C., H.O.L.C., I.A.B., I.B.R.T., I.T.P.C., L.A.B., N.C.B., N.E.C., N.I.R.A., N.I.R.B., N.L.B., N.P.B., N.R.A., P.W.A., P.W.E.H.C., S.A.B., S.B.P.W., S.R.B., T.C.F.T., T.V.A."

This gives you some comprehension of the change being brought about in the Federal Government.

Thirty-seven new bureaus have been established since March 4, last. Approximately 50,000 new employees have been added to the Federal pay roll. All are the recipients of Democratic patronage and have all escaped competitive civil-service examination. The added cost of running the Government, because of this established bureaucracy, is now estimated at more than $5,000,000 a month for pay roll alone. The promise of the Democratic Party to reduce the Federal expenditures by a billion dollars this fiscal year has not been kept.

PLUNDER

Our country is plunder-mad. Lincoln suffered a condition similar to that of our day. When throngs of office seekers visited the White House, he observed, "There you see something which, in the course of time, will become a greater danger to the Republic than the rebellion itself." Four years later he remarked to Carl Schurz on the same subject, "I am afraid this thing is going to ruin republican government."

At one stage of the game Lincoln compared himself to a man who was so busy renting rooms in one end of the house that he had no time to put out a fire which was destroying the other end.

In 1861 he was stricken by an attack of varioloid, and he said to an usher, "Tell all the job hunters to come in and see me. I have something I want to give them."

There was the usual ridicule as against reason, but in the end a sane policy was found, and the country was carried through to a successful preservation never since to be challenged. Then the difficulties had to do with personal rights. Now they have more largely to do with property and property rights.

TARIFF

Abraham Lincoln once said that if one buys a suit of clothes abroad, he gets a suit of clothes, a foreign country gets the money, a foreign laborer gets a job—a job an American laborer ought to have had. But if one buys a suit of clothes in America, he gets a suit of clothes, America keeps the money, and an American laborer is given a job. This is the old-time philosophy of protection.

Yet today we find two proposals now being considered by the administration. One of them proposes reciprocal trade and tariff agreements, to be negotiated by the President under delegated authority of Congress. The second plan includes Government financing to engage in import trade.

No one depreciates the necessity for favorable trade relations with foreign countries. However, these agreements must not be made to the disadvantage of American workmen and American industry.

FOREIGN PRODUCTS

Many countries that desire to export their products to the United States produce only agricultural products for export. This is true of Canada and Australia, many of the South American countries, and so forth. Any trade agreement should not be made with these countries to the disadvantage of American interests already producing an oversupply of such products.

Who wants to delegate to the Executive the authority to make such an agreement? An eastern interest or a western interest might require a certain schedule of protection. They might find an agreement entered into that would put them out of business over night and subject them to foreign competition that they could not endure. Why disregard the precedents of 150 years and embark upon such an experimental program?

Even the N.R.A. is basically dependent upon protection. Higher prices for American-made products are a direct invitation to increase importations of competitive foreign products. The N.R.A. promises both higher prices and higher wages. The whole organization of industry under the N.R.A. makes the maintenance of our tariff schedules more important and tariff reciprocal agreements with foreign countries less advantageous and less likely.

Our domestic interests should come first. Our national program should be fixed neutrality with all foreign countries, and we should arrange our policies to attract goods and not to bargain with nationals. Uncle Sam cannot afford to become a reciprocal-trade-bargain hound.

CONCLUSION

We need a crusade for the return to fundamentals. We should guide ourselves by the experience of Abraham Lincoln during the time of a national crisis.

Legislative authority delegated to the Executive should be withdrawn. Congress should again assume the responsibility of fixing the salary of Federal employees and the compensation due the soldiers of our previous wars and the veterans of the World War.

The authority granted the Reconstruction Finance Corporation to go into the banking business and to name the banking personnel should be repealed. Jesse Jones should no longer be continued as the Government banking Santa Claus.

The law permitting Hugh Johnson to become ringmaster of all business ethics should be repealed. Business, in order to regain its momentum, must be permitted to use its own initiative.

The law permitting the investment of Government funds in land rentals and marginal lands should be repealed. The country is in no apparent danger of starving to death, but 6,000,000 little pigs have died in vain. Secretary Wallace says that from those that hath it shall be taken away.

Secretary Ickes now wants to go into the cement business. Why should the Government of the United States engage in the production of cement? The theory that the Government can run a business better than an individual has been disproven for 2,000 years, but Secretary Ickes commands—build everything; we have the money.

The law permitting the Government to employ labor should likewise be repealed. It is not the function of the Federal Government to help individuals or groups of individuals who are in distress, but it is the business of the Federal Government to provide funds for the preservation of life. The present-day program of Administrator Hopkins is not only wasteful but expensive. Paying a living wage is an entirely different matter from providing a sustenance. But the program of Administrator Hopkins appears to be—eat, drink, and be merry, for tomorrow I shall ask for another $2,000,000,000.

So let me again repeat that we are in a grand and glorious campaign of trying everything for something that ails us, with the hope that somewhere, somehow, someone will find himself better off.

We find foreign countries without emergency legislation, without delegating legislative power to the executive, without charging against the government treasury all the ills of humanity, making greater advances than we are making.

It is now conceded that we scraped economic bottom the world over in 1932. It is well to compare the efforts of America with those of England under the present stress. In the United States we are spending money to bring back prosperity. In England they are saving it for the same reason. Naturally, both methods will make some progress. In Great Britain they ask no emergency or extraordinary powers. It is well to remember that the stability of the English course has weathered many tests. In America we are sending up a trial balloon. No one can predict the expected landing.

There is nothing in the present program that encourages the individual to start over again. In fact, there is every reason for the individual's withdrawing from business activity.

There seems to be a desire on the part of those in control to subject our country to every form of panacea that has been suggested for 50 years. If these socialistic experiments are to be continued, then the people of the United States should prepare themselves to accept the inevitable consequences of such a social disruption. We should remember and realize that, regardless of all the socialistic schemes that have been tried out in the world, in the end nearly everybody has to work for a living after all.

From Samuel Crowther's America Self-Contained, I quote:

"If we choose, with all the facts at hand, to bring to an end the America we have known and lived in, then that is one thing. But it would be very sad if, like a child tinkering with a toy, we should destroy our Nation and all its future may hold, while innocently believing that we are mending it."

OUR UNFINISHED WORK

Mr. MARTIN of Massachusetts. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an address delivered by my colleague, the gentleman from New Jersey, Mr. EATON, at Red Bank on Lincoln's Birthday.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

Mr. MARTIN of Massachusetts. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following address delivered by my colleague the gentleman from New Jersey [Mr. EATON] at Red Bank, N.J., on Lincoln's Birthday:

I am here tonight for three reasons: First, to pay once more my tribute of honor to the sacred memory of Abraham Lincoln, a man raised up by the God of our fathers to lead our country through the terrific testing of the Civil War, and as our first Republican President to inaugurate the magnificent service of the American people which our party has rendered for all but 16 years since Lincoln took office.

Second, I rejoice in the opportunity your invitation affords me, in his home county and his home State, to pay public tribute to your noble-hearted townsman and friend, Senator WARREN BARBOUR. By his integrity of mind and purpose, his directness and simplicity of approach to the people, his courage and devotion to the welfare not only of his State but of the country at large, Senator BARBOUR has already made for himself a place of distinction and honor. I join with hosts of his fellow citizens in the feeling that he has been called into public service because of his unusual equipment to become a guide and leader of our people in this time of stress and uncertainty. I congratulate New Jersey upon its good fortune in having so human a representative as Senator BARBOUR fighting its battles in Washington.

My third reason for being here is to refresh my mind by contact with the courage, loyalty, and enthusiasm characteristic of the young Republicans of our State. As a citizen, I wish to thank you and all other similar organizations for your helpful service to our country and party. I should like to use this occasion to summon the youth of New Jersey, regardless of party, to a new vision of and a new consecration to the task of helping to solve our common problems. And while we are grappling with these new problems, I look to the young men and women of our State to help in the preservation of all that is best in the principles, ideals, and

methods by which the American people have made their Nation the most powerful, progressive, and prosperous in the world.

Abraham Lincoln will stand through the ages as the symbol of the passion of man to be free. Under a republican form of government in a democratic society we need, in these troubled times, to recall his definition of democracy. He said: "As I would not be a slave, so I would not be a master. This expresses my idea of democracy. Whatever differs from this, to the extent of the difference, is no democracy."

On November 19, 1863, Lincoln delivered an address at Gettysburg where was fought one of the great battles of history. He said:

"Fourscore and seven years ago, our fathers brought forth on this continent a new nation, conceived in liberty and dedicated to the proposition that all men are created equal.

"Now we are engaged in a great civil war, testing whether that Nation, or any nation so conceived and so dedicated, can long endure. * * * It is for us, the living, rather, to be dedicated here to the unfinished work which they who fought here have thus far so nobly advanced. It is rather for us to be here dedicated to the great task remaining before us—that from these honored dead we take increased devotion to that cause for which they gave the last full measure of devotion; that we here highly resolve that these dead shall not have died in vain; that this Nation, under God, shall have a new birth of freedom; and that government of the people, by the people, for the people, shall not perish from the earth."

Since these immortal words fell from the lips of Lincoln, 70 years have rolled by, and once more the American people are facing the question whether a nation conceived in liberty can endure.

With the progress of the years and following the frightful upheaval of the World War it was thought that political liberty had become the common possession of the civilized world, and yet less than 16 years after the armistice it would seem that political liberty is in danger of passing out of the world. The Italian people, with thousands of years of noble history, have abandoned self-government and submitted their political liberties to a dictator. The German people, among whom was born the great liberating energies of the Lutheran Reformation, are today under a dictatorship without parallel in civilized history. The Russian people, turning from the domination of one class to the domination of another, have ended in a dictatorship whose announced ambition is to destroy liberty throughout the world as it is understood by men who speak the English tongue.

And here in America, a nation "conceived in liberty", we are building up today by the expressed will of a vast majority of our people a bureaucratic control over the life of the individual citizen, which is an absolute and complete denial of Lincoln's conception of American liberty and without sanction in the Constitution, under which we have lived and prospered for 150 years.

I have no illusions as to what is going on in the world. While we are now in the darkest hour of distress and ruin, afflicting every nation, I do not for a moment relinquish my faith and hope that mankind will finally emerge into a brighter and better day.

The essence of the world conflict today contains the reason for my hope for the future. That conflict in every civilized country centers around the demand of the masses of men for an adequate and reasonable share in the economic resources of the world. In other words, for the first time in history civilized mankind is girding itself for a death grapple with economic poverty. And this battle, because of the contribution of science in the last century to man's dominion over nature, is narrowed down to the question of the distribution of wealth. We have a productive capacity in industry and agriculture and in all other departments of human activity more than sufficient to satisfy every reasonable human need. We are now floundering in the darkness searching like blind men for some workable plan by which to justly distribute our surplus wealth.

It is at this point that the American people for the first time in their history have turned away from their own self-reliance, individual initiative, and courage and ability to cooperate in private enterprise, and fixed their attention upon their political government as containing the cure-all for their economic ills. This condition amounts to a national hypnosis. I am firmly convinced, in the light of history, and especially in the light of American history, that this is a vain hope. The further we advance toward the bureaucratic, political control, the further we are away from any solution of our problem. America was made by the American people. They made their own Government; the Government did not make them.

On this memorial day I am offering no partisan criticism of any political party or personage. I am simply outlining a situation as I think it really is, and I wish to place myself on record as having no faith in the possibility of finally solving a great world-wide economic problem by political or partisan methods.

It is only fair that I be asked what solution of the problem do I propose. My answer to that question is that our first step is to abandon the enormous expenditures of taxpayers' money around the circumference of the problem and go at once to its center. Unless we do this, we shall have shot away all our ammunition without hitting the target. We shall have spent so much time studying and defending proposed medicines that the patient will perish. The center of the problem is the unjust and unequal distribution of wealth; and the center of this unjust condition is expressed in wide-spread unemployment in industry and unprofitable production in agriculture. In the new age toward which we are journeying the wages of money will have to go down; the wages of men and women will have to increase. If this is accomplished by governmental action alone, we will become a socialistic state. If by private endeavor under reasonable governmental guidance and control, we shall remain American.

I maintain that we have brains enough and character enough in this great Nation of ours successfully to solve every problem in our national life, but at the present moment the American people have turned away from their ancient practice of individual initiative and self-reliance and are looking to political government to do for them what hitherto they have gloriously done for themselves.

This brings us face to face with the real need of the hour. We have all the necessary machinery for the production and distribution of economic wealth; we have a superabundance of political machinery and officials to run it. Our supreme need—and the supreme need—of the whole country at this moment is moral and spiritual. Men have lost their faith in God and, as an inevitable consequence, their faith in each other, in themselves, and in their institutions. Faith is the victory that overcomes the world.

I do not know from what source this new spiritual awakening will come, but, judging from the history of past ages, it will surely come. Because of the universal nature of the problems it must solve, this new spiritual and moral power will transcend any experience in history. It will have to be as universal as the world in its sympathies, understanding, and application. It will have to go to the deepest recesses of the individual heart and mind. It will have to contain within itself an energy sufficient to implant a new faith in a faithless world, a new hope where hope has died, and a new courage where men have faltered and fallen by the way. It will have to furnish us with principles, ideals, and moral energies sufficient to undergird and organize a social system in which economic freedom will become practically possible.

Lincoln summoned us to our unfinished work. Tonight let us believe that we have not yet reached the time when the creative and reformative powers of the human race are exhausted. We have not yet reached the period of social, racial, and individual senile decay. We are in the twilight, but it is not the twilight which is to usher in the final starless night of eternal stagnation for mankind. Surely science has not made its last contribution to man's dominion over nature; rather science knows that it is only in the morning of its achievements. Religion is not dead; it lies under the chill of an intellectual and spiritual winter, but the spring will come when it will blossom into a new and more divine revelation to govern, inspire, and heal the souls of men.

Is there any man so blind to the facts that he believes that there are no more homes to be builded, no more schools and churches and roads and bridges and factories and ships for sea and air? Surely we have not reached the time when no further progress is possible in the science and art of political government. Is any man, acquainted with history, willing to say that the human race has nothing more to achieve in religion, music, literature, and philosophy?

To face these realities of work unfinished or yet to be begun is to lift before the gaze of youth and age alike the most glorious era of opportunity, the hour of heaviest responsibility, the supreme challenge to a consecrated life of intelligence, integrity, wisdom, and service.

ANNIVERSARY OF THE SINKING OF THE BATTLESHIP "MAINE"

Mr. GILLETTE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD with particular reference to this anniversary of the sinking of the *Maine*.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. GILLETTE. Mr. Speaker, 36 years ago last night the American battleship *Maine*, in the Habana Harbor, was sunk with the destruction of all of the officers and men on board.

A board of inquiry was instituted by the American Government and one by the Government of Spain for the purpose of determining the cause of the explosion which sank this battleship. But the cause was never definitely determined.

This appalling catastrophe had the effect, however, of definitely breaking the strained relations between the Government of Spain and that of the United States, over a period of many years, owing to the treatment of the people of Cuba by the Spanish governmental regime. It brought to naught all the earnest efforts of Presidents Cleveland and McKinley to avoid an open break between the two countries. It resulted in an immediate determination on the part of the people of the United States to intervene in aid of the Cuban people, and a series of events immediately resulted which culminated in a declaration of war on the 25th of April 1898. On the 23d day of April the President of the United States issued a call for 125,000 volunteers, which resulted in the most astounding demonstration of

patriotic fervor ever displayed. More than 1,000,000 volunteers offered themselves in answer to the call. The quota could have been filled entirely by veterans of the Civil War, as more than a hundred thousand who had fought in the Union and the Confederate Armies volunteered for service. Thousands of sons of men who had fought under Grant and Lee, Sheridan and Stuart, entered the service. Again in the following May a second call for 75,000 troops brought out as astonishing a response in the way of volunteers offering their services.

But my purpose in securing time to address this House was not for the purpose of recalling these well-known historical events. Neither was it for the purpose of indulging in any fulsome eulogy of those who served in the war. I have never been able to go along with those in or out of Congress who take advantage of every occasion to indulge in fulsome praise and exaggerated panegyrics relative to the ex-service man. If there is anything that is abhorrent to ex-service men, it is to be classed as heroes, supermen, or demigods. I think I may be pardoned a personal allusion to preface the further remarks I wish to make. It was my privilege to serve in both the Spanish-American War and the World War, and I think I speak what most of the ex-service men feel when I say that to enlist one's services in a time of the country's need is an easy thing to do. It is far more difficult to face a condition where age, physical defects, or dependents prevent one from becoming part of the necessary determining force. I wish to say further that while it takes courage to face the mouth of a cannon, it takes more courage to face the mouth of ridicule, derision, and misunderstanding. My comrades do not pose as heroes. It took more courage to cast a vote for the economy bill last spring than it did to file enlistment papers in the opening of the war.

I wish to take this opportunity, on the anniversary of the incident mentioned, to make a special plea in behalf of my comrades of the Spanish-American War. When these men entered the services, they entered into an implied contract with the Government of the United States that any loss to themselves by disability or to their dependents by death should be compensated by the United States on the basis of the pension policy which had been followed over a term of years. This contract has been broken by our Government. I want to protest with all earnestness the classification of these Spanish War veterans with my comrades of the World War in the matter of determining their pension and compensation. May I briefly call attention to a few outstanding points of differences: The private of the World War drew $30 per month. In the Spanish War he drew $15 per month. In the World War the soldier was surrounded and protected by every development in sanitation and in medical advances that had been made, largely because of the unfortunate experiences of the Spanish War. During the Spanish War, in Camp Thomas, at Chickamauga Park, more than 25 percent of the men in the First and Third Army Corps were victims of typhoid fever alone. During the service of the World War soldier, he was given the protection for his family of a $10,000 policy of insurance. The Spanish War soldier had nothing of this kind. When the World War soldier was discharged he received a bonus payment of $60. The Spanish War soldier received nothing. Most of the States of the Union voted a special bonus for their World War veterans, but none was voted for the Spanish War soldier. Congress provided for an adjusted-compensation payment at the rate of a dollar a day for home service and a dollar and twenty-five cents a day foreign service for the World War veteran. The Spanish War veteran received nothing. For more than 20 years no provisions whatever were made for these men who served in the Spanish War.

After the enactment of the economy bill, boards were set up to determine the presumptive cases for the World War. These service boards examined 51,000 cases at the rate of about 8 per day, and found more than 41 percent service connected. The Spanish-American War veteran had practically no hospital records available. Thousands of his comrades were dead. Thirty-five years had elapsed since his service. The Government, in Public, No. 78, stipulated that his disability would be presumed to be service connected and the Government must combat the presumption. A central board considered these cases. I am informed that they considered 236,000 at the rate of about 1,200 per day, and found but 5,400 service connected, or a trifle better than 2 percent. Never in the history of our country has an army of its soldiers been as ruthlessly treated as these comrades of mine. Averaging 60 years of age, with practically no opportunity for gainful employment, crippled and infirm in thousands of cases, unable to trace service connection through no fault of their own, the rules adopted have been so discriminatory against them that, as I stated a few moments ago, it is a tremendous breach of contract and faith on the part of the United States Government. I want to urge, in conclusion, upon the Members of this House and the Congress, not to let the Seventy-third Congress pass into history without the passage of legislation correcting and rectifying, insofar as we are able to do so, the gross injustices that have been done these men. The opportunity is still with us to restore them the pension rights under the clear-implied contract which we entered into with them. With faith in that contract and their country they offered their services. We accepted those services, we benefited by their contribution and sacrifices. Let us fulfill our part of the contract.

PERMISSION TO ADDRESS THE HOUSE

Mr. BUSBY. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

THE NATCHEZ TRACE PARKWAY

Mr. BUSBY. In the year 1806 the Congress of the United States passed an act which was approved on April 21, authorizing President Thomas Jefferson to lay out and open a road from Nashville, Tenn., to Natchez, Miss.

The particular part of that act pertaining to the establishment of this road is section 7, and reads as follows:

Be it enacted, That the President of the United States be, and he hereby is, authorized * * * to cause to be opened a road from Nashville, in the State of Tennessee, to Natchez, in the Mississippi Territory: *Provided*, He shall not expend more than $6,000 in opening the same.

This appropriation was followed by another appropriation of $3,000 in 1809, which sums were used to convert the old Natchez Trace from an Indian foot-and-bridle path into a usable wagon road. Thus the ancient Indian trail leading from the section about Nashville was established as a national highway connecting the white settlements of Tennessee, Kentucky, and the East with the white settlements that had sprung up in the Spanish, French, and later the English settlements on the lower Mississippi.

At this period of our Nation's history, white settlements were rapidly developing in different parts of the southern territory, being acquired by the United States from other nations. The obstacles in development lay in the fact that accessibility between the several parts of the country was difficult because there were no roads. Rivers and streams were largely depended upon, and along which white settlements first sprang out. To a certain extent Indian trails were utilized and some of the most important of them were converted by the Government into wagon roads.

Realizing the importance of the Natchez Trace leading through the lands of the Chickasaws, in 1801 a treaty was entered into between the United States and the Chickasaw Indians who occupied the southern part of Tennessee and the northeastern part of Mississippi, in which treaty it is provided that the Chickasaws:

* * * Give leave and permission to the President of the United States of America, to lay out, open, and make a convenient wagon road through their land between the settlements of Mero District in the State of Tennessee, and those of Natchez in the Mississippi Territory, in such way and manner as he may deem proper, and the same shall be a highway for the citizens of the United States, and the Chickasaws.

In the same year a treaty was entered into between the United States and the Choctaw Indians, whose territory lay just south of that of the Chickasaws, in which treaty it was provided that the Choctaws:

* * * do hereby give their free consent, that a convenient and durable wagon way may be explored, marked, opened, and made, under the orders and instructions of the President of the United States, through their lands, to commence at the northern extremity of the settlements of the Mississippi Territory, and to be extended from thence, by such route as may be selected and surveyed under the authority of the President of the United States, until it shall strike the lands claimed by the Chickasaw Nation, and the same shall be and continue forever, a highway for the citizens of the United States and the Choctaws.

Thus the right-of-way for the Natchez Trace Road was secured and the basis for the action of Congress in 1806 was laid for the establishment and construction of a wagon road by the United States between Nashville, Tenn., and Natchez, Miss. Along this roadway established by the Government and used throughout its length by the citizens of the United States and the Indians, much history was made by the pioneers: taverns were established, stage lines were operated, and many are the stories of bravery, chivalry, violence, and crime told even today of the happenings along this road of some 500 miles in length. It was over this road that part of Jackson's force traveled from Nashville to New Orleans; and it was over this road that Jackson returned with his army from New Orleans to Nashville after his famous victory where he so overwhelmingly defeated the British in the last battle of the War of 1812.

THE NATCHEZ TRACE

Much history has been compiled concerning the Indian trails which were used prior to the coming of the white man. In the Forty-second Annual Report of the Bureau of American Ethnology, published by the Smithsonian Institution, at page 811 is an article headed "The Natchez Trace." It begins:

When the whites first came into middle Tennessee they found an Indian path or trace running from the former Indian settlements around Nashville to the Chickasaw towns about Pontotoc in northern Mississippi, where it connected with trails leading to all sections of the southern United States. The middle Tennessee whites called it the Chickasaw Trace because it went to the Chickasaw towns, but later on it was known as the "Natchez Trace".

NATCHEZ TRACE CONNECTS PORTS OF UNITED STATES

This same article further recites concerning this trace that it—

* * * was regarded by our early whites as being ancient and was spoken of by them as the old Chickasaw Trace. Its route was the logical one for movements between large and important sections in the central United States. Over it, beyond question, passed in later times parties of Chickasaw, Choctaw, Natchez, and other southern tribes on their way to middle Tennessee, Kentucky, and the territory of our present North Central States, while the many unknown peoples who preceded them must also have traveled it. Its key situation forced its use, and it played a vital part in the life of the region, both in war and in peace.

When settlements began to spring up in different parts of the country, mostly along rivers and water courses because they could be used as a means of transportation, it also became apparent to the settlers that land routes to connect these settlements must be planned and developed. In the same article, referred to above, it is recited:

The white man began using this trail (Natchez Trace) as soon as he came into the region. Over it passed many southern Indian war parties to attack the feeble white settlements in Tennessee, and over it in return hurried armed white bands to attack and destroy their red enemies south of Tennessee River.

THE NATCHEZ SETTLEMENT

Speaking of the white settlement that had grown up on the Mississippi River about Natchez, this article recites:

As the number of white settlers increased and their land and water traffic grew, Natchez, in the Mississippi Territory became of more and more importance. The whites floated their products by water to Natchez or beyond, but many of them preferred to return by land over the old Chickasaw Trace and its connections rather than by the long and laborious upstream pull-and-push-against-the-current journey by river. The newly formed United States Government also began to realize the possibilities of this great southern section very soon and planned to open better means of communication through it.

NATCHEZ TRACE ESTABLISHED BY CONGRESS

After reciting the activities of Congress in making appropriations in 1806 and 1809, totaling $9,000, which was expended under the authority of the President to open up the Natchez Trace Road, this article closes the paragraph:

Thus the celebrated Natchez Trace was established. It followed substantially the route of the Chickasaw Trace and its connections, departing therefrom only where the necessities of a wagon road varied from the requirements of aboriginal foot travel or where the newly formed settlements of the whites drew it slightly from its ancient course.

Park Marshall, a well-known historian of Tennessee, writing on the Natchez Trace, states:

General Wilkinson (who supervised the laying out of the road under authority of President Jefferson) is reported as saying to the Indians, "The Chickasaw Trail is a very uncomfortable road and we wish to improve it for the use of both the Indians and the white people."

Mr. Marshall also states:

I have looked upon the Chickasaw Trail as a route or path leading from the main villages of the Chickasaws, in what is now Pontotoc County, Miss., to the vicinity of Nashville. This trail crossed the Tennessee at the northwest corner of Alabama, close to the mouth of Big Bear Creek (near Waterloo). It was planned for the Natchez Trace to cross at the same place, but the officers in charge (Captain Butler and Lt. E. Pendleton Gaines), perhaps with the consent of General Wilkinson, were persuaded to cause it to cross 1 or 2 miles above, at Colberts Ferry.

The article quoted from at length, published by the Bureau of Ethnology, gives specific points through which the Natchez Trace passed: First, from the section about Nashville to the Indian towns in Pontotoc County, and then from this Chickasaw region in Pontotoc County on to Natchez, on the Mississippi River.

Route of the Natchez Trace: The old Chickasaw Trace and the later Natchez Trace passed from Nashville through the following points in Tennessee: Near Belleview, Davidson County; near Leipers Fork, in Williamson County; near Leatherwood, in Maury County; through Gordonsburg, in Lewis County; and near Victory, in Wayne County. It then passed into Alabama. At or near Dart, in Lauderdale County, Ala., the Natchez Trace left the old Chickasaw Trace in order to cross Tennessee River at Colberts Ferry, the latter trace crossing the Tennessee about 2½ miles downstream from Colberts. The Natchez Trace joined the old Chickasaw Trace near Allsboro, in Colbert County, and thence passed into the State of Mississippi, where it went through Tishomingo and Saltillo, and on to the maze of Indian trails and Chickasaw towns in Pontotoc and Union Counties. Here the old Tennessee Chickasaw Trace ended, but it connected with other Indian trails leading to all parts of the southern United States.

The route from Pontotoc to Natchez: Leaving the Chickasaw region in Pontotoc County, the Natchez Trace continued on to Natchez over another old Indian trail, passing through or very near the following towns: Houston, in Chickasaw County; Ackerman (French Camp, to be exact), in Choctaw County; Kosciusco, in Attala County; Canton, in Madison County; Clinton and Raymond, in Hinds County; Port Gibson, in Claiborne County; Washington, in Adams County.

It is also recited in this article that "the United States mails were carried over the Natchez Trace in the years immediately following its opening."

Great research is disclosed in the preparation of this article published by the Bureau of Ethnology. It leaves no doubt as to the location of the old Natchez Trace or its importance as a road connecting the white settlements of the Northeast with those of the South and West.

OLD MAP OF 1830

Some years ago I was making a search at the Census Bureau for certain material. I came across an old atlas published in Philadelphia by Anthony Finley in 1830.

The map of Mississippi in this atlas marked very distinctly the boundaries of the few counties which had been established in the southern portion of the State. It also distinctly marked the boundaries of the Indian lands in the State.

The Indian tribes then remaining in Mississippi were chiefly the Chickasaws and Choctaws.

On this map of 1830, which was published in the time of Jackson and only 16 years after the Battle of New Orleans, are plainly marked the leading Indian trails and wagon roads that had been developed in the State. Some of the settlements that have served as landmarks, even to the present

time, were in existence then. Monroe, a missionery station, and the Chickasaw Agency near what is now Pontotoc are noted on this map.

The Natchez Trace passed through the Chickasaw Agency. Some few miles north of this is Longtown; to the east of these several miles on the Tombeekbe River is located Cotton Gin Port; just south of it are Bolivar, Hamilton, and Columbus.

From Columbus to Columbia, both of which are noted on this map, leads the Jackson's Road; from Columbus to what is now Canton, in what is now Madison County, leads the Robinson Road. It joined the Natchez Trace 7 miles northeast of the present town of Canton.

Very plainly shown is the old Natchez Road, beginning at Natchez, then passing through Washington, Seltzerstown, Uniontown, Greenville—Jefferson County—Post Gibson, Grimestone Ford; thence to Mount Satus, near Raymond; Old Agency, near Madison Station; Doaks, through the present city of Kosciusko, but not shown on the map; Pigeon Roost; Folsoms; Underwoods, near the location of Old Cumberland; then Chickasaw Agency, already mentioned; Longtown, Underwood Village, which is just over the line of Mississippi and Alabama near where the village of Alsboro now stands. From there the trail crossed Bear Creek, proceeded across the corner of Alabama, crossed the Tennessee River on the north side to a village marked on the map as "Havanna", but which at the present time is known as "Waterloo."

From this point the Natchez Trace proceeded in a northeastern course to Nashville, crossing Wayne County, Tenn., Lewis County, Hickman, Maury, Williamson, and Davidson Counties, into Nashville, touching the points as above stated.

MAP OF TENNESSEE

A splendid map of the course of this road is shown at page 746 of the Forty-second Annual Report of the Bureau of American Ethnology, showing the passage of the trace from Havanna through Tennessee to Nashville.

I have introduced two bills in Congress—one providing for $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace" with a view to constructing a national road on this route to be known as "The Natchez Trace Parkway." I have designated this "The Natchez Trace Parkway" because there has been recently set up in the Department of the Interior the Division of National Parks, Buildings, and Reservations.

The road now being constructed from the Shenandoah National Park to the Great Smoky Mountain, a distance of about 500 miles, is under this authority. It has jurisdiction of Government parkways, but does not have jurisdiction over roads or highways.

A BILL (H.R. 7312) TO SURVEY THE NATCHEZ PARKWAY

In the preamble to the bill providing funds for the survey, I call attention to the fact that the Natchez Trace was one of the most ancient and important Indian roads leading from the territory in the section of Tennessee about Nashville in a southwest course, crossing the Tennessee River at Colbert Shoals, a few miles below Muscle Shoals, thence passing in a southwest course through the Chickasaw and Choctaw Indian lands in what is now Mississippi, in an almost direct course by Jackson, Miss., to Natchez; and that the Natchez Trace is located throughout almost its entire length on highlands between watersheds on the most suitable route over which to establish the national parkway, through a section of the country greatly in need of such road facilities from a national standpoint, to connect the North and East directly with the Natchez, New Orleans, and southwest section of the country; and that the Natchez Trace was made famous for the service it rendered in affording General Jackson a route over which much of his forces moved to take part in Jackson's famous victory over the British at New Orleans, and also by reason of the fact that General Jackson returned with his army over this trace to Nashville after the Battle of New Orleans; and that the Natchez Trace is known as one of the Nation's most famous old roads, and has been marked at great expense by handsome boulders with suitable inscriptions by the Daughters of the American Revolution, these boulders being placed every few miles from one end of the trace to the other; and that unusual interest is being manifested in the building of a national parkway by the Government, Natchez Trace organizations having been perfected in almost every county through which the trace passes; and that the Government has recently adopted a policy and set up a division in the Department of the Interior, known as the "Office of National Parks, Buildings, and Reservations", to engage in a national way in laying out parks, reservations, and building parkways.

BILL (H.R. 7345) TO CONSTRUCT THE NATCHEZ PARKWAY

The second bill I introduced in Congress provided for a $25,000,000 appropriation with which to construct the Natchez Trace Parkway along the route of the old Natchez Trace as established by Congress under the act of 1806 and as laid out and developed in response to that authority.

In recent years, especially since the coming of the automobile, the United States Government has sponsored a policy which has meant much in developing road building and the construction of permanent highways in this country. No more beneficial improvement can be had than a well-constructed highway which may be used by everyone alike. Money expended in recent years for highways mounts into the billions of dollars. Much of this was spent to poor advantage when highway building was in the experimental stage, but the States and the Nation are now turning to a more dependable type of road construction. They have learned that the road which has proper engineering, roadbed and surface construction, is, in the long run, the most acceptable and the cheapest.

POLICY OF NATIONAL HIGHWAYS BY UNITED STATES

In recent years a system of national highways has been advocated from many sources. Undoubtedly necessity and wise decision will cause the Government to enter upon such a course in the near future. The construction of the scenic highway for a distance of 500 miles between the Shenandoah National Park and the Great Smoky Mountain Park at a cost of much less than one half the sum required for a single battleship I believe is a wise thing to do.

The construction of the Natchez Trace Parkway from Nashville to Natchez, a distance of about 500 miles, would connect the North and East with the highly developed sections of the South and West and prove an advantageous and useful investment by the National Government, for all the people.

If this road should be constructed at an average cost of $30,000 per mile, the total outlay would not exceed $15,000,000. The road facilities between the highly developed section about Nashville and that part of the United States about Natchez, New Orleans, and the southwest sections of our great country are poor indeed. It is a difficult matter to travel by automobile from Nashville and points south and west without having to go many miles out of the way and for the most part over poor and impracticable roads.

The Indians, for hundreds of years before the coming of the white man, recognized the great advantage of the Natchez Trace route, its location along high, level land almost free from swollen streams and difficult barriers, but the white man continues to go hundreds of miles out of his way and fails in the development of a direct and connecting highway which would mean so much to the convenience of untold numbers of people and the saving of time and travel by almost every person who desires to go from the northeast to the southwest of our great country.

A country with poor roads is a country undeveloped, regardless of what other advantages and improvements it may have. People living close to each other remain strangers and the country undeveloped. The most notable thing for which ancient Rome is remembered is the Appian Way, the construction of which was begun in 312 B.C. Perhaps this is the oldest and most celebrated of all roads because of its permanence and the grandeur of its construction.

England was known for her poor roads and poor internal development even 150 years ago. A well-constructed permanent highway is a permanent asset of the nation. It does

not benefit the people living close to it solely; it does not belong solely to the generation living at the time of its construction. It is traveled by and becomes a benefit to the people of all the States, and passes down to the succeeding generations as a heritage from us who have gone before.

As I look out toward the west from my office window, I see the beginning of the Lee Highway here in Washington. That beginning is the beautiful bridge that spans the Potomac River. While that bridge is not more than one half mile in length, on it was expended more than $15,000,000—enough money to construct the Natchez Trace Parkway from Nashville to Natchez, a distance of 500 miles.

The Lee Highway leading to the west out of Washington connects Nashville with this Capital City. The construction of the Natchez Trace Parkway would connect the southwest with Nashville and the Lee Highway, thereby bringing thousands of people hundreds of miles closer by highway travel to the National Capital.

I commend this proposal to the Congress. I commend it to the administration. I submit that the construction of the Natchez Trace Parkway is one of the soundest, most permanent, and valuable investments that our Government could make.

I ask the cooperation of the Congress in the consideration and passage of the bills which I have proposed for the survey and construction of the Natchez Trace Parkway.

RURAL LETTER CARRIERS

Mr. ROGERS of Oklahoma. Mr. Speaker, I ask unanimous consent to insert in the RECORD a letter from the president of the Oklahoma Rural Letter Carriers' Association.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. ROGERS of Oklahoma. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from the president of the Oklahoma Rural Letter Carriers' Association:

TISHOMINGO, OKLA., *January 31, 1934.*

Hon. WILL ROGERS,
House Office Building, Washington, D.C.

MY DEAR CONGRESSMAN: Please allow me to extend to you the thanks of the 1,100 rural carriers of Oklahoma for the fair consideration you have given to legislation affecting rural mail service and to thank you in advance for a continuation of this attitude of fair consideration of our program on its merits.

I have been reading the CONGRESSIONAL RECORD, and from the statements of some of the Representatives I do not believe they understand the rural carrier's position, his present salary and allowance status, or his hopes for the immediate future.

I know that you do understand our needs and desires, and from Mr. HASTINGS' statement in the RECORD, January 25, I believe he understands. In fact, I believe Oklahoma's delegation is well posted on the needs of the service, and it is with the hope that you may be in a position to state these needs at some opportune time, that I restate our hopes at this time to you.

It stands to reason that all postal workers are very anxious for the return of such a condition of prosperity in this country that a restoration of the old pay scale will be warranted. We are as anxious to see this condition return to the people as a whole as we are to regain our own temporary losses. We are more anxious at this time to see the smiles of happiness return to the faces of our patrons and the people in general than we are to repair our personal losses. However much we have and do hope for, these general gains affecting the whole of our beloved country, the major objective of our group just now is the hope that pay and allowances that have already been restored to all other groups will be restored to us, and in that way the gross discrimination against the rural carrier, under which he is today carrying a greater percentage of burden than any other postal or Federal worker, will be removed.

The particular measure we have reference to as discriminatory, or which is being administered in a discriminatory manner, is the amendment to the independent offices appropriation bill of last June, by virtue of which authority the President issued an Executive order effective July 1, 1933, providing for payless furloughs to postal employees, except rural carriers, and for rural carriers the order reduced the allowance for the upkeep of equipment used in serving rural routes to 1 cent per mile net. You heard no loud protest from the rural carriers over the very harsh and unreasonable features of this order, because the sacrifices we were to make under it were in a measure proportionate, and all employees alike were sacrificing in the name of economy, in the interest of a balanced Budget, and the preservation of the national credit.

Now the particular order which we contend is gross discrimination against the rural carrier, and which is in effect at this good hour, is the order effective October 1, 1933, which continues a portion of the sacrifices required of employees under the measure above referred to, against only one group of employees, the rural carriers. That order in effect restored the reduction provided for in this particular act of economy to every group excepting only the rural carrier. It continued the reduction in all its harshness for the month of October, somewhat modified for the months of November, December, January, and February, and continued the original cut for the month of March.

We do not believe that Congress intended that we should receive a greater reduction under this measure than other groups were required to accept, or that it should be continued against one group after all other groups had been relieved. We are of the further opinion that this measure was not intended as a salary-adjustment measure, but purely as an economy measure. It was accepted and recognized as such by our group, and silently approved by patriotic rural carriers everywhere, until that fatal and discriminatory order effective October 1, in effect continuing this cut against our group and our group alone.

It is my sincere hope that this message may convey to you the assurance that the rural carriers of Oklahoma have been, are now, and always will be willing to do their full part as citizens of this Republic, anxious to cooperate with the administration in a program of reconstruction, willing to make any reasonable and even in periods of national emergency, to make more than reasonable sacrifices for the common welfare, and that we do not wish to avoid any of the duties and responsibilities of citizenship, as we always consider those duties a paramount privilege. That the only consideration we have or will ask is that we be accorded the same consideration and treatment that has been accorded other groups. To this end we hope some move may be made that will effect the discontinuance of the reductions above referred to, that have long ago been discontinued in the case of every employee in the postal family excepting the rural carrier.

We contend that we can conform our standard of living to any standard set in the form of salary by the Congress, but that we have no control over the cost of equipment and its maintenance. In view of this fact the cost of this item should be exempt from provisions affecting salary. It is not fair to require an employee on a salary not above the average salary paid for the same or similar work in the same department of the same Government, to travel half way around the world each year on an allowance for that purpose which represents from 15 to 50 percent of the actual cost of the trip. That is what has been required of the rural carrier, and of the rural carrier only.

We offer the suggestion that if the Congress thinks we are profiteering on the allowance paid for this purpose, we will relinquish all claim to such an allowance if the Congress will provide and upkeep the equipment we use as we do now. We hope anyone can see that this is a fair proposal.

Thanking you again for your consideration of our cause on its merits, and for your time in reading this uninteresting protest, and hoping, always hoping for a fair deal for the rural carriers, the service they render, and the people they serve.

I am, very truly yours,

L. M. WALKER,
President Oklahoma Rural Letter Carriers' Association.

LABOR UNDER THE NEW DEAL

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the question of Labor Under the Recovery Act.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, the labor movement in America, distinctly the outgrowth of American democracy, has had a historical development based upon necessity. Without fanaticism, it has applied the American ideals of individual liberty to the problems of those working to create wealth and comforts for the human race. It has been a strong factor in both our industrial and our political lives. Affiliated labor organizations are now striving to swing our perverted economic condition back into normal channels; back where every man may have employment and receive his full share of our aggregate wealth and income—a wealth created by the many, but often appropriated by the few. An abundance of every comfort of life prevails in these beloved United States, if we can but provide an equitable system of distribution and consumption. If America is to survive the fate of many previous empires, this problem of more equitable distribution of income to the wage earner must be solved.

GROWTH OF THE FEDERATION

Thirty years ago the American Federation of Labor had half a million members. At the close of the World War this membership had increased 800 percent, aggregating a total membership of 4,000,000. Today the Federation has between

three and four million members under the splendid leadership of William A. Green. There are many other splendid crafts organized for cooperation and mutual advancement. The organized-labor movement has long since passed the experimental stage. It now wields a forceful and uplifting influence upon our social, industrial, and political conditions. During my 10 years service as a Representative in Congress, organized labor has never made an unjust demand of me. It never has requested my support of a single measure that I would not have supported without persuasion.

SHORTER DAY AND WEEK

We are now in the midst of one of the most tragic world-wide break-downs of our economic system. Our country never has been so dangerously affected by numerous elements of instability. With environment continuously being changed by science, human nature and natural requirements remain much the same. The inventor builds a new machine, and it is immediately installed to reduce labor costs. Many men are displaced and cast aside, like derelicts upon a troubled ocean. Labor-saving machines are almost invariably appropriated by the management of industry for the purposes of profit, and rarely are installed to increase wages or reduce the hours of labor. A system that permits the advantages of invention and discovery to accrue almost wholly to capital and leaves labor impoverished is unhealthy. A fair adjustment of these advantages lies in a shorter workday and fewer days per week. Furthermore, the shorter day and shorter week will create a wider distribution of employment. Many economists declare that 5 days per week is more than sufficient to produce all the commodities that we can use. Let 6 men work 5 days per week rather than 5 men work 6 days. May we not hope by this adjustment, that with more hours of leisure, the workingman will pursue recreation, seek culture, and show improvement of self and home surroundings?

NATIONAL RECOVERY ACT

We are going through an economic revolution. Ethics and humanity are moral forces in adjusting codes of fair competition under the National Recovery Act. Today, when industry meets under Government supervision for industrial planning, organized labor is present with representatives of its own choosing. The right to bargain collectively is fully sanctioned. The labor union is acknowledged as the most potent agency for negotiating and enforcing terms of agreement between employer and employee. Wages have been substantially increased, working conditions improved, and hours shortened. This new law has proved the Magna Carta of the wage earner. We are, therefore, entering a new and better day for workingmen. This is a recognition long delayed, but brings hope of a better day. The Congress deserves great credit and support for backing the President in this advancement of the group who toils. Child labor is decreasing. Sweatshops are being eliminated. Women are being emancipated from industrial servitude. The new deal means a fair deal to those who work. I see a new civilization that recognizes the rights and equality of the mass of humanity.

CIVIL WORKS ADMINISTRATION

Under the leadership of our President a definite allocation of funds was made to give employment in every community. This has been the main support through these trying days for those who were in great need. Congress has voted additional funds to carry this work through to warm weather. It is the earnest desire of Congress and the President that everyone shall have opportunity to earn a livelihood. This means of Government aid has given a new hope and confidence to those who desire to work rather than to ask for charity. I most heartily supported this program.

WAGE REDUCTION NO CURE FOR DEPRESSION

Understand that while I advocate reducing the hours of labor per week, I do not advocate the reduction of wages. The income of labor must stand unimpaired. They are the spenders who help to turn the wheels of business. Reduction of wages cannot cure this depression. Every wage earner is a purchaser of goods, and to penalize him with a smaller income is unwise and unjust. The wage earners of America, receiving a fair and continuous income, will help to solve the problem of the farmer's overproduction. Many economists believe, after all, that our agricultural problem is not one so much of overproduction as it is of underconsumption. Give the workingman the capacity to buy the products of the farm and our agricultural problem will be solved.

SECURITY OF REGULAR EMPLOYMENT

This recent period of industrial stagnation demonstrates that modern business has most tragically failed in two great essentials: First, to maintain a continued confidence of the public in its methods, and, second, to give a security of continuous employment to the workingman. Today unemployment is unsolved. Old age has little or no protection. No reserves have been created during the fat years to guarantee employment through the lean years. No wage earner can be composed unless he has a feeling of security in his employment which will bring self-respect, adequate leisure, and a growing independence. Today workingmen have no such security of employment at a fair and reasonable wage. They have a job one day and none the next. As a group, they take the brunt of a depression that they did not help create.

SURPLUSES DO NOT FEED THE HUNGRY

It is reported that we have in our country 11,500,000 able-bodied workers out of employment. Next to war, this is the greatest menace which could confront any nation. The savings of a lifetime have been exhausted; bankruptcy faces the business man; the farmer staggers on the brink of ruin. Acute human suffering accompanies this phenomenal and serious break-down of our capitalistic system. Phenomenal, because in a land of surpluses, there is unparalleled want. A surplus of wheat, and millions are hungry. A surplus of cotton and wool, and many unclothed. A surplus of gold, but with a restricted circulating medium, and credit dried up. Rampant greed and unearned profits, with but little regard for the human elements in society, have controlled motives of business. These narrow, selfish business policies have taken us into the valley of despair.

CORPORATE CONTROL OF WEALTH

In this period of extreme wealth and widespread poverty, we discover 200 corporations controlling 48 percent of the business wealth of the country. These corporations are managed by 2,000 directors, many of whom do not direct. Their methods have fully demonstrated their failure. There is not now an outstanding business leader who proposes a way out of the morass into which the country has been plunged.

Furthermore, it has been convincingly asserted that we are living in a gamblers' civilization. Not content with a reasonable and legitimate profit from the production of commodities, they have launched into the manipulation and inflation of securities. These financial manipulators, by subtle methods, pool credits to gamble in stocks for unearned paper profits.' Some of them have sold foreign securities of a questionable character for fat commissions, to an unsuspecting buying public. They have taken the savings from the people, and the assets and credits of smaller financial institutions, into their stock market maelstrom for gambling purposes. Money went to Wall Street which should have remained on Main Street. We observe that these unsound methods have eventually killed the goose that laid the golden egg. The wage earner and the farmer, who constitute the bedrock of our stability and prosperity, have been reduced to bankruptcy. The buyers and consumers of our country have been stripped of their capacity to purchase and consume the merchandise which keeps the wheels of the factory turning and the wage earner employed. This is a rich man's panic, but the poor man shares the tragedy. We have much yet to learn.

Many of the methods of modern business control must be cast into the discard. The greed of the closed corporation may well be supplanted by giving labor a greater share of

the profits and a stronger voice in industrial management. Give labor a new deal and humanity a chance. This alone can save America from a premature decadence.

COMMUNISM NOT WANTED

Individual freedom is a priceless heritage. Communism that will rob the American wage earner and farmer of this independence is not desired. Let us preserve our rugged individualism and organize our social order on a basis of a better collective cooperation. The mutual interest of the farmer and the industrial worker can be promoted by cooperation and organization. The newspaper, Labor, published by the railroad labor organizations, always reliable, is authority for the following statement:

In 1929, 38 superrich men got $38,000,000 more in net profits than 428,000 workers in our cotton mills received as total wages. And, as often told before, a little over 500 men, with net profits of that year, could have bought at farm prices the wheat and cotton crops of the Nation, raised by 2,300,000 farmers in 1930.

Does this represent the equality of men of which Jefferson spoke in the Declaration of Independence? Democracy and representative government are on trial today as never before.

These facts should convince everyone that the future must produce a plan that will give the wage earner and farmer a greater distribution of the income from their productive efforts. The experience gained from recent trends of business methods demands new formulas.

TAX RELIEF

Farmers and home owners are primarily interested in taxation. Unless real estate can be given a market value, normal conditions cannot prevail. The reduction of the costs of government, evidenced by reduced appropriations of Congress, and in the recent session of our legislature, are most commendable. With the burden of taxation shifted to profits, incomes, and intangibles, there is hope that real estate in Indiana may come back to a normal sale value. I had hoped that an income tax might be passed by the recent session of the legislature. In the recent Congress there was a concerted drive by a certain group to shift Federal taxation from incomes, profits, luxuries, and inheritances to a general sales or consumption tax. This fundamental change of taxation was inspired by wealthy men in both political parties, and was consistently promoted by the metropolitan press. It amounted to a conspiracy to shift the burden of taxation to the consumers, who are less able to bear it. Labor and farm organizations were against the general Federal sales tax. Your Representative helped to defeat this unjust shift of taxation. The revenue bill, as passed, still has some undesirable excise taxes, among them being the tax on bank checks, which is a hindrance to business, and the tax on electric current, which is an added burden on the home. It is to be hoped that as soon as the gigantic deficit of the Treasury is reduced these nuisance and indefensible tax items can be eliminated.

LABOR'S SPLENDID MORALE

We regret exceedingly the troubles that have so recently transpired in our coal fields. It is to be hoped that the management and the labor organizations shall soon be able to reach a permanent settlement with reference to wages and working conditions. We feel that such an agreement will reestablish peace and avoid further bloodshed. These are desperate times in all lines of industry where overproduction prevails. We can, however, well congratulate ourselves because of the manner in which the American working man has withstood this period of unemployment. The composure and morale that have dominated his conduct in these most trying times are most commendable. It demonstrates the sound philosophy which is back of his ideal. The American working man is thoroughly American, believes in his Government, and hopes for better times.

GOVERNMENT BY INJUNCTION

The most fundamental principle of cooperative labor organizations is the right to bargain collectively. It is the heart of unionism. The denial of the laboring man's right to bargain collectively amounts to an infringement of his constitutional privileges of free speech, free assembly, and the right of contract. Those who would deny these privileges have often gone too far in their methods of suppression. The powers of Federal courts have been used to enforce contracts of labor that are now considered un-American. In this land of freedom and equal rights, there can be no place for the so-called "yellow dog contract." Since Congress enacted the anti-injunction bill, the Federal courts have their equity powers defined. These courts will still have a reasonable and legitimate power to protect property and preserve peace. But in dealing with human liberty, no judge is free from human frailties. Criminal cases should be tried according to constitutional methods prescribed. No court should be allowed in criminal cases, by the use of the equity power of the court, to become the grand jury, the prosecuting attorney, the trial jury and the judge all in one. Human liberty was purchased with the blood of our fathers, and constitutional rights are too sacred in America to permit them to be usurped and destroyed by a tyrannical judicial system.

HOPE FOR A NEW DAY

This depression has brought us many crosses, and let us hope that it has taught the industrial leaders and financiers of America some lessons. The farmer, wage earner, small business man, and the great mass of producers have been led down into a Gethsemane. They have sweat drops of blood while those who should have watched and guarded our sacred heritages have either gambled or slept. Frequently the wrong man has had to pay the penalty. In many instances the transgressor has escaped, and the punishment has fallen upon the innocent. Many have been crucified upon the cross of gold and gross materialism. Having seen the error of this system of greed, may we not now hope for a new day of resurrection, a day in which brotherhood in industry and business may have a new and vital significance, a day in which selfishness and grasping power may be supplanted by humanity and fraternity? In promoting this most worthy objective, I am sure labor will do its full part. My fondest hopes are with you, and my best services are at your command.

PERMISSION TO ADDRESS THE HOUSE

Mr. MEAD. Mr. Speaker, I ask unanimous consent to proceed for 3 minutes.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, I hope no one will interpret my remarks as a charge or a complaint against anyone, but in this morning's paper my distinguished colleague from New York [Mr. FISH] made this statement:

Pan American Airways received approximately $6,000,000 from the Treasury of the United States to carry mail.

And then, among other things, he said that the chairman of the board of Pan American Airways, Cornelius Vanderbilt Whitney, ran for Congress and made a contribution to the Democraic Party and, reading between the lines, one might be led to believe that these may be the reasons why the contract with Pan American Lines was not canceled.

I find an answer to this statement in the RECORD of January 26, by the gentleman from New York [Mr. BACON], a member of the Appropriations Committee who, by the way, ran for Congress against Mr. Whitney. This is Mr. BACON's statement:

This air-mail service (meaning Pan American) has been of the greatest benefit to the merchants of this country in their trade relations with Central and South America; it has been of the greatest benefit in the higher plane of diplomacy, friendship, and good will in bringing the countries of Central and South America closer to us and bringing us closer to them. The President of the United States now is engaged in conversation with Central and South American countries looking toward better trade relationships.

If we do anything to hurt this service at this time, we will be putting an obstacle in the path of the President in his efforts, today, to bring Central America, South America, and North America closer together.

Mr. PETTENGILL. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. PETTENGILL. Mr. Speaker, with respect to the Federal estate tax, I wish to express my agreement with the views set forth in the dissenting report filed by the member of the Ways and Means Committee from Maryland, Mr. LEWIS.

I earnestly request the committee to reconsider Mr. LEWIS' proposal and bring in an amendment that will permit the House to vote upon it.

Last fiscal year we collected from Federal taxes on inheritance only $29,000,000. This was only about half what we collected from stamp taxes. It was about as much as we collected from the tax on electric energy to light our homes and run our electric motors. It was less by $12,000,000 than we collected from taxes on bank checks, by which we transact our daily business. We charged people for going to the theaters, and so forth, half as much as the tax on estates. The estate tax brought in only one quarter of the tax on gasoline and only one thirteenth of the tax on tobacco.

Mr. Speaker, in the light of the necessities of our Treasury, what excuse is there for this wide discrimination in favor of inheritances and against the necessities and comforts of life?

We have cut the wages of Federal employees, even those getting only a few hundred dollars a year; we have reduced the pension benefits of war-disabled veterans and of veterans such as the Spanish-American and Civil War soldiers, whose advanced age has long since placed them past the industrial dead line—men who cannot hope to benefit by the returning prosperity and reemployment we all so earnestly pray for, men who have no means of support except their pensions—and yet we are tender, inexcusably tender, it seems to me, to fortunes, large and small, which the recipients never turned a hand to earn.

It is true that estates have shrunk tremendously in market value, and that the returns of the last fiscal year were small, but let us prepare estate-tax schedules that will in the next few years be really effective in reducing a public debt that will be around $32,000,000,000 a year from next July, and that will make a real contribution toward our just obligation toward Federal employees and disabled veterans, that will help provide a fund to meet the payment of the adjusted-service certificates of $2,400,000,000 in 1945, or at any earlier period when they can be paid.

Here let me quote from the minority report of Mr. LEWIS:

> Why should the Treasury of the United States be left to run in the red, year after year? It is the depression, the depression. But the depression is world-wide; it afflicts England; it afflicts Germany and France as well as our own country. But their treasuries are not in the red—have not been left to run in the red, year after year. Again they say the United States expended $3,300,000,000 during the current year to relieve social distress. But Great Britain is expending annually its 3½ billion dollars and Germany 3 billions, in terms of our population for social relief; that is, to take care of the aged, the helpless, and the unemployed. And the treasuries of these countries are not in the red.
>
> Now frankly, why is our Treasury in the red and their's not? It is because their parliaments provide the necessary revenues, and this Congress does not. Those parliaments go to their citizens who are able to pay and assess them according to their ability to pay. This Congress does not. Here is the proof.

TABLE 1.—*Comparison of death taxes United States, Great Britain, France, and Germany—Estate of married persons, no dependents, all passing to widow*

Net estate before exemption	United States	Great Britain (1)	France (2)	Germany (3)
$1,000		$10	$70.24	$30
Death taxes—percent		1.0	7.02	3.0
$5,000		$150	$306.19	$250
Death taxes—percent		3.0	10.12	5.0
$10,000		$300	$1,562.01	$600
Death taxes—percent		3.0	15.62	6.0
$15,000		$450	$2,629	$975
Death taxes—percent		3.0	17.53	6.5
$25,000		$1,000	$6,504	$1,875
Death taxes—percent		4.0	25	7.5

TABLE 1.—*Comparison of death taxes United States, Great Britain, France, and Germany, etc.*—Continued

Net estate before exemption	United States	Great Britain (1)	France (2)	Germany (3)
$50,000		$2,500		$5,000
Death taxes—percent		5.0	25	10.0
$100,000	$1,500	$9,000		$11,000
Death taxes—percent	1.5	9.0	25	11.0
$150,000	$5,000	$18,000		$16,500
Death taxes—percent	3.3	12.0	25	11.0
$200,000	$9,500	$28,000		$24,000
Death taxes—percent	4.8	14.0	25	12.0
$300,000	$19,500	$51,000		$39,000
Death taxes—percent	6.5	17.0	25	13.0
$400,000	$30,500	$76,000		$56,000
Death taxes—percent	7.6	19.0	25	14.0
$500,000	$42,500	$105,000		$75,000
Death taxes—percent	8.5	21.0	25	15.0
$600,000	$55,500	$128,000		$90,000
Death taxes—percent	9.3	23.0	25	15.0
$800,000	$84,500	$200,000		$120,000
Death taxes—percent	10.5	25.0	25	15.0
$1,000,000	$117,500	$270,000		$150,000
Death taxes—percent	11.8	27.0	25	15.0
$2,000,000	$315,500	$660,000		$300,000
Death taxes—percent	15.8	33.0	25	15.0
$3,000,000	$553,500	$1,110,000		$450,000
Death taxes—percent	18.5	37.0	25	15.0
$5,000,000	$1,149,500	$2,050,000		$750,000
Death taxes—percent	23.0	41.0	25	15.0
$10,000,000	$3,094,500	$5,100,000		$1,500,000
Death taxes—percent	31.0	51.0	25	15.0

It will be noted in the above comparison of rates that an estate of $100,000 pays $1,500 in the United States, pays $9,000 in Great Britain, $11,000 in Germany, and $25,000 in France. A $200,000 estate here pays $9,500, in Great Britain $28,000, in Germany $24,000, and in France $50,000. It is not until the estate reaches $2,000,000 in the United States, and pays $315,500, that our estate taxes equal those of Germany and about one half equal those of Great Britain and France. To the figures in the above table showing the taxes in the United States should be added the estate and inheritance taxes levied by some 23 of our States. If such State taxes be added to the Federal estate tax, it would be increased by 26 percent, or about one fourth.

Taking State and Federal estate taxes together, $180,000,000 was derived from this source in 1930. If we had levied the same rates as the British, the total revenue here would have been $755,000,000.

So for the year 1930 the difference between what we got and what we did not get but would have gotten if we had the British rates in force was $575,000,000. If the estate taxes imposed by the Federal Government and the average inheritance taxes imposed by the States were together as much as the British rates, the Federal Government and the States would have still left to the heirs of decedents after all debts of the estates were paid, about 91 percent of estates of $100,000, 86 percent of estates of $200,000, 79 percent of estates of $500,000, 73 percent of estates of $1,000,000, and so on. So no injustice seems to be done to heirs, nor does it appear that the British rates would discourage thrift nor the natural desire of men to make reasonable provision for their widows and children.

This sum of $575,000,000 is alone greater than the total estimated expenditures for 1934 for the Veterans' Administration, as set forth in the Budget.

In other words, Mr. Speaker, what the National and State Governments are losing by not taxing inheritances as the British do would in a normal year pay the entire cost of veterans' relief.

If democracy is to survive, and if the system of private ownership of property which we call capitalism is to survive, the time has certainly come when we must place much heavier restrictions than we have in the past upon the accumulation of great fortunes. The man who makes this statement is not a radical, he is a conservative. He is trying to conserve the best values of our civilization. The necessity for taking stronger steps in this direction has increased with the tremendous productivity of our industrial plant. We all realize now that a much wider distribution of purchasing power is essential if our machine age is to go on. Men must be able to buy what the machines make. With the loss in large part of our European markets, which for decades furnished a favorable balance of trade to this country, we must now rebuild the American home market. Heretofore the owners of industry and the manipulators of credit have

absorbed entirely too much of the economies of machine production. In doing so they have drained dry the purchasing power, without which the machines can no longer find markets.

In 1929 some 508 men reported net taxable realized incomes, greater in the aggregate by $100,000,000 than the gross incomes of all the wheat and cotton farmers of this country put together, representing with their wives and children some 8,000,000 Americans. Is it any wonder that the American people stopped buying? The great Coolidge-Hoover bull market was advertised as one of the marvels of the age, but while the bulls were going to market the cows were going dry.

This enormous concentration of wealth in recent years which is certain to be repeated in the anticipated return of prosperity must be more widely distributed through the imposition of taxes on large incomes and inheritances. Not only did the concentration of wealth dry up the purchasing power of the consuming masses of America but of necessity it sought investment in further productive enterprises. This in turn speeded up production capacity at the same time it was lowering our consuming capacity.

According to Sir Arthur Salter, in his book Recovery, it was the lowering of Federal income and Federal inheritance taxes under the regime of Secretary Mellon which helped to stimulate that enormous bubble of speculation that burst in 1929. The taxes imposed in the Wilson administration to pay for the costs of the war should have been left in force. But the money power that ran this Government during the last 12 years, blind to its own legitimate and far-sighted objectives, dictated a policy that brought on its own collapse.

I know, Mr. Speaker, that there are always those who condemn as a long-haired radical anybody who uses the phrase "the money power." Lord Bryce, for many years Ambassador from England to the United States, and one of the most greatly respected men of the age, could not be classed as a long-haired radical. But in his final work, Modern Democracies, he used these words:

> Democracy has no more persistent nor insidious foe than the money power, to which it may say, as Dante said when he reached in his journey through hell the dwelling of the god of riches, "Here we found wealth, the great enemy." The enemy is formidable because he works secretly, by persuasion or deceit rather than by force, and so takes men unawares.

Whatever the faults or virtues of Mr. Andrew Carnegie may have been he was preaching as far back as 1892 in his two books—the Gospel of Wealth, and My Partners, the People—the doctrine of the social justice of high inheritance taxes and the trusteeship of wealth. In 1892 he said:

> We must let the worker alone during his life, but after his death the State should step in and demand its share of his hoard, through a graduated system of taxation. Every fortune left by a hoarder should contribute to the State in proportion to its size; small amounts left to those dependent upon the decedent being exempt, but the scale rising by steps until with enormous fortunes reaching into many millions it should be decreed that "one half goes to the privy coffers of the State." This is the proportion which the laws of Venice exacted from her Shylock. Our modern Shylocks should be made to contribute at least as much.

In the matter of inheritance taxation we have not yet gone as far as Mr. Carnegie urged us to go 40 years ago, whereas the accumulation of great fortunes since that time has multiplied many times. Even such a representative of the conservatives as James P. Warburg, vice chairman of the Bank of Manhattan Co., who has recently been carrying on a controversy with Father Coughlin, stated on January 16, 1934, "We have no famine of money, we have a maldistribution of wealth."

The accumulation of great fortunes is nearly always due to many other factors other than the foresight, invention, thrift, enterprise, or ability of the owner. These factors are often some privilege conferred by the State, such as patents, copyrights, tariffs, monopolies, or the unearned increment of land values. Other factors by which large fortunes are secured are those which, as Lord Bryce said, "work secretly" through the manipulation of credit resources, the pumping of water into capital structures, the erection of one superholding company upon another, and the consequent sweating of labor and the consumer in order to pay dividends upon water.

By these means resources that spring from and in a very real sense belong to the entire people, are gathered into a few hands. Mr. Carnegie recognized this in his phrase "my partners, the people", and he advocated that at death the fortunate partner should be compelled, through the inheritance tax, to make distribution to those silent partners who had unwittingly, perhaps, contributed to the large accumulation in his hands.

As I say, Mr. Speaker, there is nothing radical about the doctrine of high inheritance taxation. It is one of the most conservative things we can do if we are to preserve our institutions. For centuries Anglo-Saxon civilization has felt that the concentration of enormous wealth in a few hands is opposed to the general welfare and the common weal. For hundreds of years laws have been passed by our forefathers or court decisions have been rendered designed to break up great estates and to free the living generations from the dead hand of the past. For example, the statutes against mortmain; the abolition of primogeniture, under which the eldest son took the entire landed estate; the repeal of entail, under which land could not be sold, but descended indefinitely to the blood heirs of the ancestor; the rule against perpetuities under which trust funds might accumulate indefinitely, and so forth. What our forefathers accomplished by these means we must accomplish through high inheritance taxation. The principle, therefore, is a truly as truly a part of our tradition as Magna Carta or Concord Bridge.

More than a century ago Thomas Jefferson constantly preached that "the earth belongs always to the living generations." A little later Daniel Webster said:

> The freest government cannot long endure when the tendency of the law is to create a rapid accumulation of property in the hands of a few, and to render the masses poor and dependent.

A little later Abraham Lincoln said:

> Inasmuch as most good things are produced by labor, it follows that all such things ought to belong to those whose labor has produced them. But it has happened in all ages of the world that some have labored and others, without labor, have enjoyed a large proportion of the fruits. This is wrong and should not continue. To secure to each laborer the whole product of his labor as nearly as possible is a worthy object of any good government.

Still later, in 1912, Woodrow Wilson said:

> And we stand in danger of utter failure yet, except we fulfill speedily the determination we have reached to deal with the new and subtle tyrannies according to their deserts. Do not deceive yourselves for a moment as to the power of the great interests which now dominate our development. They are so great that it is almost an open question whether the Government of the United States can dominate them or not. Go one step further, make their organized power permanent, and it may be too late to turn back. The roads diverge at the point where we stand.

As one who loves his country and believes in her institutions, as one who does not wish to see the force of circumstances impose upon us the antidemocratic despotisms of Europe, as one who believes in social justice and the widespread distribution of the total earnings of the American people not only as a matter of equity to the underprivileged classes but as the only safe insurance for the preservation of the system of private ownership of property and the exercise of private initiative, as one who, in the words of Edmund Burke, "places his feet in the tracks of his forefathers where he can neither wander nor fall", as one who would heed the warnings of the great voices of the past, regardless of party, I urge this Congress and the Ways and Means Committee to attack this problem and attack it now.

THE POSTAL SERVICE UNDER THE NEW DEAL

Mr. MEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a speech by my colleague, the gentleman from Michigan [Mr. MUSSELWHITE], on the Postal Service under the new deal.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following speech of Hon. HARRY W. MUSSELWHITE, of Michigan, which he delivered today over a national hook-up on station WMAL, Washington:

Friends of this radio audience, as a member of the House Committee on the Post Office and Post Roads, I am privileged to address you briefly on a subject in which I am deeply interested—the welfare of our great Postal Service under the new deal.

You know, the Postal Service is one of those things which most of us take for granted, like the water we drink—I hope it is water—and the air we breathe. For a trifling sum letters and cards are posted, carried great distances, and without delay delivered clean and neat to those to whom they are sent. It is only on those rare occasions when something goes wrong that we really appreciate what the perfection of our Postal Service means to us.

We would appreciate the Service more had we lived a hundred years ago, when postage rates were much greater and service infinitely slower. Pioneers in my home State of Michigan had to pay 25 cents every time they sent a letter back East, and it was several weeks on the way, transported by stage coach. What a contrast to the air mail of today, which makes it possible to transmit a letter from coast to coast in 24 hours, for only 8 cents.

Speaking of the air mail, the action last week of the administration in canceling all contracts with private companies does not in any manner indicate that there will be any permanent impairment of this service. It simply means that President Roosevelt is determined to rid the Government of the profiteering through the granting of huge subsidies to private air-line corporations that has prevailed under the pretext of development of commercial aviation. The Postal Service is no place for graft or corruption. We have the assurance of the administration that this essential feature of the Postal Service will be in no way impaired or curtailed. We can rely on that. I am in full accord with this policy.

Our committee, as you may surmise, is much concerned with the problem of restoring the first-class postage rate to 2 cents, instead of the present 3 cents. I am reminded of one of Bud Fisher's cartoons depicting the adventures of "Mutt and Jeff" in Mexico. In an effort to make a big impression on the natives, Jeff said: "The way to make them think we have a lot of money is to try to buy something we know they can't sell us." Whereupon, to Mutt's disgust, Jeff stepped up to the post-office window and demanded "3 cents worth of 2-cent stamps."

I suppose many of you today feel that you are getting only 2 cents worth in a 3-cent stamp, and I confess I feel that way myself. There is one reason, though, why Congressmen should be in favor of high postage rates. If rates were higher, we might not have to answer so many letters from back home. But in spite of this, we really are in favor of restoring the 2-cent rate as soon as possible. You know, the 3-cent rate was born of the depression, not of the new deal. Since the new deal began the local first-class rate has been lowered to 2 cents, and I am certain it is only a question of time until the 2-cent rate will be restored for all first-class mail.

Before I close I wish to say a word for the postal employees, than whom there is no more loyal, dependable body in the Federal service. Like all Government employees, including Members of Congress, they took a cut of 15 percent in their salaries as an economy measure. Now, with living costs going up, they are feeling the pinch. I am hopeful that a way will soon be found to restore at least a part of their former salaries. For who is more deserving of fair treatment from the rest of us than the men who handle the mails? I am sure you all share my hope that as the new deal continues to progress the pay of the people in the Postal Service will be restored to its former level and the postal rates will go back to their level.

I am in favor of all legislation designed to benefit the postal employees, clear down the line to the humble substitutes and special-delivery men, and I pledge my support to any movement calculated to build up the Postal Service to the highest standard of efficiency, without taint of graft or corruption. I have full confidence that under the administration of our great leader, President Roosevelt, with the full cooperation of an able, alert, and conscientious Post Office Department administration, the highest ideals of service above reproach will be attained.

I thank you sincerely.

PERMISSION TO ADDRESS THE HOUSE

Mr. SHOEMAKER. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

GRAFT IN OUR PRISON SYSTEM

Mr. SHOEMAKER. Mr. Speaker, ladies and gentlemen, were I in possession of the wisdom of Solomon, the eloquence of William Jennings Bryan, the sincerity of Saint Francis, the patience of Job, the physique of Horatius, combined with the touch of King Midas, the organization ability of Lenin, and the rabble-rousing proficiency of a Hitler, my combined accomplishments would not do justice to the subject that I wish to discuss here today. Noah Webster, hitting on high, would lack the vocabulary necessary to describe the corruption, crime, and degeneracy that now exists in our so-called "prison system" of the United States of America.

I am not speaking of the so-called "criminals" who are locked behind steel bars, but I am speaking of the officials who are supposed to reform and rehabilitate the unfortunate who falls into the hands of this group of unscrupulous and conscienceless type of reprobates and human degenerates who pose before society as human benefactors.

I have prepared very thoroughly the charges that I am about to specifically call to your attention—charges which will astound not only the Membership of this House but the entire Nation; charges backed up by documentary evidence taken from the files of the prison records of the United States of America—official correspondence and records that, when once brought to light, would make Captain Kidd and his group of pirates look like a class of Sunday-school scholars compared to the gentlemen I am about to expose. Al Capone, Machine-Gun Kelly, Wilbur Underhill, "Pretty Boy" Floyd, Verne Miller, Dutch Anderson, Gerald Chapman, and the late Sankey are gentlemen and could be classed in the highest character of human benefactors, for they are but the products, graduates, and proteges of our prison officials and so-called "prison system of education in crime." These men were convicted and sent to prison—most of them as "kids"—for some more or less insignificant crime or misdemeanor, and after arriving in prison were educated in graft and corruption under the tutelage of our so-called "department of injustice" and prison officials. They were brought face to face with corruption and graft that permeates our prison system. They were thrown together with the hardened criminal and degenerate. Their prison environment caused them utter disgust for the manner in which these human lepers stewed and fermented in the sewers of degeneracy, corruption, and graft with the business intrusted in their hands by the United States Government to the extent that all respect for law and order was banished from their minds and their only thoughts were upon graduation that they might step out to a bigger and better racket of their own.

Mr. SIROVICH. Will the gentleman yield?

Mr. SHOEMAKER. Yes.

Mr. SIROVICH. Why do they allow that?

Mr. SHOEMAKER. Because of medical inefficiency. Forty-five or fifty percent of the inmates placed on the operating table down there die due to the surgical incompetency of the operating physicians. Several injections of serum given by the doctors have killed the patient. One happened the other day when a bubble of air got into the circulation and the patient died. There are doctors there who only served a short time as an interne and have not the practical experience necessary to operate upon a patient.

Mr. SIROVICH. Has the gentleman called this to the attention of anyone?

Mr. SHOEMAKER. I have called it to the attention of the Department of Justice, but they have done nothing about it. As I have said, there are a number down there suffering from syphilis.

Mr. SIROVICH. Will the gentleman state whether he knows whether or not narcotics are being used there?

Mr. SHOEMAKER. I am coming to that.

This is what the prison system of the United States of America does to its citizenship. This is the result of an insane system wherein graft is interpreted as "God", and thievery is looked upon as a legitimate racket.

My statements thus far have been more or less general. I shall endeavor at this time to take up phase by phase some of the things that are bred under our degenerate prison system.

First of all, ladies and gentlemen, I wish to call your attention to Government Document No. 299–B, prepared by our notorious "Code Fish" Hugh S. Johnson, of the J. Pierpont Morgan fame.

Concerning the code laid down as to the sanitation and health conditions which must be followed by employers of labor, on page 64, under section 5, you will find the following paragraph:

Employers shall also comply with the hygienic regulations promulgated by the United States Public Health Service.

Let us now step across the river to the penitentiary at Lorton, owned and operated by your "Uncle Samuel."

Let us for a moment gaze into the facts as they present themselves to those who have ears and will hear, and those who have eyes and will see.

Do the Members of this House of Congress realize that there are 103 persons working in the laundry at the Lorton Penitentiary—and Lorton is only symbolical of our entire penitentiary system—and that out of these 103 men employed in that laundry, who, by the way, are working overtime while our city taxpayers are required to support on the charity rolls hundreds of people who walk the streets of Washington, D.C., and other cities, because they have no jobs.

This, however, is incidental to the astounding information that I wish to call to your attention, of the sanitary conditions under which these men labor. When an individual sets out to kill a polecat in a chicken coop, the odor sometimes is not pleasant. For that reason I shall endeavor to set forth plain facts, in language so plain that even the White House may be able to hear me.

At the present time in the Lorton Penitentiary laundry there are employed 14 prisoners who are suffering from two-plus syphilis. Out of these 14 with two-plus syphilis, 3 have refused treatment. I can go still further. There are 5 of these 103 convicts who are suffering from four-plus syphilis, 1 of whom has refused treatment; and for the benefit of those who are not familiar with the various stages of this terrible disease, I make the plain and homely illustration by saying that four plus represents the last and final stage of this dreaded disease. In fact, students in medical schools often use this illustration: "They have come to the point where their ears almost fall off when they sneeze."

In addition to this I might call your attention to the fact that 29 prisoners out of 103—totaled together—are suffering from other communicable diseases and afflictions. I have here before me the names and the numbers of these prisoners along with the records taken from the medical records of Lorton Penitentiary.

You may say, "I am not interested", but I wish to call your attention to a very serious situation that exists here in the District of Columbia as a result of the exposure that is daily being made of our people as a result of this condition.

Do the Members of this House know that every towel in their own office in the House Office Building is handled, folded, wrapped, and packed by these same germ carriers?

Do the Members of this House realize that our Government institutions and various departments in the District of Columbia are all having their laundry work done by these germ carriers?

Do the Members of this House realize that the towels and uniforms used in the Government hospitals, including the Veterans' Hospital, are all contaminated by these same germ carriers?

Do you good Democrats, here to my right, realize that you are, by lack of action on your part, responsible if you fail to support the resolution I have introduced today and are subjecting the highest official in our land, the President of the United States, to these germ carriers daily? For this laundry is doing all the work for the White House as well as for your private offices in the House Office Building. I hope the Senators and the Supreme Court Judges read this as well as the "Department of Injustice."

I might further call your attention to the fact that 15 inmates who work in the kitchen and mess hall are suffering from 2-plus syphilis. Five inmates are suffering from 4-plus. Out of this group of 20, 7 have refused treatment. And what applies to the laundry and the kitchen, applies also to the canning factory and the bakery, the prison barber shops, and various other prison institutional departments.

So much for disease and the spreaders of disease germs.

I shall dwell for a few moments on the graft in our prisons, under the heading of—

GALLOPING BRICK

The United States Government has a brick plant at Lorton. I deliberately charge that the officials of the Lorton Penitentiary make it their business to steal brick that are manufactured by the convicts and dispose of them to private citizens. I shall not go into the details but I wish to read one paragraph from a letter written by Mr. J. E. C. Bischoff, superintendent of industries at the "Lorton College of Graft." The paragraph reads as follows:

In bringing this report down to April 1, it discloses that we should have had on hand at Ninth Street Wharf, April 1, 948,383 brick. However, the two issues as of April 1 and 2 total only 73,300 and on the night of April 3, we were advised that there were no brick on the wharf, thus showing a shortage of 875,083 brick, which at the present value of $15 per thousand amounts to approximately $13,125.

J. E. C. BISCHOFF,
Superintendent of Industry.

Rather strange how these bricks should be able to vanish and disappear as they did. They say that the good Lord made man of clay and put the breath of life into him and that was the origination of man, but the grafters at the Lorton Penitentiary have taken clay, molded it into brick, and put the breath of life into it so that 875,038 brick galloped off in one little group, amounting in value to approximately $13,125.

DISAPPEARING SWEETNESS

For years it has been common knowledge among prison authorities and bootleggers that sugar is one of the principal ingredients that enters into the manufacture of bootleg whiskey, and for several years this much-sought-for sweetness at the hands of bootleggers has been disappearing from shipments that leave the Ninth Street Wharf via the Tugboat *Tindall* to be delivered at the "College of Graft."

Bootleggers, in and out, need sugar and get it. Then when the sugar must be accounted for, we find that this very elusive and disapeparing sweetness gets lost beneath some beans.

Members of the House, I know whereof I speak and I hold here before me the evidence, taken from the penitentiary files, showing the manner in which vanishing sugar has returned via the bookkeeping department.

WORKHOUSE COMMISSARY,
Occoquan, Va., October 28, 1931.

Replying to your memorandum dated October 27 regarding a shortage of 1,000 pounds sugar from general supply committee. After checking records I found that we had received above sugar on said date.

The 1,000 pounds sugar was stacked beneath some beans and was overlooked; but after rechecking I found that we were in error.

I have this day corrected my records accordingly.

R. P. MCCOLLUM,
Property and Commissary Officer.

It will also be noted the official stamp of the prison is upon these communications which I shall enter into the RECORD.

Mr. SIROVICH. Will the gentleman yield again?

Mr. SHOEMAKER. I yield.

Mr. SIROVICH. The gentleman said that graft and corruption was prevalent in other Federal prison institutions. Will the gentleman state whether he knows it was prevalent in Chillicothe?

Mr. SHOEMAKER. Absolutely.

Mr. SIROVICH. I want to call the gentleman's attention to the fact that the man in charge at Chillicothe, Mr. MacCormack, was made commissioner of public welfare in the city of New York.

Mr. SHOEMAKER. I want to call the gentleman's attention to the fact that when Taft was Chief Justice of the Supreme Court there was an investigation made of the parole system in Michigan and one man, who was named Wood, had charge of that. He is chairman of the Federal

board. Judge Taft in his report said that he found that the Michigan parole system was largely a pay-as-you-leave proposition, indicating that Wood was selling paroles. It turned out that if a man had the money to retain Wood's law partner they usually made the parole.

Mr. SIROVICH. The gentleman said he was going to speak of the narcotic question.

Mr. SHOEMAKER. I have introduced a resolution to investigate the system and I have 18 charges which I will bring before the House.

Mr. SIROVICH. I want to ask the gentleman if the same conditions that existed at Welfare Island—the selling of dope and narcotics and favoritism and corruption—exist in these penitentiaries or Federal prisons throughout the country and at Chillicothe?

Mr. SHOEMAKER. Absolutely. In many prisons they do not wear numbers on their backs because they serve as chauffeurs to the wardens.

FIGURING LIARS

It has been said that figures do not lie, but it is equally as true that liars can figure.

I wish to call your attention to the fact that for years the officials of penitentiaries have been conducting petty thievery in which they have been stealing little gifts of money that have from time to time been donated to unfortunate prisoners by friends and relatives and other interested parties, so that they may buy tobacco and other little necessities of life. As a result of the stealing there is usually a shortage in the canteen fund and the welfare fund. When this shortage occurs it must be taken care of in some manner. This is very easily accomplished through the juggling and transferring of funds from one department to another. I am inserting a letter into the RECORD written by the chief accountant and signed by him, in which he juggles funds stolen from the prisoners. It reads as follows:

(Memorandum)

DISTRICT OF COLUMBIA PENAL INSTITUTIONS,
BUSINESS OFFICE,
Lorton, Va., December 4, 1931.

Mr. BISCHOFF: A shortage in the amount of $331.97 has occurred in the reformatory canteen during the period of 2 months from September 1 to November 1, 1931. We are making necessary entries for our records to agree with inventory as of November 1, 1931.

We are also making a transfer of $433.62 from the reformatory mark-up account to welfare-fund earnings.

Yours very truly,

C. W. HANGER, *Chief Accountant.*

Many prisoners in the past have complained to me about the shortages which have occurred in their accounts. They have even written to the "Department of Injustice" asking that something might be done to protect them. Their letters, when they came through, were usually acknowledged by the "Department of Injustice", but nothing was ever done about it. To verify my statements regarding past complaints, I shall insert a letter signed by Mr. J. Edgar Hoover, stating that he referred this to Mr. Keenan, who, by the way, is probably too preoccupied chasing kidnapers who have been educated and tutored in the prisons owned and operated by the United States Government. The letter reads as follows:

DIVISION OF INVESTIGATION,
UNITED STATES DEPARTMENT OF JUSTICE,
Washington, D.C., October 25, 1933.

Mr. WILLIAM HARRIS,
Register No. 2293, Box 25, Lorton, Va.

DEAR SIR: Receipt is acknowledged of your letter offering to furnish information relative to irregularities on the part of some of the officials at the Lorton Reformatory.

Please be advised that a copy of your letter has been referred to Mr. Keenan, Assistant Attorney General, for his consideration.

Yours very truly,

J. E. HOOVER, *Director.*

Why has nothing been done?

LEFT ME HOLDING THE SACK

It has also been common knowledge that graft exists in practically every prison contract or purchasing order that goes through, in which the prison officials are the recipients of material gain. This may sound like a broad statement, but Mr. John S. Slater, of the Grateless Furnace Co., Inc., of Johnstown, Pa., complains over his own signature:

They divided the cash and left me holding the sack.

For the information of those who may be skeptical, I will insert at this time the following letter, addressed to the business manager at the Lorton Penitentiary:

THE GRATELESS FURNACE CO., INC.,
915 Ash Street, Johnstown, Pa., July 24, 1933.

Re Brick plant:
Mr. J. E. C. BISCHOFF,
Business Manager District of Columbia Penal Institution,
Lorton, Va.

DEAR SIR: * * * This stock I had to accept as part, on the order Mr. Green fixed up with the other fellows, and they divided the cash and left me holding the sack * * *.

Mr. Slater complains that he was left out in the cold; but to soothe his hurt feelings and to pacify his aching heart, as well as his impoverished pocketbook, as well as to silence his talking, he was sent another order amounting to $725.

There is much that could be said with regard to the manner in which the books are kept and the accounts juggled. To prove I know what I am talking about I am inserting at this point one paragraph from a letter written by the chief accountant, which reads as follows:

Since the 1st of July last year we have completed on old orders $2,427.26. This covers mostly miscellaneous castings. The charging back of sums such as this each year results in a fictitious balance being shown in our annual report, as the ultimate balance is actually from two to three thousand dollars more than we report yearly.

This is certainly a fine mess for prisoners to go through daily and see the manner in which those who are supposed to reform them are grafting on the United States Government.

MORE GRAFT IN PURCHASING

I might go on for weeks setting forth the manner in which purchases are made to avoid competitive bidding and collect graft, but I could not make it any more explicit than does Mr. J. E. C. Bischoff, former husband of the late Vivian Gordon, better known as the "Broadway Butterfly."

Bischoff is now the business manager of the Lorton Penitentiary, and he sets forth the evidence in very explicit form in a letter over his own signature, which reads as follows:

Government red tape does not permit us to draw a requisition more than $25 without resorting to competitive bidding, but as we need this material we are going to ask you to ship same to us at your earliest convenience and permit us to forward you a number of small requisitions, each amounting to less than $25, until the entire order has been covered and vouchered through for payment. If this is agreeable to you, we will start through the requisitions at once and follow them with subsequent requisitions in about 10-day periods until the entire order is covered. Please instruct your bookkeeping department so that these orders will not cause a duplication of shipment, which may get us both into trouble.

There you have it. Look it over. This is the same Bischoff who is endowed with such paternal instincts, whose aching breasts are so loaded with the milk of human kindness that he had his own wife arrested on a charge of prostitution so that he might divorce her and get another one. This is the same hyena in human form who permitted his murdered wife to be buried through the generosity and human kindness of the Actors' Guild of New York City, after he did not so much as attend the funeral or send a floral offering. Before Vivian Gordon was murdered she appealed to Bischoff for financial assistance for herself and daughter—the daughter by her of J. E. C. Bischoff. She was refused consideration, and it seems to be common knowledge among the prisoners at Lorton that she threatened to expose Bischoff unless she received aid.

Upon returning to New York City she attempted to carry out her plans by writing the following letter to the police investigator in New York City, a copy of which I have here in photostat in her own handwriting. It reads as follows:

156 EAST THIRTY-SEVENTH STREET,
New York City, February 7, 1931.

DEAR MR. KRESEL: I have some information in connection with a frame-up by a police officer and others which I believe will be of great aid to your committee in the work.

I would appreciate an interview at your earliest convenience.

Very truly yours,

VIVIAN GORDON.

Shortly after this letter was written she was found murdered in Van Cortlandt Park, in New York City.

Shortly after the murder of Vivian Gordon, the wife of Bischoff, Benita Bischoff, the daughter of J. E. C. Bischoff and Vivian Gordon, who was left destitute in the world, was found dead and officially declared a suicide.

Once more Bischoff's paternal instincts were aroused. Once more the milk of human kindness clabbered in his aching breasts to the extent that he never contributed one penny to the burial of his own daughter—his own flesh and blood—nor did he even offer so much as a floral tribute.

Prisoners of the penitentiaries throughout the United States discuss this case very freely and are of the unanimous opinion that Mr. Bischoff sent some of his former students up to New York to eliminate his erstwhile family, either directly or indirectly, and that this was the frame-up his wife referred to in her letter to the investigator.

I am not saying these things about Mr. Bischoff because of any personal grievance against Mr. Bischoff. I do not even know the man; but I want to bring to your attention the type of officials, and it is this type and stripe who largely dominate the personnel of our prison institutions in the United States.

How, in the name of God, can people expect to place unfortunates under the jurisdiction of this type of men to be reformed and made good citizens?

I, for one, am particularly elated over the manner in which our former colleague, now the present mayor of the city of New York, has gone into the situation in New York City. He is, at least, taking a step in the right direction and should be given every assistance and cooperation in his constructive work, but after all is said and done, what may be brought out as a result of the recent raid in New York City, it will be a strawberry patch compared to the facts which can be ascertained in our Federal prisons.

I would like for a few moments to call your attention to the fact that Congress appropriated $25,000 some time ago for the purchase of a tugboat for the Lorton Penitentiary. The entire purchase of this boat was graft from start to finish, and instead of getting a new boat and equipment, a conspiracy was entered into and an old ramshackle one with new paint was loaded onto the Government. Several months after this so-called "tugboat" was purchased the Government was required to spend in the neighborhood of $750 for repairs on an engine that was bought as a new engine, which upon investigation on my part, turned out to be not only second-hand but third-hand.

I hold in my hand the invoice covering the repair parts on this engine, as they are listed, from the Fairbanks-Morse & Co. books.

Then speaking of boats, the warden spent over $2,000 to have built a beautiful mahogany launch for joyriding purposes up and down the Potomac River after the old boat has been mysteriously destroyed by fire. And then speaking of fires, the prisoners who are required under orders to falsify accounts, at one time suggested to the warden what would be done in case of an investigation of all these files, the warden curtly replied: "This is an old frame building and it is full of paper, and it is surprising what one little match will do."

This is a fine statement for a warden to make to men who are under him for the purpose of reformation.

I would like very much to go on and could go on for hours, setting forth specific charges and submitting bona fide evidence which is in my possession, but in closing I wish to make the following and specific charges generally against the officials of all Federal penitentiaries in the United States with the exception of two men, whom to my knowledge have clean hands—I speak of Mr. Lloyd, formerly of Leavenworth, and now at the Lewisburg (Pa.) Penitentiary, and Mr. Fred Zerbst, the warden of Leavenworth, but they are not the chief clerks or bookkeepers.

There may be others, but these will be exceptions rather than the rule.

I have in my possession hundreds of letters over the signature of prison officials to prove any and all of the charges that I have made in this speech, and at this time I wish to make the following specific charges of existing conditions in all penitentiaries throughout the United States:

First. Fraud—or gross mismanagement that amounts to fraud.

Second. Monopolizing the District laundry and foundry business.

Third. Larceny by personnel.

Fourth. Dope traffic.

Fifth. Degeneracy.

Sixth. Criminal negligence.

Seventh. Proven charges.

Eighth. Juggling prisoners, commissary, and public welfare funds.

Ninth. Diseased prisoners working in laundry, canning factory, barber shop, kitchen and mess hall, bakery, and knitting mill.

Tenth. Favoritism in competition building.

Eleventh. Charge prison doctors with general incompetency.

Twelfth. Gross insanitary conditions throughout prison.

Thirteenth. Coddling of "big shots."

Fourteenth. Drunkenness of prisoners and officers.

Fifteenth. Fictitious balancing of Government ledgers.

Sixteenth. Fomenting possible massacre and racial riots.

Seventeenth. Cruel and inhuman punishment of prisoners.

Eighteenth. No reform.

Resolution

Whereas it is becoming evident and of current knowledge that certain irregularities are existent in the management in a number of prisons, jails, penitentiaries, asylums, and reformatories under the Department of Justice and the Commissioners of the District of Columbia.

Whereas many of the industries in the aforesaid prisons, etc., are managed in a very inefficient manner and many unexplained losses of materials, supplies, and products have developed, and irregular attempts have been made to adjust the losses through manipulating the accounting systems to the loss and embarrassment of the Government of the United States and contrary to its laws and dignity.

Resolved, That the Speaker of the House of Representatives be directed to appoint a special committee of five Members of the House of Representatives to investigate the management of the penitentiaries, prisons, jails, reformatories, and asylums of the United States now being supervised by the Department of Justice and the Commissioners of the District of Columbia.

SEC. 2. The committee, or any authorized subcommittee thereof, is authorized to sit and act at such times and places as may be necessary to hold hearings and conduct investigations of the management of the aforesaid penitentiaries, prisons, jails, reformatories, and asylums.

SEC. 3. The committee is embodied to subpena persons, records, documents, minutes of meetings, summon and swear witnesses, and to secure data on any and all information as may be deemed necessary to aid the committee in the ascertaining of the facts, particular attention to be directed to the laxity of the various Executive and judicial departments in enforcing the laws of the United States.

SEC. 4. The committee shall report to the Congress, before adjournment at this regular session, all findings that they may have determined at that time, the final report to be made on the first day of the first regular or special session of the Seventy-fourth Congress, the final report to contain complete findings of this investigation together with such recommendations for legislation, as it may deem advisable.

SEC. 5. For the purpose of carrying out the provisions of this resolution, there is hereby appropriated the sum of $50,000 from the contingent fund of the House of Representatives, not otherwise appropriated.

SEC. 6. When this report is filed as provided the committee shall cease to exist.

Mr. KRAMER. Does the gentleman know anything about the narcotic ring operating in San Francisco?

Mr. SHOEMAKER. No; but I can find out awfully quick for you. I have here before me letters, every one of which will indict under any of the charges I have made here this afternoon. I have not time to go into details. These letters were signed by prison officials, with their names to them, letters taken from the files of private individuals.

Mr. SIROVICH. Would that indict also the former warden of the Chillicothe Prison in Ohio?

Mr. SHOEMAKER. The warden is not always responsible for what goes on. He has plenty of men under him, and he can get from under whenever he wants to. He has nothing to do with the bookkeeping department. There is a civilian at the head of that, and I say to you that the rottenest, dirtiest crook in America is Paul Weiss, chief accountant at the Leavenworth Prison, and he has been there for years and years.

Mr. PATMAN. What does the gentleman think about the use of Alcatraz Island for the most hardened criminals?

Mr. SHOEMAKER. Our entire prison system is entirely wrong. We have the most antiquated and out of date and inhuman system of prison reform that there is in the world today. If we had the system England has we would not have these criminals. England has not got them. They have no kidnaping; they do not have these troubles that we are having; this crookedness and graft and corruption in our prison system and in our Department of Justice, if you please, that causes the criminals we have in the United States of America today, and if I had the time I could go into this. I have made a study of it. I have lived with them; I have rubbed elbows with these men. I was secretary to the chaplain at Leavenworth Penitentiary. I took these criminals in, I wrote their life's history; I was in a position where I could get facts and statistics and a knowledge of the conditions and affairs that no officer or guard in the penitentiary could get, because these men placed confidence in me. I have these records, because the prisoners know they can place confidence in me.

The SPEAKER. The time of the gentleman from Minnesota has again expired.

Mr. SWANK. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

The SPEAKER. Is there objection?

There was no objection.

Mr. SWANK. Mr. Speaker, more important legislation has been enacted in this, the Seventy-third Congress, than in any Congress for many years. One of the most important acts of legislation was the National Recovery Act, commonly referred to as the "N.R.A." Under this general bill is administered Public Works, Federal Relief, and the Civil Works Administration. This temporary law was necessary in these times of depression, when our citizens have been beset with so many difficulties.

The greatest single act of legislation in recent times was the passage of the money control bill, which passed this House January 20 by a vote of 360 for the bill, 40 against, and 32 recorded as not voting. This bill is now the law and takes the control of our monetary system from the hands of Wall Street and the international bankers, who have controlled this country for so long. No President since the days of "Old Hickory" Jackson has denounced them and called them by their right names as has President Franklin D. Roosevelt. He has the ability, the determination, and the courage to oppose them in behalf of our people. I am proud to be a member of the committee which prepared that bill.

Something had to be done, and Congress proceeded to enact these bills under the leadership of our great President. Millions of our people have been put to work since these laws were passed. In the midst of plenty we have been in want, but now work is being provided, and we will do our best to continue in this direction.

Mr. Speaker, there has never been a more important question before Congress than that of education. The Government of the United States and that of all other civilized and Christian nations of the earth are based upon three foundation stones, namely, the home, the school, and the church. Without a comfortable and satisfactory home life there can be no stable form of government. No person except the mother contributes more to our citizenship than our teachers. During the school year the teachers have charge of our children more than the parents do and more than the church. These three institutions must be supported and maintained. We must provide laws which shall be administered for the benefit of our people, and in a great country like ours no person should go hungry.

No institution in our Government has suffered more in the last few years than our public schools. According to figures compiled by the National Educational Association an appropriation of $100,000,000 should be provided, beginning January 1, 1934, in order to maintain adequately our public-school system. These figures show that for the school year 1933–34, 2,600 schools, affecting 140,000 students, were closed because of insufficient funds. These figures also show that by April 1 of this year about 20,000 rural schools will be closed, affecting more than 1,000,000 children. Two hundred thousand teachers are receiving salaries of less than $750 per year, and about 85,000 teachers are receiving salaries less than $450 per year.

January 8, 1934, I introduced House bill 6533, "A bill to promote education, relieve unemployment and economic distress, and for other purposes." In other words, it is a bill for the aid of our public-school system. The bill provides that the public schools of the United States are a proper subject for Federal aid and that the Government should protect its public-school system and the teachers. The bill authorizes the Secretary of the Interior to allocate to such public schools as are unable to maintain their regular school terms sufficient sums to maintain them as they were maintained on an average for the school years 1931, 1932, and 1933. Under the terms of the bill no school shall receive aid unless the school district is unable to continue its school term on the average stated.

The bill provides that the funds authorized shall be used only for the payment of teachers' salaries, and this is the most important item. Most schools have their buildings and equipment, but many of them do not have money with which to pay their teachers. By the terms of the bill the aid provided shall be administered by the Secretary of the Interior through the Office of Education and such agencies in each State as may be designated by the Secretary of the Interior.

The bill also provides that no department of Government shall exercise any control, authority, or supervision over the curriculum or management of any of the schools receiving aid as provided in the bill. The schools are left independent. The bill authorizes such appropriation as shall be necessary to carry out its provisions. It is also provided in the bill that teachers' salary warrants, regularly and legally issued between July 1, 1932, and July 1, 1934, shall be eligible for Government loans and at a rate of interest not to exceed 1 percent per annum.

Since the introduction of this bill it is reported through the press that "United States levies $7,000,000 to keep 100,000 students in college." This plan as announced provides that the different educational institutions give jobs to these students who will be paid from the Federal relief funds. When this plan is put into effect it will enable thousands of worthy students to continue their college courses. I am glad the administration recognizes the need of this assistance.

Mr. Speaker, I have been a school teacher, and had the honor of serving in the capacity of county superintendent of schools in Cleveland County, Okla., for two terms or 4 years. Since that time I have kept in close touch with our public schools in which my children are now enrolled. I have always done everything within my power for the promotion of our public-school system and the cause of our teachers, who compose one of the greatest and most honored professions. While all professions have suffered during these times of depression, no profession has suffered more than that of our teachers. They are engaged in a most worthy enterprise, that of educating and directing our children, and they cannot continue without pay.

This bill is endorsed by many of the leading educators of my home State, by numerous county and city superintendents of schools, many other teachers, and parent and teachers' associations. I greatly appreciate these endorsements and this assistance. I do not believe that Congress can do any better act at this time than to provide for legislation along the lines proposed in this bill.

I am glad to have the opportunity and it is an honor to be permitted to address the House of Representatives of the American Congress in behalf of our teachers and our public schools. I certainly hope that something will be done in this direction before this session of Congress adjourns. We must now do something for the cause of education. The President stresses the rights of the common people, and the importance of the home, the school, and the church. The children of this country must be fed, clothed, and educated.

Mr. HASTINGS. And the gentleman, of course, contemplates the appointment of these teachers in the same manner they are appointed now, namely, by the local board.

Mr. SWANK. I yield back the remainder of my time.

EXCISE TAX ON IMPORTED OILS AND FATS

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting therein a statement by W. H. Jasspon, an expert on imported oils and fats.

The SPEAKER. Is there objection?

There was no objection.

Mr. PATMAN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following statement by Mr. W. H. Jasspon, an expert on imported oils and fats:

The supplies of oils and fats in continental United States today are so large as to preclude a satisfactory price return to the agricultural producers of these raw materials. A higher price level is warranted by the prospective curtailed production of such crops as cattle, hogs, etc., and the already increased consumption of oils and fats due to an increase in buying power. This condition is directly traceable to an unbalanced world situation in oils and fats and which permits excessive quantities of foreign oils to supply the additional demand and consequently affect the normal consumption of their domestic counterparts. The intention of the various recovery programs which the administration has undertaken is to assist in returning to the producers of livestock and agriculture the 1909–14 parity price levels. The excise tax which will be proposed herein is the only logical and practical step in this direction and will be immediately effective.

The purpose of this tax is twofold:

First. To advance the price legitimately and to immediately increase the consumption of domestic oils and fats.

Second. To bring revenue to the Government without working a hardship on the consumer.

It is not the intention that this excise tax shall be a tariff or embargo under another name. In fact the Tariff Acts of 1922 and 1930, which taxed certain oils and fats while omitting to tax other oils and fats, caused a dislocation of the normal flow of fats and oils from one country to another, and these very tariffs, therefore, are in part responsible for the condition which requires correction. In other words, the proposal which is herein advocated is an attempt to bring about for a short period—during the life of the present revenue bill—a normal relationship of all oil and fat values so that our domestic surpluses may flow into consumption. During this period a more perfect and desirable solution of this important problem may be devised and established as a permanent policy if it should prove necessary.

It is recognized that there are specific uses for imported oils and fats. It is not proposed that these commodities shall be embargoed or taxed out of existence. Nor will the excise tax have this practical effect. But it is sincerely believed that the present emergency demands an adjustment in the price relationship to what may be called a normal price relationship in order that an increased consumption of our domestic oils and fats, to the extent that they can be advantageously used at fair price levels, may result as above stated. In no other way can the American producer hope to receive a return that will take into account the additional growing and manufacturing costs of our recovery programs at a time when crop production is being curtailed in our basic commodities from which most of these fats and oils originate. How can we compete with coconut and palm oil which can be delivered to ports of this country at prices from 2½ cents to 3 cents a pound—practically all-time "lows" for commodities which to the extent that our surpluses are involved directly affect our economic welfare.

A most comprehensive study of this entire problem is contained in Report No. 41 of the United States Tariff Commission from which certain data and statements will be cited. This report indicates:

First. That there is a certain amount of interchangeability possible between imported and domestic oils and fats.

Second. It shows how, and the increased imports confirm, the change in the price relationship which has taken place in the last 10 years has supplied the dollar incentive to bring about this increased and unjustified importation where domestic production at the same or a lower price would have been used instead.

Third. The report indicates the possibility for a still further increase in the production of such oils as coconut and palm. It might be stated at this point that palm and palm-kernel oils which are affected by the dollar rate show no evidence of increased cost on that account.

Fourth. The report further tends to the conclusion that the excess importation of these commodities bears an almost direct relationship to the decreased cost of these foreign commodities in relation to our own. Obviously a manufacturer will seek the lowest cost article and it is questionable if the consumer has received all of this benefit.

In the hearings before the Ways and Means Committee, and in certain hearings on marketing agreements, much has been said concerning the need of certain oils for specific trade demands. In practically every instance these industries are highly specialized, and their consumption of oils is relatively insignificant.

On pages 41 and 42 of the Tariff Commission report, one instance of this kind is recorded. It deals with the confectionery and baking trade, which consumes approximately 60,000,000 pounds of coconut and palm-kernel oil annually out of a total of approximately 6,000,000,000 pounds of food oils and fats consumed in this country annually, or 1 percent. The report says: "Confectioners and bakers state that if necessary they would be willing to pay a price premium for coconut and palm-kernel oils for many types of fillings and coatings."

The fact that a certain amount of interchangeability is not only possible but practicable between various oils and fats, and that the price level is the sole controlling incentive to the extent that interchangeability is practiced, makes it necessary that if a tax shall be effective it must include all imported oils and fats that are either at present untaxed or taxed at a lower level than the rates which will be proposed.

Since this whole question has been under consideration it has been intimated by opponents of any change in the old order that a tax on foreign oils for edible consumption will not be opposed. In fact, some of these opponents have recognized it as advisable, provided no demand for a tax on oils and fats for inedible consumption is made. The line between inedible and edible fats is so narrow it is a well-known and well-recognized fact that the price level of edible fats is pulled down by the price level of inedible fats. It is impossible to concede the equity or necessity for this kind of special protection for such an industry, for example, as the soap industry. It is highly specialized, most flexible in its ability to interchange raw materials; it is highly profitable and merchandises a large part of its output under proprietary brands and at prices which seldom bear a direct relation to the fluctuating cost of its raw materials.

The Bureau of Labor Statistics supplies data which show that the decline in the price of soap has not been in proportion to the decline in the oils and fats from which it is produced. Statements have been publicly made that if the tax which has been proposed by the Ways and Means Committee be adopted, the price of soap will double. Similar statements have been coming in from laundrymen all over the country in protest of a tax. Even at the higher rate proposed by the House amendment this statement is absurd and unfounded in fact.

On page 52 of the Tariff Commission's report, a table gives the percentages of various oils used in soap. This table shows that for the years 1914, 1916, and 1917 soap consisted of 13 percent coconut oil, plus palm-kernel oil combined, and 14½ percent of cottonseed oil. For the 5-year period, 1926 to 1930, inclusive, the percentage of coconut and palm-kernel oil consumed in soap making amounted to approximately 23 percent average of the total fat in soap. During this same period only 1.1 percent of cottonseed oil was consumed. During the earlier period coconut and palm-kernel oils commanded higher prices than cottonseed oil and other domestic fats. In the latter period the price position was completely reversed and coconut oil therefore replaced cottonseed oil.

As information, current prices are: Crude cottonseed oil, 4 cents per pound f.o.b. mills; coconut oil is 2½ cents per pound f.o.b. American ports; palm oil is 2¾ cents per pound f.o.b. American ports. Based on official statistics it becomes obvious that even a 5-cent tax would hardly warrant an additional cost of more than 1 cent per pound of soap, or one-eighth cent to one-half cent per bar, and this tax might easily be absorbed by the manufacturer.

On page 32 of this same Tariff Commission report a table shows that in 1912, 81 percent of the total consumption of all oils in soap manufacture was of domestic origin and 19 percent imported; in 1929, 53 percent was domestic and 47 percent was imported. In pounds the consumption of imported oils in soap alone increased from 140,000,000 pounds in 1912 to 789,000,000 pounds in 1929. Some of this increase, it may be again stated, was entirely the result of the more favorable price level of the imported oils.

It is estimated that approximately 400,000,000 pounds of excess imports are annually being consumed in both edible and inedible channels which technically and practically should be supplied from our domestic stocks. This will still permit the importation at a fair price level of about 800,000,000 pounds of oils and fats, yielding over $25,000,000 annually to the revenue of the Govern-

ment. It is only fair to the Government that these imported oils and fats should pay a tax, since they do not now bear any form of taxation whatsoever.

A great deal has been said as to the effect of this tax on the margarine industry. The record is quite clear that the margarine industry, like the soap industry, was developed through the use of home-produced fats and oils and that the increased consumption of foreign oils and fats has synchronized with the decreased cost of these imported oils which heretofore were supplied from our home production. It is, therefore, far-fetched to say that a tax will destroy this business. In fact, in a marketing agreement for edible-oil industries there is a proposal for a levy on imported oils to represent the difference between such costs and the equivalent costs of domestic substitutes.

Having suggested that an excise tax will accomplish two purposes—a legitimate source of revenue to the Government and a proper increase in the use of American-grown fats and oils—it is recommended that a flat tax of 3½ cents per pound be levied on all imported oils and fats, edible and/or inedible, which can be used interchangeably with their domestic counterparts, whether such oils are directly imported or produced domestically from imported raw materials. Where certain imported oils and fats are now taxed at a lower rate it is intended that the tax shall be increased to equalize the 3½-cent rate. In addition to the oils and fats which are now dutiable, this tax will include fish and marine oils, coconut, palm and palm-kernel, sesame, and sunflower oils, and shall be imposed at the point of first domestic processing, and shall apply to all floor stocks on hand at the date when the revenue bill becomes effective.

It is the considered judgment of practically all representatives of the producers of cotton, cattle, hogs, and other fat-bearing materials, that this tax will not be burdensome to the consumer; that it will not exclude the importation of foreign fats and oils except to the extent that domestic stocks or production can be more advantageously used, and that it will have the very definite effect of increasing the farm income of millions of producers in this country.

It is much more important that a somewhat lower tax rate shall be levied on all imports than a higher tax on any specific imports. A tax of 5 cents per pound on coconut oil, for example, will have the tendency to cause a shift not so much to domestic production as it will to other imported oils that may remain untaxed. Therefore, under such a condition the two desired objectives will only be accomplished in a small and ineffective way.

Respectfully submitted.

W. H. JASSPON, *Memphis, Tenn.*

A table is given below showing the price comparisons between coconut oil and several domestic oils and fats indicating how coconut oil—and this includes palm-kernel oil—have changed their price relationships between 1913 and 1931. These are official Government figures taken from the Tariff Commission Report No. 41 for the years 1913–31. The figures for 1933 are for crude coconut oil f.o.b. port and crude cottonseed oil f.o.b. southern points of manufacture:

	1913	1914	1926	1931	1933
	Cents per pound	*Cents per pound*	*Cents per pound*	*Cents per pound*	*Cents per pound*
Coconut oil	12.6	12.8	10.2	5.2	2½
Cottonseed oil	7.3	6.6	11.8	7.2	3¾–4
Neutral lard	11.8	11.4	16.8	9.5	
Oleo oil	11.5	10.9	12	6.8	
Tallow	7.1	6.9	8.7	4.3	[1] 3–3⅛

[1] Packers prime tallow.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 4 o'clock and 25 minutes p.m.) the House adjourned until tomorrow, Friday, February 16, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, Feb. 16, 10 a.m.)

Continuation of the hearing on H. R. 7852, National Securities Exchange Act of 1934.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

354. A letter from the Secretary of the Treasury transmitting a draft of a proposed bill authorizing and directing the Comptroller General of the United States to credit in the accounts of Charles H. Holtzman, former collector of customs, Baltimore, Md., the sum of $704.80; to credit in the accounts of George D. Hubbard, former collector of customs, Seattle, Wash., the sum of $45.25; and to remove the direct charge raised by the Comptroller General against former Customs Agent William L. Thibadeau for his alleged unauthorized use of transportation requests in the sum of $159.48; to the Committee on Claims.

355. A letter from the Comptroller of the Currency, transmitting text of the annual report of the Comptroller of the Currency, covering activities of the Currency Bureau for the year ended October 31, 1933; to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. MORAN: Committee on Accounts. House Resolution 263. Resolution to authorize payment of expenses of investigation authorized by House Resolution 237 (Rept. No. 761). Ordered to be printed.

Mr. GREEN: Committee on the Territories. H.R. 6185. A bill fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the territorial canvassing board, defining its duties, and for other purposes; with amendment (Rept. No. 762). Referred to the House Calendar.

Mr. CROWE: Committee on Immigration and Naturalization. H.R. 4739. A bill to amend the naturalization laws by conferring upon judges of State courts empowered to naturalize aliens the right to designate naturalization examiners to conduct preliminary hearings and to authorize said courts in their discretion to hold final hearings on petitions without the necessity for the attendance of the witnesses of the applicant, without amendment (Rept. No. 766). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SEGER: Committee on Claims. H.R. 194. A bill to refund to Caroline M. Eagan income tax erroneously and illegally collected; with amendment (Rept. No. 732). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 872. A bill for the relief of Florence Overly; with amendment (Rept. No. 733). Referred to the Committee of the Whole House.

Mr. O'BRIEN: Committee on Claims. H.R. 4460. A bill to provide for the payment of compensation to George E. Q. Johnson; with amendment (Rept. No. 734). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on Claims. H.R. 4567. A bill for the relief of James P. Spelman; with amendment (Rept. No. 735). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 4666. A bill for the relief of Jerry O'Shea; with amendment (Rept. No. 736). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on Claims. H.R. 4838. A bill for the relief of the Massachusetts Bonding & Insurance Co., a corporation organized and existing under the laws of the State of Massachusetts; with amendment (Rept. No. 737). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5170. A bill for the relief of the American-La France & Foamite Corporation of New York; with amendment (Rept. No. 738). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5357. A bill for the relief of Alice M. A. Damm; with amendment (Rept. No. 739). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5375. A bill for the relief of Albert Gonzales; without amendment (Rept. No. 740). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5417. A bill to reimburse Dominic Fracapane for injuries sustained in an accident with a Government-owned motor truck; without amendment (Rept. No. 741). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5543. A bill for the relief of T. Brooks Alford; with amendment (Rept. No. 742). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5567. A bill for the allowance of certain claims for extra labor above the legal day of 8 hours at certain navy yards certified by the Court of Claims; without amendment (Rept. No. 743). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5606. A bill for the relief of W. R. McLeod; with amendment (Rept. No. 744). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 5639. A bill for the relief of Harriet V. Schindler; without amendment (Rept. No. 745). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5783. A bill for the relief of William H. Chambliss; with amendment (Rept. No. 746). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 5900. A bill for the relief of Ben D. Showalter; with amendment (Rept. No. 747). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6016. A bill for the relief of M. P. Creath; with amendment (Rept. No. 748). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6238. A bill for the relief of M. R. Welty; with amendment (Rept. No. 749). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. H.R. 6856. A bill to authorize the settlement of individual claims of military personnel for damages to and loss of private property incident to the training, practice, operation, or maintenance of the Army; without amendment (Rept. No. 750). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7161. A bill to provide for the refund or abatement of the customs duty on altar candlesticks and cross imported for the Church of the Good Shepherd, Memphis, Tenn.; without amendment (Rept. No. 751). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7697. A bill for the relief of William Chinsky; with amendment (Rept. No. 752). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7698. A bill for the relief of Louis Zagata; with amendment (Rept. No. 753). Referred to the Committee of the Whole House.

Mr. BROWN of Kentucky: Committee on Claims. S. 177. An act for the relief of Woodhouse Chain Works; without amendment (Rept. No. 754). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. S. 785. An act for the relief of Elizabeth Bolger; without amendment (Rept. No. 755). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. S. 1073. An act for the relief of E. Walter Edwards; without amendment (Rept. No. 756). Referred to the Committee of the Whole House.

Mrs. CLARKE of New York: Committee on Claims. S. 1081. An act for the relief of McKimmon & McKee, Inc.; without amendment (Rept. No. 757). Referred to the Committee of the Whole House.

Mr. OWEN: Committee on Claims. S. 1321. An act authorizing adjustment of the claim of Korber Realty, Inc.; without amendment (Rept. No. 758). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1504. An act for the relief of Walter J. Bryson Paving Co.; without amendment (Rept. No. 759). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1680. An act for the relief of the estate of George B. Spearin, deceased; without amendment (Rept. No. 760). Referred to the Committee of the Whole House.

Mr. GREEN: Committee on the Territories. H.R. 7761. A bill to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; with amendment (Rept. No. 763). Referred to the Committee of the Whole House.

Mr. GREEN: Committee on the Territories. H.R. 7763. A bill to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system; with amendment (Rept. No. 764). Referred to the Committee of the Whole House.

Mr. GREEN: Committee on the Territories. H.R. 7764. A bill to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator; with amendment (Rept. No. 765). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H.R. 4819) authorizing adjustment of the claim of the Public Service Coordinated Transport of Newark, N.J.; Committee on Claims discharged, and referred to the Committee on War Claims.

A bill (H.R. 6093) for the relief of the counties of Haywood and Swain, in the State of North Carolina, by reason of their loss in taxable valuation by the establishment of the Great Smoky Mountains National Park; Committee on the Judiciary discharged, and referred to the Committee on the Public Lands.

PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BAILEY (by request): A bill (H.R. 8014) amending the Agricultural Adjustment Act of May 12, 1933; to the Committee on Agriculture.

By Mr. FULMER: A bill (H.R. 8015) to provide emergency relief with respect to certain business-property mortgage indebtedness through the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

By Mr. STEAGALL: A bill (H.R. 8016) to amend section 12B of the Federal Reserve Act so as to extend for 1 year the temporary plan for deposit insurance, and for other purposes; to the Committee on Banking and Currency.

By Mr. AYERS of Montana: A bill (H.R. 8017) to provide for expenses of the Crow Indian Tribal Council and authorized delegates of the tribe; to the Committee on Indian Affairs.

By Mr. DEAR: A bill (H.R. 8018) to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; to the Committee on Flood Control.

By Mr. ROGERS of Oklahoma: A bill (H.R. 8019) providing for national defense; to the Committee on Foreign Affairs.

By Mr. SIROVICH: A bill (H.R. 8020) to promote the exportation, purchase, and sale of agricultural products, and for other purposes; to the Committee on Agriculture.

By Mr. KENNEY: Resolution (H.Res. 268) requesting the Commissioner of Education to study the desirability of introducing courses in aviation in public schools; to the Committee on Education.

By Mr. SIROVICH: Resolution (H.Res. 269) to promote and aid in the recovery of agricultural and other trade by the creation of a Federal Export and Import Corporation; to the Committee on Agriculture.

By Mr. RANDOLPH: Joint resolution (H.J.Res. 277) to prohibit officers and employees in the executive branch of the Government from competing with persons in private employment; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUMM: A bill (H.R. 8021) for the relief of Esmond Gains Moyer; to the Committee on Military Affairs.

By Mr. COLDEN: A bill (H.R. 8022) granting a pension to Alice Lucy Duling; to the Committee on Invalid Pensions.

By Mr. CONNOLLY: A bill (H.R. 8023) granting a pension to Martha F. Raglan; to the Committee on Pensions.

By Mr. DIES: A bill (H.R. 8024) for the relief of the heirs of William Wesley Turner, deceased; to the Committee on War Claims.

By Mr. DIMOND: A bill (H.R. 8025) granting an increase of pension to James C. Virdin; to the Committee on Pensions.

By Mr. JONES: A bill (H.R. 8026) for the relief of Margith Olson von Struve; to the Committee on Foreign Affairs.

By Mr. KNUTSON: A bill (H.R. 8027) granting a pension to Jane Smith; to the Committee on Invalid Pensions.

By Mr. RANSLEY: A bill (H.R. 8028) granting a pension to Maurice Yudis; to the Committee on Pensions.

By Mr. REECE: A bill (H.R. 8029) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Annie Hill Cease; to the Committee on Claims.

Also, a bill (H.R. 8030) for the relief of Charles N. Gambreal; to the Committee on Military Affairs.

By Mr. REILLY: A bill (H.R. 8031) to correct the military record of Earl Edward Brownlea; to the Committee on Military Affairs.

Also, a bill (H.R. 8032) granting a pension to George Beck; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H.R. 8033) for the relief of Howard Hollis Hammack; to the Committee on Military Affairs.

By Mr. THOMAS: A bill (H.R. 8034) granting an increase of pension to Flora M. Leake; to the Committee on Invalid Pensions.

By Mr. THOMPSON of Illinois: A bill (H.R. 8035) for the relief of James M. Pace; to the Committee on Claims.

By Mr. WOODRUM: A bill (H.R. 8036) for the relief of Thomas Harris McLaughlin; to the Committee on Claims.

By Mr. WARREN: Resolution (H.Res. 267) to pay the funeral expense of Herbert Greene; to the Committee on Accounts.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2283. By Mr. AYERS of Montana: Petition of L. W. Shotwell and 43 other employees of the Indian Service on the Fort Belknap Reservation in Montana, praying for restoration of former salary levels; to the Committee on Appropriations.

2284. By Mr. CULLEN: Petition of the Parliament of Community Councils of the city of New York, petitioning Congress to enact such legislation as will amend section 1062 of the Federal Immigration Laws (Mar. 2, 1929, ch. 536; sec. 1, 45 Stat. 1512) so as to permit those desirable aliens, who arrived here prior to July 1924 and who qualify under these statutes, to register and obtain the rights thereunder; to the Committee on Immigration and Naturalization.

2285. Also, petition of the Vessel Owners' and Captains' Association, opposing the consolidation of the Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2286. By Mr. CUMMINGS: Petition signed by 140 residents of Fort Collins, Colo., protesting against certain interference through censorship of radiobroadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2287. Also, petition of the Sterling Methodist Home Missionary Society, of Sterling, Colo., urging the passage of House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2288. Also, petition of the Aurora Woman's Club, Aurora, Colo., urging favorable action on House bill 6097 providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2289. Also, petition of the official board, First Methodist Episcopal Church, Boulder, Colo., urging the passage of the Patman motion-picture bill providing higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2290. By Mr. HOOPER: Petition of residents of Battle Creek, Mich., urging immediate action by Congress to safeguard inherent rights of American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

2291. By Mr. KENNEY: Petition of the Grand Council, Epsilon Sigma Phi, the National Honorary Extension Fraternity; to the Committee on Public Buildings and Grounds.

2292. Also, petition of Alpha Xi Chapter, Epsilon Sigma Phi, Rutgers University, New Brunswick, N.J.; to the Committee on Public Buildings and Grounds.

2293. Also, petition of the League of New Jersey Municipalities, endorsing House bill 3082 providing for loans by the Reconstruction Finance Corporation to municipalities on their tax-anticipation notes; to the Committee on Banking and Currency.

2294. Also, petition of the New Jersey Congress of Parents and Teachers, petitioning the endorsement and furthering of the proposition to be brought before the Congress on February 26 by the National Education Association in behalf of the 30,000,000 children in the schools of the country, in a request for Federal emergency aid, especially for 1934–35; to the Committee on Education.

2295. By Mr. LINDSAY: Petition of the Community Councils of the City of New York, Inc., regarding amendments to the Federal immigration laws; to the Committee on Immigration and Naturalization.

2296. Also, petition of Stephen Jerry & Co., Inc., Brooklyn, N.Y., opposing the Connery bill, H.R. 7202; to the Committee on Labor.

2297. By Mr. RUDD: Petition of the Community Councils of the City of New York, favoring certain amendments to the immigration laws; to the Committee on Immigration and Naturalization.

2298. Also, petition of the Merchants' Association of New York, favoring the passage of House bill 7808; to the Committee on Foreign Affairs.

2299. By Mr. STRONG of Pennsylvania: Petition of the Oakland Woman's Christian Temperance Union of Johnstown, Pa., urging early hearings and favorable action on the Patman motion-picture bill; to the Committee on Interstate and Foreign Commerce.

2300. By Mr. STUDLEY: Petition of Joseph S. Gozse, 515 West One Hundred and Tenth Street, New York City, N.Y., and approximately 500 additional citizens, urging Congress to abolish the 15-percent pay cut now imposed upon Government employees; to the Committee on Appropriations.

2301. By Mr. WERNER: Petition of citizens of Hill City, Second Congressional District of South Dakota, protesting against certain interference through censorship of radiobroadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2302. Also, petition of citizens of the towns of Colome and Winner, Second Congressional District of South Dakota, for an adequate appropriation by Congress for grasshopper control; to the Committee on Agriculture.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 16, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Speak to us, Eternal Lord, and Thy guiding presence impart to all. We rejoice that Thou dost consider our needs and our limitations. Into the turbulence of this world do Thou cast peace, great peace. O soothe its distracted and tempestuous life. Almighty God, defeat the maddening forces that are eddying around it. We pray that the conscience of the world may get its bearings and that all panic-strickened peoples of all lands may find shelter and refuge in just and humane government, in which differences fade and all harmonies grow more precious. Heavenly Father, continue to be with our own country. May it be made clean, wholesome, temperate, and beautiful, so that it will, indeed, be a light among all nations. In the name of our Saviour. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6951. An act entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes."

The message also announced that the Senate agrees to the amendment of the House to the bill (S. 558) entitled "An act for the relief of Beryl M. McHam."

ADJOURNMENT OVER

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that when the House adjourns today it adjourn to meet on Monday next.

Mr. SNELL. Will the gentleman yield for a question?

Mr. BYRNS. I yield.

Mr. SNELL. I understand if we do that it will not interfere in any way with the amount of debate allowed on the revenue bill, but the final vote would simply come a little later in the week?

Mr. BYRNS. I understand from the Chairman of the Committee on Ways and Means that he expects to have the vote on the revenue bill on Tuesday, and not before, in any event.

Mr. HASTINGS. Will the gentleman yield?

Mr. BYRNS. I yield.

Mr. HASTINGS. That does not involve doing away with the Consent Calendar on next Monday, does it? There are 25 or 30 bills on the calendar. Some of us are very anxious to have that calendar called on Monday.

Mr. BYRNS. It seems to me we ought to be able to dispose of the Consent Calendar in a couple of hours.

Mr. HASTINGS. But the gentleman will permit that to be called, and then, if we get through, we can proceed with the general debate on the revenue bill?

Mr. BYRNS. It was in my mind to call the Consent Calendar on Monday, if the House is willing, provided those who have charge of that calendar on both sides of the House are ready.

Mr. HASTINGS. I have no objection to the request of the gentleman from Tennessee, but I hope the majority leader will not ask that the Consent Calendar be dispensed with on Monday.

Mr. BYRNS. I am not making that request at all.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

INTERIOR DEPARTMENT APPROPRIATION BILL, 1935

Mr. TAYLOR of Colorado. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

Mr. SNELL. Do I understand that is satisfactory to the minority member of the committee?

Mr. TAYLOR of Colorado. Yes. I have conferred with the ranking minority member, and this is satisfactory to him.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. TAYLOR of Colorado, HASTINGS, JACOBSEN, LAMBERTSON, and DITTER.

HERBERT GREENE

Mr. WARREN. Mr. Speaker, I offer a privileged resolution from the Committee on Accounts and ask for its immediate consideration.

The Clerk read as follows:

Resolved, That there shall be paid out of the contingent fund of the House, to the McGuire Funeral Home, Inc., $250 to cover the funeral expenses of Herbert Greene, late an employee of the House of Representatives.

The resolution was agreed to.

A motion to reconsider the vote by which the resolution was agreed to was laid on the table.

EXTENSION OF REMARKS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD, and to include therein an estimate on the cost of old-age pensions made by the Bureau of Business Research of Ohio State University, pertaining to the recent old-age pension law that was passed in Ohio last fall.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. SNELL. Reserving the right to object, I believe the place to put that is before the committee appointed for that special purpose at this time.

Mr. TRUAX. May I say this gives statistics and data on all of the States that now have old-age pension laws, together with those of foreign countries. It is not lengthy. It is only five pages and the pages are small. I trust the gentleman will not object.

Mr. SNELL. It seems to me that should go before the special committee that you have already established for that purpose.

Mr. TRUAX. I would like it to go in the RECORD now for the general information of the House.

The SPEAKER. Is there objection to the request of the gentleman from Ohio?

Mr. SNELL. Mr. Speaker, I think that should go to the committee appointed for that purpose.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I object.

BAN ON LIQUOR RADIO ADVERTISING

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on the subject of radio.

The SPEAKER. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, the Radio Commission, on February 2, issued a warning to radio stations to observe the so-called "proprieties" in broadcasting liquor advertising.

What these proprieties are apparently is hermetically sealed within the minds of the members of the Commission. The Commission did not issue an order. It simply announced a policy by a news release, as follows:

The Federal Radio Commission calls renewed attention of broadcasters and advertisers to that section of the Radio Act of 1927 which provides that stations are licensed only when their operation will serve public interest, convenience, and necessity, and asks the intelligent cooperation of both groups insofar as liquor advertising is concerned.

Although the eighteenth amendment to the Constitution of the United States has been repealed by the twenty-first and, so far as the Federal Government is concerned, there is no liquor prohibition, it is well known that millions of listeners throughout

the United States do not use intoxicating liquors and many children of both users and nonusers are part of the listening public. The Commission asks broadcasters and advertisers to bear this in mind.

The Commission will designate for hearing the renewal applications of all stations unmindful of the foregoing, and they will be required to make a showing that their continued operation will serve public interest, convenience, and necessity.

To my mind, this news release is cowardly, unwarranted, and unjustifiable. It does not state that liquor advertising is banned. On the other hand, it lays down no definite rule for broadcasters to follow. If the Commission wishes to interdict liquor advertising, it should come out in the open and courageously say so. If it rears its head in that fashion, however, it can expect a good sock in the jaw—if I may be pardoned this slang.

The Commission knows this and would not dare risk condign criticism.

It slyly and cowardly uses a one-half-way measure which I, as a Member of Congress, who have battled against prohibition for years, deeply resent. The Commission has no right to shield itself behind a news release of this character.

The action of the Commission undoubtedly borders upon censorship. Congress gave no right of censorship to the Commission. The Commission has repeatedly denied that it seeks to exercise the right of censorship. Yet, in its carefully worded news release, it issues a warning which is tantamount to censorship.

Incidentally, the news relase is not definite as to whether a station which has a program which is not commercially sponsored can debate the question of liquor and permit a person to speak on the worthwhileness of wine or other alcoholic beverages. We do not know even if such a talk shall be taboo. They do not say the talk will be banned or will not be banned if it is commercially sponsored by a distiller or vintner or wholesale liquor dealer. The meaning is not clear, being susceptible of several interpretations.

But the Commission has no right to tell the public what it shall or shall not hear on the liquor question. If it exercises that right, it is exercising the power of censorship. If the Radio Commission can tell the people what they shall hear over the radio, the other agencies of the Government can tell the people what they shall read in books and periodicals carried through the mails or transported by railroads.

Personally, I see no reason for such an expression of the views of the Commission. If anyone does not wish to listen to a broadcast on the liquor question, it is a simple matter for the listener to turn off the program.

The Post Office Department no longer has the right to prevent the mailing of announcements about liquor even though the mail circulates in dry States. We recently repealed a statute which forbade the circulation in the mails of newspapers and publications containing liquor advertisements. Those advertisements may now be read by the most rabid drys in dry States.

There is thus expressed an attitude of Congress which the Radio Commission cannot disregard. Congress has stated that liquor dealers may circulate their advertisements in dry States. The Radio Commission should not now have the temerity to say to these same liquor dealers, "You cannot broadcast information concerning your alcoholic beverages, whether the station is in a wet or dry State, for fear the broadcast may reach the ears of those in dry States." Such a position is utterly indefensible.

On the one hand, we have the Government getting huge taxes from alcoholic beverages; in fact, the Government is encouraging huge importations of American-type whisky from Canada, Mexico, and elsewhere, from which importations there is yielded to the Government $7 a gallon, a huge amount. And on the other hand, the Radio Commission says that nothing shall be said about this liquor. Certainly it is far better to spread, as much as possible, the information about legal liquor so this Government can get much-needed revenue. Radio broadcasting helps circulate this information.

Apparently the Radio Commission, by its foolish attitude, would encourage the clandestine manufacture and sale of liquor by racketeers and bootleggers. The President made a proclamation urging the Nation to purchase lawful liquor. The bootlegger prefers to have the public know as little as possible about good brands, lawful beverages, and decent products. The less the people in dry States know about good liquor and lawful products the better are the opportunities for the bootlegger to peddle his wares in those dry States. As was so ably stated by David Lawrence recently, in the New York Evening Sun:

One of the difficulties in making a test of the new policy is that when a radio station is called on to defend its request for a renewal of a license, the Commission asks the station to show how its continued operation will serve the public interest, convenience, and necessity. Thus the Commission is not obligated to give its particular reason for withholding a license; but the announcement of policy just made unquestionably will provide defending stations with a cause for court action if they are refused licenses because they permit over the air announcements that are accepted by the Post Office Department for circulation in the mails. It might offer some day the first test of the principle of Federal censorship.

I herewith submit correspondence which passed between myself and Mr. Henry Adams Bellows, formerly a member of the Federal Radio Commission, and now vice president of the Columbia Broadcasting System, Inc.:

COLUMBIA BROADCASTING SYSTEM, INC.,
Earle Building, Washington, D.C., February 8, 1934.

Hon. EMANUEL CELLER,
House of Representatives, Washington, D.C.

MY DEAR CONGRESSMAN: I have given very serious consideration to your suggestion of a radio talk in opposition to the recent press release issued by the Federal Radio Commission on the subject of liquor advertising by radio. The more I think of it, the more I feel sure that the broadcast of such a talk would be misinterpreted by literally millions of listeners. No matter how careful we might be to explain why the talk was being given, a great many people would inevitably assume that we were broadcasting it as a protest of our own against the action of the Commission.

As you know, Columbia's policy with regard to liquor advertising, which was announced by Mr. Paley 3 months ago, is very close to what the Radio Commission itself apparently had in mind. My objection to the Commission's action, which I have wholly expressed to Judge Sykes and Colonel Brown, is that no department of the Government has any business to try to set up a government of press releases. If the Commission had had courage enough to issue a definite order, we could have attacked in an orderly manner through the courts, but this vague business of getting out press releases containing indefinite threats seems to me thoroughly bad. With regard to this we are wholly in sympathy with your views, and I may add that we feel exactly as you do about attempts to interfere with our freedom to advertise what we regard as suitable.

On the other hand, I feel, frankly, that we have built up a lot of goodwill by our stand on liquor advertising, a stand which we took voluntarily and without any compulsion. I am very much afraid that a broadcast of the kind you suggest would have a distinct tendency to destroy some of this goodwill. Since the Federal Radio Commission is not an elective body, I can see absolutely no good purpose to be served in criticizing it to the public, the place for such criticism being clearly on the floor of the House or Senate. I hate to turn down a suggestion which is so completely in line with my own ideas that I could undertake to endorse in advance every word you would say on such a subject, but I do feel that this matter is definitely one for discussion in Congress rather than before the public audience. The Radio Commission, as we all know, is tremendously responsive to what is said in Congress, and is very little influenced by what it hears from the public. Furthermore, I am quite sure that the result of such a talk would be that the Commission would be flooded with letters from prohibitionists praising it for its stand and thus the real point at issue, which is the attempt to govern by press releases, would be completely lost sight of.

I hope you will agree with me that it is wiser, particularly from the standpoint of getting the Radio Commission to see that it has made a mistake, for you to make the speech you have in mind on the floor of the House rather than to the public, which is perfectly sure in part to misunderstand your motives in making the speech and our motives in broadcasting it.

Kindest personal regards.

Sincerely,

H. A. BELLOWS.

NEW YORK, *February 9, 1934.*

Mr. HENRY ADAMS BELLOWS,
Vice President Columbia Broadcasting System, Inc.,
Earle Building, Washington, D.C.

MY DEAR MR. BELLOWS: I have your letter of February 8. I do not agree with you that broadcasting a talk, such as I outlined to you over the telephone, would be misinterpreted by "literally millions of listeners."

I hope you will grant me intelligence sufficient to permit me to present my views with such clarity that it would be impossible

to be misunderstood by literally "millions." A statement could be made at the beginning and at the end of the address indicating that the station over which the broadcast had been given did not, in no wise, directly or indirectly, intend to protest the action of the Radio Commission.

I am keenly disappointed with your attitude. First, because I cannot use your system for the purpose indicated. Second, because you are willing to surrender without a shot being fired. Frankly, I believe your attitude is unjustifiably weak-kneed. You do not even know your own strength. You mention the Commission's lack of courage in their failure to issue a definite order but instead send forth a news release which contained indefinite threats. I think you lack just as much courage in failing to protest and in not allowing a protest over your system.

I think you also show the white feather and are assuming a ridiculous policy in refusing to permit advertising broadcasts sponsored by liquor dealers and/or wine merchants. Why should not legitimate concerns be encouraged to make known their brands? Your failure to cooperate in this regard encourages the secret methods of the bootleggers. The Government is anxious to secure as much revenue as is possible from the liquor business to help reduce our deficit.

It should receive cooperation from the radiobroadcasting stations. Knowledge could be spread about liquor upon which a tax had been paid rather than have the public supplied with alcoholic beverages sold and delivered clandestinely and upon which the Government has received no tax.

I write frankly to you because I have known you well and have been accorded privileges over the station for a long period of time. I thoroughly disagree with you in this instance, and wish to convey this with all possible emphasis. However, I desire you to keep in mind that "the wounds inflicted by a friend are faithful, the kisses of a foe are treacherous."

Sincerely yours,

EMANUEL CELLER.

REAPPOINTMENT OF THE MEMBERS OF THE COMMISSION

One of the members of the Radio Commission may soon have his name presented for reappointment. Notice is hereby served upon such member and other members that I shall oppose, before the appropriate Senate committee, the reappointment or the appointment of anyone who subscribes to the recent press release. As above mentioned, any man who would continue to make liquor something romantic and something that can only be sold in dark corners and speakeasies—and this is what the order or press release encourages—is not qualified to sit on the Radio Commission. Anyone who, directly or indirectly, seeks to invoke censorship—and this is what the press release intends—is not fit to sit upon the Radio Commission.

My hat goes off to Station WOR at New York. It put on a liquor-advertising broadcast after the Commission's absurd news release. I admire the courage of Alfred J. McCosker, in charge of WOR.

EXTENSION OF REMARKS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD on home-loan relief, and to include therein a short editorial from the Pittsburgh Press discussing H.R. 6564, which I have presented.

Mr. SNELL. Mr. Speaker, I have no objection to the gentleman extending his own remarks, but I do not care to have any editorials put in.

Mr. ELLENBOGEN. It is just a short paragraph.

Mr. SNELL. But we have cut that out for the present.

The SPEAKER. Does the gentleman from Pennsylvania desire to modify his request?

Mr. ELLENBOGEN. I ask the gentleman from New York to permit me to include this short statement by the Pittsburgh Press discussing a specific bill, which is of great interest to the Members of the House and Senate.

Mr. SNELL. That is all right; but you would not allow us to put in some editorials that we tried to put in a few days ago, and it was understood that we would not allow these things to go in.

Mr. ELLENBOGEN. If the gentleman will permit me, I have received numerous telephone calls from Members of the House on this bill——

Mr. SNELL. I object to any outside matter. I have no objection to the gentleman's personal remarks.

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks on the Democratic Party in Pennsylvania and include therein certain pertinent matters concerning the platform.

The SPEAKER. Is there objection?

Mr. RICH. Mr. Speaker, I object to the Democratic platform of Pennsylvania being put in the RECORD. That is no place for it.

ELIMINATION OF EMERGENCY OFFICERS FROM THE RETIRED LIST

Mr. KVALE. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, the national rehabilitation committee of the American Legion has prepared a complete and comprehensive memorandum concerning the elimination of emergency officers from the retired list under the so-called "causative factor" regulation. Almost every Member has been approached with questions regarding this interpretation, and I ask unanimous consent that I may insert that memorandum in the RECORD as a part of my extension of remarks.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

Mr. SNELL. I did not understand what it is the gentleman is asking to put in.

Mr. KVALE. It is a memorandum with reference to the so-called "causative factor" regulation.

Mr. SNELL. Whose opinion is it?

Mr. KVALE. That of the national rehabilitation committee of the American Legion. It is a very informative memorandum, and will be valuable to almost every Member of the House.

The SPEAKER. Is there objection?

Mr. BANKHEAD. Reserving the right to object, and I shall not object, I am curious to know what is the effect of this report. Does the committee favor the return of the emergency officers to the pay roll, or is it opposed to it?

Mr. KVALE. In some cases it is favorable. It does not attempt to justify the return of the presumptively connected cases—and that does not necessarily mean the committee abandons this group—for the reason that the meaning of the law was clear on that point before the law was passed, but it does ask for the return of the directly connected cases in some instances.

Mr. SNELL. Reserving the right to object, is not this a matter that should go before the Veterans' Committee when they have their meeting?

Mr. KVALE. It is a matter that interests almost every Member of the House.

The SPEAKER. Is there objection?

There was no objection.

MEMORANDUM CONCERNING THE ELIMINATION OF EMERGENCY OFFICERS FROM THE RETIRED LIST UNDER THE PROVISIONS OF SECTION 10, OF PUBLIC, NO. 2, SEVENTY-THIRD CONGRESS, VETERANS' REGULATION NO. 5, OF MARCH 31, 1933, AND INSTRUCTIONS, DEFINITIONS, AND OPINIONS OF THE VETERANS' ADMINISTRATION

Former emergency officers who have been removed from the retired list since March 20, 1933, direct their criticism not so much toward section 10, of the act of March 20, 1933, known as "Public, No. 2", Seventy-third Congress, as against the construction of that act by the Veterans' Administration, and the definitions, instructions, opinions, and decisions by which they insist the meaning and purpose of the law have been distorted, misinterpreted, and misapplied to their great disadvantage.

The salient points of attack are:

(1) The incorporation in Veterans' Regulation No. 5 of an element known as the "causative factor", which appears in the concluding phrase of the regulation as an addition to the language of the proviso in section 10. The act reads as follows:

"*Provided*, That the disease or injury or the aggravation of the disease or injury directly resulted from the performance of military or naval duty, and that such person otherwise meets the requirements of the regulations which may be issued under the provisions of this act."

The language as it appears in the regulation is as follows:

"*Provided further*, That the disease or injury or the aggravation of the disease or injury directly resulted from the performance of military or naval duty and that the causative factor, therefore, is shown to have arisen out of the performance of duty during such service."

The change is bought out more clearly by striking out the words of the act in brackets and showing the amendment in italic as follows:

"*Provided further*, That the disease or injury or the aggravation of the disease or injury directly resulted from the performance of military or naval duty, [and that such person otherwise

meets the requirements of the regulations which may be issued under the provisions of this act] *and that the causative factor, therefore, is shown to have arisen out of the performance of duty during such service.*"

The emergency officers affected insist that the regulations in the second proviso in section 10 of the act means the regulations authorized by sections 1, 3, 4, 6, 7, 8, 9, and 17.

It is understood that the Veterans' Administration maintains that the phraseology of the proviso in section 10 authorizes the inclusion of the causative factor in regulation no. 5.

(2) The definition of causative factor promulgated by the Veterans' Administration, as follows:

"The 'causative factor' for the purpose of Public, No. 2, and regulation no. 5 may be defined as that event or circumstance particularly and peculiarly connected with the performance of actual military or naval duty incident to and directly resulting out of the actual duty of the officer without which the end result, i.e., the disability on account of which retirement with pay was granted, would not obtain."

(3) Instructions no. 1, issued by the Veterans' Administration and controlling the review of emergency officers' retirement claims, the application of which instruction eliminated approximately 5,000 officers, or above 80 percent of the officers retired under the act of May 24, 1928. The pertinent part of instruction no. 1 follows:

Paragraph 2: "In addition to the determination that the injury or disease which resulted in the disability for which retirement has heretofore been granted was incurred in line of duty, it must also be determined that the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty. In making this determination it is required that the officer show a causative factor arising out of the actual performance of duty.

"A disease of mind or body which arises merely in point of time with service, that is, while employed in the active military or naval service, is not sufficient to bring the officer within this requirement. It must be shown that but for the performance of actual duty the injury or disease could not reasonably have been expected to have arisen. The breaking down or degeneration of tissues which might be expected, irrespective of the unusual stress or strain incident to the performing of actual military or naval duty, will not be considered a causative factor.

"In disease cases it should be borne in mind that the causative factor is not necessarily restricted to a single incident. The disease or injury may be the result of exposure or long and strenuous duties imposed by orders. In order to be entitled, the officer must show circumstances incident to the military or naval duty being performed and of such a character as to cause the disability, exclusive of other probable factors not related to the duty being performed. The disease or injury must be traceable directly to, and the causative factor must directly arise out of, a duty being performed under competent orders. Officers injured while not carrying out duties incident to orders will not be considered as performing military or naval duty during such periods.

"It is realized that in disease cases the establishment of a causative factor will be difficult. However, the requirements of the statute and the regulations make such showing necessary, and in the absence of evidence within the rules laid down herein showing that the disability resulted from a disease or injury incurred or aggravated as outlined, the officer will be held not entitled to continue to draw retirement pay."

CRITICS DIVIDED INTO TWO GROUPS

The critics among the emergency officers affected may be divided into two groups. The first group includes all those who believe that under a fair interpretation of the law as enacted, and except for the incorporation of the "causative factor" in Veterans' Regulation No. 5, and the subsequent definition, instructions, interpretations, opinions, and decisions based upon the construction of the law and regulation by the Veterans' Administration, they would have been retained on the list of retired emergency officers.

They maintain the following propositions:

(1) That comparison of the phrasing of the act of May 24, 1928, and section 10 of the act of March 20, 1933, fails to reveal any material difference as to the essential feature of the disability for which retirement was awarded.

ACT OF MAY 24, 1928	ACT OF MARCH 20, 1933
All persons * * * who, during such service have incurred physical disability in line of duty * * * for disability resulting directly from such war service.	Any person * * * shall * * * be entitled to continue to receive retirement pay * * * if the disability * * * resulted from disease or injury or aggravation of a preexisting disease or injury incurred in line of duty during such service, * * * *Provided*, That the disease or injury or aggravation of the disease or injury, directly resulted from the performance of military or naval duty.

It is evident that the language in section 10—"disability * * * incurred in line of duty during such service", is merely a rearrangement of the words in the act of May 24, 1928—"during such service incurred physical disability in line of duty."

And as "war service" is equivalent to "the performance of military or naval duty", it is difficult to distinguish a difference of meaning between the phrases "directly resulted from the performance of military or naval duty" in the act of March 20, 1933, and that in the act of May 24, 1928—"resulting directly from such war service."

(2) That if Congress had intended the "causative factor" to be applied, Congress would have incorporated it in the law.

(3) That if the objectionable clause merely paraphrases the law and its inclusion in regulation no. 5 does not materially change the law, then it is redundant and hence superfluous, and should be eliminated.

(4) That if the inclusion of the "causative factor" provision in a regulation having the force and effect of law materially changes the law by making it much more restrictive, it is an exercise of legislative power by the Executive, not contemplated by Congress and beyond the power of Congress to delegate; hence the clause should be eliminated.

"That Congress cannot delegate legislative power to the President is a principle universally recognized as vital to the integrity and maintenance of the system of government ordained by the Constitution." (*Marshall Field & Co. v. Clark*, 143 U.S. 649; 36 L.ed. 294; 12 Sup. Ct. 495.)

(5) That the application of the "causative factor" by the Veterans' Administration through its instrumentalities has resulted in the removal from the retired list of several thousand emergency officers though Congress plainly intended that they were not to be disturbed, and hence these officers have been deprived of their retired pay without due process of law, in contravention of the fifth amendment to the Constitution.

CONTENTIONS OF GROUP NO. 2

A considerable number of former retired emergency officers included in group no. 1 are inclined to concede that the inclusion of the "causative factor" phrase in veterans' regulation no. 5 does not materially change the law, and they maintain that if it is properly construed and applied the officers Congress intended should be retained on the retired list would not be dropped therefrom.

Their proposition is:

"Admitting that the 'causative factor' clause was not improperly incorporated in veterans' regulation no. 5, and is intended to expound rather than to expand the law, nevertheless, by a series of instructions, definitions, interpretations, opinions, and decisions, the law has been distorted, misinterpreted, and misapplied until the intent of Congress has been defeated, to the great injury of some 2,000 or more of the 5,000 emergency officers eliminated from the retired list.

Following the rules of statutory construction in an effort to ascertain the intent of Congress and what information, if any, Congress had as to the proposed application of a "causative factor" to the retired list of emergency officers, they have carefully examined and studied the history of the legislation and the very meager references to the phrase "causative factor" in that connection. As a result of their inquiry they advance the following suggestions:

Section 1 of the Emergency Officers' Retirement Act of May 24, 1928, reads:

"That all persons who have served as officers of the Army, Navy, or Marine Corps of the United States during the World War, other than as officers of the Regular Army, Navy, or Marine Corps, who during such service have incurred physical disability in line of duty, and who have been, or may hereafter within 1 year be, rated in accordance with law at not less than 30-percent permanent disability by the United States Veterans' Bureau for disability resulting directly from such war service * * * shall receive from date of receipt of their application retired pay * * *."

A number of questions having arisen as to whether certain classes of emergency officers otherwise qualified could properly be retired, the Director of the Veterans' Bureau submitted to the Attorney General the applications of the phrase "resulting directly from such war service" to five classes of cases:

"(1) Cases wherein the disabilities have been connected with the service during the World War under the statutory presumption of service origin for tuberculosis, neuropsychiatric, and other specified conditions contained in section 200 of the World War Veterans' Act, as amended, or section 300 of the War Risk Insurance Act, as amended;

"(2) Cases wherein the disabilities have been connected with the service during the World War through direct evidence, as, for instance, medical records of the Army, but in which nothing tangible can be found under which a finding that the disabilities were directly the result of war service can be based;

"(3) Cases wherein the disabilities have been connected with the service during the World War upon medical presumption;

"(4) Cases wherein the disabilities have been connected with the service during the World War through a presumption of soundness contained in section 300 of the War Risk Insurance Act, as amended, and section 200 of the World War Veterans' Act, as amended;

"(5) Cases wherein a disability was noted at time of enlistment which increased in degree during the service, but wherein it has been impossible to show that the aggravation was directly the result of war service and in line of duty as distinguished from the natural progress of disease."

The opinion of Attorney General John G. Sargent is to be found in volume 35 of the Opinions of the Attorneys General, page 506 et sequs, from which his conclusions are extracted:

"My opinion, therefore, is that those disabled emergency officers of the first four classes mentioned in your letter of November 3, 1928, 'who have been, or may hereafter, within 1 year, be rated in accordance with law at not less than 30-percent permanent disability', are entitled to the benefits of the Emergency Officers' Retirement Act of May 24, 1928, and those of the fifth class, 'who have been, or may hereafter, within 1 year, be rated in accordance with law at not less than 30 percent' more than they were disabled at the time of entry into the service, are likewise entitled to the benefits of the act."

In this connection it is worth nothing that the opinion has been passed upon by Hon. William D. Mitchell, then Solicitor General, who succeeded Mr. Sargent and served as Attorney General until March 4, 1933.

The effect of the opinion is easily traced. In a letter to Senator REED, of Pennsylvania, then Chairman of the Committee on Military Affairs, in January 1928, while the committee had under consideration the emergency officers' retirement bill, the Director of the Veterans' Bureau had estimated that under the law as proposed some 3,223 emergency officers would be retired with pay at an annual cost of $4,939,125. After the passage of the bill over the President's veto the Director had refused to retire the five classes of officers whose cases were submitted to the Attorney General, so it is evident they were not included in the 3,223 estimate. However, a total of approximately 6,964 emergency officers were retired with pay, so it is a fair conclusion that a large number benefited by the opinion of the Attorney General as to the effect of the various presumptions.

It is so well known that one of the objects sought to be obtained by Public, No. 2, Seventy-third Congress, was to eliminate from the pension and compensation rolls and the list of retired emergency officers the beneficiaries of the presumptions, supra, that the legislative history will be confined to a discussion of the "causative factor" in this connection.

This phrase makes its first appearance during a colloquy between Senator Reed, of Pennsylvania, and Hon. Lewis W. Douglas, Director of the Budget, during the hearing before the Senate Committee on Finance which then had under consideration S. 233, Seventy-third Congress, first session (Confidential Rept., p. 19):

"Mr. DOUGLAS. The next section, section 10, has to do with the Emergency Officers' Retirement Act. It limits the benefits to those who, prior to November 11, 1918, sustained a disability in line of duty and who can demonstrate a causative factor for such disability.

"Senator REED. Without any presumption?

"Mr. DOUGLAS. Absolutely no presumption at all.

"Senator KING. It is limited to those who sustained the injury prior to November 11, 1918?

"Mr. DOUGLASS. It is limited to those whose disability is directly traceable to war service prior to November 11, 1918, and who can demonstrate a causative factor."

Of course, this hearing was on the Senate bill, and the House bill was later substituted therefor and passed, with the restriction as to November 11, 1918, eliminated, and other changes. The colloquy quoted above, however, clearly indicates that the sponsors of the bill had in mind the application of the "causative factor" to the presumptive cases, and so informed the committee having the bill under consideration. If it was to be applied to any other class, the committee was not so informed.

At the hearing referred to, supra, Gen. Frank T. Hines, Administrator of Veterans' Affairs, was also a witness, and on page 33 of the report the following appears:

"General HINES. The amendment of the Emergency Officers' Retirement Act to the language *used in the bill* would result in a saving of $3,386,000 *and would affect approximately 3,000 officers.* (Italics supplied.)

"Senator GORE. That is the total number of officers, is it not?

"General HINES. No, sir; there are about 6,000 officers—6,400 now."

On page 34 the following appears:

"General HINES. * * * The elimination of all presumptions for disability compensation in the World War group, *including emergency officers as well,* would result in a saving of $100,000,000, divided as follows——

"Senator GORE. State that again.

"General HINES. Under the World War Veterans' Act, the World War veterans are given certain presumptions—first, the presumption of soundness on entering the service; and second, the presumption in case of tuberculosis and neuropsychiatric diseases up to January 1, 1925. *The law contemplates wiping out all presumptions,* or gives the President authority to wipe them out, and if they are wiped out the total saving would amount to $100,000,000. Under the straight presumption for disability compensation, the first item amounts to $40,640,000 while all the other presumptions involved in the act, *including emergency officers,* would amount to $59,360,000, which gives a total of $100,000,000 approximately." (Italics supplied.)

Finally, in the table of estimated savings under the bill, appearing on page 40 of the report of the hearing, are the following items:

"4. E.O.R. Act restricted to causative-factor cases, $3,386,000.

"9. Eliminate all presumption for disability compensation *and emergency officers,* regulation 11 included, $100,000,000."

It is thus evident that all the information given to the committee, and this was all the information the Senate had on the subject, was that the purpose of the proposed legislation was to eliminate the emergency officers who had been retired under presumptions, and the number which it was anticipated would be eliminated was placed at approximately 3,000, and the saving was estimated at approximately $3,386,000. As the number on the retired list was given as 6,400 it follows that the committee and the Senate were under the impression that after the 3,000 officers were eliminated there would remain on the roll approximately 3,400 officers.

What actually happened after the incorporation of the "causative factor" clause in Veterans' Regulation No. 5, and the application of the instructions, is briefly but eloquently told in the statement prepared by the Veterans' Administration and inserted in the CONGRESSIONAL RECORD, pages 577 and 578. Seventy-third Congress, second session, by Representative WOODRUM, in charge of the independent offices appropriation bill for 1935.

The statement appears under the caption:

"APPLICATION OF PUBLIC, NO. 2, AND PUBLIC, NO. 78, SEVENTY-THIRD CONGRESS

"The major changes in the entitlement to pensions authorized by the above amendatory legislation may briefly be stated as follows:

"(7) Emergency officers' retirement pay was restricted to those disabilities incurred in or resulting from the performance of military duty."

The table on page 578 shows that while on March 31, 1933, there were 6,037 emergency officers on the retired list who received during that month retired pay to the amount of $765,-167.14, by November 30, 1933, the number had been reduced to 1,505, who received $172,712.88, a saving of $592,454.26 per month. It is thus apparent that instead of the retired list being diminished by 3,000, according to the estimate given the Committee on Finance, there were actually eliminated 4,532 officers, an increase of 1,532 officers above the estimate, or more than 50 percent, and the saving which had been estimated at $3,386,000 had been increased to $6,609,451.12 per annum.

These officers contend that their removal from the retired list was due to the misinterpretation of the law and the misapplication of the "causative factor" clause by the Veterans' Administration, and hence they have been deprived of their vested rights—vested at least until Congress divested them—without due process of law and in contravention of the fifth amendment to the Constitution of the United States.

They support their contention by many citations, a few of which are given below:

"Though the law itself be fair on its face and impartial in appearance, yet, if it is applied and administered by public authority with an evil eye and an unequal hand, so as practically to make unjust and illegal discriminations between persons in similar circumstances material to their rights, the denial of equal justice is still within the prohibition of the Constitution" (*Yick Wo* v. *Hopkins,* 118 U.S. 356, 30 L.ed. 220).

"In no substantial, just sense does it confer upon that officer as the head of an executive department powers strictly legislative or judicial in their nature, or which must be exclusively exercised by Congress or by the courts" (*Union Bridge Co.* v. *U.S.,* 204 U.S. 364, 51 L.ed. 523, 27 S.Ct. 367).

"Official powers cannot be extended beyond the terms and necessary implications of the grant. If broader powers be desirable, they must be conferred by Congress. They cannot be assumed by administrative officers, nor can they be created by the courts in the proper exercise of their judicial functions" (*Federal Trade Commission* v. *Raladam Co.,* 283 U.S. 643–654).

"Otherwise, the individual is left to the absolutely uncontrolled and arbitrary action of a public and administrative officer, whose action is unauthorized by any law, and is in violation of the rights of the individual. Where the action of such an officer is thus unauthorized he thereby violates the property rights of the person whose letters are withheld" (*American School of Magnetic Healing* v. *J. M. McAnnulty,* 187 U.S. 94; 47 L.ed. 90).

Also *Noble* v. *Union River Logging Co.* (147 U.S. 165; 37 L.ed. 123); *People ex rel. McCauley* v. *Brooks* (16 Cal. 11).

Also "Regulations thus promulgated have the force of law (*Gratiot* v. *U.S.,* 4 How. 80; *Ex parte Reed,* 100 U.S. 15), but they are not the law itself. Hence, where rights, duties, and obligations are defined by statute they cannot be taken away or abridged by the regulation of an executive department" (*Campbell* v. *U.S.,* 107 U.S. 407, 410).

A former officer in the Medical Department, United States Army, of much experience in the presentation of medical facts and evidence to the Veterans' Administration comments upon some of the difficulties which emergency officers retired for disabilities incurred "in line of duty" and "resulting directly from such war service" are having in their endeavor to meet requirements of the "causative factor" as set forth in Instruction No. 1.

The physician referred to says:

"Two sentences in Instruction No. 1 make it extremely difficult, if not practically impossible, for hundreds of retired emergency officers whose disabilities are directly connected with their service for pension purposes to prove their entitlement to retired pay. These sentences are:

"'In making this determination it is required that the officers show a causative factor arising out of the actual performance of duty.

"'It must be shown that but for the performance of actual service the injury or disease could not reasonably be expected to have arisen.'

"In other words, the officer is compelled to show (1) that his disability was caused by his military service, and (2) that had he

not been in the military service such disability would not have been incurred.

"As to 'causative factor', every disease must have a cause. In civil life it is likely to be extraordinary exposure to infection, because disease incurrence is not an everyday thing in a single individual's life. Latent germs within one's body may activate because of lowered tolerance due to overwork, worry, lack of proper food or food imbalance. No disease is spontaneous; all must develop as a result of one or another of life's procession of episodes or incidents, civil or military. If disease comes once or more often to the average person under fairly controlled and sanitary life conditions, what shall be said of the life in the camps, the billets, the French cellars and barnyards, the trenches, the battlefield? As disease in civil life must have 'directly resulted' from the performance of life's functions, then disease during military life must have 'directly resulted' from the performance of military or naval duty. This is all the present law requires. However, applying Instruction No. 1 to emergency officers' cases, it is found that aside from the specific-injury cases it is almost impossible to get a layman or even a doctor to state definitely that the specific disease upon which retirement is sought was incurred as a result of performing duty or was aggravated in the performance of such duty. Of course, no great difficulty arises where there has been a severe gassing, with consequent breaking down of lung tissue, giving rise to respiratory ailments, but with gassing we have a definite wound or injury to the lung tissue, or occasionally disfigurement of the skin, etc., but these are not the cases which concern us because they can be straightened out under the regulations. It is the general run of the so-called "general medical and surgical conditions" which offer the greatest distress. From what we have seen of the operation of the regulation and instruction up to the present time, it is practically impossible to keep anyone on the retirement list for disease cases. Again emphasis is laid upon the fact that it is impossible to definitely state that such-and-such a disease actually arose as a result of service, and just as impossible to state were it not for military service the disease would not have arisen. Let us cite a few examples:

"Influenza: This was a disease so prevalent in our military population during the war and left so many residuals in its wake that it deserves special consideration. It is true that influenza was quite rampant and epidemic in the civil population as well as in the military population, but we are dealing with a definite infectious disease, the spread of which was favored by herding together large numbers of human beings, and certainly the concentration of large numbers of men in the various camps predisposed to the spread of an infectious condition, such as influenza or any other of the infectious diseases, such as meningitis, measles, etc. We cannot definitely say that were a man not in service he would not have developed influenza. We must not forget if a man were not in military service he could take certain specific precautions with regard to his health, i.e., avoiding crowds, proper hours of sleep and rest, avoidance of exertion, choose his food, his clothing, his hours of work, etc. In the military service the men could not do so. They were under orders and had to work the hours assigned, work and drill and fight under all sorts of conditions—rain, snow, cold, heat, etc. Therefore we emphasize that it is impossible for anyone to state that a man who suffers influenza, with consequent complications which led to his retirement on account of permanent disability, would not have developed his influenza if he had not been in the service.

"In one particular case coming to attention I find an officer who is shown on his Adjutant General's Office records to have been assigned to an influenza hospital. He was a medical officer and was brought into the most intimate contact with influenza patients. In examining chests the patients would cough into his face. This medical officer incurred influenza. Whether it was due to his being employed in an influenza hospital, working day and night and being more exposed to disease than the average person, we do not know. It seems quite reasonable to suppose that the circumstances under which he worked predispose to his developing influenza. The officer then developed a complication of an arthritis with his influenza, and military records show definitely a diagnosis of arthritis of the knee, a complication and residual of influenza. This condition, after service, became of such severity as to result in serious impairment of the function of one of his knee joints. For this he had been retired as an emergency officer with pay. He has now been taken off the retired list on the ground that the influenza which he suffered in service (and the changes responsible for his present condition) is not a disease which arose out of his performance of military duty. We maintain that this is open to debate, and we are quoting this particular case to show the difficulty encountered in this type of condition and the added prerequisite for retirement benefits placed upon the officer that the nonofficer does not have to meet. In the case of a man who is not applying for emergency officer retirement benefits we find the Government giving the man direct service connection with compensable benefits on the theory that he incurred a disability 'in line of duty in such service', but as to the officer the decision is to the effect that he would have incurred his disability irrespective of whether he was performing his military duty and cannot be retired, and at the same time this same officer is eligible to draw disability pension on the ground that he incurred a disability 'in line of duty in such service.' This seems inconsistent and ironical.

"Multiple sclerosis: I have seen the cases of men who have been permanently and totally disabled for many years as the result of multiple sclerosis. What applies to multiple sclerosis can apply to many other diseases of the organic nervous system, such as encephalitis lethargica and other organic diseases of the cord and brain. We have the case of an officer who received a smallpox vaccination. He claims he had a very badly infected arm for 10 days. He was brigaded with the French, but that is immaterial. However, the fact is, that, irrespective of whether medical records show he had his infection or not, under the present set-up we do not believe there would be a tendency to grant retirement pay upon the ground that vaccinal infection could have produced an organic disease of the central nervous system. Contemporary medical literature is now establishing a well-defined clinical entity of encephalitis following smallpox vaccination, and it is known as 'a vaccinal encephalitis.' The literature on this subject is voluminous. Recently the American Medical Association Journal called attention to the relationship of trauma to the production of diseases of the central nervous system, such as encephalitis, and in this editorial it is brought out that emotional shock or stress and strain could produce a condition of encephalitis. In multiple sclerosis, encephalitis, etc., the question of stress and strain, exposure to the elements, of hard work, etc., are stated to either cause or predispose the condition involved. We find that the men with the organic diseases of the central nervous system directly connected with service are being denied the benefits of retirement on the ground that it is difficult to show except for their performance of actual duty the disease or injury could not reasonably be expected to have arisen.

"Psychoneurosis and psychoses: In these functional diseases of the central nervous system we find individuals so under stress and strain that they break down with various types of insanity, known as the 'neuroses', i.e., neurasthenia, hysteria, psychasthenia, anxiety, neurosis, traumatic neurosis, etc. It is a well-admitted fact that stress and strain, worry and overwork, or anything that puts a strain upon the human body could be a factor in the production of such a nervous disorder, or at least in making the same manifest. No one can deny but that rigor of war-time service would be a most logical factor to have caused the condition, especially where there are A.G.O. records of the condition developing in service, even admitting a predisposing mental make-up. Certainly we must hold, to be conscientious, that military service brought the particular nervous condition to the foreground. Nevertheless, we see many cases of men with directly service-connected psychoses and psychoneuroses who are having retirement benefits taken away on the ground that the veteran does not prove he would not have developed the condition had he not been in military service, or conclusion to that effect.

"I could go on at length with reference to many other classes of disabilities, but these various types of organic and functional diseases serve to illustrate the additional requirements placed upon the emergency officers. I again want to stress that in these cases the difficulty is that the Government is holding that the men have not shown that, but for the performance of actual duty the injury or disease could not reasonably be expected to have arisen. In other words, they deny a causative factor, and yet when they are taken off the retirement list for the disability which they incurred in line of duty they are eligible for pension upon the actual basis that as a result of their service in the Army they incurred a particular disease.

"The 'causative factor' provision causes deep concern to all who are interested in the rehabilitation of World War veterans. If it can be made by regulation a condition precedent to the granting of retirement benefits, it likewise might be used as a requirement before pension benefits can be granted. Proof of the 'causative factor' as a condition precedent to the granting of any relief because of disease or injury resulting from performance of active military or naval duty is a menace to the entire veteran structure.

"We believe that it cannot be justified either from precedent or reason. If it is right and honest to require proof of the 'causative factor' on the part of emergency officers, in all justice it ought to be required of Regular Army officers who are retired because of physical disabilities incurred in line of duty. This, of course, is not true of retirements for age, but consistency alone would demand that if such a requirement of proof is necessary in the case of disabled emergency officers injured in line of duty it likewise should apply to all Regular Army, Navy, and Marine officers.

"Because it is something entirely new in legislation there are no decisions upon the subject and we must approach it solely from the standpoint of reason. A man receiving a bullet wound, of course, can prove 'causative factor', but a man who endured just as much hard service and is broken in health because of that service is denied retirement because he cannot prove the hour and the minute and how the disease germ entered his body."

CONCLUSION

The similarity of language in the acts of May 24, 1928, and March 20, 1933, as to "line of duty" and war service has been noted above. Preceding acts of Congress providing for and controlling the retirement of regular as well as emergency officers have received mature consideration by Attorneys General, among the noteworthy opinions being those of Attorney General Cushing (7 Ops. Atty. Gen. 162), Attorney General Palmer (32 Ops. Atty. Gen. 12), and Attorney General Sargent (35 Ops. Atty. Gen. 506).

It is therefore considered not inappropriate to suggest that the act of March 20, 1933, should be construed by the same high authority rather than that thousands of emergency officers should be deprived of their right to retired pay solely on the construction of the law by a subordinate legal authority of the agency administering the law, whose opinion could scarcely be so unbiased.

It is therefore respectfully requested that the President obtain the opinion of the Attorney General on the "causative factor" phrase in Veterans' Regulation No. 5 and its application by the Veterans' Administration.

Mr. IGLESIAS. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting two cables received from the Legislature of Puerto Rico.

The SPEAKER. Is there objection to the request of the Resident Commissioner from Puerto Rico?

There was no objection.

The cablegrams referred to are as follows:

SAN JUAN, P.R., *February 16, 1934.*

Hon. SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico, Washington, D.C.:

House of Representatives of Puerto Rico request that Puerto Rican cane growers and sugar producers be included among domestic sugar producers and that in any sugar control bill introduced in that honorable body they be considered as continentals with all benefits derived from these laws. Puerto Rico has accepted all the obligations imposed by the N.R.A. and A.A.A. laws which have greatly increased its cost of living. We therefore ask that in legislating on sugar, our principal product, there be given to the growers of sugarcane and producers of sugar in Puerto Rico same treatment as is given to continental growers of beets and sugarcane and producers of sugar. We demand this within the spirit of the Agricultural Adjustment Act, which properly classifies the producers of Puerto Rico among American producers. The proposed discrimination between foreign and continental producers would aggravate unemployment in this island.

MIGUEL A. GARCIA MENDEZ, *Speaker.*

SAN JUAN, P.R., *February 15, 1934.*

Hon. SANTIAGO IGLESIAS,
Resident Commissioner of Puerto Rico,
House Office Building, Washington, D.C.:

Senate of Puerto Rico wants you to appear at the House Agriculture Committee hearing next Monday, February 19, on sugar control bill, which discriminates against sugar producers of Puerto Rico as foreign sugar producers instead of including them jointly with American sugar producers. Senate of Puerto Rico earnestly protests against such discrimination, and requests Puerto Rican sugar producers be included on equal basis as continental United States sugar producers; so far Puerto Rico has suffered all encumbrances caused by the A.A.A., which have considerably raised living costs. Consequently we consider Puerto Rico is entitled to share benefits to be derived from any legislation affecting its principal production equal basis as continental United States sugar producers in conformity with policy of Agricultural Adjustment Act, which properly includes Puerto Rican sugar producers with American producers. Such discrimination would tend to increase unemployment.

R. MARTINEZ NADAL,
Presidente Senate of Puerto Rico.

SAN JUAN, P.R., *February 15, 1934.*

Hon. SANTIAGO IGLESIAS,
Resident Commissioner for Puerto Rico,
House Office Building, Washington, D.C.:

There are 42 sugar centrals in Puerto Rico. One of these has not operated since year 1930. Five others are in receivership and have been ordered sold at public auction. Only one bid was received, and the court is now considering whether to accept this offer of $3,500,000 for five centrals, with creditors for about $18,000,000, or order another auction. If proposed drastic limitation is imposed, other centrals will probably be forced into liquidation. This will certainly be the case if a processing tax is levied which cannot be passed on to the consumer.

RAMÓN ABOY BENITEZ,
President Puerto Rico Sugar Producers' Association.

NECESSITY OF OLD-AGE PENSIONS

Mr. SNYDER. Mr. Speaker, I ask unanimous consent to extend my own remarks in the RECORD and to insert therein a radio address on the subject of old-age pensions delivered by my colleague the gentleman from Pennsylvania [Mr. BERLIN].

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SNYDER. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following address by my neighbor and colleague, Hon. WILLIAM M. BERLIN, of Pennsylvania, broadcast over radio network from Washington, D.C., on Monday evening, February 12, 1934:

Ladies and gentlemen of the radio audience, I would like, if I may, to draw upon your imagination and sympathy for just a moment. I want you to picture to yourselves a wooden building. I would like to have you imagine such a frame structure as you might characterize as a fire trap. Now, I want you to look inside that old building and see its inhabitants. They are a little group of men and women, most of them far down the road that leads past the sunset of life, winding into eternity. Now, turn to this window at the front of the building. Look across the road to a field.

"I see it", you say, "but what is so unusual about that?" Well, look down the road a bit, about a block, to be exact.

"Yes", you say then, "another field with a pig or two pawing at the grass roots, but what of it?"

It is true, my friends, that you would see nothing else, because you are strangers to this scene. But if you lived in that old frame building with these old men and old women you would know only too well what I had in mind when I called to your attention that scene from the window. That field down the road a bit, is potter's field. That is the place where each of these old men and old women will be buried when they reach the end of the road they have traveled so long and patiently. Not a stone to mark a grave. Not an indication that here is a burial ground. Nothing but the grass, the pigs, and a section of broken fence.

But what are these old people doing living together in this fire trap? Why do they live across the street from potter's field? My friends, they live there because they are poor, because they are impoverished. They live there because that is the best that you and I have provided for them. They are the inmates of the county poorhouse. They have no choice. You and I have not measured up to our responsibility, and that is what I want to talk to you about in these few minutes that have been placed at my disposal tonight by the organization that is doing its very best to remedy this tragic condition.

Do not misunderstand me. When I said I would draw upon your imagination I did not mean to convey the impression that the subsequent description of this poorhouse was to be fiction. I merely wanted you to see a situation that actually exists. This poorhouse I have described as across the road from potter's field actually exists in a substantial midwestern city. There is no fiction about it. I wish there were. And even more terrible, more unfortunate, is the fact that such conditions are all too frequent in all sections of the country.

I am not advocating better and more comfortable poorhouses; no, indeed. I am in hopes that the day will come when the poorhouse, as it has been known for centuries, shall no longer exist.

You know, it is an interesting fact, though an unhappy one, that poverty has been regarded as a social crime. I am not exaggerating when I say that. The poorhouse, known first in England as the workhouse, was designed as a place to put people to work who were thought to be unwilling to work for themselves. In those days, and right on up to modern times, it was too generally believed that a man who came toward the end of his days in poverty, had only himself to blame. There was always the feeling that if he had worked harder, if he had been more thrifty, if he had not done this or that or the other thing, he would not be without the means to live decently in the evening of his existence.

Ladies and gentlemen, surely you have learned during the past 4 years, at least, that there are as many reasons for a man's poverty as there are days in the year, and the vast majority are beyond his control. There is nothing he can do to stave off that horror of horrors—poverty. The best of fathers, the best of husbands and sons, or wives and daughters, may suddenly, for reasons wholly exterior to themselves, find the wolf at the door, and it is a real wolf and not a subject for a gay song. Too often it is the source of a dirge.

Take the case of a man who has been a skilled worker for 40 years. He has earned perhaps $2,500 a year as an average, and that, ladies and gentlemen, is a high average. He has, let us say, raised a family of 4 or 5 children. He has fed them, housed them, given them an education, all on $2,500 a year. Could he save enough for his old age? I hardly think so. There was, besides the food, clothes, and schooling, a house to buy, insurance to pay, doctor bills, and all such necessities. So, this man comes to the end of 30 or 40 years of hard, conscientious effort. His record is one of exemplary character and good citizenship. Then he loses his job when the mill is closed by the depression. His sons lose their jobs, or they have families of their own to support, who must be considered first. This man, who has given his life gladly to his family, is now without the little money necessary to take care of his wife and himself in their old age.

Before this couple there suddenly appears the spectre of the county poorhouse, the human wastebasket, as someone once called that institution. At the poorhouse, only death will terminate the hard times upon which they have fallen, and the poverty for which they certainly are not to blame. They find themselves on the threshold of the poorhouse simply because society has made no adequate, intelligent, and humane provision otherwise.

Ladies and gentlemen, I am sure that you see the injustice and the brutality of such conditions. And I am also sure that you will see, if you think about it just a little, that this is wholly unnecessary.

Believing it unnecessary that such barbarous conditions exist in this country, those of us who are supporting the old-age pension bill now before the Congress, are appealing to you to help us crystallize the sentiment of the people of the country into constructive and articulate backing.

What does this bill do, you ask? Well, that is easy to answer. The bill is very simple. It merely says that when you reach 65 years of age and find that you have no income, or less than $360 a year altogether, then you are entitled to a pension of $30 a month from the United States Government for the rest of your life.

The bill then provides that payment of this pension shall be a lien on the estate of the pensioner so that when the one receiving the pension dies, his or her estate, such as it is, passes to the United States Government and shall be paid into the Treasury.

In the third section of the act, it is provided that the person receiving the pension shall have withdrawn from the field of competitive earning. That is, he shall not be earning an income. This provision does not apply in the case of a pensioner who may be cultivating a little farm that does not exceed 5 acres, as long as nothing that is raised on the farm is sold or bartered. In other words, there is no reason why a pensioner should not cultivate his own vegetables and such food as he may want to raise on his 5 or less acres, so long as it is for his own consumption.

That idea—the one about the little farm—I might say at this point, is as old as Aristotle. That wise old Greek philosopher was greatly perturbed over the matter of alms and charity and the care of the poor, as we all should be. It was his opinion that such funds of the State as were to be applied to the alleviation of poverty, should be spent in setting up the recipients in little businesses, or establishing them on small farms, such, for instance, as the subsistence homesteads that the Roosevelt administration has so courageously undertaken throughout the country.

Aristotle's idea, and I think it was as good as any which has been stated since, was that everything should be directed toward making poverty temporary, and not permanent. Handing out money with no intelligent directions for its use, he felt, was a means of establishing the impoverished in permanent poverty, whereas giving them money with which to provide themselves with a little business enterprise, or, preferably, a little farm, was far better for both the individual and society as a whole.

You are, of course, interested in the means of supplying the necessary funds to carry out the purposes of the old-age pension bill. Well, that money would be raised by a tax of one half of 1 percent on all salaries, earnings, and other income of all persons in the country between the ages of 21 and 45.

The act, of course, specifies that no benefits shall be paid to any person while an inmate of an insane asylum, charitable institution, or while in prison. That is all there is to the bill.

As to the cost of this legislation, figures indicate that it will not, at the highest estimate, exceed $134,000,000 a year, and it is safe to say that it will be less than that. This figure is arrived by taking the estimate of 484,000 eligible pensioners in the whole country and multiplying that figure by the average pension paid in States which now have old-age pension laws. This average pension amounts to approximately $275 per year.

You see, the maximum the Government would pay would be $360 per year, but many of the pensioners may be expected to have tiny incomes from one source or another, so for every dollar they have of income the Government pension would be that much less. This bill merely provides that anyone eligible shall receive, over and above what they may have, enough additional from the Government to make the total $360 per year.

By affording this income to persons of 65 years or over, the United States Government would make it possible for many a man, many a couple even, now in these unhappy poorhouses, to leave those institutions. They would be enabled to live out their few remaining years away from an environment in which everyone they see, is as impoverished as they are, an environment in which there is forever that consciousness of poverty, that dread feeling of utter dependence, the feeling that here, gathered together under one roof are the derelicts of a social system that falls terribly short of its responsibility, a system that takes all that a man may have so long as his back will bend and his brow will sweat, and then, when that back stiffens and when that brow is as furrowed as a freshly plowed field, throws him into the human wastebasket, the human scrap heap.

No, my friends, that kind of a system should not be tolerated. Tomorrow it may be you, or it may be I, who must face this horror. Then, indeed, shall we see the justice in such a system as old-age pensions. Still, I am sure it is not necessary for this tragedy to be brought to our very door before we understand it and before we are willing to take steps to remedy a condition which is one of the most deplorable aspects of our social life.

Let us consider for a moment the old-age pension law of California. After it had been in operation 2 years, and that was in 1932, 10,064 pensioners were on the rolls. To maintain the pension the State spent an average of exactly 25.8 cents per inhabitant per year, or 17 cents per $1,000 of assessed taxable wealth in that State. Surely 25.8 cents is a modest sum to spend for removing 10,000 people from the shadow of the almshouse and all its horrors. But this was not all.

California also discovered that under this old-age pension law it could take care of 10,000 pensioners, and take care of them better, for the same amount of money that it would cost to care for 4,100 in poorhouses, so those who complain about having to spend 25.8 cents a year have a sound answer to their complaint in this aspect of the law.

Very frequently it has been found States and counties spend as much as $1,000 or $1,500 per year to maintain one person in a poorhouse, and in one instance it was found that a county was spending $4,000 per inmate. Consider that when you think of old-age pensions which amount only to $360 per year at the maximum.

Take the case of Westchester County, N.Y. That county was about to make a $2,500,000 addition to its poorhouse accommodations when the New York Legislature passed the old-age pension bill. Immediately the need for the additional almshouse facilities in Westchester County was eliminated. That building will never be needed now, thanks to the old-age pension law.

And so it goes, but behind the whole problem and its successful issue stands the human beings. And I can best summarize that human element by telling you of one who shall be known as "Aunt Kate." Aunt Kate is halfway through the eighties. She has been a widow several years. She had nothing upon the death of her husband but a comfortable little home in the hills of Maryland. She was saved from the poorhouse when the county granted her $15 a month. She deeded the farm over to the county, reserving the right to occupy it until her death. She is not living on the county. She has exchanged her farm for a life income of $15 a month.

Aunt Kate's husband had been sick 4 years before he died, and in telling a social-service worker about it Aunt Kate pointed to the bed and said, "I nursed him all the time, and he died right here on this pillow. I sleep there every night, right where his head lay when he called me and said, 'Come over here, Kate, I want to look at you.' And I said, 'You don't want to see an old wrinkled thing like me', and he said, 'You're beautiful to me, Kate', and after that he died with his head in my arms right here on this pillow and I sleep here every night and I feel he is very near me."

Ladies and gentlemen, such happiness does not exist in almshouses.

It can be made to exist, however, for every Aunt Kate and Uncle Will if you will give your support to the old-age pension law now before the Congress. You will thus be making an investment in humanity, and that, I think, we should consider a privilege, even more than a duty.

And if this Congress should enact this old-age pension legislation it will enable many thousands of helpless, impoverished mothers and fathers who have been forgotten to look forward to their remaining years as the poets expressed their thoughts:

"Serene, I fold my hands and wait,
Nor care for wind, or tide, or sea;
I rave no more 'gainst time or fate,
For, lo! my own shall come to me.

"What matter if I stand alone?
I wait with joy the coming years;
My heart shall reap where it has sown,
And garner up its fruit of tears."

"As I stand by the cross on the lone mountain's crest,
Looking over the ultimate sea,
In the gloom of the mountain a ship lies at rest,
And one sails away from the lea;
One spreads its white wings on a far-reaching track,
With pennant and sheet flowing free;
One hides in the shadow with sails laid aback,
The ship that is waiting for me!

But, lo! in the distance the clouds break away,
The Gate's glowing portals I see;
And I hear from the outgoing ship in the bay
The song of the sailors in glee.
So I think of the luminous footprints that bore
The comfort o'er dark Galilee,
And wait for the signal to go to the shore,
To the ship that is waiting for me."

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. CARPENTER of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CARPENTER of Nebraska. Mr. Speaker, ladies, and gentlemen of the House, may I take a few moments of your time to address you in behalf of the ex-soldiers of the World War. I wish to speak with particular regard to the immediate payment of the adjusted-service certificates now held by these men.

It seems to me that the arguments in favor of the immediate payment of these certificates far outweigh those against the payment. There are several points which have come to my mind and which I wish to present to you at this time.

First. The ex-soldiers' adjusted-service certificates do not represent a bonus; they represent a debt the Government has admitted is due the ex-soldiers for adjusted pay based upon service rendered.

Second. The Government admitted the soldiers were not paid a sufficient amount for their work—not patriotism—in proportion to what others received not in the service. Therefore, the adjusted-service certificates were authorized granting each soldier additional pay amounting to $1 per day for home service and $1.25 per day for service overseas.

Third. The adjusted pay was due during the service, or June 5, 1918, a date which is about half-way between the beginning and the end of the emergency period.

Fourth. According to the present arrangement, 90 percent of the ex-soldiers who have certificates of value are borrowing and paying interest on their own money. The interest will practically destroy the value of the policy after the first and subsequent small loans.

Fifth. It is not right for the Government to require a needy soldier to pay $2 for every $1 he receives from the Government.

Sixth. Only about 300,000 ex-soldiers have connected their physical disability with the service and are drawing compensation. The payment of these certificates would benefit more than half a million ex-soldiers who are disabled and who cannot connect their disabilities with the service.

Seventh. Congress adjusted the pay of the railroads to the amount of $1,600,000,000; also adjusted the pay of war contractors to the extent of more than $2,000,000,000. These amounts were paid in cash; the parties were not asked to take a post-dated check nor a duebill marked "nonnegotiable".

Eighth. Congress has an opportunity now to equalize the burdens of the last war by placing a tax on multimillionaires who are in possession of these enormous war profits and cause the payment of these certificates. If the United States will place the same tax on the fortunes of the multimillionaires that is now levied by England, this debt can be paid in 2 or 3 years' time from that source. That will be carrying out the policy of making the war contractors who profited from the country's misery and misfortune pay this just debt due the ex-soldiers.

Ninth. The payment of these certificates will bring immediate prosperity to the Nation. It will be carrying out a policy of the Government taking care of an obligation in a satisfactory way.

Tenth. Members of Congress claim that the ex-soldiers will squander the money. I believe that 99 percent of them will use it for a good purpose. I hope the ex-soldiers of this Nation will write their Congressmen and Senators their views on this matter regardless of what they are.

Eleventh. Many Members of Congress claim that the ex-soldiers do not want these certificates paid; that they prefer the certificates in their present form, to be payable upon death or 20 years after their issuance. I hope the ex-soldiers will write their Congressmen and Senators their views on this matter regardless of what they are.

Twelfth. Our Government has given foreign countries $10,000,000,000 the past few years; one fifth of that amount will pay the adjusted-service certificates.

Thirteenth. Our Government is paying shipping companies at the rate of $7,000 to transport a pound of letters in order that these companies may use the money to build transports to carry our young men across the seas to fight in the event of war.

Fourteenth. Millions of dollars will be saved annually in administration expenses if the certificates are paid now.

Contrary to the opinions of many people, Congress has never passed a soldier bonus bill for World War veterans and issued a certificate for its payment. Congress did, during the year 1924, pass a bill which had for its purpose adjusting the pay of veterans of the World War. Congress decided that the soldiers of this war did not receive compensation for their services in proportion to the amount received by people in civilian life. Therefore, in 1924, a bill was enacted into a law which admitted for the Government a debt due to each ex-service man equal to $1 additional pay for each day of home service and $1.25 per day for oversea service. Congress, however, contrary to the policy of the Government in such cases, did not provide for the immediate payment of this debt that was so admitted, but did provide for the issuance of what is known as "adjusted-service certificates" to all ex-service men and women who were entitled to receive them. Each certificate represents the amount due the veteran on the basis of pay above mentioned plus 25 percent and 4 percent interest from January 1, 1925, the total amount payable at death or January 1, 1945.

Congress had, in February 1919, passed a law which gave to each ex-service man $60 additional pay upon discharge, considered to be an amount sufficient to purchase a civilian suit of clothes, the soldier having given his civilian clothing to the Red Cross when he entered the service; this $60, paid soon after the armistice was signed, was authorized to be given to the major general, who received $8,000 per year, with additional allowances, as well as to the soldier who served in the rear rank.

When the adjusted-service certificate law was passed, the ex-soldiers receiving these certificates were required to account for the $60. In other words, to pay it back. The officer who drew $8,000 per year was permitted to keep his $60 and make no return to the Government, although such an officer did not receive an adjusted-service certificate, as Congress did not feel that such an officer was entitled to have his pay adjusted.

Two of the objects of the adjusted compensation bill, as stated in the committee's report, were as follows:

> That it should represent an amount approximately equal to the difference between what the soldier received and what he should have received.
>
> That it should confer substantial benefits upon the soldiers.

I submit that the adjusted compensation law in actual operation is not conferring substantial benefits upon those who are greatest in need or upon a majority of the holders of said certificates. The benefits of such a measure should be based upon its service to the largest number. Practically 100 percent of the ex-soldiers in need of money have borrowed on their policies and will continue to do so.

The Government is spending money each year paying compensation to ex-service men—about 300,000—who have been able to connect their disability with military service. I believe that there are in the United States one half million ex-service men in needy circumstances who are disabled and who are not drawing one penny of compensation from the United States Government because of their inability to connect their disability with military service. When one suggests that the Government has been very liberal with the ex-soldiers, it should be remembered that such liberality has been confined to those who could directly connect their disability with their military service. The ex-soldier who is 100 percent disabled, with a wife and children to support, who cannot show by medical testimony that his disability is connected with his military service does not draw one penny from the Government as compensation or otherwise. Certainly it is right that such a soldier should be paid the amount that the Government of the United States has admitted that it owes him.

There are hundreds of thousands of ex-soldiers in the United States today who are out of employment or not making a sufficient salary or wage comfortably to provide for themselves and families. They are going without the necessities of life, and their loved ones are suffering from the want of proper food and sufficient clothes. The Government owes these soldiers what is to them a large sum of money. Since the Government has confessed the debt, I see no reason why payment should be withheld..

There are hundreds of thousands of ex-soldiers of this Nation who are neither poverty-stricken nor disabled, but who are barely getting by, so to speak. The Government owes these soldiers what is to them a large sum of money. If this debt were paid like all other Government obligations have been paid, and as an individual is required to pay his debts, these men would have a sufficient amount to go into business for themselves, to make the first payment on a home, to pay their debts, to pay the outstanding mortgages on their homes, or they would be in a position to spend this money for various and sundry purposes. None of it would be hoarded. All of it would be placed in immediate circulation. Business would therefore be helped and the public welfare promoted.

I have talked to many Members of Congress about the passage of a bill to pay these certificates. Three main rea-

sons are assigned by a majority of the Members for not being enthusiastically in favor of such a measure. One reason is that the soldiers themselves do not desire the payment to be made; that they prefer the insurance form represented by the certificate. The second reason is that the soldiers will squander the money. The third reason is that the Government is not able financially to take care of these obligations at this time.

I believe that the soldiers of the Nation want the Government to pay them what it owes. I hope that every ex-soldier in this Nation who would like for the Government to pay the certificates will communicate with his Congressman and Senator. In answer to the claim that the ex-soldiers will squander their money if paid to them, I have only this to say: The money belongs to them. It is for a service rendered. It is just as much due, as so admitted, as the laborer is entitled to his daily wage. If the ex-soldiers squander this money, there is no more reason for one to complain than if the ex-soldiers squander the money that they earn in civilian life.

Why should the Government insist on being the guardian for all the ex-soldiers, and thereby prevent them from spending their money, and not insist upon being the guardian for anyone else? By withholding payment the Government is making millions of dollars annually loaning the ex-soldiers their own money.

With reference to the Government's ability to pay these certificates, in the first place, I would recommend the passage of a bill that would give to each certificate holder a payment in cash in full satisfaction of his certificate or a lump-sum payment. I would recommend that the lump-sum payment be based upon what the Government has admitted was due the soldiers in 1918 with 6-percent interest from that time compounded annually and a small sum for delayed payment. All who desire to keep their certificates in the present form would be permitted to do so, and evidently a large number would prefer to keep them. This would not be asking for the soldiers any more than the Government has required of the soldiers.

Much has been said about Congress equalizing the burdens of war and causing property to serve as well as men during a war. We now have the opportunity of equalizing a burden for the benefit of those who served, and at the expense of those who profited.

The Government during the war took over the railroads. It guaranteed to the railroad owners a return on their investment equal to what they had earned during the 3 years preceding Government control. During these 3 years the railroads had made more money than they had ever made before for a similar period. Not only were the railroads guaranteed a return equal to what they had received during a prosperous time but after the war the Government guaranteed them a handsome return for the next 6 months after their release from Government operation.

The private soldier was given $60 on his release with no guaranty of a job or compensation during the next 6 months, and later required to pay the $60 back to the Government. Not only that—the Government had set up a Commission, known as the "Interstate Commerce Commission", whose duty it is to permit the railroads to charge sufficient rates to guarantee them. In addition to all these benefits the Government adjusted the pay of the railroads during the war to the extent of $1,600,000,000. The same principle invoked for the railroads adjusted pay that was invoked for the soldiers. Were the railroads asked to take a duebill or a post-dated check payable in 20 years, stamped "nonnegotiable", and providing for a heavy penalty for a transfer except under limited provisions? No; they were paid in cash a sum of money almost equal to what it would now take to pay the adjusted-service certificates of the soldiers in the manner proposed.

After the war 7,000 war contractors came to the door of Congress and demanded that their pay be adjusted because the war had stopped and they were, therefore, not making and had not made the money they should make.

Congress passed a law adjusting the pay of these 7,000 contractors invoking the same principle of adjusted pay that was invoked for the soldiers. The Secretary of War was authorized to adjust the pay of these contractors without even a commission's investigation. In fact, doubtless most of them were paid upon reports made by these dollar-a-year men who were directly interested in the industries. They were paid in cash and no one suggested that the Government was not able to pay the bill, although its burdens at that time were in excess by billions of dollars to what the burdens of the Government are at this time.

If the Government continues to refuse to pay these adjusted certificates, it is violating a principle that no government or no individual should violate. That principle is that when a debt is admitted and due it should be paid or taken care of in a manner satisfactory to the payee.

The raising of the money to pay the certificates will be the easiest task that has confronted Congress in many years. A small tax—a tax much less than is levied on similar incomes in England, France, and Germany—upon the net incomes of multimillionaires in the United States would pay the soldiers' adjusted-service certificates in 2 or 3 years' time. It will not be injurious to those paying the tax. It will merely be taking from them some of their war profits and carrying out the principle often proclaimed, that the war profiteers should be compelled to pay the adjusted-service certificates.

England takes half of the incomes of her multimillionaires away from them in the way of taxes. The United States, because of the great reduction in taxes on incomes brought about by the Mellon plan takes for Federal purposes only one sixth of her multimillionaires' incomes. If we levy the same tax on the incomes of multimillionaires as England levies, we can cause those who benefited financially the most from the war to pay the adjusted-service certificates in a very short time.

The adjusted-compensation theory is carried out by our Government for the benefit of shipowners in time of peace in order that more ships might be built for our merchant marine to be used in the event of another war to transport our boys across the sea, a proposition we should not consider.

The Government, under the guise of requiring some service for these large bounties from the United States Treasury, which will amount eventually to billions of dollars, is paying shipowners $7,000 for carrying a pound of letters from one of our ports to a port in South America, a service that is worth less than $1. These shipowners are not asked to take a post-dated check or a duebill marked on its face "nonnegotiable", but are paid in cash.

Our Government has given to foreign nations more than $10,000,000,000 the past few years—an amount equal to five times the amount that will be required to pay the soldiers.

The passage of this legislation will not interfere in any way with the passage of legislation to liberalize the Economy Act for the benefit of the disabled.

In conclusion, I wish to say to the Members of the House that the reasons I have just stated are why I feel it my duty to sign the petition which is now on the Speaker's desk to discharge the committee and bring upon the floor of this House, House Roll No. 1, which is commonly known as the "bonus bill."

I signed this petition in April 1933 and retain my signature willingly at this time, in order to keep faith with the beliefs and statements that I gave prior to my election, and because of the fact that I believe in the immediate payment, from the standpoint of justice, at this particular time.

PERMISSION TO ADDRESS THE HOUSE

Mr. TERRELL of Texas. Mr. Speaker, I renew my request for permission to address the House for 20 minutes.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

Mr. FISH. Mr. Speaker, reserving the right to object, I hope the gentleman will protect the rights of other Members.

Mr. DOUGHTON. Mr. Speaker, reserving the right to object, I regret very much to object to any unanimous-

consent request, but I believe that in order to be fair to the Members who come to hear debate on the revenue bill, we ought not to have speeches on other subjects. Therefore I shall object to any unanimous-consent request to make speeches until the revenue bill is concluded.

Mr. Speaker, I object.

THE REVENUE BILL

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 7835, the revenue bill, with Mr. CANNON of Missouri in the chair.

The Clerk read the title of the bill.

Mr. TREADWAY. Mr. Chairman, I yield myself 40 minutes.

Mr. TREADWAY. Mr. Chairman, during the discussion of this bill frequent reference has been made by the speakers to the Ways and Means Committee and its labors for the past 6 or 8 months. I believe I am the senior member of the committee in point of continuous service upon it, and so may be privileged to comment upon the committee itself.

In those many years of service the personnel of the committee has been changed continuously. We have lost members by the grim reaper, by political defeats, and by ambition for other positions; but it is fair to say that no matter how hard, how confining, or how intricate the work of the committee no Member of the House, so far as I know, having once been honored by appointment to the committee has voluntarily retired from it.

The committee is proud of the fact that the last three Speakers of this House are graduates of the Ways and Means Committee. I refer to the late lamented Nicholas Longworth, the present Vice President of the United States, Hon. John N. Garner, and the present Speaker, the beloved gentleman from Illinois, Mr. RAINEY.

So far as the present committee is concerned, I want to say that its work has been carried on with the greatest of harmony, notwithstanding many long and diversified discussions. This atmosphere of harmony, to a very large degree, existed in the subcommittee by reason of the courtesy and consideration of the gentleman from Washington [Mr. SAMUEL B. HILL], its chairman, and in the full committee by the good nature, courtesy, and common sense of the gentleman from North Carolina, our esteemed chairman [Mr. DOUGHTON].

In commenting on other members of the committee, I want particularly to express my personal thanks to my Republican associates. I am sure that they have recognized my weaknesses and probably have commented on my inefficiency, but they have been loyal in their support and their work has redounded to their credit and their membership on the committee and in the Republican Party.

REVENUE FROM BILL WILL NOT BALANCE BUDGET

Mr. Chairman, the main objection to the tax-revision bill is the bill itself and the reasons assigned for its existence. In his Budget message the President stated that the rehabilitation program would require $10,000,000,000. We also find on page 10 of the Budget message his statement that probably $150,000,000 would be raised by changes in the revenue law.

It has been suggested that the reason the bill is before us is to pay for the service of this $10,000,000,000 of borrowed money. However, the committee was given no information as to how much would be necessary for this purpose, and obviously if it took $225,000,000 to service the $3,300,000,000 Public Works program, it will take more than the $260,000,000 purported to be raised by this bill to finance the borrowing of $10,000,000,000.

On page 4 of the committee's report it is stated that—

It is of the utmost importance to reduce the deficits estimated for the fiscal years 1934 and 1935 as much as possible and to attain the goal of a balanced Budget in 1936.

By examination of the table on page 2 of the report, it will be seen that the total estimated expenditures for 1934 are $10,569,006,967, exclusive of debt retirement, and that this amount will exceed the estimated receipts by $7,309,068,211. For 1935 we find that the estimated expenditures will be $5,960,798,700, which will exceed the estimated receipts by $1,986,133,221. That is to say, in 1934 and 1935 we will spend, exclusive of debt retirement, $9,295,201,432 more than we take in.

THOUSANDS OF NEW EMPLOYEES

I have stated several times that in my judgment, rather than the many salaries paid to new employees, the greater part of them evidently at higher rates than are paid to old and tried Government employees, some of our expenditures should go to restoration of that part of Federal salaries cut off by the Economy Act and also to an adjustment of the injustices done to certain classes of veterans under the same act.

The gentleman from Pennsylvania [Mr. SWICK] inserted in the RECORD yesterday a most illuminating schedule of the number of new employees in the various alphabetical agencies set up by the present administration. He showed that the Home Owners' Loan Corporation had 13,748 employees on December 1, 1933; the Farm Credit Administration, 6,769; the Agricultural Adjustment Administration, 4,076; the Federal Deposit Insurance Corporation, 1,614; the National Recovery Administration, 1,922; the Public Works Administration, 1,764; and so on. In all, as the gentleman from Pennsylvania said, 12,000 persons were separated from the civil service while more than 40,000 new employees were appointed strictly on a patronage basis.

Even in this bill there is an item for the appointment of 10 additional assistants for the Secretary of the Treasury, at salaries of $10,000, to which, of course, must be added the necessary clerical force to wait upon this Democratic group of high financiers.

For my part, I would prefer to return a little more to normalcy, both in number of employees, wages paid, and work done.

DEMOCRATIC DEFICIT MORE HOLY THAN REPUBLICAN ONE

It is interesting to note what a different attitude the administration takes toward a deficit when it has one of its own. In 1931 and 1932 the Republican administration had deficits of $900,000,000 and $2,800,000,000. During the election campaign the Democrats went up and down the country criticizing the Republicans for permitting a deficit to exist in the Treasury. They called the $900,000,000 deficit "staggering" and "stupendous." It would be interesting, therefore, to know what they would have called their own deficit of $7,000,000,000 for the current year if it had been incurred in a Republican administration.

In his message to Congress on March 10, 1933, the President referred to the "recurring deficits" for the fiscal years 1931, 1932, and 1933, and emphasized how they had contributed to the collapse of the banking structure; how they had accentuated the stagnation of the economic life of our people and how they had added to the ranks of the unemployed. He pointed out how "too often in recent history liberal governments have been wrecked on the rocks of loose fiscal policy", and urged upon Congress the immediate enactment of economy legislation.

I should like to know what has happened since the 4th of last March that Budget balancing is no longer an emergency matter; no longer essential to the unimpaired credit of the United States, and no longer a necessity to our basic security. Why was it so imperative that we save $400,000,000 by reducing the salaries of Government employees and by reducing veterans' benefits when the President contemplated unbalancing the Budget by spending some $10,000,000,000 in other directions?

TRICK BOOKKEEPING

For a while after the Democratic administration started upon its wild spending program an attempt was made to cover up the tremendous sums being expended by setting up a trick bookkeeping system. Instead of including all items of expenditure in one budget, as has been the custom since the time of Washington, the Treasury Department on the first day of the current fiscal year set up two budgets, one for ordinary running expenses and the other for emergency and so-called "emergency expenditures." Having promised to balance the Budget, and not being able to carry out that promise in view of the magnitude of the President's program, the Democrats went out and found themselves a budget they could balance, namely, the "ordinary budget." They kept emphasizing that the revenues were sufficient to meet the running expenses of the Government, and that the extraordinary expenses would be cared for by bond issues. In this way they "soft pedaled" the billions that were being expended on the Government's credit and attempted to fool the people into believing that the Treasury was in a sound fiscal position.

Everyone knows that every cent appropriated out of the Treasury must eventually come from the people, and the administration was not long in finding out that the people saw through its sham and that it might just as well come clean and admit that the Budget was more out of balance than ever before in time of peace. The Democratic deficit of $7,000,000,000 for the current fiscal year makes the past Republican deficit look like small change. Even the President took cognizance of the understanding of the people when in his Budget message last month he made no attempt to treat the two Budgets separately.

NO REAL EFFORT TO BALANCE BUDGET

If it is of the utmost importance to reduce the 1934 and 1935 deficits as much as possible, as is stated in the report of the committee, then why does not the majority party come before the House with a bill that makes some real effort in that direction instead of a measure which raises only $260,000,000 against a deficit of $7,000,000,000?

Of course, it will be said that the primary purpose of the bill is to close the loopholes in the law, but the present income-tax rates do not constitute a loophole, and I should like to know why it is necessary to increase the income-tax yield by some $28,000,000 under the pending bill. Certainly this amount is not going to balance a Budget faced with a $7,000,000,000 deficit. It merely shows a desire to squeeze every cent possible out of the present taxpayers, while millions of dollars of income from State and Federal bonds goes free of tax.

In his Budget message the President stated that the $10,000,000,000 which would have to be raised in the next 6 months consisted of six billions of new money and four billions to meet maturities of existing obligations. Without details, without analysis, and without information, we are called upon to approve the expenditure of this amount of borrowed money, adding this aggregate to the already climbing public debt, so that it is estimated that at the close of the fiscal year 1935 our total public debt will be at least five billions greater than at the close of the World War.

We are expected to have the utmost faith in those in charge of the Government today. I share that faith and have the utmost confidence in the President and his advisers, but, on the other hand, I feel that as long as any responsibility, even though it has been tremendously curtailed, rests upon the shoulders of Congress, and particularly the financial structure upon the shoulders of the Ways and Means Committee, we ought not to be expected to regard the administration as infallible, but should be intrusted with full information.

OPPOSITION TO SUBCOMMITTEE'S RECOMMENDATIONS

When the subcommittee made its report to the full Ways and Means Committee, I took the position, as a member of that subcommittee, that I had heard only one side of the story, and that possibly when other evidence was submitted I should feel obliged to disagree with some of the recommendations. This course I pursued.

After the hearings I was convinced that I could not support many of the original recommendations of the subcommittee, particularly those relating to depreciation and depletion, exchanges and reorganizations, foreign-tax credits, consolidated returns, and partnership losses. These recommendations, however, have all been modified by the full committee to meet both the objections of the Treasury and others in whose judgment the committee has confidence.

Thus, instead of reducing the present depreciation and depletion allowances by 25 percent for 3 years, the committee allows the existing law to stand unchanged, upon the promise of the Treasury Department to scale down present allowances where they are found to be excessive. Instead of taxing all exchanges and reorganizations, the committee merely restricts the present exemption to legitimate reorganizations. Instead of eliminating the foreign-tax credit, the committee reduces it by one half. Instead of abolishing the privilege of filing consolidated returns, the committee increases the additional tax on corporations electing to file such returns from 1 percent to 2 percent. And, instead of disallowing partnership losses, which would adversely affect small businesses scattered over the country, the committee makes other changes designed to eliminate the evasions now being practiced.

The bill in its modified form, which is now before the House, accomplishes many useful purposes, and so many objectionable features have been eliminated that the minority did not feel called upon to file a separate report, although two members of the minority did file their individual views.

MAIN PURPOSE OF BILL

The main purpose of the bill is said to be the prevention of tax avoidance, and with that purpose I am, of course, in complete agreement. Members will recall the revelations made before the Senate Banking and Currency Committee about a year ago—how one large partnership avoided taxes on its members by taking in a new partner at the end of each year; how a man of great wealth avoided the surtax by organizing sundry corporations to receive his profits; and how another sold stock to his wife for the purpose of taking a loss and then repurchased the stock. These loopholes, the committee feels, are all closed by the bill. In addition other loopholes of one kind or another are eliminated.

There seems to be somewhat of an impression that where people have escaped taxation it has been as a result of lawbreaking, whereas it is more accurately described as tax avoidance. Some of the most flagrant examples of tax avoidance were upheld by the language of the law, and it was through the ability of the most astute legal minds that such opportunities for avoidance were discovered and taken advantage of by taxpayers with large incomes.

In this connection I am constrained to say that we have tried to match our wits and those of our assistants and Treasury experts against the brilliant lawyers employed by the men who have these large incomes, but the chances are we have lost out. While we have closed the loopholes that we know of, I am confident, and I think I can speak in this respect for the committee, that in all probability those lawyers will proceed now to find further loopholes in the structure we have set up.

INCOME-TAX STRUCTURE

The income-tax structure meets with my approval provided there is a legitimate and proper reason for additional taxation at this time. Taxpayers with incomes from salary and wages are given reductions under the bill, principally on account of the earned-income credit which was first sponsored in the committee by a member of the minority. Taxpayers having income from dividends and partially tax-exempt interest will pay more under the bill than under existing law.

When the surtax rates were first under consideration in the subcommittee a schedule was submitted which I considered to be very objectionable because of the disproportionate increase in tax which it placed on the taxpayers in the middle surtax brackets who had both earned and un-

earned income. Subsequently, another schedule was submitted which was agreed to by the subcommittee and later by the full committee. Although this schedule was an improvement over the first it still placed the greater part of the increase on persons with incomes of from $10,000 to $25,000, while giving the very wealthy person only a slight increase. As I could not bring myself to support this schedule, I had a substitute prepared which shifted the greater part of the increase further up in the surtax brackets.

This substitute schedule, with accompanying tables showing the taxes payable in the different brackets, was presented to the committee for its consideration. The Treasury expert, Dr. Magill, estimated that the rates I proposed would produce substantially the same revenue as the schedule adopted by the committee. Some objection was made to my plan, however, on the ground that it did not provide as great an advantage to married persons as the committee plan. It was, therefore, agreed to refer the whole matter to the experts assisting the committee, with a view to having them prepare a substitute schedule which would carry out my purpose and at the same time retain the greater differential in favor of married persons. The schedule carried in the bill is the result of their efforts along this line.

The similarity between my own plan and that finally adopted by the committee may be observed in the table which I will insert in the RECORD at this point. This table shows the average tax payable by persons in the different income brackets and the percentage of increase made by the different proposals over the present law.

Tax on average individual in the different income brackets

This computation takes account of the proportions of income derived from dividends, tax-exempt bonds, and other sources, as reported in the 1932 income-tax returns; also, the proportion of returns filed by single persons and by married persons with and without dependents.]

Net income classes	Total normal and surtaxes after earned-income credit				Percentage increase or decrease		
	1932 act	Original Ways and Means Committee proposal	Treadway proposal	Pending bill	Original Ways and MeansCommittee pro posal	Treadway proposal	Pending bill
					Percent	*Percent*	*Percent*
$5,000–$6,000	$96.73	$75.93	$75.93	$75.93	−21.50	−21.50	−21.50
$6,000–$7,000	126.35	98.40	112.71	98.40	−22.10	−10.80	−22.10
$7,000–$8,000	174.70	169.28	178.30	169.28	−3.10	+ 2.06	−3.10
$8,000–$9,000	232.35	232.24	234.64	232.24	− .05	+ .99	− .05
$9,000–$10,000	292.15	308.12	299.60	298.64	+5.47	+2.55	+2.22
$10,000–$11,000	354.02	384.52	368.51	364.46	+8.62	+4.09	+2.95
$11,000–$12,000	423.19	470.36	442.80	440.10	+11.15	+4.63	+4.00
$12,000–$13,000	485.81	551.08	515.52	510.32	+13.44	+6.12	+5.05
$13,000–$14,000	564.79	659.00	600.34	597.36	+16.68	+6.29	+5.77
$14,000–$15,000	643.00	760.00	686.32	679.30	+18.20	+6.74	+5.65
$15,000–$20,000	886.97	1,064.46	953.44	946.48	+20.01	+7.49	+6.71
$20,000–$25,000	1,470.65	1,731.88	1,615.59	1,591.88	+17.76	+9.86	+8.24
$25,000–$30,000	2,175.92	2,494.68	2,506.21	2,453.24	+14.65	+15.18	+12.74
$30,000–$40,000	3,300.73	3,721.26	3,868.21	3,781.16	+12.74	+17.19	+14.56
$40,000–$50,000	5,329.36	5,958.11	6,185.49	6,155.96	+11.80	+16.06	+15.51
$50,000–$60,000	7,492.21	8,428.60	8,775.28	8,720.28	+12.50	+17.13	+16.39
$60,000–$70,000	10,350.38	11,605.48	12,043.79	11,998.10	+12.13	+16.36	+15.92
$70,000–$80,000	13,728.79	15,224.16	15,752.00	15,713.88	+10.89	+14.74	+14.46
$80,000–$90,000	17,407.04	19,224.57	19,841.57	19,804.57	+10.44	+13.99	+13.77
$90,000–$100,000	21,081.06	23,223.44	23,899.54	23,803.44	+10.16	+13.37	+12.91
$100,000–$150,000	32,827.48	35,766.28	36,467.16	36,346.28	+8.95	+11.09	+10.72
$150,000–$200,000	54,841.96	59,675.83	60,443.48	60,255.83	+8.81	+10.21	+9.87
$200,000–$250,000	77,668.78	83,982.98	85,117.98	84,562.98	+8.13	+9.59	+8.88
$250,000–$300,000	96,630.49	104,047.96	105,205.64	104,627.96	+7.68	+8.87	+8.28
$300,000–$400,000	133,041.94	143,887.49	145,085.96	144,467.49	+8.15	+8.05	+8.59
$400,000–$500,000	177,267.69	189,893.11	191,804.68	190,473.11	+7.12	+8.25	+7.45
$500,000–$750,000	237,127.95	255,826.32	258,180.34	256,406.32	+7.89	+8.88	+8.13
$750,000–$1,000,000	344,873.82	366,415.57	370,630.32	366,995.57	+6.25	+7.47	+6.41
$1,000,000–$1,500,000	591,103.91	636,718.22	643,031.76	637,298.22	+7.72	+8.78	+7.81
$1,500,000–$2,000,000	568,523.33	613,844.32	619,919.00	614,424.32	+7.97	+9.04	+8.07

TAX ON COCONUT AND SESAME OILS

A very controversial item in the committee, and one which is causing extended discussion on the floor, is the tax on coconut and sesame oils. These oils are products of the Philippines, and it is natural that the manufacturers of soap, who are its chief users, desire to secure their raw material at as low a price as possible.

Imported coconut and sesame oils compete directly and indirectly with domestic fats and oils. This competition occurs chiefly with cottonseed oil, lard, tallow, and butter. Under the Agricultural Adjustment Act, Congress has attempted to restore agricultural prices to their pre-war parity; but this legislation fails to take care of the competition of these foreign oils with domestic oils and fats. While domestic production is being restricted, imported oils and fats are coming into this country in increasing quantities. The application of processing taxes to such oils will not take care of the price advantage of the foreign products over those produced domestically. Although there is a tariff of 2 cents per pound on coconut oil, our entire supply comes in free of duty from the Philippine Islands. Similarly, while sesame oil bears a prohibitive duty, the seed comes in free, and the oil can thus be crushed in this country without payment of any duty.

The committee was informed that coconut oil is used chiefly for soap making and in the production of oleomargarine. It is also used in the manufacture of vegetable shortening and other edible products. In the making of soap it competes chiefly with inedible tallow and grease, domestic fish and whale oil, and cottonseed oil.

It has frequently been said in the course of this debate that the higher qualities of soap, particularly toilet soap, could not be manufactured from domestic fats and oils. The gentleman from Nebraska [Mr. SHALLENBERGER] has shown what a small percentage of coconut oil actually goes into the manufacture of these soaps, so the imposition of this tax will not be fatal to their continued use, nor does it necessarily follow that there will be an increase in the price.

Further, in response to this argument, it can be said that the importation of coconut oil into this country began only a few years ago, and prior to that time many splendid toilet soaps were made from domestic products.

Representatives of the cottonseed-crushing industry and cotton farmers testified before the committee with reference to the competition of coconut oil with their product in the manufacture of soaps and vegetable shortening. The dairy industry was ably represented by a witness who explained the competition of foreign oils with butter through their use in the production of oleomargarine at a minimum cost. Farm representatives told of the competition of such oils with lard through their use in the manufacture of lard compounds and cooking oil. They also referred to their competition with tallow and grease in the manufacture of soap.

Due to the low price of these foreign oils, produced at a minimum cost by Philippine workers on a standard of living far below that of the American farmer, and through their

large use in the manufacture of soap, vegetable shortening, and oleomargarine, they establish the price of competing domestic oils and fats and bring about destructive and ruinous competition.

The agricultural representatives made out an excellent case in their appearance before the committee, and until the tax was agreed upon very little opposition was manifested to it. On the one hand we have to consider the interests of the importers, and on the other the great agricultural interests scattered widely throughout the country. My sympathies are strongly with the latter.

Thousands of persons are engaged in agricultural pursuits, with limited markets for their products. If an imported article crowds out a home product, our own people are deprived of the return they are entitled to for their labors.

This subject has been a sore spot with the agricultural interests for a period of many years, and their representatives believe that serious damage is done to their markets by the competition of this cheap, imported substitute for domestic fats and oils. Besides equalizing this competition, the committee feels that the proposed tax is a sufficiently good revenue producer to warrant its inclusion in this bill.

Congress, therefore, is doing right to give preference to the dairy and farming interests of this country rather than to the coconut growers of the Philippine Islands. I certainly want this tax to remain in the bill.

COMMUNITY PROPERTY

It is strange that in a bill dealing with tax avoidance no provision is made for removing the great advantages now resulting to taxpayers residing in the eight States of the Union having the so-called "community-property system", under which one half the property and income of the husband is deemed to belong absolutely to the wife. The States having this system are Arizona, California, Idaho, Louisiana, Nevada, New Mexico, Texas, and Washington. In these States, even though the income of a married couple is earned entirely by the husband, each spouse may file a separate return of one half the income, and thereby pay substantially less tax than persons similarly situated in the other 40 States. This is clearly illustrated in the table which I shall insert, which shows the tax on different incomes when taxed as a unit and when divided between the husband and wife.

I shall not at the present moment read the table, but will simply direct attention to one example, that of a husband whose income is $100,000 a year. In 40 States he would pay on that income an income tax under the present law of $30,100; but in those 8 States having community-property laws, where half the husband's salary is attributed to the wife, the combined tax would be $17,400, a tax advantage in the community-property States of $12,700. While this is an outstanding item, it is more or less illustrative of the advantage enjoyed by residents in these States having community-property laws.

Net income of husband	Present tax in 40 States	Present combined tax on husband and wife in community-property States	Tax advantage in community-property States
$6,000	$140	$140	
$7,000	210	180	$30
$8,000	300	220	80
$10,000	480	300	180
$20,000	1,680	1,160	520
$50,000	8,600	5,240	3,360
$100,000	30,100	17,400	12,700
$500,000	263,000	231,400	32,200
$1,000,000	571,100	527,400	43,700

It is estimated that if incomes in community-property States were made to bear their fair share of the Federal income tax, the Government would gain some $50,000,000 in revenue. Stated in anther way, citizens residing in the 40 States not having the community-property system now pay $50,000,000 more taxes than they should because certain persons living in the eight community-property States do not pay their proper share of Federal income tax.

Unquestionably the community-property States have the right to determine the property rights of their citizens, but the legal fiction set up in such States that the income of the husband is one half the income of the wife should not be allowed to defeat the Federal income tax law and discriminate against citizens in the other 40 States.

The subcommittee gave considerable attention to the community-property question, but made no recommendation to the Ways and Means Committee. The full committee gave the matter further consideration, and at first adopted a proposal made by the Treasury Department to require husbands and wives in all States to file joint returns. This plan would have required a single return even where the wife had her own separate property. The proposal was later dropped because of difficulties in drafting, and the committee then adopted a plan suggested by Mr. Parker, chief of staff of the Joint Committee on Taxation, which would have applied only to the community-property States. Under the Parker plan the spouse having the management and control of the community property would be required to include in his return the entire income of the marital community. After this plan was tentatively agreed to a bare majority of the committee voted to reconsider the previous action, and eliminated the provision from the bill. This was done on the theory that the inclusion of the matter in the present bill might endanger its passage, since the subject was a controversial one. Such argument, of course, could be used with respect to many items carried in general bills. Certainly a revenue bill, especially a bill to prevent tax avoidance, is the proper place to include a provision relating to community income.

The chairman of the committee has several times stated that the community property question should be made the subject of a special study. I feel so exercised about the matter that I have prepared a bill dealing with this subject, and will introduce it in the near future and press for a hearing upon it. The bill would amend the definition of gross income by adding the following language:

> Income received by any marital community shall be included in the gross income of the spouse having the management and control of such community property, and shall be taxed as the income of such spouse.

This change would do away with the advantage now existing in community property States and tax the citizens of all 48 States on a parity.

It has been contended that such a proposal would be unconstitutional, but this is a question that can be decided only by the Supreme Court. If the Members will examine the discussion of the constitutional aspects of the community-property question which is found on page 129 of the revenue hearings, and which was submitted by Mr. Stam, counsel of the Joint Committee on Taxation, they will find that there is a strong possibility that the Supreme Court would uphold a provision taxing all community income to the spouse having the management and control of the property. In view of the importance of this question and its effect upon the Federal revenues it would seem that Congress should give the Court an opportunity to pass upon it once and for all. Certainly there is a great opportunity for tax avoidance under the present situation, and it is the duty of Congress to correct this evil if it is at all possible to do so.

TAX-EXEMPT SECURITIES

At the present time more than $40,000,000,000 of the wealth of this country is invested in tax-free securities issued by the Federal, State, and local governments, and the amount of these bonds is constantly increasing. Under the Constitution, the Federal Government cannot tax State and municipal bonds, nor can the latter tax Federal bonds. Moreover, there has grown up a practice on the part of the Federal and State Governments to make their own bonds exempt from their own taxes by express provision of law. This is done in order to put all governmental bonds on an equal footing.

I have been deeply interested in the subject of tax-exempt securities for many years. In the Sixty-seventh Congress,

the Ways and Means Committee held extensive hearings on the subject and reported out a proposed constitutional amendment to permit the taxation of such securities. The proposed amendment passed the House but failed to be acted upon in the Senate. In the Sixty-eighth Congress the resolution was again reported to the House, but this time it failed to receive the necessary two-thirds majority.

I have introduced a resolution identical with that passed by the House in the Sixty-seventh Congress, and it is now pending before the Ways and Means Committee. When I made an effort during the present session to have hearings on the proposed amendment, it was thought that possibly the consideration of the subject at this time might have an adverse effect upon the Treasury's financial program, and the Secretary of the Treasury was called upon for an opinion regarding this phase of the matter. While originally he did not object to consideration of the subject at this time, it would appear from developments in the last few days that something has happened to make him change his mind. Furthermore, it does not appear that the disagreement between the Judiciary Committee and the Committee on Ways and Means over the jurisdiction question has anything to do with this change of attitude.

The only way properly to deal with the matter of tax-exempt securities is by amendment of the Constitution. No temporary exigencies should prevent the subject being given consideration at this session of Congress.

For the information of the House, I will include at this point a copy of my joint resolution:

House Joint Resolution 153

Joint resolution proposing an amendment to the Constitution of the United States

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two thirds of each House concurring therein), That the following article is proposed as an amendment to the Constitution of the United States, which shall be valid to all intents and purposes as part of the Constitution when ratified by the legislatures of three fourths of the several States:

"ARTICLE —

"SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued, after the ratification of this article, by order or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of the United States or any other State.

"SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued, after the ratification of this article, by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of such State."

MANUFACTURERS' SALES TAX

I am in entire accord with my colleague from New York, Mr. CROWTHER, in his advocacy of the manufacturers' sales tax, such as the Ways and Means Committee reported to the House in the Seventy-second Congress. After long deliberation and thorough examination the Ways and Means Committee decided that as an equitable method of taxation, fair to all citizens, this tax was the best producer of revenue that could be devised. It is, however, useless at this time to advocate its adoption in view of the fact that the House has twice voted in opposition thereto.

EXCISE TAXES

Many requests have reached members of the committee for reduction or removal of excise taxes. The only possible way to act favorably upon these requests is through a sales tax on all commodities, including those on which special taxes are now objected to by taxpayers.

It is fair to say at this point that no excise taxes, with one exception, to which I shall refer in a moment, have been removed in the bill now before us.

No consideration whatever has been given to the removal of any excise taxes except the special one laid in 1932 on bank checks. In my judgment this tax should be removed at the close of this fiscal year rather than being continued to January 1, 1935. The revenue produced by it is not sufficiently large to warrant the retention of a tax which is objectionable to so many citizens.

And I am glad to say in this connection that the Republican minority was strongly in favor of the repeal of this tax on July 1, 1934, rather than January 1, 1935.

DIVIDENDS OUT OF EARNINGS OR PROFITS ACCRUED PRIOR TO MARCH 1, 1913

Under the present law and all prior laws since 1916, dividends declared out of earnings or profits accrued prior to March 1, 1913, the effective date of the first income tax, are expressly exempt from taxation in the hands of the stockholders. This exemption was originally made on the ground that such earnings were a part of the assets of the corporation before the income tax became effective. However, so far as the taxpayer is concerned, these earnings do not become income until he receives them in the form of dividends, and then they are no different than any other dividends. The bill provides for the removal of this special exemption and makes such dividends subject to tax in the hands of the stockholders as in the case of any other dividends. This method of treatment has been approved by the Supreme Court in a case coming before it before the present exemption was enacted.

It further seems to me that in all justice to the great body of taxpayers there is no justification for an exemption dating back more than 20 years. The only protest against this tax that was made before the Committee on Ways and Means was in behalf of the lumber interests of the country, and possibly they may have a fair complaint, although I do not think they proved it to the committee. It must be borne in mind, however, that those accrued profits will not be taxed if they are not distributed to stockholders.

POSTAGE RATES

The bill continues for another year, or until July 1, 1935, the present 3-cent rate on nonlocal first-class mail. The profit on this class of mail in 1933 was $104,000,000, exclusive of air mail. The reason assigned for retaining the 3-cent rate is to offset the losses sustained on other classes, namely, $17,000,000 on air mail, $88,000,000 on second class, $28,000,000 on third class, and $32,000,000 on fourth class.

It seemed to some members of the committee, especially those on the Republican side, that it was unfair to continue a higher rate on first-class mail in order to compel the users of that class of mail to make up losses in the other classes. The present rate of 3 cents amounts to a 50-percent tax, based on the old rate of 2 cents.

I will not go into further detail on this matter of continuing the 3-cent postage rate, because the subject was so carefully and ably argued by the gentleman from Wisconsin [Mr. FREAR] and the gentleman from Pennsylvania [Mr. KELLY].

LACK OF ADEQUATE DATA

The preparation of this bill has differed very materially from any other tax or tariff measure with which I have been familiar. Whichever party has been in power, officials of the Government have been anxious and willing to lay before the committee all the necessary financial data upon which to base estimates. Absolutely no information of this character has been presented to this committee.

We have had the benefit of the expert advice of the staff of the Joint Committee on Taxation, the legal adviser of the Treasury Department, and a representative of the Secretary of the Treasury in aiding the committee to form conclusions as to the merits of various sections. This, however, in no way carried with it financial details. The committee, therefore, can only accept the statement made in the Budget message regarding the aggregate amount to be secured.

On Wednesday the chairman of the committee read into the RECORD a letter from the Secretary of the Treasury in support of the bill. This was the first intimation the committee has had that the bill meets the approval of the Treasury Department. I had not seen the letter until it was printed in the RECORD, and I doubt if any other member of the committee had seen it, except possibly those on the

majority side. This is just another indication of the lack of adequate information upon which the committee could base its conclusions. It is significant that the Department refrains from making any statement regarding the revenue needs or the possible yield from the changes made by the bill.

In other words, we are making an estimate of our needs on faith, as I have referred to earlier in my remarks. We are simply asked to raise this much revenue, and we are told it is to carry out the servicing of $10,000,000,000 of borrowed money. Other than this the committee worked on faith.

Mr. Chairman, may I say in conclusion one thing about the rule offered the other day. There has been a good deal said about gag rules here. When we have a simple bill containing a page or two, and when it is perfectly evident what the bill is, of course, it is only proper to the membership of the House that that bill should be debated and considered under the general rules of the House. But here is a bill of over 200 pages and probably as complicated a measure as ever comes before the House for consideration, and certainly written in great detail.

I recall that a few years ago I once asked our expert, then Mr. Alex Gregg, to explain in plain English what certain language in the law meant. He facetiously said, "Mr. TREADWAY, it cannot be explained in plain English." We are fortunate in having on our committee today school teachers, lawyers, former professors of Greek, a very diversified membership, and I defy any one of them to explain in plain English hundreds of items that are written as explicitly as it is possible to do when we consider the intricacies of the subject matter. Then, too, there is another outstanding reason in my mind why it is proper that we adopt the rule we did. In these 213 pages I am quite certain that at least 150 of them have not been touched upon by the committee. No consideration was given to many, many items. We were asked to find tax avoidance, we were asked to find revenue, and we were asked to plug the holes.

We have gone about the study of the bill piecemeal for those special points. There are pages of this bill that have not been considered by the Ways and Means Committee. So if this bill was being considered under the general rules of the House, all of these pages would be subject to amendment. Many Members undoubtedly can pick up the bill and find items in it they do not approve of. Everybody can. You must study such a bill as this en bloc and not in specific detail. For instance, if we wanted to change a bracket in connection with the normal schedule or the surtax schedule, it would be mighty easy to find that particular bracket. If you did that, Mr. Chairman, you would upset the whole schedule. We have to approve the complete schedule. Do not try to amend the thing piecemeal.

Therefore, for these reasons, I feel that the House was right in adopting the specific rule under which this bill has been and will be given consideration.

There are numerous errors of omission and a few others of commission that could be referred to, but it is well known that all major legislation is brought about through compromise, not possibly with principles but compromise with the diversity of men's minds, and therefore this bill is laid before the House not with the claim that it is perfect, nor with the claim by the minority that it is unduly imperfect.

Personally, I am prepared to vote for the bill. I object to certain items in it, and no doubt every other Member of the House feels the same way toward the bill, but under the circumstances by and large it is probably the best that we can do. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Washington [Mr. SAMUEL B. HILL].

Mr. SAMUEL B. HILL. Mr. Chairman, I regret very much that on account of illness during the past several days I have not been able to participate in the general debate here as actively as I would have liked. Even now I do not feel physically fit to do myself justice in putting forth any long-sustained effort in presenting the questions involved in this proposed legislation. Taxes that are levied for the purpose of defraying the costs of government are divided into two main classes, so far as internal taxes are concerned—namely, the tax on incomes and the so-called "excise" or "privilege tax." In addition to these, of course, we have the customs taxes, commonly known as "tariff duties." The principal source of revenue of the Government has been from taxes on incomes since the adoption of the sixteenth amendment. Throughout the years since the adoption of the sixteenth amendment the Congress has enacted different revenue acts with reference to taxes on incomes. These taxes have grown progressively larger, as the necessities of government have demanded, and because of the increase in the rate of the tax it is only logical and it is only natural that the taxpayer should seek avenues of escape from what he might consider burdens of government, with the result that throughout the years, by the aid of experts to advise the taxpayers, there have been developed so-called "loopholes" or "leaks" in the income-tax structure. Not only have these leaks been discovered as a matter of administration but there has been some influence on the part of the large taxpayers manifested in the enactment of the income-tax laws themselves.

In the last session of this Congress, at the instance of the Chairman of the Ways and Means Committee, Congress commissioned this committee, either acting as a full committee or by a subcommittee, to sit during the recess of Congress to study the administrative provisions of the income-tax law, with the purpose in view of presenting corrective legislation remedying any defects disclosed therein. The whole question of taxation is so big that it is almost impossible within a reasonable length of time to even touch the high points in an effort to discuss the subject. It is equally true that the Committee on Ways and Means cannot within a few months cover the whole subject of taxation in a way satisfactory to the committee or to this House.

There will be recalled the disclosures made by the Banking Committee of the Senate last year as to the tax avoidances of many of the large-income taxpayers of this country, notably among the financial partnerships and the leading financial and investment bankers, whereby, through one device or another, and mostly within the letter of the revenue laws, they avoided payment of what the country thought were justly due taxes from those concerns. I may say that this was the immediate incentive which prompted the House in the last session of Congress to commission the Ways and Means Committee to make this study.

In response to the resolution adopted by the House for this purpose, the Chairman of the Committee on Ways and Means [Mr. DOUGHTON] appointed a subcommittee to sit during the recess of the Congress to make these studies and to make recommendations to the full committee. I had the privilege of acting as the chairman of this subcommittee. In this capacity I was associated with the gentleman from New York, Mr. CULLEN; the gentleman from Kentucky, Mr. VINSON; the gentleman from Tennessee, Mr. COOPER; and on the minority side, the gentleman from Massachusetts, Mr. TREADWAY; the gentleman from New York, Mr. CROWTHER; and the gentleman from Wisconsin, Mr. FREAR. Of course, the chairman of the committee [Mr. DOUGHTON] as such chairman was also ex officio a member of this committee. We sat during the heated months of the summer in session as a subcommittee most of the time, and when not in session each member of the subcommittee devoted his time and thought and effort to a study of this great question, with a view of bringing to the committee his very best judgment as to the corrective measures that should be presented to the House.

We began our sittings in the latter part of June of last year and we have been steadily at this work until the present time. In the early part of December the subcommittee submitted its report to the full committee, and that committee immediately went into session and held public hearings and held executive sessions and considered the recommendations of the subcommittee, as well as any original recommendations that came from the members of the committee. As a result of this work we are here at this time with the bill now presented to you for your consideration.

I want to stress the point that the primary purpose of the studies of the committee at this time is to correct the administrative provisions of the revenue acts as they relate to the income-tax feature of our laws. We did not start out to bring in a general revenue bill. We did not enter upon our duties with the purpose of raising tax rates or going out and finding additional sources of revenue, but we approached the problem with the main purpose of trying to find the holes through which revenues were escaping the Treasury of the United States under the present rate structure as applied to the income tax law. I want to make it plain that we are not here presenting a general revenue bill in the ordinary sense of that term. We did not have in mind to go into the field of excise taxes or go into the field of customs duties, but, as stated, to confine our efforts to the income-tax provisions of our revenue law.

At this point I may say that both as to the members of the subcommittee and the members of the entire Committee on Ways and Means, there has been, notably, an absence of partisanship in the consideration of this measure. We have had every cooperation from the members of the minority, both on the subcommittee and the entire committee. While it is true that not every member of the committee is entirely satisfied with every provision of this bill, yet the Committee on Ways and Means, regardless of party line-up, has presented this bill to the House, and it represents the majority judgment of the entire committee. It is my opinion that every member on both sides of the committee will support the bill.

I want to pay a compliment to our friends on the minority side for the helpful cooperation and for the assistance and for the absolute open and above board manner in which they approached these studies and the help they rendered the members on the majority side in carrying out this work.

I shall not have time, of course, to go over every point presented in the bill. Many important subjects in the bill have been discussed in detail by other members of the committee who have appeared before you in the general debate. I want to call your attention to a few of the salient points, however, which I think have not been stressed as much as they might have been.

We find in studying the income tax law that the corporation offers the most convenient agency for tax avoidance or for the payment of a lesser amount of taxes than required of the individual taxpayer. I think I can briefly point out to you why this is true.

We have two kinds of tax rates. The individual pays a normal tax rate; and if his income is high enough, he will also pay a surtax. The corporation pays one flat rate of tax. The corporation pays no surtax. The corporate tax rate at the present time is 13¾ percent. The individual tax rates, as the law now stands, are two normal rates of 4 percent and 8 percent and a surtax rate. The surtax, beginning at $6,000, is increasingly graduated up to a maximum of 55 percent at $1,000,000.

A corporation receiving a dividend from another domestic corporation pays no tax on the dividend so received; but if an individual receives a dividend from a corporation, the individual will pay a surtax on such dividend. If the individual's income places him in the higher brackets, this surtax will be probably 40 or 50 percent, in addition to his normal rate of 4 percent on the first $4,000 of taxable income and 8 percent on the balance of his taxable income. This very fact renders attractive the proposition of incorporating and doing business through the agency of a corporation in order to hold taxes down to the low rate of 13¾ percent, instead of, as an individual, paying both the normal rate and probably a high surtax rate. This fact accounts, in large measure, for so many holding companies, for so many corporations organized, as has been aptly said, merely as incorporated pocketbooks.

An individual with an income in the higher brackets will organize a corporation, a holding company, and will have the income from his investments paid into this corporation and pay a corporation tax of 13¾ percent and thereby escape high surtaxes.

The case that was brought out by the Banking Committee of the Senate with reference to a certain prominent banker in New York who had resorted to the organization of corporation-holding companies in order to keep down or avoid surtax rates grew out of this very condition in the revenue law. You will recall that the president of one of the prominent banks of New York had a group of holding corporations, through the agency of which he collected the interest and gains on his investments and would transfer them from one corporation to another, stepping up the tax base, and then in turn transferring them to a Canadian corporation and from the Canadian corporation back into the United States. Through this series of corporate agencies he escaped a capital gains tax, and escaped the surtax which he, as an individual, would have paid if holding the investments in his own name.

Now, in this bill and in the act of 1932 we feel that we have blocked that kind of a scheme. We have provided in this bill that capital losses may be offset only against capital gains, and that any net loss from capital-investment transactions cannot be offset against the ordinary income of the individual. The result is that there will be no tax advantage in organizing corporations for the purpose of stepping up the tax base.

Then, we have provided in this bill a provision as to holding companies whereby if a holding company retains within its treasury an unreasonable amount of its earnings it will be taxed 35 percent upon such earnings not distributed as dividends.

The effect of this is to force distribution of dividends to individual stockholders and subject them to surtax.

We have provided also that in partnerships capital losses can be offset only against capital gains, and have provided that partners in a partnership cannot distribute to themselves net capital losses to offset against their ordinary income. This will have particular application to the case of the Morgan partners which was disclosed in connection with that firm by the Banking Committee of the Senate.

We have also provided in this bill that transfers between members of the family for the purpose of creating a loss to be offset against ordinary income shall not be recognized for such deduction purposes. This will meet the Mitchell tax-avoidance case.

We have endeavored in this bill to absolutely close the gap through which these people have escaped paying taxes, and we feel that we have accomplished our purpose under the provisions of this bill. We do not claim that we have stopped every hole, but we do claim that we have plugged the big holes.

You have heard from the country a great deal of talk about tax-exempt securities. There is quite a clamor going up all over the country against tax-exempt securities.

I take it that most people have in mind the exemption which attaches to Federal, State, county, and municipal securities. They do not have in mind that there are other tax-exempt securities entirely apart from Federal or State issues.

I want to call attention in this connection to the fact that while we have tax-exempt Federal securities, the interest on which amounts to half a billion dollars a year, that there are corporate dividends paid to corporation stockholders, amounting to two and one half billion dollars, entirely tax exempt.

We have sought to reach these tax-exempt securities as corporate dividends in this bill by providing that an unreasonable accumulation of earnings in corporations will be taxed an additional amount in order to force distribution of earnings into the hands of individual taxpayers, where they will be subject to surtaxes.

I have just told you about the tax we have provided for in the bill for personal holding companies. In addition to that we have another provision for 25-percent tax on earnings of corporations that do not come within the category of personal holding companies.

So that when in such corporations an unreasonable accumulation of earnings or surpluses has occurred, we will place a tax of 25 percent on such excess earnings. We hope

thereby to force a distribution of these earnings into the hands of individual stockholders so that they may be subject to surtaxes now provided in the revenue act. If such unreasonable surpluses are not distributed to individual stockholders and become subject to surtaxes, they will pay the 25-percent additional corporation tax. Such tax of 25 percent as well as the 35-percent tax on holding companies will be imposed in addition to the present tax of 13¾ percent on the net income of such corporation.

Mr. HENNEY. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. HENNEY. What did the committee consider an unusual accumulation of surplus funds?

Mr. SAMUEL B. HILL. We permit a reserve in the case of personal holding companies, after certain deductions, of 10 percent.

As to partnerships, under the proposals in this bill, there will be little, if any, opportunity for tax avoidance, as was disclosed by the Banking Committee of the Senate in the case of the Morgan firm, since we confine the capital loss deductions to capital gains and do not permit any net capital losses to be offset against the ordinary income of the individual partner. Also, since we have provided in this bill against transactions between members of the same families, whereby a man may transfer to his wife, to his daughter, his son, or father, or any member of his family in direct line of ascent or descent, we have removed the temptation from tax dodgers who transfer securities or other property from one member of a family to another in order to deduct a capital loss against ordinary income.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. FITZPATRICK. Could the transfer be made to somebody else outside of the family?

Mr. SAMUEL B. HILL. Yes; but if the securities, or substantially identical securities, are retransferred within 60 days, the loss will not be recognized as a deductible item. So that hole is practically plugged also.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. Yes.

Mr. VINSON of Kentucky. I trust the gentleman, before he concludes, will develop the law proposed affecting capital gains and losses. There is a $35,000,000 pick up in revenue there, and I do not recall that that matter has been heretofore treated.

The CHAIRMAN. The gentleman from Washington has consumed 30 minutes.

Mr. DOUGHTON. I yield the gentleman 15 additional minutes.

Mr. SAMUEL B. HILL. In the matter of capital gains and losses, called to my attention by the gentleman from Kentucky, gentlemen will recall that under existing law there is a distinction made between the category of capital investments and other investments properly within that category not so designated. A capital investment under existing law is an investment that has been held for more than 2 years. Capital investments that have been held for 2 years or less under the present law are not called capital investments.

In other words, we have two baskets, as it is called. If you invest in stocks or securities, or any other kind of property, or make any kind of a capital investment, and hold that investment for 2 years or less, and then sell it at a gain, under the present law, it is taxed on 100 percent of the income. I do not mean to say that the tax is 100 percent, but the tax applies to 100 percent of the gain. But if, under the present law, you hold that investment for more than 2 years, you are taxed only on 12½ percent of that gain. There is such a wide difference between investments held for 2 years or less and investments held for more than 2 years that the committee thought it ought to be corrected. So we have adopted the following plan as to capital investments: If an investment is held for not more than 1 year and sold at a gain or at a loss, that gain or loss will be recognized for tax purposes to the full extent of the gain or loss. If the investment is held for more than 1 year and not more than 2 years and is sold at a gain or loss, such gain or loss is recognized for the purpose of taxation at 80 percent of the gain or loss. If the investment is held 2 years and not more than 5 years and is sold, the gain or loss realized is recognized for tax purposes at 60 percent of the amount of the gain or loss. If the investment is held for more than 5 years and is sold, the gain or loss realized is considered for the purpose of taxation at 40 percent of such gain or loss.

I realize it is a little difficult to get this clear simply from my statement. If I had a blackboard and could put it on the board, you would get it more readily; but what we have aimed at and what we think we have succeeded in accomplishing is a smoother gradation in the matter of recognized gains and losses on capital investment, so that there is not that great jump from taxing 100 percent of such gain if held for 2 years or less and only 12½ percent of such gain if it is held for more than 2 years. As the gentleman from Kentucky [Mr. VINSON] has said, we pick up $35,000,000 through the changes in this bill as to capital gains and losses.

Mr. ARNOLD. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. ARNOLD. In taking the loss based upon a percentage of the number of years that the property is held, can that loss be offset against ordinary income?

Mr. SAMUEL B. HILL. It cannot. No capital loss can be offset against ordinary income under the provisions of this bill.

Mr. ARNOLD. Then what character of gain or loss can be offset?

Mr. VINSON of Kentucky. May I suggest that capital loss can only be offset against capital gain?

Mr. ARNOLD. General capital loss?

Mr. VINSON of Kentucky. Capital losses can only be offset against capital gains.

Mr. SAMUEL B. HILL. And if there is a net capital loss, the taxpayer cannot offset it against ordinary income.

Mr. ARNOLD. Then if I should hold some stocks for a period of 2 years and I should sell that stock at a loss, and I did not have any income to offset that from other stocks, would I entirely lose the benefit of that credit?

Mr. SAMUEL B. HILL. You would lose it entirely.

Mr. VINSON of Kentucky. May I suggest that under the existing law you lose the right to take a loss on the sale of stock against an ordinary gain?

Mr. ARNOLD. Under existing law?

Mr. VINSON of Kentucky. That was put into the 1932 Revenue Act.

Mr. SAMUEL B. HILL. The committee feels it has absolutely plugged that avenue through which taxes were escaping by manipulation of capital investments, purely for the purpose of creating paper losses in order that they might offset those losses against ordinary income, and thereby reduce the taxes of the taxpayer. I think we have completely blocked that loophole of tax escape, and that is one of the large leaks we had to deal with.

We have also given great consideration to the question of reorganization of corporations. I shall not discuss that at great length, because my time is so limited, but under the existing law we found that under the liberal provisions as to reorganization of corporations, many corporations were resorting to mergers, consolidations, and taking over the entire capital stock of a newly organized corporation, or reorganizing for the purposes of recapitalization, thus stepping up the tax base as they transferred the properties from one corporation to the other, and distributed the gains brought about through such reorganization so that they would not be recognized for tax purposes. Through such reorganizations losses resulted to the Treasury of the United States of millions of dollars, the amount of which it is impossible to estimate. We have taken the heart out of that liberal provision which permitted the reorganization of corporations for the purpose of tax avoidance, and we will save millions of dollars to the Treasury through its abolishment.

We also considered the troublesome question of consolidated returns. We felt that the affiliation of corporations, affiliated through a holding or parent company owning 95 percent of the affiliated group, was being resorted to for the purpose of tax avoidance. So we gave very thorough study to the question of consolidated returns of such affiliated groups, with the view of determining whether or not they should be entirely abolished. I say to you frankly that I was very much inclined to the abolition of consolidated returns, and so were other members of the committee, for we believed that this scheme was being resorted to not only for convenient business purposes but for the very important purpose to the affiliated groups of avoiding the payment of taxes. A few figures are disclosed in the statistics of income issued by the Federal Treasury, which illustrated to our mind that there was a great advantage to the corporations filing consolidated returns over corporations which filed separate returns. These statistics for the taxable year 1930 disclose that the total taxable income of corporations filing consolidated returns was $3,326,799,784, while the aggregate net income shown by all consolidated returns was $1,807,280,493. The total taxable income of corporations filing separate returns was $2,944,132,677, while all the corporate separate returns taken together showed a deficit of $413,942,886. It also disclosed that the tax collected from consolidated returns was $398,284,195 and the tax collected from separate returns was $313,419,705. A calculation will show that the consolidated groups paid 56 percent of all corporate tax and had in the aggregate $1,807,280,493 net income exclusive of tax-exempt income, and that corporations filing separate returns paid 44 percent of all corporate tax, while in the aggregate such corporations had no net income but a deficit of $413,942,886 exclusive of tax-exempt income.

I may say that one of the outstanding advantages of the consolidated return is that in a group of affiliated corporations one of such group might operate at a loss during the taxable year. Another of such affiliated group might operate at a gain, and the loss of the one corporation could be offset against the gain of the other corporation, and either entirely wipe out the income or diminish it greatly for tax purposes. So they could use independently organized corporations, independent legal entities, affiliated under one corporate parent, to offset the loss of one of those independent entities against the gain of another legal entity within the group, and thereby reduce the taxes that the entire affiliated group would be required to pay, whereas a single corporation operating alone and filing a separate return would have no such advantage, but would be required to pay the full tax on whatever gain it realized.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. BROWN of Kentucky. The gentleman happens to be from a State having community property laws. Can the gentleman give us any good reason why eight States of the Union should pay a lesser income-tax rate on the same income than the other 40 States pay?

Mr. SAMUEL B. HILL. If the gentleman will bear with me a short time, I intend to reach that.

Mr. BROWN of Kentucky. I did not know the gentleman intended to discuss that.

Mr. SAMUEL B. HILL. On the question of the consolidated returns the committee was much inclined, as I say, to abolish that provision of the present law; but it was the judgment of a majority of the committee that instead of abolishing the consolidated returns, we would impose an additional differential tax against the affiliated groups making such returns, and to see the operation of that and test out just how that differential would work; just what estimate the affiliated group of corporations themselves placed upon the advantage of having the consolidated returns, giving to the affiliated groups the privilege of filing separate returns or of filing consolidated returns with this additional 2 percent tax. So we have fixed in this bill a differential tax of 2 percent against corporations filing consolidated returns, making that corporation tax 15¾ as against 13¾ percent paid by the ordinary corporation filing a separate return. It is estimated that will bring revenue into the Treasury of $40,000,000 a year.

Mr. McFADDEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. McFADDEN. Does not the gentleman know that the experience of permitting taxpayers to file consolidated returns is keeping taxes away from the Federal Treasury and permitting those corporations to avoid the payment of millions and millions of dollars of their taxes?

Mr. SAMUEL B. HILL. I entirely agree with the gentleman from Pennsylvania. That is my opinion.

Mr. McFADDEN. Of course, the 2-percent proposition simply avoids the whole issue. It lets those concerns which should pay probably 13½-percent tax get away with 2 percent. In other words, in this bill you are writing a provision by which those large taxpayers who are permitted to file consolidated returns may avoid their just taxes to the United States Treasury.

Mr. SAMUEL B. HILL. We are adding a 2-percent differential, which will make their whole tax 15¾ percent. I may say to the gentleman from Pennsylvania that it was the opinion of the majority of the committee that we should add this 2-percent differential; and I may say to him further that this is not the last time the Ways and Means Committee will investigate tax matters.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman from Washington 15 additional minutes. Will the gentleman yield right at that point?

Mr. SAMUEL B. HILL. I yield.

Mr. DOUGHTON. In respect to consolidated returns, all members of the committee, of course, had the same viewpoint as that of the chairman of the subcommittee. Was it not disclosed at the hearings and conclusively shown that certain corporations will be forced to make consolidated returns and that without some such provision as this a very grave hardship will be worked upon them?

Mr. SAMUEL B. HILL. That is true. It was true especially as to railroad corporations; and I think the majority of the committee felt that at this time it should recommend this differential of 2 percent and permit them to make consolidated returns or have the option of filing separate returns.

The committee will watch with interest, I may say, the operation of this differential tax for future studies.

Mr. McFADDEN. The gentleman refers to railroad corporations as being detrimentally affected without this provision. He does not include the public-utility corporations, does he?

Mr. SAMUEL B. HILL. They would be detrimentally affected, but I would not have any very sympathetic spot in my heart for their protection.

Mr. McFADDEN. The present provision instead of being a tax on the subsidiaries is an advantage to the public utilities.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. VINSON of Kentucky. I do not understand that this 2 percent is the tax they pay on subsidiaries. This 2 percent is a penalty tax which they pay in addition to the 13¾-percent tax. In other words, they will pay at the rate of 15¾ percent instead of at the ordinary corporate rate.

I do not think there is any doubt but what some money would be recovered into the Treasury by the abolition of the right to file consolidated returns, but I may say to the gentleman from Pennsylvania, and I think the chairman of the subcommittee, Mr. HILL, will bear me out, that undoubtedly the figures could be juggled through intercompany transactions, profits and losses would be adjusted, and much of the tax that is superficially present would never be recovered into the Treasury, but would be avoided.

Mr. McFADDEN. The point I am attempting to call attention to is the fact that the provision allowing consolidated returns is to the advantage of the big taxpayers.

Mr. DOUGHTON. Mr. Chairman, right in this respect, I think the gentleman from Washington, the distinguished chairman of the subcommittee, will bear me out in the statement that although one of the primary purposes of this bill is to prevent the avoidance and escape by large-taxpayers of the payment of their just share of taxes, at the same time we had in mind doing no injustice to any legitimate American industry. It was conclusively shown, to my satisfaction at least, as I believe it was to many other members of the committee, that especially upon railroads which have to have separate organizations in each State in which they do business, it would work an unjust hardship and prove a very heavy burden.

Mr. SAMUEL B. HILL. I think that was the feeling of the entire membership of the committee.

Mr. CROWTHER. Mr. Chairman, will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. CROWTHER. As one member of the committee serving with the distinguished gentleman from Washington on the subcommittee, I think the committee reached the conclusion that there was a material benefit in the use of the consolidated return, in view of the method of transacting business with the Treasury Department in making such returns over 16 years; but in view of this advantage to the companies it was felt fair to add a differential of 2 percent for the privilege of using this method.

Mr. SAMUEL B. HILL. We put the differential at 2 percent, basing it upon the proposition that there was an advantage to the corporations and the affiliated groups making consolidated returns. Everybody recognized that.

Now, Mr. Chairman, I had intended to touch a number of other subjects, but my time is passing so rapidly and according to the progress I am making I shall have to skip a number of them.

As I stated at the outset, it was our purpose to frame a bill correcting the administrative provisions of the income tax laws. We had hoped to confine it to this proposition and then bring in bills covering other matters at different times so that they could be considered separate and apart from the provisions of the bill relating solely to correcting the administrative provisions of the income tax laws. We got along very well with that until toward the end of the executive sittings, and then one or two matters crept in not particularly of a revenue-producing nature, but more of a protective or administrative aspect, and they are in the bill now.

I call attention to two provisions in the bill which did not originate with the committee. One is the continuance of the 3-cent postage rate on first-class mail matter. This was brought to us by the Postmaster General, and he very urgently insisted that it go in this bill representing that if this increased postage rate were not continued for another year it would cost the Government $75,000,000, and in the present state of the Treasury we could not afford to lose this amount of money. That is how it came to be in this bill. It is an administration request, you might say, coming from the Postmaster General, and we put it in the bill because he represented that he must have it in order to save $75,000,000.

Another matter that was referred to us and which has been incorporated in this bill is the request of the Secretary of the Treasury for 10 assistants at a salary not exceeding $10,000 a year. Now, the situation is this: There has been placed upon the Secretary of the Treasury the burden of this great stabilization fund of $2,000,000,000 with reference to the stabilization of international exchange on the dollar; and upon him has also been placed the burden of checking up and coordinating under one head the different administrative bureaus outstanding among which is the Agricultural Adjustment Administration, engaged in the spending of millions upon millions of dollars, requiring a representative from the Treasury Department to sit in with the Agricultural Department officials in the making of these expenditures and checking up and endeavoring to keep a correct account of all these expenditures under one central accounting system. There are other bureau heads under the emergency measures engaged in the expenditure of large sums of money upon which the Secretary of the Treasury is required to keep a check and to have an assistant coordinate with them in their activities in order to keep all of these matters at one central point where it may be known at any particular time just what the financial situation of the country is.

It was represented to us by the Secretary of the Treasury that it would require 6 of these 10 men to operate this stabilization fund, and that he had to have men of caliber sufficient to make a complete success of it; that he had to have men who were worth much more than $10,000 a year to take care of that duty imposed upon him under the so-called "Gold Act." The Secretary of the Treasury has authority at this time to select the same number of assistants, but he could pay them only $8,000 a year. All this particular provision of the bill does is to permit the Secretary of the Treasury to pay these highly trained men $10,000 a year instead of $8,000. It will mean a difference of $20,000 a year to the Treasury. We put this in at the special instance and request of the Secretary of the Treasury.

Mr. BLANTON. Are these permanent positions?

Mr. SAMUEL B. HILL. They are not. They are to be used while the emergency is on and the men are to be let out when there is no further need for them.

Mr. BLANTON. Are they to be let out automatically or by Executive order?

Mr. SAMUEL B. HILL. No; not automatically.

Mr. BLANTON. Then they are permanent, are they not?

Mr. SAMUEL B. HILL. Of course, that is a matter of opinion.

Mr. BLANTON. From the long experience that the gentleman from Washington has had in legislative matters throughout the years, he knows that where provision for automatic retirement is not in the bill the positions are usually permanent?

Mr. SAMUEL B. HILL. I will say to the gentleman from Texas that the Secretary of the Treasury assured us that he would not employ the 10 men if it was not necessary.

Mr. BLANTON. Did he assure the gentleman when he would drop them?

Mr. SAMUEL B. HILL. He assured us he would drop them just as soon as the exigencies of the situation permitted him to do so.

Mr. BLANTON. I am afraid that they will become permanent positions.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Oklahoma.

Mr. ROGERS of Oklahoma. Would the gentleman be in position to tell us what the Department has been doing up to this time in order to take care of the extra work?

Mr. SAMUEL B. HILL. Well, this has only recently been imposed on the Secretary of the Treasury.

Mr. ROGERS of Oklahoma. Yes; but what have they been doing in order to take care of this extra work?

Mr. SAMUEL B. HILL. It has only been since the present Secretary of the Treasury assumed office that these additional duties have been imposed on him.

Mr. ROGERS of Oklahoma. But how has the extra work been taken care of?

Mr. SAMUEL B. HILL. Just anyway they could. The Secretary of the Treasury advises that there has been an inadequate personnel to take care of the work.

Mr. ROGERS of Oklahoma. There has not been sufficient personnel to take care of the work?

Mr. SAMUEL B. HILL. No; so the Secretary advises.

Mr. BLANTON. Could the gentleman from Washington give us the personnel of the 10 men at this time?

Mr. SAMUEL B. HILL. No; I cannot. I do not know.

Mr. McFADDEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. Are these men to be trained experts in finance, are they to be economists, or are they to be men especially trained in international exchange?

Mr. SAMUEL B. HILL. I can only tell the gentleman that it is wholly within the discretion of the Secretary of the Treasury as to whom he will employ. I presume he will look to the qualifications of the men for the positions for which they are employed. That is all I can tell the gentleman.

Mr. McFADDEN. The gentleman says they may not all be needed. Does not the gentleman agree that there is some pressure for positions like this and that they represent a Democratic necessity?

Mr. SAMUEL B. HILL. That is a matter of opinion.

Mr. McFADDEN. Does the gentleman feel they should be paid a salary of $10,000 when Members of Congress draw only $8,500?

Mr. SAMUEL B. HILL. I rather think that Members of Congress ought to draw more than $8,500.

Mr. DOUGHTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. In view of the question propounded by the gentleman from Texas, I desire to call the attention of the committee to the language in the bill, as follows:

> Whenever the President declares by Executive order that the emergency requiring the appointments under this section has ceased to exist, the persons appointed under this section shall cease to hold office under this section, and the power of the Secretary under this section shall terminate.

So these are only emergency appointments.

Mr. BLANTON. After these 10 assistants draw salaries of $10,000 per year for a while, I am afraid that they will be sufficiently influential to prevent any such Executive order from being issued.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Oklahoma.

Mr. ROGERS of Oklahoma. Is the gentleman in position to tell us just what part of the taxes that are to be collected will be necessary to take care of the salaries of these extra men?

Mr. SAMUEL B. HILL. No particular part of the taxes that we are to collect through the enactment of this legislation is to be allocated to any particular purpose. This money goes into the Treasury and, of course, will be appropriated out of the Treasury.

Mr. ROGERS of Oklahoma. Is it not a fact that it was necessary to impose an extra oil tax in order to take care of this item?

Mr. SAMUEL B. HILL. Yes. That was purely in aid of the administration of the oil code and we expect that tax will raise about $1,750,000 and that it will all be needed, and probably more, in order to carry on the operations in reference to the oil code.

Mr. DOUGHTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. Inasmuch as the action of the committee in respect to community property has been severely criticized several times, will the gentleman refer to that?

Mr. SAMUEL B. HILL. I will be glad to do so.

Mr. BLANTON. Will the gentleman yield for another question?

Mr. SAMUEL B. HILL. I yield to the gentleman from Texas.

Mr. BLANTON. Under the President's Budget that he annually sends here, the subcommittees of the Committee on Appropriations work day and night across the table from bureau chiefs and heads of departments trying to keep appropriations within the Budget and trying to cut down the expenses of the Government. I am unable to understand the logic or the politics or the statesmanship that is behind the proposal that Senators at the other end of the Capitol can serve their country well, and such distinguished men as the able Chairman of the Committee on Ways and Means and his colleagues here in the House can serve the country well for $8,500 a year, but every time we appoint 10 new appointees in a bunch to office we have to pay them $10,000 per annum, or $1,500 each per year more than Senators and Congressmen? I cannot understand the logic or the politics or the statesmanship of such a proposal.

[Here the gavel fell.]

Mr. DOUGHTON. I yield the gentleman from Washington [Mr. HILL] 10 additional minutes.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. In that connection, referring to the remarks of the gentleman from Texas, may I say that, of course, the salary of the assistants referred to as $10,000 is subject to the 15-percent cut?

Mr. BLANTON. Yes; but all such cuts, under threats of employees, are now hanging in the balance. If they will earn $10,000 in such positions, then I say that the gentleman from Kentucky [Mr. VINSON] and the gentleman from North Carolina, the distinguished chairman of the committee [Mr. DOUGHTON], earn $50,000 a year.

Mr. VINSON of Kentucky. If energy, effort, and ability is to be the criterion, the gentleman from Texas [Mr. BLANTON] would qualify for the $50,000 salary class as well.

Mr. McFADDEN. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield to the gentleman from Pennsylvania.

Mr. McFADDEN. I have listened to this colloquy with a great deal of interest, and I feel that I should make the observation that these are 10 more jobs being created for the benefit of the brain trust, and I would call attention to the fact also that this is being called for by the present Secretary of the Treasury, and that it is calling for $100,000 of the taxpayer's money as a minimum.

Mr. SAMUEL B. HILL. This is only for $20,000 additional, because the Secretary has power now to hire the men at $8,000 but he says he cannot get the kind of men he wants at $8,000. If he cannot get authority for the $10,000 men he will have to take the $8,000 men. There is only $20,000 difference in the salaries of the combined men.

The gentleman from Massachusetts referred to the failure to balance the Budget. I may say briefly that this committee did not go into a consideration of this matter with the specific view of balancing the Budget. We were trying to save what revenue we could through correction of the administrative provisions of the revenue law. We were not requested by the President to levy additional taxes. We did not have submitted to us by the administration for the purpose of additional revenues any Budget estimate. We took the Budget estimates, as every Member of Congress has taken them, as handed down through the House. There was no request on the part of the President that we levy additional taxes or that we go and find other sources of revenue.

In this connection I want to refer to the ten billion bond issue which the President said would be necessary in the next 6 months. There will be $4,000,000,000 of new issue and $6,000,000,000 of refunding bonds. In connection with the $4,000,000,000 there will have to be new arrangements for servicing, such as interest, sinking fund, and so forth, but as to the $6,000,000,000 of refunding bonds, servicing arrangements have already been made. So we have only the $4,000,000,000 bond issue, representing a new issue, for which we will have to carry additional revenue.

Under the liquor tax law we provided what the committee estimated to be $470,000,000 of additional taxes. Two hundred and twenty-seven million dollars of this tax took the place of certain taxes that went off automatically and which were to provide for the payment of interest and the requirements of the sinking fund on the $3,300,000,000 of N.R.A. bonds, leaving a balance of $173,000,000 to be applied to the ordinary expenses of government. In the present bill it is estimated we will have $258,000,000, which added to $173,000,000 makes a total of about $511,000,000 to care for the service on bonds and other Government expenditure.

So, on the face of the ordinary expenditures of the Government, we are not very far from a balanced Budget.

Mr. Chairman, I now want to hurry along to some other matters. As I say, this is not the last time this committee will sit to consider legislation. We thought we would be able to bring to the House legislation pertaining to coconut oil in a separate bill, but it got into this measure. We would have brought that matter before the committee and had hearings on it and then brought it to the House for consideration as a separate measure if that had been the course left open to us.

In respect of the community-property question, this is such a big question, such an important question, not only to the eight States peculiarly affected but to the entire Nation as well, that it can stand upon its own bottom and come into this House upon its own merits as an individual proposition, and we do not have to bring this highly controversial matter in here in connection with this bill, upon which practically every Member of this House is agreed, and cause dissension among the Members about an issue that ought not to be injected into the consideration of this bill.

I have the assurance of the chairman of the committee that any person who wants to bring this community-property matter before our Committee on Ways and Means will have a prompt and ready hearing and will have action by the committee and by the House.

I want to say to the gentleman from Kentucky and others that those of us who are from community-property States are not sidestepping this issue. We are ready to meet it, but we think we ought to have an opportunity of meeting it as a single question, so we can make our defense against many encroachments upon our rights with respect to this one proposition and not be forced to vote probably against the interests of our States and in favor of this bill, if it is carried in the bill.

Is there anything illogical, is there anything unreasonable on our part, in asking this Congress to consider the community-property matter as a separate question? We are here to meet it, but we want to meet it squarely. We do not want to be forced into the position of having to vote for a bill carrying a provision that is absolutely hostile to the interest of our State. A separate bill on that question can be brought in here in a week's time after we get through with this measure.

Mr. DOCKWEILER. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. DOCKWEILER. I come from a community-property State, and for those who are not entirely familiar with the matter let me say that all the advantages are not on the side of being in a community-property State. It has its advantages and disadvantages, and because it has its disadvantages there are thousands of people who come to our State, but will not establish a legal residence in California or in any other community-property States because of such disadvantages. If it so happens that we have an advantage in this particular tax measure, we have many disadvantages to overcome in our own State because of the community-property law.

Mr. BLANTON. And they more than balance the advantages?

Mr. DOCKWEILER. They balance it, sir.

Mr. SAMUEL B. HILL. These community-property States came into this Union with this system of property rights between the spouses. They came in before there was any sixteenth amendment to the Constitution. They did not adopt the community-property system for the purpose of tax avoidance. They came in as sovereign States, they came in with the right that every other State has of determining within the State the status of property rights between husband and wife. This is what they have done and they are now in the Union as sovereign States insisting upon their rights along with every other State.

Mr. EVANS. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. EVANS. Does not the gentleman believe that each State of the Union has an inherent right to fix the character of ownership of property in that State?

Mr. SAMUEL B. HILL. Everybody concedes that.

Mr. EVANS. Does the gentleman believe this Congress or any Congress would have the right to change this status?

Mr. SAMUEL B. HILL. I do not concede it and the Supreme Court does not concede it.

Mr. EVANS. In the consideration of this matter, may I ask the gentleman if there were any extended hearings before the committee as to this proposition?

Mr. SAMUEL B. HILL. Except what I, assisted by the gentleman from California [Mr. EVANS] and the gentleman from Texas [Mr. SANDERS], presented to the committee. We also had Senator CONNALLY, of Texas, before the committee one afternoon.

Mr. EVANS. There was one witness, as I recall.

Mr. SAMUEL B. HILL. The matter was not thoroughly gone into.

I may say that the Supreme Court of the United States in the case of Poe against Seaborn, involving a Federal tax question arising in the State of Washington, held that under the laws of the State of Washington, the wife has a one-half interest in the community property; the husband has a one-half interest in the community property, and each of the spouses has a 50-percent ownership in the community income. This is settled beyond any question of doubt.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. SAMUEL B. HILL. Then we have an income tax law and the income tax law authorizes the Federal Government to collect taxes on incomes against the person who has the income, and how are you going to get around that?

Then following the Poe against Seaborn case, there were 3 or 4 other cases, 1 from Texas, 1 from Arizona, 1 from Louisiana, I believe, and 1 from California supporting the decision in the Poe against Seaborn case.

Then there is the case in Wisconsin, Hoeper against the Tax Commissioner. The State of Wisconsin had an income tax law. In that law the State endeavored to say that the combined income of husband and wife should be assessed to the husband and the tax paid by him. They claimed that under the legislative act Wisconsin had a right to do it. The taxpayer appealed and it got into the United States court. The case will be found in Two Hundred and Eighty-fourth United States Reports, page 208.

In that case the court held that you could not assess a tax against one taxpayer measured by the income of another taxpayer, and if you attempted to do it you would be violating the provisions of the fourteenth amendment to the Constitution.

In the case of *Heiner* v. *Donnan* (285 U.S. 312), we have the statement of the Supreme Court that the fifth amendment to the Constitution has the same restrictive power over the Federal Government that the fourteenth amendment has with reference to the States.

I am giving you the high lights. You might pass a bill through Congress, but you are running up against a brick wall in the Supreme Court, because we have that bulwark of protection against laws which will not recognize the sovereign rights of States to determine what shall be the property rights between husband and wife.

Now, we are willing to meet you next week, but we do not want it in this bill. We do not want to place 60 Members of Congress in a position where they will have to vote against the interests of their States in order to support this bill, but we are ready to meet it next week or whenever it can be brought in by the Ways and Means Committee. The chairman of that committee assures me that he will give prompt hearings to the sponsors of the legislation. I understood the gentleman from Massachusetts [Mr. TREADWAY] to say that he had introduced a bill bringing that question before the committee, and I want to say to you that I am ready to meet it in committee or on the floor of the House, and I will not turn my hand over to delay it one minute. I simply ask you to let it come up as a separate proposition.

Mr. FREAR. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. FREAR. The gentleman has referred to the Supreme Court decision in the Wisconsin case and some other cases that support it. The committee had the advice of able attorneys from the Treasury Department whose judgment is contrary to that of the gentleman who is now speaking.

Mr. SAMUEL B. HILL. But they did not take a contrary position. The gentleman from Wisconsin must remember that every attorney that gave an opinion on the question expressed grave doubt as to its constitutionality. This question is big enough to stand by itself. The gentleman recognizes that it is a very important measure. All we ask is that it shall be brought before the committee, where we can meet it as a single proposition.

Mr. BLANTON. Will the gentleman yield?

Mr. SAMUEL B. HILL. I will yield to the gentleman.

Mr. BLANTON. When the Supreme Court takes a certain position and certain lawyers in the Treasury Department take a contrary position, which prevails?

Mr. SAMUEL B. HILL. They did not take a contrary position.

Mr. BLANTON. But is not the Supreme Court of the United States, after all, the highest legal authority in this land?

Mr. SAMUEL B. HILL. I had so understood. I thank you, gentlemen. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Arkansas [Mr. GLOVER].

Mr. GLOVER. Mr. Chairman, we are today considering one of the most important bills of this Congress, which is H.R. 7835, a bill introduced by the Ways and Means Committee, the title of which is "To provide revenue, equalize taxation, and for other purposes."

There is no question that can be considered that is of more vital importance to the people as a whole than the question of a just rule of taxation. It should be so adjusted and enacted into law whereby the equitable principle of the ability to pay should be first considered.

I think this bill is an improvement over the existing law in many respects, yet I do not think it is a perfect bill. I shall not attempt in the short time that I have allotted to me to discuss but one or two subjects in this bill.

I desire, first, to call your attention to section 515 of the bill, which is the subject of postal rates. I had hoped that this committee, in bringing in this bill, would reduce letter postage from 3 to 2 cents. The post-office report for the fiscal year of 1933, at page 85, discloses net profits in first-class mail, excluding air mail, of $104,860,190.06. The loss from air mail during that year was $16,917,414. No valid reason of which I know exists for charging air-mail losses to first-class mail. The Postal Department is maintained for public service and not revenue, and any deficit not subject to increased rates in carriage should, in all fairness to the general public, be borne from the Treasury funds and not by placing an unjust and unfair burden on first-class mail.

The steamship mail contracts and air mail contracts now under severe fire with other postal extravagances are under charges, creating a deficit in that Department. Scandalous air and ship mail contracts have no legitimate relations to first-class mail rates, which is an outgrowth of excessive charges in letter postal rates now carried by the bill.

To my mind the policy of declaring first-class postal earnings and profits to Government postal departmental experiments and extravagances, or to meet other deficits, is without defense.

Under this section extends the collection of this postage of 3 cents until 1935. Under the rule adopted for this bill, no one except the committee can offer an amendment, and they must be committee amendments. I hope that this committee will reconsider this section and immediately reduce the first-class postage to 2 cents instead of 3.

This section also extends the gasoline tax for the same period of time. It is my opinion now, and has been all the time, that the tax on gasoline is a tax that should belong exclusively to the States, and is a field into which the Federal Government should not go for taxation.

Many of the States in this Union, like my State of Arkansas, have bonded their property and issued State notes, which are equivalent to bonds, to the amount of around $150,000,000 to build public highways for the use and benefit of the public. The law creating this improvement was passed on the theory that the taxes from gasoline and oil used over these concrete highways would produce sufficient revenue to the State to soon pay off the bonded indebtedness against the State.

There is a limit to which you can go in any tax. If you tax gasoline too high, it decreases its use in that proportion. If the Federal Government takes part of the tax away from the State, the State must fix its rate, having in consideration at the same time that the Government is going to take its part from that tax. In other words, if this 1-cent tax on gasoline in my State was applied and not collected by the United States Government, it would aid materially in taking off the bonded indebtedness that is on the homes of the people in that State, and a like condition prevails in practically every State in the Union.

I hope we can soon get out of this field of taxation and give that to the States that are in distress trying to pay the obligations that so heavily rest against them. The field of taxation for the Federal Government is so much broader than it is for the States that it would be an easy matter for the Government to surrender this tax back to the States and place it somewhere where it would not be so burdensome.

There is another provision, which is section 606, that I desire to discuss for a short time. This is the tax of 2 cents imposed on bank checks, which under existing law would expire on June 30, 1935. I congratulate the wisdom of the committee in changing that provision of the law and providing that this tax of 2 cents on bank checks should not continue longer than December 3, 1934. I would have been glad, indeed, if it had provided that it should not exist longer than the passage and approval of this act. It has been a tax that has not been profitable to the Government and has been one that was very objectional to the one having a checking account.

I do not agree with the gentleman from New York, Mr. FRANK CROWTHER, as expressed by him in this report. He says that he regrets that the committee declined to assess a manufacturers' sales tax as a substitute for the taxes collected under the present law and as continued in the proposed measure. I desire to congratulate the committee in its wisdom and good judgment in not attempting to enact a sales tax which would further burden the poor of the land.

Those advocating the sales tax have advocated its adoption with a view of eliminating the income tax. The trouble with a sales tax is that it does not deal with a man's ability to pay, as does an income tax, but it is a tax that will be pyramided from two to four times and one which will oppress the poor and take from them a tax they are wholly unable to bear.

The principle on which our Government should operate, should be one of economy and one that will carry the least burden of taxes possible and will so fix that burden that it may be borne by those most able to carry it. The income tax fixed in this bill, until it reaches an earning of about $25,000, with the exemptions, is exceedingly small. When it gets into the higher brackets, it, of course, increases in amount, but the man making such an enormous earning as that should be perfectly willing to bear his just proportion of the Government's expenses. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from California [Mr. EVANS].

Mr. EVANS. Mr. Chairman, I shall not use the 20 minutes allotted me by the gentleman from Massachusetts. I shall not endeavor to go far into the different features of this bill. The Chairman of the Committee on Ways and Means, in his opening statement in presenting the bill to the House, with characteristic frankness and honesty stated that it is not the last word in revenue legislation. It is not a perfect bill, and I seriously doubt whether the next Congress will submit a perfect bill on revenue legislation, but it is the

best bill that the Committee on Ways and Means, after long and extended hearings, could report to the House. The only way I know by which we can get a better bill is to get a better Committee on Ways and Means.

We had the able assistance of a strong staff of experts from the Treasury Department and from the Joint Committee on Revenue and Taxation, without which we probably would not have been able to do as well as we did. Everyone appreciates the very valuable work of the subcommittee which labored here during many months before the meeting of the full committee in December. There was no partisanship in the consideration of this bill. I am a new member of the Committee on Ways and Means, and I can say with frankness that I believe I received every consideration in the hearings and in the treatment of this legislation that the oldest member of the committee received. No more courteous or kindly person ever presided over a committee than the present Chairman of this Committee on Ways and Means. I am going to vote for the bill. I voted for it in committee, and I am going to vote for it when it comes to a vote on the floor of the House. I voted for the rule, because, in my candid opinion, this body of 435 Members cannot very efficiently and adequately consider either a revenue bill or a tariff bill with the hundreds and hundreds of ramifications in bills of this kind.

I am not in accord with every one of the provisions in the bill, and I think I can say with consistency and truth that probably no member of the Committee on Ways and Means is in hearty accord with every provision. We differ in our views in regard to the different provisions of the bill. It has been stated during the discussion of the bill that some of us on the committee did not agree to the action of the committee in respect to the first-class postage. We believed that going back to 2 cents would not result in a loss of $75,000,000 a year. I do not believe the evidence submitted by the Post Office Department in an effort to substantiate that claim is reliable. The advance to 3-cent postage has caused many concerns, as was pointed out here yesterday on the floor by Mr. MEAD, the Chairman of the Committee on the Post Office and Post Roads, also by Mr. KELLY, the ranking minority member on that committee, to abandon the use of the mails in sending out their monthly statements. Both those gentlemen said that, in their opinion and as a result of their investigation before their committee, they are convinced that a great deal of revenue is lost through the Post Office Department because of the use of 3-cent postage. Public utilities, in large cities as well as in small cities and communities, are using hand delivery for their public-service bills instead of the Post Office Department by reason of the fact that they have to pay the extra 1-cent postage on each bill delivered each month. I live in the suburbs of a city of considerable population, the city of Los Angeles.

I had the honor to represent half of that city for 6 years, and I represent a portion of it at this time, and I know, as does my colleague who sits before me, Mr. COLDEN, that the public-service and utilities companies of Los Angeles deliver their public-service bills each month by hand, instead of by mail. What I have to say about Los Angeles in this respect applies to every other city of similar size or nearly equal population. That city has a population of more than 1,250,000. There are substantially 312,500 families in that city, and each family ordinarily receives a bill each month for public service—for water, for gas, for electricity, and telephone. Before the 3-cent postage was adopted these utility companies used the mail, and paid each month for a 2-cent stamp on 312,500 pieces of mail. That would mean about $6,250 a month for one utility, and for four utilities, as is usually the case, it would amount to $25,000 per month, and for 1 year at that rate it would amount to $300,000, nearly all of which is now lost to the Post Office Department by reason of 3-cent postage. Those were some of the reasons why some of us felt that the 2-cent rate should be restored at this time, instead of leaving it to the President to restore it at some time in the future.

Mr. COLDEN. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes.

Mr. COLDEN. Is it not a fact that because of scattered population over a large area that condition probably pertains less to Los Angeles than to any other city of that size?

Mr. EVANS. It probably does; but I happen to know that condition prevails in our community.

Mr. DOBBINS. Mr. Chairman, will the gentleman yield?

Mr. EVANS. Yes.

Mr. DOBBINS. Those bills were sent out chiefly to persons resident within the delivery of the Los Angeles post office, were they?

Mr. EVANS. Yes; in some instances.

Mr. DOBBINS. What would the gentleman do to restore that business to the Post Office Department?

Mr. EVANS. I would restore the 2-cent postage and let that business go back to the Post Office Department, because that is why it lost it, and it is reasonable to assume it will return to the Post Office Department if 2-cent postage is restored.

Mr. DOBBINS. Does the gentleman not realize that that was restored, as far as the 2-cent postage was concerned, for local delivery, in the emergency act last year?

Mr. EVANS. But that does not cover these vast areas at all, and in order to get around the situation they have entirely abandoned the custom of mailing and are sending them out by hand from door to door.

Mr. DOBBINS. But I understand the gentleman to say that most of those letters were mailed to residents within the delivery of the Los Angeles post office.

Mr. EVANS. Probably most of them were, but not altogether.

Mr. DOBBINS. Since that 2-cent postage has been restored, what more can be done to try to get back this business to the Post Office Department?

Mr. EVANS. Of course, we have had the 2-cent postage for drop letters.

Mr. MILLARD. Oh, no; not all the time. Last year it was 3 cents.

Mr. EVANS. That is correct.

Mr. COLDEN. Is it not a fact that we have a dozen independent post offices within the limits of the city of Los Angeles?

Mr. EVANS. Oh, yes; that is true. There are six or eight independent post offices within the city of Los Angeles.

Mr. DOBBINS. Will the gentleman yield further?

Mr. EVANS. I yield.

Mr. DOBBINS. I inquired first if these were not mostly mailed to residents within the delivery of the Los Angeles post office?

Mr. EVANS. The majority of them may be within the jurisdiction of the Los Angeles post office, but I still maintain that they have gotten away from the use of the mail since the 3-cent postage came into effect. Before 3-cent postage these bills were all mailed out; now they are delivered by hand.

Mr. DOBBINS. I agree with the gentleman on that; but I do not know what more we can do than we have done.

Mr. SHANNON. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. SHANNON. The gentleman referred to a former councilman of the city of Los Angeles now a Member of this House. Is that the same gentleman who was a member of the Legislature of Missouri some years ago?

Mr. EVANS. I do not know whether the gentleman was a member of the Legislature of Missouri or not; but I know if the gentleman I referred to, Mr. COLDEN, were a member of the legislature at any time, he was an efficient member, as he is an efficient Member of Congress.

Mr. COLDEN. I may say that I was a member of the Legislature of Missouri, and the gentleman from Missouri [Mr. SHANNON] was my favorite political boss at that time. [Laughter.]

Mr. EVANS. I am glad the two gentlemen are able to enter into mutual-admiration observations, with which I am in accord.

Mr. Chairman, another feature of this bill that some of us were not in accord with, and I for one am not at all in accord with, is the continuance until January 1, 1935, of the stamp on bank checks. That tax is 2 cents per check. It has always been regarded as a wholesome policy in this country to encourage the small-salaried man or woman, the person with modest earnings, to open a bank account and establish a banking connection. I say to you that this law, placing a tax on bank checks, has driven thousands and thousands of small depositors from the banks. It is undoubtedly very materially interfering with the bank deposits of the country. We are all trying to encourage banks to get back into condition where they can sustain legitimate business and make loans that are very much in demand. By this tax we have driven a great many small depositors from the use of the banks and therefore have deprived ourselves of the possibility of obtaining loans that we would otherwise get, and of which the country generally is in great need of at the present time.

During the closing hours of the hearings on this bill a very material change was made in the tax structure. This suggestion came from the gentleman from Massachusetts, Mr. TREADWAY, of the minority membership of the committee. The gentleman from Massachusetts suggested that the tax rate on incomes from $8,000 to $25,000 be lowered and that the rate on incomes above $25,000 be increased so as to make up the deficit that was incurred by lowering this rate on incomes from $8,000 to $25,000. In my opinion, that was one of the best things the committee did in its study of this situation and its revision of the tax law. So I think a great deal of credit is due the gentleman from Massachusetts [Mr. TREADWAY] for suggesting this proposal, which was ultimately concurred in unanimously by the committee.

I desire to mention another feature that I am not in accord with, and that is the one fifth of a cent tax on each barrel of crude oil. That was written into the bill primarily, as I understood it, to better facilitate the Government in its effort to detect and prevent those who are engaged in bootlegging oil in the midcontinent field from evading the law. That is to say, certain producers in the midcontinent field, in violation of their State proration laws, are diverting oil and also evading payment of the Federal revenue. That condition does not prevail in the California oil field, and we have no real justification, as far as our production is concerned, for such a tax. In other words, we do not have the bootlegger in oil production to contend with in California, nor in any other field, as far as I know, except the midcontinent field.

Mr. COCHRAN of Pennsylvania. Will the gentleman yield?

Mr. EVANS. I yield.

Mr. COCHRAN of Pennsylvania. Notwithstanding that fact, is it not of benefit to the California producer to prevent this illegal oil going upon the market at ruinous prices, which breaks down the price structure all over the United States?

Mr. EVANS. It would have that general effect, but I do not think it would be fair to put this tax on California producers, which would apply to all the country, for the primary purpose of meeting a condition that does not prevail in California or any other section except the midcontinent field. The gentleman from Pennsylvania [Mr. COCHRAN] will undoubtedly agree with me that in our consideration of this matter, that was the primary purpose of the provision, as stated by witnesses who appeared before the committee.

Now, gentlemen of the Committee, notwithstanding my criticisms, I propose to vote for the bill. I believe in large measure, and on the whole, it is a good bill. I know it is the best bill that the Committee on Ways and Means could report; and I hope that hereafter when we come to a further revision of the revenue laws our experience in the study and treatment of this measure will prove to be of some benefit. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 20 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, I am heartily in favor of some of the provisions in this bill. I was glad when the Ways and Means Committee at the last session of Congress were granted authority to look into some of the provisions which they have covered in this bill. To quite an extent they have closed a number of leaks which had permitted large taxpayers in this country to avoid payment of their proportionate share of taxes.

For several years past I have been calling the attention of this House to provisions not only in the law but in the administration of the law which permitted large taxpayers to avoid the payment of their proportionate share of the taxes. The exposures before the Senate Banking Committee, exposures in this House, and I am selfish enough to hope that some of the things that I have said, inasmuch as I was asked to appear before the Ways and Means Committee when they started with these hearings, had something to do with this matter of the pursuit, of the reaching, of these certain classes of taxpayers who were avoiding taxation.

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. MCFADDEN. I yield.

Mr. TREADWAY. The gentleman is quite modest in his statement. Is it not a fact that he introduced resolutions before we adjourned last year which brought some of these matters to the attention of the Ways and Means Committee before the publicity was given them that has appeared since that time through the authority of another branch?

Mr. MCFADDEN. The gentleman is correct in that. He refers to Albert H. Wiggin and other cases which were afterwards examined by the Senate Banking Committee. I have repeatedly asked the House and the Ways and Means Committee to pay attention to these things; and I am very glad, as I have said, that they have at last studied that situation and found that the things I was pointing out were true.

Because of the fact that certain large taxpayers were deliberately avoiding their payments, I not only introduced this legislation but pointed out specifically and called the attention of the Attorney General, the present Attorney General, at the close of the last session of Congress, to certain specific violations. I am referring to those violations of Andrew W. Mellon, the former Secretary of the Treasury, and his brother and their various business organizations. I am referring to that which I stated on the floor of the House at the last session of Congress, wherein one H. L. Doherty, of the Cities Service Corporation, is one of the biggest evaders of taxes to the United States.

I am now calling your attention to the fact that Mr. H. L. Doherty and his tax matters are being protected by the administration. His particular tax-avoidance cases are not being looked into. They should be looked into because they run into millions and millions of dollars. Mr. Doherty was one of the largest contributors to the campaign which elected Franklin D. Roosevelt President.

Mr. MCCLINTIC. Mr. Chairman, will the gentleman yield?

Mr. MCFADDEN. I yield.

Mr. MCCLINTIC. Is this the same Doherty who owns the Cities Service companies and who has sold a lot of stock that has practically disappeared so far as value is concerned?

Mr. MCFADDEN. The same gentleman. And now that the gentleman has mentioned the subject, let me say that

a greater fraud was never perpetrated upon investors in the United States, and the matter of that defrauding of the American public is a serious question. The administration ought not to protect this man who is pursuing every course possible to avoid an investigation of his tax situation and the make-up, the set-up of his various financial concerns.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield further?

Mr. McFADDEN. I yield.

Mr. McCLINTIC. I have never heard or seen any information relative to the administration protecting this particular gentleman. I hope, if the gentleman from Pennsylvania has any information on the matter, he will put it in the RECORD. I remember distinctly the valuable service the gentleman from Pennsylvania rendered the committee with respect to another individual who was afterward investigated by another body. I am interested in having investigated and brought to public attention the records of any individuals who might be classed as crooks.

Mr. McFADDEN. I dislike very much to mention names or to call attention to a situation like this, but as earnestly as I could at the last session of Congress I pointed out this situation. Since that time nothing has been done, and I am told now that this particular matter of Mr. Doherty's is being handled by one Arthur Mullen, a member of the Democratic National Committee; and I am told in this connection also that the present head of the Income Tax Division of the Treasury is also a friend of Mr. Doherty. Now, there is sufficient lead for this administration to take the matter up and go through it and ascertain whether or not what I am saying is true.

For the benefit of the people of the United States this tax should be collected. For the benefit of the investors in the various companies of which Henry L. Doherty is the head, this information should be known, and an investigation should be made of the original and subsequent set-ups of these various corporations on which dividends have been paid, not out of earnings but out of capital stock or money that was filched from the public through the sale of securities in the form of various issues of common stock, preferred stock, and bonds.

Mr. McCLINTIC. Mr. Chairman, will the gentleman yield at this point?

Mr. McFADDEN. I yield.

Mr. McCLINTIC. The gentleman has not mentioned the name of a person who has occupied a high position in the party, but I remember very distinctly that a statement was published in the press of Washington which showed the attitude of this administration with respect to attorneys; and I do not think the gentleman's inference is quite correct with respect to the administration's protecting a person when he refers to some attorney entirely outside the administration.

Mr. McFADDEN. I say to the gentleman he is not quite correct in that particular. I am mentioning a gentleman who is a member of the Democratic committee from Nebraska, who was floor manager of the convention that nominated Franklin D. Roosevelt, and I want to point out this situation, that there is a vast difference between the Bureau of Internal Revenue and the administration. The men who control the Income Tax Division of the Treasury, are practically the same ring that were in there during the last administration.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. COCHRAN of Missouri. The gentleman is entirely mistaken when he says that the Bureau of Internal Revenue as constituted today is exactly the same as it was during the past administration. The commissioners, the deputy commissioners, the assistant commissioners, and legal heads are changed. We had an Assistant Secretary of the Treasury who was formerly in charge of the Income Tax Section of the Bureau of Internal Revenue. Does the gentleman know that Mr. Morgenthau has taken that over himself? That he will O.K. the refunds and personally confer with the commissioners, rather than have an assistant for that purpose.

Mr. McFADDEN. Yes; I am aware of that fact.

Mr. COCHRAN of Missouri. Is not that an indication that he is giving special attention to the Bureau of Internal Revenue; that he realizes the importance of this great Government agency? I think the gentleman will find he means business.

Mr. McFADDEN. May I say to the gentleman that one of the very important matters to which I am referring has been repeatedly called to the attention of the Secretary of the Treasury?

Mr. COCHRAN of Missouri. The present one?

Mr. McFADDEN. The present one.

Mr. COCHRAN of Missouri. Has the gentleman any information at all that any special favor is being shown to this taxpayer, or any other taxpayer, which he should not receive from the officials of the Internal Revenue Bureau? If so, be specific; name them now; the Secretary will do the rest.

Mr. McFADDEN. The fact that this matter is not being dealt with is an indication of that fact, I may say to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman cannot deal with grave matters of this kind by mere inference and innuendo. Simply because one contributed to a campaign fund, especially a Democratic campaign fund, will bring him no immunity or favors.

Mr. McFADDEN. I have only a few minutes, but I think the gentleman will find sufficient in what I am saying at this particular time and what I am putting into the RECORD to convince him beyond all question of doubt.

Now, I am calling upon the administration, if they are sincere, to take up these various questions where these people and concerns have received rebates through fraudulent methods and through evasions which are well known to tax experts and clever lawyers who are in the ring, who are now practicing before the Treasury Department, to look into them and ascertain whether or not they are not being protected by those who claim to be in special favor with the administration.

To be specific, H. L. Doherty and the Cities Service Co., and all of its affiliates, are owned and completely controlled and operated by H. L. Doherty. It is a one-man outfit pure and simple. It is a complicated group. He owns and controls all of the boards of directors of his various companies. He has been engaging in acquisition and consolidation and merging on a vast scale, buying at one figure and marking up values upon which he has caused to be issued securities of his various companies on the marked-up values. These write-ups in plant and investment accounts have been in excess of $250,000,000. Securities and properties have been switched from one company to another or into the parent company just as H. L. Doherty saw fit to do. He has an inflation in the Cities Service Co. accounts covering investments in the Cities Service Power & Light and its subsidiaries of over $110,000,000. A careful examination of his operations will show that he has taken out for his Cities Service Co. all of his initial investments in the subsidiaries. He has overstated the surplus of the Cities Service Co. and instead of having a large surplus which his books disclose the books will disclose a deficit of over $100,000,000.

The Bureau of Internal Revenue and the Attorney General of the United States should examine the accounts of H. L. Doherty, H. L. Doherty & Co., the Cities Service Co., and all of its affiliates, where it will be disclosed that vast write-ups of values and the fraudulent issue of securities and an exploitation of the affairs of these various companies by Mr. Doherty have taken place. For instance, the security dealings of H. L. Doherty & Co. with the various utility com-

panies throughout the United States should be carefully gone into—their profits on the Empire Gas & Fuel Co. stock, his operations in Gas Electric Securities Co., all of the profits between his various companies; the total amount of cash received by H. L. Doherty or H. L. Doherty & Co. or any of his private holding companies disclosing the amount of cash received and taken out of his many reorganizations, consolidations, and acquisitions. Particular attention should be paid to their acquisitions of the Lorraine County Electric Co. where they marked up the values or acquisitions of this company alone to twice the amount that they paid for the property, the property being acquired at approximately $500,000 and marked up approximately to a million and a half dollars and this amount of securities sold on a property that only cost approximately $500,000. I am reliably informed that the fixed capital account has been written up almost 200 percent, that some of his properties have been written up as high as over 150 percent.

The Toledo Edison Co. is another one of his acquisitions and marking up in value enterprises in preparation for a sale of these marked-up securities to the gullible public. One of the most flagrant marking-up instances was in his acquisition of the Empire District Electric Co. in which a mark-up of almost four times the purchase value was made. Another instance is the Natural Gas & Fuel Corporation in which he marked up the value of this company nearly 150 percent. His operations in Arkansas Natural Gas Corporation would be very revealing to the Bureau of Internal Revenue, and would be a source from which I believe the income-tax division could find very assuring information upon which to base a collection of what I believe to be an amount due the United States in excess of $10,000,000 from H. L. Doherty and his various promotions.

If the Department will go into the stock manipulations of the Cities Service stock in which Mr. Doherty, through his various outfits, rigged the market on this stock and unloaded onto the investing public at a profit above $40 a share, they will find much of interest. The information desired by the Department in this respect can be acquired through an examination of the books of the Cities Service Securities Corporation which was organized in 1927 by H. L. Doherty & Co. for the purpose of developing a market for Cities Service Co., and their subsidiary companies' securities.

This elucidates only about 0.1 of 1 percent, but I think it sufficient to answer the question of the gentleman from Oklahoma [Mr. MCCLINTIC] and it is sufficient data for the Income Tax Division of the Treasury to begin an active examination of this taxable source to recover to the United States Treasury something over ten millions of taxes which are now due from this particular source.

In that connection, this is not a partisan matter. I have repeatedly called attention to the evasions of the large taxpayers and particularly to those of the Mellon interests. I do not like to do this continuously, but you will ascertain by close observation, contact, and experience in the handling of these matters that pressure is brought to bear; that there are key men in these departments who are protesting these interests; and that men are being discharged in the Department of Internal Revenue today because they have been active in pointing out these particular things in the line of their duties. They are being deprived of their employment; they are being demoted. This is a serious situation, and I am calling it to the attention of the Committee, not as a partisan matter but in the interest of the people of the United States, that no longer shall this private racket with reference to the avoidance of the payment of income taxes that are due be given specifically to those who are best able to employ clever accountants and clever lawyers. May I say in this connection that there are certain lawyers and law firms who are practicing before the Income Tax Division that because of the inside trail they have they are permitted access to records there which the average man is not permitted to get. I hope those of you in this House who I know want these things corrected will take definite action and see that the administration does now correct this matter.

The reference of the Mellon taxes has been before the Attorney General's Department since last June and no report has been made. I am told each time that I inquire that the matter is still under investigation. Certain suits have been brought by individual citizens of this country, and all kinds of pressure has been brought to bear to avoid fixing of the responsibility. The question I would like to impound in this respect is why the Department of Internal Revenue have not themselves gone into these situations, why they persist in avoiding, and why they persist in seeing to it that no action is taken that is detrimental to these big taxpayers. The chain of the influence crowd seems to be still working. This one particular case that I have mentioned is only one of many more.

I hope if this bill is passed and the Secretary of the Treasury is given additional assistants as this bill provides, that he will see to it that someone is put in charge of the collection of these delinquent taxes, and that this money will be collected for the benefit of the American people.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. MCFADDEN. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. Does the gentleman know that the report of the Bureau of Internal Revenue shows that the Bureau collected over $350,000,000 in the last fiscal year in additional taxes and penalties from taxpayers? Is that not an indication that they are doing their work? Give credit when credit is due.

Mr. MCFADDEN. I am glad to hear the gentleman say that.

Mr. COCHRAN of Missouri. That is a matter of record.

Mr. MCFADDEN. Two years ago I called the attention of the House to the fact that there was over a billion dollars of uncollected taxes of the kind I am talking about now. I hope what the gentleman refers to is a part of that particular amount. I venture to say that today similar taxes are owed to the United States, unpaid and uncollected, and which should be collected, to the extent of $700,000,000. This is a serious matter, and when we talk about levying additional taxes I think some attention should be paid to the question of collecting the taxes which have been levied and are now legally due and which these big taxpayers are trying to avoid.

Mr. FOCHT. Will the gentleman yield?

Mr. MCFADDEN. I yield to the gentleman from Pennsylvania.

Mr. FOCHT. Can the gentleman tell how much they recovered from these taxpayers?

Mr. MCFADDEN. I have not the figures.

Mr. FOCHT. Many millions of dollars.

Mr. MCFADDEN. The gentleman from Missouri said it was a large amount.

Mr. COCHRAN of Missouri. I have sent for the figures, and they will be here in a minute. I hope the gentleman will place the table in the RECORD. It is an official table.

The table referred to is as follows:

STATEMENT SHOWING INTERNAL-REVENUE RECEIPTS, ASSESSMENTS, COLLECTIONS, REFUNDS, ETC.

Mr. ARNOLD. Do you have a statement showing the credits and abatements of taxes?

Mr. EVANS. We have a separate statement showing internal-revenue receipts, additional assessments, and collections, refunds, and abatements and credits, for the fiscal years 1917 to 1933, inclusive, and for the first 3 months of the fiscal year 1934.

Mr. ARNOLD. You may submit that for the record.

(The statement referred to is as follows:)

Statements showing internal-revenue receipts, additional assessments and collections, and overassessments of internal-revenue taxes (refunds, abatements, and credits) for fiscal years 1917 to 1933, inclusive, and the first 3 months of fiscal year 1934

Fiscal year	Total internal-revenue receipts	Amount of additional assessments and collections resulting from office audits and field investigations	Amount of refunds of taxes illegally collected	Amount of credits and abatements	Total
1917	$809,393,640.44	$16,597,255	$887,127.94	[1]	$887,127.94
1918	3,698,955,820.93	29,984,655	2,088,565.46	[1]	2,088,565.46
1919	3,850,150,078.56	123,275,768	8,654,171.21	[1]	8,654,171.21
1920	5,407,580,251.81	406,889,359	15,639,952.65	[1]	15,639,952.65
1921	4,595,357,061.95	416,483,708	28,656,357.95	[1]	28,656,357.95
1922	3,197,451,083.00	266,978,873	48,134,127.83	[2] $134,237,470.05	182,371,597.88
1923	2,621,745,227.57	[3] 735,216,858	123,992,820.94	306,583,881.95	430,576,702.89
1924	2,796,179,257.06	[3] 739,225,261	137,009,225.65	355,628,775.65	492,635,001.30
1925	2,584,140,268.24	[3] 457,314,407	[4] 151,885,415.60	226,155,568.74	378,040,924.34
1926	2,835,999,892.19	[3] 553,404,633	[5] 174,120,177.74	339,237,700.53	513,357,878.27
1927	2,865,683,129.91	[3] 416,669,567	103,858,687.78	262,292,004.21	366,151,291.99
1928	2,790,535,537.68	[3] 414,251,490	142,393,567.17	199,194,252.14	341,587,819.31
1929	2,939,054,375.43	[3] 405,855,476	190,164,359.48	228,775,274.72	418,939,634.20
1930	3,040,145,733.17	[3] 303,055,027	126,836,333.22	199,937,206.97	326,773,540.19
1931	2,428,228,754.22	[3] 382,788,076	69,476,950.26	213,731,335.60	283,208,285.86
1932	1,557,729,042.64	[3] 332,363,708	80,583,504.11	250,617,381.94	331,200,886.05
1933	1,619,839,224.30	[3] 357,581,305	51,484,845.92	212,529,757.00	264,014,602.92
1934, first quarter	573,582,446.81	[3] 63,129,217	13,498,873.15	45,063,060.96	58,561,934.11
Total	50,211,750,825.91	6,481,064,583	1,469,362,044.06	2,973,984,210.46	4,443,346,254.52

[1] No record available; credits first applied in fiscal year 1922.
[2] Estimated; based on amount of claims allowed in 1922 ($182,371,597.88) less refunds allowed in 1922 ($48,134,127.83).
[3] Includes jeopardy assessments as follows:

1923	$132,525,380.55
1924	161,515,217.33
1925	144,646,530.53
1926	148,867,165.26
1927	32,704,156.33
1928	45,685,725.80
1929	$50,865,425.58
1930	36,124,226.65
1931	50,425,493.63
1932	50,973,391.84
1933	109,895,996.57
First quarter of 1934	11,840,691.25

[4] Includes $17,777,642.45 refunded taxes under provisions of section 1200 of the Revenue Act of 1924 (25-percent refunds of 1923 individual income taxes).
[5] Includes $206,115.29 refunded taxes under provision of above sections of law.

Mr. FOCHT. Has the gentleman any information in reference to rebates?

Mr. McFADDEN. Rebates is another question.

Mr. COCHRAN of Missouri. The rebates are in the same table, which is available to every Member of the House, printed in the hearings of the Appropriations Committee on the Treasury appropriation bill.

Mr. FOCHT. Does the gentleman know approximately how much they were?

Mr. COCHRAN of Missouri. It is about $350,000,000. I refer to additional assessments and penalties.

Mr. RUFFIN. What year does the gentleman want?

Mr. FOCHT. Last year.

Mr. RUFFIN. I have it here from 1931 to 1932. In 1932 the rebates were $331,201,000. They got up to over a half billion dollars one year.

Mr. McFADDEN. Mr. Chairman, may I call attention to a few points in connection with this bill that I think could be improved on—and I am not attempting to criticize the Ways and Means Committee in this respect, but to emphasize a few leaks which have not been covered sufficiently.

If I had my way about it, I would abolish this matter of secrecy of tax returns. May I point out that while the returns are secret to the taxpayers, they are not secret to the Secretary of the Treasury or to any officer or employee of the Treasury Department who may avail themselves of the secrets to their own advantage or to the advantage of any to whom they choose to impart the information. This information has been used in the past by those who were in high official authority. I think that the time has arrived when we should have publicity on the question of these tax returns.

There is another phase I would like to call the committee's attention to, and that is the question of confidential rulings of the Treasury. These confidential rulings breed favoritism, which should not be tolerated in any tax system. They are generally known to have been very much abused and seldom used in fairness to the Government.

In this bill are certain provisions which definitely relate to the administrative end of the Government and the collection of certain taxes that are not made mandatory in the law. I think that these matters which we know permit taxpayers to avoid payment of their just proportion of the taxes should be fixed in the law.

Stipulated tax agreements and compromises of taxes are another question. These place too much power in the hands of Government stipulators and impose too much of a burden upon the Government's representatives. It is seldom if ever possible to prove fraud, in view of the great latitude allowed under the law to Government representatives in these matters.

Consolidated corporation returns: These permit too much dead weight or drag or inefficient, ineffective, unnecessary, old, obsolete, industrial junk to be attached to live, active, efficient, necessary, modern, new, effective industry. If they must be tolerated, they should be permitted only when accompanied by a consolidation of balance sheets showing additions and eliminations made subsequent to the consolidation thereof.

This bill proposes to permit those who want to file a consolidated report to be taxed 2 percent. Of course, they are going to pay the 2 percent if they would be taxed 10 percent or 12 percent or more under the other form. It is really giving them a way out, as I view it, and I do not agree with the 2-percent experiment.

Now, as to reorganizations, consolidations, mergers, and sales——

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. McFADDEN. These should be taxed on the basis of profit or value set up on the books of the vendee over cost to vendor properly depreciated.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. McFADDEN. I am sorry, but I only have 5 minutes.

Mr. COCHRAN of Missouri. I want to hand the gentleman a statement giving the complete workings of the Bureau of Internal Revenue from 1917 to the present time and ask the gentleman to place it in his remarks.

Mr. McFADDEN. I will be pleased to put the statement in my remarks.

Uniform accounting: A national system of uniform accounting, preferably under a board of separate, independent jurisdiction, should be established with classifications of accounts according to industries, businesses, or undertakings, establishing uniformity in relation to all accounts particularly.

Now, as to capitalization, this should be on the basis of actual investment, cash or property paid in at a fair value or services previously rendered. The inclusion of any increasing value except that passed through income or earnings and previously taxed as such should never be permitted.

As to surplus, no amount should be allowed to be included in surplus except earnings or income previously reported for income-tax purposes. Written up, appraised, or other realized value should not be permitted to be included in surplus.

Income, earnings, and expenses: Only income earnings or profits from the operation of the business should be permitted to be included in income or surplus from which dividends and expenses may be paid or capital surplus increased, unless and until the amount has been taxed as income.

As to dividends, no dividends should be allowed to be paid except out of earnings or income previously reported for income-tax purposes.

And right here I want to revert to what I have said in regard to the Doherty-City Service enterprises. They have been paying dividends out of capital account and not out of earnings. This Government should so protect its people as to see to it that corporations with set-ups of that kind, that are permitted to sell their securities broadcast throughout the land, do not deceive the public in this respect.

Depreciation should be made compulsory in separate class of industry for all purposes alike. Depreciation should be based on cost of property, other than land, prorated over the estimated useful life thereof. Depreciation should not be allowed on the basis of income, obsolescence, so-called, or any other basis than cost.

I would stress particularly—

First. Depreciation, compulsory and alike for all purposes in every class of industry.

Second. Capitalization based on actual investment, cash or property paid in, not subsequent appraisals or determinations.

Third. Dividends only out of earnings or earned surplus, all of which shall be taxable.

Fourth. Surplus, only actual income or earnings and not appraisals or other determinations of value.

Fifth. Earnings, only profits from operations of the business. No income in value of plant or property, not passed through income and taxed.

And may I specifically point out to the members of the Ways and Means Committee that this is one of the sources of the greatest evasion today in the payment of taxes by the large corporations?

Sixth. Federal returns, on basis of individual companies. I am absolutely opposed to the use of the consolidated return. It is a vehicle to avoid the payment of just taxes by the big corporations, and they only resort to consolidated returns when it means they are avoiding the payment of taxes; and to permit the consolidated return is permission by this House and by this Congress to these corporations to avoid the payment of their just taxes.

Seventh. Uniform accounting classified to all like industries.

Supplementing what I have already said, I desire to say that under the Federal taxing laws, which—thanks to Mr. Mellon—forbid the publication of tax returns, no large taxpayer got to see or pry into the secrets of big business, except Mr. Mellon. How thoroughly he informed himself regarding business secrets and the many schemes business devised to cheat the Government out of funds and what use he made of these can be determined by an examination of his—and the various companies in which he is interested—tax returns and a few of the abatements and refunds allowed by himself as Secretary of the Treasury to himself and his numerous business interests. There was no scheme conceived or adopted by other businesses that was overlooked by him.

Whereas other individuals and businesses devised schemes that were peculiar to themselves, by virtue of his office he got to see and learn all of them and improved and refined them to his own interest. On the inside of the Treasury he got to see and learn all the tricks of every business, which he adopted and used for the purpose of destroying competitors, and he developed other schemes that gave him exclusive and particular advantages over others.

As proof of the use of confidential information by the Mellon interests, I wish to cite a case, In Equity No. 2854, in the District Court of the United States for the Western District of Pennsylvania, United States of America, petitioner, against Montour Railroad Co. and Pittsburgh Coal Co., defendants, being a case brought by the Attorney General of the United States against these companies, filed under date of October 31, 1933. On page 11 of this brief I quote as follows:

> The railroad company furnishes a copy of its daily "loaded interchange report" to the executive vice president of the coal company, which discloses the names of the customers of each coal producer located on the railroad company's line and the number of carloads of coal shipped daily by each of said producers. The furnishing of said reports discloses to the coal company private trade information of competing coal producers, and violates section 15 (11) of the Interstate Commerce Act.

I would point out that A. W. Mellon and his late brother, R. B. Mellon, bought control of the Pittsburgh Coal Co. while Mr. A. W. Mellon was Secretary of the Treasury. They also own the Koppers Co., which operates throughout the world. Each of these companies has an output of from ten to fifteen million tons of coal a year.

In this particular instance they are not content with the owning of the railroad company and the Pittsburgh Coal Co. and the Koppers Co., but they ask for and use information as to smaller companies located on their railroad for the purpose of stifling the business of the smaller companies, if not putting them entirely out of business, just as the interests of the Mellons appear to be.

Chief among the schemes devised within the Treasury were:

I. CONFIDENTIAL RULINGS

These confidential rulings were devised to govern in peculiar situations and particular cases. Naturally they were all known to and used by him. They were, however, not known to other taxpayers—who might be like or similarly situated—and therefore, for want of information as to the particular ruling, could not avail themselves of it to their benefit.

Over 80 percent of the rulings of the Treasury Department interpreting the law and affecting the determination of taxes were of this confidential nature.

Eventually, through the employment of men from within the Bureau, other corporations and businesses learned of and profited by these confidential rulings.

II. THE COMPROMISE

The second device used by Mr. Mellon was the compromise. It worked in this way: Mr. Mellon as Secretary of the Treasury had the power to compromise taxes due to the Government from any taxpayer. By this device any tax assessed against his interests that was objectionable to him he, as Secretary of the Treasury, ordered settled by compromise. Sometimes a compromise settlement was made within the audit unit. At other times the compromise settlement was referred to a special committee. If the question involved too flagrant violation of the law and the rules and regulations written by Mr. Mellon interpreting the law for the special committee to swallow, or there was fear of a flare-back, the case was taken to court. A suit was fixed by the taxpayer for the refund or abatement of the tax. The Bureau answered, and when the case came up for hearing a compromise previously ordered by Mr. Mellon would be agreed upon by the Bureau's attorneys and the compromise agreement would be entered. The court, of course, in such instances was ignorant of the manner in which the compromise was reached or of the fact that the company was a Mellon company. In this way taxes and penalties of millions of dollars assessed against Mr. Mellon and his interests were settled for a paltry pittance.

How the Treasury and other departments of the Government were used to skim the cream off of financial investments throughout the world for Mr. Mellon during his period as Secretary of the Treasury is illustrated in the Mexican, Colombian, and Venezuelan oil-field grabs, and the various bauxite and other mineral-deposit acquisitions of the habitable globe acquired by him chiefly at the Government's expense. The acquisition of the Koppers Co. from the Alien Property Custodian during the administration of James M. Guffey, who was then and is now closely allied with the

Mellon group interests, and is the same man who is now a candidate in Pennsylvania on the Democratic ticket for United States Senator in the next May primaries.

How Mr. Mellon used his authority while Secretary of the Treasury and to what extent he profited by it in tax matters is illustrated by the refunds and abatements allowed to the following, among the many other companies in which he is interested:

(a) Mellon National Bank.
(b) Crucible Steel Co.
(c) Aluminum Co. of America.
(d) Gulf Oil Co.

(a) Mellon National, Union Trust Co., and Union Savings Banks were permitted to file separate tax returns, contrary to the rulings of the Treasury requiring all other banks under similar conditions to file consolidated returns. This resulted in many, many thousands of dollars of taxes being refunded by the Government to Mr. Mellon's banking interests, which other banks under like circumstances did not get.

(b) Crucible Steel: This company was unwittingly caught by an overzealous agent of the Department keeping two sets of books, one set used for the purpose of making out its income-tax returns and for showing to the Government's agents. This set showed little or no taxable income. The income and excess profits computed on the basis of this income were practically negligible. The other set of books was used for the benefit of its directors and stockholders and showed the true and a much larger income than was reported to the Government for tax purposes.

When these facts were brought to the attention of the Treasury Department, after much discussion a compromise was entered by which the Government lost about $4,000,000 in taxes and fines that had been assessed against the company.

(c) Aluminum Co. of America: The refunds and abatements of taxes in this case amounted to over $18,000,000, which was chiefly the result of amortization allowances. The claim was based upon affidavits of officers of the company to the effect that plant and facilities erected for the purpose of the production of materials necessary in the prosecution of the war were no longer used or usable for peace-time purposes. At the same time that these officers were swearing to the correctness of this claim before the Bureau of Internal Revenue, other officers of the company were swearing before the Federal Trade Commission that the company's then present plant and equipment were being used to full capacity for peace-time purposes and were not sufficient to supply its peace-time demands.

(d) Gulf Oil Co.: This company was refunded something over $4,000,000 of taxes, largely due to depletion allowances based upon the following schedule:

Percent of depletion to net income

	Average all companies except Gulf Oil Co.	Gulf Oil Co.
1917	37.8	20.7
1918	27.6	177.9
1919	48.2	488.6

It is apparent to what extent the Mellon-owned company profited over the average of all other companies.

No list of tax abatement and refund beneficiaries would make an approximate showing of the conduct of the Treasury Department for the past 12 years, from 1921 to 1933, without the inclusion of the Atlantic, Gulf & West Indies Steamship Co., United States Steel Co., the Cannon estate, the Mills estate, and hundreds of other companies.

Mr. Andrew W. Mellon, Mr. D. H. Blair, and Mr. Ogden Mills were generous to themselves when passing out the Government's money by way of refunds. Mr. Mills, as Under Secretary of the Treasury, and as Secretary of the Treasury succeeding Mr. Mellon, did not overlook his own interests.

Mr. D. H. Blair, Commissioner of Internal Revenue for several years under Mr. Mellon, did not fail to take advantage of his position as Commissioner of Internal Revenue in the matter of adjusting the taxes in the Cannon estate. This was the estate of Mr. Blair's father-in-law, wherein he was an executor. The compromise was used effectively in this case.

In the Gulf & West Indies Steamship case taxes amounting to $22,500,000 were compromised for $2,600,000, or a net loss to the Government of $19,900,000. The records of the Bureau in this case show that every conceivable fraudulent expedient for the purpose of concealing the immense profits earned by it and its subsidiaries were expressly approved by the directors of the company.

United States Steel Co: Abatements and refunds in this case amounted to over $100,000,000. Of this case a representative of the Joint Committee of Congress on internal-revenue taxation said:

> Considerations given to the United States Steel claims by the Treasury Department were very questionable both in law and in fact.

III. OTHER DEVICES THAT WERE USED TO DEFRAUD THE GOVERNMENT OF TAXES LEGITIMATELY DUE WERE (A) OVERCAPITALIZATION AND (B) EXCESSIVE DEDUCTIONS FROM INCOME

(a) Overcapitalization: Invested capital was by various fictional devices, that did not add one cent to assets cost, such as increased asset values by mere write-ups; increase of asset values due to appraisals; going value; the inclusion of worn-out and unused assets which should have been depreciated and charged off long since, and the inclusion of various intangible asset values that never existed, were a few of the many devices that were used to inflate capitalization.

(b) Excessive deductions from income: Among these were included amortization, depletion, depreciation (and various fictional items) of asset values that had been highly depreciated over cost or that never existed at all. An enumeration of all of these would require volumes to tell about.

When the scrapping of war plants was discussed at a Cabinet meeting, the then President asked Mr. Mellon for his opinion regarding the scrapping of a certain plant. Mr. Mellon's reply was: "I have scrapped one of my own plants costing approximately the same amount" ($12,000,000). What Mr. Mellon failed to tell the President, however, was that the plant had been amortized at the Government's expense (see Aluminum Co. of America).

I am reliably informed that Mr. Mellon and his interests profited by refunds and abatements in taxes in the amount of over $200,000,000 upon a capital investment of over $2,000,000,000.

I said that some individuals and firms practicing before the Bureau of Internal Revenue are accorded privileges that are not extended to others; privileges that are positively forbidden by law. Among such persons are D. H. Blair, once Commissioner of Internal Revenue; Edward Clifford, a former employee of the Bureau; and Mr. Seifert, and other representatives of the firm of Smith, Shaw, McClay & Seifert, of Pittsburgh; and Price Waterhouse & Co., a British-controlled accounting house. This kind of favoritism should be stopped.

Being aware of the rigors of the Massachusetts law regulating foreign utilities doing business within the State, the Mellon interests kept clear by organizing the Eastern Gas & Fuel Associates as a holding company for their New England properties. The Eastern Gas & Fuel Associates is neither a partnership, a corporation, nor any body legally recognized in Massachusetts as subject to regulation by the State utilities department. It stood outside the law.

The public has become thoroughly demoralized by the astounding statement of a former Under Secretary of the Treasury under Mr. Mellon, who testified unhesitatingly in the Federal courts in New York that he advised Charles E. Mitchell how to evade income-tax laws. According to this former public official's standards, any artful subterfuge that devious reasoning might construe as legal, was sanctioned, approved, authorized, counseled, and advised by the Bureau of Internal Revenue, showing how thoroughly the Bureau had become permeated with the warped morality of unscrupulous business practices and to what extent that school of business leaders will go, when occupying public

office, to favor their own interests at the Government's expense.

IV. TREATMENT OF THE PERSONNEL

The most shameful, cruel, criminal, and inhuman chapter in the Bureau's annals is the treatment of the personnel by Mr. Mellon and those placed in charge under him.

Those who did his bidding, right or wrong, without question, or who refined old practices and invented new schemes by which he could be further enriched, or his companies could avoid the payment of taxes that were proposed to be assessed, or evade taxes that had been assessed, were liberally rewarded at the Government's expense.

Those who could not be made to serve his purposes were ignored when it came time for advancement or promotion. Those who dared to question or would not lend their approval to acts they deemed improper or illegal were demoted, dismissed, dishonored, and disgraced. This practice was particularly true during the investigation by a House committee of the United States bond situation a few years ago. Nearly every person who furnished information to the committee has been severely dealt with.

Although most of the employees of the Bureau had civil-service status and were entitled under the law to a hearing at any time their status was affected, they were never granted a hearing at which evidence could be produced and witnesses examined, nor did Mr. Mellon grant them a hearing when he was personally appealed to. In more than one instance he turned thumbs down, even though the action of the Department had been examined into by other Government agencies and was proven to the satisfaction of the Civil Service Commission and the Joint Committee of Congress on Internal Revenue Taxation to be unjustified. The request of the joint committee and the Civil Service Commission that employees be restored to duty was ignored or denied by Mr. Mellon, and he refused to recommend that their civil-service status be restored. I am informed that the Civil Service Commission without the approval of or a request from the head of the Department from which a civil-service employee is dismissed, his or her civil-service status cannot be restored. These practices have been perpetuated and projected into the present administration by hold-over Republicans and nonsympathetic Democrats who are continued in key positions. Unless a civil-service employee, whose status is affected, is given a hearing where witnesses may be examined and evidence adduced, the civil-service law is a mockery.

Many employees, because of their treatment by heads of their departments, were driven to nervous prostration, and at least two of them in desperation took their own lives. Such practices must be abolished.

Mr. Ogden Mills, as Under Secretary of the Treasury, was appealed to—after the indictment had been dismissed by the court—by an employee of the Bureau who had been framed and caused to be falsely indicted by certain officials of the Bureau for an offense of which he was not guilty, to help right the wrong done him. The employee not being willing to subscribe to the stultifying terms and conditions of his reinstatement suggested by Mr. Mills, was informed by Mr. Mills that he—Mills—would fix his record so that he not only could not reenter the service of the Bureau but would never be permitted to enter the service of the Government again. Thanks, however, to an investigation of the case, both by a joint committee of Congress and by the Civil Service Commission, who could not approve the action of the Bureau, the employee is now again in the service of the Government, in a different department, however, although his civil-service status has never been restored.

A frequent practice of the petty chiefs has been to write false statements into the records of the personnel, reflecting on the individual, and to use these false statements as a basis of adjusting their efficiency ratings. More recently, during your administration, one chief has used the Executive order affecting the status of persons where both husband and wife are in the Government service as an excuse for dismissing one spouse from the service, although numerous others in the same status who were notified of their dismissal were restored to their positions. This was done because the person affected would not sanction an act which was deemed unlawful.

V. CONCLUSION

There is no reason why all persons under similar circumstances should not be treated alike under the law; why special favored consideration should be given to a few that is not accorded to all, especially in tax matters and as employees of the Government. Nor should the records in one department of the Government be denied to any other department of the Government for legitimate use, whether in protecting the Government from fraud or in prosecuting persons who had sworn falsely. (See Aluminum Co. of America records in the Bureau of Internal Revenue and in the Federal Trade Commission.)

I believe that an income tax law and an excess profits tax law can be successfully devised to raise all the revenue needed from these sources to run the Government without injury or excessive burden to any taxpayer.

No resident of the United States who enjoys the protection and benefits of the Government can reasonably object to a graduated income tax, beginning—with all incomes over $3,000, $4,000, or $5,000—at 2 percent and gradually increasing to as high as 50 percent, if necessary, on incomes above $500,000, or some other definite amount.

With respect to the excess-profits tax, the law might assess a tax against all profits over 8 or 10 or 12 percent of the actual money invested in the capital structure of the corporation.

I cannot see why corporate fictions are allowed to cheat the Government out of taxes, especially when the Supreme Court holds that it will not be bound by the corporate fiction but will look beyond this and inquire into the (substance) purpose for which the corporation is formed.

The inclusion of any value in capitalization over cost should no more be permitted to defeat the tax laws than it should be included in the basis for computing rates charged to users of electricity, gas, or any other service by public utilities.

No person should have authority to interpret the law and determine his own taxes or make any other determination, as a public official, affecting his financial obligation to the Government.

It is to be noted that the Aluminum Co. achieved the distinction of asserting the truth of mutual contradictory statements. While it was pleading before the Bureau of Internal Revenue that it possessed war-expanded plants and facilities far beyond its needs, it was pleading before the Federal Trade Commission to the exact contrary. Defending itself against monopoly charges, it was declaring before the Federal Trade Commission that the reason certain customers could not get their orders filled was that it could not meet their demand. When this contention was placed before the Bureau of Internal Revenue, Aluminum Co. counsel unblushingly stated that one branch of the Government could not take cognizance of statements made before other branches of the Government. (See St. Lawrence River Securities Corporation; Niagara-Hudson Power Corporation group.)

The following is a partial list of the corporations in which Andrew W. Mellon and his family own and/or control, or are interested in, showing in some instances the assets of the corporations for the year 1931, together with the proportion of interest owned by the Mellons, and profits in some instances for the year 1929. The Mellons' interest in these and other companies is almost universally in the common voting stock. The asset values of the companies in which the Mellons are interested for the year 1931 are over $10,000,000,000. The Mellons' investment in them is something over $2,000,000,000. The percentage of the Mellons' investments in these companies ranges from around 10 percent to 100 percent control in the voting stock.

(A) PUBLIC-UTILITY ELECTRIC, GAS, AND/OR WATER-POWER COMPANIES
[In millions of dollars]

	Assets, 1931	Mellons' interest	Profits, 1929
(1) Alcoa Power Co., Ltd			
(2) Aluminum Co. of America (the numerous aluminum companies) [1]	247	90	25
(3) American International Fuel & Petroleum Co			
(4) Brooklyn Borough Gas Co	10	10	1
(5) Brooklyn Union Gas Corporation	121	29	5
(6) Carborundum Co	22	9	(2)
(7) Cedar Rapids Transmission Co., Ltd			
(8) Chute-a-Caron Power Co., Ltd			
(9) Columbia Gas & Electric Corporation			
(10) Duke-Price Power Co			
(11) Duquesne Light Co			
(12) Eastern Gas & Fuel Associates	203	121	4
(13) General Electric Co			
(14) Indiana Oil & Gas Co			
(15) International Power Securities Corporation			
(16) Koppers Gas & Coke Co. (the numerous Koppers companies)	177	106	(2)
(17) Knoxville Power Co			
(18) Massachusetts Gas Cos			
(19) Mohawk-Hudson Power Co			
(20) Monongahela Light & Power Co.[4]	2	2	(3)
(21) Nantahala Power & Light Co			
(22) Niagara-Hudson Power Corporation	799	167	28
(23) Old Colony Gas Co			
(24) Pennsylvania Co			
(25) Pennsylvania Water & Power Co			
(26) Philadelphia Co	276	18	15
(27) Pittsburgh & Birmingham Street Ry. Co	3	3	(3)
(28) St. Lawrence County Utilities Co			
(29) St. Lawrence River Power Co			
(30) St. Lawrence Valley Power Co			
(31) Tallahassee Power Co			
(32) United Gas & Improvement Co			
(33) United Light & Railways Co.[4]	498	99	7
(34) United Light & Power Co	575	86	4
(35) United States Electric Power Corporation	1,257	125	5
(36) Westinghouse Electric International Co			
(37) Westinghouse Electric & Manufacturing Co	222	44	(3)

(B) OTHER PUBLIC-UTILITY, RAILWAY (STEAM AND ELECTRIC), ELECTRIC, GAS AND/OR WATER-POWER, AND WATER COMPANIES

(38) Alton & Southern R.R			
(39) Black Betsey Consolidated Coal Co			
(40) By-Products Coke Co. of Canada			
(41) Chicago & North Western Ry. Co			
(42) Chicago, St. Paul, Minnesota & Omaha R.R			
(43) Chicago By-Products Coke Co			
(44) Connecticut Coke Co			
(45) Gulf Oil Corporation	744	6.7	44
(46) Gulf Pipe Line Co			
(47) Gulf Pipe Line Co. of Pennsylvania			
(48) Indian Creek Coal & Coke Co			
(49) Kensington Water Co			
(50) Koppers Coal & Transportation Co			
(51) Koppers Co., The (Massachusetts)			
(52) Legonier Valley Power Co			
(53) Louisiana Terminal Co			
(54) Massena Terminal R.R			
(55) Milwaukee Western Fuel Co			
(56) Minnesota By-Products Coke Co			
(57) Monongahela Street Ry. Co			
(58) Montour R.R			
(59) Mystic Steamship Co			
(60) New England Fuel & Transportation Co			
(61) Ocean Dominion Steamship Corporation			
(62) Ogdensburg Street Ry. Co			
(63) Pan American Airways			
(64) Pennsylvania R.R. Co			
(65) Pennsylvania Water Co			
(66) Pittsburgh Aviation Industries Corporation			
(67) Pittsburgh & Birmingham Traction Co			
(68) Pittsburgh & Castle Shannon R. Co			
(69) Pittsburgh & Lake Erie R.R			
(70) Pittsburgh By-Products Coke Co			
(71) Pittsburgh Coal Co			
(72) Pittsburgh, Lisbon & Western Ry			
(73) Pullman Co			
(74) Seaboard By-Products Coke Co			
(75) St. Louis & Ohio River R.R. (the numerous coal and coke companies)			
(76) Trafford Water Co			
(77) Tri-Cities Water Co			
(78) Upper Merion & Plymouth R.R. Co			
(79) Youngstown & Suburban Ry. Co., The			

(C) FINANCIAL INSTITUTIONS, OVER 50 PERCENT OWNED BY MELLON FAMILY INTERESTS

	Resources, 1932	Mellons' interest
(80) Ambridge Savings & Trust Co	2	1
(81) Bessemer Trust Co	2	1
(82) Braddock National Bank	12	6
(83) Butler County National Bank & Trust Co	10	5
(84) Citizens National Bank (Washington, Pa.)	13	7
(85) City Deposit Bank & Trust Co	17	14
(86) East Pittsburgh Savings & Trust Co	4	2
(87) Farmers Deposit Co	2	1

(C) FINANCIAL INSTITUTIONS, OVER 50 PERCENT OWNED BY MELLON FAMILY INTERESTS—continued

	Resources, 1932	Mellons' interest
(88) Farmers Deposit National Bank	77	39
(89) First National Bank (Wilmerding, Pa.)	4	2
(90) Forbes National Bank	5	4
(91) Latrobe Trust Co	4	2
(92) Logan National Bank & Trust Co	4	2
(93) Mellon National Bank	254	203
(94) National Bank of Charleroi	4	2
(95) National Bank of Latrobe	2	1
(96) National Union Fire Insurance Co	14	7
(97) Second National Bank of Uniontown	8	4
(98) Union Savings Bank	36	26
(99) Union Trust Co. (Waynesburg)	4	2
(100) Union Trust Co	248	199
(101) Wilkinsburg Bank	6	4
(102) Working Men's Savings Bank & Trust Co	12	6

[1] Profits, 1929, $25,000,000. [2] Not shown. [3] Dividend 1931, $7,000,000.
[4] No report. [5] Approximate.

(D) Other business and industrial companies showing investments of hundreds of millions of dollars are not enumerated.

The following are among a list of companies in which the Mellon interests had representation on the boards of directors, together with the names of the particular directors:

R. B. Mellon, James R. Mellon, Thomas A. Mellon, Richard K. Mellon, W. L. Mellon, Allan M. Scaife, Henry B. Rust, George Hubbard Clapp, Arthur V. Davis, Roy A. Hunt, Henry C. McEldowney, Allen W. McEldowney, David A. Reed, J. D. A. Morrow, J. F. Drake.

(103) Alan Wood Mining Co.
(104) Alan Wood Steel Co.
(105) Alcoa Ore Co.
(106) Allgemeine Europische Aktiengesellschaft (Switzerland)
(107) Allgemeine Transportmittel Aktiengesellschaft (Germany).
(108) Aluminum Co. of Canada, Ltd.
(109) Aluminum Co. of Michigan.
(110) Aluminum Co. of South America.
(111) Aluminum Cooking Utensil Co.
(112) Aluminum Die-Casting Corporation.
(113) Aluminum Die-Casting Corporation of Germany.
(114) Aluminum Goods Manufacturing Co.
(115) Aluminum Index Co.
(116) Aluminum, Ltd., Canada.
(117) Aluminum, Ltd.
(118) Aluminum Manufacturers, Inc.
(119) Aluminum Screw Machine Products Co.
(120) Aluminum Seal Co.
(121) Aluminum Werke A.G.
(122) American Bauxite Co.
(123) American Body Co.
(124) American Brake Shoe & Foundry Co.
(125) American Manganese Corporation.
(126) American Rolling Mill Co.
(127) American Surety Co.
(128) American Tar Products Co.
(129) Asia Aluminum Co.
(130) Ayer & Lord Tie Co.
(131) Bankers' Trust Co. of New York.
(132) Bauxite & Northern Railway Co.
(133) Bauxits du Midi.
(134) Birmingham Aluminum Casting Co., Ltd.
(135) Bartlett Hayward Corporation.
(136) Bucyrus-Erie Corporation.
(137) Burrell Improvement Co.
(138) Canada Life Insurance Co.
(139) Carnegie Institute of Technology.
(140) Carolina Aluminum Co.
(141) Castner, Curran & Bullitt, Inc.
(142) C. C. B. Smokeless Coal Co.
(143) Century Wood Preserving Co.
(144) Crucible Steel Co. of America.
(145) Demerara Bauxite Co., Ltd.
(146) Det Norske Nitridaktieselskab.
(147) Doane-Commercial Towing Co.
(148) Eastern Gulf Oil Co.
(149) Elizabeth Marine Ways Co., The.
(150) Elkorn Piney Coal Mining Co. of West Virginia.
(151) Elkorn Piney Coal Mining Co. of Delaware.
(152) Federal Reserve Bank of Cleveland (Pittsburgh branch).
(153) Fondrie de Precision.
(154) Franklin Fluorspar Co.
(155) Freehold Real Estate Co.
(156) Fuel Investment Associates.
(157) Guaranty Trust Co. of New York.
(158) Gulf Casualty Co.
(159) Gulf Commissary Co.
(160) Gulf Exploration Co.
(161) Gulf Mineral Co.

(162) Gulf Petroleum Maatschappij van Nederlandsch Indie.
(163) Gulf Pipe Line Co. of Oklahoma.
(164) Gulf Production Co.
(165) Gulf Refining Co.
(166) Gulf Refining Co. of Delaware.
(167) Gulf Refining Co. of Louisiana.
(168) Guffey Co., J. M.
(169) Gypsy Oil Co.
(170) Houston Coal & Coke Co.
(171) Houston Collieries Co.
(172) Houston Collieries Co. of Delaware.
(173) Interurban Realty Co., The.
(174) Jadranski Bauxit Dioni'co Drus'tvo.
(175) Jones & Adams Co.
(176) King Coal Co.
(177) Koppers Co., The.
(178) Koppers Building, Inc.
(179) Koppers Coal Co., The.
(180) Koppers Co. of Canada.
(181) Koppers Connecticut Coke Co.
(182) Koppers Construction Co., The.
(183) Koppers Co. of Delaware.
(184) Koppers Co. of Pennsylvania.
(185) Koppers Development Corporation.
(186) Koppers Gas & Coke Co. of Canada.
(187) Koppers Erecting Corporation, The.
(188) Koppers-Kokomo Co.
(189) Koppers-Rheolaveur Co.
(190) Koppers Seaboard Coke Co.
(191) Koppers Stores, Inc.
(192) L'Aluminium d'Amerique.
(193) Magnesium Development Corporation.
(194) Marine Midland Corporation.
(195) Massena Securities Corporation.
(196) Melcroft Coal Co.
(197) Mellbank Corporation.
(198) Mellon-Stuart Corporation.
(199) Mexican Gulf Oil Co.
(200) Mystic Iron Works.
(201) National Lumber & Creosoting Co.
(202) National Union Fire Insurance Co.
(203) National Union Indemnity Co.
(204) New England Coke Co.
(205) New England Coal & Coke Co.
(206) New England Manufacturing Co.
(207) New Pittsburgh Coal Co. (Ohio).
(208) Nobel-Good-Andre.
(209) Norsk Aluminum Co.
(210) Norske Aktieselskab for Elektrokemisk Industri.
(211) Ohio Coal Co.
(212) Osgood-Bradley Car Co.
(213) Osgood-Bradley Securities Co.
(214) Osgood-Bradley Securities Corporation.
(215) Palmyra Quarry Co.
(216) Pike-Floyd Coal Co., The.
(217) Pine Grove Realty Co.
(218) Philadelphia Coke Co.
(219) Pierson Roeding & Co.
(220) Pioneer Fuel Co.
(221) Pittsburgh & Birmingham Traction Co.
(222) Pittsburgh Clearing House Association.
(223) Pittsburgh Coal Co., Inc.
(224) Pittsburgh Coal Co. of Ohio, Inc.
(225) The Pittsburgh Coal, Co., Ltd.
(226) Pittsburgh Coal Co. of Michigan.
(227) Pittsburgh Coal Co. of Illinois.
(228) Pittsburgh Carbonization Co.
(229) Pittsburgh Coal-Dock & Wharf Co.
(230) Pittsburgh Equitable Meter Co.
(231) Pittsburgh McKeesport & Youghiogheny Railway.
(232) Pittsburgh Plate Glass Co.
(233) Pittsburgh Railways Co.
(234) Pittsburgh Steel Co.
(235) Pittsburgh Stock Exchange.
(236) Pittsburgh Testing Laboratory.
(237) Pren-Brook Corporation.
(238) Primorske Bauxit Co.
(239) Pullman Co.
(240) Pullman, Inc.
(241) Rainey-Wood Coke Co.
(242) Rainey-Wood Process Corporation.
(243) Republic Carson Co.
(244) Republic Mining & Manufacturing Co.
(245) Reliance Life Insurance Co.
(246) Shaw Perkins Co., The.
(247) Soc-River Coal Isle Co.
(248) Societa Anonima Italiana Conduttori Alluminio.
(249) Societa Anonima Mineraria Triestine.
(250) Societa dell' Alluminio Italiano.
(251) South American Gulf Oil Co.
(252) Sprostons, Ltd.
(253) Standard Car Finance Corporation.
(254) Standard Car Securities Co.
(255) Standard Steel Car Co.
(256) St. Lawrence Securities Co.
(257) St. Lawrence Shares Corporation.
(258) Surinaamsche Bauxit Maatschappij.
(259) Tidewater Coal & Coke Co.
(260) Twin City Coal Yards Co.
(261) Union Express & Manufacturing Co.
(262) Union Fidelity Title Insurance Co.
(263) Union Gulf Corporation.
(264) Union Savings Bank of Pittsburgh, The.
(265) Union Switch & Signal Co.
(266) United States Aluminum Co.
(267) Valley Supply Co.
(268) Venezuela Gulf Oil Co.
(269) Walloon Realty Co.
(270) Western Gulf Oil Co.
(271) Westinghouse Acceptance Corporation.
(272) Westinghouse Air Brakes Co.
(273) Wood Preserving Corporation, The.
(274) Youghiogheny & Lehigh Coal Co.
(275) Youngstown & Suburban Railway Co., The.

The Mellons' interest in the Mexican, Colombian, Venezuelan, and other foreign oil fields and their universal control of bauxite deposits and aluminum products are well known.

The following companies were subsidiaries of the respective companies designated:

SUBSIDIARIES OF ALUMINUM CO. OF AMERICA

Alton & Southern Railroad; Aluminum Co. of Canada, Ltd.; Aluminum Co. of Michigan; Aluminum Co. of South America; Aluminum Cooking Utensil Co.; Alcoa Ore Co.; Aluminum Seal Co.; American Bauxite Co.; American Body Co.; Bauxite & Northern Railway Co.; Bauxite du Midi; Cedar Rapids Transmission Co., Ltd.; Chute-a-Caron Power Co., Ltd.; Demerara Bauxite Co., Ltd.; Franklin Fluorspar Co.; Knoxville Power Co.; L'Aluminium d'Amerique; Massena Terminal Railroad Co.; Aluminum, Ltd.; Ogdensburg Street Railway Co.; Pierson Roeding & Co.; Pine Grove Realty Co.; Republic Mining & Manufacturing Co.; St. Lawrence County Utilities Co.; St. Lawrence River Power Co.; St. Lawrence Securities Co.; St. Lawrence Valley Power Corporation; St. Lawrence Water Co.; St. Louis & Ohio River Railroad; Surinaamsche Bauxit Maatschappij; Carolina Aluminum Co.; United States Aluminum Co.; Ocean Dominion Steamship Corporation; Magnesium Development Corporation; Societa Anonima Italiana Conduttori Alluminio; Aluminium Werke A.-G.; Aluminum Die-Casting Corporation; Aluminum Die-Casting Corporation of Germany; Aluminum Goods Manufacturing Co.; Aluminum Index Co.; Aluminum Manufactures, Inc.; Aluminum Screw Machine Products Co.; American Magnesium Corporation; Asia Aluminum Co.; Birmingham Aluminum Casting Co., Ltd.; Norske Aktieselskab for Elektrokemisk Industri; Fondrie de Precision; Jadranski Bauxit Dioni'co Drus'tvo; Norsk Aluminum Co.; Det Norske Nitridaktieselskab; Primorske Bauxit Co.; Republic Carson Co.; Societa Anonima Mineraria Triestina; Societa dell' Alluminio Italiana; Sprostons, Ltd.; Massena Securities Corporation; Nantahala Power & Light Co.

THE KOPPERS CO. AND ITS SUBSIDIARIES

Koppers Co. of Delaware, holding company for Koppers Co. (of Pennsylvania); Koppers Construction Co.; Koppers Building, Inc.; Koppers Erecting Corporation; Bartlett Hayward Corporation; Koppers Gas & Coke Co. of Canada; Koppers-Rheolaveur Co.; By-Product Coke Co. of Canada; Koppers Development Corporation; Rainey-Wood Process Corporation; Alan Wood Steel Co.

Koppers Gas & Coke Co. controls Seaboard By-Products Coke Co., Minnesota By-Products Coke Co., Chicago By-Products Coke Co., Koppers-Kokomo Co., Pittsburgh By-Products Coke Co., Walloon Realty Co., Koppers Coal & Transportation Co., Koppers Seaboard Coke Co., Fuel Investment Associates (which owns 55 percent of the common stock of the Eastern Gas & Fuel Associates), Eastern Gas & Fuel Associates (20 percent direct interest), American Tar Products Co., Koppers Co. of Canada.

American Tar Products Co. controls the Wood Preserving Corporation, Century Wood Preserving Co., Ayer & Lord Tie Co., National Lumber & Creosoting Co.

Alan Wood Steel Co. controls Rainey-Wood Coke Co., Upper Merion & Plymouth Railroad Co., Alan Wood Mining Co., Palmyra Quarry Co.

Eastern Gas & Fuel Associates controls Koppers Connecticut Coke Co., Connecticut Coke Co., Philadelphia Coke

Co., Old Colony Gas Co., Doane-Commercial Towing Co., New England Manufacturing Co., Massachusetts Gas Cos. (which owns Boston Consolidated Gas Co.).

Koppers Coal & Transportation Co. controls Black Betsey Consolidated Coal Co., Melcroft Coal Co., Elkhorn Piney Coal Mining Co. of West Virginia, Elkhorn Piney Coal Mining Co. of Delaware, Houston Coal & Coke Co., Tidewater Coal & Coke Co., King Coal Co., Houston Collieries Co., Houston Collieries Co. of Delaware, Koppers Stores, Inc., J. M. Guffey Co., New England Fuel & Transportation Co. (which controls Mystic Iron Works, Mystic Steamship Co., New England Coal & Coke Co., New England Coke Co.), Castner, Curran & Bullitt, Inc., C. C. B. Smokeless Coal Co.

PITTSBURGH COAL CO.'S SUBSIDIARIES

New Pittsburgh Coal Co.; Pittsburgh Coal Dock & Wharf Co.; Milwaukee-Western Fuel Co.; Pittsburgh Coal Co. of Wisconsin; Pittsburgh & Castle Shannon Railway Co.; Ohio Coal Co.; Youghiogheny & Lehigh Coal Co.; Pioneer Fuel Co.; Jones & Adams Co.; Twin City Coal Yards Co.; Pittsburgh Coal Dock Co.; Pittsburgh Coal Co., Ltd.; Valley Supply Co.; Pike-Floyd Coal Co.; Pittsburgh Coal Co., of Michigan, of Illinois, of Ohio; Pittsburgh, Lisbon & Western Railway; Youngstown & Suburban Railway; Pittsburgh Coal Co., Inc.; Elizabeth Marine Ways Co.; Montour Railroad; Soo River Coal Isle Co.; Interurban Realty Co.

GULF OIL CORPORATION'S SUBSIDIARIES

Gulf Exploration Co., Gulf Commissary Co., Indiana Oil & Gas Co., Gulf Mineral Co., Western Gulf Oil Co., American International Fuel & Petroleum Co., Gulf Casualty Co., Gulf Petroleum Maatschappij van Nederlandsch Indie, Eastern Gulf Oil Co., Gulf Pipe Line Co., Gulf Pipe Line Co. of Oklahoma, Gulf Production Co., Gulf Refining Co., Gulf Refining Co. of Louisiana, Gypsy Oil Co., Mexican Gulf Oil Co., South American Gulf Oil Co., Venezuela Gulf Oil Co., Nobel-Good-Andre, Union Gulf Corporation, Gulf Pipe Line Co. of Pennsylvania.

Duke-Price Co. owns Alma & Jonquiere Railway Co., Saguenay Transmission Co., Saguenay Electric Co. (majority capital stock).

Philadelphia Co. owns stocks of natural gas companies: Pittsburgh & West Virginia Gas Co., Equitable Gas Co., Kentucky-West Virginia Gas Co., Finleyville Oil & Gas Co., Duff City Gas Co. Oil company: Philadelphia Oil Co. Manufactured-gas company: The Consolidated Gas Co. of the City of Pittsburgh. Electric light and power company: Duquesne Light Co. Street-railway companies: Citizens Traction Co.,[1] Consolidated Traction Co.,[1] Pittsburgh Railways Co., the Beaver Valley Traction Co., Pittsburgh & Beaver Street Railway Co., the Morningside Electric Street Railway Co.,[1] the United Traction Co. of Pittsburgh.[1] Miscellaneous: Equitable Auto Co., Equitable Real Estate Co., Equitable Sales Co., Harwick Coal & Coke Co., Seventeenth Street Incline Plane Co.,[1] Cheswick & Harmar Railroad Co.

NIAGARA-HUDSON POWER CORPORATION SUBSIDIARIES

Hudson Valley Fuel Corporation; Union Bag & Paper Power Co.; Canadian Niagara Power Co., Ltd.; Niagara Junction Railway Co.; Tonawanda Power Co.; Lockport & Newfane Power & Water Supply Co.; Bradford Electric Co.; Cortland County Traction Co.; St. Lawrence Valley Power Corporation; Antwerp Light & Power Co.; Ogdensburg Street Railway Co.; Oswego River Power Corporation; Peoples Gas & Electric Co. of Oswego; Fulton Light, Heat & Power Co.; Fulton Fuel & Light Co.

SUBSIDIARIES OF THE UNITED LIGHT & POWER CO.

Operating companies: Cedar Rapids (Iowa) Gas Co.; the Cedar Rapids & Marion City (Iowa) Railway Co.; Chattanooga (Tenn.) Gas Co.; Clinton, Davenport & Muscatine (Iowa) Railway Co.; Fayetteville (Tenn.) Natural Gas Co.; Fort Dodge (Iowa) Gas & Electric Co.; Iowa City (Iowa) Light & Power Co.; LaPorte (Ind.) Gas & Electric Co.; Mason City & Clear Lake (Iowa) Railroad Co.; Moline-Rock Island Manufacturing Co., Moline, Ill.; Ottumwa (Iowa) Gas Co.; Peoples Light Co., Davenport, Iowa; Peoples Power Co., Moline, Ill.; Southern Producing Co., Chattanooga, Tenn.; Tri-City Railway Co. (Illinois), Rock Island, Ill.; Tri-City Railway Co. (Iowa), Davenport, Iowa; the United Light & Power Engineering & Construction Co., Davenport, Iowa; the United Pipe Line Co., Chattanooga, Tenn.; the United Power Securities Co., Davenport, Iowa.

Holding company: United Light & Railways Co. (Delaware), Chicago, Ill., controls—operating companies: Cleveland Gas Co., Cleveland, Tenn.; the United Realty Co., Davenport, Iowa; Riverside Power Manufacturing Co., Davenport, Iowa. Holding companies: United American Co., Chicago, Ill.; the United Light & Power Industrials, Inc., Chicago, Ill.; Continental Gas & Electric Corporation, Chicago, Ill.; American Light & Traction Co., Chicago, Ill.

Continental Gas & Electric Corporation controls: The Columbus Railway, Power & Light Co., Columbus, Ohio; the Adams County Power & Light Co.; the Peebles Power Co.; the River Counties Power Co.; the Point Pleasant Water & Light Co.; United Ohio Utilities Co.; the Southern Ohio Electric Co.; the Hillsboro Ice & Coal Co.: Iowa-Nebraska Light & Power Co., Lincoln, Nebr.; Maryville Electric Light & Power Co., Maryville, Mo.; the Lincoln Traction Co., Lincoln, Nebr.; Kansas City Power & Light Co., Kansas City, Mo.; Peoples Gas & Electric Co., Mason City, Iowa; Southwest Cities Investment Co., Kansas City, Mo.; Panhandle Power & Light Co., Borger, Tex.; Cimarron Utilities Co., Guymon, Okla.; Canadian Construction Co., Kansas City, Mo.; Utilities Building Corporation, Kansas City, Mo.; Power & Light Securities Co., Kansas City, Mo.

American Light & Traction Co. controls: Detroit City Gas Co., Detroit, Mich.; River Rouge Co., Detroit, Mich.; Grand Rapids Gas Light Co., Grand Rapids, Mich.; Kent County Gas Co., Grand Rapids, Mich.; Lakeshore Gas Co., Milwaukee, Wis.; Madison Gas & Electric Co., Madison, Wis.; Milwaukee Gas Light Co., Milwaukee, Wis.; Milwaukee Coke & Gas Co., Milwaukee, Wis.; Consolidated Building Co., Milwaukee, Wis.; Muskegon Gas Co., Muskegon, Mich.; San Antonio Public Service Co., San Antonio, Tex.; South Texas Ice Co., San Antonio, Tex.; American Coal Co., San Antonio, Tex.; Washtenaw Gas Co., Ann Arbor, Mich.; Wauwatosa Gas Co., Wauwatosa, Wis.; West Allis Gas Co., West Allis, Wis.; Wisconsin Eastern Gas Co., Milwaukee, Wis.; and Northern Natural Gas (35 percent).

United States Electric Power Corporation ($1,200,000,000) owns more than 70 percent interest in common stock of Standard Power & Light Corporation, which owns majority of common stock of Standard Gas & Electric Co.

United States Electric Power Corporation and H. M. Byllesby & Co. control: Standard Power & Light Corporation, Standard Gas & Electric Co., and has investments in the following public-utilities companies: United Founders Corporation, American Founders Corporation, Central West Public Service Co., American Commonwealths Co., United Light & Power Co., Continental Shares Co., Detroit Edison Co., Pacific Gas & Electric Co., and Middle West Utilities Co. (1930).

Ever since I began the exposures of the Mellon interest tax evasions the cleverest law firms in Washington and Pittsburgh and clever tax experts and certified public accountants and officers of the Treasury Department and subordinate employees have been doing everything within their power to assist the Mellon group in the avoidance of the payment of taxes which are legally due the United States. I again emphasize the statement that I cannot understand why the Treasury Department, why the Bureau of Internal Revenue and its various officers and employees, should not be devoting their time to the interests of the United States where their sworn duty lies rather than cooperating and conspiring with these evasive taxpayers to assist them in evading their proper share of the payment of taxes to this Government. This administration should not be responsive to the influences that are being brought to bear to shield the dishonest taxpayer, and because of the peculiar situation existing in the Bureau of Internal Revenue I hope that the Attorney General of the United States in the investigation which he is making of these particular cases

[1] Operated by Pittsburgh Rys. Co.

will take into consideration what I have said in these remarks today. [Applause.]

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Kansas [Mr. McGUGIN].

Mr. McGUGIN. Mr. Chairman and Members of the Committee, I wish to discuss this bill in the light of the manner in which it meets the financial responsibilities of the Government. In my judgment, it presents a nip-and-tuck race between popularity and cowardice. It is a popular bill. Usually revenue bills present a most hotly debated subject. This one does not.

The reason revenue bills are usually hotly debated is because they meet the responsibility to provide enough revenue to meet the current expense of government. That usually requires new taxes. No one likes to pay taxes, and especially new taxes. This bill does not provide revenue enough to meet the responsibilities. Therefore, no new taxes and no contest over who shall pay the needed taxes.

We have been spending more money than we have taken in for 5 years. Congress has for 5 years failed to meet its responsibility. Five years of unbalanced Budgets has increased the debt of this country from $16,000,000,000 to around $32,000,000,000 by the expiration of this year, for which we are now providing revenue. A $16,000,000,000 increase in 5 years. That is $130 extra public debt for every man, woman, and child in this country.

Do we in this generation intend to pay this debt or do we not? If we do not intend to pay it, we say to our children, whose responsibility will be to support the Government of their time, that in addition thereto they will have to pay the extra debt that we incurred to the extent of $130 for each individual.

From the origin of this Government until the Seventy-second Congress, 2 years ago, we recognized that it was fundamentally necessary to provide enough revenue to meet expenses. We had the courage and character to try to do it. In the Seventy-second Congress, 2 years ago, we at least had the character to try to balance the Budget.

At that time the Ways and Means Committee went into the subject thoroughly, and it was decided, by a vote of 14 Democrats and 10 Republicans, that it was necessary to turn to a manufacturers' sales tax in order to provide enough revenue to meet the expenses. One Member disagreed and came on the floor with a minority report. He had the popular side of the question. He won. I want to pay this compliment to those who opposed the sales tax 2 years ago under the leadership of the distinguished gentleman from North Carolina, Mr. DOUGHTON, and a distinguished Member on this side, Mr. LaGuardia. They undertook to provide substitute taxes which they thought would balance the Budget. They said it would balance the Budget. I do not question the good faith of those gentlemen at that time.

Mr. DOUGHTON. Will the gentleman yield?

Mr. McGUGIN. I will yield to the gentleman.

Mr. DOUGHTON. I think the gentleman is mistaken. We undertook to raise by other taxes the same amount that they said would be raised by the manufacturers' sales tax, but we did not guarantee that it would balance the Budget. The Treasury said it would do it.

Mr. McGUGIN. I am glad to have that contribution from the distinguished gentleman from North Carolina.

To escape the sales tax, one of the things we did was to increase postage, and it is now conceded that in doing so we have wrecked the postal business so far as local postage is concerned. That even now, with the return of the 2-cent drop letter, we cannot regain that which we lost. At any rate, those of the previous Congress who opposed the sales tax and who supported the special taxes, had the courage and character to undertake to meet the financial responsibilities of providing enough revenue to meet expenses. That spirit is gone today; and this bill represents the first open, frank, shameful admission that we will make no pretense to meet our responsibility of providing enough revenue to meet expenditures.

I insert at this time a chart which shows the record for the past 3 years, and which discloses that for the fiscal year 1933 we went into debt 55 cents on every dollar that we spent, and in the fiscal year 1934 we went in debt 69 cents every time we spent a dollar. Under this bill for the fiscal year ending June 30, 1935, we will go into debt 33 cents every time we spend a dollar.

CHART

[From the report of the Ways and Means Committee on the Revenue Act of 1934, the act now under consideration]

Year	Income	Expenditures	Deficit
1933	$2,079,696,741.76	$4,681,348,826.61	$2,601,652,084.85
1934	3,259,938,756.00	10,569,006,967.00	7,309,068,211.00
1935	3,974,665,479.00	5,960,798,700.00	1,986,133,221.00

From these figures the deficit reduced to percentage is as follows for the respective years: 1933, 55-percent deficit; 1934, 69-percent deficit; 1935, 33-percent deficit. In other words, every time the Government spent a dollar in 1933 it went in debt 55 cents, in 1934 it goes in debt 69 cents every time it spends a dollar, and in 1935 under this bill it is conceded that the Government will go in debt 33 cents every time it spends a dollar. Note that in this table the years refer to the fiscal years. This means that the year 1933 is from July 1, 1932, to June 30, 1933; the year 1934 is from July 1, 1933, to June 30, 1934; and the year 1935 is from July 1, 1934, to June 30, 1935. It must be remembered that the foregoing statement of income, expenditures, and deficit does not include one cent for debt retirement. The statement presents a true picture of money actually spent, as compared with money actually received.

Let us turn now to this bill. It is estimated by the report of the committee that the income which will be provided by this revenue bill is $3,974,000,000, and that the expenses will be $5,960,000,000, with a deficit of $1,986,000,000. I am not prepared to say whether or not that is a fair estimate as to the revenue that will be derived under this bill. I am willing to assume that the estimate is fair, that the income which will be derived is $3,974,000,000, but I am not for a minute willing to assume that the estimated expenditure of $5,960,000,000 is even a fair or honest estimate. It is based, among other things, upon the committee's estimate that $723,000,000 will cover the emergency expenditures for the year beginning July 1 and ending June 30, 1935. I do not believe that any man can in his own good conscience say that he believes that $723,000,000 will take care of the emergency expenditures for the next fiscal year. It took $6,357,000,000 to take care of those emergency expenditures for the present year, which is the year ending June 30 of this year. I know that there is going to be a lap-over of part of that $6,357,000,000 from the P.W.A., and what not, into the next year, but I am firmly convinced that $723,000,000 will not start to meet our emergency expenditures for next year. I think I am safe in prophesying that before this Congress adjourns we will appropriate more than $723,000,000 for further continuance of the C.W.A. or other relief measures.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. Yes.

Mr. VINSON of Kentucky. The gentleman is referring to the fact that there is an item of $723,000,000 carried as an emergency appropriation. Of course, the gentleman well knows that in addition to that item there is an item of $750,000,000 carried for expenditures under the A.A.A.?

Mr. McGUGIN. Yes.

Mr. VINSON of Kentucky. And a further item of $2,000,000,000 for additional expenditures recommended by the President?

Mr. McGUGIN. Yes; I understand that fully.

Mr. VINSON of Kentucky. That makes a total of three and a half billion dollars which could very well be counted emergency expenditures.

Mr. McGUGIN. All right. When we passed the N.R.A. we thought that $3,300,000,000 would be enough. In the meantime we have run it up to five or six billion dollars.

Mr. VINSON of Kentucky. Of course, the gentleman understands that the $3,300,000,000 that we appropriated for Public Works was sufficient for the time being.

Mr. McGUGIN. I do not understand that.

Mr. VINSON of Kentucky. And the total amount of $3,300,000,000 has not been expended even now.

Mr. TREADWAY. It has been allocated.

Mr. VINSON of Kentucky. It may be allocated, but it has not been expended.

Mr. McGUGIN. Mr. Chairman, I cannot yield further. The Committee on Ways and Means makes the specific finding that they have brought forth $258,000,000 as new revenue. Talk about a mountain laboring and bringing forth a mouse. The Ways and Means Committee labored for months looking for new revenue, and now brings in new revenue to the extent of $258,000,000. Since the committee began working on the bill we passed $950,000,000 for C.W.A. which they did not think about at the time they started.

The criticism which I have here leveled against this bill is not exclusively leveled against the Ways and Means Committee. The Ways and Means Committee report surely reflects the public thought of this country today, and that is the serious part of it. Two years ago the people of America still had the old American spirit of insisting that Congress provide enough revenue to meet our obligations. There was at least a desire in this country for Congress to provide enough revenue to meet expenses. In the meantime that has all changed. Chambers of commerce, newspapers, and business institutions, have long since ceased to suggest that we balance the Budget. On the contrary, most of them have gone over to the other side and are demanding more and more money from the Public Treasury, and that marks an ill omen for the Republic. The blessings of liberty and freedom under a free government are so great that the people will never lose a free government so long as they keep the governmental finances in good order, but no democracy can survive when it permits its finances to become in bad order. Today, throughout the world, parliamentary government is failing, failing primarily because legislative bodies will not meet the responsibility of sustaining the solvency of their governments.

Now, analyze the tax question as we will, there is no way that this Ways and Means Committee, there is no way that this administration, and there is no way that any living human can provide enough revenue to meet the expenses of this Government at this time, expenses which we cannot escape, other than to turn to a manufacturers' sales tax. Until we are willing to do that, it means an unbalanced Budget year after year. Like it or not, we must take the choice of either meeting our moral responsibility of providing enough revenue to meet our expenses by a general manufacturers' sales tax, or do the cowardly thing of continuing to pass our current obligations on over to our children to pay.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. McGUGIN. I cannot yield, because my time is limited. Of all times when we should balance the Budget it is now, when we have started a program of reducing the value of the dollar. I was in favor of the devaluation of the dollar, not for the purpose of getting new revenue into the Treasury—not at all—but in order to have monetary equality between the nations of the world, in order to make it possible for the products of the American factory, farm, and mine to be sold in the markets of the world.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. EVANS. Mr. Chairman, I yield the gentleman from Kansas 5 additional minutes.

Mr. VINSON of Kentucky. Will the gentleman yield now?

Mr. McGUGIN. Not until I have finished my remarks.

Now, here is what I can see in the offing: The people of this country have seen the depreciation of the value of the dollar primarily as a benefit because of a paper profit for the Treasury. If ever we start trying to run the Government on the basis of depreciating our money, then we have started on the road that leads to inevitable ruin and from which there is no turn. With 5 straight years of spending more than we have taken in, this much is certain: That this revenue bill marks the fifth consecutive milestone that leads to the downfall of free government. No government can survive which is not a solvent government. No government is a solvent government which does not provide sufficient revenue to meet its expenses. The question before the American people is, will they sustain the solvency of the Government by paying the price of taking a general manufacturers' sales tax, or will they choose to drift on and on and on into greater insolvency?

Now I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. With regard to the manufacturers' sales tax, is the gentleman in favor of such tax, in lieu of now existing taxes, or a general manufacturers' sales tax that will be in addition to existing taxes?

Mr. McGUGIN. I am in favor of a general manufacturers' sales tax for the first purpose, of wiping out the increased postage, the check tax, the gasoline tax, and some of these special nuisances; and, in addition to that——

Mr. VINSON of Kentucky. The items which the gentleman mentioned will now amount to more than $250,000,000.

Mr. McGUGIN. In addition to that, I would have a general sales tax at a sufficiently high rate, whatever it may be, to pay what we are spending. I still believe this generation can support itself if it will but do it.

Mr. VINSON of Kentucky. What would be the maximum rate which the gentleman would suggest, that would take care of the taxes he would like to have repealed and balance the Budget?

Mr. McGUGIN. I would take 5 percent or 6 percent or 8 or 10 or whatever percent is necessary to meet the expenditures which we are incurring. The discriminating 1-cent per gallon tax on gasoline is a 25-percent tax on the manufactured cost of gasoline. If the oil industry can be singled out and made to pay a 25-percent manufacturers' tax, surely all the industries of this country can afford to pay an equal general manufacturers' tax at a sufficiently high rate to meet the expenses of this Government. That rate would in no event be anything like the 25-percent rate which the oil industry is now paying to the Federal Government. In addition to this special tax which the oil industry is now paying to the Federal Government, it is paying a special sales tax to the various States in amounts ranging from 100 to 200 percent of the manufactured cost of gasoline. I do not understand the logic of the gentlemen who say that the different manufacturing industries of this country cannot stand a general manufacturers' tax from 3 percent to 10 percent, while at the same time they advocate as a wise policy the taxing of the oil industry for State and Federal taxes as high as 225 percent of the manufactured cost of the principal product of the oil industry.

Mr. VINSON of Kentucky. I am inclined to think that if we repeal the taxes which the gentleman suggests, we would have to go higher than the gentleman has indicated.

Mr. McGUGIN. I would go high enough to meet the expenditures. The trouble is we have turned to the legislative philosophy of a former distinguished Member of this House, who boasted that he voted for all appropriations and against all revenue bills.

Mr. VINSON of Kentucky. And the gentleman wants to repeal all excise taxes and balance the Budget; have his cake and eat it too.

Mr. McGUGIN. No; and that is an unfair statement for the gentleman to make, because I have just said to the gentleman that what I would have would be a uniform general manufacturers' sales tax instead of a penalized sales tax such as we have on a few industries. In addition to that I would have the rate high enough to meet whatever we are spending.

Mr. GIFFORD. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. GIFFORD. I would ask the gentleman if he has seen the newspapers of this morning, wherein the Federal Government, which refuses to balance its Budget, and with the

enormous debt it has, refuses the city of New York its P.W.A. funds and its C.W.A. funds until that city balances its budget? Has the gentleman seen that?

Mr. McGUGIN. No; I have not seen it, but I congratulate them on having the statesmanship of wanting a city to balance its budget before they loan it money. I only hope that they will exercise the same statesmanship in the matter of the finances of the Government of the United States. No government—National, State, or city—is a secure government or a safe loan risk which will not balance its budget. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Missouri [Mr. RUFFIN].

Mr. RUFFIN. Mr. Chairman, I am particularly impressed with that clause in the bill which places a tax upon coconut oils and sesame oils. I take this view because of the good I think it will do to the great dairying and livestock sections of the country. I understand that a measure has been introduced or will be introduced under which the livestock and dairying interests of the country will be, in a sense, permitted to join hands. This tax, when used in conjunction with that bill, ought to be of great service to those sections of the country.

Of course, we can all appreciate the important bearing it has upon the entire country. The great dairying and livestock sections of the country, if permitted to get back on their feet, will be prosperous and their prosperity will, of course, redound to all of the other sections.

Mr. Chairman, I wish to say a word about the income-tax changes in this law. Let me congratulate the committee upon the broad-gage manner in which they have tried to approach some of these questions. We appreciate the fact that they considered it their responsibility to reflect as far as they could the sentiments of the country upon some of these trying propositions. I am hopeful that some changes which they have made and to which I subscribe will do the job. I do not know whether they will or will not.

Now, we might as well be plain about the underlying facts that have caused a lot of the difficulties in the administration of the income tax law. In a large measure I think it has been due to the so-called "corporate" form of doing business, which, of course, is a useful instrumentality of the age in which we are living. The purpose of the law, of course, is to see that a fair tax is placed upon each individual. Because of the corporate form of doing business under the regulations of the laws of 48 different States, these rich gentlemen—or a large number of them—have been able to hide behind these various corporations and by twisting, turning, and maneuvering in every conceivable manner have succeeded in preventing the Government from collecting from them their just part of the taxes. There is no need of crying over spilt milk or water that has gone over the dam, but I think that right in this particular is to be found the main source of the difficulty.

Mr. Chairman, there is a strong sentiment in this country coming from these same gentlemen, I think, for the purpose of discouraging the administration of the income tax law. They want a sales tax or some other kind of tax. They want to discourage the application of this judicious law, which is predicated upon the principle of taxes being paid according to the ability to pay. They are not going to be able to get away with it, Mr. Chairman; the people are not going to sit back and let them discourage the officials in the administration of this law to such an extent that the law will be abandoned; they are not going to do it.

More drastic measures can be taken than have been taken by the Government in eradicating some of these defects. I do not represent a radical constituency; I represent the great State of Missouri, filled with just about as conservative people as you will find. I do not have any desire to be a reformer, but I say that this is the last chance some of these gentlemen are going to get; and if they do not walk up to the trough and drink as they ought to about a year from now or 2 years from now there is going to be a lot of twitches put on their noses and they are going to be dragged up to the trough and made to drink like good mules. That is what is going to happen to them. If they think the people of this country are going to further tolerate their tactics of jumping behind these various corporations and avoiding their taxes, they are mistaken.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 2 additional minutes to the gentleman from Missouri.

Mr. RUFFIN. There is one other card the Government has not played, and I am not advocating that they play it at this time. These people have pretended to have had so much trouble in figuring their taxes because of the complexities involved in these various corporate dealings; but they need not get the idea that the Government cannot figure them out if it wants to. It can be done. I am not advocating at this time that it shall be done, but I am saying that it will be done unless they clean house themselves. There were some gentlemen in the banking business some years ago who had the idea that they could make their business so complicated that it could not be understood, and that by reason thereof they could keep getting by, but they soon found out that when the people made up their minds that they wanted to crack down on them they knew how to do it. That is what is going to happen in these cases.

There is another powerful card the Government has not played yet, but one that it can play whenever it is so inclined. I shall not call it to your attention at this time, but it is there to be used when needed.

There is one other point I wish to touch upon hurriedly, and then I am through. I have under preparation now a bill to regulate the fees which may be charged by alleged lawyers and others in collecting refunds of taxes that have been paid to the Government. The bill has not been introduced, because I was asked to withhold it for some slight changes now being prepared. However, it is going to be introduced, and I believe it is going to pass. It is not going to do the job completely, I am sure; but I am hopeful that by all of these changes in existing law we shall force those gentlemen to conclude that they had better abandon any idea of further avoiding the payment of all taxes rightfully due the Government. [Applause.]

[Here the gavel fell.]

Mr. EVANS. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. FOCHT].

Mr. FOCHT. Mr. Chairman, I assure you that after 2 or 3 days of statistics and arguments for and against the various phases of this bill we are what might be called, in common parlance, pretty well fed up on the subject.

I asked the gentleman from Missouri a question; I thought it rather a leading question; and the figures which were given by the gentleman in the rear of the room are very important when we consider the generosity of the Government in making refunds when they found they had made mistakes or had overtaxed individuals or corporations. We are not finding any fault with that; and, of course, we feel as you do that if industry is overtaxed it will be destroyed.

I find in following the arguments on this bill that there is an equity here that is unusual and most extraordinary, as well as a unanimity of feeling on the part of Republican and Democratic Members.

Now, it must not be forgotten that the fundamental principle of all taxation is equality. Then follows the necessity for judicious expenditure. We are now trying to impose an equal tax, but we are not allowed to get into the argument as to how it shall be expended. Anyhow, Mr. Chairman, what difference does it make to any of us whether we cease discussing this bill today or tomorrow, or Monday or Tuesday? We have, unfortunately, and I admit that I have frequently here on the floor of this House, voted for most drastic rules in order to put over the policy adopted by the Republican Party.

I am inclined to believe this, after the passage of the years and in view of the conditions we find in the country, as well as the just and severe criticism that is leveled at the Congress for taking away from the people the right to debate

and the right to amend, two of the great fundamental principles of parliamentary procedure. Here you have allowed debate, but you have stopped there and do not permit any corrections by way of amendment. There is a method of procedure on the floor here by which the committee is going to do the amending behind closed doors. Is it not possible that at some time we will vote down such rules as have been brought in here, both by the Republican Party and the Democratic Party, as well as the rule under which this bill is going through? And yet you have seen how much more readily there is acquiescence in the legislation, and for the reason you have conceded half of the demands of the people. You have allowed this bill to be debated, although this is futile, and no different result can come from the debate if continued 6 weeks instead of the 2 weeks which it will take to finish. Therefore I hope we will do the other thing. We will some day trust all the representatives of the people, who have come here with sufficient crystallization of back-home thought so that they may participate in the passage of all bills, whether they be revenue bills or not. You may think this is impossible. We know the arbitrariness of the heads of the departments, even in Washington, where Congress goes so far as to conclude bills by adding that there should be appointed a commission to formulate the rules and regulations for the administration of the law. If you will look up the matter, you will find that more than half of the Volstead Act was put into operation by the administrative features which destroyed the usefulness of the law. Many times I saw inflicted upon people things that I never voted for and never intended to vote for in bills.

[Here the gavel fell.]

Mr. EVANS. I yield the gentleman 3 additional minutes.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FOCHT. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. Will the gentleman be a little more explicit and specific and tell us all about these things? They are interesting as matters of history.

Mr. FOCHT. We may have some successors that will talk about our history, and this very likely at the next session. I hope no one takes the place of the gentleman from Missouri [Mr. COCHRAN], for he is a valuable Member.

In my reference to the Volstead law I would add that the Democratic Party overreached itself in going so far as to repeal the eighteenth amendment which took the control of liquor away from the Federal Government.

As I say, we can see how much easier it is to do things by the unanimity which prevails, because you have allowed people to talk about some things they have a right to talk about, but you have denied them the privilege of making corrections according to the ideas which they may bring here from people at home who are quite as intelligent as those who framed the bill.

Mr. O'MALLEY. Will the gentleman yield?

Mr. FOCHT. Yes; with pleasure, to the gentleman from Wisconsin.

Mr. O'MALLEY. Would the gentleman gather from the attitude of letting the people talk but not do anything about these matters that perhaps it might be considered that the people are not fit to rule themselves or to decide upon these matters for themseles?

Mr. FOCHT. I am beginning to think that that is what the people think of us, and that they will register that thought at the polls one of these days. Now, particularly for the benefit of the good Democratic gentleman from Missouri, who spoke about ancient history, I am going to read into the RECORD a letter from a good Democratic gentleman. I always get attention when I say something about a Democrat.

Mr. DINGELL. Will the gentleman yield?

Mr. FOCHT. I yield to the gentleman from Michigan.

Mr. DINGELL. Will the gentleman state whether the communicant votes the Democratic ticket, or does he just write a democratic letter to you?

Mr. FOCHT. I do not carry his conscience in my vest pocket. I think he is a gentleman or he would not have written me. I will ask the Clerk to read this letter.

The Clerk read as follows:

COMMONWEALTH OF PENNSYLVANIA,
DEPARTMENT OF AGRICULTURE,
Harrisburg, February 13, 1934.

Hon. BENJAMIN K. FOCHT,
Member, House of Representatives,
Washington, D.C.

DEAR CONGRESSMAN FOCHT: I understand there is a measure in Congress to tax Asiatic oils 5 cents a pound.

It is highly essential for the welfare of the dairy industry that these Asiatic oils, especially coconut oil, of which there were 127,000,000 pounds brought in in 1931, be prohibitively taxed.

No matter what is said about making oleo from our native offal products, certainly there can be no argument made for bringing in Asiatic oils for the purpose of making a cheap substitute for dairy butter.

I hope you can see your way clear to defend this proposition and vote for it.

Sincerely yours,

JOHN A. MCSPARRAN,
Secretary of Agriculture.

Mr. DINGELL. This is a Pennsylvania Democrat?

Mr. FOCHT. Yes; holding a Republican office as secretary of agriculture, and he knows his business so far as the farmer is concerned, and there is where I am alined with him, if I can do something for the farmers. I really rose merely to read this letter. I want to congratulate all who delivered speeches here, the fine spirit of Chairman DOUGHTON and his speech, also the ranking member of the committee, Mr. TREADWAY, and his forceful deliverance, with many others, which furnished true inspiration and enlightenment, and appreciate the splendid accord that prevails. I hope it may continue until we get through with the bill, and that it may operate as some have predicted, which I am afraid it will not do.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Ohio [Mr. WEST].

Mr. WEST of Ohio. Mr. Chairman, during the course of the debate on the proposed revenue act it is gratifying to observe that the discussion has proceeded generally without regard to partisanship and without any serious attempt to inject into the consideration of this measure controversial issues of an irrelevant character which would divert us from a real understanding of the provisions of this bill. It is not only stimulating and wholesome to have such an objective and dispassionate consideration of an important revenue measure but it is at the same time an indication of the fair and impartial consideration which this resolution has received by the Committee on Ways and Means during their deliberations upon its various provisions. The able chairman of this committee, my friend and colleague, Mr. DOUGHTON, through his splendid work in connection with the consideration of this resolution, has shown such an admirable spirit of fairness, such an understanding of the issues involved, and such a willingness to have presented the various viewpoints with respect to the different provisions without regard to partisanship that the committee has been able to offer a program of revenue revision so generally satisfactory.

But as it was once said, "When I would do good, evil is present", so likewise in the present discussion we have just had injected the disturbing element of partisanship and the confusing issue of the general sales-tax proposal. During the debate on this revenue measure yesterday, my colleague from Ohio [Mr. JENKINS] took occasion to criticize the financing of the recovery program by declaring that "we are piling up additional debts at a rate never before contemplated by the wildest Communist or the most profligate spendthrift." Referring to this increased indebtedness in connection with the recovery program he contended that "we will not be out of it until we reelect the good old Republican Party to power." Describing the financing of the relief and recovery program as an "orgy of spending", he predicted that the people of the country would rise up in revolt against the present administration and return the Republican Party to power.

And now the gentleman from Kansas [Mr. MCGUGIN] has told us that this Federal expenditure in connection with the relief and emergency program is so excessive and exorbitant that the credit of the Government is being ruined and that

the need for additional revenue is so great that the adoption of a general sales tax becomes imperative. Declaring that the administration is engaged in a recovery program involving huge governmental expenditures, the gentleman contends that there is a tremendous public deficit and an unwarranted increase in the national debt.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. WEST of Ohio. I shall be very glad to yield to my colleague from Kentucky.

Mr. VINSON of Kentucky. Referring to the criticism of emergency expenditures, has the gentleman ever heard a critic specify any particular act to which he objected?

Mr. WEST of Ohio. I have never heard any of the critics of the relief and recovery program specify the particular measures to which they objected. I will say to my friend that it is very easy to criticize these acts, but it is very difficult to secure from the critics constructive proposals as substitutes for the objectionable measures.

Mr. DOUGHTON. Will the gentleman yield?

Mr. WEST of Ohio. With pleasure I yield to the distinguished chairman of the committee.

Mr. DOUGHTON. Is it not a fact that those who have criticized the expenditures have voted for the measures that have made the expenditures necessary?

Mr. WEST of Ohio. Yes, indeed, Mr. Chairman; it is my impression that those who have been criticizing these expenditures most severely have voted for the measures which authorize these same expenditures.

Inasmuch as the detailed provisions of this proposed revenue measure have already been fully presented to you by the able Chairman of the Committee on Ways and Means, Mr. DOUGHTON, and by the members of the subcommittee who have made a thorough and painstaking study of the subject of tax avoidance during the last 6 months, it is unnecessary for me at this time to discuss further the technical features of this resolution. It is my purpose accordingly to discuss this measure from another point of view and to consider this proposed revision of the revenue law in its relation to the recovery program of the administration. This program involving as it does the improvement of our revenue system to prevent tax avoidance does not stand alone but is an integral part of the larger program for economic recovery and is designed to strengthen and reinforce the various agencies which have been adopted for this purpose.

Many years ago a great Chief Justice of the Supreme Court declared in a famous opinion that "the power to tax involves the power to destroy." Since that time there has been a disposition to regard the taxing power merely as one of the powers of Government that was directed toward the restriction of individual income and the impairment of business enterprise. It has been forgotten that the Supreme Court in another great opinion asserted that—

> The power to tax is the one great power on which the whole national fabric is based * * * it is not only the power to destroy, but also the power to keep alive.

Not only should this revenue measure be regarded simply as an effort to increase revenue or as a means of improving the present tax laws, worthy as such efforts would be, but this proposal before us should be viewed in connection with the larger program of economic recovery which the administration has adopted. Ultimately the success of the recovery program will depend upon the effectiveness with which the various relief agencies have been financed. In spite of whatever may be said at this time respecting the great expenditures of the Government in connection with this relief and recovery program, the financial integrity of the Government has been preserved unimpaired, and it is significant to note that the position of the Treasury is stronger today than it has been at any time since the beginning of the depression. Evidence to support this assertion is found in the oversubscriptions for the bond and note issues of the Treasury in connection with the refunding operations and the financing of the emergency expenditures.

Mr. TERRELL of Texas. Mr. Chairman, will the gentleman yield?

Mr. WEST of Ohio. Yes; I shall be glad to yield.

Mr. TERRELL of Texas. The gentleman referred to the fact that these bonds have been so much oversubscribed. Does he not think that the people are putting their money into those bonds because they do not want to put it into business under present conditions?

Mr. WEST of Ohio. The money is going into those bonds and there is a tremendous oversubscription for them every time they are offered because the people and the institutions who buy them have confidence in the financial integrity of the Government and faith in the success and the soundness of the relief and recovery measures of the administration. In any event, despite the huge expenditures so feared by the gentlemen of the opposition, the financial integrity of the country has been preserved unimpaired and can be used in this emergency as the basis for the recovery program.

Mr. HANCOCK of New York. Mr. Chairman, will the gentleman yield?

Mr. WEST of Ohio. Yes; I yield.

Mr. HANCOCK of New York. The gentleman tells us that the chief purpose of the bill before us is to prevent tax avoidance. Does he think it wise and consistent to impose high income-tax rates and at the same time create billions of dollars' worth of tax-exempt securities which offer an escape from income taxes? Are not those two policies together an encouragement of tax avoidance, and do they not make it easy?

Mr. WEST of Ohio. With the exception of three or four items which have already been discussed during this debate, this revenue measure deals almost entirely with the technical features and administrative details relating to tax avoidance. Naturally the subject of tax-exempt securities is of great importance, as the gentleman has indicated. The subject is of such great importance and the constitutional aspects of such character that a provision on this subject should not be made a part of the present bill. Legislation on this particular subject should be enacted only after a careful consideration of the facts in connection with tax-exempt securities, and should rest entirely upon its merits as revealed in the hearings upon the subject. No hearings have been held on this subject for inclusion in this bill, and the efforts to prevent tax avoidance have been confined strictly to those practices relating to legal evasion which have developed under the provisions of the present law.

The provisions of the present law contain sections that have not only proved to be inadequate but have actually permitted and encouraged the antisocial practices of tax evasion. It has been possible for the wealth that has been accumulated in this country during the years of prosperity to escape taxation and be diverted into unwarranted industrial expansion. If we secure through the provisions of this measure the $258,000,000 it is estimated will be received, this will represent one third the amount we actually secure this year through the income-tax revenue.

During the last 10 years there has been an increasingly diminished percentage of the national income going into wages and purchasing power, while an increasingly enlarged percentage has gone into industrial profits and dividends which have resulted in industrial expansion. From 1921 to 1929 real wages in this country increased 13 percent, while returns to industry during the same period increased 72 percent and dividends to stockholders increased 265 percent. The value of manufactured products increased from $60,000,000,000 back in 1922 to nearly $70,000,000,000 in 1929, but during this period there was no corresponding increase in the volume of wages paid. As a matter of fact, in the peak year of 1929, when the volume of industrial production and the creation of wealth had reached its greatest point, the volume of wages paid decreased $600,000,000.

The tax system of the country is vitally related to the problem of industrial recovery. The present system has not proved adequate either during a period of great prosperity nor during the last 4 years of a desperate condition of economic depression. One gentleman has boasted of the record of a previous administration in reducing taxes and also in

reducing the national debt. If the wiser course had been followed during the period of prosperity, the rate structure would have been maintained until the revenue was secured to reduce the national debt to such proportions that an emergency could be met without any question of financial strain. Moreover, had the revenue system been adequate, this unwarranted industrial expansion could have been controlled in the public interest and the proper share of this increased wealth could have found its way into the public Treasury that has been lost through inexcusable tax avoidance through legal means.

And now when the depression is here and the tax system unprepared for the emergency, the gentleman from Kansas [Mr. McGUGIN] would secure the total amount of revenue from the people now to finance the emergency program and would impose a sales tax of whatever percentage was necessary to raise the total amount of money required. Even though it is necessary to increase the national debt to finance the recovery program, it must not be forgotten that with the debt at its present level the per capita debt in this country is only $250 as compared with $700 per capita in England.

With the credit of the country perfectly good, with the financial integrity of the Government adequately safeguarded, and with the capacity of our institutions to function during the emergency, there is no question as to our ability to meet this indebtedness incurred in connection with the financing of the recovery program.

Mr. McGUGIN. Will the gentleman yield?

Mr. WEST of Ohio. I yield.

Mr. McGUGIN. Even with that staggering debt, the gentleman will permit the statement to go into the RECORD that the British are balancing their budget, will he?

Mr. WEST of Ohio. The gentleman, of course, knows that at the present time we are balancing our own Budget in the estimates in the Budget message for 1934 and 1935 as regards current expenditures on the basis of current income.

Mr. McGUGIN. Does the gentleman say we are balancing the Budget now?

Mr. WEST of Ohio. On the basis of current expenditures as against current income there is an approximate balancing of the Budget; and the emergency items, those that have gone into public works, those that have gone into debt refunding, and those in regard to the emergency proposals during the present year are to be financed on the basis of an enlarged bond issue.

Mr. McGUGIN. I take it the gentleman has read the report of the Ways and Means Committee, and, if so, the report states that you are lacking 33⅓ percent of balancing the Budget. The gentleman does not think that is virtually balancing the Budget, does he?

Mr. WEST of Ohio. When you get one third of the amount now coming in from the income tax law as it should be administered, when you get the amount that should properly come that has been evaded legally, and when our income during this next fiscal year, 1934, is taken into account against the current recurring items in the present national Budget, you will find that they approximately balance. Of course, I may say to the gentleman, I have read the report of the committee, I should like to call his attention to the fact that on page 4 of this report there are the figures that show that this condition will prevail during the fiscal years 1934 and 1935.

Mr. McGUGIN. Did the committee take all that into account in the report? If so, why did the committee then estimate that you will only bring in $3,000,000,000?

The CHAIRMAN. The time of the gentleman from Ohio [Mr. WEST] has expired.

Mr. DOUGHTON. I yield the gentleman 5 additional minutes, Mr. Chairman.

Mr. MOTT. Will the gentleman yield?

Mr. WEST of Ohio. I am sorry, but my time is limited.

To understand the importance of this revenue act it is necessary to consider it in connection with and as a part of the recovery program.

When the Roosevelt administration was inaugurated in March, an emergency of unparalleled proportions existed. The financial system of the country was on the verge of collapse, industrial activity was paralyzed, and terror had seized the public mind. Wide-spread popular distress and suffering resulting from unemployment had undermined public confidence in the integrity and stability of our political and economic institutions. For 3 years the depression had proceeded unchecked and capacity for recovery through individual effort had been destroyed. The devastating effects of the depression had brought the country tragically and dangerously close to the point of national disaster.

Whatever may be said in criticism now of the details of the reconstruction legislation or the administration of the recovery measures, this significant fact cannot be denied—that the recovery program actually met the emergency toward which it was directed. The immediate task confronting the new administration at the very moment of its inauguration was the restoration of public confidence in the integrity and stability of our institutions and the capacity of the Government to function in a crisis. The outstanding product of the President's courageous action during the national emergency has been the revival of confidence on the part of the people in the integrity of their economic institutions and the ability of their Government to function. Nothing is so highly essential at this time as the maintenance of this renewed confidence and morale be unimpaired. It may be true that the public sentiment in support of the recovery program will not in itself bring recovery. But it is also true that without this confidence the reestablishment of normal and wholesome economic conditions will either be indefinitely delayed or made impossible. Renewed confidence working through the agency of the Recovery Administration is the basis for improvement and is the foundation upon which the whole program rests.

Our national condition during the emergency resembled the situation in a community where a bridge upon which the business life of the community depended was about to collapse. Upon the bridge of our national economic system the people of our country depend for the maintenance of their social security and normal business activities. When the bridge collapses, several courses are open. The old bridge could be abandoned, and a new one built on another site according to new designs. Again, the old structure could be torn down, and a new bridge built on the same site. In many countries severe economic distress over a prolonged period brings a revolution with wide-spread suffering and misery. The people tear down the old institutions and build new ones according to new and fantastic designs. But there is another course which can be followed. The foundations of the old bridge can be examined and, if found strong and substantial, they can be preserved and a new and improved structure can be built around and upon them. The bridge is closed temporarily to heavy traffic, only essential services are permitted, and presently a new and better bridge is rebuilt out of the old. This is approximately what happened to the American economic system. Instead of tearing down our institutions and resorting to a revolution, we reinforced the foundations of our system and have built upon them an improved structure. Within the framework of our Constitution and in accordance with the best American traditions, the national recovery program was constructed to meet the emergency of the depression and furnish the people with a more satisfactory economic order.

The contention is often heard that the recovery program is not only unconstitutional but that it has destroyed our old-established institutions and has substituted socialism and fascism for the normal processes of government. The argument has been advanced by critics of the program that "the fundamentals of our Government have been destroyed." It is declared to be revolutionary, contrary to our social traditions, and un-American.

Not only is this declaration an unwarranted conclusion from the facts of the situation but it utterly fails to take into account the nature of the emergency and the true character of the emergency program. In order to determine the

justification for this view and the extent to which it might be well founded an outstanding agency whose impartiality is above reproach recently secured the opinions of the heads of the schools of finance and business administration in the great universities of the country regarding the program. The American Bankers Association Journal sought to determine the judgment of the industrial and financial authorities of the country with respect to the extent to which the foundations of our economic life have been altered by the new system. In spite of their number, their wide geographical distribution, and their representation of every shade of economic philosophy, there is remarkable unanimity of opinion. There is complete agreement that the American economic system as we knew it a year ago has not been supplanted. "Our educators in the fields of economics and finance", says the American Bankers Journal, "do not share the view of many of our 'interpreters' that our economic system has been placed upon a new and permanent economic basis." Contrary, then, to the personal opinions of those who say the recovery program has destroyed the fundamentals of our system, we have the testimony of the reasoned judgment of the great authorities of business and finance reinforced by the weight of the opinion of the American Bankers Journal that our system remains basically unaltered.

The contention that the recovery program embodies an unwarranted extension of public control of business enterprise might have been valid a generation ago. When our country was a loosely organized group of scattered, self-sufficient, rural communities it little mattered what kind of national economic policy was followed. In the last generation the American economic system has been transformed from a simple agricultural society into a highly industrial system. As this system has become complicated and its different parts interrelated it is highly important that the directing agency be perfected in accordance with the complexity of the system. When the automobile was simply a horseless carriage with no great power, weight, or speed, it little mattered what kind of steering wheel it had. But as the automobile has developed great power and speed it is important that the steering wheel be perfected in accordance with the complexity of the machine.

The Government is in a sense the steering wheel of modern society. When the great emergency of the depression confronted the people there was no other agency, group, or section of the country in a position to take the initiative to coordinate and integrate the diverse interests of the people. There is, accordingly, ample justification for the extension of governmental authority into the field of private enterprise for the promotion of the common good in a crisis.

There seems to be a notion widely held that if the Supreme Court declares the recovery program constitutional, it will be compelled to resort to subterfuges resting solely upon the emergency character of the legislation. Those who vigorously declare that the reconstruction measures are unconstitutional forget that the Constitution today is something more than the seven articles of the original document. More than 30,000 Supreme Court opinions have given life and meaning to the basic law of the land. The great John Marshall said that it must never be forgotten that it is a Constitution we have, intended to endure for the ages and meet the successive crises in human affairs. In the famous case of McCulloch against Maryland, he declared that if the end were legitimate, if it was within the scope and purpose of the Constitution and not prohibited by it, then all means plainly adapted toward that end were constitutional. It is true, of course, that the emergency amply justifies the enactment of the program and constitutionality could rest upon this basis alone. But the Constitution gives Congress the authority to regulate interstate commerce in accordance with the requirements of the national welfare. When the famous Child Labor Act was declared unconstitutional it was held by the court that the authority of the Government to extend its jurisdiction into the processes of manufacture for an ulterior purpose was an unwarranted exercise of its power. But Justice Day, in an opinion in this case that was later employed by Chief Justice Taft, made it clear that if this commerce clause were used as the basis for legislation whose primary purpose was the regulation of interstate commerce for the national welfare that such legislation would be constitutional. The Supreme Court in Wilson against New and in Block against Hirsch as well as in the more recent Appalachian Coal case have given abundant evidence of a trend of constitutional opinion that will uphold the constitutionality of the recovery measures. In the light of recent decisions of the Supreme Court and in view of the basic character of the reconstruction legislation the constitutionality of the program cannot be seriously challenged. As for the President's own authority, every act during the crisis either rested upon definite legal basis or else was sanctioned by Congress upon the basis of constitutional provisions which authorized the various grants of power.

The emergency toward which the recovery program was directed was something more than merely a temporary phase of the depression. If only one shock to our economic system like the stock-market crash or even moderate curtailment of the purchasing power of the people had occurred, it is quite probable that the system would have withstood the strain. But for several years there had been an accumulation of forces that had subjected the American economic structure to a strain greater than it could bear.

If the recovery program is to be justified on the ground of necessity it becomes important to understand the influences that were responsible for the depression. Overproduction, underconsumption resulting from the restricted purchasing power due to the great volume of unemployment, extreme deflation of farm property and security values, the undermining of credit, the burden of indebtedness and loss of foreign trade all contributed to the demoralization of American business activity.

Trouble began in the matter of overproduction back in 1927 when the consumption of ordinary goods exceeded actual production. Manufacturers anticipating 1929 schedules misinterpreted the current demand in 1928 as normal when in reality it was a pyramiding of two demands, the normal for the year and additional for inventory replacements. In this way industrial activity came into the fateful year of 1929 with an extreme condition of overproduction in consumers goods. Meanwhile, radio advertising had come into general use stimulating the demand for the same goods. Three years after the advent of this type of advertising $125,000,000 annually was being spent on the program of sales stimulation. The installment plan of purchasing had been devised to make possible the purchase of goods beyond current buying power to be paid out of future income. When the crash came more than $10,000,000,000 worth of goods of this character either were thrown back on a market already oversupplied or else were in use by those whose continued purchasing power had been destroyed.

During the peak of prosperous conditions farmers mortgaged their farms to the extent of $37,000,000,000 and home owners to the extent of $45,000,000,000. Public indebtedness had grown to astounding proportions, the national debt reaching an amount in excess of $23,000,000,000 and municipal and State indebtedness reaching a like total. Private indebtedness, while difficult to calculate, reached similarly fantastic heights.

During the prosperous era the bankers had permitted the diversion of funds from the financing of constructive enterprise into the financing of stock speculation until security values reached such abnormal levels that a crash was inevitable. At the same time the general level of property and real-estate values had reached extraordinary heights. At one time it is said that real-estate promotion in certain places proceeded with such rapidity that more town lots were laid out in some States than there are families in the United States.

In this general situation only one element of financial security remained and that was being seriously endangered. That element was the financial integrity of the Government of the United States. Mounting costs of government with diminishing revenues were producing huge annual deficits.

When the national income was nearly $90,000,000,000 and the cost of government in the States and the Nation was about $10,000,000,000 the tax burden upon the people and upon industry was moderate. But when the national income was cut down to $40,000,000,000, the cost of government increased to $14,000,000,000. A tax burden of 35 percent had become intolerable and the reduction of it became imperative. In the Budget of the National Government three items more than absorbed the income. The Federal Government was spending $1,200,000,000 for interest and amortization of the national debt, $1,000,000,000 for the Veterans' Administration, and $700,000,000 for the maintenance of the Army and Navy. The activities of the Federal Government could have been abolished, all of the services suspended and all the Government employees discharged and the Federal income would have been $300,000,000 short of meeting the three items mentioned. The adoption of the economy measure was imperative if the public credit was to be used as the basis of recovery. Now, it may be true that in connection with the administration of the economy measure individual cases of injustice may appear. These should be rectified in particular instances on their own merits but the essential provisions of the Economy Act must be preserved if the financial credit of the Government is to be maintained.

But it is maintained that the present Government expenditure of $5,000,000,000 for the financing of the various recovery measures will add to the national debt. This is true, but it is likewise true that the Government borrowed $20,000,000,000 to finance the war. Surely an expenditure of one fifth of that sum for the restoration of the national income can be justified. If the national income can be reestablished to its former volume of $90,000,000,000 the present expenditure spread over 20 years can easily be met by a prosperous people.

The abnormal expansion of American agricultural and industrial production, of course, began during the war to meet the abnormal war-time demand and supply the markets previously supplied by European countries. At this time we increased the acreage of our farms and the production of our factories. The export trade during and immediately after the war was financed by American loans because our customers had no trade balances. The present war debts are the result of the financing of this trade. In the post-war period when European nations could not meet trade balances our export business was financed by the loans of our banking institutions. Nations meet trade balances by an exchange of commodities, through services, securities, or in gold. Our tariff system made impossible the importation of goods in amounts great enough to meet the trade balances, the nations lacked the gold, the securities had been transferred to American control during the war and the services were inadequate. The result was that the bulk of our export trade was financed by loans for 10 years. When Germany was unable to make her reparations payments to England, France, and Italy she borrowed money in this country, transferred this credit to her debtors, who in turn transferred it to the United States on account of the war debts. American investors had invested more than $14,000,000,000 in foreign countries during this same period made possible through the facilities of American credit. A fragile structure of international finance accordingly was being erected which was bound to crumble when subjected to the first severe strain of the depression. When the banking system of Austria collapsed the German financial structure was unable to withstand the shock, and England and American institutions were subjected to severe strain. The moratorium was declared on German payments, but American banks found themselves with frozen asests in their international financing at the same time that the security market broke and the economic depression reached its crisis.

At the very time when our international trade should have been normal and wholesome the adoption generally by the United States and European nations of unwise trade devices and tariff schedules undermined the very foundations which had been supporting our industrial and agricultural expansion. While it is true that on the average our foreign trade was less than 10 percent of our total business the lines in which there was the greatest activity represented from 35 percent to 50 percent of the export business. The drastic decline of the export trade of the heavy industries affected labor and increased unemployment. Moreover, American industrial establishments were unable to supply the foreign markets on account of the foreign-trade restrictions so they went abroad and built branch factories in various countries. Here they hired local labor and bought raw materials and supplied the foreign market. Not only did capital migrate abroad but unemployment in this country increased.

Two powerful forces in our economic life were thus gaining momentum simultaneously. Expansion and overproduction were furnishing the domestic market with a huge surplus while purchasing power was drastically reduced and the national income was unable to support normal industrial activity. For 10 years the purchasing power of the farmer had been declining because of the disparity between industry and agriculture. The result has accordingly been the tragic maladjustment of the basic economic forces of the country and the development of a disastrous business depression. Without this picture of the demoralization of the economic life of the country it is impossible to appraise fairly and completely the value of the national-recovery program. Governmental action in the emergency was required because no individual, group, nor section had either the authority or the capacity to initiate the movement for recovery.

With this emergency in view, with proper regard for the established methods of constitutional procedure, and with ample safeguards for the maintenance of individual business enterprise, the Government proceeded to the adoption of the national recovery program. The broad purposes of the program were the restoration of purchasing power, the revival of agricultural and industrial activity, the assurance of security through relief and reemployment, the reestablishment of the financial structure of the Nation on a sound basis, and the encouragement through public agencies of national and cooperative planning in the economic life of the country.

Under the authority of the National Industrial Recovery Act, industry was encouraged to cooperate through its own trade associations, to establish codes of fair competition, to adopt schedules of minimum wages and maximum hours of work, abolish child labor, sweatshop conditions, and ruthless nonproductive competitive practices. Heretofore under the strict interpretation of the antitrust laws the mere fact of cooperation was in itself illegal. Relaxation of the antitrust laws was accordingly authorized to permit a greater degree of common action on the part of the various units in industry. Resting entirely upon the voluntary cooperation of industrial enterprises the plan encourages the development of sound business practices and establishes the basis for an improved economic system.

The Agricultural Adjustment Act was designed to remove the disparity between industry and agriculture and restore the purchasing power of the farmer through crop reduction and the processing-tax system. To prevent the complete defiation of farm values, to aid farmers with distressed mortgages, and avoid wide-spread dispossession of holdings through foreclosures the lending powers of the Federal land banks were liberalized and the loan activities of the Farm Credit Administration were created. Similar action to prevent the foreclosures of mortgages on urban properties was taken by the Government through the agency of the Home Owners' Loan Corporation.

Upon the basis of public credit, the Government has undertaken a challenging program of financing the construction of public works. Through the agencies of the Federal Works Administration and the Civil Works Administration reemployment has been given to millions of workers and activity in the heavy industries has been substantially stimulated. The authority of the Reconstruction Finance Corporation has been extended and its powers broadened to safeguard the stability of the institutions of industry and finance and to prevent the collapse of the security values of such cor-

porations. An improved banking system and a safer security market are sought through the administration of the new bank act with its guaranty-of-deposits feature and the application of the provisions of the security law. The inflation amendment to the agricultural act has served the purpose of safeguarding the monetary system of the country from the application of unwise fiscal practices and made possible the readjustment by the President of the value of the dollar in accordance with its altered purchasing power and with a view to ultimate stabilization on a sound basis. That the monetary policy is basically sound and effective is seen in the stimulation of export trade and that the integrity of Government credit has not been impaired is clearly demonstrated in the recent oversubscription of the Government's bond issue. Revaluation of the gold value of the dollar in terms of actual present purchasing power represents a courageous effort to acknowledge the realities of the present monetary situation and reestablish monetary policy upon a sound and equitable basis with a moderate advantage to the debtor without impairment of the just interest of the creditor.

But upon the actual measure of its genuine accomplishment must rest our final judgment with respect to the efficacy of the recovery program. Whatever may be said in regard to the essential soundness of the plan or the justification for its adoption, the fact of improvement in the business life of the Nation is beyond dispute. Appraisal of the value of the recovery effort must be made also in terms of its achievement in attaining the objectives for which it was created. The national recovery program has successfully met the emergency toward which it was directed. Based upon sound economic principles, it has justified the claims of its advocates by its record of accomplishment. But more than this, it has convincingly demonstrated during the period of its administration that as a people we have the genius and capacity for the management of our public affairs during a crisis.

As a result of the efforts of the N.R.A. more than 4,000,000 men have been reemployed in the various industrial establishments of the country. Due to the inevitable slowness of the Public Works program and the unrealized reemployment under the N.R.A. because of the adoption of the higher level of maximum-hour provisions in the codes than were anticipated progress in this respect has not been as great as expected in the reduction of unemployment. Nevertheless, the progress has been substantial. Moreover, another 4,000,000 men have been returned to productive activity under the direction of the Civil Works Administration. But in a larger sense the record of accomplishment is more pronounced and indisputable. That genuine recovery is under way is a fact substantiated by every reliable agency that reports on business conditions and industrial developments. The current monthly compilation of business indexes embracing the statistical reports of the Federal Reserve Bank Board, the Bureau of Labor Statistics, and Departments of Commerce and Agriculture just released by the Government establishes this record of improvement beyond question.

If this recovery program is to be maintained, it must be adequately financed until the complete restoration of normal economic activity. The financial integrity of the country can rest only upon an improved taxing system. The proposed measure endeavors to establish a more satisfactory and effective system for safeguarding the financial structure of the country and enable the Government to finance the program of relief and recovery which has been undertaken by the administration.

The CHAIRMAN. The time of the gentleman from Ohio [Mr. WEST] has again expired.

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. TERRELL].

Mr. TERRELL of Texas. Mr. Chairman, I have requested unanimous consent to address the House for 20 minutes in order to discuss certain measures and to make my position clear. I have not always agreed with the majority but have never impugned the motives of any Member in voting his honest convictions, and I claim this right for myself.

As an adherent to a strict construction of the Constitution, I feel that in our anxiety to relieve present economic conditions that we have gone too far in stretching the Constitution to meet these conditions, and I sincerely hope that no one will censure me for the earnest protest I am making against what I conceive to be a dangerous policy.

The Constitution establishes three separate divisions of the Government—legislative, executive, and judicial—and their powers are separate and distinct, but the action of this Congress is destroying the legislative branch and conferring its powers upon the executive branch. This is so apparent that it needs no discussion.

The Constitution confers certain powers upon Congress, which may be mentioned in substance: "To coin money, regulate its value, and fix the standards of weights and measures; to regulate interstate and foreign commerce; to establish post offices and post roads; to levy and collect taxes for the support of the Government; to establish uniform laws for naturalization; to promote the progress of science and arts by issuing patents and copyrights to writers and inventors; to declare war and grant letters of marque and reprisal; to support armies and navies; to create courts—inferior to the Supreme Court; to make all laws necessary for carrying into execution the foregoing powers." These are the major powers conferred upon Congress, but not literally quoted. You can almost count them on the fingers of your hand.

The Constitution could not have been adopted without guaranteeing to the States all the authority not specifically delegated to the General Government. Alexander Hamilton, who favored a strong central government, but supported the Constitution adopted as the best he could get, said to those States opposing the adoption of the Constitution for fear it would abridge the rights of the States:

> You need not have this fear, for the powers of the General Government are few and well defined, while the powers of the States are many and undefined.

Immediately after the adoption of the Constitution, the first 10 amendments, sometimes called the "Bill of Rights", were adopted as a part of the Constitution; and the tenth amendment provides that all powers not specifically conferred upon the General Government are hereby reserved to the States respectively, or to the people.

The bill H.R. 7527, appropriating $950,000,000 to the various States for carrying out the purposes of the Emergency Relief Act and the Civil Works program under the Civil Works Administration, is clearly not authorized by the Constitution, and neither was the law establishing this agency or the law creating the Agricultural Adjustment Act. All such powers attempted to be conferred are beyond the authority of Congress.

Congress is authorized to appropriate money for governmental purposes only, and to name those purposes, and no money can legally be appropriated except for public purposes to be specified by Congress. This $950,000,000 is appropriated in a lump sum and one man is authorized to name the purposes for which it is to be expended.

The purposes indicated by the Committee on Appropriations include various activities in the different States and subdivisions of the States, which are local entities, and are not objects or subjects for which Congress is authorized to make appropriations. If all the funds wasted on these unconstitutional projects were applied upon governmental buildings and post roads they would be legal and would furnish enough public buildings to house all the legitimate activities of the Government for 50 years, and pave every mile of roads over which the United States mail is carried. These loans and donations are not applied to any legitimate activity of the Federal Government, and there are only two purposes for which they can be legally applied and these are to purchase or improve property for governmental purposes and to build or improve post roads.

These funds, under this bill, can be used for any purpose designated by the Chief Executive, and the gentleman from Alabama [Mr. OLIVER], in charge of the bill, stated that part of the funds would be used to pay school teachers and support the public schools in the various States, and Mr. Harry L. Hopkins, Relief Administrator, said in the press that some of these funds would be used for the support of the public schools in the various States.

Several resolutions were offered in the Constitutional Convention of 1787 to establish a system of public education in the States and to establish colleges and universities to be supported by Federal funds, but these were all defeated and the States were left free to establish and maintain their own system of colleges and public schools.

How anybody can now say that the Federal Government can legally appropriate money for State schools or for any other purely local activity in the States is beyond my understanding and is contrary to the plain language of the Constitution, and whenever it is done to any considerable extent, the Government will control the activities of the schools.

There is a well-defined difference between the powers of the Federal Government and the powers of the State governments.

The Federal Government cannot exercise any powers not specifically conferred by the Constitution, or so clearly implied that there can be no controversy about their meaning, while the States can exercise all powers not specifically denied by the United States Constitution or by the State constitution.

This distinction is clear and was adhered to by the legislative and judicial branches of the Government for many years.

In the early days of our Government our great judges, like John Marshall, Roger B. Taney, and others, construed the Constitution as it was written and never stretched it to meet emergencies. In the Maryland tobacco case the State had established tobacco grades and containers and charged a small fee to pay the cost of grading, and a shipper contested the act as an undue interference and burden upon interstate commerce, and Chief Justice Marshall held that the State had a right to establish uniform grades for the protection of the reputation of its products in the markets and to tax the cost upon the products regardless of where the products were shipped.

This is quite different from the decision in the Minnesota grain case a few years ago when the State levied a small tax on wheat to pay for weighing and grading the product, and the Supreme Court held that this tax was an undue interference with interstate commerce and that the wheat was considered in interstate commerce when it was loaded on the farmers' wagons and started on the road to the elevator. Under that decision Congress can pass any kind of law invading the rights of the States under the guise of interstate commerce.

The Dred Scott case is another notable example. This Negro had escaped from his owner in a slave State and went into a free State where slavery was not recognized and claimed his freedom under the laws of that State. Feeling was high at that time over the slavery question. Chief Justice Taney had read the Constitution where it said in substance "that all persons held to a term of service under the laws of any State, who escape into another State, shall upon the application of the owner be given up and returned to the owner." So he wrote that famous decision authorizing the return of the Negro to his legal owner, which shook this country from center to circumference and hastened the Civil War. He decided the case according to the Constitution regardless of popular clamor.

These cases are cited from memory, as I have not read them in many years.

If such a case were under consideration now, Congress would probably authorize the President to free the Negro before the case could be carried to the Supreme Court, because of the great economic depression and the social and moral injustice of keeping a human being in bondage. Yet since the shackles have been broken from the hands of 4,000,000 chattel slaves, without authority of the Constitution, by a war-time proclamation, the bonds of industrial slavery, worse than chattle slavery, have been forged around the bodies of 30,000,000 white and colored workers through a vicious unconstitutional system of controlling the money of the country. The freeing of the slaves was unconstitutional because it was taking property without compensation. They could have been paid for at a far less cost than the cost of the war and saved the terrible sacrifice of human lives. Another violation of the Constitution as a war measure was the admission of West Virginia into the Union without the consent of Virginia. Every violation of the Constitution lessens the respect for this once sacred document and encourages more violations. There now seems to be no more respect for the entire Constitution than there was for the eighteenth amendment and the Volstead law.

Our troubles are largely the result of the violation of the organic law of the land, in turning over to the banks the issuance and control of the money, a governmental function and the lifeblood of commerce. The Federal Reserve banks have issued $3,406,443,000 in notes upon a paid-in capital stock of $145,359,000. This tremendous profit of $3,351,084,000 ought to belong to the Government instead of the banks, as the issuance of money is a governmental function. The President is now making a gesture to control the issuance of currency, which is solely a legislative function, but nobody seems to know his future intentions in regard to the matter.

The generosity of the Government in disbursing billions of dollars to the unemployed is creating a thriftless spirit and retarding all business recovery and prolonging the time when these idle people may be reemployed in industry. The Government cannot continue this policy indefinitely, because it cannot raise the money and the sooner it is stopped the better. It is going to be a great deal harder to stop it than it was to start it, and more trouble will follow the stopping of this Government profligacy than would have occurred if it had never been started. The President said that he wanted to stop this C.W.A. business by February 15, and now he has extended the time to May 1, and some Members wanted to appropriate $1,500,000,000 to extend the life of the C.W.A. much longer, and it would probably be extended indefinitely if Congress would appropriate the money. This business reminds me of the story of the eagle's catching the wildcat and could not turn him loose. I want to help the President to turn this wildcat loose.

I have a great many letters and telegrams from all parts of the country commending my vote against the $950,000,000 C.W.A. appropriation, and only two condemning my vote. This shows the silent undercurrent sentiment over the country that has not been publicly expressed. I quote one letter from Texas, because the writer authorizes me to quote him:

> I quite agree with you in shouting "no" to the $950,000,000 relief and Civil Works appropriation.
>
> Since I am employed in the planning division of the C.W.A., and coming in contact with applications for projects, I must admit thousands of dollars are being thrown away ruthlessly which embrace everything from perfumed privies to hockey clubs. The public don't know what's going on, the Congressmen don't know, the Senators don't know, and I doubt very seriously if the President knows; and if a halt is not called right now, at the expiration of the next 6 weeks civil strife is liable to break out—just as you predict.

I have a letter from the president of a bank, whom I know to be an honest, sincere, conscientious man, who says that about $90,000 of public funds have been expended in his county and that it is not worth 90 cents to the county.

I have many other letters stating that the funds are being expended on useless projects.

I feel sure that the chief administrators of these funds are doing their best to see that the funds are properly and honestly administered, but it is impossible to do so on such a large scale of expenditures, and that is the strongest reason why the funds should be contributed by the States and let them expend their own money in their own way. The local authorities will not keep the undeserving off the

pay roll, because it is human nature to get all the money possible out of the Government, and human nature must be changed before this waste of public funds can be stopped. I would much rather these funds were used to pay the adjusted compensation of the soldiers and to restore the service-connected disability and hospitalization allowance to the World War and Spanish-American War veterans, who deserve it.

Taking care of the unemployed is purely a State and local matter and it would have been done by these authorities, as it always has been done in the past, if the Government had not stepped in as a Santa Claus, bestowing gifts promiscuously to the deserving and the undeserving alike.

My State has the authority to appropriate funds to relieve distress caused by unforseen calamity, but the legislature refused to make a direct appropriation for relief, and nothing would have been done by the State, if the Government had not given notice that Government funds would be withdrawn, unless matched by State or local funds; then a constitutional amendment was submitted by the legislature authorizing the issuance of $20,000,000 in State bonds to match Federal funds. A strenuous campaign was put on, backed by the Governor and the big daily papers, all stressing the fact that the State would lose the Federal relief funds if the amendment was not adopted, and the amendment was adopted to avert the loss of the Federal funds.

Only $5,500,000 of relief bonds have been issued and the legislature is now called together to authorize the issuance of more bonds to get more Federal money. This clearly indicates that our State and all other States could have made appropriations or issued bonds to take care of relief work, but, of course, they preferred that the Federal Government furnish the money.

The bill that passed the House a few days ago appropriating $200,000,000 for relief of the cattle industry and making cattle a basic agricultural product, and the one appropriating $35,000,000 for crop loans to farmers are not authorized by the Constitution, but since the Government is in the business of making donations and loans to all other people, it might as well help the farmers and cattlemen by dishing out a few hundred millions to them, and I told those who wrote me advocating these appropriations that they were unconstitutional but were no more unconstitutional than other measures already enacted and could be justified on the same grounds that the other illegal appropriations were justified.

The sentiment in favor of Government control of everything and making Federal appropriations for every conceivable purpose has increased a hundredfold in 40 years.

In 1887 a small appropriation of $10,000 was passed by Congress to purchase seed for west Texas farmers to plant their crops because a serious drought in that section had prevented them from making planting seed.

President Cleveland vetoed this small appropriation, and I quote only a few lines of his veto message:

> I return without my approval House bill no. 10203, an act to enable the Commissioner of Agriculture to make a special distribution of seed in the drought-stricken counties of Texas and making an appropriation therefor.
>
> It is represented that a long-continued and extensive drought has existed in certain portions of the State of Texas resulting in a failure of crops and consequent distress and destitution. Yet I feel obliged to withhold my approval of the plan, as proposed by this bill, to indulge a benevolent and charitable sentiment through the appropriation of public funds for that purpose.
>
> I can find no warrant for such an appropriation in the Constitution and I do not believe that the power and duty of the General Government ought to be extended to the relief of individual suffering which is in no manner properly related to the public service or benefit.

This veto message was heralded over the country as a sound state paper in upholding the Constitution against the cry of drought relief and public necessity and was universally applauded. Behold what a change. Now we are appropriating funds of this character by the billions, and if a person refuses to vote for them he is branded as a traitor to his party and as indifferent to suffering humanity. The Constitution has not been changed to legalize this character of appropriation since that message was written, and if it was unconstitutional then, it is still unconstitutional and I am glad to be in accord with President Cleveland on this matter.

The west Texas farmers were supplied with seed to plant their crops without an appropriation from the Public Treasury. A carload of corn was made up in my town and many carloads in many other towns to furnish these people planting seed, and I was glad to make a donation of corn to these farmers, and they did not suffer for want of Government appropriations. Since that time other serious droughts have occurred in west Texas, and we made donations of seed and food on other occasions, and one time the State of Texas made loans to the counties out of State funds, and all these loans and donations should be made by the States and citizens of the States.

A short time ago the gentleman from Texas [Mr. SUMNERS] made a splendid speech in favor of decentralization of the Federal Government by cutting out bureaucracy and returning to the States the powers usurped by the boards and bureaus at Washington, and he was applauded at the close of his address; but he failed to tell us when Congress would begin this job of decentralization.

When the bill was under consideration to issue $2,000,000,000 in interest-bearing nontaxable farm mortgage bonds, with the Government guaranteeing the principal as well as the interest, the gentleman from Kentucky [Mr. BROWN] offered an amendment making the income derived from said bonds taxable. This amendment was voted down without a roll call. I would like to know when Congress intends to stop issuing interest-bearing tax-free bonds and stop usurping the powers of the States. I am ready to stop now, and I think the sooner we stop the better for the country.

If we do not stop opening the Public Treasury to every call upon it for funds which are being raised by the issuance of interest-bearing tax-exempt bonds, there is no telling how soon the crash will come and our credit will be impaired and we will be unable to finance actual and necessary governmental functions. I do not want to be a party to such illegal and unnecessary expenditures of public funds, which would bankrupt any country in the world if continued much longer.

There is such a thing as governments becoming too big and topheavy and falling by their own weight, like the Insull power empire, and I do not want to be a Member of Congress when the final collapse comes. Things are coming to a pretty pass when Congress cannot inquire into the expenditure of the vast billions of dollars being appropriated and cannot inquire into efforts being made either to cancel or collect the billions of dollars of foreign debts. Congress and the country are entitled to this information.

This action cannot be justified by saying—as one Member told me—that the Republicans would use this information against the Democrats. If the actions of the administration are legal and justified by sound public policy, they cannot hurt anybody; and if they are not, any party is justified in condemning them. To say that the actions of any official are above criticism is to uphold the monarchical theory "that the king can do no wrong." Constructive criticism is always helpful, and never harmful.

Business will not resume its normal functions, it cannot do so, with any degree of safety or permanence until the Government gets out of business and stops this tremendous waste of public funds in competition with private business. We need more business in Government and less Government in business. The continued opposition to the Government's competing with private industry caused the appointment of a committee by this House, headed by Representative SHANNON, to investigate the matter and make a report to the House. That report was made in pursuance to H.R. 235, and the report was made February 8, 1933, and ordered to be printed.

The Members can secure some valuable information by reading this report, as I can merely refer to it in my limited time.

This committee showed many instances of the Government competing with private business, but time forbids mentioning any except the printing business. The Government is printing stationery, such as letterheads, envelops, and other articles, in competition with private printing establishments and selling at prices which private printers cannot meet.

This committee made many splendid recommendations which ought to be observed by the Government, but I will mention only one:

> The Federal Government should not engage in any form of business or service, except for purposes limited to those clearly necessary in the proper administration of governmental functions which are pursuant to the provisions of the Constitution.

The last Democratic platform speaks in unmistakable terms on this question:

> We advocate the removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

It is said that this exception referred to Muscle Shoals, because of the large investment the Government had already made there, and that investment is now being taken care of by the act creating the Tennessee Valley Authority, and we should not inject the Government further into private business. In all ventures into private business the Government has lost money, and I hope that the Muscle Shoals venture will be an exception.

The Government is establishing a factory in West Virginia to make mail bags and locks, and a few days ago the Secretary of the Interior said he would establish a cement plant with public funds in the near future. What is private capital to do under such circumstances and conditions? We can certainly prevent monopoly in restraint of trade and secure fair competition and protect the public by the restoration and enforcement of our antitrust laws without putting the Government into business to protect the public.

The National Recovery Act, which suspended Federal and State antitrust laws and undertakes to regulate and control private business throughout the country, is not authorized by the plain language of the Constitution. A Federal judge in Chicago has recently indicated that he doubted its legality.

My State had antitrust suits pending involving $17,500,000 in fines and penalties, which the State was entitled to collect, but the big oil companies, against whom the suits were pending, went into court and pleaded compliance with the Federal codes, and the court had to dismiss the suits. Now, these antitrust law violators have a trust protected by the Government.

The only authority in the Constitution relied upon for the appropriation of public funds for various activities in the States and municipalities and for the relief of individuals is article I, section 8, which reads as follows:

> The Congress shall have power to lay and collect taxes, duties, imposts, and excises to pay the debts and provide for the common defense and general welfare of the United States.

It has been held by the courts and by the ablest constitutional lawyers in the United States that this language means the Government of the United States and its activities as specifically expressed in the Constitution.

It cannot mean the activities of the individual States and municipalities or of individuals. If it did, there would be no limitations on Congress, and it could do everything that a majority of the Members thought would benefit the people of their respective districts, and that very thing is now being done by some of the legislation enacted. Congress has as much authority to cancel all debts, public and private, as it has to appropriate funds for nongovernmental purposes, and that would benefit a majority of the States, municipalities, and people, and would hurt only a few who hold notes, bonds, and mortgages. Such action was taken by the Government when it canceled all the debts of the States of the Confederacy.

I am not advocating the cancelation of debts, but it would probably be fair to scale them down to where they could be paid in products of the same value as when the debts were created.

Let the Congress submit an amendment now to cancel all debts, public and private, or scale them down to a fair value, and see how quickly it would be adopted by the people. This would be a real new deal for the benefit of debtors. The vast amount we are now spending on nongovernmental projects and for individual relief could be used just as legally to buy small homes for the millions who have no homes and would benefit humanity much more than the things we are doing.

I desire to quote a paragraph from an address delivered by the late President Calvin Coolidge at a meeting of the business organizations of the Government at Memorial Centennial Hall, January 21, 1924, in which he said:

> I take this occasion to state that I have given much thought to the question of Federal subsidies to State governments. The Federal appropriations for such subsidies cover a wide field; they afford ample precedent for unlimited expansion. I say to you, however, that the financial program of the Chief Executive does not contemplate expansion of these subsidies.
>
> My policy in this matter is not predicated alone on the drain which these subsidies make on the National Treasury. This, of itself, is sufficient to cause concern; but I am fearful that this broadening of the field of Government activities is detrimental both to the Federal and State Governments. Efficiency of the Federal operations is impaired, as their scope is unduly enlarged; efficiency of the State governments is impaired, as they relinquish and turn over to the Federal Government responsibilities which are rightly theirs.

This easy-going business to follow somebody and not vote our own convictions reminds me of the story about a man named John Hole, who was too lazy to sign his name in full, so he wrote the letter "J" and punched a hole in the paper for his signature.

This thing of voting "yes" on every measure recommended by the administration is a serious matter and threatens representative government because it destroys the independence of the legislative branch. It would be better and cheaper to devise an automatic voting machine to record "yes" on every measure and let us go home and beat the Washington hotels out of our board bills.

I am deeply in sympathy with the humanitarian efforts of the President to relieve present conditions, but whatever is done should be done legally. The Constitution can be amended in 1 year to meet any extreme situation, when the people favor such amendment, as it was done last year in the repeal of the eighteenth amendment.

The framers of the Constitution wisely provided a method of amending it to meet all emergencies that might arise, because they could not see through the centuries to follow.

If they had believed that the Constitution could be stretched to meet all conditions that might arise in the future, there would have been no use in providing for amendments, and why should we have adopted the 21 amendments already adopted?

I do not believe that any man who has studied the Constitution and the decisions of the courts in the early days of the Republic on the powers of Congress believes that all the acts passed by this Congress are constitutional, but the Members seem to think that these acts are necessary to meet grave emergencies, and are hoping that the acts will not be carried to the Supreme Court, and if carried there that they may be held valid because of the great public emergency.

The Government, in my judgment, cannot collect taxes enough to pay the thirty-odd billions of dollars in bonds issued and authorized to be issued, and we must stop incurring any more indebtedness. Neither can the Government borrow itself out of debt or borrow itself into prosperity by the continued issuance of bonds, which furnish a refuge for idle capital that should be invested in creative industry to furnish employment to idle labor. If private industry is prevented from expanding its business by Government competition, financed with taxpayers' money, and business is to be controlled and regulated by all manner of Government codes, there can be no hope of business recovery.

There are no Government officials who can manage the business industries of the country as well as the men who built these industries to their present state of efficiency, and any further extension of governmental control over business in the various States breaks down State lines and overthrows State laws, and finally all laws will emanate from Washington and we will have fascism or state socialism in this country, whether we want it or not.

May the Lord perform one more miracle and save this Government from its sincere but misguided friends. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the Delegate from the Philippine Islands [Mr. GUEVARA].

Mr. EVANS. Mr. Chairman, I yield 5 minutes to the Delegate from the Philippine Islands [Mr. GUEVARA].

Mr. GUEVARA. Mr. Chairman, I ask permission to revise and extend my remarks and to insert therein a letter I received this morning from the secretary of agriculture of the Philippine Government, and a statement made by Mr. John B. Gordon before the Ways and Means Committee discussing the technical aspects of the oil question.

The CHAIRMAN. Is there objection to the request of the Delegate from the Philippine Islands?

There was no objection.

Mr. GUEVARA. Mr. Chairman, after hearing the magnificent speech delivered by the gentleman from California [Mr. ELTSE] on the floor of this House last Wednesday, discussing masterly every economic angle of the vegetable-oil question, I believe there is nothing that could be added to strengthen the opinion of the injustice and unfairness of the provision contained in section 602 of the revenue bill now under consideration. Furthermore, I feel that the speech of the gentleman from California [Mr. ELTSE] fully answers and will answer all the speeches already made and to be made in favor of said section 602.

However, I wish to express my own point of view on the question. But, at the outset, I wish to correct whatever impression might have been left in this House by the statement of the gentleman from Texas [Mr. PATMAN] concerning Mr. John B. Gordon, who is considered to be the highest authority on the subject of oils and fats in America, one of the few vegetable-oil experts listed in the columns of Who's Who in America, and as such an authority on the subject of oils and fats he testified before the Committee on Ways and Means as secretary of the Bureau of Raw Materials for American Vegetable Oils and Fats Industries. This bureau represents every manufacturing consumer of importance in the United States who uses coconut oil for the production of nonedible products, such as soap, rubber, and so forth. I wish to state emphatically that, as I know, the City National Bank and the Chase National Bank, both of New York, have no interest whatsoever in the oil industry of the Philippine Islands.

With this preface, I wish to say, Mr. Chairman, I find, in discussing the proposed excise tax on coconut oil with my American friends, and my particular friends in the House, the greatest difficulty is in bringing home to them the importance of this question of coconut oil to the Philippine people. They have a predisposition to assume that coconut oil is like cottonseed oil, or that it is like the oils and fats produced by the meat packers.

Nothing could be farther from the fact. Coconut oil is not a by-product of coconut culture—it is the prime product. The production of coconut oil or copra is the object of the Filipino farmer when he plants his coconut, and it is the only product that he has in mind. Other products, very minor in comparison, are the by-products.

When the cotton farmer plants his cotton, he has little thought of what he is going to produce other than cotton. When the stock raiser considers the value of his cattle, he has in mind the value of the edible meat and the other products are again minor products. It is this fundamental difference which marks the extent of the injury that will be inflicted on the Filipino producer of coconuts by what is proposed in the pending bill.

The second, and equally important, difficulty in making my American friends understand the effect of what is proposed is the difficulty in visualizing the large territory given over to the production of coconuts and the large number of people whose very existence depends on this cultivation. If we cannot understand this, we cannot understand or appreciate the proposed tax.

PRODUCTION OF COPRA

Coconut oil, as is well known, is a product derived from the meat of the coconut, known as "copra." Coconuts are cultivated in each of the 48 provinces of the Philippine Islands. Measured by the area devoted thereto this is the third crop of the islands, more of the area of the islands being devoted to the cultivation of rice and corn. Measured by its importance in foreign commerce, coconut production is the first industry of the islands.

While coconuts are produced in each of the Provinces, four Provinces in the order named, Tayabas, Laguna, Misamis, and Cebu, produce almost one half of the copra produced in the islands. These Provinces are among those in which the farms are most widely distributed in ownership and the most generally owned by Filipino residents thereon.

For example, Tayabas, which produces more than one fourth of all the copra produced in the Philippine Islands, had at the last census 44,698 farms thus occupied: 36,747 by their owners, 779 by tenants paying cash rental, 3,860 by share tenants, and 39 by labor tenants. Three thousand two hundred and seventy-three farms are reported as occupied by tenants paying no rental.

The cultivated area of the farms in Tayabas averages 2.28 hectares, approximately 5.6 acres. Every farm in the Province of Tayabas was, according to the last census, owned by a Filipino.

In certain provinces there has been to a small extent the corporate development of coconut groves. The total production of such cultivation is almost negligible compared to that produced by the small Filipino owner of a small farm where the coconut grove has been developed through one or more generations.

In the discussion of the development of coconut plantations it is usually recited that the tree comes into bearing from 5 to 7 years. This is true, but it has a very slight bearing on the time normally taken to develop a coconut plantation in the Philippines. Even when undertaken by Americans or foreigners the capital has been limited. When the time necessary to develop a coconut grove is considered and due weight given to the occasional typhoons which may in extreme cases destroy and which frequently set the plantations back in production for 2 or more years and the pests and diseases which from time to time attack the trees, it will be seen that the calculated cost of a coconut plantation from a study in advance of the undertaking has but little resemblance to the actual results.

When the Filipino family has developed its coconut grove through the labor of one or more generations, the cost in dollars and cents of its development may be forgotten, but the grove has become an object of affection, and a purchaser of such a grove would find it appraised at a value far beyond that arrived at by any form of calculation.

I have tried to depict, Mr. Chairman, this Province of Tayabas, with a total population of 280,298, having 44,698 farms. Every farm occupied by a Filipino family, and all depending on the cultivation of the coconut.

Every American boy and girl is familiar with Longfellow's Evangeline and the deportation of the Acadians from their homes. This deportation is sweet charity compared to the cruelty of permitting these people in Tayabas to stay in their beautiful Province while destroying the only source of their livelihood. These are the people for whom I am speaking, because I am one of them, and Laguna, my own home Province, is in very much the same condition as the adjacent Province of Tayabas. As coconuts are grown commercially in every part of the islands by over 3,000,000 small farmers, whose farms generally average even less than an

acre, the coconut-oil industry, therefore, has a tremendous significance in the everyday life of the whole Filipino people.

If it is intended, Mr. Chairman, and I know it is not, to destroy these people, a more effective means could not be provided.

COCONUT OIL IN THE AMERICAN MARKET

The development of growing coconuts in the Philippine Islands has not been the result of the American market. Copra, the principal product, has been continuously on the free list of the United States. It comes in from all the tropical countries of the world without paying duty in the United States. Prior to 1914 practically no coconut oil came to the United States from the Philippine Islands; in fact, the introduction of copra from the Philippine Islands in quantity is of comparatively recent date, because the use of copra and coconut oil in American industry is comparatively new.

Twenty-five years ago the cultivation of the coconut in the Philippine Islands was encouraged because it was quite inconceivable at that time that it would ever compete in any way with any American product. In fact, there was practically no market in America for it, and both the oil and the copra were on the free list. Copra from the Philippines went to Marseille and to Hamburg and in small quantities to Spain. Now, however, because of the direction taken by certain American industries, copra comes free into the United States from all tropical countries, and coconut oil since 1921 has paid a duty of 2 cents a pound.

This has meant in practice that all the coconut oil used in the United States comes in free of duty—that from the Philippine Islands because of the reciprocal law and that from other countries in the form of copra, which is on the free list.

Coconut products constitute normally the most valuable and most bulky export crop of the Philippines. In a few recent years sugar has been more valuable because of the tariff situation in the United States.

Like all tropical products, there is a world oversupply of coconut products. To prevent the Philippine product from entering the United States means that it would be forced to find its place competing with the oversupply and with the preferences which so much of this oversupply receives in the consuming country because it is produced in a dependency of the consuming country. The Philippines will have lost, with reference to this principal export product, that advantage; it will no longer receive a preference in its principal market.

THE PROPOSED TAX A MYTH

The case for this tax is presented by those who purport to speak for certain groups of American farmers. I ask you what farmer, knowing the situation in the Philippine Islands, would stand for the perpetration of this cruel treatment? The farmer, as I see it, has been misled in two directions: He has been told of gathering coconuts in the jungles of the Philippines. Wholly a myth. He has been told that in some way coconut oil is competing with his products. Equally a myth.

Coconut oil is used in oleomargarine in the United States. It was not used in oleomargarine prior to 1917. If the farmer is 25 years old, he knows that oleomargarine was quite as prominent in the American market prior to 1917 as it is now; he knows that the change from other ingredients to coconut oil has not increased relatively the production of oleomargarine. He further knows that the war against oleomargarine was quite as bitter in the United States when no coconut oil was used in its manufacture as it is now. In fact, the first legislation of Congress to curb the production of oleomargarine in the United States was enacted in 1886, 30 years before any coconut oil was used in any American oleomargarine.

Of course, we all know that most of the coconut oil used in the United States is used in the manufacture of soap. The soap manufacturers have testified that this ingredient has become essential, if the demands of the users of soap in the United States are to be met. It has been made clear in the hearings and in the documents submitted to the committee that coconut oil is essential to American industry and that the exclusion of coconut oil from American industry would mean a growing up of competitive industry elsewhere to supply the American market with the article in which coconut oil is now used.

It is my understanding that section 602 of the revenue bill now under consideration has for its purpose not so much to provide revenue to this Government but to protect the dairy-farm industry in the United States and also the producers of American lard, butter, and cottonseed oil. In this connection I ask unanimous consent to insert in the RECORD as part of my remarks the testimony of John B. Gordon, secretary of the Bureau of Raw Materials for American Vegetable Oils and Fats Industries, before the House Ways and Means Committee, with all the charts printed therein, because it fully answers negatively the question, Will an excise tax on foreign vegetable oils benefit producers of American lard, butter, and cottonseed oil?

I am not going to dwell on the technical aspects of the case. I want every Member of Congress to know what it is proposed by this tax to do to one of the principal agricultural products of the Philippine Islands. I shall not dwell on the injury and, in fact, the destruction of the coconut-oil mills in the Philippines, because that is incomparably less important than is the effect which this will have on the farmer who produces the copra.

VIOLATION OF RECIPROCITY

The other phase, which I wish to emphasize is that this is a direct violation of the reciprocity which has existed for 25 years between the United States and the Philippine Islands. It withdraws from the Filipinos a right under this reciprocity agreement and does not give them the right to withdraw or interfere with the privileges given American products in payment of the privileges heretofore enjoyed by the Philippine products.

No one would question if the present Philippine reciprocity were established by treaty that this proposed legislation would constitute a violation of the treaty.

At this point, I ask unanimous consent to insert in the RECORD the letter I have received from the secretary of agriculture and commerce of the Philippine Government, Mr. Singson Encarnacion, discussing this very question.

THE HAY-ADAMS HOUSE,
Washington, D.C., February 9, 1934.

HON. PEDRO GUEVARA,
House of Representatives, Washington, D.C.

DEAR MR. GUEVARA: This is a letter similar to one I sent to the Secretary of War, in which I stated that the press reported that the Committee on Ways and Means has again voted to include in the new revenue bill an excise tax of 5 cents a pound on coconut oil.

To appreciate the amount of this tax, it should be observed that Manila coconut oil in tanks, New York, is today 2¾ cents per pound.

The coconut oil on which it is proposed to lay this tax is largely the product of the Philippine Islands, shipped to the United States as crude oil, or as copra. The tax is so out of all reason as to make it difficult to apprize its results on about one third of the people of the Philippine Islands who are dependent on the coconut industry. There is no similar tax on so simple a product of agriculture, so we are without a measuring rod to judge of its effects.

It is difficult to say anything which has not many times been said to show the lack of reason leading to this proposition. Because, however, of my position in the Philippine Islands as secretary of agriculture and commerce and being present in Washington in the performance of duties connected with my office, I should feel negligent if I did not plainly state a few of the obvious evils of this proposed tax.

In the act of Congress of March 8, 1902, it was provided: "* * * all duties and taxes collected in the United States upon articles coming from the Philippine Archipelago * * * shall not be covered into the general fund of the Treasury of the United States, but shall be held as a separate fund and paid into the treasury of the Philippine Islands, to be used and expended for the government and benefit of said islands."

This law has been continuously in effect since that time. It has been used to justify the lack of complete reciprocity in trade between the United States and the islands. It was used for a number of years to justify the refund to American manufacturers of export taxes collected in the islands. It is one of the oldest in continuous existence of the economic provisions governing the relations of the islands to the United States.

Until the bill is actually reported the exact wording of the proposed excise-tax legislation is not known to me. I am told, how-

ever, that it is proposed to lay this tax on Philippine products in such a way as to evade this provision. If it does not evade this provision, it has no place in a law providing revenue for the United States, as the revenue will be exclusively for the Philippine government. If it does evade the quoted provision of law, it is violative of the understanding which the Filipino people have had of one of their most valued trade rights.

Taxes on Philippine products entering the United States have been continuously laid and the revenues therefrom have been continuously turned into the Philippine treasury.

This is by no means the extent of evil in such a tax. The natural consequence will be to force the manufacturing of soap, oleomargarine, etc., in the Philippine Islands for the United States market. Oleomargarine from the Philippine Islands would come in free of duty; soap from the Philippine Islands would come into the United States free of duty. If this legislation should attract to the Philippine Islands such factories, there would be in the United States a wide-spread grievance against trade with the Philippines, with the consequent effort to secure new measures violative of reciprocity. This is the sort of measure, Mr. Secretary, which creates ill feeling and the consequences thereof.

The evils of this proposed tax are not accompanied by advantage to anyone. Oleomargarine was manufactured in the United States many years before coconut oil was used in its manufacture here. Legislation intended to curb its manufacture and use was enacted by Congress over 30 years before coconut oil was used in its manufacture. The use of coconut oil has not increased the ratio of oleomargarine to butter in the United States. The total exclusion of coconut oil would simply change the object of hostility, but would by no means lessen it.

I know, Mr. Secretary, that you will do everything within your power to prevent the enactment of this law, which threatens such great injury to the Philippine Islands without a benefit to anyone.

I hope that the absurdity of the proposed tax and the knowledge that it is contrary to all precedents in United States-Philippine relations will not lead to the belief that no opposition to it is necessary to defeat it. It is but one of a series of efforts to make a failure of American policies in the Philippines.

It is believed that it should be not only defeated but defeated in a way which would discourage further similar efforts. I am,

Very sincerely,

V. SINGSON ENCARNACION.

In conclusion, Mr. Chairman, I ask sympathy for the 14,000,000 Filipinos who owe allegiance to the Government and flag of the United States. I ask sympathy for them because, to my mind, their interest cannot be separated from that of the United States while they are under the same flag. Knowing as I do that the coconut-oil industry in the Philippines does not represent serious competition to any products raised in the United States, I am quite sure that this House will not take any cruel step which will destroy one of the principal sources of livelihood of one third of the people of the Philippine Islands. [Applause.]

The statement previously referred to follows:

STATEMENT OF JOHN B. GORDON, WASHINGTON, D.C., SECRETARY OF THE BUREAU OF RAW MATERIALS FOR AMERICAN VEGETABLE OILS AND FATS INDUSTRIES

Mr. GORDON. Mr. Chairman, you asked one of the previous witnesses if the Government—the different Government agencies, such as the Agricultural Adjustment Administration or the Department of Agriculture—were not attempting to do something in their behalf with respect to these matters which we are discussing. I should like to bring to your attention the fact that the Agricultural Adjustment Administration at this moment is trying to rectify this situation to the best of their ability. There is now going on at the Mayflower Hotel a hearing on the cottonseed oil refiners' marketing agreement, and in that agreement appears the following under the caption of foreign oils:

"ARTICLE IV—FOREIGN OILS

"SECTION 1. The members of the industry further severally agree that, on and after the effective date of this agreement, whenever they use any fat or oil ingredients in the manufacture of shortening, cooking oil, or salad oil, except fats or oils produced from seeds and/or animals grown within the borders of the United States, including its organized territories, if the cost of said oils or fats is less than the cost of cottonseed oil, they will pay to the control committee an amount which will be equal to the price advantage which said member would obtain by the use of said oil or fats, compared with the use of cottonseed oil.

"For the purpose of this agreement the term 'animals grown within the borders of the United States' shall include fish, but not other marine animals from which oil is extracted, grown, or produced within the borders of the United States or procured by United States vessels, whether or not such vessels obtain their catches on the high seas.

"SEC. 2. It shall be the duty of the control committee to calculate on the basis of such factors it may determine, the price advantage which at any time any member of the industry would obtain by the use as an ingredient in any of the products covered by this agreement, of any fat or oil not produced from seeds or animals grown within the borders of the United States, including its organized territories.

"SEC. 3. The payments so collected by the control committee shall be placed in a separate fund under the control of a board of trustees to be appointed by the secretary. Expenditures may be made from this fund only when approved by the secretary and only for the purpose of effecting the declared policies of this marketing agreement."

Mr. REED. That clause in regard to animals captured on the high seas or on the borders refers to the whale-oil situation particularly, does it not?

Mr. GORDON. Yes, sir; it eliminates whale oil from use in shortenings, cooking and salad oils.

Mr. CROWTHER. How about ordinary fish oil, where they grind them up?

Mr. GORDON. They are included in that agreement as domestic articles. Insofar as the edible uses of oils or fats are concerned, the most important usage of them in this country is in vegetable shortening, which is covered by the refined cottonseed oil marketing agreement, an excerpt from which I have just read.

These three sections in the cottonseed-oil marketing agreement will practically dispose of all complaint about the use of foreign oils in competition with domestic vegetable oils except for that which goes into oleomargarine. Cottonseed oil has no equal as a vegetable shortening ingredient, and if the producers of shortening are obliged to pay the same price for foreign oils as for cottonseed oil, they will give cottonseed oil the preference.

The total consumption of oils and fats in the United States, in round figures, is 8,000,000,000 pounds. Of this total about 6,000,000,000 pounds is used for food purposes, the remaining 2,000,000,000 pounds is utilized in the manufacture of industrial products, such as soap, candles, paint, varnish, lubricating grease, lubricating oils of organic nature, textiles, leather finishing and leather dressing, artificial leather, rubber substitutes, linoleum, oilcloth, tin plate, and in addition a considerable quantity, such as cod-liver oil, halibut oil, and castor oil, is used for medicinal purposes and livestock feeding. The oils and fats which are imported into the United States are used principally in the manufacture of nonedible articles such as are listed above.

The official figures of the Bureau of the Census show that the oils and fats which are imported into the United States and employed for edible usage, constitute only about 5½ percent of the total 6,000,000,000 pounds of oils and fats which is employed edibly in the United States annually.

The oils and fats which are employed for edible usage consist mostly of coconut oil and olive oil. About 3 percent of the domestic consumption of edible oils and fats is made up of coconut oil, largely of Philippine origin, and about 1.32 percent is made up of olive oil, which pays a duty ranging up to 9½ cents per pound. The remaining 1.18 percent of the edible oil and fat consumption of the United States which is not of domestic origin is made up of small amounts of miscellaneous oils, of which sesame oil is the principal item.

Outside of the relatively small edible usage of coconut oil, olive oil, and sesame oil, the edible usage of imported oils and fats is almost nil, and it should be borne in mind that this statement is based on the official figures of the United States Bureau of the Census, which each year conducts a census of the distribution of oils and fats by industries, inclusive of the edible-oil industry with the exception of lard and butter, and in the case of these two edible fats official figures are obtainable from the United States Bureau of Agricultural Economics.

From the foregoing it is apparent that the proposal to place an excise tax upon imported oils and fats affects mainly the industrial users of oils and fats, numbering about 40 different kinds of industries.

The industrial users of oils and fats utilize every pound of domestic material which they can procure and they only import foreign oils and fats either because there is a great deficiency in the United States of oils and fats required for certain industrial usages, or because the imported oils and fats fulfill necessary functions in various manufactured products which cannot be filled by any oil or fat which is produced in the United States.

OBJECTION OF INDUSTRIAL USERS OF OILS AND FATS TO AN EXCISE TAX

Because I am speaking for a number of the industrial users of oils and fats, I will summarize the objections which all of them have in common to this proposal.

The effects of the proposal to place an excise tax on imported oils and fats, if enacted into law, would be as follows:

First. It would confer no benefit to the farmers of the United States because our domestic farmers produce practically no industrial oils and fats, with the exception of linseed oil which already bears the highest tariff in history and the producers of linseed oil fear that if the tariff is increased the law of diminishing return will apply.

Second. It would penalize every farmer along with every other consumer in the United States without conferring compensatory benefit upon any single group of farmers.

Third. It would allow the United States to be immediately inundated with a flood of foreign merchandise, such as soap, paint, varnish, linoleum, stearic acid, etc., made by foreign manufacturers able to buy their raw materials duty-free, unless extremely high compensatory duties or excise taxes could be written into the bill covering the products of the 40 different industries using industrial oils and fats, and it is extremely doubtful if this could be done without general tariff revision.

Fourth. It would, regardless of whether or not compensatory duties or excise taxes could be established, immediately destroy

all the export business in industrial products made from oils and fats in the United States, because it would be impossible for domestic manufacturers to compete with products made in foreign countries from oils and fats not artificially inflated in price, because the manufacturers in these countries would have free access to these materials.

Fifth. If it were possible to write compensatory duties or compensatory excise taxes, it would, by artificially inflating the prices of industrial products made from oils and fats in the United States, immediately lend great incentive to the use in the United States of substitute products, which substitute products are not made from oils and fats, thus heavily reducing the output of domestic manufacturers.

Sixth. It would destroy that portion of the oilseed-crushing industry in the United States which serves the industrial users of oils and fats, viz, flaxseed, castor-bean, copra, and palm-kernel crushing industries, because the proposed tax is based on the oil content and not the oil yield of seeds, hence the duty on oils could not possibly compensate for the duty on the seeds, because the oilseed crusher cannot extract all the oil from the oilseed by the crushing methods employed and he will be obliged to pay a duty on a considerable amount of the oil which he could not recover from the seeds.

Seventh. It would place a single group of commodities, viz, those made from oils and fats, upon an inflated-price basis without inflating the dollar of the consumer who must purchase the manufactured products, such as soap, paint, varnish, linoleum, etc., made therefrom, which situation would tend to greatly reduce domestic consumption, first, because the consumer would not have the money to pay the increased price for the products produced from oils and fats; secondly, because the consumer would not be able to comprehend why industrial products made from oils and fats were relatively far out of line with everything else in price, thus encouraging the natural tendency of the consumer to turn to the use of substitutes, the price of which would not be inflated because this amendment would inflate the price of only those commodities made from oils and fats.

A general tariff revision bringing with it a general inflation of domestic prices unfailingly reaches substitutes, hence artificial inflation arising under these circumstances is compensated for, but to artificially inflate the prices of a single group of commodities, viz, those made from oils and fats by the levying of an excise tax, would be to force the industries affected out of plumb and in a position where they could not compete with their natural competitors, who already can produce their products at a lower price in consideration of the fact that many of these substitute products contain no oils and fats.

It unquestionably would have a grave effect upon the ability of the industries engaged in the manufacture of products made from oils and fats to successfully keep their labor employed, and this would tend to add to the unemployment situation now confronting the Nation.

I now desire to demonstrate with the use of the chart which you see before you, the channels of consumption in which oils and fats are consumed in the United States, with particular reference to those which are imported. The chart is based on the official figures of the Bureau of the Census, which are attached to it, plus the consumption figures of the Bureau of Agricultural Economics on lard and butter, and one of these charts I would ask, Mr. Chairman, be printed in the record at this point.

The CHAIRMAN. Without objection, it is so ordered.

The chart referred to is omitted in RECORD.

Supporting data for chart on distribution of oils among their major uses in the United States, 1932

Oil	Pounds	Percent of total	Percent of grand total
Food column:			
Palm-kernel oil	11,310,000	0.20	
Olive oil	74,919,000	1.32	
Palm oil	22,803,000	.40	
Coconut oil	172,404,000	3.04	
Miscellaneous oils	27,835,000	.49	
Tallow	46,282,000	.82	73.6
Oleo oil and stearin	36,953,000	.65	
Corn and peanut oil	37,645,000	.66	
Cottonseed oil	1,135,203,000	20.05	
Lard	1,889,000,000	33.36	
Butter	2,209,000,000	39.01	
Total	5,663,354,000	100.00	
Soap column:			
Marine animal oils	48,944,000	3.16	
Palm-kernel oil	3,565,000	.23	
Coconut oil	353,527,000	22.84	
Olive oil	32,841,000	2.12	
Palm oil	168,009,000	10.85	
Castor oil	2,408,000	.16	
Miscellaneous foreign oils	9,023,000	.58	20.1
Vegetable-oil foots	172,784,000	11.16	
Miscellaneous domestic oils	8,885,000	.57	
Cottonseed oil	3,583,000	.23	
Fish oils	49,091,000	3.17	
Grease	143,724,000	9.28	
Tallow, oleo oil, stearin, and neat's-foot oil	551,816,000	35.65	
Total	1,548,200,000	100.00	

Supporting data for chart on distribution of oils among their major uses in the United States, 1932—Continued

Oil	Pounds	Percent of total	Percent of grand total
Drying oils column:			
Chinawood oil	67,170,000	20.84	
Perilla oil	5,020,000	1.56	
Miscellaneous oils	3,529,000	1.10	
Fish oils	19,616,000	6.09	4.2
Linseed oil	215,269,000	66.81	
Soybean oil	11,593,000	3.60	
Total	322,197,000	100.00	
Miscellaneous manufacturing products column:			
Coconut and palm-kernel oils	1,040,000	.65	
Inedible olive oil and foots	5,066,000	3.17	
Rapeseed oil	6,318,000	3.95	
Castor oil	10,721,000	6.71	
Palm oil	9,324,000	5.83	
Miscellaneous oils	8,993,000	5.63	
Linseed oil	3,492,000	2.18	2.1
Fish oils	12,723,000	7.96	
Soybean oils	1,875,000	1.17	
Corn oils	2,152,000	1.35	
Tallow, etc	39,295,000	24.59	
Grease	58,819,000	36.81	
Total	159,818,000	100.00	
Grand total	7,693,569,000		

In round figures, the total annual consumption of oils and fats in the United States is approximately 8,000,000,000 pounds. Seventy-three and six tenths percent of this total consumption, or 5,663,000,000 pounds, is in edible channels. Twenty and one tenth percent of this consumption is in 15 different types of soap; 4.2 percent is in the manufacture of paint, varnish, linoleum, oilcloth, printing ink, foundry oils, and similar products made from drying oils; and 2.1 percent is in the manufacture of miscellaneous manufactured products, such as tin plate, imitation leather, lubricating oil and grease, rubber substitute, rubber, tanning oils, screw-cutting oils, and other miscellaneous industrial products.

I desire to call the attention of your honorable committee to the fact that the American farmer produces only edible oils and fats and practically no oils and fats for industrial usage, with the exception of linseed oil, the product of flaxseed which already bears a tariff of 65 cents per bushel, and the oil a tariff of 4½ cents per pound. Obviously it would be impossible to sell products made from linseed oil in competition with substitutes if a tax such as is proposed were applied, and were it possible to sell products requiring the use of linseed oil there is no question but what their sale would be greatly curtailed at such high prices. The flaxseed crushers in the United States are agreed that the proposed tax would be as destructive to the interests of the domestic grower of flaxseed as it would be to them.

If you will examine the chart (omitted in record) before you, you will see that only 5.5 percent of the oils and fats consumed in edible channels in the United States during the year 1932 the last year for which complete data are available, came from foreign countries. About 3 percent of this edible fat consumption came from the Philippines in the shape of coconut oil. Another 1.32 percent came in, in the shape of olive oil, which already bears a duty of 8 cents per pound. It can be seen, therefore, that of the above-mentioned 5.5 percent of all the fats which are consumed in the United States for edible purposes, the total of these two, which is 4.36 percent, represents that portion of our edible oil consumption which either comes from the Philippines and cannot be taxed because it is the will of Congress that Philippine products be not taxed at this time, or olive oil, which is already so heavily taxed that it seems useless to tax it at any higher rate.

This leaves only 1.14 percent of the oils and fats which are consumed edibly in the United States, on which the placing of an excise tax might conceivably help the farmers in this country. A part of this 1.14 percent, namely, palm-kernel oil, which goes into the confectionery and baking business and representing about two tenths of 1 percent of the total edible oil consumption, already bears a tax of 1 cent per pound. The remaining approximately 1 percent of the edible oil and fat consumption in the United States which comes from abroad is so small that it is doubtful if the proposal you have here would be of the slightest value to the edible oil and fat producers in the United States.

MOST UNITED STATES OILS AND FATS ARE BYPRODUCTS OR OFFAL MATERIALS

I should point out at this stage of my discussion that all of the oils and fats produced in the United States, with the exception of linseed oil and butterfat, are byproducts or offal materials, and that there is no way of increasing the supply of these byproducts or offal materials without enormously adding to the surplus of agricultural products already on the market. At the present time practically every pound of our cottonseed oil produced in the United States is consumed in edible channels. If, for any reason, we desired a larger production of cottonseed oil, we would have to grow more cotton to procure it and that would mean an aggravation of the surplus problem on cotton. Practically our entire production of corn oil is consumed in edible

channels. If we were to endeavor to produce more corn oil, it would mean the production of an unmarketable supply of cornstarch and glucose of which it is a byproduct. Our peanut-oil production is a byproduct of the shelling of the edible nuts for market, and were we to endeavor to produce more peanut oil it would merely mean the addition of additional edible peanuts to the supply of edible peanuts on the market. Our present small production of peanut oil is likewise utilized practically entirely for edible purposes.

I point out these considerations before stating that there is a shortage of industrial oils and fats in the United States of well in excess of 1,000,000,000 pounds per annum, and while only a limited portion of the oils and fats produced in the United States will meet the technological requirements of oils and fats imported for industrial usage, even if these domestic oils and fats which are now selling at higher prices for edible usage could be diverted into industrial channels, it would be impossible to expand their production beyond the point where a market is assured for the far more important main products from which they are procured, such as cotton, beef, hogs, etc.

Even in the crushing of the oilseeds themselves there is procured a byproduct called oil cake, of which there is already a great surplus in the United States, and the mere problem of the disposition of the additional oil cake which would result from the production of more vegetable oil would be practically unsolvable, because we now have our export markets saturated with it.

On the chart (omitted in record) I will now call your attention to the column headed "Soap." You will observe that the principal domestic ingredient included in this column, which is made up of the oils and fats consumed in the manufacture of 15 different types of soap, is inedible tallow; and it should be explained to this committee that inedible tallow as produced and consumed in the United States is not a product of the packing house, but instead comes from the rendering establishments which collect the refuse from restaurants, butcher shops, and hotels. The farmer, when he sold the beef on the hoof, obtained the meat price for the tallow which was on it. When the meat is dressed for the market every bit of the tallow which can be is left upon the carcass, and therefore the wholesaler of meats in turn sells the tallow for the meat price, and the butcher in turn sells the tallow to the consumer at the meat price.

In the case of the retail butcher, you have seen him time and again cut off the tallow portion of the meat and throw it into a box back of the counter. He sells these scraps which he collects to the renderer at one half cent or so per pound, or at a higher price, depending upon the market. The renderer renders the tallow out of the scraps, or so-called "shop fat", which he collects from these butcher shops and the hotels and restaurants and sells it to the soap maker, the stearic-acid manufacturers, and the lubricating-grease manufacturers. You can see, therefore, that the inedible tallow which is consumed in the United States has almost no contact with processors who are in contact with agriculture.

The situation is much the same in relation to the domestic production of grease. This offal material also originates in considerable measure outside the meat dressing establishments. Much of this grease is made by the garbage reduction plants of cities. Much of it is made by the same renderers who collect the scraps or shop fats from butcher shops, restaurants, and hotels. You can see from this background that the domestic supply of offal materials such as tallow and grease is not something which can be expanded. It is limited by the supply of scraps and refuse which can be obtained by the renderers from the restaurants, butcher shops, and hotels.

In the soap field, however, the soap makers must have inedible olive oil and palm oil, apart from any deficiency of supply in the inedible tallow production. It is true that the soap makers need some of these imported oils and fats to supplement the deficient domestic supply of tallow, but the greater portion of the imports is required because of technological considerations having to do with the chemical composition of the imported oils and fats which technological considerations absolutely require their use in the manufacture of specific kinds of soap. It will be noted by the chart (omitted in record) that 42.1 percent of the ingredients used in the manufacture of soap in the year 1932, according to the Bureau of the Census reports, were imported ingredients, and it should be kept in mind that along with these imported ingredients the soap makers in the United States used every pound of domestic material which they could obtain.

I will pass now to the "Drying oils" column on the chart, where it will be observed that 58.8 percent of the oils and fats which must be used in domestic industry must be imported from abroad. We obtain about one half of our linseed-oil requirements from domestic production and we must import the balance, and it should be stated that the domestic crushers of flaxseed use every effort they can to obtain an enlargement of the domestic supply. After linseed oil, the largest portion of our domestic imports of drying oils consist of china-wood oil, or tung oil, which is absolutely the only oil which will produce a waterproof varnish. There is no competition between china-wood oil and linseed oil in this field. It is used in conjunction with our domestic rosin in the manufacture of this waterproof varnish. It must compete in domestic markets with laquers made from cellulose which contain no oil and no rosin.

At this point I should like to call the attention of the committee to the fact that the greatest portion of the domestic turpentine and rosin produced in the naval stores belt of the South is consumed in the industries which are affected by this proposed tax on oils and fats. In other words, it is these imported oils and fats which chiefly carry into consumption the turpentine and rosin production of the naval stores belt. In 1932 these oils and fats carried into consumption in the drying oil industries about two and one fourth million gallons of turpentine, which represents 74 percent of all the domestic consumption of turpentine. At the same time these imported oils and fats were carrying into consumption 261,000 barrels of rosin in the yellow soap industry, 121,000 barrels in the paint and varnish industry, and another 22,000 barrels in miscellaneous industries using these imported oils and fats, or a total of about 404,000 barrels of rosin, which represents about 57 percent of the total domestic consumption of rosin. The welfare of the industrial users of oils and fats and the rosin and turpentine industries is inextricably locked together. If you do anything to injure our welfare, you will strike an irreparable blow at the naval stores industry of the South.

Returning to the chart (omitted in record), the remaining column, which covers miscellaneous manufactured products, contains only 24.6 percent of oils and fats of foreign origin, one of the principal foreign oils in this column being castor oil, which is largely used in the textile industry and the imitation-leather industry. This, of course, does not consider the amount of castor oil used for medicinal purposes. Another is palm oil, and its use in the column is largely in the manufacture of tin plate, in which industry it is absolutely the only oil or fat which will enable the manufacturers of tin plate to produce a satisfactory product. Correcting a statement of an earlier speaker, I desire to say that that industry uses some 7 to 10 percent, varying in different years, of the total importation of palm oil. So essential is palm oil to the tin-plate industry that during the war period, when ocean tonnage represented the lifeblood of the armies in Europe, freight space was turned over to the transportation of palm oil from Africa to be utilized in the United States for the manufacture of tin plate.

Rapeseed oil, another foreign oil of importance in this column, is the only oil which will properly lubricate the reciprocating type of marine engine. Many of the oils and fats and oilseeds on which it is now proposed to levy an excise tax already bear duties in excess of the value of the oils and fats and oilseeds. I will not attempt to give all of these duties. I will ask that they be inserted in the record.

Mr. KNUTSON. Mr. Gordon, are we capable of producing all of our fats and oils in continental United States?

Mr. GORDON. We produce, Mr. Knutson——

Mr. KNUTSON (interposing). I am not speaking of what we would produce, but can we produce?

Mr. GORDON. We produce an excess of edible fats and oils; we produce a deficiency of industrial fats and oils, and we are not capable of producing those which we lack.

Mr. KNUTSON. Are you opposed to the excise tax on inedible oils?

Mr. GORDON. Most emphatically.

Mr. KNUTSON. For what reason? Because you can buy cheaper abroad?

Mr. GORDON. I am afraid, Congressman, you did not hear what I had to say. I gave seven reasons earlier in my statement as to why I was opposed to the tax.

Mr. KNUTSON. I am sorry I did not hear that. I have been out of the room. Now, you say we produce a certain quantity of edible oils in this country?

Mr. GORDON. We do.

Mr. KNUTSON. Then why import them?

Mr. GORDON. The only importations of edible oils coming into this country of any importance is a small amount of coconut oil from the Philippines and olive oil, which bears a tax ranging from 6½ to 8 cents per pound already, and sesame oil, which comes in the form of sesame seed. The rest of these oils that come into the country are used for industrial purposes. Only a very small fraction are used for edible purposes.

Mr. KNUTSON. What percentage of edible oils are extracted from copra, that comes in free of duty?

Mr. GORDON. Well, about 3 percent of the total edible oil and fat consumption of the United States is composed of coconut oil.

Mr. KNUTSON. You say that we produce a sufficient quantity of edible oils in this country?

Mr. GORDON. Yes; that is, including the supply from the Philippines.

Mr. KNUTSON. Well, leaving out the Philippines?

Mr. GORDON. Then we have a surplus of a half billion pounds remaining annually.

The CHAIRMAN. How long will it take you to finish your statement?

Mr. GORDON. Just a minute or so, if I may be allowed to finish. I would like to insert these figures showing the existing duties on oils, fats, and oil seeds.

The figures referred to follow:

"Tallow, one half cent per pound; sod oil, 5 cents per gallon; menhaden oil, 5 cents per gallon; seal oil, 6 cents per gallon; refined sperm oil, 14 cents per gallon; wool grease, more than 2 percent of free fatty acids, 1 cent per pound; castor oil, 3 cents per pound; hempseed oil, 1.5 cents per pound; olive oil, 8 cents per pound; poppyseed oil, 2 cents per pound; coconut oil, 2 cents per pound; peanut oil, 4 cents per pound; sesame oil, 3 cents per pound; castor beans, one half cent per pound; poppy seed, 32 cents per 100 pounds; glycerine, crude, 1 cent per pound; palm oil, duty free; inedible olive oil, duty free; copra, duty free; perilla oil, duty free; china-wood oil, duty free; hydrogenated oils and

fats, 4 cents per pound; herring oil, 5 cents per gallon; whale oil, 6 cents per gallon; sperm oil, 5 cents per gallon; spermaceti wax, 3½ cents per pound; wool grease, medicinal, 3 cents per pound; wool grease, 2 percent or less of free fatty acids, 2 cents per pound; linseed oil, 4.5 cents per pound; olive oil, n.s.p.f., 6.5 cents per pound; rapeseed oil, 6 cents per gallon; cottonseed oil, 3 cents per pound; palm-kernel oil, 1 cent per pound; soybean oil, 3.5 cents per pound; flaxseed, 65 cents per bushel; sunflower seed, 2 cents per pound; cottonseed, one third cent per pound; glycerine, refined, 2 cents per pound; rapeseed oil, duty free if denatured; sesame oil, duty free if denatured; sunflower oil, duty free if denatured; palm-kernel oil, duty free if denatured."

The proposed taxes would add to the duties in effect, and in almost every instance the total tax would be far in excess of the value of the material it covers.

I place before each of you a chart showing the comparative chemical composition of typical fats and oils and ask that it be printed in the record at this point.

The CHAIRMAN. Without objection, it is so ordered.

The chart is as follows:

Comparative compositions of typicial fat and oils

Glycerides of—	Edible group						Soap group						Drying group		
	Coconut oil [1]	Lard [2]	Cottonseed oil [3]	Corn oil [4]	Peanut oil [5]	Sesame [6]	Coconut oil	Palm kernel oil [7]	Tallow [8]	Palm oil [9]	Whale oil [10]	Inedible olive oil	Linseed [11]	Wood oil [12]	Soybean [13]
1. Saturated fatty acids of the formula $C_nH_{2n}O_2$:															
Caproic $C_6H_{12}O_2$	2.0						2.0	None							
Caprylic $C_8H_{16}O_2$	9.0						9.0	3.0							
Capric $C_{10}H_{20}O_2$	10.0						10.0	6.0							
Lauric $C_{12}H_{24}O_2$	45.0						45.0	50.0							
Myristic $C_{14}H_{28}O_2$	20.0		.4				20.0	16.0	2.0	.6	8.0	Trace			
Palmitic $C_{16}H_{32}O_2$	7.0	24.6	20.0	7.3	7.3	7.3	7.0	6.5	29.0	44.0	12.0	9.2	2.7	3.7	6.5
Stearic $C_{18}H_{36}O_2$	5.0	15.0	2.0	3.3	5.5	4.4	5.0	1.0	24.5	2.9		2.0	3.4	1.2	4.2
Arachidic $C_{20}H_{40}O_2$			.6	.4	3.6	4.0						.2			.7
Behenic $C_{22}H_{44}O_2$															
Lignoceric $C_{24}H_{48}O_2$				.2	2.9	.4				.1					.1
2. Unsaturated fatty acids of the formula $C_nH_{2n-2}O_2$:															
Oleic $C_{18}H_{34}O_2$	2.0	50.4	35.0	43.4	56.7	46.0	2.0	16.5	44.5	43.2	25.0	83.1	5.0	13.6	32.0
Palmitoleic $C_{16}H_{30}O_2$											17.0				
$C_nH_{2n-4}O_2$: Linolic $C_{18}H_{32}O_2$		10.0	42.0	39.1	23.1	35.2		1.0		9.5	20.0	3.9	48.5		49.3
$C_nH_{2n-6}O_2$:															
Linolenic $C_{18}H_{30}O_2$													34.1		2.2
Elaeostearic $C_{18}H_{28}O_2$														72.8	
C_nH_{2n-8}: Clupandonic $C_{22}H_{32}O_2$											18.0				
Approximate range of iodine value	75–95	53–61	105–115	115–125	90–95	104–114	75–95	16–20	40–45	50–54	105–135	80–90	180–190	162–170	131–136
Saponification value	252–260	196–197	191–195	189–193	187–118.5	188–193	252–260	244–255	193–195	195–200	192–196	190–195	190–195	190–194	192–194
Solidifying point in °F	73°–75°	90–86	35°–26°	10°–14° F	32°–28° F	(32°–25° F (Titer °C	73°–75° 21–23	77°–80° 22–24	95–100 39–41	90–100 39–46	(14) (14)	26°–32° F	−5° F	40° F	−10°—5° F

[1] Elsdon—Analyst 38.8 (1913).
[2] Myddleton & Barry—Fats: Nat. & Synthetic—London, 1924 (p. 14).
[3] Jamieson & Baughman Analyst, 1920, 45,303.
[4] Jamieson & Baughman, J., Am. Chem. Soc. 43,2686 (1921).
[5] Jamieson & Baughman & Brauns Analyst, 1921, 46,457.
[6] Jamieson & Baughman, J., Am. Chem. Soc. 46,775 (1924).
[7] E. F. Armstrong & J. Allen, J.Soc. Chem. Ind. 42,2077 (1924).
[8] Myddleton & Barry—Fats: Nat. & Synthetic—1924 (p. 111).
[9] Jamieson & Baughman, Vegetable Fats & Oils (p. 100).
[10] Myddleton & Barry—Fats: Nat. & Synthetic—1924 (p. 110).
[11] Coffey, J., Am. Chem. Soc. 1921, 119–1414.
[12] Steger & Van Loon, J.Soc. Chem. Ind. 47, 3617 (1928).
[13] Jamieson & Baughman, J., Am. Chem. Soc. 44, 2947 (1922).
[14] Any degree desired.

Mr. GORDON. This table shows the nature of the fatty acids which make up the different oils and fats. I will not attempt to enter into a discussion of the chemistry of oils and fats at this time. My purpose in showing these charts is to point out that to the chemists oils and fats are just as different in appearance as are the various metals, lead, iron, zinc, aluminum, silver, gold, and so forth. In the industries employing these oils and fats for essential needs they can no more substitute another kind of oil or fat for one which supplies a specific need than the metal worker can employ iron for the same purpose for which aluminum is required.

You may hear of the skill of the chemist in processing oils and fats, but let me assure your honorable committee that the chemist can accomplish no more in the oils and fats field when it comes to changing the essential nature of these oils and fats than he has been able to do in changing one metal so that it will do the work of another. One particular line of this table I would call to your attention, namely, that having to do with those kinds of glycerides of unsaturated fatty acids called linolic acids, and you will notice the amazingly high linolic acid content of cottonseed oil, corn oil, and peanut oil. This linolic acid being extremely unstable in the presence of air is the real reason why it is impractical to utilize cottonseed oil, corn oil, or peanut oil in the manufacture of any kind of laundry soap, in which vast quantities of the imported oils and fats are required, or in the manufacture of textile soaps, where the materials washed have an opportunity to become foul-smelling and possessed of a rancid odor if an oil containing a high linolic acid content, such as cottonseed oil, is employed in the soap used for washing.

You have doubtless heard of hydrogenation as applied to oils and fats. It is possible in some measure to change the linolic acid content of these oils and fats over to stearic and iso-oleic acids by saturating the linolic acid with hydrogen, but in so doing there is destroyed in large measure the solubility of the oil and thereby is removed their usefulness as laundry or textile soap oils or for any kind of a washing process where very quick solubility of the soap is required.

Some 30 years ago there was a relatively small amount of cottonseed oil used in the soap industry. That was the day of the washboard, the soft-water cistern in the back yard, and heavy woolen underclothing. Such a soap would have little sale today. Modern washroom or laundryroom practice, both in the household and in the laundry, is a quick sudsing and rinsing process carried on in a washing machine. The style of undergarment worn today, largely made from rayon and silken fabrics, will not stand rubbing and scrubbing on the washboard, but must be washed quickly and rinsed quickly. Modern soaps, therefore, must be made not only of oils which will not become rancid but which will form suds quickly, go into solution quickly, and rinse out of the garment quickly and leave no soapy material behind, and if left behind it must not be of a nature which will give rise to the impression by the person who wears the garment that some rancid material has been placed in it.

This is why palm oil is so absolutely essential in the soap-making industry and why sulphur olive oil, along with palm oil and coconut oil, is such an absolute essential in the textile-soap industry.

In the drying group of oils a quick glance at the arrangement of the glycerides of the fatty acids will show the great diversity of the chemical composition of linseed oil and china-wood (or tung) oil, the one, linseed oil, being used for paint, linoleum, foundry oils, etc., and china-wood oil being used in the manufacture of varnish. The possession of such a huge quantity of elaeostearic acid accounts for the ability of china-wood oil to produce a waterproof varnish and the total absence of these acids in linseed oil accounts for the inability of linseed oil to produce a waterproof varnish.

INDUSTRIES MUST CONTINUE IMPORTATION OF INDUSTRIAL OILS AND FATS

I need not touch in further detail upon this chemical variation of oils and fats, except to again say that the chemical make-up of each one of them is such as to make them requisite for technological reasons in some kind of an industry and that industry cannot use something else in their place.

In conclusion let me state that I have no doubt but that all of the industries using the imported oils and fats affected by this proposed excise tax would continue of necessity to import them if the proposed tax is levied. Any lessening in the volume of the imports will be due to the inability of the affected industries to market their products with the tax added. No domestic farmer would profit by the misfortune which would befall the industries which are dependent upon imported oils and fats for their raw-material supply.

Mr. FREAR. Mr. Gordon, I gather from your statement that you are opposed to the levy of this excise tax?

Mr. GORDON. Yes; very much so.

Mr. FREAR. Has there been an increase in importations lately of these various products?

Mr. GORDON. Just as a man near death begins to breathe, when he is beginning to come to life, that is why there have been increased imports by industries which use these fats and oils. Industries were on their deathbeds, and they began to revive, that is why there are increased importations. These gentlemen, in place of being alarmed, should be gratified, because it means that this important branch of industry which was dying is now reviving.

Mr. FREAR. You are entirely unprejudiced in your views on the subject, I take it. Is it true, in response to my question, that they have increased importations?

Mr. GORDON. Yes; importations have increased. But they remain at the 5-year average in volume.

Mr. FREAR. Who prepared this chart?

Mr. GORDON. That was prepared by my organization.

Mr. FREAR. By your organization?

Mr. GORDON. Yes.

Mr. FREAR. That is a propaganda to carry your views before the committee.

Mr. GORDON. That is a copy of the chart made by the Brookings Institution. You can call that a propaganda institution if you wish.

Mr. FREAR. How did they get these figures?

Mr. GORDON. From the official records of the United States Census Bureau, and I secured them from the same source.

Mr. FREAR. Now, you claim that the amount of coconut oil that you use here for food, and the coconut oil that you use for soap, is correctly proportioned. If so, where did they get those figures? How could they ascertain that?

Mr. GORDON. You mean how did they follow it out through the manufacture of soap and other articles? That is done by the United States Census Bureau. It is right here [indicating].

Mr. FREAR. I understand what figures they give, because I have seen those before, but I mean how did they ascertain that information?

Mr. GORDON. They have a card which they send to each manufacturing consumer in the oils and fats industry in the United States. He places on that card a statement of the total amount of oil and fat that he has used, and then under each heading he places the use to which they went. You rarely find a manufacturer who is making soap who is also making anything else; but if he is making anything else, there is a separate place on there, on that chart, for him to place an entry of the amount which he used. If he is making edible products, he places that in another portion of the card and mails it back to the Director of the Census Bureau.

Mr. FREAR. There seems to be a belief here on the part of agriculturists that these importations are running in competition with edible foods that I mentioned here.

Mr. GORDON. An entirely erroneous belief.

Mr. FREAR. I understand from your position that is your judgment. Now, I understand you to say that if all these excise taxes are levied, they will continue these importations anyway?

Mr. GORDON. We cannot continue them in the same volume, because we manifestly cannot compete with substitutes which contain no oils and fats.

Mr. FREAR. The condition of the Treasury is such that it is very desirable to increase the income wherever it is possible to do so.

Mr. GORDON. Do you think it is necessary to increase——

Mr. FREAR (interposing). I am not answering questions; I just want to ask you a question. If that be true, those excise taxes will help increase the funds in the Treasury for the time, will they not?

Mr. GORDON. At the expense of the life of about 40 industries.

Mr. FREAR. You say that they will all be sacrificed if this 2½ cents per pound goes on?

Mr. GORDON. Of course, that is hard to tell. Maybe half of them.

Mr. FREAR. You estimate one half? I am just wondering if you are correct about that. Possibly you may be able to tell me on what you base your belief that they are all going out of business or one half of them are going out of business if this tax is imposed. You have made a general statement, and now we would like to ascertain the basis of your opinion.

Mr. GORDON. That is quite a fair question. I could not tell you how many would go out of business, but I can explain what the situation would be.

Mr. FREAR. You said one half, 50 percent?

Mr. GORDON. Suppose I am a manufacturer of varnish and I make it out of china-wood oil. I can only go so high in my price because I run into the competition of a product called "commercial lacquer", which contains no china-wood oil but is made out of cellulose material. You can only push me so far. What is the result? I try to meet the competition; I do the best I can; then I go down and out.

Mr. FREAR. What proportion of the industry is engaged in the manufacture of that particular kind of oil?

Mr. GORDON. You have got the same situation in every branch of the oil-and-fat industry. Every one of us has got something to compete with that contains no organic oils and fats.

Mr. FREAR. All soaps and all the rest?

Mr. GORDON. Yes; you raise the price of soap too much and you will discover people using alkalies and abrasives which either contain no oils or fats, or almost none. Further, there is the competition of soap made by the householder and which now amounts to at least 1 percent of the domestic consumption of soap.

Mr. FREAR. The figures on this chart are very hard for us to grasp because the lines are so narrow, excepting the edible. Of course, a certain proportion of this is used in the manufacture of various articles.

Mr. GORDON. Yes.

Mr. FREAR. Now, that is to say, that 50 percent of these will go out of business if these taxes are imposed?

Mr. GORDON. I do not want to be dogmatic.

Mr. FREAR. I do not care whether you are dogmatic or not; but what are the facts?

Mr. GORDON. Undoubtedly a number of these industries would go out of business. They could not compete with products containing no oil or fats; and you see, Mr. Congressman, if you raise the price of the products of this particular branch of industry and you do not raise the price of the substitutes, we are absolutely at their mercy. We make products from oils and fats. The prices of these substitutes would not be raised. If the prices of our products are artificially raised, and you do not raise the other fellow's prices of his substitutes for our products, he gets the business away from us.

Mr. FREAR. What suggestion would you make as to raising the prices of substitutes?

Mr. GORDON. I think the whole thing is absolutely impractical. I do not think there is one iota of practicability in the whole proposition.

The CHAIRMAN. We thank you, Mr. Gordon, for the information you have given the committee.

FURTHER STATEMENT OF JOHN B. GORDON, REPRESENTING THE BUREAU OF RAW MATERIALS FOR AMERICAN VEGETABLE OILS AND FATS INDUSTRIES, NATIONAL PRESS BUILDING, WASHINGTON, D.C.

Mr. GORDON. Mr. Chairman, Mr. Craig, who is listed just above me, had to return to Buffalo and requested that I speak for him. What I will say will be very brief.

I testified before the committee on the 21st of December on this same subject. My testimony will be found in the record of that day. I shall not repeat a word of the testimony I gave on that day in opposition to this proposed excise tax. I merely desire to correct five statements made by previous witnesses.

I desire first to file for the record a table showing the value of trade between the United States and the countries from which oils and fats are imported.

The CHAIRMAN. Without objection, that may be inserted in the record at this point.

(The table referred to is as follows:)

Value of trade between United States and countries from which oils and fats are imported

[Source: Foreign Commerce and Navigation of the United states]

	Oils exported to United States	Value of exports		Value of imports	
		1929	1932	1929	1932
Norway	Cod liver, whale	$23,647,000	$6,916,000	$21,235,000	$10,439,003
United Kingdom	Palm kernel, cod	848,000,000	288,326,000	329,751,000	74,631,000
Italy	Olive	153,968,000	49,135,000	117,067,000	42,403,000
Spain	do	82,121,000	26,688,000	36,059,000	11,406,000
Germany	Palm kernel, palm	410,448,000	133,417,000	254,688,000	73,572,000
Netherlands	Palm, sesame	128,295,000	45,254,000	83,853,000	22,430,000
Argentina	Flaxseed	210,288,000	31,133,000	117,581,000	15,779,000
Newfoundland and Labrador	Cod liver, cod	12,502,000	4,167,000	10,411,000	7,133,000
Australia	Copra	150,110,000	26,817,000	31,968,000	4,643,000
China	Perilla, tung	124,163,000	56,171,000	166,233,000	26,177,000
Kwantung Peninsula	Perilla	11,842,000	1,186,000	4,828,000	904,000
Philippine Islands	Coconut	85,530,000	44,998,000	125,792,000	80,877,000
British India	Castor beans	55,360,000	24,915,000	149,332,000	33,204,000
British Malaya	Copra	14,641,000	2,497,000	239,164,000	34,806,000
Nigeria	Palm	3,424,000	1,693,000	12,890,000	3,157,000
Other Netherland East Indies	do	15,114,000	7,816,000	32,868,000	29,827,000
Belgian Congo	do	1,382,000	487,000	11,580,000	1,204,000
Total		2,330,835,000	751,586,000	1,745,300,000	472,592,003
Total of all United States exports and imports		5,240,995,000	1,611,016,000	4,399,361,000	1,322,774,000
Percent of total to these 17 oil-exporting countries		44	47	40	36

Mr. GORDON. Imports of oils and fats and oilseeds into the United States from abroad come mainly from the Philippines, the United Kingdom, Norway, Italy, Spain, Germany, the Netherlands, Argentina, Newfoundland and Labrador, Australia, China, Kwantung, British India, British Malaya, Nigeria (a French possession), the Dutch East Indies, and the Belgian Congo. In the year 1929 the total of all United States exports to these countries amounted to $2,330,835,000, or 44 percent of our total export trade. In 1932, our exports to these countries amounted to $751,586,000, or 47 percent of our total export trade.

In 1929, our import trade with the above-listed countries amounted to $1,745,300,000, or 40 percent of our total import trade. The trade balance with these countries in our favor in 1929 was approximately $575,000,000. In 1932, our import trade with the above-listed countries amounted to $472,592,000, which was 36 percent of our total import business, and the trade balance in our favor in that year was approximately $280,000,000.

If foreign nations cannot sell to the United States, they cannot buy from the United States. Many of the countries from which we buy oils, fats, and oilseeds do not produce any other product of importance which they could sell us. Oils and fats and oilseeds are an item of importance in the foreign trade of most all nations with which the United States deals.

Mr. TREADWAY. According to your statement, 47 percent of the total exports of this country went to the countries from which we get vegetable oils and fats; is that correct?

Mr. GORDON. Yes, sir.

Now, that was the first point I desired to correct in the record.

Mr. TREADWAY. In other words, the statistics you are now presenting are contrary to the evidence that we had yesterday?

Mr. GORDON. Yes, sir. These figures come from Foreign Commerce and Navigation of the United States, a publication of the United States Government.

Mr. FREAR. In what particular are they contradictory?

Mr. GORDON. Those figures which were given yesterday were for a fractional portion; they took certain countries from which we do not get much of an importation and left out the others.

Mr. FREAR. Taking the total, what is the difference? As I understood the figures you read, our imports were several times our exports to these countries.

Mr. GORDON. I cannot remember their figures, but they had British Malaya and a few others in there.

Mr. FREAR. I mean taking the figures you gave us, the balance of trade is against this country? Did I understand you correctly?

Mr. GORDON. No, sir.

Mr. FREAR. It is not?

Mr. GORDON. No, sir.

Mr. FREAR. That is what I am trying to find out.

Mr. GORDON. The balance of trade is in our favor.

Mr. FREAR. As to all of them?

Mr. GORDON. This table which I have filed gives you these figures in full detail.

Mr. FREAR. Will you just give us the total at this point?

Mr. GORDON. For 1929 we had a trade balance with these countries from which we get oils and fats—that is, the important portions of same—we had a trade balance in our favor of $575,000,000.

Mr. FREAR. Out of how much?

Mr. GORDON. The total export trade to those countries was $1,745,300,000.

Mr. FREAR. Those are the imports?

Mr. GORDON. Yes.

Mr. FREAR. How much were exports?

Mr. GORDON. The exports to these countries were $2,330,835,000 in 1929.

In 1932 our import trade from those countries from which we get our main supply of oil fats amounted to $472,592,000 and the exports to those countries amounted to $751,586,000. You see there was a trade balance in our favor of $280,000,000.

The CHAIRMAN. Are you prepared to give us some of the main articles that constituted our exports, whether they were agricultural or manufactured, which brought about the balance of trade in our favor?

Mr. GORDON. Just from recollection I can give you some.

The CHAIRMAN. If you do not have that information at this time, will you insert it in the record?

Mr. GORDON. I will, yes, sir; and it will be more correct than if I attempt to give it to you from memory.

A lot of it is cotton, machinery, tobacco, and wheat flour—articles of that description.

PRINCIPAL UNITED STATES EXPORTS TO COUNTRIES FROM WHICH ORGANIC OILS AND FATS ARE IMPORTED INTO THE UNITED STATES

[Source: Bureau of Foreign and Domestic Commerce, Commerce Department]

Norway: Petroleum products, tobacco, wheat flour, raw cotton.

United Kingdom: Raw cotton, meats and fats (mainly lard), tobacco, grapefruit, oranges, apples, canned fruits.

Italy: Raw cotton, petroleum products, wheat, machinery, leather, copper.

Spain: Raw cotton, machinery, refined petroleum.

Germany: Raw cotton, lard, tobacco, dried fruits, petroleum products.

Netherlands: Lard, wheat, apples, dried fruits.

Argentina: Machinery, cotton manufactures, automobiles, petroleum products.

Australia: Petroleum products, tobacco, automobiles, machinery.

China and Kwantung: Raw cotton, tobacco, wheat flour, kerosene.

Philippine Islands: Cotton cloths, iron and steel, canned milk, wheat flour, industrial machinery.

British India: Raw cotton, lubricating oils, automobiles, tobacco.

British Malaya: Electrical machinery, tobacco, lubricating oils.

Nigeria: Petroleum products, tobacco, wheat flour, automobiles.

Netherland East Indies: Tobacco, petroleum products, automobiles.

Belgian Congo: Tobacco, petroleum products, automobiles, electrical machinery.

The second point I want to make is this: One of the witnesses here made the statement yesterday to the effect that there were 200,000,000 pounds of low-grade cottonseed oil used in the soap industry. The gentleman got his figures a little mixed up. There are too many naughts in there. He must have meant 2,000,000 pounds.

The figures compiled by the Bureau of the Census show that in 1931, 2,000,000 pounds were used. In 1932, 3½ million pounds were used. The only records which anybody has are those which the United States Bureau of the Census collects. The men who collect those figures do it under a law, and both they and the people who supply the data, we know, try to be absolutely honest. No 200,000,000 pounds either of low-grade or of high-grade or of any other kind of cottonseed oil goes into the soap industry. It is almost not used there at all. And that is the case even though frequently it can be bought at a lower price than the price at which the commonly used soap oils can be purchased. Cottonseed oil is not suited for the manufacture of soap. Its chemical makeup is such that it is not a good soap oil.

I listened to one of these independent cottonseed oil mill gentlemen testify yesterday and he said he came from Atlanta, Ga. I have been the general manager of the sixth largest cotton-oil refinery in the United States. I was raised on a farm down in Missouri. I am not prejudiced in any way against the farmer. I graduated from an agricultural college. I was a professor in an agricultural college and I have been in this business ever since I left college work. Actually, if that gentleman got the thing which he came before this committee to ask for, he would not get out of it enough to pay his carfare up here.

This proposed excise would not affect the edible oils such as he produces. It would affect only the industrial oils. We have a great surplus of edible oils and fats in this country. We export enormous quantities of hog lard. We could not possibly affect the price of the domestic supply of edible oils and fats by any means either by tariffs or excise taxes as long as we have that exportable surplus.

Their supposition is, I suppose, that they could force cottonseed oil into the soap kettle, despite the fact that the cottonseed-oil industry spent 30 years trying to get the impression out of the minds of the public that cottonseed oil was fit only for soap oil. They spent millions of dollars in experimental work trying to convince the public that cottonseed oil was the best edible oil that could be had, and it possesses that reputation today. It is, bar none, the best edible oil that is produced in the United States. It has that reputation, and to try and force it back into the soap kettle would be going backward about 30 years.

Mr. TREADWAY. Why is it not suitable for soap?

Mr. GORDON. Cottonseed oil contains 42 percent, which is a very high percentage, of linolic acid which, when the oil is used in making soap, oxidizes and makes the soap rancid. For instance, if you wash clothes—and a vast quantity of soap is used for laundry purposes—you would give the material that you washed, if you used soap made from cottonseed oil, a rancid, bad smell. The person who wore the clothes would have the impression that you had put some sort of chemical in it. The nearest approach to it is a sort of linseed-oil smell. That is what you get in the clothes when you try to wash them with soap produced from cottonseed oil.

Mr. TREADWAY. And that is not removed by rinsing the clothes?

Mr. GORDON. No, sir. It does not come out. It stays in there. If you told a textile-mill operator that you would give him free soap made of cottonseed oil, he would not accept it. He would pay you to keep it out of his plant. He would absolutely be ruined by it.

Mr. TREADWAY. Now here is a gentleman—I do not know the name of the witness to whom you referred; you say he came up from the South—a practical man in the business. How could he be misled as to the value of cottonseed oil if he was, as you say, interested in the business himself, making soap from cottonseed oil?

Mr. GORDON. This particular person is a crude cotton-oil mill operator. He knows nothing about the manufacture of soaps. He does not know, and I suppose I could not convince him, that cottonseed oil is an inferior soap oil. I could only point to the official Government records, and I can say that cottonseed oil cannot be used in making the soap of today. He has an idea that you can force cottonseed oil into the soap kettle, but I know that the soap kettle cannot use it.

The soap kettle is in the same position with regard to peanut oil and corn oil. They are both possessed of a very high linolic-acid content.

Mr. TREADWAY. Before you get too far in your testimony—and before I forget the point—I have a sort of a persistent way of asking similar questions of different witnesses. The testimony we have had was that there was a tremendous market for imported oils and fats and a great use of it here to the detriment of some of our domestic products. But no one of these witnesses has given us a cure. They have all testified to a situation which evidently does exist, and you probably would agree that there is

a greater supply of these articles than is being consumed. What would you suggest as a method of relieving this distress that the cottonseed people and the domestic producers have told us about?

Mr. GORDON. These gentlemen, when they get right down to it, are mainly interested—I believe you first asked the question of Miss Dowdle, and she so advised you—in the question of the competition between these imported oils and fats and domestic edible products such as butter and cottonseed oil. These imported oils and fats can be denatured; that is, rendered inedible by a very simple and inexpensive process. There is a provision in the Tariff Act of 1930, in paragraph 1732. It was first put in the Tariff Act of 1909. It is a provision whereby certain vegetable oils are rendered inedible, under the supervision of the Secretary of the Treasury or his agents. And in the whole experience of the Treasury Department they have never found a case where there was any violation of that denaturing provision. They have never found an evasion of it. They denature imported vegetable oils so that they cannot be used for edible purposes. That is the solution, as far as the domestic edible oil people, such as the producers of lard, butter, and cottonseed oil, are concerned; to denature the imported oils and render them inedible so they cannot be put into edible channels. The most frequently used denaturant is brucine alkaloid, which is a material used for poisoning prairie dogs on the western plains.

The CHAIRMAN. You spoke of an exportable surplus of oils and fats. Are those surpluses actually exported or are they just accumulated here, and do they further depress the domestic market?

Mr. GORDON. In the case of lard, that is exported.

The CHAIRMAN. In what quantities?

Mr. GORDON. The amounts run from around 600,000,000 pounds per annum in recent years to as high as 1,000,000,000 pounds, and perhaps higher in some of the post-war years.

In the case of cottonseed oil, we, unfortunately, have done something to our export market for it. It does not move out of the country and it has been accumulating, and that is the greatest source of complaint at the present time.

The CHAIRMAN. That is what causes the depressed price, the low price?

Mr. GORDON. Yes, sir; unquestionably.

That brings me to the next point——

Mr. TREADWAY. Before you leave this subject, what is it that cottonseed oil could be used for if it is not used for soap? What do you consider that it should be used for? That is, anything but lard. You say it is the best article to be used for lard.

Mr. GORDON. It is the best oil for the manufacture of vegetable shortening which we have.

Mr. TREADWAY. Lard is a standard product for shortening, is it not?

Mr. GORDON. Yes, sir; but cottonseed oil is in instances made into shortenings for sale at a considerably higher price than lard. Of course, that is due to some extent to the power of the advertising which is behind it. But it is surprising the very much higher price that some of it will bring than lard.

Mr. TREADWAY. You recommend, then, that they go into the lard business instead of the soap business; is that right?

Mr. GORDON. They are actually in the lard business, and have been in it for many years. I believe if you will refer to my testimony in the printed record of December 21 you will have a complete picture.

The second outlet of importance is cooking oils, which is, in a degree, likewise competitive with hog lard.

The third outlet of importance for cottonseed oil is salad oils and mayonnaise. There is no question there of competition with hog lard. Lard does not get into that field. But it is a fact that, look at it as you may, cottonseed oil is the natural competitor of lard. They do compete. As one who has been a manufacturer of vegetable shortening—I have not been in the business for some years—I will say that we always recognized the fact that we could not get too close to the price of lard or our trade would turn to lard. Lard, in the final analysis, is the yardstick by which you measure the value of shortenings.

Mr. TREADWAY. Speaking about salad oils, how does the quality of cottonseed salad oil rank with imported Italian oil?

Mr. GORDON. To my mind, cottonseed-oil salad oil is just as good as the best Italian olive oil.

Mr. TREADWAY. How do they compare in price on the market?

Mr. GORDON. It is much cheaper.

Mr. TREADWAY. The cottonseed oil is cheaper?

Mr. GORDON. Yes, sir.

Mr. TREADWAY. Is there any prejudice in the minds of the consuming public against cottonseed oil and in favor of olive oil?

Mr. GORDON. Not so much with the native population. The consumers of olive oil are very largely people of foreign extraction. That is the fact. They are the big consumers of olive oil. They will use it and persist in using it despite the fact that it is much higher in price than cottonseed oil, and they pay a duty of 6½ cents a pound on it in bulk and 8 cents per pound in packages. They could buy cottonseed oil for less than the duty they pay on the packaged article.

It is true that the foreign population of the United States uses olive oil not only for salad-oil purposes but for cooking. That was the cooking oil that they used in their native country, and they continue to use it here. I dare say it is that tendency to use it for cooking oil that accounts for the big consumption of it among foreign people in this country. I do not think that they are as big salad eaters as the native population.

Mr. TREADWAY. Are not our native people becoming users of olive oil, too?

Mr. GORDON. In the trade, it is generally recognized that the big bulk of the olive oil is used by people of foreign extraction.

Mr. TREADWAY. You still maintain that except for prejudice or the habit carried over from use in foreign countries, and that as far as quality and results are concerned, if you could educate the people up to the use of cottonseed oil, it would answer all the purposes of olive oil?

Mr. GORDON. Yes, sir; that is true.

Mr. TREADWAY. It is of just as good quality?

Mr. GORDON. Yes, sir.

Mr. TREADWAY. I suppose it is a good deal like comparing French and American champagnes, is it not? American champagne is just as good, but it is not so satisfactory, apparently, to some of our friends.

Mr. GORDON. That may be a good analogy, but I am not as familiar with champagne as I am with oils.

The second statement which I wanted to correct was a statement which was quite startling, to the effect that the soap kettle controls the price of all oils. That is the most astounding statement that can be made.

The soap kettle is a kind of scavenger. It uses everything it can get hold of to make soap and which is suitable for the purpose.

There are about 15 different kinds of soaps, and those 15 different kinds of soaps will require certain oils and fats. But in certain ones they use low-grade greases and tallow, and it does not make any difference to the soapmaker whether it comes from a dead horse, cow, or a dead hog, he will use it. So I say the soap kettle is a scavenger. To maintain that an industry which acts as a scavenging industry sets the price of all oils and fats is absolutely ridiculous.

Actually the price of oils and fats in this country are set by hog lard, and the price of hog lard is set by the price for it in the export markets of the world. You cannot get away from that, because we are exporting from this country every year 600,000,000 pounds of hog lard and upward.

There is one peculiar thing about the exports of lard from the United States. They have not declined as compared to pre-war. We are exporting more lard now than we did in pre-war years.

The third point is this: One of the gentlemen made the statement that these inedible tallows and greases could be made into edible oils. That might be so, but it is illegal. And who wants to take a dead horse and make edible oil out of it? It is true, it might not kill you, but it is certainly not an appetizing thing to think of.

Mr. FREAR. May I inquire, Mr. Chairman, if the statement made by the gentleman a moment ago is correct, that lard is maintaining its exports during recent years?

Mr. GORDON. Yes, sir.

Mr. FREAR. I am reading from page 435 of the Statistical Abstract of the United States. In 1921 to 1925 there were 860,000,000 pounds of lard exported. Last year there was only 31,685,000 pounds exported. What is the explanation of that?

Mr. GORDON. You did not quite understand my first statement, Mr. FREAR, which was that our lard exports continue to be greater than they were in pre-war days. I was referring to the period back of 1913–14.

Mr. FREAR. It has not been any lower than it was in 1931 or 1932. The figure is 860,000,000 pounds. Of course, the other figure is for a period of 4 years, as I understand it.

Mr. GORDON. The figure for exports in 1931 is 546,000,000 pounds.

Mr. FREAR. According to this, the figure for 1932 was 32,000,000.

Mr. GORDON. That cannot be correct. You must be looking at the figure for neutral lard. If you look at the exports of common lard, you will find that there were 546,000,000 pounds exported. That is the correct figure.

Mr. FREAR. I see it now. You are right.

Mr. GORDON. The last point I desire to make is this: Our imports of oils and fats, in the forms of oils and fats per se and in the form of oil in oil seeds, such as copra, and so forth, in 1933 were approximately the same as the 5-year average from 1928 to 1932.

You have been hearing about these imports increasing. There has been an increase, but they are still no more than the 5-year average.

The 5-year average of importations from 1928 to 1932 of all these oils, including oil in seeds, such as flaxseed, which comes in from the Argentine, and copra from the Philippines and the South Seas was 1,785,000,000 pounds. That is the 5-year average. The great bulk of that importation was made up of industrial oils to be used for manufacturing nonedible products.

There are about 40 different industries which use those industrial oils.

The 1933 imports of oils and fats were 400,000,000 pounds under those of 1929. So you see they have not increased, comparatively speaking. They have increased as compared to 1932.

Mr. FREAR. Where do they come from, largely?

Mr. GORDON. They come from those countries which I listed in the opening part of my testimony.

Mr. FREAR. I mean the largest amounts.

Mr. GORDON. The largest importations are from the Philippines.

Mr. FREAR. What is the Philippine percentage compared to the total, approximately?

Mr. GORDON. Probably near one fourth or a fifth, something like that.

Mr. FREAR. If you can put the correct figure in, please do so.

(The information requested by Mr. FREAR is printed herewith:)

Relationship of coconut-oil imports from Philippine Islands to all oils and fats imported into the United States

[Data in thousands of pounds]

	Total imports of oil as such, plus oil content of raw material	Total coconut oil as such, plus oil content of copra imported from Philippines	Percent of total imports that came from Philippines
5-year average (1928-32)	1,785,439	508,990	28½
1933 (11 months)	1,682,921	556,143	33

Mr. GORDON. I will do so. That is all I desire to say, Mr. Chairman.

Mr. TREADWAY. Just one inquiry. I gather from your very interesting testimony that, interested in the importation of these oils and fats, you do not consider the cure for the cottonseed-oil problem the prevention of the importation of oils and fats?

Mr. GORDON. No, sir.

Mr. TREADWAY. You do not think that business in the United States is oversupplied by these importations?

Mr. GORDON. No, sir. What the cottonseed-oil people need is a restoration of their export markets.

Mr. TREADWAY. You do not think that either a high tax or an embargo—elimination was the word we coined here yesterday, and it is a very useful one—would accomplish the purpose of the advocates that were testifying yesterday?

Mr. GORDON. No, sir.

Mr. CROWTHER. What is the business of Spencer Kellogg & Son?

Mr. GORDON. Spencer Kellogg & Son are crushers of flaxseed primarily. They are crushers of copra also. The copra that they crush is from the Philippines.

Mr. CROWTHER. They have a plant at Buffalo?

Mr. GORDON. Yes, sir; they have a plant at Buffalo, another at Edgewater, N.J., a plant at St. Paul, a plant at Minneapolis, also a plant at Kansas City.

Mr. CROWTHER. They have one in Amsterdam, is that so?

Mr. GORDON. I doubt if they operate it. They may have bought the property of the old Kellogg & Miller Linseed Oil Co. That is where the Kellogg people started, in Amsterdam, N.Y. I think they bought that plant; but I do not believe they operate it.

Mr. CROWTHER. That was a linseed-oil plant?

Mr. GORDON. That was a linseed-oil crushing plant; yes, sir.

Mr. KNUTSON. Carrying Dr. Crowther's question a bit further, who makes up this bureau of raw materials for American Vegetable Oils and Fats Institute, which you represent?

Mr. GORDON. It is made up of, you might say, a very representative cross section of the various oils and fats industries in the United States. There are about 120 members in it.

Mr. KNUTSON. Manufacturers?

Mr. GORDON. Manufacturers; yes, sir. Some are manufacturing consumers and some are producers. For instance, there are some producers of cottonseed oil in it.

M. KNUTSON. Any soap people in it?

Mr. GORDON. Yes, sir.

Mr. KNUTSON. Who are some of the larger ones?

Mr. GORDON. Among the larger ones are Procter & Gamble; Colgate-Palmolive-Peet Co.; Fels & Co., of Philadelphia; Andrew Jergens, of Cincinnati.

Mr. KNUTSON. That is sufficient for my purpose.

Of what did we make soap before we started using vegeable oils?

Mr. GORDON. We have always used vegetable oils to some degree.

Mr. KNUTSON. Linseed for soft soap?

Mr. GORDON. We still use it for that purpose. That is a very small portion of it, though. They now make comparatively little soft soap. The great bulk of soaps are the hard soaps, and of them the greatest volume is the so-called "laundry soap."

Mr. KNUTSON. How was laundry soap made before, let us say, 30 years ago?

Mr. GORDON. Very much as it is now.

Mr. KNUTSON. Vegetable oils?

Mr. GORDON. Yes; very much the same.

Mr. KNUTSON. Was it not made largely of fats?

Mr. GORDON. You mean animal fats, doubtless?

Mr. KNUTSON. Yes.

Mr. GORDON. Yes; the volume of soap manufactured has increased very considerably since 30 years ago. The volume of soap consumed has increased tremendously. People use a great deal more soap now than they did then. It is possible that in those times proportionately more inedible tallows and greases were used than at present because the available supply was larger.

Mr. KNUTSON. Mr. Gordon, is it not a fact—I come from a family that was in the soap business for many years—is it not a fact that up to about 30 years ago soap was made almost altogether of animal fats?

Mr. GORDON. No, sir.

Mr. KNUTSON. Are you sure of that?

Mr. GORDON. That is quite right. You see, coconut oil has been an article of international commerce for over 120 years. There is nothing new about it. Our sources of supply have changed; that is all. We used to get it from Marseilles, France. Afterward the United States took over the Philippines, and then during the World War the business got its impetus in the Philippines. We quit buying in Marseilles and we are buying it entirely from the Philippines now.

Mr. KNUTSON. What proportion of imported vegetable oils was used in the manufacture of soap 30 years ago, let us say, around 1900?

Mr. GORDON. That would be just a guess on anyone's part. There are no statistical records available anywhere on the subject that far back. I would rather put the estimated figures in the record for you and get them somewhere near correct.

Mr. KNUTSON. While we are on the subject, I should like to bring out that point because I doubt if members of the committee will read these records. They will not have the time.

Mr. GORDON. I was saying that they probably used less vegetable oil in those times than at present because the type of clothing people wore was different. In those days you would find men wearing red undershirts and other woolen underwear and you found ladies wearing rather voluminous garments made of wool.

Mr. KNUTSON. It took a better quality of soap for woolen goods than for cotton goods?

Mr. GORDON. Not necessarily. It took a different kind. Nowadays they wear rayon and silk underclothes—I am speaking about the women. In those days they wore woolen and cotton stockings, and when you washed the garments of that day you wanted soap that would stand up under high temperature. You had to rub and scrub the garments on a wash board. You could use a soap with a considerable portion of animal fat.

Now you have to have a soap which will rinse out of clothing quickly. You have to have a soap which will go into solution quickly. You cannot get that with animal fat soap. You have to have a soap which will be a quick rinsing soap and with quick sudsing properties to wash the modern style of undergarment. You cannot rub these clothes on a washboard; you must use a washing machine or do it by hand.

Mr. KNUTSON. What percentage of laundry soap now sold on the American market is made of animal fat?

Mr. GORDON. Of the soap used in power laundries—there are different kinds of laundry soap, those used in the household and those used in the power laundry—the greater portion of power laundry soap is made from tallow, and coconut oil or one of these imported oils, palm oil, with the addition of coconut oil. Some of them are made entirely of tallow or palm oil.

In the households, where the housewife launders her own clothes, those soaps are very apt to be made of palm oil and coconut oil or olive oil, because they have quicker sudsing and rinsing properties.

Mr. KNUTSON. Has the wholesale price of soap come down any in the last 3 or 4 years?

Mr. GORDON. The price of soap during the last 3 or 4 years got to the lowest point it ever had been.

Mr. KNUTSON. The retail price?

Mr. GORDON. Yes, sir; the retail price and the wholesale price both got to the lowest point in 25 years. It went up for a while, but now it is going down again. And may I add that the proposal which the committee has before it would, if enacted into law, more than double the existing price of soap.

The CHAIRMAN. We thank you very much for your statement, Mr. Gordon.

The next witness is Mr. W. H. Jasspon, of Memphis, Tenn.

I call the attention of the witness and the members of the committee to the fact that we will close these hearings in 20 minutes.

Will you please give your name and address to the reporter, Mr. Jasspon, and state whom you represent?

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. BROOKS].

Mr. BROOKS. Mr. Chairman, I have had so many communications in regard to the proposed excise tax of 5 cents a pound on coconut oil that I have requested a few moments to make a few remarks that I hope will furnish information to the House as well as to relieve my Philippine colleague, who I am afraid is unduly alarmed over this tax on account of the information that he has received from the soap manufacturers and other consumers of coconut oil.

Everyone who reads this revenue bill, together with the hearings and report as I have done, cannot but have the deepest appreciation of the patience, the time, and effort given to this large subject by our Ways and Means Committee. We should all feel deeply indebted to them, and I believe we do, for the work they have done by their nonpartisan, sincere actions and conclusions. From their consideration of the evidence presented to them they have proven themselves to be one of the most worthy bodies in the structure of our Government. There are so many different phases of the act that I will not have time to cover many of them, so I will confine my remarks to the effect that this tax will have on the rendering plants, tallow, soap manufacturers, and the butchers.

RENDERING PLANTS

For many years we have had in this country in practically all of the larger cities and small towns rendering

plants for the manufacturing of grease and tallow. In 1928 there were over 500 of these manufacturing plants throughout the country. Today all of these plants are operating at a loss, and over 200 of them have had to close up. This is on account of the price of tallow, which they sold for years at prices from 6½ to 8 cents, dropping to 3 cents and as low as 2 cents. These rendering plants collected their fat from all the butchers and paid butchers anywhere from 3 to 5 cents a pound for their fats. This aided the butcher and enabled him to pay a higher price for his meat. The provision company passed the price along, which finally reached the cattle raiser, so that this one point affects the price of hogs, lambs, beef, and the cattle industry as a whole. This tax will raise the price of tallow, which will again permit these rendering plants to purchase the fats from the butcher and again revive an industry throughout our country, placing many men to work. You can see how important this feature is when you take into consideration the number of butchers that are concerned.

SOAP MANUFACTURING

Now in regard to the manufacture of soap. I have no doubt that you have all received communications such as I have had that the price of soap would be doubled if this excise tax of 5 cents a pound should be placed on coconut oil. As a matter of fact, the fats and oils are very small items in the cost of soap. The figures prove that by this additional tax which will raise the price it should only increase the price of soap at least 1½ to 2½ cents a pound. The price of soap has remained about the same since 1926. It has ranged from $4.85 to $4.49 per hundred cakes. Cottonseed oil has dropped from 11 cents a pound in 1926 to 4 cents a pound in 1933. Tallow has dropped from 8⅞ cents per pound to 3⅜ cents per pound—the price of soap remaining as it has practically constant through the depression due to the fact that 70 percent of it is manufactured by three concerns.

In 1931 the soap industry consumed one and one third billion pounds of oils, fats, and greases, producing over three and one half billion pounds of soap.

The price of coconut oil is 2 cents per pound f.o.b. Manila, or about 2¾ cents per pound at New York. One thousand coconuts produce 175 pounds of coconut oil, which, at 2 cents a pound, is equal to $3.50. In order to give you some idea of the cost of the labor, I want to point out that for picking 1,000 coconuts, cracking them—which is usually done by hand with an ax—drying them, heating or cooking them, and then pressing them—these operations being necessary to convert the coconut to the oil—is done for $3.50. It is impossible for us to compete with this form of labor on account of our higher standards of living. Seventy percent of the coconut oil is used in soap, for which there is no other substitute.

This is very important, as it has a direct bearing on our relations with the Philippine Islands. I think I can bring out the point, which is an actual fact, that this tax will not put an embargo on coconut oil. There will always be a use and demand for coconut oil from the Philippine Islands regardless of this tax. It may curtail the consumption, but it will not create any more of a burden on the Philippine Islands than we are carrying in our country to conform with the regulations of the Agricultural Adjustment Act.

It is absolutely necessary to use a certain amount of coconut oil in all soaps, especially the highly adulterated type.

The object of this tax is to raise the whole price structure of not only the oils and fats but will have its effect on all dairy products as well as prices of hogs and beef cattle. I sincerely believe that it will be impossible for the Agriculture Adjustment Administration to raise these prices unless this tax is put on the importation of foreign oils. If we are right in our policy of excluding Asiatic labor on account of the competition with our own labor, why, we are justified in curtailing and limiting the importation of products which are so destructive to our domestic products?

There are two kinds of soaps used in this country. One is called a pure soap and the other is called a filled soap. The filled soap is a soap that is mixed with an adulterant, silicate of soda, and which contains from 20 to 30 percent moisture. These soaps use a large proportion of coconut oil because coconut oil has a peculiar affinity for absorbing lye, silicate of soda, and water.

Silicate of soda has absolutely no cleansing quality and is used only as an adulterant or filler to make the soap weigh more. When a soap is highly adulterated it is necessary to use a considerable amount of coconut oil in order to get any lather whatsoever.

One of the leading soap manufacturers of the United States has its own plant for making silicate of soda which they furnish as an adulteration in the manufacturing of this kind of soap. I should like to bring this point out and make it clear that it is for this reason there is such a demand for coconut oil in the manufacture of soap. There is no other oil of a domestic nature that has this same affinity for absorbing silicate of soda as does coconut oil. I do not believe that these manufacturers will discontinue the use of coconut oil for this reason.

One more reason why the use of coconut oil will not be discontinued is due to the lather which comes from the soaps of coconut oil. Soaps made from tallow, greases, or domestic oils have a heavy lather; that is, the walls of the soap bubbles are comparatively thick as compared with the lather made from soap in which coconut oil is used. This thick lather, which is slow in forming, is very undesirable to the housewife. In washing her silks, her materials of rayon, or any other light material, the quicker sudding soap, which is very easy to rinse, has become most popular. Soaps made of coconut oil, as soon as agitated in warm water, immediately form these desirable suds. The commercial laundries, however, cannot use this type of soap. The soap used in all commercial laundries is made from no. 1 and no. 2 tallow.

I am sorry that the committee did not go further and place a tax on palm oil and other oils that we import on account of the great contribution these taxes would make toward a more equitable distribution of our products and home commodities. The distribution and consumption of our commodities and products at home here is one of our unsolved problems. The decision of this committee in placing a tax of 5 cents a pound on coconut oil is a great help toward solving this question. I hope it will be extended further. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Chairman, I am one of the Members who voted against the gag rule on this bill. I did it because I could not go along with the statement of the Ways and Means Committee that this bill is so complicated that you dare not risk it, as one of the gentlemen on this side of the House said yesterday, by throwing it to the wolves. I cannot believe that the people of this country elected us Representatives to come here to this House and then to be deprived of the privilege of voting upon legislation so vital to their existence as this bill.

I call attention to the fact that there has not been a solitary bill considered under the 5-minute rule that has not been improved because of the Membership having had the privilege of considering amendments.

Mr. Chairman, I shall not go into the technicalities of this bill, because it has been impressed upon me here time and time again that I cannot understand it. I shall deal with that part of it that I think I can understand. In the 3 or 4 minutes at my disposal I want to talk about the horse-sense attitude toward this bill. Let me explain what I mean by horse sense. Horse sense is the process of stable thinking. Anyone who has any stable process of thinking has sense enough to know that there are some injustices in this bill that would have been removed if we had been given the opportunity to offer amendments and consider them. I also venture the assertion that not a solitary, meritorious portion of the bill would have been touched or

bothered had the Members of the House been given the privilege of considering amendments. [Applause.]

This bill is designed to stop the loopholes and the leaks, yet one of the biggest leaks is left untouched, has been left wide open. Why? Because the States represented by certain members of the committee are sitting behind that loophole in the Treasury eating of the grain that ought to be left in the Treasury. I am referring now to the community-property-tax proposition. I was amused to see some of my younger friends I happen to run with here in the House who this time voted for a gag rule, but who before had pretended to be conscientiously opposed to one. I found them in the position of wanting a gag rule when it protects a special privilege for their State. But I am against the gag rule, for the reason that it makes an income-tax payer pay more in Kentucky than he would pay in any one of the eight community-property States. I find they are in the same boat, but, of course, it all depends upon whose ox is being gored.

The officials of the Treasury Department state that the loss to the Federal Government because of the community property laws of these eight States is $50,000,000 a year in income-tax leaks.

The distinguished gentleman from Washington has made as good a defense of the matter as anybody could make by saying it is what they have always done out there. Then he fell back on the last resort of the lawyers and said it would be unconstitutional. Then, as though that were not enough, he said: "It is all right to do away with it, but we will do that in another bill." We have a fellow down home who always contributes to the church and then fights the location, and that is the position of these members of the committee—they say that this thing is good, but this is the wrong location.

Now, I have got just one more minute, but in that time I wish to show you the difference between the tax that I as a mere Member of Congress from the State of Kentucky will pay this year on my salary as a Member and what a Member of Congress from the State of Washington will pay. He will pay approximately $240.

But as a Congressman from Kentucky I must pay, and the rest of my colleagues must pay, $320. Does that make sense to you? May I refer to some other incomes? Suppose I have an income of $20,000 a year. If I had this income in Kentucky I would pay $1,120 surtax, but if I lived in the State of California, half of it is in my wife's name, and I would pay on that income the sum of $520, less than half as much. Does that make horse sense to you?

If I made $32,000 in the State of Kentucky I would pay $3,120. If I lived in the State of California, half of it would be in my wife's name and I would pay $1,360, less than half as much as I would have to pay in my native State of Kentucky. This does not make sense. We come here and say, "Well, the administration wants things." The administration wanted this amendment put in the bill, and twice they had it put in there, and it was finally voted out. There is no excuse for this. [Applause.]

[Here the gavel fell.]

Mr. EVANS. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, inasmuch as this body has under consideration in the revenue bill a method of taxing corporations and holding companies, I feel it is important to call to the attention of this body the recent action of railroad executives in announcing an additional wage reduction for all railroad employees effective June 30, making a total basic wage reduction of 15 percent.

President Roosevelt has demanded that the railroad executives desist in this. He is entitled to the highest commendation for this action.

We have embarked upon a program of national recovery based upon maintenance and increasing of present wage scales and standards of living. Industry in general has responded to this program with a remarkable showing of cooperation for the common good. The railroad labor organizations have responded by voluntarily spreading the work and doing everything else that is within their power to assure the success of the recovery program.

In the midst of this vast national effort toward recovery the railroad executives now announce that they will impose further wage reductions on all railroad employees. They tell us that they will reduce the wages and curtail the purchasing power of the 950,000 men in the transportation industry, involving an annual pay roll of $1,500,000,000—a remarkable demonstration of obstructionism in the midst of our great national recovery program.

The President has correctly stated that to impair the purchasing power of a group so large as the railroad employees will seriously hamper the economic recovery of our Nation.

It has long been apparent that the railroad executives, if left to their own devices, will complete the ruin of our transportation systems because of their short-sighted policies. It is of utmost importance that they be prevented from further contributing to the economic destruction of the entire country as well.

The railroad management has cleverly but nevertheless persistently spread among the general public the word that the railroads are in terrible financial shape and that the Congress must not do anything that will increase operating expenses; also that the roads are operating at a loss. When this is questioned, they produce volumes of statistics to prove their point. Most conspicuous among this data are the fixed charges of operation, which means the interest on indebtedness, which deals with the very delicate subject of financing and refinancing the roads, which has become so much of a specialty with most railroad executives at the expense of the railroads, the public, and the employee.

Nevertheless, viewing the railroad picture as a whole, we find this to be true: For the year of 1931, which was one of especially great distress among railroads, operating revenues and other incomes amounted to $4,585,000,000; over this same period their taxes, operating expenses, and fixed charges were $4,420,000,000, showing a net profit of $165,000,000. These figures were presented by the railroads in the National Wage Convention.

It must be recognized that today there are less than 1,000,000 railroad employees, while in 1920 there were more than 2,000,000, and that the ratio of the fixed charges and dividends as against pay rolls was 24.4 in 1920, whereas it has gone up to 50.8 in 1932. That is conclusive proof that the trouble with the railroads is not due to pay rolls.

Railroad employees have taken a voluntary 10-percent reduction in wages since October 1932 and, in addition, by liberalizing their contracts with the several railway managements, have sacrificed a great deal more. At present those employees holding regular jobs are working fewer hours and miles so that their fellow workers can be kept on the pay rolls. It would be conservative to say that the average railroad employee now working has had his income cut at least 40 percent.

The 10-percent voluntary wage reduction alone has resulted in an annual saving of more than $200,000,000 to the railroad managements. The railroads have been the beneficiaries of additional hundreds of millions of dollars at the expense of the general public through the means of Federal grants and rate increases.

In the course of our recovery program the railroads have been generously treated by this Government and by their employees. They must now reciprocate by maintaining the wage scale of their employees and doing their part in the national reemployment program.

This unwarranted additional wage reduction demanded by the railroad executives at this particular inopportune time can do nothing but create a situation which will become very serious. I fear the consequences.

Too many of the high-salaried men who control the finances of the railroads, and therefore dictate operating policies, are financial highbinders, to whom the human equation means nothing. They are the real public enemies

of today, and our objective must be to prevent them from continuing to obstruct our economic recovery. [Applause.]

Supplementing my remarks, the following is a statement by President A. F. Whitney, of the Railway Labor Executives' Association:

WASHINGTON, D.C., *February 15, 1934.*

The announced intention of the railroads to demand that railway labor take a 15-percent cut in wages is but evidence that rail managers have learned little, if anything, from the tragic events of the depression.

Railway workers have subsidized railway capital since February 1932 to the extent of over $388,000,000 through a 10-percent payroll deduction, while over 800,000 railway employees have been entirely without employment, and most of them supported at the public expense, with an additional 400,000 on part-time employment, many of whom are earning less than what is being given in public relief.

The railroads are not suffering from the wage scales paid their employees. The real difficulty with the railroad industry is caused by the burdensome load of fixed charges and the refusal of railway bondholders to contribute their share to the relief of the industry. Railway labor is not disposed to continue to assume that burden.

If this country is to get out of this depression, the railways must assume their responsibility for providing additional employment and increasing consuming power.

The railroad industry has been the beneficiary of assistance by the repeal of the recapture clause, increase in rates, and grants of public funds of over $1,000,000,000 during the period of the depression, and it is about time that this industry was compelled to put its house in order so it can fulfill its responsibility to aid in a revival of business and discontinue the exploitation of its employees.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 7835, the revenue bill, had come to no resolution thereon.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that all Members of the House may have 5 legislative days within which to extend their own remarks in the RECORD on this bill, following the passage of the bill by the House.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

ACHIEVEMENTS OF ROOSEVELT ADMINISTRATION

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the achievements of the Roosevelt administration.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, historians tell us that in each year of prolonged misfortune that has come to our country there is a period in which fear predominates and the people are hoping for the dawn of a new day, and history further points to certain outstanding events which are called turning points of human events. It was so during the Civil War preceding the Battle of Gettysburg, which was called a decisive battle. This was followed by the famous Gettysburg Address of President Lincoln, with its inspired conclusion: "Government of the people shall not perish from the earth." Every schoolboy has this immortal statement at his tongue's end; and so long as America stands, it will rally to the colors her noble sons and daughters. It was a milestone in our Nation's history.

TURNING POINT

Previous to Saturday, March 4, 1933, this Nation struggled against almost insurmountable odds to turn back the devastating menace of a terrible depression. The fall elections had wrought a decisive victory and a new leader was commissioned. The Nation looked to this man, who had broadcast the principles of his new deal, as the man of destiny. But inauguration day, March 4, 1933, found the Nation and its Capital still wrapped in gloom. It was as inescapable as the heavy fogs that frequently hover over the banks of the Potomac. Thousands of people from all parts of the Union gathered to witness the pageant of a President's inauguration. There was a look of melancholy on their faces, an atmosphere of distress in their midst. The headlines of the newspapers carried the distressing news "Banks closed." This apprehension grew no less when they realized that banks closed meant no wages, no jobs, no money with which to transact business, or with which even to pay hotel bills or buy a ticket home. Nevertheless, they looked forward to that eventful hour when the new leader would take his oath of office. On the front portico of the Capitol in the presence of thousands, and with millions throughout the Nation listening for the voice like that of John the Baptist that might lead them out of the wilderness, the duly elected President, in taking the oath, placed his hand upon that significant passage from the Scripture—"Faith, hope, and charity, but the greatest of these is charity." The country would need all of these graces in the coming days. The author of the new deal launched into his inaugural address. A mere murmur of applause greeted his introductory paragraphs, but when he made the much needed statement: "The only thing we have to fear is fear itself", the crowd burst forth in hilarious approval which was to increase with such succeeding statements as "Practices of the unscrupulous money changers stand indicted in the court of public opinion." "We shall drive the money changers from the temple", and—"There must be an end to speculation with other people's money."

The listening populace appreciated the new Chief was on the side of the many who suffered because of the greed of the few. These sharp declarations of the new deal laid down the basis for our recovery program. The spell of fear was broken. Men and women wept for joy, and the holiday spirit was everywhere. The afternoon and evening meant merrymaking for the people at large, but no sooner had the President left the inaugural balcony than he announced that he would call Congress into session at once. For many hours after midnight the lights of the White House and Treasury burned on—a man had come to Washington and his administration was definitely in action. What the people desired was action, and they were now being led by a Chief Executive who was to astound not only America but the world with his capacity for getting things done.

BANK HOLIDAY

His first Executive act was to declare a banking holiday. Investigations were ordered to determine the solvency of all banks that the good might be separated from the bad. This action helped to restore the confidence of the people and deposits began to increase. The Congress met in special session on March 9 and within a very short time clothed the Executive with full power to deal with the critical banking and currency situation of our Nation. This was no time for hair splitting arguments as to the constitutional interpretation of the separation of powers.

CONGRESS ACCEPTS LEADERSHIP

All must work together to save our country from collapse, ruin, and threatened revolution. Congress did not abdicate, neither did it become a "rubber stamp." Accepting the commands of the people, Congress, as a national service, followed the leadership of the Executive, who had a plan and presented it in a practical and orderly manner. Congress should be supported for its sensible and patriotic action. They appreciated that if the Nation were to have action, it must come through the powers of the Executive and proceeded to clothe him with the extraordinary powers that would enable him to bring this country back from the depression to a normal, prosperous condition.

Within the short space of 3½ months 12 major constructive measures were passed, making it possible for the President to reduce the expenditures of the Federal Government and to balance the Budget for the first time in many years.

BALANCING THE BUDGET

The Democratic national platform had promised a reduction of 25 percent in Government expenditures. President Roosevelt, as a candidate for the Presidency, had pledged himself and his party to the carrying out of this proposal.

Many looked upon it as an idle political gesture, but Congress, in sustaining the President, considered it a sacred pledge.

In order to produce these economies and bring the expenditures of the Federal Government within the revenue it was necessary to cut out whole departments and to reduce the personnel in many others, cut down payments to Federal employees, and reduce the amount that was paid to veterans of all wars. This was not an agreeable task, but an unavoidable duty. Some have criticized the Economy Act, but this is the keystone of the arch of the whole recovery program. Without the savings that were made possible by the Economy Act, the financial structure of the Federal Government would have collapsed. Upon the financial strength of our Treasury, reestablished by the economy bill, we were able to finance every reissue of bonds and were able to borrow money and have sent this money into every nook and corner of our Union to render direct relief to the starving, to provide employment to the jobless, to prime the pump of industry, to save our people from the depths of despair. The voter should think seriously before condemning a Member of Congress for voting for the Economy Act. Representatives have no desire to do any veteran an injustice. All soldiers with disabilities traceable to military service should be liberally compensated. Their widows and dependents should be cared for. Spanish War veterans at this late date should not be required to prove service connection for disability. Let the reduction be on a percentage basis and the Spanish War veteran allowed to hold his former pensionable status. The injustices under the Economy Act to soldiers are being righted. I shall be glad to give my support to all just modifications of this law and Executive orders issued pursuant thereto.

BANK DEPOSITS GUARANTEED

In addition to the powers that were given the President to control the banking and currency of our Nation, there was enacted the law which guaranteed bank deposits. This was a reform that for many years had been advocated, but was only enacted into law when the great necessity pictured by the failures of many banks and losses to depositors convinced the Congress and the Nation of its necessity. It will help to restore confidence and give the depositor safety and security. Also, Congress enacted the law regulating the sale of stocks and bonds. The Federal Trade Commission controls sales of securities as articles of interstate commerce and requires corporations to file complete information concerning issues of stocks and bonds. High-powered salesmen must stay within the truth. No more gold bricks to be exchanged for the savings of the people. The seller is liable to prospective investors. This is part of the new deal enacted by Congress to protect the weak as against the powerful. "Gambling with other people's money must cease."

RELIEF TO AGRICULTURE

Congress also assists agriculture. It adopted what is known as the "allotment plan." This scheme, experimental, as all farm legislation must necessarily be, has as its basic principle the reducing of production. By using the processing tax farmers have been paid subsidies for reduced acreage. Advances in prices of farm commodities have already been reflected in cotton, wheat, tobacco, and other commodities. We still have hopes of livestock's advancing. Recently cattle has been placed under the provisions of this act. We believe in stringent regulation of the livestock markets to prevent buyers charging the processing tax against the producer. All farmers will not cooperate to reduce surplus production. The individual farmer who will curtail acreage and production is to be rewarded.

As a supporter of the administration it is my desire that the farmer may have a return to commodity prices that will restore his purchasing power and permit him to repay his debts with a dollar measured in commodity values upon the same basis as when his debts were contracted previous to the depression. To place the idle factory worker and cause the machinery to turn, the farmer must have buying power. The Farm Adjustment Act, along with gold and silver inflation, is bringing us toward better times for agriculture. There has been a noticeable increase in farm products since the day the act went into effect. I believe we are on the way out of the depression.

SAVING HOMES FROM FORECLOSURE

Additional legislation to help the farmer was covered by appropriations of funds to be loaned, through the Federal land banks, to farmers who were losing their homes by foreclosure. The present session of Congress has strengthened this law by completely guaranteeing both the principal and interest of the bonds of a holding corporation which shall be used to give the farmers better terms and longer periods of time for repayment of their farm mortgages. Many foreclosures have already been prevented and more will be assisted in renewing farm mortgages. The Federal land banks are now supplied with a power to issue bonds up to $2,000,000,000. Thousands of farm homes have been saved to former owners. Similar in operation is the Home Loan Owners Corporation which with Government funds is renewing loans upon long-time and liberal terms to home owners in city and suburban places. The new deal saves the homes of the American people.

EMPLOYMENT IN REFORESTATION

Another measure proposed by the President for the relief of unemployment was the establishment by Congress of the Civilian Conservation Corps, or the Reforestation Act. This law permitted thousands of young men without employment and who were upon charity to find work, and appropriated a large portion of their wages for the support of their dependents at home. As a preservation and safeguard against crime, and to prevent the young man without employment from having his character and morale destroyed, the Reforestation Act has already more than justified its purpose. There are no elements of militarism in this activity. Young men are not taught to fight, but to work. Only the discipline necessary for health and order is employed. Their health is improved; the citizenship preserved by useful work during this tragic era.

REGULATED REFLATION

The Congress, in the special session, realizing the great necessity for increasing the currency and credit of our Nation, empowered the Chief Executive with blanket authority to revalue gold, to reestablish silver as a basis of coinage and of circulation, and the power to increase the currency based upon this new metallic basis. The increased value of gold accrues to the whole people and not the banks or individuals. Already the President has acted, and this moderate and regulated inflation is being reflected in the increased value not only of stocks and bonds but of commodities of farm and of factory. We are increasing the volume of money without resorting to wild and uncontrollable methods. Prosperity and normalcy is gradually returning because the Chief Executive and Congress are employing methods of sanity and safety.

NEW DEAL IN INDUSTRY

The National Recovery Act marks the dawn of a new day. It carries an appropriation of $3,300,000,000, to relieve the unemployment of the Nation. These funds have been spent on highways, public improvements, and increasing the efficiency of our Navy. Funds have been loaned to municipalities and subdivisions of States for the purpose of local improvements to relieve the millions that are unemployed. By Executive order of the President, $400,000,000 was specifically allocated to Civil Works. Within 30 days 4,000,000 men were taken from bread lines and given useful employment. The President declared in his inaugural address, "Our greatest primary task is to put people to work."

The C.W.A. has been the manna to hungry and desolute people. It has sustained us while on the road to the promised land.

The National Recovery Act proposes industrial planning, eliminates waste of overproduction; the menace of strikes and tragedies of unfair competition. The Government is undertaking to supervise the preparation of codes of fair competition among business men. The representatives of

organized labor are recognized as never before. The management and the wage earner are both represented, using Government supervision to adjust their differences. Never has labor before had such fair, just, and equal treatment. It has contributed to the solidarity of the working class. This is part of the new deal. The "forgotten man" is remembered. Your Representative voted for this constructive measure, contributing to the equal and exact justice of all men. This is democracy in action.

DO NOT TRADE CONGRESSMEN

The cooperation of Congress and the Chief Executive has launched this program of recovery. We see the coming of a new day. The task is but partially finished. The country desires those who work together to complete the work of recovery. When we survey the achievements of the special session beginning in March of last year and note that there were some 15 major enactments that were so vital to this recovery program, and when we are able to report that most of these measures were passed with a fair margin of safety, we can say that the majority party has functioned with speed and with efficiency. In the present session of Congress we have enacted new legislation that will strengthen the program at all points where weaknesses have developed.

The task is only partially completed. The President is entitled to have a Congress that is in sympathy and that will cooperate with him to carry the program on to completion. The old maxim applies, "It is a poor time to trade horses while crossing the stream." It is a nationally known fact that those districts which have retained their Representatives in Congress for the longest terms have received the best service and the greatest recognition. The Speaker of the House, Mr. HENRY T. RAINEY, has been in Congress for 30 years. The floor leader, Mr. JOE BYRNS, of Tennessee, has been in Congress for 25 years. The Chairman of the Ways and Means Committee, the Chairman of the Appropriations Committee, and the Chairman of the Judiciary Committee—all have been Members of Congress for more than 20 years; the longer the tenure of office the greater the service and usefulness of the Representatives. Why should a constituency exchange experience and efficiency for inexperience? The Congress has responded nobly to the call of duty and should receive the endorsement and approval of a nation now upon the high road to recovery.

Mr. GUEVARA. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing two cablegrams which I have received from the speaker of the house of representatives on the subject of Philippine independence.

The SPEAKER. Is there objection to the request of the Resident Commissioner of the Philippine Islands?

There was no objection.

The matter referred to follows:

FEBRUARY 10, 1934.

Commissioner GUEVARA,
Washington, D.C.:

Resolutions supporting King bill and opposing extension time limit for action on Hare-Hawes-Cutting law adopted by Ilocos Sur, Bataan, and Isabela Provincial boards and by councils of five municipalities Bataan; and also at mass meetings held six municipalities same Province. Please transmit to President and Congress.

PAREDES.

FEBRUARY 14, 1934.

Commissioner GUEVARA,
Washington, D.C.:

Resolutions supporting King bill and opposing extension time limit for action on Hare-Hawes-Cutting law adopted at mass meeting held at Naga by people from different municipalities of Camarines Sur at Capis, by people of Capiz at Dinalupihan Bataan, by Consolidado Party thereof, and by following municipal councils: San Leonardo and San Isidro Nuevas Ecija, Batac, Ilocos Norte, and Dinalupihan Bataan. Please transmit to President and Congress.

PAREDES

Mr. WITHROW. Mr. Speaker, I ask unanimous consent to incorporate in my remarks a statement of Mr. A. F. Whitney, chairman of the Railway Labor Executives' Association.

The SPEAKER. Is there any objection to the request of the gentleman from Wisconsin?

There was no objection.

SENATE ENROLLED BILL SIGNED

The SPEAKER anounced his signature to an enrolled bill of the Senate of the following title:

S. 558. An act for the relief of Beryl M. McHam.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 45 minutes p.m.) the House adjourned until Monday, February 19, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON THE PUBLIC LANDS

(Monday, Feb. 19, 10:30 a.m.)

Consideration of H.R. 6462, the Taylor grazing bill.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. H.R. 6696. A bill for the relief of William T. Roche; without amendment (Rept. No. 767). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6861. A bill to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Willie Louise Johnston; without amendment (Rept. No. 768). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6943. A bill to extend the benefits of the Employers' Liability Act of September 7, 1916, to Mary Ford Conrad; without amendment (Rept. No. 769). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 6944. A bill for the relief of J. W. Anderson; with amendment (Rept. No. 770). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7073. A bill for the relief of Ernest Linwood Stewart; without amendment (Rept. No. 771). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7107. A bill for the relief of Frank Baglione; with amendment (Rept. No. 772). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7167. A bill for the relief of Howard Lewter; without amendment (Rept. No. 773). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7181. A bill for the relief of Addie I. Tryon and Lorin H. Tryon; without amendment (Rept. No. 774). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7264. A bill for the relief of M. N. Lipinski; without amendment (Rept. No. 775). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7272. A bill for the relief of John W. Adair; without amendment (Rept. No. 776). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7372. A bill for the relief of Donald K. Warner; with amendment (Rept. No. 777). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7448. A bill for the relief of Lettie Leverett; with amendment (Rept. No. 778). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7618. A bill for the relief of K. S. Szymanski; with amendment (Rept. No. 779). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7631. A bill for the relief of Arthur A. Burn, Sr., and J. K. Ryland; with amendment (Rept. No. 780). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7716. A bill for the relief of Carrie Price Roberts; with amendment (Rept. No. 781). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7781. A bill for the relief of Rosemund Pauline Lowry; with amendment

(Rept. No. 782). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7789. A bill for the relief of I. T. McRee; with amendment (Rept. No. 783). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7816. A bill for the relief of Oswald H. Halford, Hunter M. Henry, William C. Horne, Rupert R. Johnson, David L. Lacey, William Z. Lee, Fenton F. Rodgers, Henry Freeman Seale, Felix M. Smith, Edwin C. Smith, Robert S. Sutherland, and Charles G. Ventress; without amendment (Rept. No. 784). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7893. A bill for the relief of Ralph LaVern Walker; without amendment (Rept. No. 785). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7990. A bill for the relief of Myrtle Anderson; with amendment (Rept. No. 786). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 85. An act for the relief of Paul J. Sisk; without amendment (Rept. No. 787). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 256. An act for the relief of Milburn Knapp; without amendment (Rept. No. 788). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 749. An act for the relief of the Fairmont Creamery Co., of Omaha, Nebr.; without amendment (Rept. No. 789). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1078. An act for the relief of Mrs. Asa Caswell Hawkins; without amendment (Rept. No. 790). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1460. An act for the relief of Edgar Stivers; without amendment (Rept. No. 791). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1683. An act for the relief of the Standard Dredging Co.; without amendment (Rept. No. 792). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1934. An act conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the 4-masted auxiliary bark *Quevilly* against the United States, and for other purposes; without amendment (Rept. No. 793). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 1935. An act to amend the act of March 2, 1929, conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *W. I. Radcliffe* against the United States, and for other purposes; without amendment (Rept. No. 794). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. S. 2278. An act for the relief of R. B. Miller; without amendment (Rept. No. 795). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 3176. A bill for the relief of Ernest Elmore Hall; with amendment (Rept. No. 796). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 3179. A bill for the relief of William J. Cocke; with amendment (Rept. No. 797). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 4573. A bill for the relief of Charles P. Shipley Saddlery & Mercantile Co.; without amendment (Rept. No. 798). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 6241. A bill conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; without amendment (Rept. No. 799). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. H.R. 7561. A bill for the relief of R. S. Howard Co.; without amendment (Rept. No. 800). Referred to the Committee of the Whole House.

Mr. YOUNG: Committee on War Claims. S. 503. An act to confer jurisdiction on the Court of Claims to hear and determine the claim of A. C. Messler Co.; without amendment (Rept. No. 801). Referred to the Committee of the Whole House.

Mr. WARREN: Committee on Accounts. House Resolution 267. Resolution to pay the funeral expenses of Herbert Greene; (Rept. No. 802). Ordered to be printed.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. STOKES: A bill (H.R. 8037) granting military status to field clerks, engineer service at large, American Expetitionary Forces; to the Committee on Military Affairs.

By Mr. BAILEY (by request): A bill (H.R. 8038) authorizing loans by Federal land banks to partnerships, associations, and corporations in certain cases; to the Committee on Agriculture.

Also (by request), a bill (H.R. 8039) to amend section 25 of the Emergency Farm Mortgage Act of 1933, as amended; to the Committee on Agriculture.

By Mr. EICHER: A bill (H.R. 8040) granting the consent of Congress to the Iowa State Highway Commission and the Missouri Highway Department to maintain a free bridge already constructed across the Des Moines River near the city of Keokuk, Iowa; to the Committee on Interstate and Foreign Commerce.

By Mr. CARDEN of Kentucky: A bill (H.R. 8041) to amend the act entitled "An act for the retirement of employees in classified civil service, and for other purposes, approved May 22, 1920, and acts in amendment thereof", approved July 3, 1926, as amended; to the Committee on the Civil Service.

By Mr. DIMOND: A bill (H.R. 8042) to amend section 8 of chapter 3547, Thirty-fourth Statutes at Large, part 1, entitled "An act for the protection and regulation of the fisheries of Alaska", approved June 26, 1906; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. TINKHAM: A bill (H.R. 8043) to amend the act of February 23, 1931; to the Committee on Foreign Affairs.

By Mr. JAMES: A bill (H.R. 8044) to amend sections 10 to 14, inclusive, of the act approved July 2, 1926 (44 Stat. 784, 789); to the Committee on Military Affairs.

By Mr. BLAND: A bill (H.R. 8045) requiring proposals for motor-propelled trucks, tractors, and cargo equipment to be submitted to the War Department in complete units and also on chassis and bodies separately; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 8046) to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States; to the Committee on the Judiciary.

By Mr. SMITH of West Virginia: A bill (H.R. 8047) to authorize the disposition of the naval ordnance plant, South Charleston, W.Va., and for other purposes; to the Committee on Naval Affairs.

By Mr. PARKS: A bill (H.R. 8048) to amend the act entitled "An act for the control of floods on the Mississippi River and tributaries, and for other purposes", approved May 15, 1928, as amended, and for other purposes; to the Committee on Flood Control.

By Mr. CARTER of Wyoming: A bill (H.R. 8049) authorizing extensions of time on oil- and gas-prospecting permits, and for other purposes; to the Committee on the Public Lands.

By Mr. KLEBERG: A bill (H.R. 8050) to amend an act entitled "An act defining butter, also imposing a tax upon and regulating the manufacture, sale, importation, and exportation of oleomargarine", approved August 2, 1886, as

amended, and for other purposes; to the Committee on Agriculture.

By Mr. FULMER: A bill (H.R. 8051) to authorize the Reconstruction Finance Corporation to adjust interest rates and maturities on obligations arising under subsection (a) of section 201 of Emergency Relief and Construction Act of 1932 held by it, and for other purposes; to the Committee on Banking and Currency.

By Mr. McCANDLESS: A bill (H.R. 8052) to amend sections 203 and 207 of the Hawaiian Homes Commission Act, 1920 (U.S.C., title 48, secs. 697 and 701), conferring upon certain lands of Auwaiolimu, Kewalo, and Kalawahine, on the Island of Oahu, Territory of Hawaii, the status of Hawaiian home lands, and providing for the leasing thereof for residence purposes; to the Committee on the Territories.

By Mr. BROWN of Kentucky: A bill (H.R. 8053) authorizing and directing the Secretary of Agriculture to levy a processing tax on all Burley tobacco in an amount sufficient to make payments to the growers of Burley tobacco on the basis of the difference between the prices received by said growers for the 1933 crop and the fair exchange value of said crop; to the Committee on Agriculture.

By Mr. SCRUGHAM: A bill (H.R. 8054) to preserve and protect gold as a true-value standard through the establishment of an auxiliary monetary reserve of silver and the issuance against such silver, of silver certificates payable in their gold-value equivalent and in such quantity as will break the corner on gold, provide protection to gold from being cornered, and provide a means of avoiding inflation in gold; to the Committee on Coinage, Weights, and Measures.

By Mr. MONTAGUE: A bill (H.R. 8055) to provide monuments to mark the birthplaces of deceased Presidents of the United States; to the Committee on the Library.

By Mr. LUNDEEN: A bill (H.R. 8056) granting pensions and increases of pensions to certain soldiers, sailors, and nurses of the War with Spain, the Philippine insurrection, and the China relief expedition, and their widows and dependents, and for other purposes; to the Committee on Pensions.

By Mr. BOYLAN: A bill (H.R. 8057) to amend the Longshoremen's and Harbor Workers' Compensation Act with respect to rates of compensation, and for other purposes; to the Committee on the Judiciary.

By Mr. HOWARD (by request): Joint resolution (H.J.Res. 278) to amend Public Act No. 81 of the Seventy-third Congress relating to the sale of timber on Indian lands; to the Committee on Indian Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BEEDY: A bill (H.R. 8058) granting a pension to Lillian M. Denis; to the Committee on Pensions.

By Mr. BLOOM: A bill (H.R. 8059) authorizing the Secretary of War to award a Distinguished Service Cross to Henry M. Birdseye; to the Committee on Military Affairs.

Also, a bill (H.R. 8060) granting a pension to Maud King Priest; to the Committee on Invalid Pensions.

By Mr. BUCK: A bill (H.R. 8061) granting an increase of pension to Joseph W. Hicks; to the Committee on Pensions.

By Mr. BURNHAM: A bill (H.R. 8062) for the relief of William Seader; to the Committee on Claims.

By Mr. CAVICCHIA: A bill (H.R. 8063) authorizing certain importers of sugar into the United States from the Argentine Republic during the year 1920 to submit claims to the Court of Claims; to the Committee on Claims.

By Mr. COOPER of Ohio: A bill (H.R. 8064) authorizing Richard T. Ellis, colonel in the United States Army, to accept the decoration of officer of the Legion of Honor conferred upon him by the Government of France; to the Committee on Foreign Affairs.

By Mr. DIMOND: A bill (H.R. 8065) to extend the provisions of the act of Congress approved September 7, 1916, entitled "An act to provide compensation for employees of the United States receiving injuries in the performance of their duties, and for other purposes", to John Erickson; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8066) granting a pension to Frederick Johnson; to the Committee on Pensions.

Also, a bill (H.R. 8067) for the relief of Raymond Hilbert Hall; to the Committee on Naval Affairs.

Also, a bill (H.R. 8068) for the relief of Joseph Gottlieb; to the Committee on Claims.

Also, a bill (H.R. 8069) authorizing the Secretary of War to present a Distinguished Service Cross to Nick Dragas; to the Committee on Military Affairs.

Also, a bill (H.R. 8070) for the relief of the Hermosa-Redondo Hospital, C. Max Anderson, Julian O. Wilke, Curtis A. Wherry, Hollie B. Murray, Ruth M. Laird, Sigrid I. Olsen, and Stella S. Guy; to the Committee on Claims.

Also, a bill (H.R. 8071) for the relief of Allen L. Peckham; to the Committee on Claims.

By Mr. HOLLISTER: A bill (H.R. 8072) for the relief of William Kemper; to the Committee on Claims.

Also, a bill (H.R. 8073) for the relief of Lucy Jane Ayer; to the Committee on Claims.

By Mr. HOWARD (by request): A bill (H.R. 8074) for the relief of certain Indians of the Fort Peck Reservation, Mont.; to the Committee on Indian Affairs.

By Mr. LLOYD: A bill (H.R. 8075) for the relief of August Svelund; to the Committee on Claims.

Also, a bill (H.R. 8076) for the relief of the Aero-Marine Taxi Co., Inc.; to the Committee on Claims.

By Mr. MULDOWNEY: A bill (H.R. 8077) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

Also, a bill (H.R. 8078) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

Also, a bill (H.R. 8079) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

Also, a bill (H.R. 8080) for the relief of the Allegheny Forging Co.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8081) to provide for the payment of the sums asserted by the claimant to be owed by the United States in case no. 13325, congressional, Court of Claims of the United States, entitled "*Emmetta Humphreys, administratrix de bonis non of John Sevier, Sr., and John Sevier, Jr.*, v. *The United States*"; to the Committee on Claims.

By Mr. SCHAEFER: A bill (H.R. 8082) for the relief of Chester Dorsett Rosson; to the Committee on Naval Affairs.

Also, a bill (H.R. 8083) for the relief of Earl Choat; to the Committee on Naval Affairs.

By Mr. SMITH of Washington: A bill (H.R. 8084) for the relief of Martin L. Sowders; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H.R. 8085) for the relief of Lucy Herring; to the Committee on Claims.

By Mr. TARVER: A bill (H.R. 8086) granting a pension to Thomas W. Yarbrough; to the Committee on Pensions.

By Mr. THOMASON: A bill (H.R. 8087) for the relief of John Milton Marcee; to the Committee on Naval Affairs.

By Mr. TINKHAM: A bill (H.R. 8088) for the relief of Percy Arthur Wheelock; to the Committee on Naval Affairs.

By Mr. WILCOX: A bill (H.R. 8089) for the relief of H. J. Klutho; to the Committee on Public Buildings and Grounds.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2303. By Mr. AYERS of Montana: Petition of John C. Koerner, general chairman American Train Dispatchers Association of Havre, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2304. By Mr. BERLIN: Petition of the School Board of Arnold Borough, Westmoreland County, Pa., praying financial aid to prevent the continued disintegration of public schools; to the Committee on Education.

2305. By Mr. BOYLAN: Resolutions of the Associated General Contractors of America, endorsing the President's National Recovery Administration program; to the Committee on Ways and Means.

2306. Also, resolutions of the board of directors of the Vessel Owners' & Captains' Association of Philadelphia, opposing the consolidation of the Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2307. Also, resolutions of the Community Councils of the City of New York, Inc., regarding enactment of legislation so as to extend to aliens coming into the United States prior to July 1924 privilege of reregistration; to the Committee on Immigration and Naturalization.

2308. Also, petition of the Legislature of the State of New York, with reference to importation of hops; to the Committee on Agriculture.

2309. By Mr. CULKIN: Resolution of the Legislature of the State of New York, urging the enactment of such laws as will lift the absolute embargo now placed on the importation of hops from Western States and will permit their importation into Oneida County and adjacent territory that the industry of hop raising may be revived therein; to the Committee on Agriculture.

2310. Also, resolution of the Vessel Owners' & Captains' Association of Philadelphia, Pa., protesting against the consolidation of the United States Coast Guard Service with the United States Navy; to the Committee on Naval Affairs.

2311. By Mr. CULLEN: Petition of the American War Mothers, urging the issuance of a Mother's Day stamp; to the Committee on the Post Office and Post Roads.

2312. Also, petition of the Allied Independent Railroad Labor Organizations, western district, opposing the consolidation of shops or the merging of railroads at this time, not from the standpoint of economy but rather from the standpoint of humanitarianism; to the Committee on Interstate and Foreign Commerce.

2313. Also, petition of the Assembly and Senate of New York, urging the Federal Government to enact such laws through the Congress, or promulgate such rules through the Department of Agriculture, as will lift the absolute embargo now placed on the importation of hop roots from Western States and will permit their importation, under reasonable regulations, into Oneida County and adjacent territory in order that the industry of hop raising may be revived therein; to the Committee on Agriculture.

2314. By Mr. DONDERO: Petition of the Guidance Association of Detroit, Mich., and vicinity, as members of the National Vocational Guidance Association, urging the President and the Congress of the United States to provide direct Federal grants or loans for public education in the several States; to the Committee on Education.

2315. Also, petition of the South Oakland Chapter, No. 19, Disabled American Veterans of the World War, of Royal Oak, Mich., protesting against the holding of executive positions, or positions of any kind, under the Civil Works Administration by aliens, when such employment discriminates against the hiring of American citizens, especially World War veterans, believing that war veterans should be shown first preference, and that other American citizens, not veterans, should be hired before consideration is given to aliens; to the Committee on Immigration and Naturalization.

2316. By Mr. FITZPATRICK: Memorial of the Senate of the State Legislature of New York, urging the discontinuance of the embargo now placed on the importation of hop roots from Western States, and permit their importation under reasonable regulations into Oneida County and adjacent territory; to the Committee on Ways and Means.

2317. By Mr. FULLER: Petition of Areland Stricklen and numerous citizens of Benton County, Ark., urging the repeal of the economy act and the payment of the soldiers' bonus; to the Committee on Appropriations.

2318. By Mr. GOODWIN: Memorial of New York State Senate, Albany, N.Y., that the Federal Government be, and hereby is, respectfully memorialized to enact such laws through the Congress or promulgate such rules through the Department of Agriculture as will lift the absolute embargo now placed on the importation of hop roots from Western States and will permit their importation, under reasonable regulations, into Oneida County and adjacent territory in order that the industry of hop raising may be revived therein; to the Committee on Agriculture.

2319. By Mr. HIGGINS: Petition of 10,735 citizens and taxpayers of the Second Congressional District of Connecticut, protesting against the present unjust and unreasonable operation of inadequately regulated busses and trucks, and favoring the passage of House bill 6836; to the Committee on Interstate and Foreign Commerce.

2320. By Mr. IMHOFF: Petitions of Ernest L. Finley, of Steubenville, Ohio, and eight others, advocating the retention of the percentage depletion allowance in the Federal revenue act; to the Committee on Ways and Means.

2321. By Mr. JAMES: Petition of American Legion posts of the upper peninsula of Michigan, favoring the Legion four-point program; to the Committee on World War Veterans' Legislation.

2322. By Mr. LINDSAY: Petition of Erie County Volunteer Fireman's Association, Williamsville, N.Y., opposing the St. Lawrence Treaty; to the Committee on Foreign Affairs.

2323. Also, petition of Pabst Chemical Co., Chicago, Ill., concerning the new food and drugs acts, Senate bills 1933, 2355, and House bills 6110, 6111, 6118, 6376; to the Committee on Agriculture.

2324. Also, petition of the Senate of the State of New York, Albany, to enact laws or promulgate such rules through the Department of Agriculture as will lift the absolute embargo now placed on the importation of hop roots from Western States and will permit their importation into New York State; to the Committee on Ways and Means.

2325. Also, petition of Katzenstein Bros., Brooklyn, N.Y., favoring the 5-cent tax on imported oils, fats, and greases; to the Committee on Ways and Means.

2326. By Mr. LUNDEEN: Petition of Stony Run Local, Farmers' Union, Yellow Medicine County, Minn., urging prompt and drastic action in demanding of the Secretary of Agriculture the elimination of a proposed processing tax of 4½ cents on wool; to the Committee on Ways and Means.

2327. Also, petition of National Association of Letter Carriers, Milwaukee, Wis., favoring legislative relief for substitute letter carriers; to the Committee on the Post Office and Post Roads.

2328. Also, petition of the City Council of the City of Montevideo, Minn., recommending the immediate passage and adoption of the Hatfield-Keller national railroad employees pension bill; to the Committee on Labor.

2329. Also, petition of certain farmers and home owners of Grant County, Minn., demanding that laws be immediately enacted placing the rate of interest on farm loans at 1 percent, which in connection with scaling of debts and through direct financing as embodied in the Frazier bill, will create the necessary buying power in support of the National Recovery Administration, and also demanding that a moratorium on foreclosures be immediately demanded by Executive order; to the Committee on Banking and Currency.

2330. Also, petition of the State Legislature of the State of Minnesota, urging the immediate and unconditional release of Mooney and Billings; to the Committee on the Judiciary.

2331. Also, petition of the City Council of the City of St. Paul, Minn., urging Congress to provide financial facilities to relieve municipalities from financial difficulties arising from tax delinquency; to the Committee on Ways and Means.

2332. Also, petition of the State Legislature of the State of Minnesota, urging Congress to adopt such measures as will make possible the retention of the American market to American agriculture on the products of which American agriculture is being asked to reduce the production; to the Committee on Agriculture.

2333. Also, petition of the State Legislature of the State of Minnesota, memorializing Congress to enact legislation designed to secure fair prices for agriculture products for the producer; to the Committee on Agriculture.

2334. Also, petition of New York State Historical Association, New York, urging suitable appropriation of funds for a sesquicentennial celebration in honor of the Federal Constitution to be held throughout the country in the year 1937, and that the proposed celebration be planned and conducted with close attention to the precedents of that commemorating the character and public services of George Washington; to the Committee on the Library.

2335. Also, petition signed by 54 citizens of Duluth, Minn., opposing restriction of the rights of citizens to possess firearms as provided in House bills 1608 and 1643; to the Committee on the Judiciary.

2336. By Mr. McFARLANE: Petition of the Oak Cliff Post, No. 275, the American Legion, Department of Texas, urging the United States Congress to appropriate funds for the relief of schools; to the Committee on Education.

2337. Also, petition of Oak Cliff Post, No. 275, American Legion, Department of Texas, urging the United States Congress to pass legislation making the four-point program of the American Legion an official part of the Veterans' Administration laws in its entirety; to the Committee on World War Veterans' Legislation.

2338. Also, petition of Mrs. R. B. Deens and 2,174 others, urging Congress to act at once to safeguard the inherent rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

2339. By Mr. MALONEY of Connecticut: Resolution of the Connecticut Bankers' Association recording its opposition to the principle of deposit guaranty or insurance and its belief that in the interests of sound banking in that State the deposit insurance features of the Federal Banking Act of 1933 should be repealed; to the Committee on Banking and Currency.

2340. By Mr. RUDD: Petition of the Pabst Chemical Co., Chicago, Ill., opposing the so-called "Tugwell bill", S. 1944; to the Committee on Agriculture.

2341. Also, petition of Erie County (N.Y.) Volunteer Firemen's Association, opposing the ratification of the St. Lawrence Waterway Treaty; to the Committee on Foreign Affairs.

2342. By Mr. THOMASON: Petition of residents of Midland and Stanton, Tex., regarding the right of radio broadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2343. By Mr. WERNER: Petition of citizens of Winner and Carter, Second Congressional District of South Dakota, urging appropriation by Congress for the control of the grasshopper menace; to the Committee on Agriculture.

2344. By the SPEAKER: Petition of Charles Van Newkirk, regarding the alleged misfeasance in office of certain judges of the district courts of the southern and eastern districts of New York in the second judicial circuit; to the Committee on the Judiciary.

2345. Also, petition of the American War Mothers, regarding the issuance of a Mother's Day stamp; to the Committee on the Post Office and Post Roads.

SENATE

MONDAY, FEBRUARY 19, 1934

(Legislative day of Tuesday, Feb. 6, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days February 14 and February 15 was dispensed with, and the Journal was approved.

INDEPENDENT OFFICES APPROPRIATIONS—CORRECTION OF NOTICE TO SUSPEND RULES

Mr. ROBINSON of Arkansas. Mr. President, the Senator from South Carolina [Mr. BYRNES] on February 15 gave notice of a motion to suspend the rules in relation to the independent offices appropriation bill. There was a typographical error in line 5 of his notice which he has asked me to have corrected. Instead of reading—

On page 36, after line 8, insert the following—

It should read—

On page 38, after line 14, insert the following—

And so forth.

The VICE PRESIDENT. Without objection, the notice will be corrected as indicated by the Senator from Arkansas.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. TAYLOR of Colorado, Mr. HASTINGS, Mr. JACOBSEN, Mr. LAMBERTSON, and Mr. DITTER were appointed managers on the part of the House at the conference.

The message also announced that the House had passed a bill (H.R. 7928) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED

The message further announced that the Speaker had affixed his signature to the enrolled bill (S. 558) for the relief of Beryl M. McHam, and it was signed by the Vice President.

INVESTIGATION OF AIR AND OCEAN MAIL CONTRACTS—WILLIAM P. M'CRACKEN, JR., AND L. H. BRITTIN

The VICE PRESIDENT. The Senate will receive reports from the Sergeant at Arms.

The Sergeant at Arms submitted the following report, which was ordered to be placed on file:

To the PRESIDENT OF THE SENATE:

I beg to report that William P. MacCracken, Jr., was, at 11:55 o'clock a.m. on February 15, 1934, released from my custody by an order of the Supreme Court of the District of Columbia, which granted bond to the said William P. MacCracken, Jr., in the sum of $5,000 pending his appeal from the decision of that court.

There is attached hereto the stipulation agreed to by the said William P. MacCracken, Jr., and myself concerning the appeal of the said William P. MacCracken, Jr.

CHESLEY W. JURNEY,
Sergeant at Arms, United States Senate.

The attached papers were ordered to be placed on file and to be printed in the RECORD, as follows:

IN THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF WILLIAM P. M'CRACKEN, JR., PETITIONER. HABEAS CORPUS NO. 1714

Stipulation

It is stipulated by and between William P. MacCracken, Jr., petitioner, and Chesley W. Jurney, Sergeant at Arms of the Senate of the United States, respondent, in the event that the appellate courts should uphold the judgment of the Supreme Court of the District of Columbia in discharging the writ and dismissing the petition in this case, that the petitioner will submit himself to the respondent, as Sergeant at Arms of the Senate, under the judgment of the Senate in imposing the sentence of 10 days in the District Jail to serve said sentence as by the Senate directed.

The term "appellate courts", as used herein, is construed to mean both the Court of Appeals and the Supreme Court of the United States.

WILLIAM P. MACCRACKEN, JR.,
Petitioner.

CHESLEY W. JURNEY,
Sergeant at Arms of the Senate, Respondent.

IN THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

IN THE MATTER OF WILLIAM P. M'CRACKEN, JR., PETITIONER. HABEAS CORPUS NO. 1714

Order

Upon motion of the petitioner herein, and upon consideration of the stipulation between the petitioner and respondent this day filed, it is, this 15th day of February 1934,

Ordered, That the petitioner be admitted to bail on his giving bond in the sum of $5,000 to abide by the said stipulation this day filed, and to answer for his appearance in the court of appeals.

By the court:

(Signed) DANIEL W. O'DONOGHUE,
Justice.

(Recognizance)

IN THE SUPREME COURT OF THE DISTRICT OF COLUMBIA

IN RE WILLIAM P. M'CRACKEN, JR., PETITIONER. HABEAS CORPUS NO. 1714

The petitioner and the Fidelity & Deposit Co. of Maryland, surety, acknowledge themselves indebted to the United States in the sum of $5,000, to be levied of their and each of their lands and tenements, goods and chattels, if the said petitioner fails to submit himself to the respondent, the Sergeant at Arms of the Senate, under the judgment of the Senate of February 14, 1934, imposing a sentence of 10 days in the District Jail and abide said sentence as by the Senate directed, in the event the judgment of the Supreme Court of the District of Columbia, in discharging the writ and dismissing the petition herein, is affirmed by the Court of Appeals or the Supreme Court of the United States, should the case be reviewed by the said courts.

Acknowledged in open court before me.

FRANK E. CUNNINGHAM, *Clerk.*
By ——— ———, *Assistant Clerk.*

Surety examined and approved by

——— ———.

The Sergeant at Arms also submitted the following report, which was ordered to be placed on file:

TO THE PRESIDENT OF THE SENATE:

In pursuance of the order of the Senate dated February 14, 1934, I took into custody L. H. Brittin, and the said L. H. Brittin having subsequently informed me that he did not desire to institute proceedings in the courts, I committed him, at 12:05 p.m. on February 15, 1934, to the District of Columbia jail for the period of 10 days prescribed in Senate Resolution 187, agreed to on February 14, 1934. The receipt of the duly constituted authorities of the District of Columbia jail is hereto attached.

CHESLEY W. JURNEY,
Sergeant at Arms United States Senate.

The attached paper was ordered to be placed on file and to be printed in the RECORD, as follows:

SENATE OF THE UNITED STATES,
OFFICE OF THE SERGEANT AT ARMS,
Washington, D.C., February 14, 1934.

To the duly constituted authorities in charge of the District of Columbia Jail:

SIRS: In accordance with the order of the United States Senate this day adopted, a copy of which is hereto attached, I now deliver to your institution for confinement therein for the term set forth in the order of the Senate heretofore referred to L. H. Brittin, and ask that a copy of this letter be signed by you as my receipt for the delivery and confinement of the said person in your institution.

Respectfully,

CHESLEY W. JURNEY,
Sergeant at Arms United States Senate.

Received the above person at 12:05 p.m., February 15, 1934.

THOMAS M. RIVES,
Superintendent District of Columbia Jail.
By E. G. TURNURE,
Receiving Officer.

INVITATION TO ATTEND SERVICES FOR HIS MAJESTY KING ALBERT I

The VICE PRESIDENT laid before the Senate a communication from His Excellency the Ambassador Extraordinary and Plenipotentiary of Belgium, which was read and ordered to lie on the table, as follows:

AMBASSADE DE BELGIQUE,
Washington, February 19, 1934.

The Honorable JOHN N. GARNER,
United States Senate, Washington, D.C.

MR. VICE PRESIDENT: A solemn service for the repose of the soul of His Majesty King Albert I will be held on Friday, February 23, at 11 a.m., at the Church of the Immaculate Conception of the Catholic University of America, at Washington, and I have the honor to invite you and Mrs. Garner to attend on that occasion.

I shall be grateful if you will be kind enough to inform the Senators of this solemnity and to invite them to send a delegation of Members, accompanied by their wives, to represent the Senate.

I avail myself of this opportunity, Mr. Vice President, to convey to you the assurances of my highest consideration.

PAUL MAY.

EMPLOYMENT IN THE CAPITAL GOODS AND CONSUMPTION GOODS INDUSTRIES (S.DOC. NO. 136)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Labor, transmitting, in response to Senate Resolution No. 138 of the present session, a report on employment in the capital goods and consumption goods industries, which, with the accompanying papers, was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the Ogden (Utah) Trades & Labor Assembly, favoring the repeal or modification of section 4 of the Interstate Commerce Act (long- and short-haul clause), which was referred to the Committee on Interstate Commerce.

He also laid before the Senate the petition of James B. Fox, of Beattyville, Ky., praying for the passage of old-age pension legislation, which was referred to the Committee on Pensions.

He also laid before the Senate a letter from the legal defense committee of the Cleveland (Ohio) branch of the National Association for the Advancement of Colored People, opposing the appointment of Judge Florence Allen to the United States Circuit Court of Appeals at Cincinnati, Ohio, which, with the accompany paper (being the opinion of Judge Allen and associates in the case of *Doris Weaver* v. *the Board of Trustees of Ohio State University et al.*, rendered February 1933), was referred to the Committee on the Judiciary.

Mr. BARKLEY presented the following resolution of the General Assembly of the State of Kentucky, which was referred to the Committee on Commerce:

Whereas the building of a power dam is being contemplated by the United States Government on the Tennessee River; and

Whereas the building of such a power dam would be of great benefit to the citizens of the Commonwealth of Kentucky: Now, therefore, be it

Resolved by the General Assembly of the Commonwealth of Kentucky, That it is the sense of the General Assembly of the Commonwealth of Kentucky that the building of such a power dam will be of great and lasting benefit to the Commonwealth of Kentucky; and be it further

Resolved, That the true and proper place for locating said power dam is on the Tennessee River, about 40 miles south of Paducah, Ky., and near Aurora, Ky.; and be it further

Resolved, That each Member of Congress from Kentucky be, and are hereby, requested to assist the citizens of this Commonwealth in bringing about the construction of said power dam at said location; and be it further

Resolved, That the clerk of the senate send a copy of this resolution to each Senator, Member of Congress from Kentucky, and to the members of the Tennessee Valley Authorities.

Attest: A copy.

The above resolution, introduced by Senator Ray Smith, passed the senate on January 17 and was concurred in by the house of representatives on February 1, enrolled and signed by the presiding officers of the house and senate on February 7, and approved by the Governor on February 8.

Attest: This February 13, 1934.

BYRON H. ROYSTER,
Chief Clerk of Kentucky Senate.

Mr. LOGAN presented the following resolution of the House of Representatives of the State of Kentucky, which was referred to the Committee on Finance:

IN HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF KENTUCKY,
February 13, 1934.

Mr. Rankin, of the county of Garrard, offered the following resolution:

"Whereas the Kentucky tobacco farmer is in straitened financial condition due to the tremendous drop in tobacco prices; and

"Whereas the big four tobacco companies are dominating the tobacco market, and the manufacturer of the 10-cent cigarettes have by their efforts buttressed the market and compelled the big four tobacco companies to pay more for tobacco than they would have paid had it not been for the keen competition given to them by the manufacturers of the 10-cent cigarettes; and

"Whereas the big four tobacco companies are trying desperately to drive the manufacturer of the 10-cent cigarettes out of business; and

"Whereas the Federal tax on cigarettes is the same, regardless of the sale price of the cigarettes; and

"Whereas there is pending before the Federal Congress legislation that would make the tax on cigarettes a graduated tax, which would be of great benefit to the manufacturers of the 10-cent cigarette; and whereas the 10-cent cigarettes are manufactured almost exclusively in Kentucky;

"Whereas such legislation would be of material help to Kentucky tobacco industry and insure continued competition in the tobacco industry, to the benefit of the tobacco grower: Now, therefore, be it

"*Resolved by the house of representatives*, That the Federal Congress be urged to pass the graduated sales tax on cigarettes; and a copy of this resolution be presented to Congress and the Members of the Kentucky delegation thereto."

This resolution was adopted by the house of representatives.

Attest:

J. IRWIN SANDERS,
Chief Clerk House of Representatives.

Mr. KEYES presented a resolution of the Woman's Christian Temperance Union of North Weare, N.H., favoring the passage of legislation to regulate the motion-picture industry so as to provide higher moral standards, which was referred to the Committee on Interstate Commerce.

Mr. TYDINGS presented resolutions adopted by members and guests of the Long Beach Forum, assembled in the Y.W.C.A. auditorium, Long Beach, Calif.; the Board of Aldermen of the City of Chelsea, Mass.; Success Lodge, No. 275, Knights of Pythias, of McKeesport, Pa.; B'nai B'rith Lodge, No. 573, of McKeesport, Pa.; Rehoboth Lodge, No. 38, B'nai B'rith of the Bronx, N.Y.; Abraham Rosen Lodge, No. 818, B'nai B'rith, of Muskegon, Mich.; Reading Lodge, No. 768, B'nai B'rith, of Reading, Pa.; Jersey City Lodge, No. 295, B'nai B'rith, of Jersey City, N.J.; Beth Horon Lodge, No. 599, B'nai B'rith, of Kansas City, Kans.; Seattle Lodge, No. 503, B'nai B'rith, of Seattle, Wash.; Portland Lodge, No. 65, B'nai B'rith, of Portland, Oreg.; the Ladies' Auxiliary, No. 12, of B'nai B'rith, of Fresno, Calif.; and Seattle Lodge, No. 503, B'nai B'rith, of Seattle, Wash., favoring the adoption of Senate Resolution 154, submitted by Mr. TYDINGS, opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry citizens of New York City and the Bronx, N.Y., praying for the adoption of Senate Resolution 154, submitted by Mr. TYDINGS, opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. COPELAND presented the following concurrent resolution of the Legislature of the State of New York, which was ordered to lie on the table:

IN SENATE, STATE OF NEW YORK,
Albany, February 7, 1934.

By Mr. Kernan

Whereas the soil of the county of Oneida and adjacent territory is particularly adapted to the raising of hops and was so used extensively for many years prior to the adoption of the eighteenth amendment to the Federal Constitution; and

Whereas the people of Oneida County during the prohibition era turned, necessarily, from the raising of hops to other agricultural pursuits not especially suited to the soil and climate of such county and from which it is impossible for agriculturists to extract even a meager subsistence; and

Whereas the repeal of the eighteenth amendment has again opened a legitimate field for the sale of hops and the raising and sale thereof and will to an enormous extent aid the harassed agriculturists of Oneida County and vicinity with resultant benefits to merchants, business men, and other residents not only of Oneida County but of the whole State; and

Whereas, to revive the hop-raising industry, roots must be imported from Germany or from certain western States, which importation is now forbidden by certain rules and regulations of the Federal Department of Agriculture because of downy mildew, an alleged disease found in such roots, which reason appears, especially in regard to western hops, to be fictitious and unreasonable because of the success of New York State hop raisers in hitherto combating and eradicating such alleged disease: Therefore be it

Resolved (*if the assembly concur*), That the Federal Government be and hereby is respectfully memorialized to enact such laws through the Congress or promulgate such rules through the Department of Agriculture, as will lift the absolute embargo now placed on the importation of hop roots from western States and will permit their importation, under reasonable regulations, into Oneida County and adjacent territory in order that the industry of hop raising may be revived therein; and be it further

Resolved, That a copy of this concurrent resolution be, upon passage, sent to the Clerk of the House of Representatives at Washington and to the Secretary of the Senate, to the Secretary of Agriculture, and to each Member of the House of Representatives and of the Senate elected from this State.

By order of the Senate.

MARGUERITE O'CONNELL, *Clerk.*

IN ASSEMBLY, *February 8, 1934.*

Concurred in without amendment.

By order of the assembly.

FRED W. HAMMOND, *Clerk.*

Mr. COPELAND also presented a resolution adopted by John W. Rogers Post, No. 327, the American Legion, of Westfield, N.Y., favoring the making of adequate appropriation and the inauguration of a program sufficient to preserve the harbor at Barcelona, Chautauqua County, N.Y., in a navigable condition, and preserve the commercial fishing industry connected therewith, which was referred to the Committee on Commerce.

He also presented a resolution adopted by the Ukrainian Benefit Society of New York City, protesting against the exclusion of immigrants of any race or nationality, requesting the repeal of the present deportation laws, and the readmission of certain deported aliens, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Parliament of Community Councils of the City of New York, favoring the enactment of legislation to permit the registration of aliens who arrived in this country prior to July 1924 and who have no evidence of their entry, so as to enable them to qualify under the immigration laws for naturalization, which was referred to the Committee on Immigration.

He also presented a petition of sundry citizens of the State of New York, praying for the settlement of all international difficulties by peaceful means, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by Kirkland Grange, of Redwood, N.Y., favoring the enactment of legislation to prohibit the manufacture and sale of all butter substitutes in the United States, which was referred to the Committee on Agriculture and Forestry.

He also presented a resolution of the City Council of Mechanicville, N.Y., urging the immediate enactment of legislation providing pensions for railroad employees, which was referred to the Committee on Interstate Commerce.

He also presented a memorial of merchants and business men of the State of New York, remonstrating against the enactment of legislation requiring 60-percent margin as a regulatory measure in the operation of the New York Stock Exchanges, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted at Norwich, N.Y., at a meeting of automobile club officials and business men remonstrating against a tax on gasoline or other taxation of motorists, which was referred to the Committee on Finance.

He also presented a resolution adopted by the directors of the Lockport Automobile Club, Inc., of Lockport, N.Y., favoring the enactment of legislation to abolish the Federal tax on gasoline and to surrender to the States the power exclusively to tax such sales in the future, which was referred to the Committee on Finance.

He also presented a resolution adopted at Utica, N.Y., by the convention of the National Guard Association of the State of New York favoring the making of such appropriations for the National Guard, the Naval Reserve, and the Marine Reserve as will provide for 48 drills and 15 days' training per annum as a minimum basis for a training program, which was referred to the Committee on Appropriations.

He also presented resolutions adopted by sundry citizens and organizations of the State of New York protesting against the building of the Navy to the strength permitted by the Washington and London Naval Treaties, which were ordered to lie on the table.

He also presented resolutions adopted by the Common Council of Oswego, N.Y., and the Buffalo (N.Y.) section of the American Society of Civil Engineers, protesting against the ratification of the Great Lakes-St. Lawrence Deep Waterway Treaty, and favoring the improvement of the New York Barge Canal, which were ordered to lie on the table.

He also presented a resolution adopted by the Rotary Club of Poughkeepsie, N.Y., remonstrating against the enactment of legislation providing for a 30-hour work week, or any measure providing for the employment of labor for less than 40 hours per week, which was ordered to lie on the table.

He also presented a resolution adopted by the Northern Federation of Chambers of Commerce of New York State,

favoring continuation of the Civil Works Administration, which was ordered to lie on the table.

He also presented resolutions adopted by the board of directors of the Jewish Community Center of Fulton County; the Federation of Jewish Women's Organizations, Inc., assembled at the Community House Congregation Emanu-El, in New York City; Rehoboth Lodge, No. 38, B'nai B'rith, of the Bronx; Montefiore Lodge No. 70, B'nai B'rith, of Buffalo; and the Metropolitan Conference of B'nai B'rith lodges and auxiliaries comprising 11 lodges and 8 auxiliaries in Metropolitan New York, all in the State of New York, favoring the adoption of Senate Resolution 154, submitted by Mr. TYDINGS, opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

TREASURY AND POST OFFICE APPROPRIATIONS—REPORT

Mr. McKELLAR. From the Committee on Appropriations for the chairman of the committee, the Senator from Virginia [Mr. GLASS], I report favorably with amendments the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, and I submit a report (No. 314) thereon.

In this connection I wish to say that the Senator from Virginia has an injured foot and is unable to be here today. The doctor has told him that it would be better for him to remain indoors during the prevailing bad weather. I will let this announcement stand for the day.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 1568. An act to repeal certain provisions of the act of February 25, 1929, entitled "An act to authorize appropriations for construction at military posts, and for other purposes", and the act of July 3, 1930, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes" (Rept. No. 315);

S. 2041. An act to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended (Rept. No. 316);

S. 2042. An act to establish a department of physics at the United States Military Academy, at West Point, N.Y. (Rept. No. 317); and

H.R. 890. An act for the relief of Henry M. Burns (Rept. No. 318).

Mr. DILL, from the Committee on Interstate Commerce, to which was referred the bill (S. 2660) to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162), reported it with an amendment and submitted a report (No. 319) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2731) for the relief of the State of California, reported it without amendment and submitted a report (No. 320) thereon.

Mr. ADAMS, from the Committee on Irrigation and Reclamation, to which was referred the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932, reported it without amendment and submitted a report (No. 321) thereon.

Mr. WALSH, from the Committee on Education and Labor, to which was referred the bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, reported it without amendment and submitted a report (No. 322) thereon.

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill S. 1750) to broaden the lending powers of the Reconstruction Finance Corporation to include apiarians, reported it with amendments and submitted a report (No. 323) thereon.

He also, from the same committee, to which was referred the bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks, reported it without amendment and submitted a report (No. 324) thereon.

Mr. BAILEY, from the Committee on Claims, to which was referred the bill (S. 2750) for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown, reported it without amendment and submitted a report (No. 325) thereon.

Mr. TOWNSEND, from the Committee on Claims, to which was referred the bill (S. 2561) for the relief of Robert R. Prann, reported it with an amendment and submitted a report (No. 326) thereon.

Mr. COOLIDGE, from the Committee on Claims, to which was referred the bill (S. 2790) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md., reported it with an amendment and submitted a report (No. 327) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (H.R. 5241) to authorize the settlement, allowance, and payment of certain claims, and for other purposes, reported it without amendment and submitted a report (No. 328) thereon.

Mr. CAPPER, from the Committee on Claims, to which was referred the bill (S. 2023) for the relief of Claudia L. Polski, reported it without amendment and submitted a report (No. 329) thereon.

He also, from the same committee, to which were referred the following bills, reported them severally with an amendment and submitted reports thereon:

S. 90. An act for the relief of Mick C. Cooper (Rept. No. 330);

S. 1516. An act for the relief of Michael Bello (Rept. No. 331); and

S. 2054. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department (Rept. No. 332).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products, reported it with amendments and submitted a report (No. 333) thereon.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the following nominations:

Bernard J. Flynn, of Maryland, to be United States attorney, district of Maryland, to succeed Simon E. Sobeloff, resigned; and

Douglas W. McGregor, of Texas, to be United States Attorney, southern district of Texas, to succeed Henry M. Holden, whose term will expire July 1, 1934.

Mr. DIETERICH, from the Committee on the Judiciary, reported favorably the following nominations:

William H. Holly, of Illinois, to be United States district judge, northern district of Illinois, to succeed George A. Carpenter, resigned; and

Philip L. Sullivan, of Illinois, to be United States district judge, northern district of Illinois, to succeed George E. Q. Johnson, not confirmed.

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Francis J. W. Ford, of Massachusetts, to be United States attorney, district of Massachusetts, to succeed Frederick H. Tarr, resigned.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The PRESIDING OFFICER. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. BORAH:

A bill (S. 2795) for the inclusion of certain lands in the national forests in the State of Idaho, and for other purposes; to the Committee on Public Lands and Surveys.

By Mr. OVERTON:

A bill (S. 2796) to authorize payments for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; to the Committee on Commerce.

By Mr. BONE:

A bill (S. 2797) for the relief of Frank H. Wilson; to the Committee on Claims.

By Mr. GEORGE:

A bill (S. 2798) for the relief of Nephew K. Clark; to the Committee on Claims.

By Mr. LA FOLLETTE:

A bill (S. 2799) for the relief of Henry J. Westphal; to the Committee on Claims.

(Mr. COPELAND introduced Senate bill 2800, which appears under a separate heading.)

By Mr. CAREY:

A bill (S. 2801) for the relief of James Fitz; to the Committee on Claims.

By Mr. SHEPPARD:

A bill (S. 2802) for the relief of Ed Symes and wife, Elizabeth Symes, and certain other citizens of the State of Texas; to the Committee on Claims.

By Mr. HASTINGS:

A bill (S. 2803) for the refund of estate tax erroneously collected; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 2804) for the relief of Tony Woodick; to the Committee on Military Affairs.

By Mr. NORRIS:

A bill (S. 2805) to protect the United States against fraud and imposition in connection with claims for money; to prevent the exaction of extortionate fees from claimants of money owed by the United States; and to suppress improper practices in the division of fees for services in connection with such claims; to the Committee on the Judiciary.

By Mr. COPELAND:

A bill (S. 2806) to confer jurisdiction on the Court of Claims to hear and determine the claim of Carlo de Luca;

A bill (S. 2807) for the relief of the Germania Catering Co., Inc.; and

A bill (S. 2808) for the relief of Hermann R. Humbert; and

A bill (S. 2809) conferring jurisdiction upon the Court of Claims to hear and determine the claims of the International Arms & Fuze Co., Inc.; to the Committee on Claims.

A bill (S. 2810) for the relief of Alice F. Martin, widow, and two minor children; to the Committee on Military Affairs.

By Mr. TYDINGS:

A bill (S. 2811) to authorize the incorporated city of Juneau, Alaska, to issue bonds in any sum not exceeding $100,000 for municipal public works, including regrading and paving of streets and sidewalks, installation of sewer and water pipe, construction of bridges, construction of concrete bulkheads, and construction of refuse incinerator;

A bill (S. 2812) to authorize the incorporated city of Skagway, Alaska, to issue bonds in any sum not exceeding $40,000, to be used for the construction, reconstruction, replacing, and installation of a water-distribution system;

A bill (S. 2813) to authorize the incorporated town of Wrangell, Alaska, to issue bonds in any sum not exceeding $47,000 for municipal public works, including enlargement, extension, construction, and reconstruction of water-supply system; extension, construction, and reconstruction of retaining wall and filling, and paving streets and sidewalks; and extension, construction, and reconstruction of sewers in said town of Wrangell; and

A bill (S. 2814) fixing the date for holding elections of a Delegate from Alaska to the House of Representatives and of members of the Legislature of Alaska; fixing the date on which the Legislature of Alaska shall hereafter meet; prescribing the personnel of the Territorial Canvassing Board, defining its duties, and for other purposes; to the Committee on Territories and Insular Affairs.

By Mr. BULKLEY:

A bill (S. 2815) for the relief of the Peerless Motor Car Co.; and

A bill (S. 2816) to extend the time for the refunding of certain taxes erroneously collected from certain building and loan associations; to the Committee on Claims.

By Mr. THOMPSON:

A bill (S. 2817) to amend the act relating to contracts and agreements under the Agricultural Adjustment Act, approved January 25, 1934; to the Committee on Agriculture and Forestry.

By Mr. TOWNSEND:

A bill (S. 2818) to amend section 11 (k) of the Federal Reserve Act, as amended, relating to trust powers of national banks; to the Committee on Banking and Currency.

By Mr. JOHNSON:

A bill (S. 2819) for the relief of E. M. Elliott; to the Committee on Claims.

A bill (S. 2820) for the relief of Florence Sullivan; to the Committee on Military Affairs.

REFINANCING OF FARM DEBTS—HOUSE BILL PLACED ON CALENDAR

The bill (H.R. 7928) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, was read twice by its title and ordered to be placed on the calendar.

AMENDMENTS TO NAVAL CONSTRUCTION BILL

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, which was ordered to lie on the table and to be printed.

Mr. TRAMMELL submitted three amendments intended to be proposed by him to the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, which were ordered to lie on the table and to be printed.

TEMPORARY AIR MAIL CONTRACTS—AMENDMENT

Mr. O'MAHONEY submitted an amendment intended to be proposed by him to the bill (S. 2743) to authorize the Postmaster General to make temporary contracts, for carrying the mails by air, and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. THOMAS of Oklahoma submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page —, between lines — and —, to insert the following:

"SEC. —. The weekly compensation, minus any general percentage reduction which may be prescribed by act of Congress, for the several trades and occupations, which is set by wage boards or other wage fixing authorities, shall be reestablished and maintained at rates not lower than necessary to restore the full weekly earnings of such employees in accordance with the full-time weekly earnings under the respective wage schedules in effect on June 1, 1932: *Provided*, That the regular hours of labor shall not be more than 40 per week; and all overtime shall be compensated for at the rate of not less than time and one half.

Mr. BONE submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 38, after line 14, to insert the following:

"SEC. —. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps, who served on the airship *Akron* and *J–3* and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident."

Mr. HATFIELD submitted an amendment relative to the compensation of Federal officers and employees and veterans' benefits, intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

Mr. GOLDSBOROUGH submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

INDEPENDENT OFFICES APPROPRIATION BILL—NOTICES OF MOTIONS TO SUSPEND RULES

Mr. GOLDSBOROUGH. Mr. President, I send to the desk a notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI in order that I may offer an amendment.

Mr. NORRIS. Mr. President, under the rule I believe the Senator must state the contemplated amendment.

Mr. GOLDSBOROUGH. I have stated it in my notice in writing.

Mr. NORRIS. I should like to hear the notice read.

The VICE PRESIDENT. The clerk will read the notice of a motion to suspend the rules.

The Chief Clerk read as follows:

NOTICE OF MOTION TO SUSPEND THE RULES (BY MR. GOLDSBOROUGH)

Pursuant to the provisions of rule XL, of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the purpose of proposing to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, the following amendment, viz:

On page 38, between lines 14 and 15, to insert the following:

"SEC. —. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled 'An act to maintain the credit of the United States Government', approved March 20, 1933, pertaining to hospitalized cases."

The VICE PRESIDENT. The notice will lie on the table.

Mr. BONE. Mr. President, I send to the desk a notice in writing of a motion to suspend the rules for the purpose of proposing an amendment to the bill H.R. 6663, the independent offices appropriation bill.

The VICE PRESIDENT. The clerk will read the notice.

The Chief Clerk read as follows:

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI, for the pu pose of proposing to the bill (H.R. 6663), the independent offices appropriation bill, the following amendment, viz:

On page 38, after line 14, to insert the following:

"SEC. —. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps who served on the airships *Akron* and *J–3* and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident."

The VICE PRESIDENT. The notice will lie on the table.

EXECUTIVE WITHDRAWAL OF PUBLIC LANDS

Mr. KING. I ask unanimous consent to submit a resolution, have it read, and then referred to the Committee on Public Lands and Surveys.

The VICE PRESIDENT. The clerk will state the resolution.

The resolution (S. Res. 194) was read, as follows.

Whereas the Supreme Court of the United States held in the case of *United States* v. *Midwest Oil Co.* (236 U.S. 459) that the practice of the withdrawal of public lands by the President, in aid of legislation, without special authorization from Congress, dates from an early period in the history of the Government and the power so exercised has never been repudiated; and that the rule that long acquiescence in a governmental practice raises a presumption of authority applied to the practice of Executive withdrawals of lands opened by Congress for occupation, and accordingly that there existed a presumption that the power is exercised in pursuance of the consent of Congress or of a recognized administrative power of the Executive in the management of the public lands; and

Whereas the Constitution of the United States gives to the Congress power to dispose of and make all needful rules and regulations respecting the public lands of the United States; and

Whereas the soundness of the decision in the case of *United States* v. *Midwest Oil Co.* may be seriously questioned in the light of this constitutional provision, and in any event the decision would seem to be a dangerous inroad upon legislative prerogatives; and

Whereas recent and contemplated withdrawals of public lands from entry are apparently not based upon any specific statutory authorization by the Congress: Therefore be it

Resolved, That it is the sense of the Senate that the practice of Executive withdrawal of public lands, even though there has been no statutory disaffirmance by the Congress, shall not be considered to have been done with the implied acquiescence and consent of the Congress.

The VICE PRESIDENT. The resolution will be referred to the Committee on Public Lands and Surveys.

Mr. KING. Mr. President, it seems to me that this is an appropriate time for the consideration of a resolution of this character, in view of the position taken, as I am advised by some persons in executive departments of the Government. Large areas of the public domain have been and are being withdrawn from entry. It may be that there is authority to temporarily withdraw parcels of the public domain merely for the purpose of legislative authority but, as I am advised, it is claimed by some persons in the executive branch of the Government that authority exists to not only withdraw from entry public land, but also that such withdrawal confers authority upon the Interior Department to lease such lands, or subject them to such regulations as may be determined upon. In my opinion, in view of the decision of the Supreme Court referred to in the resolution, Congress should express its dissent from any proposition which disregards the provisions of the Constitution which confers upon Congress the sole authority to dispose of and make all regulations concerning the disposal of public land.

INVESTIGATION OF GRAIN-EXCHANGE OPERATIONS

Mr. FRAZIER submitted the following resolution (S.Res. 195), which was referred to the Committee on Agriculture and Forestry:

Whereas one of the primary purposes of the agricultural adjustment program adopted at the last session of Congress is to increase the prices received by producers of agricultural products; and

Whereas there is no chance of accomplishing such purpose or of carrying out the provisions of the Agricultural Adjustment Act to give the farmers honest prices so long as gamblers manipulate the grain markets; and

Whereas a controlled market is necessary to prevent such gambling and to increase the purchasing power of producers of agricultural commodities; and

Whereas it is essential that the Senate be informed with respect to the practices on the grain exchanges: Therefore be it

Resolved, That the Committee on Agriculture and Forestry, or any duly authorized subcommittee thereof, is authorized and directed to investigate all phases of the operations of grain exchanges in the United States, with a view to determining the effect of such operations upon the cost of agricultural commodities to producers and consumers and the fluctuations of the market prices for such commodities as a result of gambling and manipulation upon such exchanges. The committee shall report to the Senate as soon as practicable the result of its investigations, together with its recommendations, if any, for necessary remedial legislation.

For the purposes of this resolution, the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress and succeeding Congresses until the final report is submitted, to require by subpena or otherwise the attendance of such witnesses

and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $———, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

PUBLIC GRAZING WITHDRAWAL NO. 4, UTAH

Mr. HAYDEN. Out of order, I ask leave to submit and, as required by law, to have referred to the Committee on Printing a copy of the Executive order of the President withdrawing certain lands in Utah from settlement, location, sale or entry, and reserving the same for classification and use as grazing land, together with a copy of the opinion of the Solicitor of the Department of the Interior justifying the order, with a view of securing a favorable recommendation for its publication as a document and to obtain an estimate of the cost for printing it.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

TEMPORARY AIR MAIL CONTRACTS

Mr. McKELLAR. From the Committee on Post Offices and Post Roads, I report additional amendments to the bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes. I will state that I desire a reprint of the bill showing the amendments previously reported and also the amendments now reported in order that it may be available for the use of Senators tomorrow, when I hope to bring the bill before the Senate.

The VICE PRESIDENT. Without objection, the bill will be reprinted, as requested.

TAX ON ASIATIC OILS

Mr. DAVIS. Mr. President, I send to the desk and ask to have printed in the RECORD, and referred to the proper committee, a letter written by Hon. John A. McSparran, Secretary of Agriculture of the Commonwealth of Pennsylvania. Mr. McSparran is one of the outstanding agriculturists of the State. He was the Democratic nominee for Governor in 1922 against the Honorable Gifford Pinchot, who, when the latter entered his second term as the State's chief executive, appointed Mr. McSparran to his cabinet.

There being no objection, the letter was referred to the Committee on Finance, and ordered to be printed in the RECORD, as follows:

HARRISBURG, *February 13, 1934.*

Hon. JAMES J. DAVIS,
Member of Senate, Washington, D.C.

DEAR SENATOR DAVIS: I understand there is a measure in Congress to tax Asiatic oils 5 cents a pound.

It is highly essential for the welfare of the dairy industry that these Asiatic oils, especially coconut oil, of which there was 127,000,000 pounds brought in in 1931, be prohibitively taxed.

No matter what is said about making oleo from our native offal products, certainly there can be no argument made for bringing in Asiatic oils for the purpose of making a cheap substitute for dairy butter.

I hope you can see your way clear to defend this proposition and vote for it.

The farmer gets very little benefit out of the protective tariff, but this is a case where he can get some benefit, and surely he has a right to it under our tariff system, and especially he should be recognized and cared for when agriculture is at such a low ebb.

Sincerely yours,

JOHN A. MCSPARRAN,
Secretary of Agriculture.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On February 14, 1934:

S. 157. An act to amend an act approved March 4, 1929 (45 Stat. 1548), entitled "An act to supplement the last three paragraphs of section 5 of the act of March 4, 1915 (38 Stat. 1161), as amended by the act of March 21, 1918 (40 Stat. 458) ";

S. 284. An act authorizing the conveyance of certain lands to School District No. 28, Deschutes County, Oreg.; and

S. 1774. An act to provide for extension of time for making deferred payments on homestead entries in the abandoned Fort Lowell Military Reservation, Ariz.

On February 15, 1934:

S. 313. An act to amend section 5 of the act approved July 10, 1890 (28 Stat. 664), relating to the admission into the Union of the State of Wyoming.

On February 16, 1934:

S. 2465. An act to amend the act of March 4, 1933, relating to the regulation of banking in the District of Columbia.

AVIATION AND AIR MAIL CONTRACTS—ADDRESS BY SENATOR BLACK

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to have printed in the CONGRESSIONAL RECORD an interesting and informative address by the senior Senator from Alabama [Mr. BLACK] on the subject "Aviation and Air Mail Contracts."

There being no objection, the address was ordered to be printed in the RECORD, as follows:

On Friday of last week there flashed over the country the news that the Postmaster General of the United States had issued an order canceling all domestic air mail contracts. It is on this subject that I will speak to you tonight.

Let me begin by stating my own belief that air transportation is destined to have a most important place in our national progress in peace time. It is also true that our people, who love peace and who abhor war, realize that if war should ever be forced upon us we could not today defend ourselves without a modern, well-equipped, efficiently manned aviation system. This knowledge imperatively demands that this Nation take whatever steps are necessary to foster, encourage, and maintain this great peacetime servant of progress, this indispensable war necessity.

Upon the theory that the progress of aviation would be accelerated, Congress has passed several laws in past years authorizing the Post Office Department to pay air transport companies for carrying the mails. During the years 1928 to 1933, inclusive, the taxpayers of the United States have paid for such domestic air mail transportation $86,112,016.74. Probably $58,000,000 of this was paid as a subsidy, or gratuity, upon the supposed basis of governmental assistance to a young and growing and necessary industry. These figures do not include $26,000,000 paid for foreign air mail.

It was never intended by patriotic citizens that this governmental aid should be diverted by collusive agreements into the pockets of favored bankers, brokers, or stock manipulators, politicians, and lobbyists. It was not intended that Government money should be used to enrich favored individuals by exorbitant and unearned salaries, bonuses, and dividends.

Since 1925 the taxpayers of this Nation have paid $1,143,255,705.30 for the development of aviation. This taxpayers' money has been paid through mail subsidies, the Army, Navy, Commerce, and other Departments of the Government.

The tragic part of this picture is that investigations have recently revealed that these huge governmental expenditures have, in great part, found their way into the pockets of profiteers, stock manipulators, political and powerful financial groups, who never flew a plane; who never invented an engine; who never improved an airplane part. In short this great and indispensable industry was greedily grabbed away from the control of those interested in aviation progress, and has been utilized by profiteers as a means for private gain through stock jobbing, speculation, and monopoly. Behind each well-known aviation expert, there have stood, and now are found, financial and political groups who control aviation in all its branches, by directorates, interlocking directorates, holding companies, associates, and affiliates, and whose interest is, and has been, to make unfair profits and to secure sudden unearned enrichment.

Huge trusts and combines, composed of transport companies, engine-building companies, airplane companies, and supply companies, fix exorbitant prices of engines, airplanes, and supplies. With this power of price fixing finally resting in the parent holding companies, for the materials that go into the planes, and for the planes themselves, the transport companies are financially handicapped from the beginning of their existence. With this vast power of holding companies to sell their own products, at their own price, to their own subsidiaries, associates, and affiliates, combined with constant political activities and power, the taxpayers' money has been sucked by an irresistible force, into the pockets of profiteers and governmental favorites.

An idea of the skyrocketing of aviation-stock values may be well illustrated by the story of one engine-building company. This company has dealt largely with the United States Government and its associated air mail subsidized contractors. It began business in 1925 with $1,000 common stock paid in. Certain preferred stock was also issued but later retired from profits. In 1929 this company was absorbed by 1 of the 3 large aviation holding companies. For the stock represented by this $1,000 through its stock dividends, 868,000 shares of the holding-company stock were issued. The insiders bought part of other similar stock on a basis of $30 per share. At this inside price of $30 the value of the $1,000 stock

had, therefore, grown to $26,040,000. When, about 30 days later the insiders' stock was released on the exchange, it opened at $97 per share, making the then value of the original $1,000 block of stock $84,196,000.

There have been awarded 34 governmental domestic air mail contracts. There were 27 contracts outstanding before the recent cancelation. Four parent holding companies, through subsidiaries or otherwise, controlled 25 of these 27 contracts. The Aviation Corporation of Delaware controlled 13 contracts. The United Aircraft & Transport Corporation controlled 6 contracts. The North American Aviation, Inc., controlled 5 contracts. The Northwest Airways, Inc., controlled 1 contract. Out of $19,938,122.61 paid out by the Government for the fiscal year 1932, $19,359,089.27, or 97 percent, was paid by the Government to these four companies, their subsidiaries, associates, and affiliates.

When it is remembered that these four holding companies, through stock ownership, holding companies, and otherwise, largely control the entire aviation industry, including the manufacture of airplanes, engines, accessories, etc., their domination of the industry cannot be questioned.

All the 25 contracts definitely canceled by the Postmaster General have been controlled through stock holdings and otherwise by the four parent companies to which I have referred—namely, the United Aircraft & Transport Corporation, the Aviation Corporation of Delaware, the North American Aviation, Inc., and the Northwest Airways, Inc. The Aviation Corporation of Delaware, according to its reports to the committee, owns 22½ percent of the stock of the Northwest Airways, Inc.

Officials of each and every one of these mail contractors were present and participated in meetings adjacent to the office of the Postmaster General in May and June 1930, and at subsequent dates.

Before me, as I talk to you, I have photostatic copies of the minutes of these meetings, and the report of the results to the then Postmaster General, Mr. Walter F. Brown. The object, purposes, and agreements reached at these meetings are revealed by these papers, as well as by the sworn evidence of the officers of some of these companies, before the special investigating committee of the Senate.

The expressed and definite object of these meetings, was to allocate certain air-mail contracts to certain selected companies, participating in the meetings. When the companies could not, through their representatives, agree upon a division, the then Postmaster General was to act as arbitrator and make the final decision. The sense of the meeting was expressed to be against any kind of competitive bidding and in favor of this method of agreement and allocation.

This method was adopted and carried out by the contractors and the Postmaster General. The records show this beyond all doubt; the sworn evidence of participants themselves fully supports it.

To carry out this plan, extensions to existing contracts were given or new contracts were let, or new certificates awarded.

Two transcontinental routes were advertised for bidding, but only after the Comptroller General of the United States had rendered a decision that the routes must be advertised. On one of these routes it was so arranged that one bid was received and the contract was awarded at the maximum rate allowed by law. In the other case, where outsiders did actually bid, the high bid of the Transcontinental Air Transport, Inc., and Western Air Express was accepted by the Postmaster General, as has been revealed by sworn evidence and documentary proof. According to documentary proof and sworn evidence, this high bidder was an amalgamation of companies selected by the group of operatons and the Postmaster General, to receive this contract, long previous to its award, and even long before it was advertised for bids. If the Government had awarded this bid to the low bidder, it would have saved the taxpayers $835,215 per year.

Pioneer operators were either forced to sell out to the favored companies, under the plan outlined, or they were squeezed out of existence by the subsidized competition of the favored company receiving the mail contract.

A contract awarded contrary to law or as the result of fraud is void. It rests on a rotten foundation and cannot and should not stand. If, however, the fraud is discovered by one of the contracting parties, it must be repudiated at once or it is waived. The law expressly protects the taxpayers from contracts which are the result of combinations to prevent competitive bidding. That there was such an agreement the written minutes and notes of the meetings establish. The letters of the officers of the companies themselves, and much sworn testimony by the participants, conclusively prove such combination.

With knowledge of these facts, the Postmaster General, as was his duty, canceled the 25 domestic air mail contracts. The protests of the beneficiaries of these contracts, drawing millions of easy dollars from the hard-pressed taxpayers, were to be expected. All the arts and designs of a planned system of propaganda, inspired telegrams, inspired news items, inspired editorials, however, cannot change the established truth. The American people will stand squarely behind a repudiation of fraudulent contracts. This country cannot progress in the proper way until honest dealings are rewarded and dishonesty and collusion repudiated.

It required both honesty and courage to cancel these fraudulent air mail contracts. Behind the curtains and behind the inspired protests there are the most powerful financial groups in America. One reason they are such powerful financial groups is that they have been able so to exert their power that the average taxpayer's money has been siphoned from his pocket into their pockets.

These real beneficiaries of privilege will remain behind the curtain. They will push to the front every possible individual except themselves. These hidden beneficiaries are the same groups who foisted worthless foreign bonds upon the people of the Nation. They are the stock-pool experts. They are the insiders who risk nothing as they pull the speculative strings which they hold for their own advantage.

These groups neither invent nor improve engines, nor do they care that such be done, so long as their monopoly exists. Satisfied with the golden stream flowing from governmental privilege, they have no incentive to push forward. If their privilege is threatened, they call into service their minions and servants in press, politics, Government, and wherever they are planted. They press into service every stockholder who has either received such stock as a special favor from the inside or has been one of those public buyers the insiders call "suckers." In an hour this group can touch every part of the Nation.

It takes the honesty and courage of the present administration to grapple with this group that has long been in complete control of the affairs of the Nation. Their fraudulent gains must be taken away. They cannot and must not be allowed to wax richer from unjust, unfair, and fraudulent contracts.

This cancelation will not retard aviation's orderly progress. It will accelerate it. It will not close the airports. It will not stop the carriage of mail.

We must progress in aviation and other activities along the way of honesty and fair and open dealing with each other and with the Government.

A reorganized industry, with honest stock capitalization, fair profits, contracts that are just, and controlled by operators instead of speculators is the way to succeed in aviation.

Plans cannot be completed in a moment nor reorganizations effected in a day. At this time, and in this emergency, our Army will, as always, meet the situation. When the tumult and the shouting shall die away we can expect that this administration, with the courage and fairness characterizing all its actions, will have placed aviation on the road to sound progress and legitimate development.

Guided by the principles of integrity and justice, this administration will as rapidly as possible provide a sound, solid, and honest foundation upon which aviation can march forward to its proper place. There should be no place in this new picture for cajoling and highly paid lobbyists; for usurious money changers; for profligate profiteers; for blood-sucking and useless holding companies.

You Americans who still cling to the ancient faith in honesty, take heart. This administration not only speaks to you about justice—it dares to defy the power of concentrated wealth and privilege to secure it. In your name it tells the beneficiary of fraud to surrender his booty.

AVIATION AND AIR MAIL CONTRACTS—STATEMENT OF WALTER F. BROWN

Mr. FESS. Mr. President, permission has been granted for the insertion in the RECORD of an address by the Senator from Alabama [Mr. BLACK], chairman of the committee investigating the subject of air mail contracts. I ask unanimous consent to have printed in the RECORD statements by ex-Postmaster General Brown on the same subject.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF WALTER F. BROWN TO THE SENATE SPECIAL COMMITTEE

The major purpose of the legislation authorizing the Postmaster General to award air mail and ocean mail contracts was not to transport the mails at the lowest possible cost to the Government but to foster the maritime and aeronautical industries. The title of the present ocean mail subvention law, known as the "Jones-White Act", states its purpose to be "to further develop an American merchant marine, etc."; and the title of the present air mail law, known as the "McNary-Watres Act", states its purpose to be "further to encourage commercial aviation, etc."

Congress declared and is solely responsible for both of these national policies. Upon the Post Office Department rests merely the responsibility of administering them.

The ultimate goal of the merchant marine policy is to maintain under the United States flag a merchant fleet capable of carrying our foreign commerce, by paying to operators of that fleet, through the medium of mail subventions, the excess due to the higher standard of living in the United States, of building and operating costs over similar costs in foreign countries.

The ultimate goal of the commercial aviation policy is to create an economically independent aeronautical industry by enabling air-transport operators to recoup in the form of mail pay their out-of-pocket losses while they are building up adequate passenger and express revenues from the public and are developing transport airplanes capable under competitive conditions of earning their costs of operation.

During my term as Postmaster General 20 ocean mail contracts were awarded by open competitive bidding, with the formal approval of an interdepartmental committee created by President Hoover consisting of the Secretary of Commerce, the Secretary of the Navy, the Chairman of the Shipping Board, and the Postmaster General. All but one of these contracts were let to the lowest

responsible bidder whose proposal met the specifications. The one contract which was awarded to the high bidder was so awarded at the request of Congress set forth in a joint resolution duly adopted. By the terms of these contracts the ocean mail contractors were compelled to expend substantially all of their mail pay on the construction of new vessels. A magnificent fleet of nearly a hundred modern ships is being completed in American shipyards, of American materials, by American labor, at an aggregate outlay of approximately $300,000,000. This fleet under the United States flag is today carrying our commerce to every port in the world and stands ready at all times to serve as a naval auxiliary in time of national emergency.

During my term as Postmaster General 3 domestic air mail contracts were awarded out of 34 in all let by the Post Office Department; one, the contract covering service from Pasco, Wash., to Seattle, via Portland, before the passage of the McNary-Watres Act, and two contracts, covering service from Atlanta to Los Angeles, via Fort Worth and El Paso, and the service from New York to Los Angeles, via Pittsburgh, St. Louis, and Kansas City, after the passage of the McNary-Watres Act.

In the letting of these contracts every requirement of law was observed, and no evidence whatever of collusion between the bidders thereon or the holders of any other air mail contracts appeared or was ever suggested by anyone.

The two meetings of air passenger operators and air-mail operators, held at the Post Office Department May 19 and June 4, 1930, to which attention has been directed, were called and held for a purpose entirely legal and proper, to wit, to find if possible some method under the provisions of the McNary-Watres Act of aiding the passenger-transport operators who had no mail contracts and whose losses were compelling them to abandon their passenger operations. There was nothing clandestine or secret about these meetings. Minutes of the proceedings were made by the Superintendent of Air Mail and preserved in the files of the Second Assistant Postmaster General. A formal statement concerning these meetings was given to the press.

No suggestion of dividing air mail operations among the companies represented at these meetings was ever made or contemplated, and no agreement or understanding with respect to bidding on air mail contracts or refraining to bid on air mail contracts by any of the operators present was made at either of those meetings or at any other time.

The tentative suggestion for the relief of passenger air transport operators who had no mail contracts, advanced and discussed at these meetings, was rejected by me as impracticable and unsound, and many of the exclusively passenger operations were soon thereafter abandoned.

From time to time after the passage of the McNary-Watres Act various extensions of existing routes demanded by Senators, Representatives, and local civic organizations were authorized under the provisions of section 6 of that act, which reads as follows:

"The Postmaster General in establishing air mail routes under this act may, when in his judgment the public interest will be promoted thereby, make any extensions or consolidations of routes which are now or may hereafter be established."

All of the extensions and consolidations authorized by me were in the public interest. Every such action resulted in improved public service and ultimately in lower flying costs, which were passed on to the Government in the form of reduced mail pay. Payment for service on the extensions authorized was in every instance approved by the Comptroller General then and now in office, and the validity of such extensions was repeatedly recognized in appropriations for the air mail voted by Congress.

With the passage of the McNary-Watres Act giving the Post Office Department the requisite authority, it exerted pressure on the air mail carriers, who with minor exceptions had theretofore been confining their operations exclusively to carrying the mail, to transport passengers and express in order to build up revenues from the public and thus lighten the burden on the Post Office Department; and it exerted every proper influence to consolidate the short, detached, and failing lines into well-financed and well-managed systems, providing three independent transcontinental operations with appropriate north-and-south intersecting services, believing that the pressure of competition would in time attract public patronage, reduce operating costs, and develop, if possible, a transport airplane capable, under the competitive conditions in the passenger and express transportation industry, of earning enough to pay its way without any subsidy.

In interpreting the policy with respect to commercial aviation declared by Congress, I took it for granted that the uninterrupted development of the air-transport industry, necessary to keep the aeronautical art in our country abreast that art throughout the world, was vital to our national security, and that the air mail itself was performing an essential service for the business of the country.

While the air-transport industry, consistently fostered by generous Government aid throughout the administrations of Wilson, Harding, Coolidge, and Hoover and supervised by governmental authority, has created the greatest system of air transport in the world it is still dependent for its very existence upon the Air Mail Service, and will probably so continue for some time to come. Much progress toward the goal of economic independence has been made, however, particularly during the last few years. The revenues of air mail carriers derived from passenger and express services have increased from practically zero in 1929 to the rate of $10,000,000 per year at the end of 1933. At the same time the compensation paid to the air mail carriers by the Post Office Department has been reduced by successive steps from $1.09 per mile in 1929 to 42 cents per mile at the end of my administration.

Public attention has been drawn to my investment in the securities of three corporations whose business is related to transportation: The International Mercantile Marine Co., the Pennroad Co., and the Pennsylvania Railroad Co. During my term as Postmaster General no mail contract was awarded to the International Mercantile Marine Co. or to any other ocean carrier in which the International Mercantile Marine Co. held a financial interest. Five ocean mail contracts were awarded by me to competitors of International Mercantile Marine, three in the north Atlantic and two in the Caribbean. No mail contract was awarded to the Pennroad Co., which I am informed has never held any interest in any ocean mail or air mail operations.

During my term as Postmaster General no contract for carrying the mail was awarded to the Pennsylvania Railroad Co., of whose stock I own 225 shares. One hundred of these shares were acquired in the open market in 1915; 100 were acquired in the open market in 1928, about a year before I became Postmaster General; and 25 shares were acquired in 1929 by the exercise of subscription rights accruing to the 200 shares previously owned.

Sometime in 1930 Transcontinental & Western Air was incorporated and acquired the contract to operate the air mail and passenger service from New York to Los Angeles via Pittsburgh, St. Louis, and Kansas City. Forty-seven and one half percent of Transcontinental & Western Air stock was acquired by Transcontinental Air Transport, a corporation in which the Pennsylvania Railroad Co., I am advised, owned 50,000 shares, or 6.7 percent of its capitalization. No dividends have ever been earned or paid by Transcontinental & Western Air or by Transcontinental Air Transport, and therefore no such dividends have ever been received by the Pennsylvania Railroad Co. If the stock in Transcontinental & Western Air owned by Transcontinental Air Transport should be distributed to the latter corporation's stockholders and the Pennsylvania Railroad Co. should distribute the Transcontinental & Western Air stock coming to it by reason of such distribution among its stockholders, the 225 shares of Pennsylvania Railroad stock which I own would be allocated 0.3382 or slightly over one third of a single share.

[From the Baltimore Sun, Feb. 16, 1934]

STATEMENT OF WALTER F. BROWN DEFENDING AIR MAIL CONTRACTS

NEW YORK, February 15.—The statement issued here today by Walter F. Brown, former Postmaster General, in defense of air mail contracts issued while he was in office, is as follows:

"There is absolutely no justification for the charge that any of the air mail contracts were awarded through collusion among contractors or by any other illegal practice.

"The facts about the meetings of air mail and air passenger operators held at the Post Office Department May 19 and June 4, 1930, are as follows:

"The Air Mail Act of April 30, 1930, known as the 'McNary-Watres Act', when it was introduced in the House contained a provision designed to assist air passenger carriers who had no mail contracts, because it was believed that the development of air passenger traffic was essential to the permanence of the transport industry.

"The language to which reference is made was as follows:

"'*Provided*, That when in his opinion the public interests shall so require, he (Postmaster General) may award such contracts by negotiation and without advertising for or considering bids. In awarding air mail contracts the Postmaster General will give proper consideration to the equities of air mail and other aircraft operators with respect to the routes which they have been operating and the territories which they have been serving.'

NEGOTIATION PLAN OPPOSED

"Opposition to the awarding of contracts by negotiation developed in the Committee on Post Offices and Post Roads, to which this legislation was referred, and the language above quoted was finally stricken from the bill, although the last clause directing the Postmaster General to give proper consideration to the equities of air mail and other aircraft operators was given approval in the discussions of the bill in the committee and on the floor of the House.

"In lieu of the language above quoted, this was inserted in the act:

"'*Provided*, That where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds, per trip, the Postmaster General may award to the lowest responsible bidder, who has owned and operated an air transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids, a contract at a rate not to exceed 40 cents per mile for a weight space of 25 cubic feet, or 225 pounds. Whenever sufficient air mail is not available, first-class mail matter may be added to make up the maximum load specified in such contract.'

"When it was decided to strike from the bill the authority to buy mail space in passenger planes by negotiation, believing that it would be impossible to develop commercial aviation through the air passenger lines that had no air mail contracts, I succeeded in inserting in section 5 of the bill, after the phrase:

"Orders that may be issued by the Postmaster General for meeting the needs of postal service and adjusting mail operations to the art of flying", and the following: "And passenger transportation", having decided that passenger operations essential to

permanence of the air-transportation industry must be developed, if at all, by compelling the air mail contractors to carry passengers.

"The passenger carriers who had no air mail contracts but who had been very active in urging the passage of the bill, were greatly disappointed that the proviso for their relief had been stricken from the bill. A representative of one of them told me that some of the passenger carriers were complaining that I had not made a vigorous fight for the clause in which they were interested and suggested the propriety of inviting the passenger carriers who had no air mail contracts and the air mail contractors to meet together with me for the purpose of advising them with respect to the Department's effort to secure the passage of the bill in substantially its original form and, further, to see if, under the law as it was enacted, any relief could be afforded to the passenger carriers who had no air mail contracts through the cooperation of the air mail contractors and the Post Office Department.

TWO WAYS ARE SUGGESTED

"The suggestion was made that relief might be afforded in one or both of two ways:

"First. By giving additional daylight mail schedules to air mail contractors and permitting them to sublet the same to passenger operators who had no air mail contracts and whose operations paralleled air mail routes; and

"Second. By giving extensions under the provision of section 6 of the act to air-mail operators and authorizing the subletting of the same to passenger carriers that had no air mail contracts.

"The air-transport operators who had no mail contracts and the air mail contractors were accordingly invited to meet with the Postmaster General on the 19th day of May 1930. In opening the meeting I traced in detail the various legislative proceedings connected with the introduction and passage of the McNary-Watres Act, stressing the Department's efforts to preserve the provisions designed to prevent the abandonment of air-passenger operations. I stated to the meeting the practical difficulties in the way of giving them relief under the provisions of law adopted in lieu of the authority to buy mail space by negotiation, although that language had been written into the act to assist the passenger carriers.

"I repeated to the meeting the suggestion made for their relief by the subletting of operations from the air mail contractors, without approving the same, however, as I had serious misgivings with respect to its practicability and soundness. I invited the judgment of the operators with respect to the plan suggested, and told them in a general way our ideas so far as they had been formulated for extending the air mail service throughout the country and invited their opinions as to what air mail and other aircraft operators, in the language of the original proviso of the McNary-Watres bill, had equities with respect to any of the routes then in existence or under consideration.

QUOTES MEMORANDUM

"I then turned the meeting over to the operators. Later in the day I was informed that they had recessed for the purpose of consulting their counsel and executives. Mr. Earl Wadsworth, superintendent of air mail, who was present at the meeting, made a memorandum of the proceedings, as follows:

"'The Postmaster General invited representatives of passenger air lines to meet with him in conference at 2 p.m. on May 19 for the purpose of discussing the provisions of the Watres bill insofar as it offered aid to the passenger lines.

"'The following persons were present: Messrs. Russel, Hanshue, Woolley, and Bishop, of Western Air Express; Messrs. Mayo and Patterson, of Stout Air Lines; Messrs. Maddux, Sheaffer, Cuthel, Furlow, of T. A. T. Maddux Air Lines; Messrs. Coburn and Hinshaw, of Aviation Corporation; Messrs. White and Johnson, of United Aircraft Corporation; Messrs. Doe and Elliott, of Eastern Air Transport; Mr. Henderson, of National Air Transport; Messrs. Marshall and Denning Thompson, of Aeronautical Corporation; Messrs. Robbins and Hahn, of Pittsburgh Aviation Industry; Mr. Van Zant; Mr. Lou Holland, of United States Air Transport; Mr. Ted Clark, representing Earl Haliburton; and Lawrence King, from Detroit.

"'SUGGESTIONS WERE INVITED

"'The Postmaster General opened the meeting by discussing the general provisions of the Watres bill and invited suggestions from those present as to the ways and means of assisting the passenger operators, inasmuch as it is understood none of the so-called "strictly passenger lines" are breaking even and it is apparent that they will need some assistance if they are to continue. The Postmaster General expressed the desire to know whether it is going to be possible for the so-called "pioneers" to agree among themselves as to the territory in which they shall have the paramount interest.

"'He outlined certain prospective routes that were in contemplation somewhat as follows: A southern transcontinental route from Los Angeles to San Diego, thence to Fort Worth and Dallas; also a route from New York to St. Louis and Kansas City and Los Angeles; from St. Louis to Tulsa and Fort Worth; from St. Paul to Winnipeg; possibly from St. Paul and Minneapolis to Omaha; possibly a route south from Cheyenne, and possibly one from Albany to Boston. He referred to the plan mentioned below.

"'Colonel Henderson said: "I believe it is quite possible for this group to work out a plan." He asked for instructions from the Postmaster General as to some policy. He mentioned extensions and then assigning such extensions to some operator who has no mail contract. He indicated the air mail contractors would be willing to agree to such a plan.

"'VIEWS OF AIR LINES OFFICIALS

"'Mr. Maddux feels that if they do not receive an air mail contract they could not live, and he hoped the bill would take care of this. He would rather see the plan worked out as mentioned above than competitive bidding. He said, "That is the view of T.A.T."

"'Mr. Mayo said: "I think the suggestion is a good one, rather than to have competitive bidding." He thinks the routes we have worked out with the directors on their certificates are fair, etc.

"'Mr. Clark said: "I would prefer the plan suggested rather than competitive bidding."

"'Mr. Lou Holland said: "I think it should be worked out by agreement, as I am afraid that competitive bidding will result in wild promotions."

"'Mr. Hanshue: "We are willing to do anything within reason to work out the plan rather than to go into competitive bidding."

"'Mr. White: "I feel sure that the entire group would be delighted to go into such a conference and work it out along the lines suggested."

"'Mr. Coburn: "I believe there is a community of interests among the operators in the Department, and they are ready to cooperate and find out how to do it."

"'NO OBJECTIONS TO PLAN

"'The Postmaster General asked everyone to speak if there were any objections to the plan suggested and said that this was the appropriate time to express their opinions or objections thereto. No one rose in objection to the plan.

"'Mr. MacCracken suggested grouping the representatives together according to locality in order to work out the details of the plan or any other plan that might be gotten up, suggesting they might even have four committees or an eastern and a western committee.

"'Colonel Henderson thinks those who have air mail contracts should be organized into one committee and those who have no air mail contracts should be organized into another committee.

"'Mr. Cuthel suggested that certain members of this group present to the Postmaster General a grouping of companies to deal with southern and midcontinent transcontinental routes.

"'The Postmaster General decided to permit the operators to use the room in which the meeting was held for the purpose of organizing themselves into such groups as may be decided upon and to report back to the Postmaster General when they reached a conclusion with regard to the suggested plan. He suggested that they stick to the routes outlined.'"

MET WITH POSTMASTER GENERAL

"The Department on May 19 gave the following statement to the press:

"'In order to acquaint themselves with the provisions of the Watres bill, recently made a law through the signature of President Hoover, representatives of every large passenger and air mail carrying concern throughout the country conferred today with Postmaster General Brown, Assistant Postmaster General Glover, and other officials of the Department in charge of the Air Mail Service. This is the first time that operators of the large passenger lines have had an opportunity to talk with the Postmaster General and exchange views with him since the Watres measure became a law.

"'A general discussion of air mail and passenger-carrying business, together with prospects for their future development, took place at today's meeting. The Postmaster General explained to those who attended the conference the limitations placed on him under the terms of the Watres Act, which fixed the maximum that can be paid for carrying the mails to $1.25 a mile and a charge of 40 cents a mile for each passenger transported.

"'Before the close of today's session it was agreed that the operators present should prepare a map of the United States, which will show in detail plans for a network of passenger and air mail routes to cover the country and which will be determined at future conferences with the Postmaster General.

"'The companies represented at today's conference were: Western Air Express, Aviation Corporation, National Air Transport, Thompson Aeronautical Corporation, Pittsburgh Aviation Industries, Ford Co., United States Air Lines, Earl Haliburton, United Aircraft Corporation, Curtiss-Wright, Transcontinental Air Transport, and Eastern Air Express.'"

REPORT ON DELIBERATIONS

"On the 4th of June the air passenger operators who had no mail contracts and air mail contractors reassembled either in a body or by a committee and submitted to me a report of their deliberations, which is as follows:

Hon. WALTER F. BROWN,
Postmaster General of the United States,
Washington, D.C.:

MY DEAR MR. POSTMASTER GENERAL: Pursuant to your invitation, representatives of the air transport operators met on Monday, May 19, to formulate recommendations for the extension of the air mail service, with a view to the participation in this service of air transport operators now engaged exclusively in passenger and express service.

This committee has held numerous sessions during the time which has intervened since the first meeting, and a list of those in attendance at one or more of these sessions is hereto attached.

The committee also submits with this report a map indicating its recommendations, as well as the problems which remain unsolved.

RECOMMENDATIONS ON ROUTES

The committee has made a study of 12 routes, and has agreed upon recommendations as to 7 of these; while as to the remaining 5 there are still some matters in controversy.

Recommendations

No. 3. Omaha to St. Paul and Winnipeg: Northwest Airways—now flying entire route.

No. 4. Albany to Boston: Aviation Corporation.

No. 7. Denver to Kansas City: United States Air Lines—now flying route.

No. 8. Pueblo to Fort Worth and Dallas: Western Air Express—now flying route.

No. 9. Pueblo to El Paso: Western Air Express—now flying route.

No. 11. Great Falls to Lethbridge: National Parks Airways—only party in interest.

No. 12. Seattle to Vancouver: United—first schedule; Varney Air Lines.

Second schedule:

Routes which are still the subject of negotiation:

No. 5—Pittsburgh to Washington and Norfolk. Final terms not yet arranged.

No. 1—Los Angeles, San Diego, El Paso, Dallas to Atlanta.

No. 6—Dallas to Louisville.

Atlanta to Dallas—Eastern Air Transport and Delta Air Service.

Louisville to Dallas—Aviation Corporation and Curtiss Flying Service.

Los Angeles, San Diego, El Paso to Dallas—Western Air Express and Aviation Corporation.

No. 2—Los Angeles, Albuquerque, Kansas City, St. Louis, Columbus, Pittsburgh, Philadelphia, and New York.

No. 10—Amarillo, Oklahoma City, Tulsa, and St. Louis (Tulsa cutoff).

Kansas City to New York—Transcontinental Air Transport and Pittsburgh Aviation Industries. Los Angeles to Kansas City, Amarillo, Oklahoma City, Tulsa to St. Louis—Western Air Express and Transcontinental Air Transport. Amarillo, Oklahoma City, Tulsa, and St. Louis cutoff—Western Air Express, Southwest Air Fast Express, Transcontinental Air Transport.

WOULD ABANDON LINE

Because the line of N.A.T. (United) south of Kansas City seemed to stand in the way of a proper solution of several of our problems, United has suggested that it abandon its line south of Kansas City and take over some other line of equal value; such line to be one that might be properly operated in connection with United's other lines. This would permit the clearing of the Mid-Transcontinental of its N.A.T. contract between Wichita and Kansas City, and would open the N.A.T. line south of Kansas City and Wichita for proper disposition in harmony with the Postmaster General's ideas. The suggestion has been made that Southwest Air Fast Express might operate the service on C.A.M. south of Wichita and south of Kansas City.

The operators interested in the routes under controversy have all agreed to submit the issues to the Postmaster General in the hope that a satisfactory solution may be reached. They request that an opportunity be afforded them to present their claims for consideration on the respective routes in such manner and at such time as may be designated by the Postmaster General.

Respectfully submitted.

(Signed) CHAIRMAN.

MEMO ON JUNE 4 MEETING

"Mr. Wadsworth's memorandum of the proceedings of the June 4 meeting is as follows:

"'At 3:15 p.m. on June 4 the representatives of passenger air lines met in conference with the Postmaster General here in the Department.

"'Mr. MacCracken, who had been named as chairman of the operators' committee, presented to the Postmaster General a report, together with a map indicating the result of the deliberations of these gentlemen.

"'The Postmaster General stated he would carefully consider this report and he would inform them of any results that might be reached. Thereupon the Postmaster General, Mr. Glover, and Mr. Wadsworth retired from the room to the office of the Postmaster General, and the report was carefully read.

"'After reading over the report several times, it was decided to submit to the Comptroller General the question of just how far the Department could go in granting extensions to existing routes. It was thought best to do this before we took any further action with reference to this matter. The Postmaster General indicated that he would take the matter up with the Comptroller General himself and seek to obtain a decision with regard thereto.

DISAPPOINTED WITH REPORT

"'In a short while Mr. W. Glover informally returned to the room where the operators were waiting and informed them that the Department was somewhat disappointed in their report, inasmuch as they had in effect taken all the meat and left the bones. They were told, however, that the report would be carefully studied, and any decision reached would be indicated to them.

"'As a result thereof, the operators indicated they were preparing a supplemental report and would submit the same.'

"This report of the operators was placed on file and no further consideration was given to it for the reason that I had reached a definite conclusion that the plan previously suggested of affording aid to the passenger carriers who had no mail contracts was impracticable and unsound, and if passenger operations were to be developed by the Post Office Department in order to lighten the burden of the air mail services and ultimately create an economically independent transportation industry, the air mail contractors themselves must be forced to develop a passenger and express business.

EXTENSIONS WERE PLANNED

"The only extensions suggested by the report quoted which the department subsequently authorized were extensions which the Department had under consideration before the meeting of May 19, and which would have been made whether the industry approved or disapproved the same.

"No suggestion of dividing air mail operations among the companies represented at the May 19 and June 4 meetings was ever made or contemplated and no suggestion with respect to bidding on air mail contracts or refraining to bid on air mail contracts was made at either of these meetings or at any other time.

"The only air mail operations of major importance, the central and southern transcontinental operations, were awarded under the provisions of the law relating to competitive bidding to the lowest responsible bidder."

THE NEW DEAL—ADDRESS BY SENATOR REED

Mr. McNARY. Mr. President, on last Saturday evening the able Senator from Pennsylvania [Mr. REED] delivered a very illuminating address over the radio chain of the National Broadcasting system, which I ask unanimous consent to have inserted in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is generous of the National Broadcasting Co., and of the many stations that are in this hook-up, to permit me, as a member of the minority party, to express my views of the different measures that constitute what is called the "new deal." It is only fair to the National Broadcasting Co. to remind you that it does not necessarily sponsor the views that I hold.

It seems to me that it is high time that the works of this Democratic administration should be subjected to candid criticism. For the past year very little criticism of the administration has been voiced, since we all have felt that the Democrats should be given a chance to develop their policies and that, particularly in this business slump, nothing should be done to impede their efforts to bring about recovery. Meanwhile the Nation has been drenched with a torrent of speeches and broadcasts and newspaper and magazine articles, all praising the administration and its policies. The Democratic Party has now been in power for about a year, and I can see no reason why some of this inspired administration oratory should not be answered. It is time now that the attention of the American people should be drawn to the other side of the picture. In offering criticism, however, I propose to be more fair to Mr. Roosevelt than Mr. Roosevelt and the Democrats were to Mr. Hoover. I propose to omit any criticism of him as an individual. My concern is only with his policies and their effect upon the Nation.

Sixteen months ago by a huge majority this administration was elected. Its platform held out many fair promises which evidently made a strong appeal to the American people. As if to emphasize the solemnity of these promises, the platform said: "We believe that a party platform is a covenant with the people, to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe." Let us see what were some of the promises thus solemnly given.

Among others we see these promises: "We advocate an immediate and drastic reduction of governmental expenditures by abolishing useless commissions and offices, consolidating departments and bureaus, and eliminating extravagance, to accomplish a saving of not less than 25 percent in the cost of Federal Government * * *. We favor maintenance of the national credit by a Federal Budget annually balanced on the basis of accurate executive estimates within revenues * * *. We advocate a sound currency to be preserved at all hazards * * *. We advocate the strengthening and impartial enforcement of the antitrust laws * * *. The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest * * *. We advocate the full measure of justice and generosity for all war veterans who have suffered disability or disease caused by service * * *. We advocate the maintenance of good faith and of good will in financial obligations * * *. We oppose the cancelation of debts owing to the United States by foreign nations * * *. We condemn the extravagance of the Farm Board." These were the solemn promises on which the Democratic Party secured enough votes to give it control of the Government of the United States. Let us see how these solemn promises have been kept.

An immediate and drastic reduction of governmental expenditures and a cut of 25 percent in the cost of the Federal Government were promised, yet thus far in the present fiscal year Mr. Roosevelt's administration has spent $740,000,000 more than Mr. Hoover's administration spent in the same period of the last fiscal year. Instead of cutting expenses 25 percent they have increased them nearly 25 percent. A balanced Budget was promised, yet in his first Budget message to Congress, delivered last month, the President proposes expenditures which he admits will make our deficit for this year seven billion three hundred nine

million, which is the most dreadful peace-time deficit in the history of any nation in the world.

A sound currency to be preserved at all hazards was promised, yet the history of the last 9 months shows that the administration has advocated legislation to authorize every variety of unsound money known in history, excepting possibly the seashells that are used for money in the islands of the South Pacific.

The strengthening of the antitrust laws was promised, yet the administration has forced through provisions in the National Recovery Act which by implication repeal these laws. And we see today the great corporations of the country gathered together in agreements to fix prices for their products, with the result that the cost of living of every one of us has been greatly increased and the difficulties of the small business men multiplied many times.

The platform further promised removal of Government from all fields of private enterprise, yet every newspaper we pick up tells of some new attempt by bureau officials in Washington to regulate the details of our daily life. Never in our history has Government control of private enterprise been so bureaucratic and despotic.

The next promise was justice and generosity for the service-connected disabilities of war veterans, yet by Presidential order the compensation of veterans disabled in service has been cruelly cut. I myself have a friend totally paralyzed and speechless whose compensation was cut from $150 per month to $15 per month.

They promised the maintenance of good faith and good will in financial obligations. Last April they issued bonds in which they promised to repay money of the same standard as that which they borrowed. In the following month of May they forced through an act of Congress declaring that promise to be void and against public policy. The good faith and good will of that obligation disappeared within 4 or 5 weeks of the time it was made.

Their platform stated opposition to cancelation of the war debts, yet last June the President announced that he saw no default when Great Britain paid us less than 10 percent of the amount then due. To say that that is not favoring cancelation is only to make a play on words.

And finally they condemned the extravagance of the Farm Board, but now they have replaced it with a bureaucratic system that pays out the money of our taxpayers as a bounty for the destruction of crops, the plowing-under of cotton, and the waste of slaughtered hogs, all of which are financed by a tax on the daily necessaries of life, levied not by Congress but by a single bureaucrat in the Department of Agriculture, who taxes what he pleases, when he pleases, and at what rate he pleases, and in the name of agricultural relief has now gone so far as to impose a tax on paper napkins and paper bags.

In view of this record, is it fair to assume that all Americans who voted the Democratic ticket are in favor of the policies of the new deal? I do not think that it is. Those voters relied upon the promises of the Democratic platform. They trusted the solemn assurances that were given them in these planks of the platform. Anyone who favored that platform cannot favor these new-deal policies of the professors. Anyone who favors these present policies could not have approved that platform. And so I do not believe that a majority of our people do favor the abandonment of the principles on which this Nation has risen to greatness. I do not believe that they favor these invasions of individual liberty and this bureaucratic machine that has now been set up in Washington.

I have now run hastily over the list of broken promises for which this administration must some day account to the American people, and in the brief time remaining to me I want to consider the effect of this bad faith upon the condition of the Nation, and to outline briefly the alternative course that I believe the Nation ought to be helped to follow.

Any of us who thinks at all must be concerned over the situation that is being created for the young people of America. A continuance of the present course means that we will leave to them a burden of debt that will absorb most of their earnings and will weigh heavily against their ambition and their welfare. We will leave them a Government of bewildering complexity, where unseen bureaucrats will control their destiny and regulate their daily lives. We will leave them the safeguards of their liberty sadly weakened.

It is quite time that the young people of America and those of us who have their interests at heart should give some thought to the state of our liberties. This Nation had its origin in the courageous fight waged by our ancestors against the efforts of George III to tax them without representation. Are we going to sit humbly by and allow the Secretary of Agriculture to be substituted for George III? Is there to be no protest from the farmers who are being oppressed by these taxes or from the city people whose necessities are being made so costly? Is there to be no protest from the wage earners and the bank depositors and the insurance policyholders, who have seen 40 percent of the value of their wages or their savings swept away from them by a wholly unnecessary revaluation of the dollar?

I know that some of you who are listening are saying now that I criticize but do not offer an alternative. And now I want to offer the alternative that in my judgment should be adopted instead of this patchwork of bureaucracy that we see. This depression was world-wide. It bore harder on many other countries than it did on the United States, but in our misery we forgot that other lands were suffering and we thought only of our own troubles. But since it was world-wide, we can look about us and see what other countries are doing to cope with these same difficulties. When we do that, we find that Canada and the countries of Western Europe have come further in recovery than we have, and they have done it not by casting to the winds the experience of the past but by adhering to the methods that have been tried before and have been effective to restore industry and commerce. Instead of spending madly, these countries have economized and have really balanced their budgets. They have kept their internal governmental credit high. They have kept faith with their own citizens, and today they have more nearly returned to normal than we have. Recovery is under way all over the world, and I believe that if Americans are given a chance to work out of their own difficulties, free from excessive governmental interference, they will show the same ability to come back that other Americans showed in past depressions. Understand me clearly. I am not objecting to the appropriations for the relief of human suffering. They are relatively small compared to the extravagances that have no relation to relief of distress. I object, for example, to huge appropriations for irrigation projects in the far West, intended to create new farm lands, for which we have not the slightest need, at a time when we are paying farmers not to use the land that they already have. Extravagances like these do not believe suffering; they merely make speculators and contractors rich. They should be stopped and stopped now.

America is sound. Prosperity will come again. My point is that we are delaying it and not helping it by these policies of the new deal.

THE NEW DEAL—ARTICLE BY SENATOR M'GILL

Mr. DILL. Mr. President, the Senator from Kansas [Mr. McGILL] has written an article for the New Democracy, published at Salina, Kans., on the New Deal, which I ask may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE NEW DEAL

By George McGill

The new Democracy, under the leadership of Franklin D. Roosevelt, is now engaged upon one of the most remarkable programs ever undertaken by a government for the relief of its distressed people.

That program has for its purpose the restoration of the people's confidence in its government by the achievement of order, economy, and efficiency; has for its purpose the foundation of a permanent prosperity by the strengthening of our financial structure, by the encouragement of agriculture, the increase of employment, the shortening of hours of labor, the more even distribution of life's comforts, the elimination of cutthroat competition, and in its place the establishment of a practical system of cooperation.

For years the world wallowed in the backwash of the war. Revolts flamed. Governments fell. Commerce ceased. Millions starved. Out of this welter new concepts of government have emerged and new leaders have risen to interpret those concepts.

The larget nation on earth, once an absolute monarchy, is groping along the path of communism, under the dictator, Stalin.

In Italy the dynamic Mussolini is building a new Appian Way of "corporated syndicates", that may end capitalism, as we know it.

In Venezuela another dictator, General Gomez, sits in a rocking chair and holds his court under a great rubber tree at Maracay, looking out on farms that pay no land taxes in a land that is free from debt.

In these three instances dictatorship is enjoying some success, but that which suits the Russian, the Italian, and the Venezuelan would never do for us. We have exercised the franchise far too long to be dictated to, for long. We have been fooled all too often by false prophets, dominated by financial dictators, but at last we have been given a new deal.

There comes to our ears some clamor about dictatorship, the unconstitutionality of our recent legislative enactments, and government in business. The clamorers are the same fellows who inveighed against the Federal Reserve Act and almost every other progressive measure that has been achieved. These malcontents will challenge the new-deal enactments in vain, for these acts and powers are based on established and traditional sanctions. There has not been the slightest departure from the form and nature of our Government, as based on the Constitution.

The road we are traveling is the road of law and order. Once it was lighted with showy arc lamps marked "Prosperity." These arc lamps were largely located on great estate that confronted the highway, but a storm came up and smashed the lamps. The storm also seamed and pitted the roadway with holes and washouts. Long and patiently we fared this road in the darkness, and the going was rough. The portly gentlemen, who owned the estates, kept their private driveways up to par, but they did very little about fixing the common way. They called to us and told us that the pike would be much better "just around the corner", but the going got rougher and rougher. Occasionally one of the portly gentlemen would bog down in a sink hole in his Packard or Rolls-Royce and call for help. The road crew then in power would cease preaching patience to us common wayfarers to rush over and pull the gentleman out, for he was a "rugged individual."

It seemed the road would never end, but at last we came to a place lined with election booths. We stopped and dropped our ballots in; and when they were counted, we had a brand new road

crew and a leader who meant to help us with something more than words.

This leader, our President, started out right away by actually filling up the holes, smoothing the surface, lighting the thoroughfare brightly with the glowing lamps of cooperation—and he even gave some of us lifts over the worst places. To complete his job it was necessary to take a few stray stones from the great estates, but that was done in a due-and-orderly fashion by the established processes of the law. And yet the fat gentlemen are shouting that their property rights are invaded. It matters not to them that the going has been made easier for millions of footsore pilgrims. They are believers in "rugged individualism."

"Rugged individualism!" Let us examine that phrase. Among other things Webster's Dictionary defines "rugged" as meaning "rough", "uneven", "harsh", "hard", "sour", "surly", "crabbed", and "severe." The same authority informs us that "individualism" is synonymous with "selfishness" and "egoism."

Now let us examine the significance of the phrase "Democratic cooperation." The word "Democratic" speaks for itself, and the lexicon advises us that "cooperation" signifies "collective action in the pursuit of common well-being." That the common well-being of our people is the aim and ideal of the new democracy is indubitably proven by the accomplishments already recorded to the credit of our administration.

The Democratic legislative program was not completed in form until the end of last June. The order of procedure was not completed until the first of August. And yet, in 6 months' functioning it has worked these actual, factual wonders.

By the organization of the Citizens Conservation Corps, 300,000 young men have been saved from destitution, hoboism, and possible crime. They have been decently fed and clothed; they've been enabled to help their families, and their self-respect has been restored.

It would be a pleasant sight to see this army of 300,000 proudly patriotic young Americans march down to Wall Street and give a certain expressive salute to the international bankers who were examined in Washington on the score of their income taxes and financial juggleries. Facing this army, I venture that the money changers would have very little to say in criticism of the new deal and of Franklin D. Roosevelt.

I also venture that the value of this army to America will far transcend the contributions of the aforesaid money changers and tax dodgers, in terms of citizenship and service. Inspired by the broad humanitarianism and constructive patriotism of their President, they will appreciate the benefits of collective action in the pursuit of our common well-being.

The Public Works and Civil Works programs are playing their part in returning America to an even industrial keel.

The records show that 3,000,000 blue eagles have been issued by the N.R.A. and that only 48 of these have been revoked. Eight of the code violators took their cases to court, and 7 of the 8 lost their cases. Time magazine reports 243 industrial codes signed by January 1 with more on the way to adjustment, while General Johnson, the Administrator, estimates 4,000,000 men have been given employment under the new deal.

It would be difficult to convince these 4,000,000 men, and their wives and families, that the new deal and the new democracy are anything but the best of all possible deals. It has brought them work and food and a measure of comfort and new hope for the future, in place of despair.

The self-appointed prophets of disaster are finding few listeners these busy days. More and more the industrialists are coming to realize that cutthroat competition is a double-edged and dangerous weapon to wield. In actual practice they are learning that the new deal is the force that has moved the wheels of the "Progress Limited" off dead center and started it on the upgrade. These big industrialists are scrambling aboard our "Roosevelt Special" in droves, booking their berths with all confidence of reaching their destinations on schedule time. As we pull out on the new track that leads to the main line, heading toward even better days to come, we can afford to look back and smile at the "die-hards", fuming at the "jerkwater" station of "Reaction", where the rusty rails of "rugged individualism" wander off into the hills of "Desuetude."

The way ahead is the way for us—so let us examine its possibilities.

To begin, let us repeat a very obvious fact. In the United States and Alaska we possess vast territories, inestimably rich in resources. With our agricultural, manufacturing, and transportation machinery we can produce more than a sufficiency of the necessities and comforts of life for every individual within our borders.

With modern inventions and labor-saving devices at our disposal, it is entirely possible to achieve these ends on part-time work and have ample leisure for the enjoyment of a full life, our heritage of liberty and the pursuit of happiness.

We are an industrious, intelligent, and patriotic people. Our wealth in man power and material was astoundingly demonstrated in the World War. We fashioned mountains of munitions, built armadas of ships, fed whole nations, and loaned billions of dollars outside our borders. With 3,000,000 of our best man power in military service, we transported a huge army to France and changed the history of the world.

We are still an industrious, intelligent, patriotic people. We still have our resources in land, in minerals, in forests, in machinery, and in man power. Instead of munitions we can fashion necessities; instead of fighting for others we can work for ourselves and keep the money that we make at home. We are entirely capable of producing a plethora of everything we need or think we require.

The development of the Muscle Shoals power project is typical of the new deal and the men behind it. There are other activities afoot that will yield us rich returns. The new democracy is making an unprecedented effort to coordinate the agencies of production and distribution and to adjust our agricultural, social, financial, and economic systems, so that our living standard may be raised, our labors lightened, our savings protected, and our democratic form of government perpetuated for us and for posterity, and for the greater good of the greatest number.

It is our duty, and it should be considered a privilege and a pleasure as well, to enter into this cooperative enterprise that promises such benefits for the lasting good of our Nation. Our party leaders are looking to the young Democrats to join them in their march, to fill their places when needed, and to share in the rewards of victory and service.

It is our President's purpose to loosen the artificial restraints that have retarded us, to mobilize the spiritual resources of the Nation as well as its physical powers, and to engage the faith and service of all of us that our country may be made "a better place to live in."

Sitting at his desk before a microphone, he has talked to millions of us as directly and simply and clearly as a neighbor talks to a friend at his fireside. He has told us of the problems confronting him, of the work he is doing, and of the hope he holds for the future. His endeavors have passed the period of promise and entered the stage of fulfillment. He enjoys the confidence and love of millions of us, for we know that if any human is conscientiously trying to help us, that man is our great-hearted, humanitarian President, Franklin Delano Roosevelt.

ROOSEVELT AGAINST THE EXPLOITERS—ADDRESS BY SENATOR O'MAHONEY

Mr. VAN NUYS. Mr. President, on last Saturday night the junior Senator from Wyoming [Mr. O'MAHONEY] delivered a very notable address before the Indiana Democratic Editorial Association at Indianapolis. I ask that it be printed in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Up to this moment the task of the administration has been to clear away the debris of the depression, so to speak. That work is well on its way to accomplishment. In the millions who have been restored to employment in private industry as the direct result of the N.R.A.; in the rapid increase of bank deposits, brought about by renewed confidence in the banking structure born of the Federal deposit insurance law; in the improved tone of all business, we read the story of recovery. The downward movement has been arrested, and we are again climbing upward.

The fight for permanent recovery in which all classes of our population may share has just begun. As fear is banished and conditions improve, those who in the past have taken advantage of their positions in industry to exploit the whole public, those whom the President has so aptly called the "money changers", will gather their forces in an attack upon the administration, the object of which will be the restoration of the privilege to prey upon the American public. They will use the language of the liberal, but the voice will be the voice of the exploiter. They will talk of the Constitution and of the liberties of the people, but they will have in mind the restoration of what to them were the "good old days", when all the people paid tribute to the manipulators and promoters who through the technicalities of corporate and financial machinery laid their hands on the throat of industry.

If Ogden Mills had delivered his recent Kansas speech before he was appointed Under Secretary of the Treasury, he would not have been admitted to the select circle of those who were running the Government for benefit of big business. We may expect others among the insiders who made no protest against dishonesty in high places, in and out of the Cabinet, during the last three administrations to raise the alarm lest the constitutional liberties of the people be taken away.

Be not deceived. They are not disturbed about the liberties of the people. They are distraught because the license of the exploiters has been taken away. The voice is the voice of Jacob, but the hand is the hand of Esau—a hand that itches once again to gamble with the savings of the people.

THE AIR MAIL SCANDAL

Nothing more clearly illustrates the problem that confronts us than the air mail scandal. Here we find in bold relief all the elements of the broad scheme by which the insiders have been preying upon the public—the ring of promoters and bankers, their alliance with public officials, their use of popular heroes, clean-cut young aviators and experts to win public confidence, and then their raid upon the National Treasury while paying themselves huge bonuses and salaries. Corporations of intricate capital structure with preferred stock, common stock, stock warrants, rights, and what not were created. Insiders were admitted on the ground floor and, before the public selling campaign began, were permitted to purchase stock at a fraction of the price at which it was later offered on the open market. Common stock was issued as a bonus to the purchasers of preferred stock. Thousands of shares were distributed as gifts to the promoters and their friends. Then the innocent public, its enthusiasm

aroused by the heroic feats of young eagles, was permitted to rush in with its savings and make the market in which the favored few were able to unload.

Not content with exploiting the public through stock manipulation, they then sought and received a subsidy from the National Treasury. Bear in mind this subsidy was asked for aviation; it was given to certain favored companies. True, the public thought it was for all aviation and, thinking so, did not protest. Playing again upon the innocent confidence of the people, the promoters separated the sheep from the goats and decided who should and who should not share in the feast.

Postmaster General Brown summoned a meeting of the companies that were to be permitted to participate, and then they divided the carcass among themselves. So thorough was the job they did that W. Irving Glover, Second Assistant Postmaster General under Mr. Brown, is quoted by one of his subordinates in an official document as having said that "they took all the meat and left the bones."

During the few years while this system was in operation these favored mail contractors, Postmaster General Farley tells us, received in excess of $78,000,000 from the Government, at least 60 percent of which, or almost $47,000,000, was pure gratuity. With these millions the conspirators made the deals by which mergers were forced and this or that contractor induced to retire from the field.

AVIATION INDUSTRY SHOULD BE SAVED

Let me make myself clear. I have already indicated my personal belief that the great majority of those engaged in aviation are clean and honest. I do not believe that all the mail contractors were culpable. It is my conviction that guilty individuals should be punished to the ultimate limit of the law, but that aviation should be saved, and to that end I have suggested that all contractors should be permitted to bid again when the contracts are to be relet. I recite the story here to illustrate the manner in which exploitation of the public is carried on.

Every dollar of the millions paid out in the air mail subsidy came out of the pockets of the people—not of the taxpayers alone, but of all the people. Is it not amazing to contemplate that such a system was tolerated and that there are now men who have the hardihood to defend it?

Couple the revelation of this scandal with the revelations of the banking and currency exposé, with the revelations of an earlier investigation into the handling of the public oil reserves, and ask yourselves how much reliance can be placed in the judgment of those men in official life who stood by while these things were going on and who now are beginning to make war upon the Roosevelt administration.

They talk of constitutional liberties now that they are out of office; but when they were in power, they turned the wolves of Wall Street loose upon the public. They gibe at us because of our expenditures to provide work for the jobless and food for the hungry; but when they were in power, they pursued a policy that undermined the very foundations of honest industry and brought upon our people the worst depression in history.

THE LOSS OF NATIONAL INCOME

Republican spokesmen in and out of the Senate have the temerity to talk about a possible deficit of 10 billions incurred in the successful effort to restore industry, forgetting that in a single year they reduced the income of the American people by almost four times that sum. The national income for 1929 was estimated at not less than $83,000,000,000. By 1932 it had fallen to only thirty-eight billions, a decrease of forty-five billions. The total loss is not to be measured by the difference between the maximum income of the people in 1929 and the minimum income in 1932, but by the continuous losses suffered by them in each year of the depression. It has been estimated that this amounts to not less than $80,000,000,000. The expenditures which have been authorized are as a drop in the bucket when compared to the income and capital losses which were sustained while the Government was in the hands of those who allowed themselves to be controlled by the exploiters.

What is the value of your farm now as compared with what it was? What is the value of your ranch; your livestock? What is the value of your home? What is the value of your stocks and bonds? The crash in these values was the result of the system of special privilege which with steadily increasing boldness was built up in the years preceding the advent of the new deal.

In the congressional campaign which is about to begin, the foes of this administration will attack it by indirection. Praising the President, they will attempt to undermine his policies by attacking subordinates and by trying to weaken him in the House and Senate. I say to you that no man is a supporter of the President who lends his influence to the reduction of the President's strength in Congress. No man is cooperating in the recovery movement who is willing to desert the general cause because the special cause in which he may have a personal interest does not move as rapidly as he would like.

If I were to be called upon to name the greatest achievement of the Roosevelt administration, I would say that it was the abolition of government by minorities. Substantial and wide-spread as have been the beneficial effects of every phase of the national recovery program, few of them would have been possible if the President had not definitely turned a deaf ear to all special pleas.

The underlying weakness of the three previous administrations was the lack of cohesive authority in government. The Executive did not command united support in Congress; and because it could not command such support, it was unable to lay down a policy which could be followed through. The Republican Party as such had no mind of its own, for some of its members were conservative, some were progressive, and few could agree on one national policy. As a result practically every proposal of the Executive was torn to pieces in Congress before it could be enacted into law, and the country drifted for lack of leadership into deeper and deeper difficulties.

ROOSEVELT REPRESENTS ALL

This condition was a direct result of the fact that political leaders in and out of Congress allowed themselves to be swayed by the selfish demands of organized minorities. Every special interest that seeks to benefit from national legislation sends its emissaries to Washington to wheedle or bludgeon Congress into granting its concessions. During the past three administrations practically nothing was denied them. The Government Treasury was opened to them and special privilege dominated the scene chiefly because there was no one at Washington to raise the standard of the people and keep it flying.

That is what President Roosevelt has done. He has reestablished the supremacy of the Government at Washington; and today there is not an individual in the whole country, whether he agrees with the President or not, who does not realize that Franklin D. Roosevelt's sole allegiance is to all the people and that no minority can persuade him to yield special privileges. What he does, he does for the whole people and not for any particular class or interest. It is the recognition that this is so that gives him the most tremendous popularity of any political leader in our time.

Already with the approach of the congressional campaign of 1934 one sees the beginnings of an attempt to restore government by minorities. In the effort to break down the solidarity of Democratic action which has made the President's tremendous program possible, Republican spokesmen are attempting to decry the Democratic representatives as rubber stamps. It would be a sad day for the United States if any success should attend that effort, because it would mean the end of that united action for the whole people which has already under the Roosevelt leadership brought us so far out of the throes of depression.

A political party has no reason for existence on a national scale unless it represents a national point of view, unless it is willing to adopt a program and then stand by it. The Democratic Party can take pride in the fact that it has manfully stood by the President; and I have no hesitation in predicting not only that it will continue to stand by him, but that the people will stand by the Members of Congress who by their courageous cooperation with Franklin Roosevelt have made his record possible.

THE OLD, OLD FIGHT FOR FREEDOM

All the pages of history tell the story of the progress of humanity toward freedom—freedom from the bondage of thought, freedom from the bondage of political power, and now—freedom from economic bondage. Every major struggle that has been waged throughout the progress of civilization has been a struggle between those, on the one hand, who sought to subjugate or exploit their fellows, and those, on the other, who resisted conquest and exploitation. Every step in the painful advance of mankind toward freedom has been won through the efforts of those who fought for the liberation of the masses from the nomination of self-constituted masters.

The modern battle for economic freedom will be half won when we fully recognize it as only a phase of the age-old conflict; for the aspirations of the American people remain the same today as they were when the Declaration of Independence was written. If anyone seeks an explanation of the present state of public opinion, he will find it in the practically unanimous belief of our people that the objective of the Government at Washington is the suppression of exploitation of the masses by those who have taken advantage of their positions in industry and finance to enrich themselves at the expense of many.

Let no one mistake the details for the main purpose. The money bill, the N.R.A., the agricultural policy, the various phases of the Economy Act are all only incidents. Doubtless they carry with them hardship for some. They may be changed from day to day—they could be changed from hour to hour. Underlying them, overshadowing them, comprehending them and many others is the principal objective—the liberation of our people from economic exploitations.

To this cause the President has dedicated himself. In this cause he will carry on. In this cause the people will continue to support him; and when the history of this era comes to be written, America will be found to have given a new liberator to the world, another great President, Franklin D. Roosevelt.

LINCOLN'S BIRTHDAY ADDRESS BY COL. FRANK KNOX

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an address by Col. Frank Knox, publisher of the Chicago Daily News, delivered on Lincoln's Birthday, February 12, 1934, at Des Moines, Iowa.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Since I address you on the day we celebrate the birth of Abraham Lincoln, nothing could be more appropriate than to begin with two brief quotations from that great American. On May 19, 1856, Mr. Lincoln said, "In great emergency moderation is generally safer than radicalism." Again on June 26, 1857, he

declared, "If we could first know where we are, and whither we are tending, we could better judge what to do and how to do it."

On January 3 of this year the President of the United States, in the first paragraph of his message to the Congress, said, "I come, rather, to counsel with you, who like myself have been selected to carry out a mandate of the whole people in order that without partisanship you and I may cooperate to continue the restoration of our national well-being and, equally important, to build on the ruins of the past a new structure designed better to meet the problems of modern civilization."

On January 13 the chief political lieutenant of the President of the United States, Postmaster General Farley, declared: "Those voices which are raised against the President's programs come mostly from crusted old guardsmen and standpatters—men who still talk and think in archaic and worn-out terms, men who know nothing and can do nothing but quibble and grumble in dull partisanship and to croak their ancient opposition to whatever is being offered."

I shall try to build what I have to say to you today upon this curious declaration of the President of the United States, "that we must build a new order of society and economics upon the ruins of the past", and the declaration of his chief lieutenant, "that all those who dare to raise their voices in criticism or protest are crusted old guardsmen and standpatters who still think and talk in worn-out terms." I fully recognize the heavy weight of responsibility which rests upon the shoulders of the Roosevelt administration to ameliorate the harsh conditions visited upon our people because of a world-wide depression. I likewise recognize both my responsibility as a private citizen and my responsibility as the editor of a great newspaper to lend every possible assistance and cooperation in forwarding the President's purpose. I recognize in what the President is doing and has done, a sincerity, a courage, and a determination which are worthy of the great office he holds. I also recognize the immense difficulties, the almost insoluble problems, and the multiplied embarrassments which attend all efforts at recovery. It is part of our duty as citizens to lighten in every way we can his burdens and to give him when we can our support. But on the other hand, it is no part of our duty, in fact it is a distinct disservice, if we blindly shut our eyes to obvious, if honest, mistakes and still the voice of conscience when we feel sure that in the mistaken and misused name of emergency fundamental principles and rights are being invaded. This duty to speak out fearlessly and vigorously when what we regard as mistaken policies are proposed or pursued is quite as grave and important as our duty to help when program and principle coincide.

Let me quote again from the great Emancipator, whose birthday we celebrate. On August 22, 1864, he said: "It is not merely for today, but for all time to come, that we perpetuate for our children's children that great and free government which we have enjoyed all our lives. I beg you to remember this, not merely for my sake, but for yours. I happen, temporarily, to occupy this White House. I am a living witness that any one of your children may look to come here as my father's child has. It is in order that each one of you may have, through this free government which we have enjoyed, an open field and a fair chance for your industry, enterprise, and intelligence; that you may all have equal privileges in the race of life, with all its desirable human aspirations."

We are a temperamental people, easily the victims of temporary emotions. Fifteen or so years ago, disgusted by the evils and excesses of the liquor traffic and influenced by the persistent propaganda of zealous, well-meaning people, we wrote into our Constitution prohibition of traffic in intoxicants and accompanied that with appropriate enforcement laws. The evil we struck at then was real. The excesses of the traffic which so disgusted us were actual. The national purpose to promote sobriety was admirable, but we ignored human nature and recklessly invaded the field of personal liberty. Thirteen years of experience taught us that we could not make the Nation sober by enactment and with great difficulty we retraced our steps.

Now we are all of us the victims of an economic depression that is world-wide. None of us has escaped its ravages, and some of us have suffered acute privations. Out of the pain and suffering of 4 years of economic disaster most of us are so obsessed by yearning for a return of the comforts and, in many cases, the necessities of the past that we are willing to forget or overlook, under the spell of hardship, any proposed sacrifice of dearly bought rights in order that we may attain a state of renewed well-being.

There are cloistered philosophers with little or no experience in practical life who would have us believe that we must abandon some of the most fundamental principles of our form of government if prosperity is to be restored. They talk glibly of a bloodless revolution, of a new order, and a social state. It must have been from these that the President drew his inspiration when he declared to Congress that we must build a new order upon the ruins of the past. At this point let me again quote from that great American whose anniversary we celebrate. On March 4, 1861, in his first inaugural, Lincoln said, "Before entering upon so grave a matter as the destruction of our national fabric, with all its benefits, its memories, and its hopes, would it not be wise to ascertain precisely why we do it? Will you hazard so desperate a step while there is any possibility that any portion of the ills you fly from have no real existence? Will you, while the certain ills you fly to are greater than all the real ones you fly from—will you risk the commission of so fearful a mistake?"

These are grave words of grave import uttered in the presence of a far graver emergency than the present. What are the ills from which we flee?

First, we are suffering from the inescapable effect of a devastating World War that consumed millions of lives and billions of treasure.

Second, we are suffering from the effect of an era of overspeculation which accompanied the hectic and phantom prosperity which always follows the exhaustion of war.

Third, we are the victims of an economic system overdeveloped on the productive side and fatally defective in its capacity and facility of distribution.

Fourth, as a byproduct of the hates and jealousies that follow war, we are the victims of an excessive nationalism which built barriers at boundaries, choked off international trade, and robbed us of markets for our surplus products.

Finally, as a certain product of a wildly speculative era we found ourselves enmeshed in staggering debt accompanied by unparalleled deflation of values. These causes brought unemployment and acute suffering upon the industrial centers and impoverishment and loss in agricultural areas.

These are the evils which beset us. It is from these we would escape. What then are the evils we fly to to escape those that we fly from?

We have for the present in actual practice consolidated the executive and legislative functions of the Federal Government in one man. In the name of emergency the Congress has completely abdicated its functions and, under the most czarlike rules ever perpetrated upon a popular assembly, carries out the order of the Executive. This may or may not seem like an evil at the moment, but it is pregnant indeed for the future.

Again permit me to quote from Lincoln. On February 15, 1861, at Pittsburgh, Pa., he said: "My political education strongly inclines me against a very free use of any of the means by the Executive to control the legislation of the country. As a rule I think it better that Congress should originate as well as perfect its measures without external bias."

Again let me say that these words of that great man were uttered in the presence of a greater emergency than ours.

Italy and Germany whose people lived for centuries under the heel of a despot may have needed a dictator to compose their economic difficulties and to preserve order; but the genius of the American people, having wrought out of the wilderness a great Nation, having produced and lived happily for 150 years under the most liberal Constitution ever devised by man, will never permit them to yield their sovereign rights into the hands of a single individual no matter how wise or how beneficent he may be.

I challenge without hesitation the thinly veiled intimations that come from the professorial group which now dominates the bureaucracy of Washington that popular government in America is a failure, that the elected representatives of the people are incompetent to make its laws and that we must, if we would save ourselves, establish here a fascism modeled after that of Mussolini or Hitler.

Another evil to which we are invited to flee is the concentration of all financial power in the Federal Treasury. This is an evil with which we have had experience. Prior to President Jackson's time the Bank of the United States functioned as the supreme arbiter in matters of Federal currency and credit. A vitriolic attack by Jackson upon the evils of this system served as the means of a great Democratic victory. It is an anomaly that the political descendants of Andrew Jackson today would reestablish the throttling control of all business by a Federal bureaucracy which Jackson smashed and in the smashing made himself a great popular hero. I have no hesitancy in declaring that if we fly to this evil of a federalized bureaucratic bank control we shall see at no distant day the emergence of another Jackson who will popularize himself by wresting the hands of a deadening bureaucracy from the throat of business.

The same collegiate theorists who preach the need of a dictator likewise declare that the impulse for profit in business must gradually be eliminated in favor of a cooperative arrangement under which all will labor unselfishly for the common good. This is tantamount to State socialism, nothing less! The elimination of private profit is of the very essence of socialism. It has been upon the natural impulse of human beings to work to improve their lot and to provide comforts for those who are dependent upon them that our system of society is built.

Again let me quote from Abraham Lincoln. In a message to Congress on December 3, 1861, he said: "Many independent men, everywhere in these States, a few years back in their lives were hired laborers. The prudent, penniless beginner in the world labors for wages a while, saves a surplus with which to buy tools or land for himself, then labors on his own account another while, and at length hires another new beginner to help him. This is the just and generous and prosperous system which opens the way to all, gives hope to all, and consequent energy and progress and improvement of condition to all. No men living are more worthy to be trusted than those who toil up from poverty, none less inclined to take or touch aught which they have not honestly earned. Let them beware of surrendering a political power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them, till all of liberty shall be lost."

Lincoln has said it all. It cannot be better said. When we accede to the creed of a socialized economic system from which private profit is subtracted, we shall have abandoned that funda-

mental human impulse which made all progress possible and has given us here in America the greatest Nation in the world.

This new order which we are to erect upon the ruins of the past also invites in a score of ways abandonment of the principle of State sovereignty. The conception of 48 separate and sovereign Commonwealths united in Federal union, the latter of definitely limited powers, with all other powers of government reserved to the respective States constituted the most unique portion of the conception given the world by the men who wrote the Constitution. This principle was based upon the sound theory that in a great country like ours with many differing needs and varying opinions, local affairs could best be governed by those who felt the same needs and shared the same opinion. Only those powers were delegated to the Federal Government which the States individually could not exercise.

On this profoundly right principle of government Lincoln also expressed his opinion when he said: "My faith in the proposition that each man should do precisely as he pleases with all which is exclusively his own, lies at the foundation of the sense of justice there is in me. I extend the principle to communities of men as well as to individuals. I so extend it because it is politically wise as well as naturally just—politically wise in saving us from so many broils about matters which do not concern us. Here, or at Washington, I would not trouble myself with the oyster laws of Virginia or the cranberry laws of Indiana. The doctrine of self-government is right."

But our new-deal philosophers do concern themselves, not with the oyster laws of Virginia, perhaps, but with the rules governing cleaners and dyers in Florida, or the price at which milk shall be retailed in the State of Illinois. They propose to tell us when, where, and how we shall labor, what shall be our reward, and where and to whom we shall dispose of our product, with a penalty of fine and imprisonment if we disobey. The whole thing is ludicrous on its face, utterly incapable of enforcement, and, like the unenforceable prohibition law, will bring all law enforcement into disrepute. There was abundant justification, of course, for the encouragement and promotion in every way which did not interfere with personal liberty to establish a shorter working week. There was abundant justification for codes in industry when labor was sweated and where children were employed. These may be justified under the common-welfare clause of the Constitution. Similarly, there is justification for a degree of Federal supervision of industries dealing with natural resources which are a common inheritance, such as coal, iron, oil, and gas. But to attempt to set up a control and exercise supervision of all business, whether interstate or intrastate, was worthy only of a cloistered philosopher who never knew what it meant to meet a pay roll and who never had had a clash with the realities of life.

These then are the evils to which we flee to escape the evils we know. There is abundant room here for clash of opinion, abundant justification for spirited debate, for only on the anvil of public opinion hammered out by free speech and a free press may we fabricate sound public policies. Shall we resign ourselves to be ruled by a dictator? Shall we permit representative government by Congress to lapse? Shall we reestablish a bureaucratic control of banks and credit? Shall we submit in local affairs to Federal authority? Shall we open our arms to a socialized state from which the principle of private profit has been exorcised, and shall we subject all business to bureaucratic control from a remote Washington, exercised by men who know little if anything concerning the businesses they administer? Have we not lost as a people our sense of proportion and our sense of values if we yield these vital things on the chance that by so yielding we shorten our present misery?

I, by no means, hold that everything that has been is right and that nothing that is new can be good, but I should like to explain my attitude by another quotation from Lincoln taken from the Cooper Union speech in New York in 1860: "Now, and here, let me guard a little against being misunderstood. I do not mean to say we are bound to follow implicitly in whatever our fathers did. To do so, would be to discard all the lights of current experience—to reject all progress, all improvement. What I do say is, that if we would supplant the opinions and policy of our fathers in any case, we should do so on evidence so conclusive, and argument so clear, that even their great authority, fairly considered and weighed, cannot stand."

I, for one, refuse to believe that the Frankfurter school of political philosophy, now dominant in Washington, has successfully made out a case which overrides what Lincoln calls the opinions and policy of our fathers whose great authority, fairly considered and weighed, cannot stand against them. I believe it does stand and will stand after the Rex Tugwells and the Mordecai Ezekiels are forgotten.

In what I have said thus far I have appealed to you on behalf of the spirit and purpose of our institutions, under which there has grown up in this country the greatest nation the world has ever known, possessed of the greatest wealth ever accumulated, a wealth more evenly distributed than under any other form of government, with a standard of living higher than that ever approximated anywhere under the sun. These are not idle boasts or empty claims. They are provable facts of which in normal times we are prone to boast and thoroughly justified when boasting.

Let me now turn to the material side. Whither are we tending with respect to future burdens of debt and taxes which can be met only out of the pocket of the taxpayer? You are far too intelligent an audience to believe for one instant that the huge burden of debt we are building up and the excessive cost of Government which is steadily growing will be paid out of the pockets of a few wealthy individuals or corporations. It is a load which must be carried on the shoulders of us all, and this burden will sit heavier on the man of modest means than it will ever bear down on the shoulders of great wealth.

A distinguished member of the party now dominant in national affairs once said "that the best government is that government which governs least." This is obviously a democratic doctrine now abandoned—but how completely abandoned few of us realize.

How many people are now dependent upon Federal pay rolls for their livelihood? The proportions of the bureaucracy created in the past year literally challenges one's credulity. Including all the alphabetical activities of recent months, the Federal pay roll, as I speak to you today, includes the names of 6,657,211 individuals. This does not, however, include a million cotton growers, a half a million wheat growers, and 100,000 tobacco growers who are also receiving the bounty of the Government. Adding these recipients of Government money to the 6,600,000, we have a grand total of men and women drawing money out of the Federal Treasury totaling 8,275,000. These figures totally ignore the hundreds of thousands of pay rollers in subordinate divisions of the United States controlled by the Democratic Party. Since it is fair to assume that every individual thus benefited directly from the Federal Treasury can control one vote other than his own, we have here a total voting strength sufficient to keep in power indefinitely the dominant party whose policies produced such a bounty-fed army of bureaucrats and beneficiaries of bureaucracy. This swarm of tax eaters which must be maintained at the expense of a non-office-holding public constitutes a grave menace to the perpetuation of a free Government.

Next, let us consider the huge indebtedness that is piling up at an unprecedented rate to support the activities of the "new deal." The last available figure on the total indebtedness of States, counties, cities, and all other subdivisions with the power to incur debt amounted to $19,684,577,000. Adding to this the debt of the Federal Government as of today, amounting to $25,068,052,506.17, we have a total in round figures of $44,750,000,000. To this must be added an additional $6,000,000,000 to be borrowed during the current fiscal year, making a grant total in round figures of $50,000,000,000, or a total of $400 for every man, woman, and child of the 125 millions of our population. Des Moines' share alone of this huge total is $57,000,000. Figuring the interest on this huge sum at the average rate of 4 percent, which is low, and assuming it will take 50 years in which to pay, the annual burden for interest and amortization amounts to $3,000,000,000. Again applying that to the city of Des Moines, it means that the people of this community each year must contribute out of their earnings to repay public debts of all kind and interest thereon a total of $3,000,000 a year, and this is not to pay for running expenses of government. It is exclusively to extinguish obligations already incurred for money spent. To this huge total just cited there must also come from the pocket of the taxpayers sufficient money to pay local taxes of $6,500,000,000 and Federal taxes, amounting in one form and another to approximately $4,000,000,000. Here, then, is a tax bill of $10,000,000,000 and more to add to our $3,000,000,000 burden for interest and amortization of debts, or a grand total in excess of $13,000,000,000.

In the year 1932 the national income from every source of the citizens of the United States was approximately $50,000,000,000. On that basis over 25 percent of the total national income must be paid for taxes. In other words, assuming steady employment 300 days per year, 2½ months' time and wages of every wage earner of every description on the average must be devoted to paying taxes. Even if we grant, as we must, the probability that 1932 touched the low point of national income, one must be indeed optimistic to prophecy an income this year in excess of $60,000,000,000; and this would mean that 20 percent of our total income must go to the tax collector.

I submit that this burden of taxes is rapidly approaching a point where it will become intolerable. When and if that point is ever reached, human history tells us in no doubtful terms that resort will be made first to repudiation and then to an uncontrolled currency inflation. This is, I believe, one of the greatest dangers which threaten us.

There is, after all, a close relationship between taxes and prosperity. Constantly heightened taxes impair the prospects of prosperity, and lowered taxes invite prosperity. There is a great deal of truth in the declaration that we as a nation cannot spend ourselves into prosperity. On the contrary, reckless expenditures darken the prospects of good times. There is no essential difference between sound private business and sound public business. The most fundamental rule in either case is that requiring that outgo be well within income. It is a homely truth, but no truth better exemplified by human experience, that the way to economic security is never open, save to those who earn more and spend less. The utterly reckless improvident spending of public moneys which has characterized the past few months bewilders the intelligence and casts a cloud of doubt over the prospects for permanent recovery.

But, what of a constructive program built on the firm foundations of our Constitution and proved by experience with the past?

I believe the first essential in such a program is immediate and final stabilization of the currency, made, if possible, in agreement with England, but if that is impossible, without it.

The attempt to establish bureaucratic control of all forms of business should be abandoned and opportunity afforded private

enterprise and initiative to function under the minimum of regulation necessary to prevent unjust and unfair practices.

To secure final stabilization of the dollar and to restore credit I would remove the control of credit from the Treasury, where it now resides, to the Federal Reserve System as the law contemplates it should be and rely not on public expenditures but private investment in sound business enterprises to cure unemployment. It is significant in this connection to know that in Great Britain, where recovery during the past year has been most pronounced of all the countries of the world, this precise policy has been followed. The recovery in Great Britain has not been artificial or government-stimulated. It has been real and therefore permanent.

I would abandon the acute nationalistic policy with respect to international trade which now obtains and substitute for it that selective reciprocity in the form and arrangement of which William McKinley was the first spokesman and prophet. It is along the path of widened world markets that actual and permanent relief will come to our agricultural population. I believe the actual destruction of food and farm products while other millions lack the actual necessities of life is a crime against society, and the current proposal of a compulsory limitation of crops to be unsound and unenforceable. It would be certain to produce precisely the same result that obtained among tobacco growers when a similar regulation was sought to be enforced, a policy which brought in its train nightriding, barnburning, bushwhacking, and murder. I believe intelligent and vigorous prosecution of a policy of reciprocity would restore agricultural prosperity quicker and certainly more permanently than any artificial restraints upon production promoted by bounties from the Federal Treasury or forced by law.

These proposals accompanied by the dissolution of the huge army of bureaucrats, the reduction of government costs in every possible direction accompanied by a reduction of taxes, will give us back a prosperous America, and it shall be a restored America in which its citizens shall practice and enjoy freedom of press, freedom of speech, freedom of competition, freedom from bureaucracy and freedom of the individual to pursue his calling whether it be on farm, in factory, store or office, provided he does not transgress the rights of others.

ADDITIONAL STENOGRAPHERS FOR SENATORS

Mr. ASHURST. Mr. President, I inquire as to the status of the resolution—it was not introduced by myself—proposing to provide additional stenographers for Senators during the present session of the Senate. Personally I do not particularly require an additional stenographer. However, while I shall not mention the names of Senators, I do know of two Senators who receive a thousand letters a day each, and I could name two other Senators who receive 1,800 letters a day each. All Senators are more or less industrious. The Senate knows how hard my colleague works, for instance. I do not know that he needs an additional stenographer, but I could name at least 70 Senators who are overwhelmed with letters.

If the Senate will pardon a personal reference, I received 6,000 letters last week relating to the municipal bankruptcy bill. I shall be able to answer them; at least I shall try.

Mr. ROBINSON of Arkansas. Mr. President, it is my information that the resolution referred to by the Senator from Arizona is pending in the Committee to Audit and Control the Contingent Expenses of the Senate. Let me add that the resolution does not provide for an additional clerk to each Senate committee chairman, including the Senator from Arizona and myself.

Mr. ASHURST. I have no complaint personally; but, I repeat, many Senators who are not chairmen receive letters in such large numbers that it is hopeless for them to attempt to make answer, and our correspondents over the country should either have replies to the letters or the RECORD should disclose why our mail is not being answered.

Mr. WALSH. Mr. President, I should like to state for the RECORD that I received yesterday 1,800 telegrams.

RADIOBROADCASTING OF NEWS

Mr. DILL. Mr. President, for several weeks I have been receiving a considerable number of letters from all parts of the United States complaining that the radio stations of the country are about to discontinue the announcement of news throughout the country. Without exception the letters have complained very bitterly against any such proposal. I have before me the publication of the National Association of Broadcasters containing a report of the agreement made between the National Broadcasting Co., the Columbia Broadcasting System, the Associated Press, the United Press, the International News Service, and the Publishers' National Radio Committee by which it is agreed that beginning March 1 the news dispatches of those news associations will not be permitted to be broadcast over radio systems except as given by the news associations to this committee for periods of 5 minutes each day. They further provide that those broadcasts shall be not earlier than 9:30 o'clock in the morning and not prior to 9 o'clock at night.

I have no desire to criticize what the Associated Press or the United Press or the other press associations or the broadcasting chains may decide to do about the news they collect, but I do have this to say about the public service to be rendered by radio. There are literally millions of people in the country who depend upon the announcement of news over the radio to get the news events of the world. In many cases at this time of the year they know what is happening in the world 2 or 3 days ahead of any time they could learn it through the newspapers.

I venture the prediction that this order will not be carried out by all radio stations in the country so far as news service is concerned. If the press associations of the country and the broadcasting chains insist that there shall not be more than 5 minutes of news service over the radio and that only after 9:30 o'clock in the morning and after 9 o'clock at night, I venture the prediction there will be a radio news service established in the country that will give the news collection agencies a good deal more trouble than they have ever had up to this time from radiobroadcasts. The people of the country expect the radio stations to give them information. The radio stations are giving them information at this time.

I dare to suggest to the news-gathering associations that they cannot do more to popularize their own newspapers than to allow a larger use of their services than 5 minutes twice a day after 9:30 o'clock in the morning and after 9 o'clock at night. I believe they are in position to combine with the news-gathering agencies of America and the world to give to the American people the greatest news service ever known to the human family. No suppression of this kind can long keep the people from securing the service from the radio stations which those stations are able to give. I earnestly hope they will see that it will be to their interest to satisfy the desires of the people for this information, and not attempt to shut off a great radio service in the form of news in this country.

Mr. President, I ask leave to have printed in the RECORD at the conclusion of my remarks the statement from the National Association of Broadcasters' publication of February 17, to which I have just referred.

There being no objection, the statement referred to was ordered to be printed in the RECORD, as follows:

RADIO-NEWS PROGRAM EFFECTIVE MARCH 1

The Associated Press, United Press, and the International News Service have notified all member and client newspapers that, effective March 1, 1934, the broadcasting of news from their telegraphic reports is prohibited, except in accordance with a recently promulgated program.

The text of this program, which has been carried on the wires of all newspapers receiving press-association service, along with an announcement by E. H. Harris, of Richmond, Ind., chairman of the publishers' national radio committee, is as follows:

NEW YORK, N.Y., *January 31, 1934.*

Note to editors:
For information of publishers and for publication, if desired:

After a series of conferences, the newspaper, press-association, and radio groups met at the Hotel Biltmore and arranged that the program for news broadcasting should become effective March 1, 1934.

Mr. Edwin S. Friendly, of the executive committee of the publishers' national radio committee, was elected chairman of the administration committee to organize the bureau in cooperation with the publishers' national radio committee and in accordance with the program outlined.

Represented at the meeting were: Associated Press, United Press, International News Service, National Broadcasting Co., Columbia Broadcasting System, and the publishers' national radio committee. The managing director of the National Association of Broadcasters was present at the meeting as an observer.

The Columbia Broadcasting System and the National Broadcasting Co. have announced that in accordance with their previously expressed intention they have decided to withdraw from the news-gathering field.

The program is as follows:

That a committee consisting of 1 representative of the American Newspaper Publishers Association, 1 representative each from the United Press, the Associated Press, and the International News Service, 1 representative from the National Association of Broadcasters, and 1 representative each from the National Broadcasting Co., and the Columbia Broadcasting System, totaling 7 members, with 1 vote each, should constitute a committee to set up with proper editorial control and supervision a bureau designed to furnish to the radio broadcasters brief daily news bulletin for broadcasting purposes. The chairman of the above committee will be the representative of the American Newspaper Publishers Association and a member of the Publishers National Radio Committee. All actions of this committee will be in conjunction with the Publishers National Radio Committee.

The newspaper and press association members of this committee are authorized and empowered to select such editor or editors and establish such a bureau as may be necessary to carry out the purposes of this program, to wit:

"To receive from each of the three principal press associations copies of their respective day and night press reports, from which shall be selected bulletins of not more than 30 words each, sufficient to fill two broadcast periods daily of not more than 5 minutes each."

It is proposed that a broadcast, to be based upon bulletins taken from the morning newspaper report, will be put on the air by the broadcasters not earlier than 9:30 a.m., local station time, and the broadcast based upon the day newspaper report will not be put on the air by the broadcasters prior to 9 p.m., local station time.

It is agreed that these news broadcasts will not be sold for commercial purposes.

All expense incident to the functioning of this bureau will be borne by the broadcasters. Any station may have access to these broadcast reports upon the basis of this program upon its request and agreement to pay its proportionate share of the expense involved.

Occasional news bulletins of transcendent importance, as a matter of public service, will be furnished to broadcasters, as the occasion may arise at times other than the stated periods above. These bulletins will be written and broadcast in such a manner as to stimulate public interest in the reading of newspapers.

The broadcasters agree to arrange the broadcasts by their commentators in such a manner that these periods will be devoted to a generalization and background of general news situations and eliminate the present practice of the recital of spot news.

A part of this program is to secure the broadcasting of news by newspaper-owned stations and independently owned stations on a basis comparable to the foregoing schedule. The press associations will inform their clients or members concerning the broadcasting of news from press association reports as set forth in the foregoing schedule.

The Publishers National Radio Committee will recommend to all newspaper publishers the above program for their approval, and will urge upon the members of the Associated Press and the managements of the International News Service and the United Press the adoption of this program.

By this program it is believed that public interest will be served by making available to any radio station in the United States for broadcasting purposes brief daily reports of authentic news collected by the press associations, as well as making available to the public through the radio stations, news of transcendent importance with the least possible delay.

E. H. HARRIS,
Chairman Publishers National Radio Committee.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. Mr. President, it becomes necessary to make a statement with respect to the order of business. I think there should be a quorum present, and I therefore suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Couzens	Kean	Robinson, Ark.
Ashurst	Cutting	Keyes	Robinson, Ind.
Austin	Davis	King	Russell
Bailey	Dickinson	La Follette	Schall
Bankhead	Dieterich	Logan	Sheppard
Barbour	Dill	Lonergan	Shipstead
Barkley	Duffy	Long	Smith
Black	Erickson	McAdoo	Steiwer
Bone	Fess	McCarran	Stephens
Borah	Fletcher	McGill	Thomas, Okla.
Brown	Frazier	McKellar	Thomas, Utah
Bulkley	George	McNary	Thompson
Bulow	Gibson	Murphy	Townsend
Byrd	Goldsborough	Neely	Trammell
Capper	Gore	Norris	Tydings
Caraway	Hale	Nye	Vandenberg
Carey	Harrison	O'Mahoney	Van Nuys
Clark	Hastings	Overton	Wagner
Connally	Hatch	Pittman	Walsh
Coolidge	Hatfield	Pope	White
Copeland	Hayden	Reed	
Costigan	Johnson	Reynolds	

Mr. DIETERICH. I desire to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is unavoidably absent this morning.

Mr. FESS. I desire to announce that the senior Senator from Rhode Island [Mr. METCALF], the junior Senator from Rhode Island [Mr. HEBERT], the Senator from South Dakota [Mr. NORBECK], the Senator from Missouri [Mr. PATTERSON], and the Senator from Connecticut [Mr. WALCOTT] are necessarily detained from the Senate.

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Virginia [Mr. GLASS] is detained from the Senate by illness, and that the Senator from South Carolina [Mr. BYRNES] and the Senator from Montana [Mr. WHEELER] are absent because of severe colds.

Mr. McKELLAR. I desire to announce that my colleague [Mr. BACHMAN] is unavoidably detained from the Senate. I wish this announcement to stand for the day.

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, it had been my expectation, and I think that of the Senate generally, that the Senate would proceed today with the further consideration of the independent offices appropriation bill. On Thursday an order was made that, following the conclusion of the consideration of that bill, the Senate should proceed to the consideration of House bill 6604, the naval construction bill. This morning I have been advised by his physician that the Senator from South Carolina [Mr. BYRNES] is ill, and I have also been informed by the Senator from Nevada [Mr. McCARRAN] that he is unable to proceed with the subject matter referred to. I am, therefore, going to submit a request for a modification of the order, to the effect that the Senate now proceed with the consideration of the naval construction bill. Aside from the independent offices appropriation bill, there is one other general appropriation bill now on the calendar, having just been reported this morning. I refer to the Treasury and Post Office appropriation bill. The Senate will be ready to proceed with that measure, I believe, in the early future, but the conditions surrounding that bill are not such that I feel it can be taken up at once. I therefore ask unanimous consent that the Senate proceed now with the naval construction bill.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas?

Mr. BORAH. Mr. President, I understand that the effect of the request, if granted, will be to lay aside for the present the independent offices appropriation bill?

Mr. ROBINSON of Arkansas. Yes; the request is to let that bill go over for the day, and it may be necessary even to let it go over until Wednesday. However, I am not asking now that the bill go over further than today. It is desired to take up the independent offices appropriation bill as early as practicable, but the Senator from Virginia [Mr. GLASS] being absent on account of illness, the Senator from South Carolina [Mr. BYRNES] also being ill, and the Senator from Nevada [Mr. McCARRAN] representing to me that it is his earnest desire that the bill go over today, I submit the request and that we proceed with the consideration of the naval construction bill.

Mr. McNARY. Mr. President, in view of the statement made by the Senator from Arkansas, I join with him in that request. I think he just answered a question I was about to propound; namely, if the absent Senators should return tomorrow and we should conclude consideration of the naval construction bill, whether we may then proceed to consideration of the independent offices appropriation bill.

Mr. ROBINSON of Arkansas. The naval construction bill might then be laid aside if the Senate should so desire.

Mr. McNARY. In other words, assuming that we shall not conclude consideration of the Vinson naval construction bill today and that the Senator from South Carolina and the Senator from Nevada shall be present tomorrow, will

the Senator from Arkansas be willing to take up the independent offices appropriation bill tomorrow and lay aside the unfinished business?

Mr. ROBINSON of Arkansas. I would desire to do that, and would submit the necessary request looking to that end.

Mr. NORRIS. Mr. President, of course I cannot object to the laying aside the independent offices appropriation bill when two Senators are ill and cannot be present; but I want to state to the Senate that I had made arrangements, not knowing anything about the situation which has just developed, to leave the city tomorrow and I cannot now change the arrangements I have made and will probably be absent. I was very anxious to be here during the consideration of two items in the appropriation bill. I simply want to state that fact as an explanation for my absence.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, requested a conference with the Senate on the disagreeing votes of the two Houses thereon, and that Mr. AYRES of Kansas, Mr. CARY, Mr. HART, Mr. SWICK, and Mr. BUCKBEE were appointed managers on the part of the House at the conference.

NAVAL CONSTRUCTION

Mr. TRAMMELL. Mr. President, I ask that the naval construction bill be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate the unfinished business, being House bill 6604.

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. TRAMMELL. I desire to request that the formal reading of the bill constituting the unfinished business be dispensed with, and that the bill be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection?

Mr. FRAZIER. Mr. President, inasmuch as the bill referred to is very short, and there has been a good deal of newspaper talk about it, I think it would be very well to have it read when the time comes to consider it. I do not want to take the time now from the Senator from West Virginia [Mr. HATFIELD], who, I understand, desires to address the Senate.

The VICE PRESIDENT. Objection is made.

Mr. KING. Mr. President, does the Senator in charge of the bill intend to make an opening statement explaining the implications and the terms of the bill?

Mr. TRAMMELL. Mr. President, the bill is quite short, and there has been much newspaper discussion of it, so I thought I would be courteous and allow those opposed to the bill, if there are such——

Mr. KING. There are some.

Mr. TRAMMELL. To make their speeches if they desire.

INTERIOR DEPARTMENT APPROPRIATIONS

The VICE PRESIDENT laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. HAYDEN. Mr. President, I move that the Senate insist upon its amendments, agree to the conference requested by the House, and that the Chair appoint conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. NYE, and Mr. STEIWER conferees on the part of the Senate.

AMENDMENT OF FOOD AND DRUGS ACT

Mr. COPELAND. Mr. President, I ask unanimous consent, out of order, to introduce a bill which I understand will be numbered 2800. This is a rewriting of the more or less famous—or infamous—food and drugs bill.

Mr. President, I desire to say for myself that I thought I had had all the troubles one could have in this life; but in all my experience I have never had so many worries and so much trouble as I have had in connection with this bill. The subcommittee held long hearings, and I myself have been in conference almost constantly since Christmas with various groups representing the advertising, food, drug, and cosmetic industries.

Mr. BORAH. Mr. President, I could not quite hear the Senator. Is he reintroducing a food and drug bill?

Mr. COPELAND. The Senator is right. I am introducing a rewritten bill on this subject.

Mr. BORAH. Does it contain changes from the second bill?

Mr. COPELAND. There are changes from the second bill.

Mr. BORAH. Can the Senator tell us briefly what the changes are?

Mr. COPELAND. Mr. President, in response to the request of the Senator from Idaho I shall endeavor to explain very briefly some of the changes proposed. Before doing so, however, let me finish what I started to say; namely, that there have been almost constant conferences with different branches of the industries affected, and with citizens who are concerned, as I am, in having the consumer protected.

It was quite apparent that the first bill placed in the hands of the Secretary of Agriculture what personally I regard as too great arbitrary power. After due consideration, it was decided to provide for appeal boards to deal with proposed regulations—2 boards appointed by the President, 1 of physicians interested in public health, and the other made up of 2 representatives of the Department, 3 representing the consuming public, and 2 from the industries affected. This is the appeal board to deal with foods.

A great effort was made to have the committee do away with the provision which the original bill contained, demanding a disclosure of formulas upon the packages carrying proprietary foods. The committee did not feel free to do that, and has not done so.

The chief, perhaps the most conspicuous, change is the one I have mentioned—the possibility of appeal to the two boards.

There was a feeling on the part of certain divisions of the medical profession that there was an attack upon the prerogatives of the doctor, particularly of the chiropractors. In the bill is a provision that devices intended to affect the structure on any function of the body should be subject to the same regulations that drugs are. Certain devices are sold and distributed through the public mails and in commerce, such as radium discs, which, attached to the body, are alleged to cure the ailments of the human being. Of course, personally, I do not subscribe to that doctrine; but this bill makes certain that the medical practitioner shall not be interfered with in his practice.

I call the attention of the Senator from Montana [Mr. ERICKSON] to this particular change, appearing on page 2, lines 4 and 5, which appears in this bill, S. 2800.

After great tribulation, the subcommittee determined upon a bill. It was presented to the full committee at the last meeting. There it was decided, for various reasons, that there should be a reprint of the bill.

The first bill was numbered 1944, and is known to the world as the "Tugwell bill." The bill which I introduced as a substitute was known as Senate bill 2000. Senate bill 2000 was revised by the committee, and various minor changes have since been made. The criticisms which have been sent in have related to Senate bill 2000, and we were

not clear whether it was the original Senate bill 2000 or the modified Senate bill 2000.

So, in order that there may be a target at which to shoot, which is the real target, it was deemed wise on the part of the full committee that a reprint should be made, a clean print, in order that the final conclusions of the subcommittee might be presented in such form that they might be understood by all those who are interested.

Mr. DILL. Mr. President——

Mr. COPELAND. So this bill is introduced, and there is to be a public hearing on the 27th, when anybody who is interested in firing a few more shots at food and drug control may have that opportunity.

I yield to the Senator from Washington.

Mr. DILL. That was the matter about which I desired to ask the Senator.

Mr. COUZENS. Mr. President, will the Senator yield?

Mr. COPELAND. I yield.

Mr. COUZENS. What has the Senator done in the bill about the advertisers? Evidently that is a matter that is going to be influenced largely by the press.

Mr. COPELAND. The objection of the Periodical Advertisers, representing 144 of the great monthly and weekly journals—the Curtis Publishing Co. periodicals, the Harper and Hearst publications, Collier's, the MacFadden publications, and others to a total of 144—related largely to two things in the bill; and I may also say that that is true of the Editorial Association, representing the small newspapers. They objected to making individual members of the corporation publishing the periodical carrying these advertisements personally responsible for what might be stated in the advertising. The bill provides that the advertiser may take refuge in a certificate that the advertising copy was received from a given manufacturer, and that, having given that information to the Department of Agriculture, the advertiser is released from responsibility, and the Department will deal directly with the manufacturer who has put forth the claim which the Department may hold to be fictitious.

Mr. COUZENS. But it does not involve the reliability of the manufacturer at all. If the publisher publishes, and the manufacturer is irresponsible, the public is not protected. Is that the case?

Mr. COPELAND. The publisher is protected, in that he is required to give to the Secretary of Agriculture the name of the manufacturer preparing the copy and making the claim; and then, the responsibility having been fixed upon the manufacturer, the action of the Department is against the manufacturer.

That is not quite all the criticism offered by the advertising media. There was great objection on their part to giving the Department of Agriculture the right to establish grades of food products. The McNary-Mapes bill provided for the grading of canned foods. One grade was established, and then, under certain conditions, what might be called "substandard products" were to be sold.

In the original Tugwell bill provision was made for the establishment, by the Department, of grades of foods or products—grade A, grade B, grade C, or whatever it might be.

Mr. McKELLAR. Mr. President, will the Senator yield to me for a question?

Mr. COPELAND. Yes.

Mr. McKELLAR. I was not present when the Senator began his remarks. Is this a report from the committee, or is it just a request to have a new bill printed?

Mr. COPELAND. The latter is the case.

Mr. McKELLAR. I thank the Senator.

Mr. COPELAND. If I may continue, the advertisers did not wish to have the Department establish several grades. There was no opposition on their part, or on the part of anybody worth while, to having a quality grade established at just as high a level as the Department might determine. That is a matter of discretion on the part of the Department. The bill was discussed with those in high authority, and it was determined that the bill should provide for the establishment of one quality grade which must be met by every manufacturer. That grade should be high enough to insure that the product is wholesome, nutritious, and worthy of distribution in commerce. Above that standard the manufacturers are permitted to go as far as they like in establishing supergrades.

With these amendments the periodical publishers and the newspapers are not in opposition to the bill. They state frankly that they are not competent to judge of the scientific aspects of the matters considered, but, as far as they are concerned, that they have withdrawn their opposition.

Let me say, Mr. President, that, as I see it, this bill now is a sane, sensible, workable bill. My own experience in the administration of food and drugs laws makes me believe that the measure can be administered in a way to give protection to the American people. I want Senators to know that there are those who continue in bitter opposition to the bill, but, in my opinion, they are largely those who would be in opposition to any attempt whatever at regulation, and of course we cannot hope to please them. We have no desire to please them.

So, Mr. President, this bill is presented in order that there may be before the Senate and before the committee at the hearing next week the final conclusion of the subcommittee as to what should be included in the bill. When presented to the full committee it was the consensus that the matter should be dealt with in this manner. So, unless there are other questions, I ask unanimous consent that the bill be received and properly referred.

The PRESIDING OFFICER (Mr. ADAMS in the chair). The bill will be received and referred to the Committee on Commerce.

The bill (S. 2800) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drink, drugs, and cosmetics, and to regulate traffic therein; to prevent the false advertisement of food, drink, drugs, and cosmetics, and for other purposes, was read twice by its title and referred to the Committee on Commerce.

PRESERVATION OF PRESENT SUPREME COURT CHAMBER

Mr. ROBINSON of Arkansas. Mr. President, I ask leave to submit a resolution, and will take just a moment to explain it.

It is expected that in a few weeks the Supreme Court will vacate the room now occupied by it in the Senate wing of the Capitol and move into quarters in the new Supreme Court Building. There is great interest in the subject matter of this resolution, which provides for the preservation of the room and its being kept open under such rules and regulations as may be prescribed by the Architect of the Capitol, with the approval of the Committee on Rules of the Senate.

Let me say just one more word. It is my understanding that a simple Senate resolution is adequate to accomplish the purposes in view. If, however, it be found that a concurrent resolution is necessary, the matter can be so reported by the Committee on Rules.

Mr. COPELAND. Mr. President, I am glad that the Senator from Arkansas has submitted the resolution, because in my capacity as Chairman of the Committee on Rules I have had various conferences with interested citizens, and there is a general sentiment that the Supreme Court room as it is at present should be preserved. Of course, the Supreme Court room now is not as it was originally, when it was the Senate Chamber, because it dipped down into what is now the basement, or where the law library is located. But this room has been used for so many years, and has so many traditions and matters of historical interest associated with it, that it is generally believed it would be a very sad thing, and a wrong thing, to cut the Supreme Court room into spaces to be used for other purposes. So for myself I want to declare my very great desire to have the Supreme Court chamber left as it is. Later the Committee on Rules of the Senate may determine what uses may be made of the space when the room is so preserved, but certainly it should be our thought, I believe, to maintain the chamber as it is.

Mr. FESS. Mr. President, I did not hear the resolution read, and I am not aware what its purport is. Does the resolution provide for the use of the Supreme Court room for other purposes?

Mr. COPELAND. I think it might be well to have the resolution read. It was submitted by the Senator from Arkansas.

Mr. ROBINSON of Arkansas. Let the resolution be read. I am not asking action on it now.

The VICE PRESIDENT. The clerk will read the resolution.

The resolution (S.Res. 193) was read and referred to the Committee on Rules, as follows:

Resolved, That the room now occupied by the United States Supreme Court in the Senate wing of the Capitol, when vacated by the Court, shall be preserved and kept open to the public under such rules and regulations as may be prescribed by the Architect of the Capitol, with the approval of the Committee on Rules of the Senate.

Mr. FESS. Mr. President, I did not understand the purport of the resolution, and I am very grateful to the leader of the majority in the Senate for having taken the precaution to submit a resolution which will prevent what I was afraid was going to take place. As the Senator will no doubt recall, some 2 or 3 years ago there was a sort of a general plan for dividing the room up for the use of Senators and committees. To me that was a horrible suggestion. The resolution provides for doing exactly what I should like to see done.

Mr. BARBOUR. Mr. President, apropos the remarks which have just been made in connection with the Supreme Court chamber, I ask unanimous consent that a brief excerpt from a letter just received by me from Dr. Nicholas Murray Butler, president of Columbia University, be printed in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

[Excerpt from letter of Dr. Nicholas Murray Butler, Feb. 12, 1934]

* * * The room now occupied by the United States Supreme Court should not be permitted to be used for any other administrative or governmental purposes when the Court goes to its new building, but kept as it now is—to be a center of pilgrimage for young Americans for generations to come. The Supreme Court has been there since 1860 and the Senate was there for some 40 years before that. It is within those walls that the great speeches of Hayne and Webster, of Clay and Calhoun, of Benton and Douglas, and of Seward were made. I can think of few rooms in the world which have finer or more powerful associations, that would influence our young people to a better understanding of what the word "patriotism" really means.

ST. LAWRENCE WATERWAY TREATY—EDITORIAL FROM TORONTO STAR

Mr. LOGAN. Mr. President, during the discussion of the St. Lawrence Waterway Treaty a certain editorial appearing in the Toronto Mail and Empire has been mentioned a number of times by Senators. That editorial is in the nature of a reflection upon the representatives of the United States Government in reaching an agreement on that treaty. It is rather a jubilant editorial, setting out the fact that the United States got much the worst of it. I think possibly it has been circulated to do harm by those who oppose the treaty, not only in the United States, but in Canada as well.

I have before me another editorial, appearing in another Canadian paper, the Toronto Star, which I have checked very carefully, and it appears to me that it more nearly states the facts than does the editorial which has been referred to so often by those who oppose the treaty.

I ask unanimous consent to have the editorial appearing in the Toronto Star follow my remarks in the RECORD.

The VICE PRESIDENT. Is there objection?

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Star, Toronto Ontario, Feb. 13, 1934]

A GIVE-AND-TAKE TREATY

A lot of give-and-take was necessary on the part of Canada and the United States before it was possible to come to an agreement for the joint development of the international section of the St. Lawrence River and the completion of a 2,000-mile water highway between the heart of the continent and the Atlantic Ocean. The long years of delicate negotiations ended with an agreement because each nation tried to understand the other's position and respect its rights, interests, and sensibilities.

Selfish interests that are opposing the treaty in the United States Senate are making much of an editorial published in the Mail and Empire which suggested that Johnny Canuck had been too slick for Uncle Sam in the negotiations and had saddled most of the cost of the project on the United States although 4,000,000 of the 5,000,000 horsepower to be generated on the river would be owned by Canada. Those who are familiar with the St. Lawrence question know how misleading was that article. The total cost of the works incorporated in the deep waterway will be $543,000,000, and of that amount Canada will be responsible for 271 millions and the United States for 272 millions. But as Canada has just completed, at a cost of 128 millions, the great central link that will take big ships safely past Niagara Falls, she has not to do as much new work as the Republic has to do. On the other hand, the United States is making no allowance to Canada for the $45,000,000 spent by her on existing canals that will have to be scrapped, although they still have value, nor for the $40,000,000 spent by Canada on deepening the all-Canadian section of the river between Montreal and Quebec, without which the whole project would be impossible. The United States Government itself has supplied figures which show that the Republic will save three or four times as much in transportation rates as the Dominion expects to save. As to the electric energy, the 2,000,000 horsepower to be had in the international section will be divided equally between the two countries. The rest of the power is in the all-Canadian section and the cost of its development is not included in the treaty. When it is developed, as it will be ultimately, Canada will stand the entire cost of development, a matter of some $300,000,000.

The mischief done by the Mail and Empire's editorial is hard to overtake. It is pertinent to observe that that paper was purchased by the head of the Royal Securities Corporation of Montreal, which deluged the national Conservative Party in convention at Winnipeg with booklets denouncing the proposed St. Lawrence Treaty, and which induced the convention to oppose the deep waterway except as an all-Canadian project; a man who was favorable to the Beauharnois scheme, and head of a syndicate for developing power on the Ottawa River. The Mail and Empire and its political associates blocked the St. Lawrence international scheme until the Ontario Hydro felt itself compelled to buy all the power developed by the Ottawa project as well as 250,000 horsepower from the Beauharnois scheme. Then they were content to let the international scheme get under way. But even now the Canadian opposition to the treaty obtains most of its inspiration from private power interests in Montreal that are determined that the publicly owned Ontario Hydro and the New York State Power Authority shall not be allowed to develop their own power in the international section of the St. Lawrence until the 3,000,000 horsepower in the Quebec all-Canadian section has been developed and marketed.

INDEPENDENT OFFICES APPROPRIATIONS—NOTICE TO SUSPEND THE RULES

Mr. HATFIELD. Mr. President, I send to the desk an amendment, which is a facsimile of an amendment that I offered on January 11, 1934, perfected, together with a notice in writing of a motion to suspend the rules so as to insure the consideration of the amendment at the proper time.

The PRESIDING OFFICER (Mr. GOLDSBOROUGH in the chair). The amendment and notice of motion to suspend the rules will be stated.

The CHIEF CLERK. The Senator from West Virginia [Mr. HATFIELD] offers the following notice of motion to suspend the rules:

NOTICE OF MOTION TO SUSPEND THE RULES—BY MR. HATFIELD

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes, the following amendment, viz:

On page 30, beginning with line 20, strike out through line 14, on page 38, and insert in lieu thereof the following:

"SEC. —. That all of the provisions of the following acts reducing or limiting the compensation of Federal officers and employees, reducing or limiting or voiding the benefits, payments, care, treatment, of American veterans, their dependents and beneficiaries—

"Public Law No. 78, Seventy-third Congress, first session, approved June 16, 1933 (48 Stat., pt. 1, p. 283), entitled 'An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes'; Public Law No. 2, Seventy-third Congress, first session, approved March 20, 1933 (48 Stat., pt. 1, p. 8), entitled 'An act to maintain the credit of the United States Government'; Public Law No. 428, Seventy-second Congress, first session, approved March 3, 1933 (47 Stat., pt. 1, p. 1489), entitled 'An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, and for other purposes'; and Public

Law No. 212, Seventy-second Congress, first session, approved June 30, 1932 (47 Stat., pt. 1, p. 382), entitled 'An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1933, and for other purposes'—

"are hereby repealed; and such compensation is hereby restored to those basic salary or wage rates in effect on May 30, 1932, whether on an annual, monthly, weekly, per diem, hourly, piecework, or other basis: *Provided*, That the rates of compensation for the several trades and occupations, which are set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than those contained in the respective wage schedules in effect on May 30, 1932: *Provided further*, That nothing herein shall be construed as reducing any compensation."

Mr. HATFIELD. Mr. President, I feel that it is nothing more than fair that I should discuss the amendment at the present time, so that the record may disclose the purpose of the amendment. Not only that, Mr. President, but it is my purpose to discuss the rules and regulations which are prescribed by the veterans' department, and approved by the President, from a professional point of view, taking the position as I do that grave injustices have been done to the World War veterans and the Spanish-American War veteran specifically.

My amendment seeks to accomplish two specific objects. It seeks to remedy the rank injustices perpetrated upon those who served our country in time of peril, and also seeks to remedy the injustices perpetrated upon those who faithfully render service far in excess of the pittance paid to them, especially in dollars and cents at a time when living costs are in the ascendency.

My amendment provides for full restoration of the salary schedule of Federal employees which was in force on May 30, 1932.

Further, my amendment provides for the repeal of those provisions whereby veterans' benefits were reduced in the Economy Act, Public Law No. 2, of the Seventy-third Congress.

The system of care, hospitalization, and benefit payments for veterans in force before the passage of the so-called "Economy Act" will be restored with the adoption of this amendment.

There are those in the Senate who would lead us to believe that such legislation as this amendment embraces is unnecessary; that the present Chief Executive, who is looked upon as one of our leading humanitarians—and no doubt, Mr. President, that is true—will see that justice is done to the Federal employees and to the disabled veterans. There is an old proverb, "Actions speak louder than words"; and as a believer in that proverb I think it fair to direct attention to the fact that if actions speak louder than words it is essential that this amendment be adopted.

Members of this body, as well as Members of the other House, were hypnotized or cajoled into the passage of the Economy Act, which deprived needy millions of the relief which former sessions of Congress had granted to them. We were told that the Chief Executive would see that no injustice was done. Following the passage of the Economy Act in the House, and while the Steiwer-Cutting amendment was pending in the Senate, Democratic leaders of the House waited upon the Chief Executive, we are told, and suggested that unless liberalization was resorted to immediately they would be unable to stave off impending legislation. Under this threat of impending legislation the veterans were given an increased pittance.

On January 12 the Democratic leaders of the House succeeded in passing the measure now before us, under a gag rule, with the demand from the Chief Executive that this legislation, as written, be enacted.

On January 11 I presented the amendment now before the Senate, for consideration. At that time there was not the slightest indication on the part of the administration spokesmen in this body that any legislation other than the House bill would be considered by the Democratic leaders of this body. But again, under the threat of impending legislation, we find the Democratic spokesmen of this body, following a conference at the White House, agreeable to a further liberalization for the benefit of the Federal employees and the disabled veterans.

Mr. President, within 15 days of the convening of this session of Congress statements were published in the press indicating that the Chief Executive wanted a quick adjournment of the Congress. Why? With Congress adjourned the veterans and the Federal employees could not benefit by the threat of impending legislation.

If this Government, Mr. President, is to continue to be a government of the people, by the people, and for the people, the sooner the leaders in this body indicate their unwillingness to accept orders from other than the people, the safer and securer will be the continuity of our present form of government.

One of the first experiments considered essential to the success of the "new deal" was the passage of the so-called "economy bill", which reduced the compensation of veterans and deprived the Federal employees of 15 percent of the salary they were then receiving. The spokesmen for the administration at that time took the position that through the adoption of the Economy Act, together with the enactment of additional revenue measures, the balancing of the Budget had been accomplished.

The average American, through the use of a propaganda machine such as never before was resorted to in the history of our country, was led to believe that that statement was true. We have it on the highest authority possibly—namely, the Chief Executive himself—that the Budget was not and will not be balanced for some years to come.

The average man, with his troubles multiplied during the past few years, has little time to give to a minute examination of governmental affairs. While we know that the administration is keeping two sets of books, such action is so unusual that the average man hesitates to believe it. Normally and in the ordinary course the Government keeps one set of books. Today the present administration resorts to two sets of books—one set of books records the ordinary routine expenditures of the various governmental departments; the other set of books records, in one way or another, the extraordinary expenditures allotted to the 37 alphabet bureaus recently created to administer the regimental and revolutionary laws enacted in the 100-day session of Congress last spring.

The Economy Act forced the Federal employees and the veterans supposedly to pay the price of a balanced Budget, but the reduction in income was transferred from the ordinary Budget to the emergency Budget. This being true, few thoughtful Americans, in my judgment, will justify or condone the arbitrary attitude on the part of the present administration taken toward the Federal employees and the disabled veterans.

For this reason I have no hesitancy in offering this amendment, which will restore to the Federal employees and to the disabled soldiers the status that existed before the enactment of the so-called "Economy Act."

While the veterans were reduced in too many cases to pauperism, and the Government workers and their families in too many cases driven into debt, the moneys taken from them were used in admitted experimentation, with salaries and expenses paid to the army of experimenters far in excess of the average benefit paid to the disabled veterans or the salaries paid to the average Government workers.

The first question, I regret to say, which is asked by some Members of this body is, What will be the cost of full salary restoration and the cost of placing the veterans' payments in the status quo existing prior to the passage of the so-called "Economy Act of March 20, 1933"?

To my mind, Mr. President, the question is not a fair one to be asked, especially by those Members of this body who, through lack of courage, participated in the injustices which most of them now admit were practiced through the passage of the so-called "Economy Act."

Mr. President, as Americans, and in keeping with the history of our forefathers, I think it more important that we look to remedying the injustice in which this body participated rather than to quibble about the cost involved. There has not been the slightest indication of a penurious attitude on the part of those who raised this question when

they have been asked blindly to place in the hands of those not elected to public office the expenditure of not millions, but billions, of the taxpayers' money. However, I do not hesitate to state the cost, insofar as that cost can be ascertained by inquiry at Government offices. The cost will be approximately $295,000,000.

At the time this amendment was presented to the Senate the Federal employees had not the slightest reason to believe that the present administration would restore a scintilla of the moneys so unjustly taken from them. As a result of the encouragement which the Federal employees received through the presentation of this amendment, and the willingness, as it seems to me, of a majority of the Members of this body to remedy the wrongs committed in the 100-day session of last year, the spokesmen for the administration were forced, under threat of impending legislation, to agree to restore a part, at least, of the 15 percent taken from the monthly income of the Federal employees. Therefore, while this amendment at the time it was presented, meant a cost to the taxpayer of approximately $125,000,000 yearly, it is my understanding that the adoption of the amendment at this time will mean only a cost of some $60,000,000 more than is provided for in the pending bill.

Mr. President, the adoption of this amendment will be a fitting recognition of those of our people who were ready at any moment to sacrifice life itself for the Nation, and of another group represented by the Federal employees, who constantly render faithful and efficient service. This recognition and its cost are small, indeed, when compared with the huge expenditures on projects which are hardly necessary and certainly less meritorious. I cannot well understand how the Senate, in equity and justice, can fail to recognize the merits of the amendments which I have submitted. Especially is this true when many of those within the sound of my voice voted to give to the veterans the protection they had prior to the enactment of the Economy Act, and by their vote, after mature consideration, classified the Federal employees, standardized their salaries, and provided methods of promotion in the Government service.

The sole reason advanced by those who advocated the reduction in Government salaries, and the reduction in the benefits allotted to those who served their country in time of peril, was the necessity for economy in Government expenditures. In the light of events which have so swiftly followed one another since the adjournment of the first session of the Seventy-third Congress, this reason is so illogical as to assume the form of being ridiculous.

The administration's spokesmen acknowledge that the deficit for this fiscal year will be $7,000,000,000, and perhaps $10,000,000,000 next year. Expenditures reckoned no longer in millions but in billions, for projects which may be of benefit to the taxpayers of the future, and which in many instances are beneficial only to those now unable to obtain employment, do not justify the taking of a $20 bill out of the monthly pay envelop of a Government worker.

The argument presented by the administration, and by those who adhere to its admonitions, is that salaries cannot be restored, due to the fact that the cost-of-living index does not justify such action. This is equivalent to saying to the Federal employee, "You shall not receive what you are worth, but you shall receive only that which is sufficient to keep body and soul together." Such a policy means that the Federal worker of today reaching advanced age is destined to become a pauper because of the Government's refusal to pay him a wage out of which he might accumulate a sum to provide for himself in his old age.

The theory or the policy that wages should follow the price of bread and butter is unsound economically and is thoroughly un-American. The theory that the Government worker, or any employee, should receive a subsistence wage alone is preposterous. Even in slave days a subsistence wage was paid. History tells us that slavery was abolished in 1863. A subsistence wage is nothing but industrial slavery under another name. American wages and salaries, especially on the part of the Government, have supposedly been based on the character of work, the skill required, the experience of the worker, and the value of the work of the employee in connection with the successful operation of the Government projects.

A majority of the Federal workers make a lifetime profession of their work, which devotion is recognized by the taxpayers of the Nation in the continuity of employment at an established income. A rapid turnover of Government personnel would be harmful, yes, wasteful to the smooth and efficient operation of Government functions. This was one of the main factors in the establishment of the civil service. Government workers are not drifters. If any class of citizens of this country is to receive a just share of the 10 billions of 59-cent dollars to be spent this year, the Federal employees and the veterans should have just consideration. Their claim is sound and equitable and as a matter of justice cannot be denied.

The fallacy of the cost-of-living index as a basis for the establishment of Federal employees' salaries or wages and the benefits payable to veterans is well illustrated by a survey which was recently made for me personally in my home State. According to the statistics that were gathered in the industrial sections of West Virginia, the cost prices of the 16 basic items essential to the life and home of the industrial worker have increased 64¼ percent in the past 6 months. Wages have increased 38½ percent. Consider the decreased purchasing power of the devalued 59-cent dollar and we can easily see the predicament of the wage earner who with an increase of 38 percent in his income must provide 64 percent more with which to purchase the necessities of life.

To my mind, the cost-of-living index for 1933, based, as it was, on a 100-cent purchasing power dollar, has no significance in favor of reduced wages or salaries in determining the cost-of-living index for 1934, which index must be based on the purchasing power of a 59.06-cent dollar containing 13.71 grains of pure gold, as compared with our 100-cent dollar containing 23.22 grains of pure gold.

Mr. President, let me refer item by item to some of the commodities so essential to the workmen in the industrial sections of West Virginia. This analysis was made in January 1934, and I submit it to the Senate for very serious consideration as a fair comparison between the old and new prices and showing the percentage of increase.

Prevailing prices in the Logan County coal fields, January 1934

	Old price	New price	Percent increase
Work shirts	$0.50	$0.85	70
Overalls	.75	1.25	67
Underwear	.75	1.25	67
Shoes	2.85	4.00	55
Hats	2.50	4.00	60
Hats (this hat cost $3.08)	5.00	7.00	40
Caps (miners')	.35	.50	61
Socks, cotton	.15	.35	133
Cotton batting	.12	.20	66
Sheets	.75	1.25	67
Flour	.65	1.25	90
Coffee	.22	.35	60
Bacon	.11	.15	38
Lard	.07	.10	43
Navy beans	.03½	.06	61
Baker's bread	.08	.12	50

The average increase in the 16 items is 64¼ percent.
The average increase in wages is 38½ percent.

Let me cite an example in the way of an experience which a merchant friend of mine in West Virginia had and related to me in a conversation. He went into the market last July and purchased hats at an individual price of $3.08, or $37 by the dozen. He was told that the fair-code selling price would be $5. A little bit later he was told that the code price had been readjusted and he must sell the hats for $6. There was another readjustment of the code which resulted in the selling price being fixed at $7.

This is merely an example, Mr. President, tending to indicate what the adjustment of the code means to the man who buys a hat, and especially to the man who has not the

money to pay a 100-percent profit to the man who has the hats to sell.

One department of our Government has already recognized the hardship entailed by the devalued 59-cent dollar by requesting an increase of salary for those in the Diplomatic Service abroad and the President has approved this action. The Assistant Secretary of State, Mr. Carr, one of the few men who I understand has risen to his place from the lowest rungs of the ladder in the State Department, and one who is thoroughly familiar with the activities of our diplomatic staff in foreign countries, recently said:

> There has been at least one suicide and several cases of nervous breakdown. There is the record of families being broken up and wives and children sent home to their relatives because the Foreign Service men could not maintain them abroad.

This is indeed a very severe indictment, Mr. President; one which I believe the Congress of the United States would not want to condone. The same indictment must necessarily follow unless, while this session of Congress is passing appropriation bills and correcting injustices, we take notice of what will unnecessarily happen to the Federal employees here and in the States.

The following is quoted from a speech delivered by the Senator from Idaho [Mr. BORAH] in the Senate on January 26:

> The President of the United States said in his speech on a Sunday night a few weeks ago that the increase of the price of commodities was not satisfactory; that the administration had not been as successful as it had hoped to be in increasing the price of commodities, but that he was going to raise the price of commodities; that if he could not do it in one way he would do it in another way. "But," said he, "do it I will."

In accordance with this argument it is essential that the salary reduction be restored to the Federal employee and that adequate benefits be given to the veterans which were denied to them by the Economy Act.

The Federal employees and our officials abroad have keenly felt the devaluation of our dollar for the last 10 months, and it will not be long before the same experience will come to the Federal employee and the wage earner in this country as the result of the reduced purchasing power of our new 59-cent dollar.

If the Senate of the United States retains that sense of equity and justice which has prevailed in former years, we must acknowledge that when dollars are cut in halves, wages, to retain the same purchasing power, must be doubled; and it is the avowed intention of the administration to raise commodity prices. Therefore it is just as essential to increase the purchasing power of the employees of the Federal Government as it is to increase that of the employees of the industries of this country.

Prices contained in the cost-of-living survey quoted by administration spokesmen in most instances were the prices of goods on the shelves before the N.R.A. codes sanctioned or permitted price fixing whereby the helpless consumers, unprotected by antitrust laws, were gouged. Surely such a compilation of data, based upon the purchasing power of a 100-cent dollar, cannot serve to indicate what salaries should be during the coming year, with a purchasing power based on a 59-cent dollar and with monopolies protected by the National Recovery Act running rampant.

General Johnson, the Administrator of the National Recovery Act, and one of the leading administration spokesmen, has publicly acknowledged that it is inconsistent for the Government to reduce salaries of the Federal employees and at the same time to appeal to private industries to increase salaries in order to increase purchasing power. When the Government, the largest employer in the country, fails to pay a fair wage, it reduces the purchasing power of a million people.

The restoration of the basic salaries would benefit not only one section but the entire country, as the incomes would be increased throughout the Nation to the postal, customs, internal-revenue, immigration, judicial, and other Federal systems.

The restoration of these basic salaries would serve as no small factor in a business revival in every section of our country. While a large percentage of the pay restoration would come to the 65,000 Federal employees in the city of Washington, much of it would be sent back to the various States, as I know and can state without fear of contradiction that approximately 50 percent of the employees in this city are contributing a part of their meager salaries to assist their parents and other dependents in their home communities. This voluntary and unselfish contribution is a noble tribute to the loyalty and affection which they hold for the American home.

Every industry knows the advantage of maintaining a high morale among its workers. Fair treatment to the worker insures loyalty, efficiency, and progress, which in turn produces profits and a smooth and successful operation of the business as a whole, making the employee feel that he has more than a working interest in the industry which gives him employment. This principle is equally applicable to the running of the vast governmental machine. Many in the service of the Government could obtain better paying positions outside of the service, but they remain because other conditions are more attractive, such as security against loss of position and salary maintenance during hard times. If these features of Government service which now retain skilled and experienced workers are eliminated, an exodus of employees, especially those receiving over $2,000 annually, will occur, resulting in serious injury to the service. When the service morale breaks down the taxpayer does not get his money's worth. Mistreatment and unfairness toward one class for the benefit of another must inevitably react harmfully upon the Government.

Mr. President, reverting to the old proverb, "Actions speak louder than words", why should the Government itself as an employer discriminate against those who have served and are serving faithfully when daily appeals, regulations, and Executive flats are being issued to increase prices and wages over the land? Why not be consistent? Why not promulgate a code for Government employees who now work overtime without compensation and without the automatic increases and promotions within their classifications that previous legislative enactments provided for them? Why treat a million Government employees as outcasts when the administration is frantically trying to pose as the friend of the toiler?

Would it not be in keeping with a sound, equitable policy for the Government itself to put its own house in order before regulating and regimenting private industry?

The National Association of Letter Carriers has recently published data compiled by the Department of Labor which show that under the drastic reductions ordered by the Economy Act, the highest grade and most efficient letter carriers are receiving less per hour than is paid a majority of the organized workers in private industry.

In answer to a questionnaire from 967 letter carriers, 309 married and 41 unmarried men reported that they had been forced to cancel some of their life insurance since the enactment of the Economy Act.

Further examination of the data shows that 388 married and 44 unmarried letter carriers reported that they had been compelled to give up their savings accounts. In addition, 73 married letter carriers who had an equity in a home in 1933 have found it impossible to meet the maturing payments, and therefore have lost, in most instances, their homes and their life savings which they had invested. They no longer have an equity in the home which they expected some day to dedicate to the younger generation, and which they planned to occupy when they reached the period of life when they could no longer hope to be employed by the Federal Government.

This condition in the Postal Service is typical of what other employees in other departments have suffered as a result of the Economy Act. Such has been their reward for years of faithful service to the Government of the United States.

Mr. President, I now wish to discuss that part of my amendment which seeks to restore to the veteran the benefits which experts in the legal profession and the medical

profession, our legislative and vocational specialists, agreed he was justly entitled to after an intensive study of the subject over a period of 35 years.

Mr. President, I firmly believe that the so-called "Economy Act" never should have been passed, and that the only way in which the Senate of the United States can render to the veteran the square deal to which he is entitled is through the speedy repeal of the unwarranted and uncalled-for legislation known as the "Economy Act." It was my pleasure to vote against that measure when it was first presented to this body. It was again my pleasure to address the Senate against it from my place in this Chamber.

What is the present status of the veteran?

What will be his status tomorrow?

Only God and the President of the United States know.

These are questions that every veteran may well ask, because there is no authority under which the Government will or can answer them. The veterans have witnessed a constant succession of Executive orders, each contradicting the other, until no one knows from one day to the next what benefits are to be bestowed or denied under the new deal; and I might say, Mr. President, that this feeling and this lack of knowledge extend even to the employees of the Veterans' Administration itself, not only in the city of Washington but in every Department, wherever they are located, in the 48 States of the Union. Each Executive order means an endless flow of regulations by the Veterans' Administration to make it applicable to the various claim classifications and their exceptions. Uncertainty has taken the place of confidence, and destroyed the basis of faith the veteran had that he would be treated in accordance with the established rules and regulations enacted by Congress, and that after the passage of the Economy Act he would still have the same tender care and consideration under the Chief Executive of this Nation.

The methods adopted to bring about the enactment of the Economy Act, Public, No. 2, were entirely new in the development and consideration of veterans' legislation. Heretofore, legislation of this character has always been referred to the proper committees, and open hearings held before the measure was passed upon; but on this fateful occasion for the veteran and Federal employee a small group were called to the White House on March 9, 1933, we are told, and for the first time their attention was called to a secretly prepared measure known as the so-called "economy bill." They were given to understand that the bill should be passed without delay the next day.

The Democratic House had caucused and voted to limit reductions to 25 percent. However, this did not meet the approval of the leaders. So the action of the caucus was annulled and the bill rushed through the House.

A joint committee of the House and Senate was appointed on June 30, 1932, to study veteran legislation. Every phase and angle of veteran legislation was carefully surveyed, and more than 1,300 pages of testimony taken. The committee was not given the opportunity to complete its work by summarizing the evidence pointing out any existing abuses and offering recommendations in a final report which would serve as a guide for modification of the veterans' laws, and prescribe the policy of the Government toward future veterans and toward those in the regular service.

Mr. President, I happen to be honored by membership on that committee, and I state, from personal knowledge, that no adequate consideration was given to the subject. Almost at that very time the economy bill appeared, was given the right of way, and was enacted into law over the protest of a few of us here in the Senate of the United States. The unceremonious way in which that measure was put through, and what has followed by numerous changes in regulations, demonstrates the impracticability of the whole procedure.

The attitude is taken that no legislation is necessary, and that ample authority is available to make whatever changes are necessary. But that authority is left in the control of one man, and no opinion is given which might relieve an injustice. It might well be asked what will become in the meantime of the half million veterans who have proven their claims under a statute passed by Congress, instead of an ever-changing writ promulgated by someone as busy as the President of the United States.

One knows of the revolt in Congress last June which forced the issuance of new regulations. The regulations issued on January 19, 1934, came after a special congressional committee notified the President that Congress would liberalize by legislation the drastic provisions of the law.

The new rating tables, and the irregularity of the special review boards in handling the same class of cases, as evidenced by the allowed and disallowed claims in different States, are most conclusive of the inefficiency of the procedure under the Economy Act.

The unfair and miserable treatment of emergency officers, the inconsistency of reducing the Federal salaries, due to reduced cost of living, and, at the same time, refusing to permit a lowering of the charge by the Government for quarters, subsistence, and laundry for the poorly paid veteran employees who are compelled to live at their post of duty, justify a complete repeal of such legislation.

The same old rules and regulations adopted in 1924 and in 1926 prevail, so far as the cost of domiciliary consideration goes, and so far as laundry and food go, to these poorly paid employees of the Federal Government, notwithstanding the fact that they had their salaries reduced 15 percent because it was pointed out that the cost of living had dropped even more than that.

Heretofore experts in the vocational, legal, and medical professions were given an opportunity to offer their testimony, based on long experience, in open hearings, and the veterans, through their duly appointed representatives, were given their day in court.

No veterans' bill in all our history prior to the perfidious act of March 20, 1933, has ever been secretly prepared and hurriedly jammed through Congress. Such a procedure is indefensible.

Not only should the Economy Act be repealed, and not only should Congress accept its responsibility in dealing with the veterans of our past wars, but there should be a definite legislative policy of dealing with the veterans of future wars.

The unsatisfactory condition existing at present regarding care, hospitalization, and benefit payments is openly acknowledged by everyone who has contacted the system. As the benefits are frequently changed, a definite answer cannot always be given to those veterans of my State who make inquiry at my office regarding their claims, and the situation could not be otherwise when one man has control over the care, hospitalization, and benefit payments of the veterans.

The score or more of Executive orders countermanding each other is proof of the instability of the present procedure. Sudden changes made overnight have left the veterans puzzled and confused. They have been treated as objects of charity, whereas everyone knows compensation is not a gratuity but a right firmly established by the law of civilized nations.

As proof that the war veterans have been harshly dealt with under the provisions of the Economy Act of last March, which substituted Executive fiats for legislative enactment, I wish to call attention to a release issued by the Veterans' Bureau 5 weeks ago, in which certain statistics relating to veterans' benefits are given for March 31, 1933, and also similar data for November 30, 1933. It is a brief story of what happened to the veterans' rights during this period of 8 months.

At the end of last March the number of veterans of all wars receiving some form of benefit was 1,016,561; but 8 months later the number had been reduced to 514,784, or over half a million war veterans were eliminated from the benefit rolls, and, in addition, approximately 15,000 dependents of veterans were arbitrarily removed from the rolls.

This ruthless disregard of justice was not confined solely to the veterans of the World War. A careful reading of the

data shows that 70,000 veterans of the War with Spain were eliminated from the rolls and 6,000 of their dependents received like treatment.

In March 1933, 764,474 World War veterans were receiving benefit payments. Eight months later, under the administration of the Economy Act, the number had been reduced to 334,000, or 430,474 had been removed from the rolls, which is approximately a reduction of 56 percent. Is it possible that during the past 35 years Congress played the role of a gouger and oppressor and became a racketeer; that there existed a conspiracy between the soldiers of all our wars and the Congress; and that the same indictment can be placed against the scientific men who passed upon the equity of the veterans' claims?

On March 31, 1933, there were 42,920 veterans hospitalized. In August last the number had been decreased to 30,000. This was not due to the fact that hospitalization cases decreased. As a matter of fact, Director Hines contended that hospitalization cases would increase for a number of years to come due to seeds of disease which entered the system during war-time service, and which, while dormant or quiescent for a time, may develop into a virulent activity as human resistance diminishes.

The number should have increased, and this would have occurred had not the application of the inhuman Economy Act edict been applied, resulting in the eviction of 13,000 veterans from hospital beds in the institutions erected by former legislative enactments for the exclusive purpose of hospitalizing veterans.

Only a few days of discussion was given this nefarious act of perfidy that was rushed through Congress after it met in special session March 9, 1933, notwithstanding that it involved the protection of approximately 5,000,000 citizens who were at one time soldiers.

An article written by Felix Bruner in the Washington Post of December 12, 1933, stated that 350 members of the Civilian Conservation Corps were hospitalized at Walter Reed Hospital, but only 4 veterans of the World War remained there, simply because these 4 men were too ill to be removed.

I wish to quote a part of this article, which has not been controverted, so far as I know. It reads as follows:

> The condition at Walter Reed Hospital is not a result of overcrowding but as a result of the Economy Act. The hospital has 1,100 beds. Of these, 550 were occupied by members of the Regular Army and 350 by members of the C.C.C.; 200 beds were unoccupied.
>
> Although these beds are available, scores of veterans are clamoring for and being denied admittance because hospital officials have no authority to admit them.
>
> Particularly is this true of veterans who are suffering from progressive diseases of the bones. There are more than 100 former service men, according to a survey made by interested persons, who have undergone from 1 to 18 operations at Walter Reed, and who are in need of further treatment, yet cannot obtain it.
>
> They have been treated by Dr. William L. Kellar and other doctors at the hospital who are experts at this kind of surgery. Many of them have come from a distance to undergo operations here. Now they are being denied the services of surgeons who have been treating them, some for years.

Mr. President, a very impressive picture is here portrayed. It is one that should impress every mind and every heart. When we take into consideration that more than 1,250,000 soldiers who served during the World War suffered from some chest disease, and that possibly more men who were soldiers under the flag of the Union during that period died from some chest ailment than all the rest of the casualties combined, including the casualties by shot and shell upon the field of battle, there can be no doubt that many of those soldiers are still suffering from the dregs of chest complications following pleurisy, with effusion, abscesses of the lungs, and other conditions for which it is necessary to have an expert in the realm of surgery in order to properly deal with this character of a case.

Estlander, a very distinguished surgeon of many years ago, conceived the idea of curing infected chest cases that continued to drain from an open sinus, cases where there was no way to cure the lung, or to rehabilitate it so it could furnish oxygen for the red-blood cells that course through the lung cells and carry nutrition to the different parts of the human body. He conceived the plan of collapsing that lung and relieving the one who was stricken with this kind of malady, by putting at rest for all time in the future life of that individual the lung which had served him up to the point that it became diseased, permitting the other lung to develop and expand to compensate for the lung that he lost.

So Dr. Estlander conceived the idea of taking the ribs from that side, permitting the entire chest wall to collapse and compress the lung out of existence. The operation proved to be successful, but the mortality was very high.

The same condition confronted the American soldier of the World War, especially that percent, one fourth of the soldiers, who suffered from some communicable disease that found its lodgment and its development within the confines of the vital organs found within the chest wall. It was left to none other, Mr. President, than one of Washington's great surgeons, who had served the Government of the United States for a mere pittance for many years at the Walter Reed Hospital, to develop and surpass even the achievements of the great Estlander himself by reducing the mortality of the Estlander operation from 38 percent down to 9 percent. That is the history of the accomplishment of Dr. William L. Keller, connected with the Walter Reed Hospital at the present time, who has been offered inducements in money to quit his position, but because of the service he felt he could render to his fellow soldier, he preferred to stay at his post, and today there is not a chest case within the confines of the Walter Reed Hospital, unless it has come there in the last few days, upon which Dr. Keller could apply his scientific knowledge and ability in the way of curing permanently chest cases in which finally the soldiers' lives are sapped, resulting in their passing to an untimely grave for the want of proper surgical procedure.

I do not mean to say that Dr. Keller is the only man that can perform this kind of work, but I do mean to say, Mr. President, that he has reduced the mortality of Estlander's operation on the chest more than any other man under any flag in the world. Yet the World War veteran is denied the surgical accomplishments, the surgical achievements, the surgical promise of this distinguished surgeon. It is wrong. It is unfair. And I trust that those who are in authority will see to it that some relaxation, some readjustment will come which will give to the veteran the opportunity to be cared for by this distinguished surgeon, who has operated on thousands of cases and who has reduced the mortality to 9 percent. I think his work is remarkable and commendable, and it is with great pleasure that I commend Dr. Keller for his wonderful achievements and the wonderful advance he has made in the realm of thoracic surgery, and the World War veteran should have the benefit of his skill and great ability.

Another article written by Douglas Warrenfels appeared in the Washington Post of December 14, 1933. I wish to quote the first two paragraphs of this article:

> All Federal medical centers will be thrown open to any of the 4,000,000 Civil Works Administration employees injured or who contract a disease in line of duty, it was learned tonight.
>
> Officials divulged a special fund, probably running into millions of dollars, would be set aside to provide hospitalization, to retain private physicians, and to compensate men and women workers while incapacitated. The plan will be placed in operation soon under authority of emergency legislation. Congress later will be asked to approve the undertaking.

The economy act denied hospitalization to veterans without direct service connection, but the same Congress which dealt out such harsh treatment to the veterans enacted the Civilian Conservation Corps measure, placing members of the reforestation organization in much the same status regarding hospitalization as the veteran with a disability of service origin. At the same time, Mr. President, those who served for a mere pittance, not in picking up chips and throwing them away but who were forced to confront the cannon's mouth, are deprived of hospitalization under the regulations made possible by the economy act.

Just why World War veterans have merited such treatment has never been explained except from the viewpoint of economy, but that reason is without a sound basis when

the very beds from which the veterans were ejected have now been filled by those working in the Civilian Conservation Corps camps.

Under the drastic terms of the so-called "Economy Act" all those veterans who had proved that their disabilities resulting from tuberculosis or neuropsychiatric disorders had arisen within a few years after their discharge from the service and were, therefore, service connected from a medical point of view under the presumptive statute, were compelled to appear before special boards of review and again substantiate their claims, notwithstanding that during the period of 15 years which had elapsed since their discharge many witnesses who could have appeared in their behalf, such as their superior officers and private physicians, have died, and many private medical records have been misplaced or destroyed.

Of the 51,213 presumptive cases reviewed, 29,258, or 57 percent, were denied service-connection and arbitrarily removed from the rolls. How these men, suffering from tuberculosis and nervous disorders, can carry on during this period of depression it is difficult to understand. Their bodies have been wrecked by the development and ravages of a disease, the germs of which were taken into their system during their service in the Army or Navy. They are unable to work at gainful employment, and their removal from the rolls, and the rejection of their claims for a few dollars a month mean that many will go to an untimely grave, as, indeed, many have gone, for the want of consideration by the Government which they served. The remainder will be forced to depend largely on public charity or the assistance of their relatives or friends. The rejection of the claims of these 29,000 veterans will be viewed as a rank injustice by medical men who are fully cognizant of the fact that a long period of incubation often precedes the development of disease, and who believe in those fundamental principles of medicine which underlie the proof upon which a veteran establishes his case and which cannot be contradicted.

Of the 29,258 presumptive cases which were disallowed by the special boards of review appointed by the Executive to pass upon these presumptive cases, a total of 10,991 were tuberculosis claims. These 10,991 veterans have been denied compensation because of the executive board's claim the tubercular germs which have ravaged the bodies of the veterans did not enter their systems during their service, despite the fact that it is almost impossible to trace, in any case, the inception of tuberculosis to a certain time and a certain place.

If the statement on page 182 of a Textbook of Medicine, edited by R. L. Cecil, that on an average out of every 60 or more persons infected only 1 becomes ill of tuberculosis is tested by applying this percentage of 1.6 to the 4,000,000 men in the military forces of this country during the World War, there is obtained a total of 64,000 prospective cases of active tuberculosis.

The Veterans' Administration had on its rolls as of March 31, 1933, 142,988 veterans whose disabilities were due to active manifestations of tuberculosis since the World War. This number would be 3.5 percent of the 4,000,000 who served during the World War. This percentage of activity after exposure to infection is slightly more than double the rate stated in the textbook above referred to. This increase in the cases that developed tubercular involvement can be explained from a scientific point of view and in an entirely satisfactory way to any man who is open-minded either in or out of the profession of medicine by noting that the lowered physical condition of the veteran at the time did not afford a sufficient amount of resistance to maintain the lower percentage as given by Dr. Cecil. The chest diseases other than those of a tubercular nature from which the soldier suffered resulted in furnishing a most fertile field for the lodgment of tubercular bacilli. The respiratory system served as a host for tubercular bacteria, which remained quiescent until the soldier's physical resistance had been lowered to the point permitting a development of active tuberculosis; or an incarceration of the tubercular bacilli may take place due to the resistance which had been built up in the soldier's body which seals up for all time this tubercular culture bed found in his lungs and prevents the disease bacilli from developing an outspoken manifestation of tuberculosis.

This conclusion regarding the receptivity of the veteran's respiratory system to tubercular bacilli and their subsequent development into an active tuberculosis is supported by the fact that in the Army during the World War there were 791,907 cases of influenza which involved the chest of the soldier, that is, his lungs, and 255,148 cases of bronchitis. Bronchitis is due to a variety of germs, the germ of pneumonia, the diplococcus, of Frankle and of Friedlander, and many other forms of bacteria which are known to medical science. During that period there were also 78,346 cases of pneumonia, or a total of 1,125,401 cases of respiratory diseases, showing that 28 percent of the 4,000,000 men in the Army and Navy had their body resistance so reduced by respiratory diseases that they easily fell victims to the great white plague within a few years after their discharge from the Army.

Mr. President, I do not believe that this point has ever been brought out heretofore either by the Veterans' Administration or by any regulations that may have been considered by the President of the United States, or in the arguments presented to the Congress. What did these respiratory diseases, inflammatory in their nature to the lungs, do to those who suffered from them? They caused a temperature with inflammatory condition and prepared a very fertile field indeed in which the tubercular bacilli could find a place of abode and there either begin their work either acutely or to lie dormant covered up without any trace or mark to identify their resting place. Because of the development of increased resistance on the part of the soldier as the acute condition of the chest disease passed off he may have warded off an outspoken case of tuberculosis, or the germ may have merely remained dormant awaiting a more favorable period, so that when the resistance of the soldier has been lowered because of the lack of employment, the lack of the proper kind of food, and because of unfavorable conditions that confront him, he has been broken in spirit and in health; he then becomes an easy victim to the great white plague.

That is a story, Mr. President, that can be told of many a veteran today because of the failure of the Veterans' Administration through its regulations to recognize the merits of presumption. No medical authority will undertake to state that there is a definite period of time for the incubation of germs which may result in tubercular manifestations.

The Veterans' Administration had on the rolls as of March 31, 1933, the following classified cases of tuberculosis: Fifty-one thousand six hundred and sixty-three cases of arrested tuberculosis which were directly connected with service; 48,680 active cases of tuberculosis directly connected with service; 19,476 cases of tuberculosis presumptively connected with service; 23,169 cases of active tuberculosis of nonservice origin; making a total of 122,988 out of the 4,000,000 men who served the United States during the World War.

If the past history of these tubercular cases were carefully recorded and studied, it would unquestionably be found that a very high percentage would be included in the 1,125,401 cases of respiratory diseases recorded by the Surgeon General's office as occurring among the 4,000,000 American soldiers during the World War.

The Veterans' Administration takes the position that a positive finding of pleurisy with effusion or hemorrhage from the lung, or positive sputum test revealing tubercular bacilli, is sufficient evidence of active tuberculosis; also that positive X-ray findings or moist râles coupled with any one of the manifestations named above would be acceptable evidence of active tuberculosis.

Approximately 11,000 presumptive cases suffering from tuberculosis were removed from the rolls. It is unjust, after a lapse of some 15 years, when many witnesses have died, to require proof a second time of service origin of their malady

and it is quite impossible for any staff of medical men to do the soldiers justice in reviewing their claims in such a short time as 3 months.

Why, Mr. President, it takes a physician some time more than 3 months to make a diagnosis of one case of tuberculosis, much less 11,000. This is more assuredly true if the soldier, because of the treatment afforded him by the Government in hospitalization and care, has passed to that period of tubercular quiescence where there is an inactive condition; where the X-ray picture will show nothing other than calcareous deposits in the lungs; where moist râles are no longer heard; where fibrosis has taken place in the lung proper such as is described in the textbook, Practice of Medicine, edited by William Osler, M.D., 1925 edition, on page 295.

In support of the position I take, and in support of the statements I have made, I read:

> The sclerosis may be confined to the margin of the mass, forming a limiting capsule. * * * It is only, however, when complete fibroid transformation or calcification has occurred that we can really speak of healing. In many instances, the colonies of miliary tubercles about these masses show that the virus is still active in them.

In other words, instead of 3 months being sufficient to prove conclusively that the veteran was not actively or passively suffering in a limited way, due to tubercular germs being stored in a limited cell, if you please, from tuberculosis, it would be impossible to arrive at a conclusion at all. The only way that sufficient proof could be found would be to discover it after he had passed to the great beyond with a post mortem giving the answer.

Yet there would be no evidence in the sputum, no proof to the clinician from a diagnostic point of view in the way of abnormal sounds, save and except a tubular breathing, due to the collapsed condition of the lungs which might come from some other condition. How long the tubercular condition will remain dormant largely depends upon the amount of resistance that is stored up in his body and this resistance is measured by his surroundings, environments, and the mental state in which he lives.

So none of the classical symptoms essential to the established rules and regulations under which the Veterans' Administration operates in arriving at conclusions as to the claim of the veteran in many of these chronic cases can be hoped for, or even expected as stated by the best writers, and the most efficient practitioners of medicine. Why? It is due to the fact that they arrive at their conclusion by exclusion. That is the reason.

So it is apparent that the 500,000 veterans who have been separated from the rolls can expect no relief under the present set-up as a result of the Economy Act, which gave to the administration the complete power to rule upon veterans' benefits as it pleases, or to delegate this power to someone who is willing to obey orders in a mechanical way. Especially is this true when the present occupant of the White House does not believe in the presumptive theory which would permit the granting of a service connection for certain disabilities manifesting an activity during a specified period following the discharge of the veteran from the service, notwithstanding he took into his body the disease germs while he was in the service of his Government.

John Peter Reno, from the State of New Mexico, is an example of this injustice. He was willing to make the sacrifice by having his name and his case brought to the floor of the Senate in the 100-day session of Congress with the hope it might be helpful to other veterans, although he might be eliminated from the rolls, which eventually happened, I am informed.

It was my pleasure, in company with the distinguished senior Senator from New York [Mr. COPELAND], a distinguished physician, to examine this man physically and to report our conclusions to certain Members of this body.

According to the decision of the Veterans' Bureau he was presumptively connected, suffering from tuberculosis. Notwithstanding he served the Government as a soldier for 9½ years, only being out of the service 9 months out of this entire period; was in major engagements in France; was gassed at the second battle of the Marne; was stricken with influenza while on recruit duty at Detroit, Mich.; was mustered out of the Army in Arkansas; returned to the service, thereafter boarding a transport at Hoboken, N.J., for Panama, where he was taken sick and remained so for a considerable period of time, finally consulting the medical officer in charge, who diagnosed his case as one of tuberculosis; was sent to San Francisco, where he was later transferred to Fitzsimons Hospital at Denver, Colo., where his entire left lung was collapsed by removal of his ribs, leaving him with only one crippled tubercular lung on the right side. With all this history, this soldier was not given the benefit of the doubt—which, in my judgment, he should have had—that he contracted tuberculosis while in the service of his Government during the 9½ years he served instead of during the 9 months he was out of the service.

He is permanently disabled 100 percent.

I have another case in mind, Mr. President, but I do not propose to reveal his name. Mr. John Peter Reno's name was revealed here, and Mr. John Peter Reno is suffering from the results therefrom.

Mr. CUTTING. Mr. President——

Mr. HATFIELD. I yield to the Senator from New Mexico.

Mr. CUTTING. I think the Senator knows that since the case which he mentions was given publicity on the floor of the Senate, this unfortunate man was cut off the rolls altogether, although, the record at that time being exactly as it is now, the Government gave him first $20 and afterwards raised that to $30 a month; but since then, I fear as some measure of punishment for the publicity given to the case by the Senator and myself, he was cut off altogether, on the pretext that there was in his record some evidence of misconduct.

I wish the Senator would state whether misconduct of the sort charged would affect the tubercular disease with which this man was suffering.

Mr. HATFIELD. I thank the Senator for the inquiry, Mr. President. I may say that it would not affect in any way the tubercular disease which has written the fate of John Peter Reno. It would in no way affect him. It would not even lower his resistance to any very great extent.

But I have even more history respecting John Peter Reno's dissipation. That dissipation was long before John Peter Reno was diagnosed as a case of tuberculosis. So there is nothing in the life of John Peter Reno, nothing in his history as I gleaned it and as I wrote it in company with my good friend the senior Senator from New York [Mr. COPELAND]—I am sure he will verify the statement I make—there was nothing in his private life that brought about a development of tuberculosis.

I have another case in mind, Mr. President, but, as I have said, it is not my purpose to reveal his name. It was the case of a soldier who had service on this side, and on the other side contracted disabilities that may be termed chronic tuberculosis with acute exacerbations. That is, he goes along with a normal temperature and a normal condition for a certain period of time, and then, almost like a blast from the blue, he develops a manifestation. Then he has his acute attack, which finally clears up under the proper treatment. Then he relapses into his chronic status. From an insurance point of view—and that is the position that the insurance companies take—he has been adjudged permanently and totally disabled; from a compensation point of view, when he has acute exacerbation he is adjudged 100 percent disabled; but when his condition becomes quiescent he is given a 50-percent rating for his disability. This would be an unfair rating for this veteran if he had nothing other than his tuberculosis; but due to his uncontrollable coughing, brought about by his diseased lungs, an inguinal hernia has appeared—a rupture, in other words, if you please—and it is not considered advisable to subject him to a surgical procedure to cure his hernia for the reason that in all probability it would not be successful, for the reason that if he coughed the stitches that would be taken by the surgeon in closing the opening would give way, and he would be in

worse condition after the surgical procedure than he was before it.

There is no stage of the period of quiescence of his disease, for which the Veterans' Administration rate him only 50 percent disability, when he could be given employment. He could not do manual labor, due to his ever-present hernia, yet he is adjudged only 50 percent disabled.

Another case can best be illustrated by quoting a letter from a veteran which has come to my attention. I read his letter without revealing his name. He writes:

I had influenza while in the United States Army in October 1918 and was returned to duty too soon, for I was weak, sick, and had no appetite for 2 weeks afterwards.

Carrying out conclusively what I pointed out a little while ago in the discourse respecting the 1,125,000 chest cases other than tuberculosis, as to the condition they were in, as to the receptivity of their bodies, their lung tissue, to tubercular bacilli.

I continue to read:

Although I apparently recovered from the attack, it evidently left me in a weakened condition, for as soon as I began work after discharge I began having numberless colds, lost weight—

Typical tuberculosis symptoms—

and was weakened to the degree that I had to stop frequently for rest and water. These symptoms became more and more pronounced until I had pleurisy with effusions in January 1921 that kept me in bed for 5 weeks.

This is one of the cardinal manifestations of tuberculosis and, together with one or two other manifestations, is sufficient basis, the Veterans' Administration tells us, upon which to arrive at the rightful conclusion that the individual has tuberculosis.

Continuing to read:

I filed my claim and received my award in 1923. The Veterans' Bureau rated me 20-percent disabled from the date I had that attack and gave me presumptive service connection, which continued for almost 13 years, until the case was reviewed by the special review board set up by the President under the new law. I have been permanently and totally disabled since June 1925. The board severed my 13 years' service-connection, put me on a non-service-connected basis, and gave me $30 a month from September 25, 1933.

I had assumed family obligations under the laws of the United States that I could have fulfilled if they had remained in force. But when the Government repudiated its responsibilities I could not repudiate my family obligations, even under President Roosevelt. The Economy Act was not only unfair to me but my wife and baby are innocent victims of an unjust law. And what is more, if by any means I am ever rated less than permanent and total, under the new law I shall be completely cut off the pension roll, whether I can do a lick of work or not, and without any income whatever.

That is the situation that confronts the American veteran, and is in part my justification for offering the amendment to bring about the repeal of the Economy Act.

I continue to read from the letter:

It seems eminently fair that the men who were formerly service connected be restored to that standing and their pensions be regulated by the degree of their disability; and, furthermore, that the law should be adjusted by an act of Congress so that it would not be subject to change every few weeks by Executive order. As the law now stands, no disabled man knows when some order will be issued drastically changing his rating and his pension. How can men with active tuberculosis and neuropsychiatric diseases make improvement under such conditions?

Referring to his temperamental situation—to his mental situation, if you please.

I, for one, shall greatly appreciate anything that you may be able to do to relieve our distressing condition.

I may say, Mr. President, by way of explanation, that this soldier does not belong in my State. Far from the State borders of West Virginia, he belongs in a different and a distant section from the Commonwealth of West Virginia; but I am glad to extend him a word of sympathy and give him whatever support I may be able to do in my weak way as a legislator or as a practitioner of medicine.

I could recite case after case of these injustices that have come to my personal attention. They come to me daily by the hundreds, possibly due to the fact that the writers know that I have some smattering knowledge, at least, of the profession of medicine.

There is only one way to relieve this situation, Mr. President, and that is to reinstate the statutory laws that were eliminated by the enactment of the so-called "Economy Act." If it shall not be considered favorably by this Congress, surely there will be at some time in the future a Congress that will right these wrongs.

I speak not as a partisan. According to my individual view, the affairs of the war veterans never ought to be allowed to become the football of partisan politics.

I justify that statement by calling attention to the fact that when the party with which I affiliate was in power I had no hesitation in disagreeing with the Chief Executive in those days when his convictions were in confliction with mine as a professional man. My record is uniform and consistent respecting my convictions regarding the claims of the veterans. The statements I make here today come not from one who is seeking office, but are in keeping with my record made in this body. They are also founded on the scientific and professional knowledge I possess regarding the disabilities of the veterans. Whether those disabilities be directly or indirectly service connected, justice is due those whose health has been impaired either by wounds on the field of battle or by communicable diseases entering the system during service and developing some years after discharge. They should not be made to feel that in order to get relief it is necessary to approach their Government hat in hand, or upon bended knee, or in an apologetic manner. Each veteran has a special claim, a special status, which no amount of slander can destroy.

It was Abraham Lincoln who said as long ago as March 18, 1864:

I appear to say but a word. This extraordinary war in which we are engaged falls heavily upon all classes of people, but the most heavily upon the soldiers. For it has been said, "All that a man hath will he give for his life", and while all contribute of their substance, the soldier puts his life at stake and often yields it up to his country's cause. The highest merit then is due the soldier.

I cannot agree that any great number of the 500,000 war veterans who have been dropped from the rolls are deserving of such treatment, or that such treatment could be justified in the case of the 13,000 veterans who were evicted from Government hospitals, or the thousands who have been denied hospitalization, coming from a Government which 15 years ago extolled their virtue, and apprised them that their service was not only to further the principles of democracy and the freedom of the individual man under the American flag, but to give the governments of other nations into the hands of the peoples of those nations, that they might by majority, voice, and vote, control their destinies.

As we consider this legislation today, and as we considered it in the 100-day session of Congress, we did not then, nor do we now, see the great throng of veterans representing every State in the Union standing at the doors leading to the Congress demanding some consideration from it. They were then and are now conspicuous by their absence.

May I ask what has brought about this transformation? Why was it that during the closing days of the former administration the picture was so different from what it is now? Notwithstanding all of this disregard for the veteran, his voice has been silenced. It cannot be that he feels, after the enactment and administration of the economy act, that his interests will be protected. There is another answer, Mr. President, and the World War veteran, whether he be a member of a service organization or not, I trust will maintain an element of patriotism and valor in his make-up such as he possessed when he was called from the fields, the mines, and the industries of this land to do service for his country; such as he exhibited on the field of battle, such as to make him see to it that those with whom he fought, and who fell by the wayside from casualties or diseases, will be properly protected by law.

He must still hold in his bosom that element of patriotism which was so well displayed in the courage and bravery of the veterans as to give to the Allies all that they expected in the way of booty and territorial possessions, to

the disappointment and to the disillusionment of the great rank and file of the American people who had been told that that was a war fought for the maintenance of democracy. But what have we today? Dictatorship everywhere!

It was for the purpose, we were told, of giving to the peoples of the world a form of government of their own choosing.

I need not recall the dreadful toll of human life exacted during the Spanish-American War and the jungle fever in these tropical lands to which our soldiers were subjected.

A War Department report thus tells part of the gruesome story:

More than 77 percent of the volunteer regiments developed typhoid fever within 8 weeks after going to camp. It was difficult to obtain, even from the regular regiments in the field, monthly reports of the sick and wounded required by the regulations.

Approximately 90 percent of the veterans of that war developed either typhoid fever, the different forms of dysentery, or other tropical diseases, which often manifested themselves years after the soldier's separation from the service.

Hon. Rice W. Means, in testimony before the Appropriation Committee of the Senate, on January 27, 1934, gave the following startling information:

Think of it! Out of a regiment of 1,200, 540 still carrying on and only 96 of them fit for duty; and in an examination of that regiment recently, as with all other under this review, 17 were found to be service connected as to their disabilities.

Mr. President, ex-Senator Means' testimony in behalf of the Spanish-American War veterans was so impressive that I ask that the report of it be made a part of my remarks.

The PRESIDING OFFICER (Mr. FRAZIER in the chair). Is there objection?

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

STATEMENT OF RICE W. MEANS, REPRESENTING THE UNITED SPANISH WAR VETERANS

SPANISH-AMERICAN WAR VETERANS

Mr. MEANS. Mr. Chairman and gentlemen of the committee, I venture to say that if you were to inquire of the Administrator of Veterans' Affairs, or his first assistant who handles claims, Major Clark, or any employee of the Veterans' Administration having to do with claims of Spanish War veterans, they would tell you that it is wrong to require proof of service connection on the part of Spanish War veterans. The World War veterans' organization that you have heard, and those that you will hear, all have experienced employees in their rehabilitation departments. Each and every one of them will tell you that the Spanish War veterans received the most severe blow of all, as the result of the passage of Public Law No. 2, Seventy-third Congress.

If that be true, naturally there would arise in your mind this question: Why does not the President change this condition by regulations?

When you were considering, during the early part of last summer, this very question, the Democratic steering committee of the House of Representatives had conferences with the President of the United States. Present also were Mr. Douglas, Director of the Budget, and General Hines. The Congressmen presented the condition of the Spanish War veterans to the President and suggested that they should not be required to prove service connection. He, at that time, expressed himself as in accord with that view, and was about to so express himself in detail when Mr. Douglas arose and said, "Mr. President, permit me to call your attention to the fact that it would be a dangerous precedent for the 4,000,000 World War veterans that are to follow."

Mr. Douglas, more than a year ago, writing to Judge R. C. Stanford, Phoenix, Ariz., made the following statement [reading]:

"DEAR JUDGE STANFORD: I am writing this letter to advise you fully concerning my stand on legislation in regard to the Spanish-American War veterans.

"It is not now, never has been, and never will be, my intention to require of the Spanish-American War veteran, proof of a service-connected disability. I realize that, after the lapse of all these years since the Spanish-American War, it would be impracticable, if not utterly impossible, for the vast majority of these veterans to prove such service connection, although it actually exists.

"I have not now, nor did I ever have, any idea of disturbing any legislation concerning the Spanish-American War veterans, except those economically independent.

"Trusting that this satisfactorily explains my stand in regard to the matter of special interest to you and the hundreds of other Spanish-American War veterans throughout Arizona, I am,

"Very sincerely yours,

"L. W. DOUGLAS."

Senator ADAMS. What is the date of that letter?

Mr. MEANS. The date of the letter is September 8, 1932, when Mr. Douglas was engaged in a campaign—if that would be a little more specific.

I never could harmonize the contents of this letter and the expressions of Mr. Douglas, having in mind that Mr. Douglas was the closest adviser to the President upon this question. I never could harmonize them with his subsequent activities. When he made that expression to the President he knew that we were being punished—because it would be a dangerous precedent for the more than 4,000,000 World War veterans to follow.

At the time and after the passage of Public Law No. 2, when regulations were made in pursuance thereof, representatives of all veterans' organizations were called down to Mr. Douglas' office. He was being advised by the Administrator, General Hines, and by the Solicitor, Mr. Roberts. I then presented this question to Mr. Douglas. On the following morning we were called back and another regulation was presented, Regulation No. 12, which is prefaced as follows (reading):

"* * * it is realized that veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection, who have heretofore received a pension, having in mind the period of time which has elapsed since the cessation of hostilities, will be at a decided disadvantage in endeavoring to secure evidence showing that their injury or disease was incurred in line of duty in the active military or naval service * * *."

The regulation provided for review and also provided that it should be presumed that all Spanish War veterans received their disease or disability in line of duty, that it was service connected; and it was subject to rebuttal on the part of the Government by competent testimony.

I am a World War veteran. At the present time I am commander of the American Legion in the District of Columbia. I want nothing misunderstood as to my comparison between the Spanish War veterans and the World War veterans in their treatment. You have been told of the boards that were set up under Public Law No. 78, whereby they might consider all presumptive cases of World War veterans. The review of Spanish War cases was had by the central office. There were just 195 working days in which to review these cases, and there were 236,000 reviewed.

Let us compare the two. The presumption in favor of the Spanish War veterans required proof on the part of the Government to rebut it, but the contrary existed in the procedure before the respective boards for World War veterans. They considered some 51,000 cases at the rate of about 8 per day. They found 41- or 42-percent service connected. The Spanish War veterans cases were all reviewed at the central office, 236,000 of them, at the rate of more than 1,200 per day. It was physically impossible for them to examine the files in that length of time. And what do you suppose resulted? They had the benefit of presumption, but when the review was finished we found 5,400 out of the 236,000 who were service connected, or a little better than 2 percent.

Gentlemen, it was mass production in its worst form. It was absolutely impossible for the Department to have made that examination and given those cases the consideration to which they were entitled.

The thought, of course, comes first to you, Why should Spanish War veterans have to prove service connection? The Surgeon General of the United States Army has in official reports declared that there are no records, and those who are familiar with the subject will tell you that the War Department has no records passing on the physical disabilities of men who served during the Spanish-American War. They would have to prove their disabilities, if at all, through affidavit. Half of the men are dead. The rest are scattered. After 34 years their memory is not clear as to the specific diseases at that time.

Senator REED. Were they examined on discharge in the same way that we were in the World War?

Mr. MEANS. Even worse. I conducted two examinations, because I had a regiment that I mustered out in the World War. Then we did give some degree of examination. But when we were mustered out in the Spanish-American War we sat down and wrote out the discharges and then handed them to the men and we all moved out as a body. So there was no attempt at examination at all. Some of the men were mustered out while they were upon their beds, sick, and sent home. In the fever camps in the South, when the doctors absolutely claimed the medical service was breaking down, they believed that the best way for the men to preserve their lives was to leave the fever camps and go on home. They were discharged while they were still on their sick cots. I can present many cases of that kind.

The whole atmosphere of the Veterans' Administration toward these Spanish War veterans was to handle them as quickly as possible. They would not even consider the affidavits we filed. Mark you, they sent out this word to every Spanish War veteran:

"If you have any evidence in your possession tending to show your disability resulting from war service, please send it in. If this evidence is not received prior to review of your case, it will be considered in the event you appeal from the decision rendered, provided such evidence is on file when the appeal is considered."

Now, mark you this: One of our own men made a test of this, and he makes this affidavit of what took place—just to give you the atmosphere of the Veterans' Administration [reading]:

"That this Monday a.m., May 1, 1932, I went to the Veterans' Administration Building and saw Colonel Hazard; that I showed

him the letter mentioned above and asked his advice about filing evidence suggested therein. Colonel Hazard told me that it would be a waste of time and of money for notary fees, and so forth, to file any evidence at this time; that no evidence would be considered except what was in my record in the War Department. He further stated in effect that anything I filed would not be considered in the review of my case at this time."

We were to have the benefit of the presumption, and they would consider no evidence that we would file. There is no evidence on record in the War Department, so we had none, and they would not accept evidence that we attempted to submit by affidavit.

Senator ADAMS. Is there a technical opinion and a uniform ruling on those matters?

Mr. MEANS. I do not like to answer that, Senator, but I will just tell you a case. A man from Texas was wounded—shot three times, twice in one hip and once in the other. He was decorated for bravery. His citation or a portion of it is in the record. His colonel stated that he remembered very well his wounds, and that he was wounded because he would not desert another wounded comrade. This man could not be commissioned, because of his lack of educational qualifications, but he was made a sergeant and was mustered out of the service and given a pension from the day he was mustered out, under the old base rate, which amounted to $24 a month. His pension certificate shows he had three gunshot wounds. This man made application in 1910 for total-disability pension. There is in the files a decision by the Secretary of the Interior that he is three-fourths disabled, but not entitled to full disability. In 1926 he was granted total disability. Because of lack of medical care and for the reason that it took so long to get him to a hospital, being out in the outposts, he walks upon the toe of one foot, that leg being shorter than the other. The man is 60 years of age. Economically he is ruined. If there is a man alive that is totally disabled, it is that man.

What do you suppose the rating was? He received a letter stating:

"Your case has been very carefully reviewed, and it is found that your injury or disability is not service connected."

I took it over to Mr. Morgan, and he graciously received me and said, "We will send for the files." The files were brought down, and when we went through them he said, "I will send it back to our medical department for a report." I was called over the phone and told that "We have carefully reviewed the case again and we find that he has a service-connected disability of 60 percent."

He cannot get any more under the rating schedule. The Veterans' Administration will absolutely admit this. You ask them when they appear here. Since the enactment of Public Law No. 2 they have adopted a new rating schedule. It is based entirely upon the experience of the employability of World War veterans. Age is not considered. They frankly admit it should not be used to rate Spanish War veterans. Yet every one of us is required to be rated under the same table as the World War veterans. They are of an average of 39 years. Our average age is 60 years. They frankly admit that it is wrong, but will not change it, because they are afraid of a precedent for 4,000,000 World War veterans.

Under that there are not many Spanish War veterans who would be rated totally disabled, because they do not take into consideration the fact that we cannot find employment. A Spanish War veteran who loses his job is economically ruined. Not only is he confronted with the ordinary attitude of industry towards men of that age, but he is disabled. Just stop and think of it. He is 60 years old. They say in the next breath that if you are not in need you get nothing, but that "If you are actually in need and 50 percent disabled, we will give you $15 a month, but you must also have enlisted before August 13, 1898, or have had actual combat experience." How in the world can he live?

I don't like to be a sob artist, but I want you to know that you have driven to suicide more men who served this country in the Spanish-American War than you can possibly realize. Representative CONNERY stated on the floor of the House that in the State of Massachusetts alone 37 of our boys had committed suicide because of this cruelty. Employing the language used by your distinguished chairman on the floor of the Senate 2 days ago, to me it is absolutely indecent.

The CHAIRMAN. I did not use that language.

Mr. MEANS. I beg your pardon. I did not hear your speech. But I will use it.

Senator REED. Are we going to sit through?

The CHAIRMAN. No; we are going to adjourn now. If Senator MEANS wants to continue his statement, we will hear him tomorrow morning.

Mr. MEANS. Very well; I will return tomorrow morning. Thank you very kindly.

(Whereupon, at 11:10 a.m., an adjournment was taken until tomorrow, Saturday, Jan. 27, 1934, at 10 o'clock a.m.)

UNITED STATES SENATE,
SUBCOMMITTEE OF THE COMMITTEE ON APPROPRIATIONS,
Washington, D.C., January 27, 1934.

The subcommittee met at 10 a.m., pursuant to adjournment, in the committee room, Capitol, Hon. JAMES F. BYRNES, presiding.

Present: Senators BYRNES (presiding), RUSSELL, COOLIDGE, MCCARRAN, HALE, STEIWER, TOWNSEND, and CUTTING.

Senator BYRNES (presiding). You may proceed, Mr. Means. You were making a statement yesterday which you had not concluded, and the committee will be glad to have you now continue.

STATEMENT OF RICE W. MEANS ON BEHALF OF THE UNITED SPANISH WAR VETERANS (RESUMED)

SPANISH-AMERICAN WAR VETERANS

Mr. MEANS. Immediately after the declaration of war with Spain, troops were assembled in camps chosen from the standpoint of convenience, and with no regard whatsoever to the rules of sanitation. Men slept upon the ground. The tentage, utensils, medicines, and foodstuffs were not even manufactured when they were called into camp. In a report to the Secretary of War, the Commanding General of the Army himself advised very strongly against sending men into the tropics at that time. The Surgeon General of the United States Army stated [reading]:

"In my opinion, it is extremely hazardous and I think it would be injurious to our Army on that island at this season of the year, as it would undoubtedly be decimated by deadly disease."

I state that because I want to show, and I want you to know, that there was a greater percentage of disease and sickness during that conflict than in any in which this country has ever engaged.

The Surgeon General of the United States Army, in an official report which you will find in the War Department reports of the year 1898, stated [reading]:

"Something may be understood of these conditions when I state that the casualty lists required to be forwarded to my office by each regimental surgeon immediately after an engagement with the enemy were not received for a month after the fight ceased. When they arrived they were found to be written in pencil on blank sheets torn apparently from personal letters and other such scraps of soiled, weather-stained paper as could be obtained in the trenches or in the camps to which the regiments were afterward withdrawn.

"Later, when the health of the troops broke down under the exposures and fatigues of the campaign, with malarial fever prevalent, yellow fever spreading, and from 100 to 200 men in each regiment claiming attention." And, mark you, the maximum strength of a regiment at that time was 1,200 men, "at sick calls every morning, even the best trained and energetic medical officer found it difficult to keep a satisfactory record of his cases, while others gave up the attempt to do so and devoted the whole of their energies to the care of their sick men."

Those of us who were privileged to go to the Philippines were herded into boats that had never carried troops before or passengers. Bunks were built down in the hold, and the men were herded in like cattle. They were 30 days upon the water in being taken across to the Philippine Islands. You all remember the bully-beef or the embalmed-beef scandal; the fact that the subsistence department broke down entirely; that medical officers were without medicines except those which they brought with them from their own private stores. When we reached the Philippine Islands and were compelled to engage with the Filipinos, it was impossible to secure medical attention. Privates or hospital sergeants gave medicines, and in many cases actually performed surgical operations. I might say to you that I myself performed one in an emergency with my pocketknife. We had to take care of the men under the conditions as we found them. Therefore it is of interest, and I want to refer to this record particularly. The men began to break down in that campaign in the islands. General Otis, the commanding general, wanted to know why. Here is a report which you will find in the records of the War Department of that year, signed by Henry F. Hoyt, Chief Surgeon, United States Volunteers. He stated as follows [reading]:

"I have the honor herewith to submit report of a special examination, as made by the writer, of the First South Dakota Volunteer Infantry, one of the units of his division on account of complaint from headquarters at Manila that 'so many men from this expedition have been sent in from duty for treatment.'

"In order to ascertain present physical condition of troops this regiment was selected by lot."

I interpolate here that the South Dakota regiment was just an average regiment like all of those volunteer regiments over there, like those from Colorado and Wyoming. So far as wounds and disease were concerned, it did not compare with the First Nebraska. Here is the result of the examination [reading]:

"Total number of men examined was 540, balance of the regiment being in hospital in Manila, Corregidor Island, or elsewhere. A very few were away on detached service."

They were in hospitals or sick in quarters. Twelve hundred men constituted a regiment, and they examined 540 who were then out on the front line. Mark you this [reading]:

"Of the entire number examined only 96 were normal.

"The unique feature of this examination was the condition of the heart. One hundred and seventy-nine of those examined had a pulse rate from 85 to 100, and 191 ranged from 100 to 150 (normal is 72).

"A large majority of these tachycardiacs had normal temperatures, the exception being an occasional slight rise. These observations were under exceptionally quiet conditions, men sitting, with absolutely nothing in the surroundings tending to excitement. Many of these cases used no tobacco, and the majority were young men. Those not on sick report made no complaint of conditions, but when questioned admitted that they 'got out of breath' very quickly after moderate exercise, and at sudden noises were 'kind of nervous.'

"These men have been either on the firing line, in the trenches, or on outpost duty, almost continuously since February 4, 1899. Their sleep had been broken night after night by the now famous night attacks of the enemy, and during a great part of this time they have been exposed to the tropical sun at midday, poor water, no shelter at night, no bathing facilities or change of clothing, and from date of leaving Calumpit there was about 2 weeks of subsistence upon travel ration only.

"This somewhat extensive campaign has demonstrated the fact that the white man in the Tropics cannot endure the same amount of nerve tension and physical exertion that he can in the temperate zone.

"From many personal inspections, careful observations during this campaign, together with the result of the above examination, it is the opinion of the writer that the entire Second Division, Eighth Army Corps, is near a physical breakdown, and it is herewith recommended that each unit be relieved from duty as rapidly as they can be replaced by fresh troops, and sent in from the front for rest and recuperation.

"Very respectfully, your obedient servant,

"HENRY F. HOYT,
"*Major and Chief Surgeon,*
"*United States Volunteers.*"

Think of it! Out of a regiment of 1,200, 540 still carrying on and only 96 of them fit for duty; and in an examination of that regiment recently, as with all others under this review, 17 were found to be service connected as to their disabilities.

Senator RUSSELL. Out of how many?

Mr. MEANS. About 660. Out of a regiment of 1,200, 17 were found service connected.

Anyone who served in the World War and who attempts to use his experiences in that war by which to measure the conditions under which the men performed their duties in the Spanish-American War, is doing an injustice to the men of 1898. I served in both wars. So far as the armament is concerned, so far as munitions are concerned, so far as actual warfare is concerned, there is no comparison. The World War was far greater. But when it came to fighting disease, no troops that this Nation ever produced have fought disease as did the men of the Spanish-American War. Personally I would rather fight bullets than fight disease.

When we entered the service there was no special act of Congress for us. Do you realize that that was the only war in which there was never an inducement by way of legislative action for enlistments? And when we came out there was nothing done for us. Not until 1920 was there ever an act of Congress passed granting benefits to Spanish-American War veterans.

When we entered the service there was a set, determined veterans' policy in this country. It was as much a part of our enlistment contract as if it had been in words written therein. When we came out we asked for nothing. We followed that policy and have adhered to it from that day to the present moment.

In 1920 we were of the same age exactly as Civil War veterans when their service act was granted to them, namely, in 1890. Congress granted it to us; but in the meantime there had been a World War, and an entirely different policy was adopted. Let me impress this upon you, if you will permit: For World War men you had insurance, you had family allowances, you had death compensation, you had vocational training; you had certain allowances that were accorded to those by reason of their rank and of their service. You had entirely a new policy for Word War veterans.

Did anyone ever complain upon the floor of the Senate or of the House and suggest that those benefits should be effective for Spanish-American War veterans? Not at all. On the contrary, in 1920 Congress reasserted its desire that Spanish-American War veterans should be treated under the same policy exactly as Civil War veterans.

In 1926 you reiterated that policy, and in 1930 you again reiterated it. If you will read the acts, you will find that in phraseology they are almost identical with the Civil War Act.

Senator MCCARRAN. Will you pardon an interruption somewhere there?

Mr. MEANS. Oh, certainly; anywhere, Senator.

Senator MCCARRAN. How many of the Spanish War veterans and those who served in the Spanish-American War are now living?

Mr. MEANS. In round figures, 200,000.

Senator MCCARRAN. What were the total enlistments?

Mr. MEANS. Four hundred and eighty thousand. But I would not have you mistake that. That was not the total number of individuals. There were some reenlistments, so that no one can with positiveness state the exact number of individuals. It is entirely an estimate. If you will estimate 400,000 of the 480,000 enlistments as being the number of individuals, you will be as near correct as any human being can come to it.

Senator STEIWER. That would cover all branches of the service?

Mr. MEANS. Yes, Senator.

Senator HALE. What was the total number of casualties?

Mr. MEANS. There were 636 engagements in the Philippine Islands alone in which there were casualties.

Senator HALE. Battle casualties, I mean.

Mr. MEANS. Yes. There were 10,000 deaths in the Spanish-American War while in service, and more than 7,000 died within a few months thereafter because of injury and disease occurred in service. If you want the exact figures as to the casualties, I can prepare them for you, but I do not have them here.

Senator BYRNES (presiding). You may put them into the record.

Senator HALE. Also the number of casualties from any cause in addition to battle casualties.

Mr. MEANS. There were 60 percent of all the number who served saw service in the Tropics.

Senator MCCARRAN. How many of your veterans have been taken off the rolls by reason of the economy act?

Senator HALE. Senator Means stated that yesterday, I think.

Mr. MEANS. On March 20, 1933, there were on the pension rolls 196,000 veterans, speaking always in round numbers, Senator, and 40,000 widows and dependents. Five thousand four hundred and sixty-one, I believe, is the exact figure of those that were found to be service connected. There are approximately 69,000 that have been taken off the rolls entirely. If you will recall, under Public Law No. 78 (June 16, 1933), the President granted $15 per month for those over 55 and who were in need and who were 50-percent disabled; and then they took off some because of what they termed "peace-time service", fixing the date of the end of the Spanish-American War as August 13, 1898. I think there are approximately 13,000 taken off because of the so-called "peace-time service."

Senator STEIWER. Those that enlisted after August 13?

Mr. MEANS. Yes; and unless they saw combat in the Philippines they were taken off. If they saw combat in the Philippines, under the regulations, they are called Spanish War veterans.

You understand, of course—if I may refresh your recollection—that when we took Manila we remained in the islands, although we were entitled to be mustered out. The matter was submitted to the men themselves, in different forms, as to whether they would stay, because the President had asked us to stay until he could raise other troops to take our places. Before there was time for any consideration we were engaged with the Filipinos on February 4, 1899. That continued, and then the United States Volunteers came over and succeeded us as we were pulled out of the islands. The Philippine insurrection and the Spanish-American War were one campaign. You cannot separate them, and to attempt to separate them is unfair, because one is an absolute incident of the other. So we always refer to the Spanish-American War veterans as those who served from April 21, 1898, to July 4, 1902, when by official declaration it was declared——

Senator RUSSELL. You do not mean to say that only 5,700 Spanish-American War veterans are now drawing compensation?

Mr. MEANS. Five thousand four hundred and sixty-one is the total amount of cases that the Veterans' Administration has declared as service connected.

Senator RUSSELL. How many are actually on the roll?

Mr. MEANS. At $15 and at $30?

Senator RUSSELL. Yes.

Mr. MEANS. All are on the roll except 69,000.

Senator RUSSELL. What effect did the recent modification by the President have on Spanish-American War veterans?

Mr. MEANS. It did this. Regulations before that provided that a man must be 55 years of age. Our average age is 60 years. Within a couple of years we will all be over 55; so it just anticipated the 2 years. It practically means nothing——

Senator BYRNES. If a man is 53 today and is 50-percent disabled, under the regulations he would go on the rolls. How many are there in that status, under 55?

Mr. MEANS. You will have to ask the Veterans' Administration that question. I do not know that. Those figures have not been compiled.

Senator BYRNES. I have seen it stated in a communication that there were between 8,000 and 9,000 who would come within that class.

Mr. MEANS. I do not want you to say that they are all 53. That is a very young age——

Senator BYRNES. Under 55 years of age; how many in that class would be affected by it? I wanted to know whether you had any statistics.

Mr. MEANS. No, sir. The only statistics I would have, I would receive from the Veterans' Administration. But what I say is that within 2 years they would all be entitled to it anyhow.

Senator BYRNES. I had something to do with putting over the 55-year provision. But they would not be entitled to it until they reached 55, under the former regulation.

Mr. MEANS. That is absolutely true. When we figure the expense, the cost of the same, it would probably be a million dollars per year, for the first year; and then it will lessen, until in 3 or 4 years it would disappear. I saw in a newspaper that they had a $2,000,000 benefit for the Spanish-American War veterans, but I am not able to grasp that figure myself.

I was speaking on the question of policy; and that is the one reason why I am here. The policy of the Government in dealing with Spanish-American War veterans for these 34 years was to treat them identically under the same policy as you were treating Civil War veterans. You passed an act in which you provided that all veterans of wars prior to the Spanish-American War should receive a 10-percent reduction. That includes the Civil War and the Indian wars. There are also 12,909 now on the rolls, men and women, who could not meet the requirements of law, either because of the lack of service—some because of desertions—or because for some reason they could not secure the pensions payable to the ordinary veteran; so in your spirit of fairness and equity Congress passed special acts for those people; and what do you suppose they receive as an average—and you gave them a 15-percent cut. They receive on an average $29.16 per month. A man stood in my office the other day and sneeringly laughed, because he received $42 and some cents per month, and he is not entitled to a pension at all except because of a special act.

Senator STEIWER. The Economy Act did not affect them at all?

Mr. MEANS. No. They came under Public Law No. 78 and they were then reduced, and now this bill under consideration contemplates increasing their allotments and they would be receiving more than the Spanish-American War veteran who is totally disabled now receives.

For fear that the Veterans' Administration, perhaps, or others, may say to you, "Ah, but some Spanish War veterans are receiving more than they did before", let me say, yes, that is true; there are a few hundred who are receiving more than they did before. I know one man, a Mr. Clark, of Los Angeles, Calif., who was receiving $60 and is receiving $150 now because of the loss of his limbs. He receives the special reward as granted under that law. You will find a few who do receive increases; but the great mass of them have been crucified by the Economy Act.

I want to make this proposal to you, and I do not fear contradiction by anyone. Spanish-American War veterans are the worst-treated army that this country ever produced, while they were in the service and since they came out; and I think no one cognizant of the facts will ever dispute that assertion. Now you take them and place them, after all these years, in the same class as the World War veterans. When the World War veterans came out you did everything you could to help them to prove service connection. They had the advantage of medical records; they had the advantage of regional offices; they had the advantage of local assistance. You spent millions of dollars for committees that you sent out all over the country trying to help them to prove service connection.

The Spanish-American War veterans have none of that. We have no records. No one ever suggested that we should prove service connection until this Economy Act came on. Now you are trying to make us conform to the requirements for World War veterans in the matter of proof. It just cannot be done. At the same time you say, "You must submit yourself to a rating schedule that is prepared for World War veterans." It is prepared upon the experiences of the employability of World War veterans. The Veterans' Administration will admit to you that age is not considered as a factor. They will admit to you that it is totally unfair.

When they submitted it I said, "How can you rate men who average 60 years upon the experience of employability of age 39?" They said, "Age is not a factor. The World War veteran composes the great mass, and we prepared it for World War veterans, and you are compelled to submit to the rating prepared for them."

It is unfair. The thing we ask of you is this: We have always been subjected to the policy that existed for Civil War veterans, and we ask that you change this law to read instead of "wars prior to the Spanish-American War", to "wars prior to the World War", because that is the policy under which you will eventually act. There was never a proposal submitted to you more in keeping with a sense of what is right as between classes of veterans than the one I am now proposing. The Spanish War veterans should be carried over under the policy in existence prior to the World War, because that was the policy which then obtained. You adopted a new policy for World War veterans. You had a new set-up entirely, and therefore there should be a policy for World War veterans established by the Congress of the United States. You should even carry on further; the Congress should declare a policy for veterans of future wars. It should be a part of our national defense.

When we entered the service we asked no change. We had no law for our benefit. We asked nothing of Congress. Our service pension was granted to us when we were exactly the same age as the Civil War veterans. Why now impose upon us the obligation of submitting the proof required of World War veterans? It is not fair. Anyone familiar with the facts will say the same thing. I asked the national commander of the American Legion, and he authorized me to say that in his opinion the Spanish-American War veterans were the worst-treated group of veterans in this country today. I think the representatives of the other veteran organizations will tell you the same thing when they appear before you as witnesses.

If you will take the act that you have now under consideration, you will find that the House has enacted the economy provisions. You will also find that you continue the 10-percent provision as to the Civil and Indian War veterans, and you provide also for those benefiting by special acts.

We ask that you amend this act so that instead of its reading all veterans of "wars prior to the Spanish-American War", it will read all veterans of "wars prior to the World War." You will have a policy for the Spanish-American War veterans and a policy for those of the World War. That is the fair and the just thing to be done. That is the amendment that we ask.

Now as to amounts—in the bill that you passed last year there was allocated for Spanish-American War veterans $61,000,000. We took a cut from $120,000,000 to $61,000,000. Now we find that they have cut us down still further. In this bill there is appropriated $45,000,000 for Spanish-American War veterans. That means that the veterans themselves have been cut 70 percent, while the widows and dependents are cut 55 percent.

The Spanish-American War veterans have never quarreled with the Congress of the United States over amounts. We have always met you fairly. We have always been willing to accede to what Congress thought was the right thing in the interests of the country and of the veterans, but we do not like to submit to this question of policy. I am speaking to you sincerely in the name of thousands upon thousands who are suffering today. There is that cloud of fear that is ever before their eyes. You say to them, "You must be dependent; you must be in need, or we will give you nothing. If you are in need, we will give you $15 a month."

What chance has a man 60 years of age to obtain employment?

Senator STEIWER. Why do you say 60 years of age? Is that the average age?

Mr. MEANS. Yes.

Senator STEIWER. By the law of averages, then, a great number of Spanish-American War veterans are more than 60 years of age; you have many men who are 65 and many who are 70. Is not that true?

Mr. MEANS. Yes.

Senator STEIWER. Are they receiving any enhanced pension by reason of their advanced years?

Mr. MEANS. They are not.

Senator STEIWER. Fifteen dollars is the limit?

Mr. MEANS. Unless they are totally disabled, and then they get $30.

Senator HALE. Have you an amendment to submit which covers the point you desire?

Mr. MEANS. Yes, sir.

Senator BYRNES. That is what I wanted to suggest to you. When we started the hearings we had the thought in mind that inasmuch as we desired to make headway in the consideration of the bill and had so many requests from organizations, we would limit the time. We have not adhered to that limit, but inasmuch as we have 3 days more of hearings, in order to hear gentlemen representing other organizations I think we should like to have you place before us the amendment that you specifically desire, so that we will have an opportunity to give these other men a chance to be heard. The Senate is meeting at 11 o'clock today instead of at 12.

Mr. MEANS. I understand that perfectly, Senator. The difficulty that we are in today is that Senators and Congressmen have not understood the conditions surrounding the service of Spanish-American War veterans. The one thing that brings me here at all is the hope that there is not a human being with full knowledge of the conditions facing the Spanish-American War veterans but who will agree that relief must be granted.

Senator BYRNES (presiding). I thought if you had specifically, as Senator HALE suggested, the various amendments that you desire, we would have those before us.

Senator HALE. I think Senator Means has brought the matter out very clearly so that we all understand the situation.

Mr. MEANS. The amendment that I would suggest would be to employ the language contained in the Steiwer-Cutting amendment, having in mind that my sole purpose is to take us from the classification of World War veterans and place us in a classification with all the other veterans prior to the World War. The amount is a matter for you to determine, although I place it at 10 percent because you have placed reductions of all other veterans of wars prior to the Spanish-American War at 10 percent, even those in special bills. The amendment which I wish to submit is as follows [reading]:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans, shall not be reduced more than 10 percent of the amount being paid prior to March 20, 1933."

Senator RUSSELL. How much would that involve?

Mr. MEANS. I would rather you would ask the Veterans' Administration. I am not one who likes to quarrel with them. I figured that it would be about $61,000,000. I believe that if you put this into effect it would be an increase——

Senator MCCARRAN. In addition to what they have asked for?

Mr. MEANS. In addition to the $45,000,000 that the Veterans' Administration has asked for.

Senator BYRNES. We will get the Bureau to give us their estimate.

Mr. MEANS. Let me say just this, and then I will cease. They will undoubtedly give you estimates. This bill can be amended, because it is absolutely relevant to the provision of the bill as passed by the House. You are renewing or restating section 18 of the Economy Act, and those sections of Public Law 78 which are called the "economy" sections.

This merely changes in effect, under section 18, the words "prior to the Spanish War" to "prior to the World War" and makes it in effect the same.

There is, in my humble judgment—and I want to impress that upon you—no question as to the relevancy of this form of amendment t, this bill that has been passed by the House of Representatives.

The only excuse I have to offer for having taken up so much of your time, I assure you, is that there are thousands of these men writing to me and I cannot but try to impress upon you the justice of their cause. I am speaking—I repeat, in order that it may sink in—for a group of veterans, the worst-treated army that this Government ever produced, while they were in the service and since they came out of the service.

Senator BYRNES. We thank you very much for the information that you have given us.

Mr. HATFIELD. Mr. President, in reading these records, based upon the number who served, one is convinced there never was an army mobilized in the United States that suffered to the extent, proportionately, as did the Spanish-American War soldiers. They were subjected to the ravages

of infections, contagious and communicable diseases, which are now largely preventable. Medical science had not learned to cope with such maladies as typhus, typhoid, yellow fever, and different forms of dysentery; nor did it possess germicidal treatments, available during the World War, for the purpose of combating the gangrenous type of bullet, bayonet, and shrapnel wounds. The result was that many a soldier died, or was marked for an early death, or a weakened physique in later life, who otherwise might have been less heavily scathed by the ravages of war.

Let me read from a medical text the ramifications of these maladies in the human body and the complications resulting from typhoid fever.

First, let us consider thrombosis. Thrombosis is the result of a clot which forms either in the arteries or the veins which carry the blood to the different parts of the body. More frequently the clot forms in a vein, which results in dilatation and inflammation of the vein, resulting finally in the individual being a cripple from varicose veins, either in his limbs or some other part of his body, usually his lower extremities.

Cholecystitis is another complication of typhoid fever which makes its manifestation in some cases long after the patient has passed from the period of convalescence into what seems to be a healthful life, or it may be acute at the time of the attack of the typhoid infection.

The patient may also, with an infected gall bladder, develop a jaundice, and obstructive jaundice, turning the patient's skin yellow, which, if only inflammatory in its nature, will disappear; these typhoid bacilli remaining in the gall bladder for, in some instances, a long period of time, sometimes for years and years, serving ultimately, 25 or 30 years afterward, as a nucleus around which gallstones form.

In one of my own cases a Spanish-American War soldier came into the hospital. His skin was yellow and he was suffering great pain. Some 3 years ago I examined him, and my conclusion was that he had gallstones.

I subjected him to an operation and found a great number of gallstones in his gall bladder, and in the centers of these stones were found the germs of typhoid fever, which he had picked up during his service in the Spanish-American War. We are told that the Veterans' Department has only directly connected something like 5,461 Spanish-American War veterans. In this case, however, there is a direct connection that can be proven 35 years after the soldier was separated from the Army.

Other complications are abscess of the liver; infection of the parotid gland; breaking down of the larynx, the talking box in which we use our vocal cords; lobar pneumonia; broncho-pneumonia; heart complications; pericarditis, myocarditis, the different diseases involving the heart, resulting finally in a crippled heart. Seventy-seven percent of the Spanish-American War soldiers suffered from typhoid fever, and only 5,461 directly connected with service. Such a conclusion is farcical, from a scientific point of view.

Other complications are typhoid spine and otitis media, or middle-ear disease.

Another malady which the Spanish-American War soldier was subjected to is bacillary dysentery. He never gets well of that disease. He is forever and a day suffering from acute exacerbation of an old chronic intestinal condition. Due to the ulcerations which take place in the intestinal canal, scar tissue forms, obstruction takes place, resulting in his being in a state of discomfort all through life, to say nothing about the ramifications of this disease manifesting itself in diseases of the eye, malnutrition, resulting in pneumonia and many of the other diseases secondary to amebic and bacillary forms of dysentery.

Mr. President, I could recite volumes in defense of the Spanish-American War soldier as to why he should be protected by being given a direct service connection because of the climatic conditions of the countries in which he served as a soldier, subjecting him to communicable diseases to the extent that 90 percent of the 280,000 were stricken with one or more of these communicable diseases that medical science tells us leave their trace by way of complication that cannot be eradicated. When 90 percent of the 280,000 were either stricken down with typhoid fever, typhus fever, malarial fever, dysentery of some form or other, it seems to me that by exclusion the Spanish-American War soldier, who either served in the Philippines or served in Cuba, should be 100 percent directly connected. The Government of the United States owes a debt to him. He has been mistreated. He has not been properly recognized or cared for, notwithstanding the great service he rendered his country, notwithstanding the fact that it is his work, his service, and his sacrifice which gave to America the standing which she enjoys today among the great nations of the earth.

The horrible statistics of almost forgotten days of the Spanish-American War are not familiar to the general public. Since 1898 a whole generation has come to maturity. But these statistics tell a story, which, I submit, it is well to repeat, in order that the new generation may know of the ghastliness of that war, a ghastliness unparalleled even during the Great War of 1914–18. Of the 280,000 men comprising the total American Army who bore arms in behalf of Cuban and Philippine liberty, more than 77,000 were subject to contagious and communicable diseases. When the pale horseman of disease and death rode through the camps, 5,423 of these young boys in blue were his victims.

Mr. President, I have a letter written to the Chairman of the Appropriations Committee by ex-Senator Means, which is a copy of a letter that he received from former Secretary of War, Mr. Good, which I ask to be incorporated and made a part of my remarks on this subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

FEBRUARY 3, 1934.

Hon. CARTER GLASS,
Chairman Senate Appropriations Committee,
United States Senate, Washington, D.C.

DEAR SENATOR: Pursuant to the request of the Acting Chairman of the Appropriations Committee at the time I was presenting the case of the United Spanish War Veterans to that committee, I submit herewith a copy of letter from the Honorable James W. Good, Secretary of War, dated June 14, 1929, relative to the casualties during the War with Spain and the Philippine insurrection:

"The War Department has never undertaken the task of compiling for publication a history of any of the wars in which the United States Army has engaged. The Department has, however, published in the current annual reports of its various bureaus detailed and comprehensive data relative to the part played by the Military Establishment in each war or belligerent incident. Among War Department publications covering the period of the War with Spain and the Philippine insurrection (1898–1902), which doubtless contain historical data of value to the purpose named, are the annual reports of the Secretary of War for the fiscal years concerned; the annual reports of the major general commanding the Army, which include reports from various commanding officers and data relative to the mobilization of volunteer organizations; and the annual reports of The Adjutant General of the Army for those years. The 1898 report of the major general commanding the Army is published as part of Executive Document No. 2, H.R., Fifty-fifth Congress, third session, and the 1899 report as part of Executive Document No. 2, H.R., Fifty-sixth Congress, first session.

"I regret that the War Department's supply of these publications has been exhausted and that I am therefore not in a position to furnish them to you. Inasmuch as the State library at Hartford, Conn., is a depository library for Government publications, it is believed that copies of any or all of the War Department reports referred to supra may be consulted at that source.

"In the following statement appears a summary of statistics pertinent to the United States military forces:

"WAR WITH SPAIN

"Duration of war: April 11, 1898 to April 11, 1899; active hostilities ceased August 13, 1898, pursuant to the terms of a protocol signed on the previous day.

"Troops engaged: 280,564 officers and men of whom 223,235, including 10,017 commissioned officers and 213,218 enlisted men, were volunteers. The other 57,329 individuals, including 2,346 commissioned officers and 54,983 enlisted men, served as members of the Regular Army.

Casualties (not classified by components):

Killed in action	498
Died of wounds	202
Total battle deaths	700

Casualties (not classified by components)—Continued	
Died of disease	5,423
Died by accident and other causes	349
Total	5,772
Total deaths	6,472
Wounded, not mortally	2,961

"The foregoing figures cover the period of the duration of the War with Spain. Inasmuch as fighting with the Filipinos was already in progress on April 11, 1899, and troops were being enrolled and sent to the Philippine Islands, it is practically impossible to furnish accurate statistics on either the War with Spain or the Philippine insurrection separately. The figures given, however, are based upon the most reliable data available.

"PHILIPPINE INSURRECTION

"Duration: April 11, 1899, to July 4, 1902, except in the Moro Province, where it ended July 15, 1903.

"Troops engaged: 126,468 officers and enlisted men, of whom 50,052, including 2,185 officers and 47,867 enlisted men, were volunteers, and 76,416, including 1,832 officers and 74,534 men, were members of the Regular Army.

Casualties (occurred during the period of fighting with the insurgents, Feb. 4, 1899, to July 4, 1902):	
Killed in action	777
Died of wounds	227
Total battle deaths	1,004
Died of disease	2,572
Died by accident and other causes	589
Total	3,161
Total deaths	4,165
Wounded, not mortal	2,911

"I trust this information will be of value to your correspondent.

"Sincerely yours,

"JAMES W. GOOD,
"Secretary of War."

The Commissioner of Pensions in 1902 made the statement, that although the definite figure was not available that more than 7,000 veterans of the Spanish War had died within a few months after discharge from service in that war.

Sincerely yours,

RICE W. MEANS,
Chairman National Committee on Legislation, U.S.W.V.

Mr. HATFIELD. Mr. President, and now, as age comes upon the survivors, and their heroism and patriotism is but a dim and distant memory of the past, they are deserted by their own Government, and stigmatized by at least one newspaper in this land as "garbage-can grenadiers"!

How unfair, Mr. President, is that criticism by the newspaper. How unjust and how untrue!

Mr. President, unless this administration relents, many of these aged veterans, past their prime, their hair grown gray, joints and muscles stiffening with the rigors of time, backs bent with the cares and toils of the machine age, out of employment—indeed, out of bread and a place to rest their heads—marching grimly along the lane that winds toward the sunset of life, must take a pauper's oath in order to qualify for a mere pittance—$15 per month—scarcely enough to keep body and soul together, with no regard for their dependents.

It reminds me of the observations of that grand old patriot, Tiberius Gracchus, made during the height of the glory of the Roman Empire concerning the treatment of the Roman soldier:

> They lie; not one of them possesses a hearth or a home or even a family grave. That others may enjoy riches and pleasure, that is what they are fighting for, those Romans who are called "masters of the world", while they have not so much as a sod of earth they can call their own.
>
> Foxes have holes, the wild animals of Rome have their caves and their lairs in which they may rest, but the men who struggle and die for Rome's greatness possess nothing but light and air, because they cannot be robbed of these. Homeless and shelterless, they wander about with their wives and children.

He who libels the American war veteran despoils patriotism. He who despoils patriotism, dooms his country!

All wars are costly. But it is more costly to attempt to evade a just obligation to a war veteran.

Any evasion of that just obligation strangles patriotism. The neglected veteran suffers, that is true, but the Nation suffers more. It is a question of the national honor. It is also a question of the national existence.

I have always maintained that economy in Government—National State, local—is a first essential to the maintenance and stability of any Government. My record of 25 years in public life is replete in the stand I have taken upon this point.

Mr. President, I sincerely trust that the administration spokesman in this Chamber and the Members of this body who wish to eliminate pauperism and make unnecessary the establishment of a dole will see the advisability of adopting this amendment.

The Federal employee should receive a sufficient income to support his family and make it unnecessary for any member of that family to be dependent upon public or private charity or dependent upon being placed upon the pay roll of the C.W.A. or the C.C.C.

That which is true of the Federal employee is likewise true of the veteran.

In 1916 and in 1917 the American people promised the soldiers recognition of their service.

I sincerely trust that the Members of the Senate will see to it that the injustices perpetrated a year ago are corrected and that no veteran or member of his family will be dependent, as the result of our action, upon either public or private charity for their welfare.

Mr. President, my excuse for discussing the amendments at this time is because of their far-reaching character, and, because of my knowledge gained in the service of the Government of the United States during the World War, beginning in 1917 and ending in 1919, and due also to the fact of my intimate knowledge from a scientific point of view of the theory of presumption, I felt it nothing more than fair that I should discuss at some length the justification for my amendment so far as it applies to the war veterans.

Regarding the amendment which I have offered in support of the contention that the salaries of Federal employees should be restored, I am proud to be counted on the side of that group of intelligent and capable working people. They should not have suffered a reduction in salary. Many a Representative in the Congress of the United States, and no doubt a goodly number who are Members of this body, did not take into consideration at the time the serious injustice which the salary reduction imposed on these employees and the unfortunate experiences which have come to them because of the devaluation of their services. Let us hope, Mr. President, that their salaries will be fully restored and the status which they enjoyed prior to the enactment of the economy law will again be reestablished.

As for the World War veterans and the Spanish-American War veterans, if there are some who are on the rolls who are not entitled to be there, it is the duty of the Congress of the United States to see to it that the pertinent laws shall be revised; and after a revision in keeping with the conclusions of the committee, joint in character, which was created in 1932, that these laws should be revised, giving due consideration to the claims of the veterans of the Spanish-American War and of the World War and allowing them to have a test at the hands of competent medical experts, if then the soldier shall be found unworthy it will be ample time to take him from the rolls.

COMPENSATION OF DISABLED VETERANS

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD a letter I have just received from the Minneapolis Chapter No. 1 of the Disabled American Veterans of the World War.

This letter sets out, with facts and figures, the concrete results of the dictatorship this Congress has created for the veterans; and they sound ominous to anyone who chances to come up for election and has to answer for his vote creating this condition.

The special boards set up as a result of legislation last June have allowed only 42 percent of the cases they considered; and not all of them—as a matter of fact, so far as Minnesota goes, not even those granted service connection by them—are allowed to stand when they have been appealed; and an appeal could be taken by virtue of one dis-

senting vote in the special board in the field. This vote was no hard matter for this dictatorship over veterans' affairs to provide, which permits it to appeal the case to another superdictatorship board, which in turn cuts off still more veterans.

Congress must either repeal the Economy Act altogether and take back the jurisdiction over veterans' affairs, or concede that it has nothing to say about them, as the heads of the various departments are each one supreme in his own province, and rules of Congress mean nothing to them.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter referred to is as follows:

MINNEAPOLIS, MINN., *February 17, 1934.*

Hon. THOMAS D. SCHALL,
Washington, D.C.

MY DEAR SENATOR: You will recall the passage of the Economy Act and that the destruction that followed was beyond the intention of Congress. This act was amended in June 1933, to the effect that, where a disabled veteran was receiving compensation because of a direct service-connected disability, he could not and would not be reduced more than 25 percent of the amount of compensation payable. If I am not mistaken, I believe that you, with the rest of the gentlemen in Washington, had in mind that this amendment of the Economy Act would protect the disabled veterans left on the rolls of the Bureau, so that they would not be reduced by a greater amount than 25 percent. Nevertheless, laws are funny, and there are always times when laws are misconstrued, and this was one of those times—one of the greatest misrepresentations of a congressional act.

Then the special boards were put into action. These special boards saw fit to allow only about 42 percent of the special-board cases throughout the entire country. No two States in the country averaged the same. These special boards were composed of 3 men outside of the Bureau, men who were supposed to be fair minded and above the average type of citizen, together with 2 Bureau employees.

While I am on the topic of these special boards, I might state that they were the most useless group of men ever mandated to make a review of veterans' files, due to the fact that the majority of them were political appointments and had little or no knowledge of veterans' legislation, who a soldier was, or what his duties consisted of, and no knowledge of diseases; and the doctors who were placed on these boards by the Bureau were regulation bound from serving on the rating boards and were drastic in their actions.

I had occasion to appear on many cases before these special boards, and, with few exceptions, the personnel of these boards was discourteous and inattentive toward the disabled veteran and his representative. No doubt this was due to the fact that many of them were against the veterans because of political affiliations. Anyway, they seemed to take the attitude that this money was being paid from their own pockets, and, as a result, the board's decisions were inhuman to those who bear the scars of bodily sacrifice.

Now I find that the cases that were allowed by the majority, but had a dissenting vote, have been appealed to Washington, and since the board's action in Washington has started I have already had four cases returned which were turned down, cases that were passed by the special boards in this office by a majority of the board members who, I believe, in hearing the veteran's testimony, gave the best of their ability (as to the amount of ability I cannot say); nevertheless the dissenting member of this board appealed the case to Washington, and the board in Washington reversed the decision against the veteran. What price glory!

The public was advised through the press of the country that the cases were to be appealed before the special board, which was intended to be in the nature of a court where every man was to be given an opportunity to state his case. Now a couple of months afterward, just because some member of the board dissented against the veteran, and in a great number of cases the dissenting vote was a doctor's, the case was appealed to Washington and the decision changed. You will agree with me, I am sure, that it is very unjust. Mind you, these doctors were Veterans' Bureau employees, and it is my opinion that they were put on these boards as medical advisers and not for the purpose of being the judge.

The special boards terminated on November 30, and those cases which were denied by the special boards still have an opportunity of appealing their cases before the Appeal Board set up in Washington, but they haven't a dead man's chance. However, the monetary benefits of the special-board cases which were disallowed terminated, and the result was that they were thrown upon the charitable organizations in their respective communities. This has cost the State of Minnesota alone $1,000,000 appropriated by legislative enactment.

At any rate, a large number of these special-board cases are being cut off the rolls daily by the board in Washington. These veterans were to be given every consideration in presenting their claims. I was under that impression, and so was everybody else, that the decisions by the special boards would hold, but it appears that too much authority is vested in the department heads in Washington after a bill is passed by Congress. If this practice is continued to let these department heads interpret and issue regulations to suit themselves, then it is absolutely useless for Congress to pass any legislation. This is particularly true since the passage of Public, No. 78, section 20, stating that disabled veterans whose disabilities were direct service-connected cases could not be reduced more than 25 percent. Now, under date of January 19, 1934, the President issued an Executive order that a $21,000,000 increase would be given to disabled veterans—quite a nice sum for publicity—but in going over the allotments of this $21,000,000 I find that only $8,000,000 has been given to direct service-connected cases, to be divided accordingly among 288,000 service-connected cases. Mind you, if that amount were divided equally among 288,000 it would average about $2.75 per month increase.

A few days later the Honorable General Hines and the chief advisor, J. C. O'Roberts, issued new regulations relative to reviewing all cases for the distribution of this $8,000,000. I find, under the present review, that these same disabled veterans, who number about 288,000 and survived the first review of the Economy Act, are again threatened to lose part or all of their monetary benefits under the new regulations issued by General Hines, which will save more than this amount. Just how does this gentleman get his power to administer and to issue regulations to cut off the disabled veterans who survived the economy bill? Did not you gentlemen pass a bill last June in which these comrades who had a direct service connection could not be reduced more than 25 percent? At least that is the way the bill read.

This new regulation gives the rating board full power to determine whether or not a man is still to be retained on the rolls. Do not let anybody kid you into believing that these disabled veterans are to receive an increase in compensation, as I find that over 65 percent in this office are under the protected rating, and if General Hines or you can show me how they can give a man an increase under the present rating schedule, who are now on the protected rating, I should like to be shown.

It all simmers down to this, that while you gentlemen in Washington are passing legislation for the benefit of the disabled veteran, and after the passage of such legislation it is turned over to its respective departments only to have such department head do as he pleases about the interpretations of your regulations, as found today, it appears to me that your efforts are futile as far as the disabled veteran is concerned.

I am making this plea in behalf of the thousands of disabled veterans in the State of Minnesota, who still suffer from the Great War. For God's sake, do turn around and take a look at the way the Veterans' Administration in Washington is issuing orders crucifying disabled veterans. Only this morning I had an opportunity to learn of a disabled veteran who had direct service connections for myositis, lumbar, chronic (back condition), hernia, bilateral, inguinal, recurrent, having a combined rating of 23 percent, who was put on a protected rating and now his case was reviewed again, under the new legislation sent out by the Director under date of January 27, and this granted service connection for hernia was broken and his back condition of the lumbar region was reduced to 10 percent. Is this fair, after the comrade was assured last July that he would not be reduced any more?

Another comrade, who has been permanent and total since his discharge because of tuberculosis and three gunshot wounds in hip, buttock, and foot, was reduced from $90 to $70.

If this practice continues it will result in thousands of other cases being stricken from the rolls. Are you going to sit in Washington and have this legislation which was passed to protect the disabled veterans meted out as intended or have an order issued by the Director do just the opposite of what the legislation calls for?

I hope you will do your utmost to remedy this situation by enacting legislation to restore benefits of all service-connected cases as they were on March 19, 1933. If this is not done it will mean a political defeat for those who oppose this legislation.

Very sincerely yours,

FRANK A. HOWARD,
Adjutant Minneapolis Chapter No. 1, Inc.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed, without amendment, the following bills of the Senate:

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.;

S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; and

S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

NAVAL APPROPRIATIONS

The PRESIDING OFFICER (Mr. FRAZIER in the chair) laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, and requesting a con-

ference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. ROBINSON of Arkansas. I move that the Senate insist on its amendments, agree to the conference asked by the House, and that the Chair appoint confereees on the part of the Senate.

The motion was agreed to; and the Presiding Officer appointed Mr. BYRNES, Mr. COPELAND, Mr. TRAMMELL, Mr. HALE, and Mr. KEYES conferees on the part of the Senate.

SENATOR VANDENBERG'S ADDRESS TO MICHIGAN REPUBLICANS

Mr. McNARY. Mr. President, on Saturday evening, February 17, the able junior Senator from Michigan [Mr. VANDENBERG] delivered an enlightening address on Republican Responsibilities for 1934, which I ask unanimous consent to have inserted in the RECORD.

Mr. ROBINSON of Arkansas. Whose address was that?

Mr. McNARY. An address delivered by the junior Senator from Michigan [Mr. VANDENBERG].

Mr. ROBINSON of Arkansas. Very well.

Mr. HARRISON. Mr. President, reserving the right to object to the request of the Senator from Oregon for unanimous consent, I desire to make a brief statement.

I am not going to delay the Senate. I merely want to commend the Senator from Oregon for asking unanimous consent to have inserted in the RECORD the speech of the Senator from Michigan. While I do not agree with much of the speech, yet, as I read excerpts from it in the press, it contained some very wholesome assertions, and I think it well that the speech should go in the RECORD. Consequently I am not going to raise any objection to the request of the Senator from Oregon.

There is, however, a peculiar circumstance about this action upon the part of the leader on the other side of the aisle in offering the Vandenberg speech for printing in the RECORD. We all appreciate the difficulties in which the Senator from Oregon finds himself. We know how hard it is to work out the puzzle he is attempting to solve, because he has all kinds of blocks—and if the term were not ugly, I would say "crazy blocks"—to put together in holding his lines and in solving his problems. But it is a little peculiar to me that the Senator from Oregon should offer this speech, in which, time after time, as the Senator from Michigan delivered it, according to the reports in the newspapers, if they printed it correctly, he praised the President of the United States; told about the wonderful, honest effort the President was making in a high-minded, patriotic way, in order to restore economic stability in the country; and took great pride before the people of Michigan, his constituents, before whom he will present himself this year as a candidate for reelection, in that he had followed the President many times and expected to follow him many times more. The criticisms offered by the Senator from Michigan of the President of the United States and of the record of his administration were mild, indeed.

So I congratulate and commend the distinguished leader of the Republican Party in this body, astute and clever as he is, in selecting the Vandenberg speech, carrying praise of the President, and asking that it be placed in the CONGRESSIONAL RECORD, while discarding from his consideration other speeches made by so many of his colleagues on the anniversary of Lincoln's birth, in which it was sought to criticize the President and to hold him up as a very perfidious man, as some of them called him. It was really interesting the next morning to observe in the press what was being said by these stalwarts of lifelong Republicanism who had gone out into the various communities of the land to address now small groups where once they spoke to masses. Among them was the Senator from Iowa [Mr. DICKINSON] who has just entered the Chamber. I am glad he did enter at this very propitious moment. I was just about to say something with reference to the Senator from Iowa, who has seen fit to criticize in many ways the administration's efforts, and who has spent much of the Republican National Committee's money in paying his expenses going here and there and everywhere to extol the virtues of bygone Republican leaders and at the same time to ridicule and castigate the present President of the United States. But the speeches which the Senator from Iowa made, not only on Lincoln Day but on many other days, were discarded by the leader of his party here in the Senate, who gave it no favorable consideration. In its stead he selected, and asked a few moments ago to have placed in the RECORD, a very splendid speech delivered by the Senator from Michigan only the other day which gave praise to the President of the United States.

I do not know what the other Republican stalwarts are going to do. None of them can agree about anything. Their speeches do not harmonize. They have no particular program, apparently, but they all spoke on Lincoln Day. It was really a curious but interesting thing to see the diverse angles which the Republican speakers took on that day. I was rather amused at the senior Senator from Pennsylvania [Mr. REED]. I believe the junior Senator from Pennsylvania [Mr. DAVIS] spoke on Lincoln Day, but the papers did not carry anything about his speech. However, the senior Senator from Pennsylvania [Mr. REED] saw fit to put into the RECORD a speech made by ex-Secretary of the Treasury Ogden Mills. But before he did so he made an apology to the Senate and to the country for the speech. He stated that there was much in it with which he did not agree, but, nevertheless, he felt it ought to go in the RECORD for the edification of the few remaining members of the Republican Party, who might want to read it if sent under a frank.

So, Mr. President, I again commend the leader of the Republican Party for placing in the RECORD the speech of the Senator from Michigan [Mr. VANDENBERG] and for discarding the other speeches.

Mr. McNARY. Mr. President, I always enjoy the pleasantries of my very good friend from Mississippi. It is a matter of very great delight to me to offer for the RECORD a speech of any Member of the Senate. Such speeches are usually good. I have not offered this particular speech as an exhibit to indicate what the policies of the party should be, but in the belief that, because it is an excellent speech, it would be an ornament to the RECORD. I shall be glad to offer for the RECORD any speech that is laid upon my desk, even a speech that might be delivered by the able Senator from Mississippi.

Mr. HARRISON. It would be a good one, may I say to the Senator.

Mr. McNARY. I quite agree, and, therefore, I am extending the privilege at this time and stating that I shall always be ready and willing to offer for the RECORD any speech the Senator from Mississippi may deliver. Consequently, he may know from that suggestion that I am not choosing speeches for the purpose of having them printed in the RECORD.

Mr. HARRISON. Mr. President, I withdraw any objection to placing in the RECORD the speech of the Senator from Michigan.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Oregon to have published in the RECORD the speech of the Senator from Michigan? The Chair hears none, and it is so ordered.

The speech delivered by Mr. VANDENBERG and ordered to be printed in the RECORD is as follows:

REPUBLICAN RESPONSIBILITIES FOR 1934

(Address by Senator A. H. VANDENBERG, Lincoln anniversary banquet, Civic Auditorium, Grand Rapids, Mich., Saturday evening, Feb. 17, 1934)

When we gather in the name of Lincoln we recall a vivid partisanism which was courageous, virile, and patriotic. But we recall also a partisanism which put the safety of our institutions and the preservation of constitutional government ahead of every easy expedient and all other considerations. In the name of the Republic's sainted savior I summon his party and his republicanism in 1934 again to the benign Lincoln standard. If faithful to that standard, we shall deserve to be summoned back to greater service and to greater power.

When we dedicate this anniversary gathering to old Abe's precious Republican inspiration, we recall a leader of the common throng who was the greatest pioneering liberal of all time, with human welfare at the heart of his highest aspirations; yet a liberal who never deserted the proven fundamentals of sound Americanism. I summon Lincoln's party in 1934 to Lincoln lib-

eralism at grips with modern needs. If we be neither reactionaries nor radicals, if we occupy the middle ground where sanity and vision thrive, if we be Lincoln liberals, our future and the country's future is secure.

I confess it is not easy to pursue political genealogy in this puzzling, volatile age. For instance, Alexander Hamilton would be a rather anemic Federalist, relatively speaking, in the presence of the multiplied and concentrated alphabetical commissars who now direct our lives and livelihoods; and Thomas Jefferson, the great apostle of decentralization, the implacable foe of all overlords and bureaucrats, the brilliant tribune of individual liberty, is today's most thoroughly forsaken and forgotten man.

But the unbroken Lincoln tradition lives. Lincoln was a Republican, though his memory belongs to all our people. He was the real founder of our party which for most of 75 years has been America's guiding genius. With such a benediction our party, if true to its responsibilities and opportunities, has a dynamic future quite as much as a dynamic past.

Despite the electoral cyclones of 1932, let it be remembered that there were 16,000,000 Republican votes, and let it be remembered that this is the largest minority in American history. Such a force in the life of the Nation may suffer temporary reverses; but it asks for soundly progressive leadership; it still serves a stupendous potential purpose; it has a destiny and will again return to whatever power it earns and deserves.

Michigan has a key place in this epic of Republican growth and glory. Grand Rapids has traditional fame for its annual honors to Lincoln's memory. I am proud and glad to return to Michigan and to Grand Rapids to participate in another Lincoln Republican apostrophe and to point to what I believe to be the vitally important patriotic service which, by the very nature of the case, none but Republicans can render in 1934.

One dominating motive must underlie this contemporary service. We are in another war. We never yet have lost a war. War requires unified command and unified allegiance. Under our political system we could not at the moment change command even if we would. Thus the patriotic challenge stands clear. As patriots, long before we are partisans, we owe all possible support to Franklin D. Roosevelt, President of the United States, in what we all unitedly hope and pray may be the permanent upsurge of American affairs. He has given our people new hope. Encouragement is in the air. The country moves ahead. It is our Republican function to aid this trend in every compatible way. We are not required to surrender our fundamental convictions, but we are required to cooperate in the last possible degree, pending the appropriate time when we can take our cause to the electorate. The alternative would be chaos.

In such a situation I undertake to make it plain that I have no use whatever for petty political sniping and for what some, who often are themselves guilty of the precise practice which they blatantly condemn, call "carping criticism."

But neither have I any use for that moribund philosophy which thinks that cooperation calls for party paresis and party paralysis. It does nothing of the sort. It calls for discrimination between constructive vigilance and cheap obstruction. I embrace the former. I reject the latter. I only regret that it might not have been similarly rejected by the political foes of the previous President who struggled against hateful odds during the first 3 years of this frightful depression and became the victim of cunning propaganda which often manufactured false and fatal popular reactions.

No such attitude on our part shall hamper and hamstring the great leader of America upon whom the people lean today for leadership. He shall have his wholesome chance. Yet this leaves a thrilling role to his political opponents. I am submitting to you tonight the broad basic proposition that upon at least two fundamental counts, republicanism in 1934 confronts its greatest patriotic opportunity and its greatest national responsibility since Lincoln himself made republicanism the greatest liberal force in American life and development.

The first of these fundamental propositions involves constructive aid for the Roosevelt programs. It involves constructive vigilance in scrutinizing these revoluntary programs for the hazards inevitably inherent in them. If these hazards be corrected in advance, it is a service not only to the country; it is also a service to the administration.

Let no citizen in his right mind, no matter what his devotion to the President, be so blind as to deny the utility of this Republican service. When a vote-hunting Democratic majority in the House of Representatives can find nothing in the present perplexed and harassed state of the Union to challenge them into the organized activity of a party caucus except an angry complaint that there are not sufficient political jobs for deserving Democrats, they play politics with human misery, and the President needs a counterforce in the Congress to think with him in terms of public weal instead of in terms of party pap.

When the field administration of the Civil Works Administration is so scandalized in 90 short days that the Department of Justice has to be put upon the trail of graft and exploitation in 45 out of 48 States, I say that the President of the United States should pray to Heaven for a vigorous and vigilant opposition party to help him in his eager desire to discipline his own chiselers who would wreck his own great adventure. By the same token, Democratic scrutiny is necessary to the probity of Government when the controls are reversed. Neither of us has a monopoly on virtue.

When the President must speak out against the appetites of some of his own acquisitive party counselors, who in plain language would assume to sell the favors of their power or to open toll gates to pluck those who approach the public pay rolls, it is the President himself, as well as the common conscience of the Nation, who needs the sustaining cooperation of a healthy political censorship which can come only from a healthy political opposition.

Nor is this the only type of service to be rendered by republicanism, not alone to the country, but to the President himself. Let me illustrate.

It is my firm conviction that the greatest single steel beam that has been builded into the edifice of permanent American reconstruction is the Federal bank deposit insurance law. By this law we have made the savings of America safe. Our people can sleep nights. Hoarding is at an end. The Democratic administration now recognizes the supreme importance of this deposit insurance law. Indeed, the administration has frankly used it as its chief fulcrum in prying American banking up onto solid ground.

But the President and his administration were bitterly opposed to this benediction when we were struggling 1 year ago to inject it into the second Glass-Steagall bill. I speak with knowledge, because, if I may be permitted to record the fact, I was the author of the insurance formula which became effective last New Year's, and I know the gantlets it had to run. The President even wrote a personal letter to the legislative conferees demanding elimination of this formula. He did not have his way. I venture the assertion tonight that he is glad he did not have his way. I venture the further assertion that the American people are equally glad that he did not have his way. Subsequently he has embraced the law with whole-hearted support and has given it a superb initiation—and all honor to him for this attitude.

The primary point remains—Federal deposit insurance is a constructive Republican contribution to the new deal. It personifies the proposition I lay down to you that we can be in opposition and yet we can sturdily assist.

This is no isolated example. There are others. The President asked for power to declare an embargo against any belligerent in foreign war zones. It would have shattered our traditional policies of international neutrality, policies which have saved us from many bloody foreign entanglements. For example, it could have alined us with China against Japan, which certainly would have immediately embroiled us in Far Eastern war. No matter what our individual sympathies, I doubt whether any American would sanction participation in such a conflict.

When our Foreign Relations Committee called these implications to the President's attention, he promptly changed his attitude to a request for permission to embargo all belligerents in a foreign war zone, all or none, thus not only saving our neutrality but also making a far greater contribution to the peace of the world and of America.

Do you still tell me that there should be nothing but rubber stamps in the Government at Washington? I deny it, and I submit that the President's own welfare sustains the denial.

Our contribution to peace must be unflagging. Anything less would violate our traditional aspirations. We owe the world implacable leadership and maximum cooperation in these pacific zeals, but we owe the first and paramount consideration to peace for our own unentangled America. Timothy set it down unanswerably in Holy Writ: "If any provide not for his own, and specially for those of his own house, he hath denied the faith and is worse than an infidel." That is good scripture, good Republicanism, and good Americanism. Meanwhile, I add that the most practical pacifism of which I know would be to embrace the philosophy of the American Legion for legislation to take the profit out of war and to take the dollar sign off our battle flags. I respectfully report to you my sponsorship of that legislative program, and I commit my faith to this objective.

There are numerous other examples of the thought which I am undertaking to develop. I can but skirt the rim of this field. For example, we are engaged in the greatest spending program in the history of any people, whether at war or in peace. No one will complain if we can buy prosperity at these indicated prices, so long as the prices do not outrun our fiscal capacity. The Federal Government was spending $9,000,000 a day last July; $16,000,000 a day last October; $24,000,000 a day last December; $32,000,000 a day in the recent January; and soon we shall be crowding $50,000,000 a day. The public debt in 1930 was $16,000,000,000; it is now $27,000,000,000; soon it will be $32,000,000,000. It is an enormous burden upon the already crucified taxpayer of today and tomorrow. Ultimately he pays. None of us will complain of necessary expenditures for human relief because human values outweigh all others. The human problem must be met. Adequate relief must carry on and adequate stimulus to a normal recovery of American business must persist.

But when we are piling up a deficit almost beyond the calculations of the human mind, and when we deal out billions as though billions were but grains of sand, those who sooner or later must pay the bills are entitled to know that they are getting their full money's worth, and that we shall not spend ourselves into national bankruptcy.

Serious questions instantly intrude. Are we getting the most for our prodigal investment? Could we get more in other ways? How much does the administrative bureaucracy cost? How much

of the treasure buys relief and how much pays the political debts which the House Democrats so loudly emphasize? Shall we entirely desert the principle of economy which was the administration's original but now forgotten watchword?

Are not these legitimate questions? Do not the unemployed themselves have a desperate stake in appropriate answers? Do not they, of all our people, have an anxious stake in the husbanding of our Federal resources lest they fail the full course of this emergency? Indeed, I literally quote the President himself when I suggest that most liberal governments have been wrecked on the rocks of loose fiscal policies. He insistently demands that we avoid these rocks. With equal earnestness, I insist that the Republican opposition is his best ally in avoiding them. He submitted his Budget with commendably brutal frankness, as he described his own address. It is a wise process, as we thus seek to spend ourselves into prosperity, that the brutal frankness shall continue to scrutinize every dollar thus prodigally dedicated to the public use. If we ever reach the deadly embrace of printing-press money, it will be the tragic result of spending more than we can raise or borrow; and no amount of sympathetic emotion can substitute for candor in the recognition of this cold hard fact.

The President's own congressional party is gagged and bound. There can be no brutal frankness from that source. Its recent rule adopted in the House, an utter abdication, which reduces legislative deliberation to a travesty, would reduce this legislative branch of government to the sterile status of mere ditto marks. Is that safe process in a democracy? I say that it is not. Inevitably it becomes the duty of republicanism to walk the sentry post that guards the Treasury and the public credit of the United States.

Is this a cheap, petty, party assignment? On the contrary, I submit that it is the highest challenge of good citizenship and patriotism. For 10 months these prodigal billions were poured out without check by the Budget Bureau and without audit by the Comptroller General, a process which not even Midas himself could indefinitely stand. The President messaged Congress in January with the assurance that both of these proverbial watchdogs would henceforth be put back on guard. Three days later he partially changed his mind, and again chained up one of the dogs. The Republican opposition continues to be his and the country's best and most dogged auditor. It is a vitally important task which is ignored at our peril and equally at the peril of the President and his administration. I quote no less a Democratic authority than the highly eminent Senator GEORGE, of Georgia, who said on February 7: "The real friends of the administration will do the greatest service to the administration during this emergency period if the leadership will let it be known that there are three branches of the Government." And also this: "I criticize that legislative cowardice which is unwilling to say to a friendly administration that here is a legislative body that may make legitimate provision for the expenditure of public money."

The President is a brave adventurer. He is a man of gallant heartfulness. He is infinitely stronger than his party. Indeed, he is his party. Yea, borrowing a French idiom, he is pretty much the state. Personally I am frank to say that I have voted with him oftener than I have voted against him. In the language of the street, I do not propose to "rock the boat", but I do not intend to ignore the rocks. I intend to continue this type of constructive cooperation, but I do not intend to surrender my responsibilities nor would I rob him and the country of that supreme corrective service which can be rendered only by a clean, constructive, vigorous, and vigilant republicanism in such an hour.

Consider the famous money bill. Every Republican from Michigan in House and Senate voted with the President. Is that cooperation or is it not?

I can state my position in respect to it very plainly. One year ago I opposed the so-called "Thomas amendment", which gave the President three broad inflationary powers. One of those powers was a dangerous printing-press money power, which I shall always resist so long as I can remember history and so long as I hope to preserve mass values for mass Americans. The Thomas amendment prevailed. With it came great monetary uncertainty. Uncertainty and lack of confidence are the chief poisons that work against us and our recovery. Using these Thomas powers the President drove gold values up and money values down, seeking thereby to restore the 1926 commodity price level. Personally I do not believe the desired results can be obtained by this procedure any more than I can forget that price-fixers have been failing ever since the days of Diocletian; but that is beside the point. It is the President who is in command and he is entitled within reason to develop his own procedure to its own proven success or its own proven failure.

Now mark you this: He did not use his printing-press money power under the Thomas amendment. He has not used his silver power except to take a great step in the direction of the international stabilization of silver, which I heartily applaud and which Republicanism always has approved. This was the situation when the President asked for his new money bill 3 weeks ago.

Please follow me: The new money bill sharply restricts the range of gold devaluation as compared with the range in the Thomas amendment. Therefore, I consider it a long step toward stabilization and certainty, a long step toward a modernized gold standard, and toward the traditional Republican sound-money view. That view does not need to be static in order to be safe. It is no desertion of sound money to change the basic gold value. That always has been a matter of statutory decision and it may well be that our staggering private debt situation requires it today. Therefore, so far as gold devaluation is concerned, I consider that the new money bill deserves the support which we of Michigan have given it.

There are other phases. The gold devaluation created an artificial profit upon the gold stocks of the Nation. The new money bill covers this profit into the common Treasury of the United States. This latter transfer is indisputably right. Then the new bill uses a part of this profit to create a gigantic monetary stabilization fund comparable with the British fund, which has been used to excellent advantage in behalf of the British pound.

At this point I use the money bill as an example once more to personify what I deem to be the Republican Party's function, first in behalf of cooperation with the President and then in behalf of critical protection. Most Senate Republicans bitterly fought, as I did myself, to amend the money bill so that this gigantic $2,000,000,000 stabilization fund should not be in the exclusive, secret, unaudited control of one man, the rather immature and inexperienced Secretary of the Treasury. We tried to put its control in a stabilization board and to restrict its uses to legitimately identified functions. It is beyond my comprehension that any one man ever should desire to speculate in the dark with $2,000,000,000 of the people's money. It is beyond my comprehension that representative democracy ever should sanction a $2,000,000,000 mystery in respect to the public purse. It is untenable and indefensible. But, despite this black blemish, the money bill in the large view reflects a Presidential purpose to constrict our money uncertainty, to restore a modernized gold standard, better equipped to fit the new needs of this new day, to deal with silver on a sound basis, and to reject the curse of printing-press money.

Relatively speaking, these are healthy, wholesome signs of the times and ought to be rich with encouragement. Assessing things as they are rather than as we might wish them to be, I believe that the united Michigan Republican delegation in the House and Senate rendered sound service in voting "aye." But does anyone say to me that, with paper inflationists still clamoring for their confetti, and with the other monetary powers of the Thomas amendment still unrestricted and fraught with the deadliest promise of uncontrolled and uncontrollable inflation; and with a secret $2,000,000,000 gambling purse in the unaudited hands of Secretary Morgenthau, who until recently was a gentleman farmer; and with the ultimate resources and livelihoods and living costs of the whole mass of our people at the mercy of the manner in which these powers are used—does anyone say to me that it is not desirable to maintain courageous and constructive Republican critics at the Capitol? Does anyone say to me that such a situation calls for the collapse of our two-party political system and for the emasculation of our traditional checks and balances upon which we have relied for safety throughout our national life? On the contrary, it seems like a blazing axiom that there is greater need from the standpoint, not only of the country but also from the standpoint of the President himself, for vigilant, patriotic Republicanism than ever before since Lincoln's own day.

Consider the tariff which for many decades stimulated prosperity under Republican auspices and which, under Democratic delusions, repeatedly has wrecked our labor, our industry, and our agriculture. The Democratic Party bitterly assailed these Republican protections and promised to correct them downward. The Democratic Party does not dare thus to revise the tariff. It proposes instead that the President and his executive advisers shall bargain with foreign chancelleries for reciprocal trade favors. That would be the final surrender of our economic existence to the vicissitudes of uncounseled error. It would surrender this life-and-death economic authority to a low-tariff group beyond congressional or popular control. It would permit this group, wittingly or otherwise, to select its favorites to protect and its victims to crucify. For example, it could barter away our furniture or our copper or our chemicals or our sugar beets or our beans in return for cotton favors. It could build up one commodity and destroy another. It could endow one sector at the expense of another. No such Executive power, no such dynastic discretion, no such control is consistent with the American theory or the American welfare.

We find the Secretary of Agriculture at the present moment using his processing taxes, which are but disguised Federal sales taxes, to penalize our forest products in behalf of cotton products. We find him collecting most of his sales taxes in hard-pressed northern sectors of the country and distributing them in southern sectors—$2,000,000, for example, going out of Michigan and only $300,000 coming back to our Michigan agriculture.

Shall industry and the labor and the agriculture of the country be put at the unchecked mercy of new and still greater tariff hazards of economic favoritism or prejudice or misjudgment, no matter how nobly meditated? I submit that a vigorous yet rational opposition is vitally essential to resist any such arbitrary and artificial invasions of our economic rights. The elastic powers of a bipartisan Tariff Commission are our appropriate reliance to meet changing circumstances. Meanwhile, the President shall have cooperation from Republican protectionists in any orderly review of tariff rates which can prove their net advantage to the trade of America. He shall be aided in rational export encouragements, but republicanism will not be true to itself if it ever forgets that 93 percent of our normal prosperity is created in our home markets, and if it ever sacrifices the protective preservation of the 93 percent in bad bargaining in behalf of the other 7 percent.

Consider the N.R.A. It has superb features. I applaud them. It has ended sweatshops and child labor. It has initiated the shorter work week which inevitably must be the root source of

our new industrial economy. It encourages fair trade and penalizes throat cutters.

So far, so good. But it also trends toward monopolies which may threaten the very existence of small business and decentralized community life. It can develop such a high cost of living that we may find ourselves delivered to a Frankenstein. It is being run by a high-grade intimidator, who periodically reverts to type and forgets that our people are not all buck privates humbly saluting their appointed army general.

Do you tell me that such a revolutionary innovation does not require firm critics to force it within bounds and keep it there? I insist that the critics, so long as they are honest, constructive critics, are priceless assets to the true genius of the N.R.A. itself.

And so with all these other alphabetical commissars which now rule our existence from the cradle to the grave. Again I say I do not complain against them. They are the chosen tools of the country's present chosen leaders. They are entitled to their full chance, and they are getting their chance with a degree of Republican cooperation which was ruthlessly denied by the democracy to another chosen leader a short while back. It ridiculed and scuttled his commissions. Now they are reborn in multiplied litter. Some are invaluable. Let them be praised. Some are impossible. Let them just as frankly be condemned. The point I make is that there must be political agencies for both condemnation and praise, the one as much as the other. There must be two parties, the one as much as the other for the sake of our destiny.

What that destiny may be I do not undertake to say. So-called "rugged individualism" never again can roam an unrestricted domain in our America. It committed too many crimes. But when we may again deal with normalcy in our land, I call republicanism back to its dedication under another Roosevelt, who said:

"It is of the utmost importance that in the future we shall keep the broad path of opportunity just as open and just as easy for our children as it was for our fathers during the period which has been the glory of America's industrial history."

We would facilitate, but we would not repeal, the natural economic laws. Artificial respiration cannot sustain human life or national life indefinitely. The Government cannot remain forever in an oxygen tent. The Republican ideal—yea, the ideal of the Republic—is not the regimentation of men but the cooperation of free men. There must be national planning; but there must be individual opportunity. When the President of the American Federation of Labor reports unemployment, he takes pains to say that 10,826,000 still have no work in industry. He does not deduct artificially created employment. He is right. The artificial employment is necessary for the emergency, and I applaud it. But the final need is the restoration of opportunity for private business to prosper and for the individual to earn his own living. Relief and recovery may supplement each other, but they are not synonyms. The Republican ideal requires the people to support the Government; not the Government to support the people, as has been said many times. There is no true convalescence, economic or otherwise, until this goal is recaptured. Relief and recovery are two different things. Our hazard at the moment is the persistent refusal to discriminate between them. It is a dangerous medley. The Republican slogans of 1920, "More business in Government and less Government in business", will be poignantly recalled if the ultimate residuum of the new deal should threaten to deposit a political bureaucrat on every farm, a political walking delegate in every factory, a taxgatherer to match each taxpayer, and a Democratic policeman per capita to see that the rest of us obey the rules.

This leads me briefly to the second of the two broad fundamental counts upon which I insist that republicanism confronts a thrilling responsibility in these adventuresome days. I refer to the monumental task of preserving representative democracy. Our democracy would be lost except as we capture economic stability and justice for all our people, but in the capture and after we dare not surrender our birthright as free men and women. Such a commitment invokes the benediction not only of Lincoln, whom this banquet honors, but also of every other patriot who has lived and died for the Republic in the last 140 vivid years of loyalty and progress.

Representative government tonight is in chains all around the globe. One of the few torches still left alight is here in the United States, and even here the torch is flickering. We, too, are living under political dictatorship. There are times in the life of every people when there must be this concentrated and effective authority to escape from the dictatorships of forces and events far more malignant and destructive. Again I say that I do not complain so long as this authority does not behave like a drumhead court martial. I simply state the fact.

Such being the fact—namely, that the President of the United States has greater potential power today than democracy ever heretofore gave to one man; more power, someone has said, than Washington, Jackson, Lincoln, Wilson, and the Ming dynasty of China combined—I submit that the American people, no matter what their trust in and affection for this great leader, must want this concentration under constant scrutiny and terminated when the emergency which brought it into being is at an end.

These amazing concentrations at the moment may be necessary, but I warn my countrymen that this gigantic bureaucracy must not permanently swallow up the freedoms and the liberties which are the genius of our institutions. Bureaucracy feeds upon itself and waxes fat. It multiplies like flies. It entrenches and inevitably strives for its own permanence. It is tenacious in its self-preservation. If it ever drives our politics to a one-party system, it will have wiped out the country's last insurance against its ruthless, costly, and burdensome perpetuation.

Is there danger of perpetuation? There always is in such situations. I give you one symptom: When the enormous new Commerce Building was completed in Washington it was ridiculed as extravagant folly because of its staggering size. It was expected to satisfy all Government expansion for 15 years. Yet the new bureaucracy battalions in Washington already are so thick that plans were revealed on January 30 for a new and still larger building for one of the fructified departments to accommodate the new army of satraps and overlords. Why a permanent building, bigger even than the monumental Commerce Building, unless the army hopes to occupy the capital for keeps?

The Interparliamentary Union, meeting in Madrid, Spain, on October 11, 1933, adopted a resolution in the name of 29 countries, including our own, reading as follows:

"A doctrine which admits the existence and activity of one party only is incompatible with the principle of a representative system. The existence of free and organized opposition is one of the traditional elements of that system."

Truth burns its flaming warning in that statement. What does Stalin do in Russia? Legislates all but his own party out of existence. What does Mussolini do in Italy? Legislates all but his own party out of existence. What does Hitler do in Germany? Legislates all but his own party out of existence.

Do not misunderstand me. I attribute no such conscious purpose to the present commanders of American authority. There will be no such inimical legislation in our country. That is not my point. My point is that the disintegration of an organized opposition is calculated to be just as disastrous as its physical banishment. Suicide can be quite as fatal as murder.

The conclusion is inevitably clear at this moment in American history that there is a sacred responsibility committed to the Republican Party. It is a responsibility that can rest nowhere else. The Democratic majority party cannot serve this need. It can be served only by us. For the sake of our traditional institutions, vigorous, vigilant, patriotic republicanism must carry on. It is required of us by Lincoln's spirit. It is required of us by destiny.

Such is the political challenge of this hour. To those who would insist that none but Democrats be put on guard, I reply that President Wilson's greatest strategical error was precisely that unfortunate and baseless appeal in the congressional elections of 1918. The country knew better and answered otherwise. It will answer otherwise again if we deserve the country's faith. We must be constructive and not destructive. We must be cooperative but not subservient. We must be liberal, but always we must be fundamentally sound.

Human rights must be paramount. Lincoln's philosophy must prevail. He said:

"Labor is prior to and independent of capital. Capital is only the fruit of labor, could never have existed if labor had not first existed. Labor is the superior of capital, and it deserves much the higher consideration."

But this does not clash with the preservation of property values. On the contrary, without stable property values, there can be no incentive to thrift, no stimulus to ambition, and no reward for achievement. Eliminate these elements and there remains no chance of progress. There remains only Russia transplanted to what was our beloved United States.

We owe the American people a wider and fairer distribution of prosperity when it is reclaimed. We owe the American people effective protection against their exploiteers. We owe labor and agriculture the square deal, and the full economic partnership which originated in the philosophy of an earlier Roosevelt. We owe our common citizenship the renewed stabilities of a larger economic life. But underlying all we owe the Constitution an unswerving fidelity, and we owe representative institutions the full protection of our embattled force.

We are the biggest minority in all the electoral history of the United States. It must not lapse. The best welfare of the United States requires the reincarnation of Lincoln Republicanism and a militant revival of the spirit of the Jackson oaks and the Lincoln legend.

In conclusion may I intrude a personal word upon this great occasion? In a few weeks I shall have concluded 6 years of service as Michigan's junior representative in the United States Senate. To the best of my ability I have sought to serve my conception of Michigan's advantage and of America's necessity. I cannot hope to have escaped errors. I cannot hope always to have satisfied the diverse opinions of 5,000,000 constituents. But I am conscious that I have dedicated unremitting efforts to my task. I have done my best. With gratitude for the generous friendships and confidence which I have enjoyed far beyond my deserts, I take advantage of this occasion, among my oldest and most cherished neighbors, to announce formally that I shall submit this record to review and referendum in the great electoral accounting which once more takes our men and women to the polls in 1934.

ORDER OF BUSINESS

Mr. McKELLAR. Mr. President, may I ask the Senator from Florida if he will not agree to let the unfinished business, the naval construction bill, be temporarily laid aside for the purpose of proceeding to the consideration of the Treasury and Post Office appropriation bill, being House

bill 7295? I am sure it will take only a very short time to dispose of the appropriation bill.

Mr. TRAMMELL. The Senator does not contemplate that the bill will take very much time?

Mr. McKELLAR. Oh, no; I do not think it will take very much time.

Mr. McNARY. Mr. President, I have no objection, but I promised the Senator from Idaho [Mr. BORAH] that at the conclusion of the address of the Senator from West Virginia [Mr. HATFIELD] I would suggest the absence of a quorum. I am sure, however, I may assume responsibility of saying that the Senator from Idaho would make no objection to the change in the program.

Mr. McKELLAR. Then, Mr. President, may that order be made?

Mr. TRAMMELL. Mr. President, with the understanding that the bill referred to by the Senator from Tennessee will not lead to any lengthy debate or occupy any great deal of time, I shall interpose no objection to the request that the pending bill be temporarily laid aside for the consideration of the bill referred to by him.

Mr. TYDINGS. Mr. President, I should like to invite the attention of the Senator from Florida to the fact that in Puerto Rico, the Virgin Islands, Hawaii, and Alaska there has been no legislation passed permitting the present prohibitory liquor laws to be repealed in those four jurisdictions. Certain bills having that object in view have passed the House, and have been reported by the Senate committee. The Governors and citizens in these four Territories of the United States are very anxious to secure action on these bills because of the revenue involved. So I hope that after the Senate shall have disposed of the measure to which the Senator from Tennessee has referred, as the bills to which I have adverted will not consume more than 5 minutes, the Senator from Florida will be equally generous in giving me an opportunity of having them considered and passed.

Mr. TRAMMELL. So far as I am concerned, I would be willing to give the Senator even more than 4 or 5 minutes; say, 15 minutes.

Mr. McKELLAR. Mr. President, will the Chair put the request for unanimous consent which I have asked?

The PRESIDING OFFICER. The Senator from Tennessee asks unanimous consent that the unfinished business may be temporarily laid aside and that the Senate proceed to the consideration of House bill 7295, the Treasury and Post Office appropriation bill.

Mr. TYDINGS. Mr. President, will the Senator permit an amendment so as to provide further that after the Treasury and Post Office bill shall have been disposed of the Senate will then take up the four bills to which I have referred?

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the agreement is entered into.

TREASURY AND POST OFFICE APPROPRIATIONS

The Senate proceeded to consider the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, which had been reported from the Committee on Appropriations with amendments.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that committee amendments be first considered.

Mr. McNARY. Mr. President, before that is done, I note the absence of several Senators who are very much interested in the bill, and I therefore suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Carey	Davis
Ashurst	Borah	Clark	Dickinson
Austin	Brown	Connally	Dieterich
Bailey	Bulkley	Coolidge	Dill
Bankhead	Bulow	Copeland	Duffy
Barbour	Byrd	Costigan	Erickson
Barkley	Capper	Couzens	Fess
Black	Caraway	Cutting	Fletcher
Frazier	King	O'Mahoney	Stephens
George	La Follette	Overton	Thomas, Okla.
Gibson	Logan	Pittman	Thomas, Utah
Goldsborough	Lonergan	Pope	Thompson
Gore	Long	Reed	Townsend
Hale	McAdoo	Reynolds	Trammell
Harrison	McCarran	Robinson, Ark.	Tydings
Hastings	McGill	Robinson, Ind.	Vandenberg
Hatch	McKellar	Russell	Van Nuys
Hatfield	McNary	Schall	Wagner
Hayden	Murphy	Sheppard	Walsh
Johnson	Neely	Shipstead	White
Kean	Norris	Smith	
Keyes	Nye	Steiwer	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. BYRNES] and the Senator from Montana [Mr. WHEELER] are detained from the Senate by reason of severe colds.

I also wish to announce that the senior Senator from Virginia [Mr. GLASS] is detained from the Senate by illness.

Mr. DIETERICH. I announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained from the Senate on official business.

Mr. McKELLAR. I wish to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained from the Senate.

The VICE PRESIDENT. Eighty-six Senators having answered to their names a quorum is present.

Mr. McKELLAR. Mr. President, I renew my request for unanimous consent that the formal reading of the bill be dispensed with, and that it be read for amendment, the amendments of the committee to be first considered.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The clerk will read the bill.

The Chief Clerk proceeded to read the bill.

The first amendment of the Committee on Appropriations was, under the heading "Title I—Treasury Department—Office of the Secretary" on page 2, line 5, after the name "District of Columbia", to strike out "$250,000" and insert "$150,000", so as to read:

Salaries: Secretary of the Treasury, Under Secretary of the Treasury, three Assistant Secretaries of the Treasury, and other personal services in the District of Columbia, $150,000: *Provided*, That in expending appropriations or portions of appropriations contained in this act for the payment of personal services in the District of Columbia in accordance with the Classification Act of 1923, as amended, with the exception of the Assistant Secretaries of the Treasury the average of the salaries of the total number of persons under any grade in any bureau, office, or other appropriations unit shall not at any time exceed the average of the compensation rates specified for the grade by such act, as amended:

The amendment was agreed to.

The next amendment was, under the subhead "Bureau of Customs", on page 10, line 7, after the word "work", to strike out "$18,400,000" and insert "$18,593,397", so as to read:

Collecting the revenue from customs: For collecting the revenue from customs, for the detection and prevention of frauds upon the customs revenue, and not to exceed $25,000 for the securing of evidence of violations of the customs laws, for expenses of transportation and transfer of customs receipts from points where there are no Government depositories, not to exceed $35,000 for allowances for living quarters, including heat, fuel, and light, as authorized by the act approved June 26, 1930 (U.S.C., supp. VI, title 5, sec. 118a), but not to exceed $720 for any one person, not to exceed $5,000 for the hire of motor-propelled passenger-carrying vehicles, not to exceed $500 for subscriptions to newspapers, and including the purchase (not to exceed $25,000), exchange, maintenance, repair, and operation of motor-propelled passenger-carrying vehicles when necessary for official use in field work, $18,593,397, of which such amount as may be necessary shall be available for the cost of seizure, storage, and disposition of any merchandise, vehicle and team, automobile, boat, air or water craft, or any other conveyance seized under the provisions of the customs laws, and $401,562 shall be available for personal services in the District of Columbia exclusive of 10 persons from the field force authorized to be detailed under section 525 of the Tariff Act of 1930:

The amendment was agreed to.

The next amendment was, under the subhead "Public Health Service", on page 28, after line 13, to insert:

Rural sanitation: For special studies of, and demonstration work in, rural sanitation, including personal services, and including the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles for official use in field work, $25,032:

Provided, That no part of this appropriation shall be available for demonstration work in rural sanitation in any community unless the State, county, or municipality in which the community is located agrees to pay one half of the expenses of such demonstration work.

The amendment was agreed to.

The next amendment was, under the subhead "Mints and assay offices", on page 31, line 5, after "New York", to insert "Helena, Mont", and at the end of line 14, to strike out "$1,064,103" and insert "$1,086,103", so as to read:

For compensation of officers and employees of the mints at Philadelphia, Pa., San Francisco, Calif., Denver, Colo., and New Orleans, La., and assay offices at New York, N.Y., Helena, Mont., and Seattle, Wash., and for incidental and contingent expenses, including traveling expenses, new machinery, and repairs, cases and enameling for medals manufactured, net wastage in melting and refining and in coining departments, loss on sale of sweeps arising from the treatment of bullion and the manufacture of coins, not to exceed $500 for the expenses of the annual assay commission, and not exceeding $1,000 in value of specimen coins and ores for the cabinet of the mint at Philadelphia, $1,086,103.

The amendment was agreed to.

The next amendment was, under the subhead "Procurement Division—Supply Branch", on page 32, line 4, before the word "*Provided*", to strike out "$162,675" and insert "$225,792", so as to read:

Salaries and expenses: For the Director of Procurement and other personal services in the District of Columbia and in the field service, and for miscellaneous expenses, including two 2-ton trucks, office supplies and materials, maintenance of motor trucks, telegrams, telephone service, traveling expenses, office equipment, inspection, fuel, light, electric current, and other expenses for carrying into effect regulations governing the procurement, warehousing, and distribution by the Procurement Division of the Treasury Department of property, equipment, stores, and supplies in the District of Columbia (including not to exceed $500 to settle claims for damages caused to private property by motor vehicles used by the Procurement Division), $225,792.

The amendment was agreed to.

The next amendment was, on page 34, line 24, after the word "maximum", to insert "prices shall be as follows for models with carriages which", and on page 35, line 2, after the word "inches", to strike out "prices shall be as follows for models with carriages which", so as to read:

No part of any money appropriated by this or any other act shall be used during the fiscal year 1935 for the purchase of any standard typewriting machines, except bookkeeping and billing machines, at a price in excess of the following for models with carriages which will accommodate paper of the following widths, to wit: Ten inches (correspondence models), $70; 12 inches, $75; 14 inches, $77.50; 16 inches, $82.50; 18 inches, $87.50; 20 inches, $94; 22 inches, $95; 24 inches, $97.50; 26 inches, $103.50; 28 inches, $104; 30 inches, $105; 32 inches, $107.50; or, for standard typewriting machines distinctively quiet in operation, the maximum prices shall be as follows for models with carriages which will accommodate paper of the following widths, to wit: Ten inches, $80; 12 inches, $85; 14 inches, $90; 18 inches, $95.

The amendment was agreed to.

The next amendment was, on page 35, line 3, after the word "standard", to strike out "type" and the hyphen and insert "typewriting machines distinctively quiet in operation purchased", and in line 6, after the word "establish" and the hyphen, to strike out "writing machines distinctively quiet in operation purchased", so as to make the proviso read:

Provided, That standard typewriting machines distinctively quiet in operation purchased during such fiscal year by any such department, establishment, or municipal government shall only be purchased on the written order of the head thereof.

The amendment was agreed to.

The next amendment was, under the subhead "Procurement Division—Public Works Branch; public buildings, construction, and rent", on page 36, line 4, after the word "extension", to strike out "$335,000" and insert "$400,000", so as to read:

Washington, District of Columbia, Post Office Building: For completion of extension, $400,000.

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings, repairs, equipment, and general expenses", on page 39, line 1, before the word "of", to strike out "control" and insert "administration", so as to read:

Vaults and safes: For vaults and lock-box equipments and repairs thereto in all completed and occupied public buildings under the control of the Treasury Department, and for the necessary safe equipments and repairs thereto in all public buildings under the administration of the Treasury Department, whether completed and occupied or in course of construction, exclusive of personal services, except for work done by contract or for temporary job labor under exigency not exceeding at one time the sum of $50 at any one building, $50,000.

The amendment was agreed to.

The next amendment was, on page 39, line 17, after the words "of the", to strike out "Supervising Architect's Office" and insert "Procurement Division, Public Works Branch"; on page 40, line 21, after the words "of the", to strike out "Office of the Supervising Architect" and to insert "Procurement Division, Public Works Branch"; and on page 41, line 4, after the word "the", to strike out "Supervising Architect's Office" and insert "Procurement Division, Public Works Branch", so as to make the paragraph read:

General expenses: To enable the Secretary of the Treasury to execute and give effect to the provisions of section 6 of the act of May 30, 1908 (U.S.C., title 31, sec. 683): For salaries of architectural engineering, and technical personnel and inspectors in the District of Columbia and elsewhere, not otherwise provided for, not exceeding $314,686; expenses of superintendence, including expenses of all inspectors and other officers and employees, on duty or detailed in connection with work on public buildings and the furnishing and equipment thereof, and the work of the Procurement Division, Public Works Branch, under orders from the Treasury Department; for the transportation of household goods, incident to change of headquarters of district engineers, construction engineers, inspection engineers, and inspectors, not in excess of 5,000 pounds at any one time, together with the necessary expense incident to packing and draying the same, not to exceed in any 1 year a total expenditure of $10,000; office rent and expenses of field force, including temporary, stenographic, and other assistance, in the preparation of reports and the care of public property, and so forth, advertising, office supplies, including drafting materials, especially prepared paper, typewriting machines, adding machines, and other mechanical labor-saving devices, and exchange of same; furniture, carpets, electric-light fixtures, and office equipment; telegraph and telephone service; freight, expressage, and postage incident to shipments of drawings, furniture, and supplies for the field forces, testing instruments, etc., including articles and supplies not usually payable from other appropriations: *Provided*, That no expenditures shall be made hereunder for transportation of operating supplies for public buildings; not to exceed $1,000 for books of reference, law books, technical periodicals and journals; ground rent at Salamanca, N.Y., for which payment may be made in advance; contingencies of every kind and description, traveling expenses of site agents, and of employees directed by the Secretary of the Treasury to attend meetings of technical and professional societies in connection with the work of the Procurement Division, Public Works Branch, recording deeds and other evidences of title, photographic instruments, chemicals, plates, and photographic materials, and such other articles and supplies and such minor and incidental expenses not enumerated, connected solely with work on public buildings, the acquisition of sites, and the administrative work connected with the annual appropriations under the Procurement Division, Public Works Branch, as the Secretary of the Treasury may deem necessary and specially order or approve, but not including heat, light, janitor service, awnings, curtains, or any expenses for the general maintenance of the Treasury Building, or surveys, plaster models, progress photographs, test-pit borings, or mill and shop inspections, $365,035, of which amount not to exceed $252,472 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, under the subhead "Public buildings, operating expenses", on page 42, line 1, before the words "of the", to strike out "control" and insert "administration", so as to read:

Operating force: For such personal services as the Secretary of the Treasury may deem necessary in connection with the care, maintenance, and repair of all public buildings under the administration of the Treasury Department (except as hereinafter provided), together with the grounds thereof and the equipment and furnishings therein, including inspectors of buildings, repairs and equipment, assistant custodians, janitors, watchmen, laborers, and charwomen; telephone operators for the operation of telephone switchboards or equivalent telephone switchboard equipment in Federal buildings, jointly serving in each case two or more governmental activities; engineers, firemen, elevator conductors, coal passers, electricians, dynamo tenders, lampists, and wiremen; me-

chanical labor force in connection with said buildings, including carpenters, plumbers, steam fitters, machinists, and painters, but in no case shall the rates of compensation for such mechanical labor force be in excess of the rates current at the time and in the place where such services are employed, $1,305,000.

The amendment was agreed to.

The next amendment was, on page 42, line 18, after the word "the", to strike out "control" and insert "administration", so as to make the proviso read:

Provided, That the foregoing appropriations shall be available for use in connection with all public buildings under the administration of the Treasury Department, outside the District of Columbia, and exclusive of marine hospitals, quarantine stations, mints, branch mints, and assay offices.

The amendment was agreed to.

The next amendment was, on page 42, line 24, before the words "of the", to strike out "control" and insert "administration"; on page 43, line 4, before the words "of the", to strike out "control" and insert "administration"; and on the same page, line 9, after the word "and", to strike out "control" and insert "administration", so as to read:

Furniture and repairs of furniture: For furniture, carpets, and repairs of same, for completed and occupied public buildings under the administration of the Treasury Department, exclusive of marine hospitals, quarantine stations, mints, branch mints, and assay offices, and for gas and electric lighting fixtures and repairs of same for completed and occupied public buildings under the administration of the Treasury Department, including marine hospitals and quarantine stations, but exclusive of mints, branch mints, and assay offices, and for furniture and carpets for public buildings and extension of public buildings in course of construction which are to remain under the custody and administration of the Treasury Department, exclusive of marine hospitals, quarantine stations, mints, branch mints, and assay offices, and buildings constructed for other executive departments or establishments of the Government, $100,000.

The amendment was agreed to.

The next amendment was, on page 44, line 5, before the words "of the", to strike out "control" and insert "administration", and in line 15, before the words "of the", to strike out "control" and insert "administration", so as to read:

Operating supplies: For fuel, steam, gas for lighting and heating purposes, water, ice, lighting supplies, electric current for lighting, heating, and power purposes, telephone service for custodial forces; removal of ashes and rubbish, snow, and ice; cutting grass and weeds, washing towels, and miscellaneous items for the use of the custodial forces in the care and maintenance of completed and occupied public buildings and the grounds thereof under the administration of the Treasury Department, and in the care and maintenance of the equipment and furnishings in such buildings; miscellaneous supplies, tools, and appliances required in the operation (not embracing repairs) of the mechanical equipment, including heating, plumbing, hoisting, gas piping, ventilating, vacuum-cleaning and refrigerating apparatus, electric-light plants, meters, interior pneumatic tube and intercommunicating telephone systems, conduit wiring, call bell and signal systems in such buildings, and for the transportation of articles or supplies, authorized herein for buildings under the administration of the Treasury Department outside the District of Columbia, but excluding marine hospitals and quarantine stations, mints, branch mints, and assay offices, and personal services, except for work done by contract or for temporary job labor under exigency not exceeding at one time the sum of $100 at any one building, $395,000. The appropriation made herein for gas shall include the rental and use of gas governors when ordered by the Secretary of the Treasury in writing.

The amendment was agreed to.

The next amendment was, on page 45, line 5, before the words "of the", to strike out "control" and insert "administration", so as to make the additional proviso read:

Provided further, That the Secretary of the Treasury is authorized to contract for telephone service in public buildings under the administration of the Treasury Department by means of telephone switchboards or equivalent telephone-switching equipment jointly serving in each case two or more Government activities where he finds that joint service is economical and in the interest of the Government, and to secure reimbursement for the cost of such joint service from available appropriations for telephone expenses of the bureaus and offices receiving the same.

The amendment was agreed to.

The next amendment was, on page 45, line 13, after the word "salaries" and the colon, to strike out "For the Supervising Architect and other personal services in the District of Columbia" and insert "For personal services in the District of Columbia for the Procurement Division, Public Works Branch", so as to read:

Departmental salaries: For personal services in the District of Columbia for the Procurement Division, Public Works Branch, $270,000.

Mr. ROBINSON of Arkansas. Mr. President, I think the Senator in charge of the bill should explain that proposed change.

Mr. McKELLAR. Mr. President, this change and the several changes that have just been read and agreed to all come about by reason of the change of the name of the Supervising Architect's Office to the Procurement Division. The President has issued an order changing that office to a division, and that is all that is meant by the amendment. The change was made after the bill passed the House, and this is a mere correction.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. McKELLAR. Certainly.

Mr. REED. Does the question of the restoration of the 15-percent pay cut for Federal employees arise at all in connection with this bill?

Mr. McKELLAR. Not at all. That is in the independent offices' bill.

The VICE PRESIDENT. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was, under the heading "Title II—Post Office Department", on page 49, line 14, after the words "sum of", to strike out "$500" and to insert "$1,500", so as to read:

FIELD SERVICE, POST OFFICE DEPARTMENT

OFFICE OF THE POSTMASTER GENERAL

The Postmaster General is hereby authorized to pay a cash reward for any invention, suggestion, or series of suggestions for an improvement or economy in device, design, or process applicable to the Postal Service submitted by one or more employees of the Post Office Department or the Postal Service which shall be adopted for use and will clearly effect a material economy or increase efficiency, and for that purpose the sum of $1,500 is hereby appropriated.

The amendment was agreed to.

The next amendment was, under the subhead "Office of the Second Assistant Postmaster General", on page 53, line 16, to strike out "$132,000" and to insert "$135,000", so as to read:

For inland transportation by star routes in Alaska, $135,000.

The amendment was agreed to.

The next amendment was, on page 53, line 21, after the word "service", to strike out "$98,000,000" and to insert "$98,980,447", so as to read:

For inland transportation by railroad routes and for mail messenger service, $98,980,447.

The amendment was agreed to.

The next amendment was, on page 54, line 19, to strike out "$47,000,000" and to insert "$47,401,684", so as to read:

Railway Mail Service: For 15 division superintendents, 15 assistant division superintendents, 2 assistant superintendents at large, 1 assistant superintendent in charge of car construction, 121 chief clerks, 121 assistant chief clerks, clerks in charge of sections in the offices of division superintendents, railway postal clerks, substitute railway postal clerks, joint employees, and laborers in the Railway Mail Service, $47,401,684.

The amendment was agreed to.

The next amendment was, on page 56, line 13, before the word "as", to strike out "under contract", and in line 18 to strike out "$14,000,000" and to insert "not exceeding $12,000,000", so as to read:

For the inland transportation of mail by aircraft, as authorized by law, and for the incidental expenses thereof, including not to exceed $17,760 for supervisory officials and clerks at air mail transfer points, and not to exceed $34,967 for personal services in the District of Columbia and incidental and travel expenses, not exceeding $12,000,000.

The amendment was agreed to.

The next amendment was, on page 59, to strike out line 21, as follows:

Equipment shops, Washington, D.C.

The amendment was agreed to.

The next amendment was, on page 59, line 25, after the word "thereto" and the semicolon, to insert "also"; on page 60, line 2, after the word "repair", to insert "in the equipment shops at Washington, D.C."; and on the same page, line 10, after the word "building", to insert "at Washington, D.C.", so as to read:

For the purchase, manufacture, and repair of mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same, and for incidental expenses pertaining thereto; also material, machinery, and tools necessary for the manufacture and repair in the equipment shops at Washington, D.C., of such other equipment for the Postal Service as may be deemed expedient; for the expenses of maintenance and repair of the mail-bag equipment shops building and equipment, including fuel, light, power, and miscellaneous supplies and services; for compensation to labor employed in the equipment shops and in the operation, care, maintenance, and protection of the equipment shops building at Washington, D.C., $804,500, of which not to exceed $499,500 may be expended for personal services in the District of Columbia.

The amendment was agreed to.

The next amendment was, on page 60, line 23, after the word "offices", to strike out "$14,500,000" and to insert "$14,858,614.55", so as to read:

For rent, light, fuel, and water for first-, second-, and third-class post offices and the cost of advertising for lease proposals for such offices, $14,858,614.55.

The amendment was agreed to.

The next amendment was, on page 61, line 19, after the word "mail", to strike out "$13,250,000" and to insert "$13,400,000", so as to read:

For vehicle service; the hire of vehicles; the rental of garage facilities; the purchase, exchange, and maintenance of motor vehicles; the hire of supervisors, clerical assistance, mechanics, drivers, garagemen, and such other employees as may be necessary in providing vehicles and vehicle service for use in the collection, transportation, and delivery of the mail, $13,400,000.

The amendment was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. VANDENBERG subsequently said: Mr. President, under the very facile gavel of the present occupant of the chair we succeeded in passing the Treasury and Post Office Departments appropriation bill in probably the shortest record time in the history of the Senate. It was reported from the committee only this afternoon. No printed report that I can discover is available to the Senate.

Mr. McKELLAR. Yes; we have one.

Mr. VANDENBERG. I am glad the report has now arrived, Mr. President.

Mr. McKELLAR. It was here at the time.

Mr. VANDENBERG. The report which is now handed to me in explanation of the appropriation bill which we passed in 5 minutes has a number of pencil corrections on it. As nearly as I can discover, the bill carries appropriations amounting to $820,000,000. Is that correct?

Mr. McKELLAR. That is correct. I will say to the Senator that if he will examine the report, he will find that the bill carries appropriations of $403,263,084.45 less than the same bill carried last year, and, in addition to that, under the estimates for 1935 by $6,323,595.45.

Mr. VANDENBERG. I am very happy to have that information. What I am attempting to indicate is that any Senator may be excused for having failed to know what was being appropriated or what was carried in the bill.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield to me?

Mr. VANDENBERG. I yield.

Mr. ROBINSON of Arkansas. I invite the Senator's attention to the fact that when this request was submitted, there was a call of the Senate, with a view of notifying Senators that the matter was to be taken up. The bill was quickly passed, and, for my part, I shall not object if the Senator wishes to enter a motion for reconsideration.

Mr. McKELLAR. Nor shall I.

Mr. ROBINSON of Arkansas. I do not mean to suggest anything else than that the Senator from Tennessee would consent to such action.

Mr. McKELLAR. I am perfectly willing to consent.

Mr. ROBINSON of Arkansas. There were substantially no important amendments proposed to the bill, and there was no occasion for taking all day to pass it.

Mr. VANDENBERG. Mr. President, I am sure that the attitude indicated by both the Senators reflects their entire willingness to have any item in the bill fully explored. I am commenting on the fact that there was no exploration, and I recall that my good friend the Senator from Arkansas himself suggested that if we might proceed a bit less precipitously, we might proceed more intelligently.

I am now inquiring from the Senator from Tennessee whether the rather cryptic amendment on page 59, which strikes out the words "equipment shops, Washington, District of Columbia", is the amendment which has within it the permission to the Government to go into the furniture business at Reedsville, W.Va.

Mr. McKELLAR. Mr. President, that is the provision, as I suggested to the Senator just a few moments ago when he asked me about it.

Mr. VANDENBERG. In other words, the Senate has voted to dissent from the House position, the House position being that the Government should not enter the furniture business at Reedsville, W.Va.

Mr. McKELLAR. It not only relates to furniture; it relates to a number of things. The Government is in that business already. It manufactures mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same, and may expend amounts for incidental expenses pertaining thereto. It already manufactures a number of articles. But I will say to the Senator in perfect frankness that, under the wording of the amendment, the manufacture of materials for the Post Office Department may be carried on outside of Washington as well as in Washington. Such manufacture is not confined to Washington, as the House bill provided. I have forgotten the name of the place in West Virginia, but it is proposed to build an establishment somewhat like the one now in Washington for the purpose of manufacturing those articles.

Mr. VANDENBERG. How much is involved in the establishment of that factory?

Mr. McKELLAR. I understand that the Public Works have authorized $503,000 or $504,000.

Mr. VANDENBERG. Is this factory to be the center of one of the so-called "subsistence farms"?

Mr. McKELLAR. I am not so sure about that, but I know that, under the wording of the bill as just passed by the Senate and as recommended by the Senate Committee on Appropriations, a factory for the manufacture of these various materials may be erected at the point in West Virginia of which the Senator has seen notice in the newspapers.

Mr. VANDENBERG. Would it be a correct statement, may I ask the Senator from Tennessee, to say that if the Senate wants to register its dissent to the policy of the Government entering into competition with private business in connection with this new subsistence program, the only point at which we can make our position clear is by a defeat of this amendment on page 59 of the bill? Is that correct?

Mr. McKELLAR. That is not exactly correct.

Mr. VANDENBERG. How could the Senate register its dissent?

Mr. McKELLAR. Just one moment. Let me explain to the Senate just what it is.

Mr. VANDENBERG. I will be glad to have the Senator do so.

Mr. McKELLAR. The Government has a similar factory in the District of Columbia. This authority would give it

the right to build one in West Virginia, or anywhere else it wished to build one. As I understand, an allotment of $503,000 has already been made for this project in West Virginia. If this language is retained in the bill, the Government may build this additional factory in West Virginia. If this language is stricken out, then that additional factory cannot be built.

I want to say that it is no new policy. It is precisely the same policy that has been pursued for a number of years, because a factory somewhat similar to the proposed one is already in existence.

Mr. VANDENBERG. May I ask the Senator whether he is sure that is a literally correct statement of the situation? Is it not a fact that the sole reason why this particular factory is projected is for the experimental purpose of undertaking to create new community centers in order to carry out the subsistence program upon which we are embarked?

Mr. McKELLAR. I think that is one of the purposes of this proposal, but I want to say that it is not a new proposal.

Mr. VANDENBERG. It is a new proposal to that extent.

Mr. McKELLAR. It is a new proposal for that place, and possibly to that extent.

Mr. VANDENBERG. The reason why it is proposed is not through any primary desire for the additional Government manufacture of these supplies. The reason why it is proposed is that they want to make this experiment in a new subsistence center. Is not that the fact?

Mr. McKELLAR. I am inclined to think that is the fact.

Mr. VANDENBERG. Mr. President, I think the Senate ought to squarely understand what it is voting on, and I think it ought to register for itself whether or not it wants this type of Government activity, and for the purpose of undertaking that registration I move that the votes by which the bill was ordered to a third reading and passed be reconsidered.

Mr. McKELLAR. The Senator need not make a motion. If he will ask unanimous consent, I have no doubt it will be granted.

Mr. VANDENBERG. I ask unanimous consent that the votes by which the bill was ordered to be read a third time and passed be reconsidered.

Mr. McKELLAR. That it may be reconsidered so that there may be a vote on this amendment. I do not suppose the Senator wants to argue the question?

Mr. VANDENBERG. Oh, no.

Mr. McKELLAR. For the purpose of taking a vote on the amendment, I do not see why there should not be a reconsideration.

The VICE PRESIDENT. Is there objection to the request of the Senator from Michigan?

Mr. TRAMMELL. Mr. President, is the request only that there may be a vote?

The VICE PRESIDENT. The Senator from Michigan has asked unanimous consent that the votes by which the appropriation bill was read the third time and passed be reconsidered for the purpose of taking a vote on a certain amendment.

Mr. TRAMMELL. Mr. President, I object to that for a moment only. Having been a member of the committee, I wish to state that the question was whether or not this expenditure should be restricted to a given locality, or whether the Department should be free as to the location which might be selected. The question of the policy of the Government engaging in this particular enterprise or not engaging in it was not an issue which was involved.

Under the provisions of the bill as it passed the House, the Department was to be permitted to go ahead at the particular location, or certain features had to be stricken out and the matter left an open question as to where the enterprise should be established. Is not that correct?

Mr. McKELLAR. That is correct.

Mr. TRAMMELL. It was not a matter of the committee authorizing it, or promoting the idea of the policy involved. As one member of the committee, I expressed myself as being apprehensive of any activity which would bring the Government more into private business and in competition with private enterprise. I had some apprehension as to that particular feature being involved in this provision of the bill. But the committee did not act for the purpose of putting the proposed factory at any particular place. The committee thought it should be an open question as to where it should be located. That is my understanding. I withdraw my objection.

The VICE PRESIDENT. The Senator from Florida [Mr. TRAMMELL] withdraws his objection. Is there further objection? The Chair hears none, and the votes by which the bill was read the third time and passed are reconsidered.

Mr. VANDENBERG. Mr. President, I think what the Senator from Florida says is true technically and literally. The only question involved in the amendment is whether or not restrictons shall be made as to the location of this particular new Government factory. The Senator from Florida is entirely correct in saying that is the literal effect of the amendment. But my colleague, the Senator from Tennessee [Mr. McKELLAR] identifies the fact, and there is no use shadow-boxing about it.

Mr. McKELLAR. The Senator from Tennessee is not guilty of any shadow-boxing.

Mr. VANDENBERG. I understand, and I am sure he does not want to be. The fact of the matter is that this amendment decides whether or not the Federal Government shall embark upon an experiment in creating industrial communities under the subsistence plan, and the particular purpose of this amendment is to build the factory at Reedsville, W.Va., for the purpose indicated, as part of the subsistence scheme. The only thing I am asking the Senate to do is to say for itself whether it wants to go into that business, and I am perfectly willing to have it submitted to a vote.

Mr. BAILEY. Mr. President, I wish to be informed about this proposition. I had understood from the press, and to some extent from the Department of the Interior, that it was in contemplation that a factory should be erected at Reedsville, W.Va., to employ miners in the business of manufacturing furniture for the Post Office Department.

Mr. McKELLAR. To manufacture materials of all kinds for the Post Office Department.

Mr. BAILEY. That includes furniture?

Mr. McKELLAR. The factory to be similar to the one now located in Washington, as I understand.

Mr. BAILEY. Is it the view of the Senator that the bill authorizes the erection and operation of a factory for the manufacture of furniture for the Post Office Department?

Mr. McKELLAR. No; it does not do that. If the Senator will read the bill, he will see that it does not authorize that to be done.

Mr. BAILEY. I have just been reading the bill.

Mr. McKELLAR. On page 59 the provision is, "For the purchase, manufacture, and repair of mail bags and other mail containers and attachments", and so forth. What that means is, Should the Public Works Administration build the factory at Reedsville? Then the articles mentioned may be manufactured at that factory.

Mr. BAILEY. There can be manufactured there—

mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same; * * * also material, machinery, and tools necessary for the manufacture and repair in the equipment shops at Washington, District of Columbia, of such other equipment for the Postal Service as may be deemed expedient.

And so forth. My question is, Does the Senator understand and does the committee understand, and is it to be understood, that this is an authorization for the erection and operation of a factory at Reedsville, W.Va.?

Mr. McKELLAR. No; this is not an authorization for the erection of that factory. It merely provides that these things may be manufactured if a factory shall be erected.

The Public Works Administration has the right to build a factory at Reedville, W.Va., and I understand that proposal has been made and probably the allotment of the necessary money has been made. If it has been done, all the bill does is to allow these materials to be manufactured at that factory in precisely the same way that similar materials

are now being manufactured in the city of Washington. That is all there is to it.

Mr. BAILEY. The Senator a moment ago said "these things." I wish to get an interpretation of that expression.

Mr. McKELLAR. I should be delighted to read from the bill.

Mr. BAILEY. No; I should like to have the Senator answer my question. I have read the bill.

Mr. McNARY. A parliamentary inquiry.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The Senator will state it.

Mr. McNARY. May the clerk state the amendment about which this controversy is raging?

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 59, line 21, it is proposed to strike out "equipment shops, Washington, District of Columbia":

Mr. McNARY. Mr. President, I do not see what relation the amendment bears to the context of the bill. Is the place of manufacture being stricken out? Is a relocation being made? I do not understand the essential nature of the amendment which is now being discussed. I think the Senator having the bill in charge should advise the Senate concerning that.

Mr. McKELLAR. Had the Senator from Oregon been listening he would have heard the explanation, for I have advised the Senate several times.

Mr. McNARY. I have listened, but I have not been advised.

Mr. McKELLAR. I am sorry I cannot advise the Senator. If he will now listen I will try to advise him, doing my best in the attempt.

Mr. BAILEY. Mr. President——

The PRESIDING OFFICER. The Senator from North Carolina has the floor.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Tennessee?

Mr. BAILEY. I will yield to the Senator from Tennessee, and then I propose to ask him a question to clarify the situation.

Mr. McKELLAR. I shall be glad to answer any question I can. I am sorry I could not make a satisfactory explanation to the Senator from Oregon. The bill as reported to the House contained a provision allowing the Government to obtain the materials referred to from a plant to be erected. Mr. LUDLOW, Representative from Indiana, offered an amendment to strike out "equipment shops" and to insert "equipment shops, District of Columbia", so as to confine whatever building was to be done to Washington City. The Senate amendment struck out the words that were inserted in the House, and it now provides that these materials may be bought from the factory at Reedsville, W.Va., or anywhere else.

Mr. VANDENBERG. Mr. President, will the Senator permit me to interrupt at this point?

Mr. BAILEY. I yield.

Mr. VANDENBERG. The purpose was to permit the Reedsville experiment to proceed. Is that correct?

Mr. McKELLAR. I assume that is true. May I ask in the time of the Senator from North Carolina, does the Senator from Oregon now understand? If he does not, I shall be very happy to try to make him understand.

Mr. McNARY. Fairly well only.

Mr. BAILEY. Mr. President I wish to ask the Senator from Tennessee just a simple question. Does the language of the section which we have before us predicate in any way the manufacture of furniture by the Post Office Department for the uses of the Post Office Department?

Mr. McKELLAR. Yes; any furniture or any other materials necessary may be manufactured.

Mr. BAILEY. Does it say "furniture" at any point?

Mr. VANDENBERG. No; but it says "such other equipment for the Postal Service as may be deemed expedient."

Mr. McKELLAR. Whatever equipment is necessary for the Postal Service throughout the country.

Mr. BAILEY. I understand, Mr. President, that discussion is not in order. Am I correct as to that?

Mr. McKELLAR. I believe the amendment was to be voted on immediately without discussion, but there has been some discussion, and, if the Senate is willing, I should like to ask unanimous consent that the Senator from Wyoming [Mr. O'MAHONEY] may have a few moments to discuss it.

The PRESIDING OFFICER. The vote by which the amendment was agreed to has not been reconsidered.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the vote be reconsidered.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and the vote by which the amendment was agreed to is reconsidered.

The question now is on the committee amendment, which the clerk will state.

The CHIEF CLERK. One page 59, line 21, it is proposed to strike out "Equipment Shops Washington, District of Columbia:".

Mr. O'MAHONEY. Mr. President——

Mr. BAILEY. I yield to the Senator from Wyoming for a question.

Mr. O'MAHONEY. Mr. President, I think possibly I may be able to explain the situation that confronts the Senate if the Senator from North Carolina will permit me to do so.

Mr. BAILEY. If the Senator can do so, I will say to him that he will perform a miracle that has not been performed in the last half hour, notwithstanding many efforts to do so. I will give the Senator the opportunity.

Mr. O'MAHONEY. The situation is simply this: It has long been the practice for the Post Office Department to maintain in the city of Washington, in the District of Columbia, an establishment for the repair and manufacture of mail bags and other incidental equipment used by the Post Office Department.

The Public Works Administration has allocated the sum of five-hundred-cdd thousand dollars for the purpose of building at Reedsville, W.Va., a plant for the manufacture of furniture and other equipment not now being manufactured by the Department. In the bill, on page 59, will be found the language authorizing that additional work, in line 22:

For the purchase, manufacture, and repair of mail bags—

That is the present procedure—

and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same.

That material is not now being manufactured by the Post Office Department. It will be manufactured at Reedsville.

Mr. BAILEY. If the Senator will permit me to interrupt him, is it the understanding that the operations will be confined to the items the Senator has mentioned, and not expanded to include the manufacture of furniture?

Mr. O'MAHONEY. I take it they would be confined to the items mentioned here—

For the purchase, manufacture, and repair of mail bags and other mail containers and attachments, mail locks, keys, chains, tools, machinery, and material necessary for same, and for incidental expenses pertaining thereto.

It would not appear to me that that would include furniture.

Mr. VANDENBERG. May I ask the Senator a question, Mr. President?

Mr. O'MAHONEY. I yield to the Senator from Michigan.

Mr. VANDENBERG. Did not the Senator define the item in his opening statement as a furniture factory at Reedsville?

Mr. O'MAHONEY. I may have spoken of it as a furniture factory because of the nature of the debate here.

Mr. VANDENBERG. As a matter of fact, is it not a furniture factory that is contemplated?

Mr. O'MAHONEY. There was some suggestion, when the matter was first discussed, of including the manufacture of cotton twine as well as of furniture. I know that the manufacture of cotton twine was abandoned and is not now comprehended as a purpose for which the factory is to be used.

Mr. VANDENBERG. Why was Reedsville chosen?

Mr. O'MAHONEY. Because it is the center of the subsistence farms of which the Senator was speaking.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. SHIPSTEAD. Does not the Senator know that all furniture is made at Grand Rapids, Mich.?

Mr. McKELLAR. Oh, no; some is made in North Carolina and some in Tennessee.

Mr. BAILEY. Mr. President, I do not at all object to the suggestion of Senators who, with myself, have manifested an unusual interest in this matter and who represent States and likewise human beings engaged in the manufacture of furniture. If it be a crime, Mr. President, for me, under any circumstances, to protest against the United States Post Office Department going into any private business on any account, I willingly plead guilty.

As has been disclosed here, notwithstanding the language does not expressly include furniture and furnishings, the United States Government now has under way the erection of a factory at Reedsville, W.Va., for the purpose of employing men engaged heretofore in the mining of coal in the manufacture of equipment for the Post Office Department and the Postal Service of the United States. I protest against that.

Mr. McKELLAR and Mr. NEELY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from North Carolina yield; and if so, to whom?

Mr. BAILEY. I yield first to the Senator from Tennessee, and then I will yield to the Senator from West Virginia.

Mr. McKELLAR. While that is true, exactly the same kind of work is now being done here in Washington for the Department. At the best or worst, the amendment merely enlarges it; that is all.

Mr. BAILEY. No; I do not understand that post-office furniture or desks are being manufactured in the city of Washington.

Mr. McKELLAR. No; the plant in Washington does not make furniture——

Mr. BAILEY. Very well, then.

Mr. McKELLAR. But it makes other equipment, which is an invasion of private enterprise. The only difference is that there are more articles comprehended by this item than under the present plan; that is all.

Mr. BAILEY. That is just the point, Mr. President; there are, at least by intimation, whether by the language of the proposed statute or not, numerous articles, not definitely but in an indefinite way, suggested here by way of carrying the Government of the United States further into private business; and against that I protest. I am not for a socialistic conception of government, and I resist every step in the direction of socialism in our Government. I think we might as well come to the issue now as later. There is not any doubt about the fact that the way things are progressing we are going to have to meet that issue, and I am willing to meet it today. There is nothing here to justify any further expansion of the activities of the Government by way of encroaching upon private enterprise; and if anyone takes the view that that is the way to solve our problem of unemployment, I am here to tell him that is also the way to destroy the American Republic. We have got to make our choice.

Mr. KEAN. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly; I yield.

Mr. KEAN. I think we will find that at the present time the United States does not make chains; it does not make keys; it does not make several other articles that are included in the item.

Mr. McKELLAR. That is entirely true. There are several such articles. I do not think it makes locks. The provision goes that far, too.

Mr. KEAN. Therefore it is proposed to expand the activity of the Government in many directions, and the work is being taken away from legitimate business.

Mr. McKELLAR. I will say to the Senator that his party started it. If we are going into socialism, the Republican Party started it.

Mr. KEAN. I do not care who started it; I am protesting against it.

Mr. McKELLAR. I am stating what the facts are. It has already been started and has been continued for a long time as a policy of the Government.

Mr. BAILEY. Mr. President, I am going to have just this view about that: Assume that the Republican Party started the policy, it is not required that the Democratic Party finish it. I do not know that we have heretofore looked to the Republican Party for our example or our justification. I can conceive of nothing more dreadful, nothing worse for the people of this country, than for the collector of the taxes of the people to go into competition with them through the expenditure of those taxes. That represents a hopeless situation.

Mr. FRAZIER. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. FRAZIER. I want to ask the Senator from North Carolina if he is in favor of the subsistence plan—to take people from the cities and place them on little tracts of land so that they may try to earn a living?

Mr. BAILEY. I would be willing to say that I would consent to that, but I do not think that is quite parallel to the case presented here. If the Senator wishes, for the sake of some argument, to have me committed to that, I will let him assume that that is so.

Mr. FRAZIER. I want to protest against that sort of system if the Senator is going to protest against the Government going into the manufacturing business.

Mr. BAILEY. Then, I welcome the Senator to my side of the general protest.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. BAILEY. I yield, if the Senator from North Dakota has concluded.

Mr. FRAZIER. If the Senator will yield further, I should like to say a word more. Of course, if any of the subsistence colonies are established on a farming basis, they come in direct competition with the farmers; there is no question about that; we cannot get away from it; and it is no worse to engage in competition with manufacturers of furniture in Michigan than it is to engage in competition with the farmers of the whole country.

Mr. BAILEY. Very well; then the argument is complete. Since we propose to locate people on the land by way of homesteads, we shall go all the way through the process of devolution until the Government shall have taken charge of every business in the United States and a majority of the people shall be on the pay roll. They will then perpetuate themselves in power; the people who live on salaries paid by the Government will be the masters; the minority, not paid by the Government, will be the servants, and we will have an absolute subversion of free government; we will overturn every liberty that ever was carved out by the human race, and we will destroy every muniment of that liberty. Now I yield to the Senator from West Virginia.

Mr. NEELY. Mr. President, the Senator's remarks indicate that he is under the erroneous impression that West Virginia miners are being taken from their ordinary tasks of digging coal and given employment in the making of furniture at Arthurdale.

Mr. BAILEY. I understand that there are coal miners out of work, but that there are more furniture workers than there are coal miners who are out of work.

Mr. NEELY. If so, three or four hundred thousand furniture workers are idle. Let me inform the Senator from North Carolina that those who are to be employed at Arthurdale to make furniture for the Post Office Department are also idle. They have long been without work. Multitudes of deserving men and women in Preston County—the county in which Arthurdale is situated—have been destitute for more than 3 years. Mrs. Roosevelt has very generously come to the rescue of these suffering people. She has re-

vived their hope that they will escape starvation. She has restored their confidence in the Government's ability and determination to alleviate the misery of the innocent victims of the Nation's most persistent and appalling panic.

Mr. BAILEY. Very well, Mr. President, that argument is simply to this effect, that if there are people out of work anywhere in America and who are starving to death, as the Senator has suggested, then the Government is justified in erecting a factory in that community for the purpose of saving them. If that is the process, let us see where it leads. Unemployment in the United States is estimated to be around 9 to 10 million human beings, and no State, no city, and no county and no township, so far as I know, has escaped. Therefore, according to the argument adduced here in behalf of Reedsville, W.Va.——

Mr. NEELY. Arthurdale, near Reedsville.

Mr. BAILEY. Very well, Arthurdale, W.Va. We come now to the point, following logically the argument, that it is the duty of the United States Government to locate a factory everywhere. Very well. Then, who will maintain it?

Mr. McKELLAR. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. McKELLAR. I do not think that follows, if the Senator will permit me to say so. Just a day or two ago this body put its final endorsement on a measure appropriating $950,000,000 for work in order to keep some of the people employed. That bill is certainly as socialistic, and perhaps 10 times as socialistic, as the measure now before us; and yet that bill, if I remember aright, received every single, solitary vote in this body.

These are unusual times. It is necessary so far as our Government can honestly, fairly, and justly do it, to furnish employment for the unemployed. To my mind this does not go any further than the $950,000,000 bill a few days ago.

Mr. BAILEY. In the French Revolution the French committed their crimes in the name of liberty. In the present revolution we seem to be disposed to commit them in the name of experiment, and that is all I get out of that argument. The fact that we distributed, or voted to distribute, about $1,000,000,000 over the whole country equally, not by way of any competitive operation whatever with private business, is now argued as justification for the creation of a factory in a coal-mining town in West Virginia in direct competition with business enterprise.

Mr. NEELY. Mr. President, will the Senator yield?

Mr. BAILEY. Certainly.

Mr. NEELY. What would the Senator from North Carolina do for these idle, destitute coal miners?

Mr. BAILEY. What would the Senator from West Virginia do with the idle furniture-factory workers in North Carolina?

Mr. NEELY. If their suffering were as great as that of the West Virginia coal miners has been, the Senator from West Virginia would favor any plan to relieve them that Mrs. Roosevelt or anyone else of unobstructed vision and unerring judgment might propose. Since the Senator is unwilling for the Government to supply employment for the 9,000,000 who are idle, will he not inform us how he would save them from starvation? What solution of the distressing unemployment problem has the Senator to offer?

Mr. BAILEY. I thank the Senator for his questions, and I will answer them. He asks what I would do with alleged starving coal miners in his State. I would do anything for them, but the last thing I would do would be to build a factory and employ them at the expense of other men who will be thrown out to starve as they are now starving. The Senator would get nowhere with that kind of program.

Mr. NEELY. I understand that the North Carolina furniture workers of whom the able Senator speaks are now out of employment. The question before the Senate is not that of depriving North Carolinians of jobs but that of providing training and work for approximately 250 people in West Virginia.

Mr. McKELLAR. More than that, confessedly, it is an experiment.

Mr. BAILEY. Oh, yes.

Mr. McKELLAR. It should be looked upon as such. Confessedly the $950,000,000 bill was an experiment.

Mr. BAILEY. We are committing more crimes in the name of experiment. "Liberty" was the original one, "emergency" was the second one, and "experiment" is the third—a grand old word.

Mr. McKELLAR. And starvation is the fourth.

Mr. BAILEY. Of course, here is work. It is not new work. The business of manufacturing equipment for the Post Office Department is not new work. It is work now being done by human beings somewhere. Turn it over to the coal miners and we would employ them, but we would unemploy men who are now doing that work. We are not making a new business here.

Mr. NEELY. On the theory of the Senator's objections to the experiment at Arthurdale, is he not also opposed to the substitution of Army aviators to carry the mails, and discharge the other duties which were, until recently, performed by the agents of private corporations under contracts which were obtained from the Government by fraud?

Mr. BAILEY. The Senator's question can very easily and simply be answered. I think he can find the answer himself, but if he cannot I can give it to him.

Mr. NEELY. I cannot find it upon any theory that will harmonize with the views which the Senator has voiced in the Senate today.

Mr. BAILEY. If the Senator will let me give him an answer I will do so, because it is important that he should understand the situation. The President by an order suspended the operation of private air mail carriers and as a temporary measure he invoked the aid of the Army. The Army is a part, and a constitutional and permanent part, of the national defense. No one thinks the Army is always going to carry the mail.

We have now in the committee a bill which I believe has been reported—the chairman of the committee can tell us—in which it is proposed within a few days to let air mail contracts for 3 months at a time for the next 12 months in order to get out of the business of having aviators of the United States Army carry the mail. So I think that will clear up that situation.

Mr. NEELY. But will not the transportation of the mail by Army officers deprive others of their employment?

Mr. BAILEY. Absolutely.

Mr. NEELY. Just as the construction of a furniture plant at Arthurdale, W.Va., would, according to the Senator's contention, deprive furniture workers in North Carolina of their jobs.

Mr. BAILEY. I am delighted the Senator from West Virginia has finally got to the point where he realizes that the building and operation of a furniture factory in West Virginia will throw some people out of employment. Just a moment ago he was denying that contention.

Mr. NEELY. And he denies that now. But in order to be fair in asking the Senator from North Carolina a question, the Senator from West Virginia necessarily adopted the former's point of view. The construction of the factory at Arthurdale has not robbed, and will not rob, anyone in North Carolina of a job.

Mr. BAILEY. I have said nothing about robbing, and the Senator has said all I wish to be said, that the employment of West Virginia coal miners or other citizens in this business will take the places of others now engaged.

If this country shall ever get out of the depression it is not going to do so by way of going into private business. The basis of civilization here and of the Republic itself is private enterprise. When we reach the point where the Government is a socialistic enterprise, I will give the Senator a guaranty that neither he nor his children will live to see the day when there is anything like a recovery. I

will give him a further guaranty that if the Senator, in his capacity as United States Senator, helps to bring about a socialistic state his children will curse the day he was born, notwithstanding they are his children.

How are we going to circulate money in America? That is the great cry. Governments cannot circulate money. We are providing for a little temporary circulation, soon absorbed, soon ended, but if we make such provision that private enterprises may earn profits we not only circulate the money but we employ the unemployed, and that is the only way to employ them.

Mr. LONG. Mr. President, will the Senator yield?

Mr. BAILEY. I will yield in just a moment.

In the degree that the United States of America undertakes to take on private enterprises and to destroy their profits, precisely in that degree it destroys the circulation of money, throws human beings out of work, and binds itself to the present hopeless and despairing scheme of things whereby we try to keep ourselves going by repeated borrowings and the issuance of new money, the end of which can be but one, and that is the break-down of everything.

I yield now to the Senator from Louisiana.

Mr. LONG. Mr. President, I wish to ask the Senator only a question.

As I understand, the Senator deplores building productive plants when there is already an overproduction in that line. I think that is sound. Does not the Senator think what we ought to do now is to limit the hours of toil so that there will be work for all, and limit the amount of fortunes so that there will be a share for all?

Mr. BAILEY. Mr. President, the Senator's question would lead me very far afield. I do not think it would be very well for me now to undertake the discussion of those questions. He stated precisely my view when he said that we ought not to be adding to the means of production here by way of the Government when the employers of America have not enough demands for their goods to justify them in keeping open their factories.

I will discuss for the Senator some other day, if he should wish me to do so, the questions he has asked me; but on this occasion I wish to confine myself to the matter in hand.

Mr. LONG. I so thoroughly agree with the Senator that I would not argue with him for a moment. That is so plain that I think even a man like me can see it; but the point is, the only way we can keep from overproducing and at the same time employ labor is to limit the amount of toil that a man shall perform.

Mr. BAILEY. That may be so, Mr. President, but I am not now dealing with that question. We are not limiting anything here except the right of some poor fellow who has been engaged in this business to be further engaged in it. I will grant that the needs of the friends in West Virginia are very great, but that is not the only place where needs are great. That is not the only place where people are walking the streets in hopelessness and despair; and we are not going by this little provision to do anything on earth except to expand the conception of our country going into private business at a time when I would to God somebody would give a signal to America that the United States Government is going to be content to govern and perform the functions of government and then let business and workers do the rest.

Mr. KING. Mr. President, will the Senator yield?

Mr. BAILEY. I yield.

Mr. KING. I have just come into the Chamber, and I am not sure that I know exactly the proposition before the Senate; but, as I understand, it is proposed by this bill to advance $500,000 to enable the Government to go into the business of manufacturing furniture.

Mr. McKELLAR. Oh, no, Mr. President—oh, no! No appropriation at all is made for that purpose. What is proposed by this bill is simply this—if the Senator will permit me to say it; I have said it very frequently, but I shall have to say it again: The Public Works Administration has appropriated $525,000 to build a factory in West Virginia for the purpose of manufacturing mail bags and twine and locks and keys and various other things.

Mr. BAILEY. And perhaps furniture.

Mr. McKELLAR. Perhaps so.

Mr. BAILEY. Admittedly, perhaps so.

Mr. McKELLAR. It is equipment. Whether that includes furniture or not, I do not know. One Senator's judgment is as good as another's. I do not know just what it includes, I am frank to say. This equipment is to be manufactured down at Reedsville, W.Va. The same articles, or practically the same articles—there are some additions, such as locks and keys and other equipment—are now, under the law, being manufactured for the Post Office Department by the Government here in Washington; and the question is whether this bill shall permit the same things to be manufactured at Reedsville, W.Va.

Mr. KING. Mr. President, may I ask the Senator a question?

Mr. BAILEY. Certainly.

Mr. KING. If they are now being manufactured by the Government here, why transfer the activities to some other place?

Mr. McKELLAR. Because the factory here does not anything like take care of the demands of the Department.

Mr. KING. Why not permit private enterprise to carry out the activities?

Mr. McKELLAR. Well, that is a question. If the Senator feels that it ought to be done by private enterprise, he should vote against the amendment.

Mr. KING. I certainly shall vote against it.

Mr. McKELLAR. But if the Senator feels that the plan that has been adopted heretofore and has been in operation in this city for many years is a wise one, there is no reason why the amendment should not be voted into the bill.

Mr. KEAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from New Jersey?

Mr. BAILEY. I do.

Mr. KEAN. The Senator from Tennessee stated that most of these articles are now being manufactured in the city of Washington. I think the Senator is entirely mistaken. Chains and locks, in fact, nearly all the articles mentioned in this list are not being manufactured in the city of Washington.

Mr. McKELLAR. Oh, the Senator misunderstood me entirely. I did not say that at all. What I said was that the articles the Government manufactures are manufactured here in Washington; and this is merely to permit some more of them to be manufactured in West Virginia. Of course, the Government does not manufacture all the equipment by any manner of means; only a very small part of it.

Mr. KEAN. As I understand, Mr. President, the Government manufactures mail-bags and sacks, and that is all.

Mr. McKELLAR. I do not think it is confined to that. It manufactures twine and probably some other things.

Mr. BAILEY. No; the twine is bid on every year.

Mr. BARBOUR. Mr. President, will the Senator indulge me for just a moment?

Mr. BAILEY. Certainly.

Mr. BARBOUR. I was very much interested in what the Senator from West Virginia [Mr. NEELY] said, to the effect that 100 or 200 people would be employed in relation to this allotment of over half a million dollars for a factory in West Virginia. On the basis of the fact that there are in the neighborhood of 10,000,000 people unemployed, it would take 50,000 times $500,000 to relieve the unemployment through the creation of factories of this sort, which would run into about $25,000,000,000.

Mr. NEELY. Mr. President, I do not understand that the entire appropriation is to pay the wages or salaries of the 250 persons who are to be employed in this factory in West Virginia.

Mr. BARBOUR. I can perfectly understand one of our colleagues on the other side of the aisle not understanding

figures when they are indulged in as they are being indulged in these days; but, judging from what the Senator has just said, I think what I have brought out is exactly in line with part of the argument the Senator from North Carolina is so ably making.

Mr. NEELY. Mr. President, will the Senator from North Carolina yield for one moment longer?

Mr. BAILEY. Certainly.

Mr. NEELY. Before the Senator from North Carolina was interrupted a moment ago I understood him to say, in effect, that he believed the Government should return to the function of governing, and permit private enterprise to run the business of the country.

Mr. BAILEY. Yes, sir.

Mr. NEELY. May I not remind the Senator that that is exactly the precedure that was being followed in this country during the last 3 years of the Hoover administration.

Mr. BAILEY. I regret to say that it was not, and I would to God it had been.

Mr. NEELY. That is the procedure that was followed in this country during the last 3 years of the Hoover administration, which finally culminated in the greatest disaster that this or any other nation has ever known. The point to which the Senator is addressing his argument today is but a small part of a program of infinite magnitude, designed to try to extricate this country from the disaster into which it was finally plunged by pursuing the very course to which the Senator has so eloquently and forcefully—as he always does—subscribed.

Mr. BAILEY. I am very grateful to the Senator for his expression, "a small part of a program of great magnitude."

Mr. KING. "Infinite magnitude."

Mr. BAILEY. "Infinite magnitude." Mr. President, that is a very fine description of this proposal. It was the junior Senator from Oklahoma [Mr. GORE] who said the other day, with respect to a certain measure, that it was the small nose of a great camel. Here we have the nose and also the camel, properly labeled; and the pending proposition is this, and nothing but this: That the Government of the United States shall go into private business, and in an unlimited way.

Mr. President, just consider for one moment what that implies.

Mr. NEELY. Mr. President——

Mr. BAILEY. I will answer the Senator. Just let me finish the sentence.

That carries to the breast of every business man in America, that carries to the holder of every dollar of capital in America, the news, if it be news, that it is proposed to put the tax-collecting power of the Republic in competition with the humblest business of the land; and then men ask us why we do not recover from the depression. And then men ask us why the banks will not lend money to business. And then men ask us why business does not dare to borrow.

Why, with that threat hanging over us, with the prospect of that social state, with the prospect of that centralization in which the Government lays the power of taxation upon the incomes of the people, converts the taxes thereby collected into capital, and then competes with the taxpayers, there, Mr. President, is the sure formula against recovery. There is the straight road to the socialistic conception which I abhor, and which I am sworn, in the only oath I took here as a Senator, to abhor and to hate; for, if I understand my oath here, I am sworn to defend and to maintain the Constitution of the United States against enemies foreign—and I thank God we have no foreign enemies that we know of—and enemies domestic; and I would to God that I might thank God we have no domestic enemies.

Mr. BONE. Mr. President, will the Senator from North Carolina yield for a question?

The PRESIDING OFFICER. Does the Senator from North Carolina yield to the Senator from Washington?

Mr. BAILEY. I do.

Mr. BONE. I wonder if I gathered what the Senator said in the same sense that he seemed to intend it—that he regarded his oath as binding him to do battle to the very last ditch against public ownership; that he regarded his oath as binding upon him to that degree; in other words, that the Senator thinks public ownership of any kind is hostile to the Republic and would destroy the United States Government. I wonder if I understood the Senator aright. Does the Senator consider, as a United States Senator, that he has taken an oath that compels him to fight that as something that would destroy the Republic?

Mr. BAILEY. When the Senator gets through asking his questions, I am perfectly willing to answer them one at a time. Which one does the Senator want me to answer?

Mr. BONE. I should like to have the Senator say now whether or not he regards public ownership as something utterly hostile to the spirit of the American Government, and whether he thinks his oath binds him to fight it.

Mr. BAILEY. Mr. President, I think I can make that perfectly clear. There is a vast difference between one type of Government ownership and another type. The Government ownership which goes into private business I am sworn under the Constitution to oppose. I have no question about that. I rather seriously question whether I could ever be able to get the consent of my mind to favor Government ownership of railroads, if the Senator is driving at that.

I am not a Government ownership man, to speak very plainly. I am a Democrat.

Mr. DICKINSON. Mr. President, it seems to me that this is just one of the numerous complications we are getting into by voting to vest greater and greater authority in particular individuals or administrators. For instance, we have set up a Public Works Administrator, and he has authorized the building of a factory costing $504,000. Now we are trying to find some way by which we can employ somebody to work in that factory as a Government factory, and this is the method that has been worked out whereby that attempt in going to be made.

I want to suggest to the Members of the Senate how much better it would have been if, instead of delegating authority to the Public Works Administrator to put up a building of this kind, regardless of the motive, we could have the authorization brought here and passed upon by Congress in the regular way, as we have for 150 years under this Government. That is just another instance of the complications which are going to grow out of delegated authority.

We also have other instances. There is a question here as to numerous expenditures. It is said that the factory in Washington has been repairing mail bags. I think that is legitimate, because the Government owns the mail bags. But under the provision in the bill before us we are drifting a little further into private enterprise, and the Governmental activity will expand to embrace the repair of furniture, locks, keys, and so forth and so on. In other words, in a little while we will find this to be an entering wedge in a movement to expand this type of activity into the manufacture of other kinds of equipment for the Government itself.

Mr. KING. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. KING. If I understood the Senator I am not quite in agreement with the statement that because the Government uses mail bags it is justified in manufacturing mail bags. If that were true, it might be said that since the Government uses automobiles, we ought to go into the business of manufacturing automobiles, and so on with the thousands of articles which are employed by the Government in the legitimate activities in which it is engaged.

There are a few products in the manufacture of which the Government would be warranted in engaging, for instance, guns, and, perhaps, some munitions. I recall that a number of years ago, when I had the honor to serve in the House of Representatives, there arose the question of the purchase of armor plate. It was alleged that there was a combination between the manufacturers of armor plate and that they were charging extortionate prices. The Congress, Republicans and Democrats alike, agreed, as I recall, in making an appropriation or authorizing an appropriation, for the

erection of an armor plant in the event the monopoly were continued and the Government were not able to acquire at reasonable prices the armor plate which it needed. But even that was a rather dangerous adventure, because the moment we give as an excuse for the Government entering into business that, perhaps, private enterprise is charging a little too much, we will find a thousand persons urging the Government to enter into the manufacture of nearly every commodity, and they will not be limited to those which the Government itself requires in its legitimate activities.

Mr. DICKINSON. I thank the Senator from Utah. I want to suggest it is my understanding that this activity was started originally for the purpose of repairing mail bags because they wore out so fast in the mail service. Now the activity has expanded, and a great many complaints come in about the Post Office Department printing envelops with return cards on them and a stamp involved. It seems to me that this is a step just a little in advance of what we have heretofore done.

Mr. McKELLAR. Mr. President, the Senator's last statement is very different from his first. He stated at first that this was an entering wedge in this matter. It is not an entering wedge at all. It is merely carrying out a policy which the Senator's party originally adopted.

Mr. DICKINSON. I do not think the Senator can charge it to the Republican Party, because the repair of mail bags has been going on for a long time.

Mr. McKELLAR. The Republican Party absolutely started it.

Mr. VANDENBERG. Mr. President, will the Senator from Iowa yield to me?

Mr. DICKINSON. I yield.

Mr. VANDENBERG. I think the Senator is entirely justified in suggesting that this is an entering wedge, because, as demonstrated by the hearings, this is a clinical experiment in respect to organizing independent industrial communities around this country and building a subsistence unit around a new industrial factory.

Mr. DICKINSON. I think that observation is well taken.

Mr. President, there is no doubt that we are entering upon an expansion; and in order that we may have some information with reference to Budget figures, I am going to ask that there be inserted in the RECORD a statement on Juggling the Budget, which has been prepared by me just for the information of the Senate.

The PRESIDING OFFICER. Is there objection?

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

JUGGLING THE BUDGET

The Budget of 1935 presents the most amazing juggling with the public accounts that this country has ever witnessed. We may well recall that—

June 1932: The Democratic platform promised an immediate decrease of $1,000,000,000 in Government expense. Governor Roosevelt frequently reiterated that promise in the campaign; he went even further.

At Albany on July 30 he said: "Let us have the courage to stop borrowing to meet continuing deficits. Stop the deficits." "Continued borrowing will lead to the poorhouse." "Revenues must cover expenditure by one means or another. Any government, like any family, can for a year spend a little more than it earns. But you and I know that a continuation of that habit means the poorhouse."

March 10, 1933: "For 3 long years the Federal Government has been on the road to bankruptcy", and roundly denounced the policy of expenditures beyond income and borrowing to meet deficits as the ruin of the Nation and everybody in it.

New York Times, March 12: "The President retrieved an overwhelming victory for his $500,000,000 economy program."

New York Times, March 18: "Goal of economies rises to a billion. New cuts of $100,000,000 are planned as other savings are put at $900,000,000."

March 29: "President speeds $900,000,000 cuts in his first month."

April 2: "Cuts in 1,400,000 pensions with $400,000,000 savings go into effect in July."

April 13: "Roosevelt savings reach $1,020,000,000 in 1934 outlay. Exceeds campaign pledges."

April 18: "Roosevelt backs $144,000,000 Army slash."

April 21: "$468,407,808 slash in offices budget—Roosevelt message concurs in cuts."

And then these cries suddenly dry up, and the question at once arises in Democratic ranks of how are we to cover our tracks and continue to misinform the American people. Then is born the resolution to juggle the Budget.

About this time it began to be realized that the 1934 expenditures were drastic economy in themselves; that they permitted no consequential reduction; that some measure must be gotten up to cover all this up. The first move was that the accounts would be divided into an "ordinary" and an "extraordinary" Budget. To the former would be charged the "ordinary" and "normal" expenditures of the Government, and to the latter the "extraordinary" expenditures due to the depression. It was stated that the administration would reduce the "ordinary" expenditures by genuine economies to the extent of over $1,000,000,000.

It appears that the jeers from the country over the "painless arithmetic" (as it was styled by the New York Times) of the "ordinary" and "extraordinary" Budget frightened the administration off these phrases. So they have adopted a new nomenclature, and they now present the Budget divided into "general expenditure" and "emergency expenditure." But the change of name did not remove the painless arithmetic nor the juggling. The 1935 Budget contains more than even the humorists anticipated. For what is an emergency expenditure and what is a general expenditure? We shall find out quickly what it is. It is a method of misleading the public into the belief that "general expenditures" have been reduced, and that the Democratic administration is far more economical than the Republican administration. At once we shall see that it is amazingly in the reverse the moment we begin to examine these documents.

But before this action can be exposed we must first clear the air as to Government methods of accounting. The Budget is primarily made up of proposed appropriations. But the expenditures do not always follow the appropriations—they may be less or may be expended in subsequent years. Therefore the law requires the Budget Bureau to report the actual expenditures for the previous fiscal year, the estimated expenditures for the current year, and the estimated expenditures of the year following for which the appropriations are made. What is promised does not matter; the real truth lies in the expenditures. That there can be no dispute, we will adopt the Budget Report of January 3, 1933, and we shall find it all on pages A19 to A71. There is given the detailed actual expenditures for the fiscal year 1933, the last year of the former administration; the estimated expenditures for the fiscal year 1934, the first year of the present administration; and the expected expenditures for the fiscal year 1935, for which congressional authorities are being asked. It is these figures which show what the Government is spending and proposes to spend, not the oratory of the Budget.

If we examine a summary of expenditures on page A71, we find the following figures given (after separating out the R.F.C. expenditures, as that agency is supposed to make only loans against good security and not to be a burden on the taxpayer).

	General expenditure	Emergency expenditure	Reconstruction Finance Corporation
Former administration (1933)	$3,865,915,458	None	$1,277,038,167
Present administration (1934)	3,533,691,767	$2,387,746,400	3,969,740,300

Thus these figures look as if the present administration had made a cut of over $332,000,000 below the expenditures of the former administration—although it is not the $1,000,000,000 of savings we were promised in the campaign and many times subsequently.

But this is subject to further explanation.

The officials of the present administration classify all expenditures of the previous administration as "general" except the Reconstruction Finance Corporation. They do not allow that the former administration expended anything for the "emergency" growing out of the depression. They were just ordinary common or regular expenditures—but a large part of exactly the same activities, when carried on by the present administration, become "emergency" expenditures. There is the juggle at this point. Most people will recollect that the former administration expended large sums in emergency relief of unemployment, of distress, and of agriculture. But if the present administration admits this for one moment, then all these claims to $332,000,000 "economy" in regular expenditures go by the board instantly—and more; if we look at the 1935 Budget accounts on page A86, we can find some illuminating figures:

	1934 (estimated), "regular"	1933 (actual), "regular"
Item A5 being public buildings	$91,752,700	$117,113,000
Items C5, 6, 7, 8, 9, being promotional activities containing large aids to unemployment	87,995,000	165,485,000
Item 11C, subscriptions to stock, public corporations		28,000,000
Item 18, public improvements		315,389,000
Item 20, a general relief expenditure	36,000	34,407,000
Total	247,574,000	765,157,000

If we examine the accounts of the present administration elsewhere, we will find that this difference of about $518,000,000 is in large degree being shoved over onto the appropriations for P.W.A. and A.A.A., but they thus become "emergency" items. Now, we can check the question of how much of the former outlay is emergency expenditure.

If we examine the Government expenditures before the depression, we will find that the normal expenditures of the Government on these items was roughly about $300,000,000, or that on this accounting the former administration should be credited in 1933 with $465,000,000 "emergency" expenditure. Moreover, if we examine the message to Congress of December 6, 1932, we find that it was forecast that a large part of the Budget was for "emergency" expenditures and the construction and maintenance of public works on vessels, etc., amounting to $717,260,000 for 1933, with commitments for other forms of relief of $56,000,000 (outside the Reconstruction Finance Corporation); and that Congress subsequently authorized some $35,000,000 of Red Cross and other relief which was expended in 1933. That is a total of over $808,260,000, of which a large part was plainly "emergency."

If we examine a public Budget Bureau statement for 1928, a normal year, we find the expenditures on these accounts were about $260,000,000, or about $535,000,000 was "emergency." The amount forecast was not expended, and we can let it rest at $465,000,000.

The effect of this neat trick is to supply Democratic orators with a theme and false figures of the extravagance of the former administration and the great economies of the present administration in conducting the "regular" expenditures of the Government.

And we can find ample confirmation of all this juggling to call all the expenditures of the former administration, except the Reconstruction Finance Corporation, as "regular" and all the expenditures of the present administration that were caused by the depression as "emergency." In order that there can be no mistake about this attempt to mislead Congress and the public, we may list some specimens of classifications by the present administration in the Budget report of January 3, 1934, or "regular" expenditures in the year of 1933 and those of the estimated expenditures of the first year of the present administration of 1934.

	Estimated expenditures, 1935	Actual expenditures, 1934
Legislative establishment: Library annex (p. A19)	[1] $538,100	[1] $772,331
Do	[3] 497,700	
Total	1,035,800	
Independent establishments, emergency conservation work (p. A22)	[3] 341,705,600	[3] 8,773,569
Federal Farm Board, Red Cross relief, wheat, cotton, etc. (p. A24)		[3] 25,639,053
National Advisory Committee on Aeronautics (p. A26)	[1] 702,000	[3] 920,113
Do	[3] 247,900	
Total	949,900	
U. S. Shipping Board construction loans (p. A28)		[3] 21,468,798
Bureau of Public Roads (p. A34)	[4] 306,732,000	[3] 168,214,964
Forest roads, trails, and highways (p. A36)	[4] 20,230,000	[3] 9,747,766
Commerce Department:		
Light stations, vessels, etc., construction (p. A38)	[4] 2,153,000	[3] 2,364,179
Coast and Survey, emergency construction (p. A38)		[3] 1,068,889
Bureau Fisheries, construction of stations (p. A39)	[4] 111,750	[3] 165,571
Department of Interior:		
Irrigation of Indian reservation (p. A42)	[1] 125,000	
Do	[3] 899,200	[3] 191,047
Total	1,024,200	
Gila River Reservation, Ariz (p. A32)	[1] 136,600	
Do	900,000	[3] 205,000
Total	1,036,600	
Fort Hall system, Idaho (p. A32)	[1] 21,700	
Do	[3] 10,000	[3] 33,873
Total	31,700	
Flathead Reservation (p. A32)	[1] 10,000	
Do	[3] 300,000	[3] 239,796
Total	310,000	
Wapato project	[4] 106,000	[3] 236,607
Indian school buildings	[1] 271,000	
Do	[3] 2,121,000	[3] 818,106
Total	2,392,000	
Indian boarding schools (p. A43)	[1] 2,815,400	
Do	[3] 280,000	[3] 4,503,304
Total	3,095,400	
Department of Interior—Continued.		
Roads Indian Reservation (p. A43)	[1] $1,800	
Do	[3] 3,000,000	[3] $338,290
Total	3,001,800	
Bureau of Reclamation:		
Boulder Canyon project (p. A43)	[1] 4,076,900	
Do	[3] 5,450,000	[3] 10,732,383
Total	9,526,900	
Bitter Root project (p. A44)	[1] 10,000	
Do	[3] 45,000	[3] 80,669
Total	55,000	
Milk River project (p. A44)	[1] 40,000	
Do	[3] 60,000	[3] 54,123
Total	100,000	
Sun River project (p. A44)	[1] 2,400	
Do	[1] 250,000	[3] 44,293
Total	252,400	
Rio Grande project (p. A44)	[1] 306,000	[3] 294,225
Do	[3] 200,000	
Total	506,000	
Owyhee project (p. A44)	[1] 250,000	[3] 1,791,569
Do	[3] 1,580,000	
Total	1,830,000	
Vale project (p. A44)	[1] 18,700	[3] 91,328
Do	[3] 310,000	
Total	328,700	
Reclamation	[1] 1,565,200	[3] 5,618,648
Do	[3] 32,545,000	
Total	34,110,200	
National parks, roads, and trails (p. A46)	[1] 1,600,800	[3] 5,305,038
Do	[3] 6,470,600	
Total	8,070,400	
St. Elizabeths Hospital, new buildings (p. A47)	[1] 419,400	[3] 720,314
Do	[3] 436,700	
Total	856,100	
Howard University buildings (p. A48)	[1] 15,000	[3] 370,632
Do	[3] 1,115,700	
Total	1,130,700	
Navy Department:		
Bureau Engineering (p. A53)	[1] 14,343,000	[3] 20,230,372
Do	[3] 1,943,000	
Total	16,286,000	
Bureau Ordnance (p. A53)	[1] 8,673,300	[3] 11,611,171
Do	[3] 330,200	
Total	9,003,500	
Bureau Yards and Docks (p. A54)	[1] 8,508,400	[3] 19,396,628
Do	[3] 14,954,100	
Total	23,462,500	
Bureau Aeronautics (p. A54)	[1] 18,247,500	[3] 31,257,213
Do	3,332,000	
Total	21,579,500	
Increase of Navy (p. A54)	[1] 41,835,400	[3] 43,319,743
Do	35,298,000	
Total	77,133,400	
Treasury Department:		
Coast Guard rebuilding and repairing stations (p. A61)	[1] 275,000	[3] 752,891
Do	[3] 2,027,600	
Total	2,302,600	
Communication lines (p. A61)	[1] 120,000	[3] 200,450
Do	[3] 264,000	
Total	384,000	
Additional vessels (p. A61)	[1] 1,100	[3] 712,732
Do	[3] 9,624,800	
Total	9,625,900	

[1] General. [2] All general. [3] Emergency. [4] All emergency.

	Estimated expenditures, 1935	Actual expenditures, 1934
Treasury Department—Continued		
Repairs to vessels (p. A61)	[1] $1,515,000	[2] $1,962,510
Do	[3] 1,229,600	
Total	2,744,600	
Supervising Architect	[1] 89,480,600	[2] 109,935,338
Construction of various buildings (p. A62)	[3] 10,000,000	
Total	99,480,000	
Subscriptions to capital of Government corporations (p. A62)	252,450,000	[2] 28,000,000
War Department:		
Quartermaster Army transportation (p. A65)	[1] 9,432,000	[2] 12,589,341
Do	[3] 10,000,000	
Total	19,432,000	
Construction buildings (p. A65)	[1] 85,000	[2] 6,871,256
Do	[3] 27,997,100	
Total	28,082,100	
Barracks and quarters (p. A65)	[1] 9,033,100	[2] 14,519,377
Do	[3] 7,225,800	
Total	16,258,900	
Procurement of new airplanes (p. A65)	[1] 7,000,300	[2] 5,303,752
Do	[3] 3,500,000	
Total	10,500,300	
Engineer Corps, maintenance and improvement, river and harbor works (p. A68)	[1] 40,350,800	[2] 57,339,787
Do	[3] 40,285,000	
Total	80,635,800	
Flood control Mississippi and tributaries (p. A68)	[1] 17,193,000	[2] 32,398,426
Do	[3] 37,306,000	
Total	54,499,000	
Flood control, Sacramento River (p. A68)	[1] 122,300	[2] 977,022
Do	[3] 1,320,000	
Total	1,442,300	
Panama Canal maintenance and operation (p. A69)	[1] 9,140,300	[2] 9,424,002
Do	[3] 925,000	
Total	10,065,300	

[1] General. [2] All general. [3] Emergency.

No one can say precisely how much of these former activities were "emergency" or how much of the present activities are "regular." But it is a certainty that the present administration cannot honestly have it both ways.

Certainly if the emergency conservation work in the present Budget is emergency, then the expenditure of $8,773,569 in 1933 under the same law was "emergency." The normal expenditure upon public roads over many years was $71,000,000 per annum. Certainly every cent over that is emergency. Thus $88,000,000 should be credited to the former administration as "emergency" and $80,000,000 of the present "emergency" Budget should be called "regular."

The expenditure of $25,000,000 on Red Cross relief in the 1934 Budget was certainly "emergency." Likewise, $21,000,000 loans by the Shipping Board to secure the construction of vessels was "emergency" if the present appropriation of $9,000,000 to build vessels for the Coast Guard is "emergency." If the construction of $2,000,000 lighthouses in the 1935 Budget was "emergency", surely the same amount spent in the 1934 Budget was also emergency.

The normal reclamation expenditure was about $8,500,000, whereas it is now all emergency but $1,500,000. The normal public-building program is about $30,000,000 a year, so that the 1934 Budget should be credited with about $79,000,000 emergency. The forest roads and trails normally required about $4,000,000 a year, so that the former administration should be credited in this item with about $5,000,000, and the present administration debited with that amount as regular. The Boulder development cannot be put as "emergency" to the present administration and all "regular" with the former administration.

The same can be said for these other items and they are only part. But these are only specimens. They illuminate two things; first, that the present administration is claiming "regular" expenditures are "emergency" and that they try to fool the people that all former administration expenditures (except the Reconstruction Finance Corporation) were regular. They were due to former aids given to the emergency caused by the depression, just as much as the present emergencies are for such purpose. They would not have been spent if it were not for the depression. Thus, at this point the statement should read, in round numbers:

At this point, we can well readjust the pretense at comparisons and should increase the present administration "regular" expenditures by at least $100,000,000 (public roads alone are $71,000,000 regular) and decrease the former administration "regular" by at least $465,000,000. Thus we get a new and more true comparison in round numbers.

	Regular expenditures	Emergency expenditures	Reconstruction Finance Corporation
Former administration, 1933	$3,390,900,000	$465,000,000	$1,277,000,000
Present administration, 1934	3,633,700,000	2,287,800,000	3,970,000,000

But now we have lost all of the drastic reduction of $1,000,000,000, the expenditures of the former administration and then some. At this point the billions saved have become $40,000,000 increase over the former administration.

But there is more to follow.

If we examine this Budget further we find another method of juggling. Brave cuts are made in a multitude of activities. But the $3,400,000,000 recovery fund which has no strings on it kindly comes along to help restore the cuts and makes them emergency. No doubt, these bureaus were greatly pained at having their expenditures cut—but it proved painless after all. It was only words. The bureaus are not particular where it comes from. Let us see a list of specimens of this kind, showing what part of bureau expenses were paid as "general" and what part are paid from the emergency funds. This all bears upon the representation of the present administration as to "general expenditure". Plainly, it is simply covering up.

	Estimated expenditures, 1935	Actual expenditures, 1934
Department of Interior:		
Development of water supply (p. A42)	[1] $50,000	[2] $97,000
Do	[3] 30,000	
Total	80,000	
Conservation of health (p. A43)	[1] 2,852,700	[2] 3,241,250
Do	[3] 207,600	
Total	3,060,300	
Geological and topographical surveys (p. A45)	[1] 281,000	[2] 521,541
Do	[3] 1,120,000	
Total	1,401,000	
Gaging streams (p. A45)	[1] 340,000	[2] 672,473
Do	[3] 468,700	
Total	808,700	
Engraving and printing (maps) (p. A45)	[1] 72,200	[2] 126,497
Do	[3] 35,000	
Total	107,200	
Alaska Railroad (p. A47)	[1] 408,600	[2] 560,620
Do	[3] 137,600	
Total	546,200	
Department of Justice:		
Leavenworth Penitentiary (p. A49)	[1] 1,320,200	[2] 1,435,199
Do	[3] 92,000	
Total	1,412,200	
Atlanta Penitentiary (p. A49)	[1] 783,900	[2] 880,379
Do	[3] 210,000	
Total	993,900	
McNeil Penitentiary (p. A49)	[1] 438,300	[2] 541,509
Do	[3] 36,000	
Total	474,300	
Northwestern Penitentiary (p. A50)	[1] 513,600	[2] 1,572,476
Do	[3] 107,000	
Total	620,600	
Alderson Women's Penitentiary (p. A50)	[1] 244,500	[2] 251,045
Do	[3] 60,000	
Total	304,500	
Chillicothe Reformatory (p. A50)	[1] 847,300	[2] 1,132,478
Do	[3] 84,500	
Total	931,800	
Southwest Reformatory (p. A50)	[1] 363,600	[2] 422,482
Do	[3] 80,000	
Total	443,600	

[1] General. [2] All general. [3] Emergency.

	Estimated expenditures, 1935	Actual expenditures, 1934
Labor Department:		
Immigration Stations (p. A51)	[1] $50,000	[2] $285,999
Do	[2] 1,000,000	
Total	1,050,000	
Employment Service (p. A51)	[1] 1,400,000	[2] 765,151
Do	[2] 500,000	
Total	1,900,000	
Veterans' Administration:		
Administration, medical, hospital, and domiciliary services (p. A28)	[1] 78,500,000	[2] 89,872,801
Do	[2] 1,190,000	
Total	79,690,100	
Bureau of Animal Industry (p. A31)	[1] 9,222,400	[2] 10,062,781
Do	[2] 1,068,500	
Total	10,290,900	
Bureau of Dairying Industry (p. A31)	[1] 540,000	[2] 626,584
Do	[2] 104,600	
Total	644,600	
Bureau of Plant Industry (p. A32)	[1] 3,356,200	[2] 4,636,867
Do	[2] 1,231,500	
Total	4,587,700	
Forest Service (p. A32)	[1] 10,297,000	[2] 17,866,847
Do	[2] 9,800,000	
Total	20,097,000	
Bureau of Entomology (p. A33)	[1] 3,680,100	[2] 4,596,271
Do	[2] 3,992,900	
Total	7,673,000	
Biological Survey (p. A34)	[1] 1,081,100	[2] 1,784,156
Do	[2] 878,000	
Total	1,959,100	
Bureau of Agricultural Engineering (p. A34)	[1] 342,000	[2] 496,176
Do	[2] 207,000	
Total	549,000	
Food and Drug Administration (p. A34)	[1] 1,493,000	[2] 1,582,712
Do	[2] 70,000	
Total	1,563,000	
Commerce Department:		
Aeronautics branch (p. A37)	[1] 5,175,900	[2] 9,287,745
Do	[2] 402,200	
Total	5,578,100	
Bureau of Fisheries:		
Propagation of food fishes (p. A38)	[1] 523,300	[2] 868,347
Do	[2] 96,200	
Total	619,500	
Maintenance, vessels	[1] 134,500	[2] 191,000
Do	[2] 15,000	
Total	149,500	
Inquiry respecting food, fish	[1] 122,000	[2] 186,775
Do	[2] 5,000	
Total	127,000	
Department of Interior:		
Survey of public lands (p. A41)	[1] 310,000	[2] 566,978
Do	[2] 360,000	
Total	670,000	
Indian Bureau, Indian agency buildings (p. A41)	[1] 158,900	[2] 475,050
Do	[2] 151,000	
Total	309,900	
Industry among Indians (p. A42)	[1] 299,200	[2] 475,000
Do	[2] 600,000	
Total	899,200	
Treasury Department:		
Coast Guard, outfits (p. A61)	[1] 1,425,000	[2] 2,345,963
Do	[2] 475,000	
Total	1,900,000	
Public Health, Quarantine Service (p. A61)	[1] 322,100	[2] 439,457
Do	[2] 369,200	
Total	691,300	

[1] General. [2] All general. [3] Emergency.

	Estimated expenditures, 1935	Actual expenditures 1934
War Department:		
Signal Service of the Army (p. A65)	[1] $1,537,700	[2] $2,925,780
Do	[2] 199,300	
Total	1,743,000	
Ordnance supplies (p. A66)	[1] 5,706,000	[2] 10,099,484
Do	[2] 5,500,000	
Total	11,206,000	
Seacoast defenses (p. A66)	[1] 586,200	[2] 992,794
Do	[2] 525,700	
Total	1,112,900	
Insular possessions (p. A66)	[1] 314,400	[2] 813,092
Do	[2] 1,439,700	
Total	1,754,100	
Panama Canal (p. A66)	[1] 346,700	[2] 611,426
Do	[2] 3,283,600	
Total	3,630,300	
National Guard, uniforms and equipment (p. A67)	[1] 3,066,200	[2] 5,316,624
Do	[2] 2,238,600	
Total	5,304,800	
Quartermaster Corps, national cemeteries (p. A67)	[1] 726,900	[2] 919,441
Do	[2] 592,100	
Total	1,319,000	

[1] General. [2] All general. [3] Emergency.

These are only specimens. They do not amount to much, as expenditures of the present administration go. What they do mean is that anything up to $25,000,000 or $30,000,000, or regular Bureau expenses, are, by subterfuge being charged to emergency accounts just to make an appearance of economy. This is simply and plainly juggling accounts.

But there is still more to follow.

If we examine the Reconstruction Finance Corporation accounts, we will find something of interest. The former administration set up this agency to make loans on sound security, and this policy was adhered to. Even when the States and municipalities raided Congress and wanted money from the Federal Government it was insisted the money should be paid back. The present administration has made these allotments an outright gift. However, in making these allotments it was not the intention of the present administration to charge the same against the general appropriations. So it was provided that $500,000,000 should be disbursed through the Federal Relief Administration, and that the contribution to the Federal Relief Administration should be made by the Reconstruction Finance Corporation. The amount so allocated, to wit, $500,000,000, happens to be equal to the full capitalization of the Reconstruction Finance Corporation which was provided by the former administration in 1932 and very neatly obscures this whole expenditure. Now, if anything is a "general" expenditure, these gifts are at least. Certainly it cannot be counted for repayment and never should have been taken from the Reconstruction Finance Corporation in an attempt to cover up actual expenditures. So we can at least add this to the "emergency" expenditures and take it out of the Reconstruction Finance Corporation, so that the statement plus, say, $30,000,000 up to date, Bureau helps would not look like this:

	Regular	Emergency	Reconstruction Finance Corporation
Former administration, 1933	$3,390,000,000	$465,000,000	$1,227,000,000
Present administration, 1934	3,653,700,900	2,737,800,000	3,470,000,000

And now we come to that $400,000,000 cut to veterans. Or page A29 of the 1934 Budget report we find the totals:

Veterans:

1935 (estimated):

General	$562,790,000
Emergency	1,190,000
Total	563,980,000
1934 (actual): General	884,004,000

The Budget for the former administration included $100,000,000 for payment on the annuity account for the liquidation of the bonus certificates. That is the annual sum required to meet the debt. But the Budget of the present administration includes only $50,000,000; so that either the Budget of the present administration should be increased by this amount or the Budget of the former administration reduced by a like amount. This shows that the Budget of the present administration has a savings to their

credit of only $268,800,000. But there are various boards reexamining veterans every day and some of this will vanish. It might be recalled that the former administration recommended to the Congress in March before the election and the same again in December after the election that this Bureau should be reorganized, by which savings of $129,900,000 would be affected. After full consideration is given to all of these various items the program of the present administration for reduction of expenditures in the sum of $400,000,000 below the expenditures of the former administration has been reduced to the sum of $138,900,000.

Mr. VANDENBERG. Mr. President, I should like to make it plain in what form the question will now be submitted to the Senate, and the Chair will correct me if I am in error.

It is my understanding that the question is on agreeing to the committee amendment striking out the House limitation. Therefore, putting the matter bluntly, those who want to build the plant at Reedsville, W.Va., will vote "yea", and those who do not want to build it will vote "nay."

Mr. McKELLAR. I suggest the absence of a quorum.

Mr. KING. Mr. President, will the Senator withhold his suggestion for a moment?

Mr. McKELLAR. Certainly.

Mr. KING. Mr. President, I came into the Senate a moment ago, and therefore I do not know all the points which have been discussed in connection with the matter under consideration.

If I understand the amendment, however, it calls for an appropriation of $500,000 to equip a building which is to be constructed by the Public Works Administration with money, of course, taken from the taxpayers of the United States. The purpose, as I understand, is to use the building and the equipment which is to be purchased with the $500,000 carried by this amendment in manufacturing furniture, and perhaps mail sacks and other commodities used by the Government of the United States. I do not think it is denied that the plant to be erected is to be employed in the manufacture of articles which are usually manufactured by private enterprise. We have furniture manufacturing plants in various parts of the United States which employ many thousands of individuals. These plants purchase lumber of all kinds and other commodities used by the people of the United States.

It is conceded, if I am correctly advised, that the plant which this $500,000 is to equip will produce articles in competition with privately owned plants and to that extent will diminish their output and reduce the number of their employees.

The question is squarely presented as to whether the Government of the United States shall take money from the Treasury, wrung from the people by taxation, and enter into competitive business with private enterprises, the owners of the latter having to pay taxes and meet other burdens from which Government-owned plants are free. It is not a sufficient answer that it is not contemplated that this Government plant will assume large proportions. The principle is the same whether the activities of the Government in fields of private endeavor are small or large. If the Government may engage in private business—that is, in activities which by every rule of reason and common sense are carried on by private capital, by individuals and corporations—it is certain that little by little the field of private enterprise will be narrowed and that of the Federal Government broadened. The rivulets of governmental activity in the field of private endeavor will become powerful streams destructive of private initiative and individual and corporate business activities.

The progress of the United States industrially has been the result of individual effort and the investment of individual capital. The line of separation between Government functions and the legitimate and proper functions of individuals has been clearly recognized, but unfortunately the Government has not always confined its activities to the field which, under the Constitution, it has a right exclusively to occupy.

Recently a committee of the House of which a distinguished Member from Missouri was chairman, conducted a rather extensive investigation which revealed the many transgressions of the Federal Government, and the numerous adventures by it, across the line bounding its authority and into fields properly occupied by individuals. More and more the Federal Government is engaging in trade and commerce, and enterprises which belong under our form of government to individual enterprise.

It is manifest that socialism—as that term is usually employed—is attacking the principles upon which our Government was founded. As socialistic tendencies manifest themselves individuals who are engaged in business or who desire to engage in legitimate business are restrained. They fear the competition of the Federal Government, and are unwilling to risk their efforts and capital in legitimate private enterprises if menaced by the threat of governmental competition.

Mr. President, this is not a socialistic government and the American people are not Socialists. The overwhelming majority of them believe in the government of their fathers; in the Constitution of the United States and in the limitations imposed therein; they believe that we have an indissoluble union of indissoluble States and that the States are supreme within their own spheres. But there are many patriotic Americans who have expressed deep concern over the bureaucratic and socialistic manifestations during the past few years.

We frequently hear statements to the effect that industry must be developed; factories and plants must resume operations and give employment to the unemployed if our Government is to emerge from this period of depression. Thoughtful persons recognize that the spending of billions of dollars annually by the Government cannot continue indefinitely; that the credit of even the strongest government may be impaired and its securities find no purchasers. It is quite certain that sound fiscal policies by governments must be followed in order that their credit may be unimpaired.

It is not a mere glittering generality to say that governments must balance their budgets, it is a statement of a solemn and serious fact. Individuals must keep their expenditures within their incomes or they will find their way into courts of bankruptcy.

At times I have criticized both political parties because, as I believed, they were too prodigal in their expenditures. If time permitted I would challenge attention to the enormous increase in governmental expenditures—both State and national—during the past 10 or 15 years. Political subdivisions have rushed headlong toward the pit of insolvency. Bonds to the extent of hundreds of millions—indeed billions—have been issued by the States, municipalities, and political subdivisions, as a result of which the American people have almost been crushed beneath the burdens of taxation. We denounce European governments for defaulting in the payment of their obligations and yet, as I have indicated, appeals are being made by political divisions of some States for Federal relief or for the application of some modified form of bankruptcy.

When the Republicans were in power the Democrats frequently criticized them for what they insisted were unwarranted governmental expenditures. Now that the Democrats control all branches of the Government they should scrutinize every item of appropriation and see to it that economies are enforced in every branch of the Federal Government. Of course, in a serious industrial crisis such as that through which we are passing, the Government is justified in making appropriations that could not be justified in normal times, but we should be cautious; we should be careful to see that an extraordinary situation—one which has perils and dangers—should not be made the excuse for improper appropriations and policies fundamentally wrong and which might be regarded as precedents for future guidance. The situation today calls for caution and prudence and great wisdom. We are not warranted in attacking the foundations of our political system because of the clouds of depression through which we are passing. In periods of depression when the storms rage, we should so handle and guide the ship as that we may feel assured of its safety and of our ultimate entrance into the calm, serene waters of a safe harbor.

The question under discussion seems a very minor thing when we remember that we are spending billions for employment and for various purposes, some of which will, perhaps, bring criticism and possibly unforeseen difficulties; but appropriations of this character and for the purpose indicated give rise to doubts and uncertainties in the minds of individuals and corporations desirous of entering upon business activities or expanding the enterprises in which they are engaged. The important thing today is to have more private business. We must have more flaming forges and great chimneys from which the smoke emerges, proving that plants are operating and persons are being employed. We need business and more business, and private profits and dividends and pay checks and higher wages and greater purchasing power. If the Government takes over private enterprise, it will have no property to tax. Many cities and States find the sources of taxation almost exhausted; and Senators and Congress are discovering that the fountains from which revenues must flow are not yielding copiously, but, upon the contrary, some have entirely ceased to flow.

The Senate will soon be called upon to act upon a revenue bill. They will discover in its consideration of the matter how impossible it is to obtain sufficient taxes for the coming year to meet the appropriation bills which we are so gleefully and, I fear, too thoughtlessly passing. There will be an enormous deficit, and the bonded indebtedness of the Government will reach still greater proportions.

We do not comprehend the enormous indebtedness of the Federal and State Governments, to say nothing of the stupendous sum owed by individuals and corporations. Some may contend that in the crisis through which we are passing we should not speak of the obligations of the Government or advert to the enormous appropriations that are being made by Congress. I do not assent to this view, but, upon the contrary, believe that under all circumstances we should examine carefully, indeed critically, our fiscal policies and reduce to the lowest sum possible the aggregate of the appropriations made. We need today not only courage and still more courage, but sanity and wisdom, so that we may properly appreciate our problems and dangers, and then, guided by wisdom and common sense—and common sense is wisdom—adopt policies that will insure the defeat of the forces of depression and carry our country forward to the heights of victory.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. KING. I yield.

Mr. DICKINSON. I should like to inquire whether or not a factory has ever been listed as a public building, so that it could be authorized under the Public Works law, the same as a post office or a hospital or any other of the public buildings which are known in that classification? This is the first time I have ever known a factory of this kind to be included in such classification.

Mr. KING. I will answer the question and say that I have never heard of a factory being so classified.

Mr. NEELY. Mr. President, never until after the Hoover administration was there the necessity for the erection of a plant of this kind.

Mr. DICKINSON. I should like to inquire, Mr. President, if that is a justification for violating the law?

Mr. NEELY. No; but it is justification for trying to bring about a situation by virtue of which people may be employed and may be saved from the starvation in which they were agonizing on the 4th of last March.

Mr. HATFIELD. Mr. President, ordinarily I am opposed to Government ownership. The Post Office Department, being one of the first among the great departments established by the Government of the United States, one of the strong arms of the Government, I can see no reason why, if the Post Office Department chooses to manufacture its mail bags or other apparatus required in the carrying on of the operations of the Post Office Department, it should not be permitted to do so. Therefore, Mr. President, I shall have no hesitancy in voting for the adoption of the amendment.

The VICE PRESIDENT. The question is on agreeing to the committee amendment.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Dieterich	King	Robinson, Ind.
Austin	Dill	La Follette	Russell
Bailey	Duffy	Logan	Schall
Bankhead	Fess	Lonergan	Sheppard
Barbour	Frazier	Long	Shipstead
Barkley	George	McCarran	Smith
Bone	Gibson	McKellar	Steiwer
Brown	Gore	McNary	Stephens
Bulkley	Hale	Murphy	Thomas, Utah
Bulow	Harrison	Neely	Thompson
Capper	Hatch	Nye	Townsend
Carey	Hatfield	O'Mahoney	Trammell
Clark	Hayden	Overton	Vandenberg
Connally	Hebert	Pittman	Van Nuys
Copeland	Johnson	Pope	
Couzens	Kean	Reynolds	
Dickinson	Keyes	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. BYRNES] and the Senator from Montana [Mr. WHEELER] are suffering from severe colds and cannot be present.

Mr. McKELLAR. I desire to announce that the junior Senator from Tennessee [Mr. BACHMAN] is necessarily detained from the Senate.

Mr. DIETERICH. I desire to announce that the senior Senator from Illinois [Mr. LEWIS] is necessarily detained on official business.

The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present.

Mr. VANDENBERG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. McKELLAR. I ask that the clerk state the amendment.

The VICE PRESIDENT. The clerk will state the amendment.

The CHIEF CLERK. On page 59, line 21, it is proposed by the committee to strike out the words "Equipment shops, Washington, D.C."

Mr. McKELLAR. To vote with the committee the vote is "yea"?

The VICE PRESIDENT. To vote with the committee the vote is "yea"; to vote against the committee the vote is "nay." The clerk will call the roll.

The roll was called.

Mr. HATFIELD (after having voted in the affirmative). I have a general pair with the junior Senator from Florida [Mr. TRAMMELL]. I understand he would vote as I have voted. I therefore let my vote stand.

Mr. FESS (after having voted in the negative). I inquire if the senior Senator from Virginia [Mr. GLASS] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. FESS. I have a general pair with that Senator. I transfer my pair to the Senator from Maryland [Mr. GOLDSBOROUGH and let my vote stand.

Mr. ROBINSON of Arkansas (after having voted in the affirmative). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from South Carolina [Mr. BYRNES], and allow my vote to stand.

I wish to announce the following general pairs:

The Senator from Rhode Island [Mr. HEBERT] with the Senator from Illinois [Mr. LEWIS];

The Senator from Rhode Island [Mr. METCALF] with the Senator from Maryland [Mr. TYDINGS];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. McADOO];

The Senator from Missouri [Mr. PATTERSON] with the Senator from New York [Mr. WAGNER];

The Senator from Colorado [Mr. COSTIGAN] with the Senator from Delaware [Mr. HASTINGS];

The Senator from Kansas [Mr. McGILL] with the Senator from Maine [Mr. WHITE]; and

The Senator from Massachusetts [Mr. COOLIDGE] with the Senator from New Mexico [Mr. CUTTING].

Mr. FESS. I desire to announce that the following Senators are detained on official business:

The senior Senator from Pennsylvania [Mr. REED], the Senator from Delaware [Mr. HASTINGS], the junior Senator from Pennsylvania [Mr. DAVIS], the Senator from Idaho [Mr. BORAH], the Senator from Maryland [Mr. GOLDSBOROUGH], the Senator from Nebraska [Mr. NORRIS], the Senator from Maine [Mr. WHITE], and the Senator from New Mexico [Mr. CUTTING].

I also wish to announce that the following Senators are unavoidably absent:

The Senator from Connecticut [Mr. WALCOTT], the Senator from Rhode Island [Mr. HEBERT], the Senator from Rhode Island [Mr. METCALF], the Senator from South Dakota [Mr. NORBECK], and the Senator from Missouri [Mr. PATTERSON].

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate on official business:

The Senator from Arizona [Mr. ASHURST]; the Senator from Alabama [Mr. BLACK]; the Senator from Virginia [Mr. BYRD]; the Senator from Arkansas [Mrs. CARAWAY]; the Senator from Colorado [Mr. COSTIGAN]; the Senator from Iowa [Mr. MURPHY]; the Senator from Oklahoma [Mr. THOMAS]; the senior Senator from Massachusetts [Mr. WALSH]; the senior Senator from Montana [Mr. WHEELER] and the junior Senator from Montana [Mr. ERICKSON].

The result was announced—yeas 34, nays 29, as follows:

YEAS—34

Bankhead	Dill	Logan	Sheppard
Barkley	Frazier	Long	Shipstead
Bone	George	McKellar	Smith
Brown	Harrison	Neely	Steiwer
Bulow	Hatch	Nye	Stephens
Capper	Hatfield	O'Mahoney	Thomas, Utah
Connally	Hayden	Pittman	Thompson
Copeland	Johnson	Pope	
Dieterich	La Follette	Robinson, Ark.	

NAYS—29

Adams	Dickinson	Keyes	Robinson, Ind.
Austin	Duffy	King	Russell
Bailey	Fess	Lonergan	Schall
Barbour	Gibson	McCarran	Townsend
Bulkley	Gore	McNary	Trammell
Carey	Hale	Overton	Vandenberg
Clark	Kean	Reynolds	Van Nuys
Couzens			

NOT VOTING—33

Ashurst	Cutting	McAdoo	Tydings
Bachman	Davis	McGill	Wagner
Black	Erickson	Metcalf	Walcott
Borah	Fletcher	Murphy	Walsh
Byrd	Glass	Norbeck	Wheeler
Byrnes	Goldsborough	Norris	White
Caraway	Hastings	Patterson	
Coolidge	Hebert	Reed	
Costigan	Lewis	Thomas, Okla.	

So the committee amendment was agreed to.

Mr. LONERGAN. Mr. President, I have an amendment lying on the table which I desire to offer at this time.

The VICE PRESIDENT. The amendment will be read.

The CHIEF CLERK. On page 67, after line 4, it is proposed to add a new section, as follows:

SEC. 4. That no part of the money appropriated under this act shall be paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of the nomination of said person.

The amendment was agreed to.

The VICE PRESIDENT. The question is, Shall the amendments be engrossed and the bill be read a third time?

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

REPEAL OF TERRITORIAL PROHIBITION LAWS

Mr. TYDINGS. Mr. President, I ask unanimous consent that the naval bill be temporarily laid aside in order that four bills on the calendar dealing with the repeal of the prohibition laws in Alaska, Hawaii, Puerto Rico, and the Virgin Islands may be acted upon. I may say that the Governors of these four Territories have been very insistent that the bills be passed in order that the respective Territorial governments may get needed revenue, and I have been almost daily receiving a great many letters and telegrams asking to have action on the bills.

The VICE PRESIDENT. The Senator from Maryland asks unanimous consent that the naval construction bill may be temporarily laid aside in order that the Senate may consider four bills relating to prohibition in the various Territories of the United States. Is there objection?

Mr. TRAMMELL. Mr. President, the Senator from Maryland having assured me that these bills will not occupy in excess of 15 minutes, I shall interpose no objection.

Mr. McNARY. Mr. President, of course, the proper procedure would be to take up these bills in their order on the calendar, so that all Senators might be apprised of the desire to consider them. I am not at all familiar with the bills.

Mr. TYDINGS. Mr. President, will the Senator yield to me for just a moment?

Mr. McNARY. Yes; I yield.

Mr. TYDINGS. I have made this request not because I particularly am anxious to get these bills through; but Governor Pearson, of the Virgin Islands, is now in Washington, and for the last 10 days or 2 weeks he has been asking me almost daily if we could not secure the passage of the bill relating to the Virgin Islands. It will be a great help to the people of the Virgin Islands. They need the revenue which will be obtained; they need the employment which will ensue. Governor Pearson states that several concerns are about ready to build plants in the Islands, but there is no law to authorize them to do it. We are now spending a great many millions of dollars in relief work, and this would to a large extent eliminate such expenditures for the islands. Because of the emergent character of this proposed legislation which affects these islands, and because this bill will furnish revenue, I am hopeful that the Senator from Oregon will not interpose an objection to my request.

Mr. McNARY. Mr. President, are these the four bills found on page 8 of the calendar?

Mr. TYDINGS. They are.

Mr. McNARY. Were they recommended unanimously by the Committee on Territories and Insular Affairs?

Mr. TYDINGS. They were.

Mr. McNARY. There was no opposition to them from any source?

Mr. TYDINGS. Not that I know of. I have conferred with the Delegates who represent these Territories about each of the bills, and as far as I know there is no opposition to them.

Mr. BORAH. Mr. President, what do the bills accomplish?

Mr. TYDINGS. The bills repeal the Prohibition Act primarily for the four possessions—Puerto Rico, the Virgin Islands, Hawaii, and Alaska. In each case I think there has been a memorial from the legislature requesting Congress to take this action. There has been a memorial from Alaska, there has been a memorial from the Virgin Islands, and one from Puerto Rico.

Mr. BORAH. How do the people feel about it?

Mr. TYDINGS. Apparently, everybody wants the legislation. The governors are wiring me almost every day to hurry the bills through.

Mr. McNARY. Mr. President, I feel that there must be some special emergent reason for a request of this kind. Wherein do these three bills differ from any others that are on the Calendar which other Senators are pressing?

Mr. TYDINGS. The other bills do not deal with revenue, which these islands need very badly. In the Virgin Islands, for example, three distilleries are about to be constructed, and all the work is being held up until the prohibition law is repealed, if it is going to be. In the meantime we are spending several million dollars down there to take care of unemployment, and I was hopeful that to that extent the bill relative to the Virgin Islands might lessen the expenditure for that purpose.

Mr. McNARY. Were hearings held on these bills?

Mr. TYDINGS. No; no hearings were held, but the Delegates themselves appeared in support of them.

Mr. McNARY. Did they originate in the Senate?

Mr. TYDINGS. The bill relative to Puerto Rico and the Virgin Islands originated in the House. The Alaskan bill and the Hawaiian bill originated in the Senate.

Mr. McNARY. If the chairman of the committee states that the bills have all received the unanimous approval of the Senate committee, and that the one that originated in the House has passed the House, I shall not object.

Mr. TYDINGS. That is correct.

The VICE PRESIDENT. Without objection, the request for the consideration of the bills is granted. The clerk will read the first bill.

The Senate proceeded to consider the bill (S. 2107) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico, which had been reported from the Committee on Territories and Insular Affairs with amendments, on page 2, line 5, after the word "Puerto Rico" to insert "and the Virgin Islands of the United States", and on the same page, after line 9, to insert:

SEC. 4. (a) There is hereby established for Puerto Rico a board, to be known as the "Model Housing Board" (hereinafter referred to as the "Board"), to be composed of three members to be appointed by the Governor of Puerto Rico. The persons appointed as members of the Board shall serve without compensation, and the term of membership for each such member shall be 5 years. One of the members shall be appointed as chairman of the Board.

(b) It shall be the duty of the Board to design and construct in Puerto Rico houses of several types, which houses shall be models of sanitation, health, convenience, and comfort; but not more than eight such houses shall be built in any senatorial district of Puerto Rico in any one year. For the purpose of such construction the Board shall have power to acquire such plots of land in Puerto Rico as may be necessary.

(c) All houses designed and constructed by the Board under this section shall be sold by the Board at such prices, and under such terms and conditions, as it may determine; and all funds derived from the sale of such houses shall be covered into the island treasury to the account of the model housing fund established by this section.

(d) To carry out the provisions of this section, there shall be paid annually out of the revenues of Puerto Rico resulting from taxes on intoxicating liquors the sum of $30,000, which shall constitute a fund to be known as the "model housing fund." All money covered into such fund shall constitute a revolving fund for the administration of the provisions of this section, and all expenditures out of such fund shall be allowed and paid upon the presentation of itemized vouchers therefor signed by the chairman of the Board.

So as to make the bill read:

Be it enacted, etc., That so much of section 2 of the act entitled "An act to provide a civil government for Puerto Rico, and for other purposes", approved March 2, 1917, as makes it unlawful to import, manufacture, sell, or give away, or to expose for sale or gift any intoxicating drink, is repealed.

SEC. 2. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as are in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in Puerto Rico and the Virgin Islands of the United States.

SEC. 3. Section 13 of the Revised Statutes shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this act.

SEC. 4. (a) There is hereby established for Puerto Rico a board, to be known as the "Model Housing Board" (hereinafter referred to as the "Board"), to be composed of three members to be appointed by the Governor of Puerto Rico. The persons appointed as members of the Board shall serve without compensation, and the term of membership for each such member shall be 5 years. One of the members shall be appointed as chairman of the Board.

(b) It shall be the duty of the Board to design and construct in Puerto Rico houses of several types, which houses shall be models of sanitation, health, convenience, and comfort; but not more than eight such houses shall be built in any senatorial district of Puerto Rico in any one year. For the purpose of such construction the Board shall have power to acquire such plots of land in Puerto Rico as may be necessary.

(c) All houses designed and constructed by the Board under this section shall be sold by the Board at such prices, and under such terms and conditions, as it may determine; and all funds derived from the sale of such houses shall be covered into the island treasury to the account of the model housing fund established by this section.

(d) To carry out the provisions of this section, there shall be paid annually out of the revenues of Puerto Rico resulting from taxes on intoxicating liquors the sum of $30,000, which shall constitute a fund to be known as the "model housing fund." All money covered into such fund shall constitute a revolving fund for the administration of the provisions of this section, and all expenditures out of such fund shall be allowed and paid upon the presentation of itemized vouchers therefor signed by the chairman of the Board.

SEC. 5. This act shall take effect on the expiration of 10 days after the date of its enactment.

The amendments were agreed to.

Mr. TYDINGS. Mr. President, I now ask unanimous consent that House bill 6574 be substituted for the Senate bill.

The VICE PRESIDENT. Is there objection?

There being no objection, the Senate proceeded to consider the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors.

Mr. TYDINGS. I move to strike out all after the enacting clause and to insert the amended text of Senate bill 2107.

The VICE PRESIDENT. The question is on the motion of the Senator from Maryland.

The amendment was, on page 1, to strike out all after the enacting clause and in lieu thereof to insert the following:

That so much of section 2 of the Act entitled "An act to provide a civil government for Puerto Rico, and for other purposes", approved March 2, 1917, as makes it unlawful to import, manufacture, sell or give away, or to expose for sale or gift any intoxicating drink, is repealed.

SEC. 2. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquors, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as are in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in Puerto Rico and the Virgin Islands of the United States.

SEC. 3. Section 13 of the Revised Statutes shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this act.

SEC. 4. (a) There is hereby established for Puerto Rico a board, to be known as the "Model Housing Board" (hereinafter referred to as the "Board"), to be composed of three members to be appointed by the Governor of Puerto Rico. The persons appointed as members of the Board shall serve without compensation, and the term of membership for each such member shall be 5 years. One of the members shall be appointed as chairman of the Board.

(b) It shall be the duty of the Board to design and construct in Puerto Rico houses of several types, which houses shall be models of sanitation, health, convenience, and comfort; but not more than eight such houses shall be built in any senatorial district of Puerto Rico in any one year. For the purpose of such construction the Board shall have power to acquire such plots of land in Puerto Rico as may be necessary.

(c) All houses designed and constructed by the Board under this section shall be sold by the Board at such prices, and under such terms and conditions, as it may determine; and all funds derived from the sale of such houses shall be covered into the island treasury to the account of the model housing fund established by this section.

(d) To carry out the provisions of this section, there shall be paid annually out of the revenues of Puerto Rico resulting from taxes on intoxicating liquors the sum of $30,000, which shall constitute a fund to be known as the "model housing fund." All money covered into such fund shall constitute a revolving fund for the administration of the provisions of this section, and all expenditures out of such fund shall be allowed and paid upon the presentation of itemized vouchers therefor signed by the chairman of the Board.

SEC. 5. This act shall take effect on the expiration of 10 days after the date of its enactment.

The amendment was agreed to.

The amendment was ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

The title was amended so as to read: "A bill to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes."

Mr. TYDINGS. I move that the Senate insist upon its amendment to House bill 6574 and ask for a conference with the House of Representatives upon the bill and amendment, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. TYDINGS, Mr. PITTMAN, Mr. HAYDEN, Mr. JOHNSON, and Mr. ROBINSON of Indiana conferees on the part of the Senate.

Mr. TYDINGS. I now ask unanimous consent that Senate bill 2107 be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to prohibit the sale, manufacture, and importation of intoxicating liquors in the Territory of Hawaii during the period of the war, except as hereinafter provided", approved May 23, 1918 (U.S.C., title 48, sec. 520), is repealed.

SEC. 2. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as are in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in the Territory of Hawaii.

SEC. 3. Section 13 of the Revised Statutes (U.S.C., title 1, sec. 29) shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this Act.

The bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, contained in United States Statutes at Large, volume 39, Public Laws, pages 903 to 909, and the act of Congress approved October 28, 1919, commonly called the "National Prohibition Act", and all acts amendatory thereof and supplemental thereto, insofar as they apply to the Territory of Alaska, be, and the same hereby are, repealed: *Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.

SEC. 2. That notwithstanding the repeal of the said acts no spirituous or intoxicating liquors shall be manufactured or sold in the Territory of Alaska, except under such regulations and restrictions as the territorial legislature shall prescribe, and the legislative power and authority conferred upon the legislative assembly of the Territory of Alaska by the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes", approved August 24, 1912, shall be, and hereby is extended to include any legislation pertaining to the manufacture or sale of spirituous or intoxicating liquor within the said Territory, and any provision contained in the said act of August 24, 1912, in conflict herewith, is hereby expressly repealed: *Provided, however*, That the legislature of the Territory of Alaska shall have full power and authority to delegate the powers hereby conferred to any board or commission designated or created by the legislature for such purpose, which powers shall include the power to make rules and regulations governing the manufacture, barter, sale or possession of spirituous or intoxicating liquors in the Territory of Alaska, to prescribe the qualifications of those who are to engage in the manufacture, barter, sale, or possession of intoxicating liquors in the said Territory, and to prescribe license fees and excise taxes therefor: *Provided*, That nothing in this act shall in any way repeal, conflict, or interfere with the public general laws of the United States imposing taxes on the manufacture and sale of intoxicating liquors for the purpose of revenue and known as the "internal revenue laws."

SEC. 3. That the act of the Territorial Legislature of Alaska entitled "An act to create the board of liquor control and prescribe its powers and duties", approved May 4, 1933, contained in the Session Laws of Alaska, 1933, being chapter 109 thereof, at pages 193–194, be, and the same hereby is, ratified and approved, and the board thereby created shall have the powers and the authority conferred upon it by the said act. And any person, firm, or corporation, who shall violate any of the rules or regulations prescribed by the said board governing the manufacture, sale, barter, and possession of intoxicating liquors in the Territory of Alaska, or the qualifications of those engaging in the manufacture, sale, barter, and possession of such liquors in the said Territory, or the payment of license fees and excise taxes therefor, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in section 2072 of the Compiled Laws of Alaska.

SEC. 4. That sections 462 to 478, both inclusive, of act of Congress entitled "An act to define and punish crime in the District of Alaska and to provide a code of criminal procedure for said district", approved March 3, 1899 (30 Stat.L. 1337–1341), as amended by the act of June 6, 1900 (31 Stat.L. 332), and by the act of February 6, 1909 (35 Stat.L. 601–603), be, and the same hereby are, repealed.

ORDER FOR CONSIDERATION OF THE CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, after the morning business shall have been concluded the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

WAYNE BEZONA

Mr. DILL. Mr. President, I understood we were to have an executive session. I wanted to ask that the President might be notified of the confirmation last week of the nomination of Wayne Bezona as United States marshal. The time has expired.

Mr. ROBINSON of Arkansas. Very well. I suggest that the Senator make the request.

Mr. DILL. As in executive session I ask that the President be notified of the confirmation of the nomination of Wayne Bezona as United States marshal for the eastern district of Washington.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington?

Mr. McNARY. Mr. President, I did not understand the nature of the request.

The VICE PRESIDENT. That the President may be notified of the confirmation of the nomination of Wayne Bezona to be United States marshal for the eastern district of Washington. Is there objection? The Chair hears none, and the President will be notified.

LEO T. CROWLEY

Mr. ROBINSON of Arkansas. Mr. President, the nomination of Mr. Leo T. Crowley, of Wisconsin, to be a member of the Board of Directors of the Federal Deposit Insurance Corporation was confirmed by the Senate several days ago, but the necessary two executive sessions have not intervened. As in executive session, I ask unanimous consent that the President be notified of that confirmation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and the President will be notified.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting nominations, a protocol, a treaty, and two conventions, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

CLAIM OF MATTHEW E. HANNA (H.DOC. NO. 257)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Claims, as follows:

To the Congress of the United States:

I enclose herewith a report which the honorable the Secretary of State has addressed to me in regard to the loss of certain consular-fee stamps suffered by the Honorable Matthew E. Hanna, former American Minister at Managua, Nicaragua, amounting to $921, as a result of an earthquake in that city on March 31, 1931, followed by a fire which completely destroyed the American legation building and its contents.

I recommend that legislation be enacted whereby the Comptroller General will be authorized and directed to allow credit to Mr. Hanna in the amount of $921 to remove a disallowance for that sum in his accounts for the month of March 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
February 19, 1934.

[Enclosure: Report of the honorable the Secretary of State, with enclosures.]

ADJOURNMENT

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate adjourn.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 13 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, February 20, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 19 (legislative day of Feb. 6), 1934

DIPLOMATIC AND CONSULAR OFFICERS

The following-named Foreign Service officers to be Diplomatic and Consular officers of the grades indicated, as follows:

CONSUL GENERAL

John C. Wiley, of Indiana.

SECRETARIES IN THE DIPLOMATIC SERVICE

George C. Hanson, of Connecticut.
Angus I. Ward, of Michigan.
Charles E. Bohlen, of Massachusetts.

UNITED STATES MARSHAL

John B. Colpoys, of the District of Columbia, to be United States marshal, District of Columbia, to succeed Edgar C. Snyder, whose term will expire April 22, 1934.

REGISTER OF THE LAND OFFICE

Lloyd T. Morgan, of Colorado, to be register of the land office at Pueblo, Colo., vice Albert G. Stubblefield.

PROMOTIONS IN THE REGULAR ARMY

To be first lieutenant

Second Lt. Edward Murphy Markham, Jr., Corps of Engineers, from February 10, 1934.

VETERINARY CORPS

To be colonel

Lt. Col. James Reid Shand, Veterinary Corps, from February 11, 1934.

PROMOTIONS IN THE NAVY

MARINE CORPS

Lt. Col. Russell B. Putnam, assistant paymaster, to be an assistant paymaster in the Marine Corps with the rank of colonel from the 1st day of January 1934.

Maj. Julian P. Willcox to be a lieutenant colonel in the Marine Corps from the 1st day of January 1934.

Second Lt. Harold D. Hansen to be a first lieutenant in the Marine Corps from the 1st day of November 1933.

Second Lt. Jefferson G. Dreyspring to be a first lieutenant in the Marine Corps from the 30th day of December 1933.

Quartermaster Clerk Elmer E. Barde to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 3d day of December 1933.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 19, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Eternal God, revive Thy work in the midst of the years; remember mercy. O Thou before whom the mountains tremble, the hills bow down, and the sun and the moon stand still in their habitations, we stretch lame hands to Thee. Heavenly Father, may all things be used for the one supreme divine event toward which the whole creation moves, namely, the exaltation of the Son of Righteousness in the hearts of men the world over. O Lord, we beseech Thee to be with us as we wait in this solemn presence. A brave and heroic people are groping their way in the deep shadows of a great affliction; they kneel, they weep, they pray; the starlight quivers as it falls from their Nation's sky. O God of love, carry them nearest to the throne of the Invisible and the heart of the Eternal. In Thy arms may we swing on through ignorance into knowledge, out of weakness into strength, and out of death into life. In the name of the world's Savior. Amen.

The Journal of the proceedings of Friday, February 16, 1934, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a bill of the House of the following title:

On February 15, 1934:

H.R. 7527. An act making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

ELECTION CONTEST—ELLIS *v.* THURSTON

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, with the accompanying papers, referred to the Committee on Elections No. 1 and ordered printed:

FEBRUARY 19, 1934.

THE SPEAKER HOUSE OF REPRESENTATIVES,
Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Fifth Congressional District of the State of Iowa, *Lloyd Ellis* v. *Lloyd Thurston*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

In compliance with the act approved March 2, 1887, entitled "An act relating to contested-election cases", the Clerk has opened and printed the testimony in the above case, and such portions of the testimony as the parties in interest agreed upon or as seemed proper to the Clerk, after giving the requisite notices, have been printed and indexed, together with the notices of contest, and the answers thereto and original papers and exhibits have been sealed up and are ready to be laid before the Committee on Elections.

Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

NAVY APPROPRIATION BILL, 1935

Mr. AYRES of Kansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Kansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. AYRES of Kansas, CARY, HART, SWICK, and BUCKBEE.

PERMISSION FOR COMMITTEE TO SIT DURING SESSIONS OF THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration and Naturalization and the subcommittees thereof may be authorized to sit during sessions of the House for 1 week beginning February 20 next.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE REVENUE BILL

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute in order that the Clerk may read to the House a telegram received by me.

Mr. MAPES. Mr. Speaker, reserving the right to object, I think we ought to know the subject matter.

Mr. HARLAN. It is information concerning the revenue bill.

The VICE PRESIDENT. Without objection, it is so ordered.

The bill (S. 2728) to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to prohibit the sale, manufacture, and importation of intoxicating liquors in the Territory of Hawaii during the period of the war, except as hereinafter provided", approved May 23, 1918 (U.S.C., title 48, sec. 520), is repealed.

SEC. 2. Title II of the National Prohibition Act, as amended and supplemented, and the act entitled "An act to provide revenue by the taxation of certain nonintoxicating liquor, and for other purposes", approved March 22, 1933, except such provisions of such title and of such act of March 22, 1933, as are in force and effect in the States, are repealed to the extent such title and such act of March 22, 1933, are in force and effect in the Territory of Hawaii.

SEC. 3. Section 13 of the Revised Statutes (U.S.C., title 1, sec. 29) shall not apply with respect to any penalty, forfeiture, or liability incurred under any provision repealed by this Act.

The bill (S. 2729) to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, contained in United States Statutes at Large, volume 39, Public Laws, pages 903 to 909, and the act of Congress approved October 28, 1919, commonly called the "National Prohibition Act", and all acts amendatory thereof and supplemental thereto, insofar as they apply to the Territory of Alaska, be, and the same hereby are, repealed: *Provided*, That the Governor of the Territory of Alaska, from and after the passage and approval of this act, shall have the power and authority to grant pardons to persons theretofore convicted of violations of the aforesaid act of February 14, 1917.

SEC. 2. That notwithstanding the repeal of the said acts no spirituous or intoxicating liquors shall be manufactured or sold in the Territory of Alaska, except under such regulations and restrictions as the territorial legislature shall prescribe, and the legislative power and authority conferred upon the legislative assembly of the Territory of Alaska by the act of Congress entitled "An act to create a legislative assembly in the Territory of Alaska, to confer legislative power thereon, and for other purposes", approved August 24, 1912, shall be, and hereby is extended to include any legislation pertaining to the manufacture or sale of spirituous or intoxicating liquor within the said Territory, and any provision contained in the said act of August 24, 1912, in conflict herewith, is hereby expressly repealed: *Provided, however*, That the legislature of the Territory of Alaska shall have full power and authority to delegate the powers hereby conferred to any board or commission designated or created by the legislature for such purpose, which powers shall include the power to make rules and regulations governing the manufacture, barter, sale or possession of spirituous or intoxicating liquors in the Territory of Alaska, to prescribe the qualifications of those who are to engage in the manufacture, barter, sale, or possession of intoxicating liquors in the said Territory, and to prescribe license fees and excise taxes therefor: *Provided*, That nothing in this act shall in any way repeal, conflict, or interfere with the public general laws of the United States imposing taxes on the manufacture and sale of intoxicating liquors for the purpose of revenue and known as the "internal revenue laws."

SEC. 3. That the act of the Territorial Legislature of Alaska entitled "An act to create the board of liquor control and prescribe its powers and duties", approved May 4, 1933, contained in the Session Laws of Alaska, 1933, being chapter 109 thereof, at pages 193–194, be, and the same hereby is, ratified and approved, and the board thereby created shall have the powers and the authority conferred upon it by the said act. And any person, firm, or corporation, who shall violate any of the rules or regulations prescribed by the said board governing the manufacture, sale, barter, and possession of intoxicating liquors in the Territory of Alaska, or the qualifications of those engaging in the manufacture, sale, barter, and possession of such liquors in the said Territory, or the payment of license fees and excise taxes therefor, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished as provided in section 2072 of the Compiled Laws of Alaska.

SEC. 4. That sections 462 to 478, both inclusive, of act of Congress entitled "An act to define and punish crime in the District of Alaska and to provide a code of criminal procedure for said district", approved March 3, 1899 (30 Stat.L. 1337–1341), as amended by the act of June 6, 1900 (31 Stat.L. 332), and by the act of February 6, 1909 (35 Stat.L. 601–603), be, and the same hereby are, repealed.

ORDER FOR CONSIDERATION OF THE CALENDAR TOMORROW

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that tomorrow, after the morning business shall have been concluded the Senate proceed to the consideration of unobjected bills on the calendar.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

WAYNE BEZONA

Mr. DILL. Mr. President, I understood we were to have an executive session. I wanted to ask that the President might be notified of the confirmation last week of the nomination of Wayne Bezona as United States marshal. The time has expired.

Mr. ROBINSON of Arkansas. Very well. I suggest that the Senator make the request.

Mr. DILL. As in executive session I ask that the President be notified of the confirmation of the nomination of Wayne Bezona as United States marshal for the eastern district of Washington.

The VICE PRESIDENT. Is there objection to the request of the Senator from Washington?

Mr. McNARY. Mr. President, I did not understand the nature of the request.

The VICE PRESIDENT. That the President may be notified of the confirmation of the nomination of Wayne Bezona to be United States marshal for the eastern district of Washington. Is there objection? The Chair hears none, and the President will be notified.

LEO T. CROWLEY

Mr. ROBINSON of Arkansas. Mr. President, the nomination of Mr. Leo T. Crowley, of Wisconsin, to be a member of the Board of Directors of the Federal Deposit Insurance Corporation was confirmed by the Senate several days ago, but the necessary two executive sessions have not intervened. As in executive session, I ask unanimous consent that the President be notified of that confirmation.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and the President will be notified.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting nominations, a protocol, a treaty, and two conventions, which were referred to the appropriate committees.

(For nominations this day received see the end of Senate proceedings.)

CLAIM OF MATTHEW E. HANNA (H.DOC. NO. 257)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Claims, as follows:

To the Congress of the United States:

I enclose herewith a report which the honorable the Secretary of State has addressed to me in regard to the loss of certain consular-fee stamps suffered by the Honorable Matthew E. Hanna, former American Minister at Managua, Nicaragua, amounting to $921, as a result of an earthquake in that city on March 31, 1931, followed by a fire which completely destroyed the American legation building and its contents.

I recommend that legislation be enacted whereby the Comptroller General will be authorized and directed to allow credit to Mr. Hanna in the amount of $921 to remove a disallowance for that sum in his accounts for the month of March 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE,
February 19, 1934.

[Enclosure: Report of the honorable the Secretary of State, with enclosures.]

ADJOURNMENT

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate adjourn.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 13 minutes p.m.) the Senate adjourned until tomorrow, Tuesday, February 20, 1934, at 12 o'clock meridian.

NOMINATIONS

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Second Lt. Edward Murphy Markham, Jr., Corps of Engineers, from February 10, 1934.

VETERINARY CORPS

To be colonel

Lt. Col. James Reid Shand, Veterinary Corps, from February 11, 1934.

PROMOTIONS IN THE NAVY

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Maj. Julian P. Willcox to be a lieutenant colonel in the Marine Corps from the 1st day of January 1934.

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Second Lt. Jefferson G. Dreyspring to be a first lieutenant in the Marine Corps from the 30th day of December 1933.

Quartermaster Clerk Elmer E. Barde to be a chief quartermaster clerk in the Marine Corps, to rank with but after second lieutenant, from the 3d day of December 1933.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 19, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Eternal God, revive Thy work in the midst of the years; remember mercy. O Thou before whom the mountains tremble, the hills bow down, and the sun and the moon stand still in their habitations, we stretch lame hands to Thee. Heavenly Father, may all things be used for the one supreme divine event toward which the whole creation moves, namely, the exaltation of the Son of Righteousness in the hearts of men the world over. O Lord, we beseech Thee to be with us as we wait in this solemn presence. A brave and heroic people are groping their way in the deep shadows of a great affliction; they kneel, they weep, they pray; the starlight quivers as it falls from their Nation's sky. O God of love, carry them nearest to the throne of the Invisible and the heart of the Eternal. In Thy arms may we swing on through ignorance into knowledge, out of weakness into strength, and out of death into life. In the name of the world's Savior. Amen.

The Journal of the proceedings of Friday, February 16, 1934, was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following date the President approved and signed a bill of the House of the following title:

On February 15, 1934:

H.R. 7527. An act making an additional appropriation to carry out the purposes of the Federal Emergency Relief Act of 1933, for continuation of the Civil Works program, and for other purposes.

ELECTION CONTEST—ELLIS *v.* THURSTON

The SPEAKER laid before the House the following communication from the Clerk of the House, which was read, and, with the accompanying papers, referred to the Committee on Elections No. 1 and ordered printed:

FEBRUARY 19, 1934.

THE SPEAKER HOUSE OF REPRESENTATIVES,
Washington, D.C.

SIR: I have the honor to lay before the House of Representatives the contest for a seat in the House of Representatives for the Seventy-third Congress of the United States for the Fifth Congressional District of the State of Iowa, *Lloyd Ellis* v. *Lloyd Thurston*, notice of which has been filed in the office of the Clerk of the House; and also transmit herewith original testimony, papers, and documents relating thereto.

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Two copies of the printed testimony in the aforesaid case have been mailed to the contestant and the same number to the contestee, which, together with copies of the briefs of the parties, will be laid before the Committee on Elections to which the case shall be referred.

Yours respectfully,

SOUTH TRIMBLE,
Clerk of the House of Representatives.

NAVY APPROPRIATION BILL, 1935

Mr. AYRES of Kansas. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7199) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and ask for a conference.

The SPEAKER. Is there objection to the request of the gentleman from Kansas? [After a pause.] The Chair hears none and appoints the following conferees: Messrs. AYRES of Kansas, CARY, HART, SWICK, and BUCKBEE.

PERMISSION FOR COMMITTEE TO SIT DURING SESSIONS OF THE HOUSE

Mr. DICKSTEIN. Mr. Speaker, I ask unanimous consent that the Committee on Immigration and Naturalization and the subcommittees thereof may be authorized to sit during sessions of the House for 1 week beginning February 20 next.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

THE REVENUE BILL

Mr. HARLAN. Mr. Speaker, I ask unanimous consent to proceed for 1 minute in order that the Clerk may read to the House a telegram received by me.

Mr. MAPES. Mr. Speaker, reserving the right to object, I think we ought to know the subject matter.

Mr. HARLAN. It is information concerning the revenue bill.

Mr. TREADWAY. On what part of the bill, may I ask? Does it have to do with the tax on coconut oil? I think we have full information about that. I shall not object, but there is no reason for it.

There being no objection, the Clerk read the telegram, as follows:

DAYTON, OHIO, *February 15, 1934.*

Congressman BYRON B. HARLAN,
Washington, D.C.:

Congressman SHALLENBERGER, of Nebraska, is quoted in CONGRESSIONAL RECORD this morning as stating that price of soap has declined less than 10 percent in United States since 1926. The fact of the matter is the general average of laundry-soap products is down from 1926 at least 40 percent; general average on toilet soap is practically the same. Soap prices lowest in 50 years. Please correct this statement.

THE HEWITT SOAP CO., INC.
THE DAVIES YOUNG SOAP CO.

Mr. McCLINTIC. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. McCLINTIC. Mr. Speaker, in view of the colloquy that took place on the floor a few days ago, I ask that the Clerk read a letter which has been handed to me this morning, for the purpose of correcting the RECORD.

The Clerk read as follows:

FEBRUARY 19, 1934.

Hon. JAMES D. McCLINTIC, M.C.,
Washington, D.C.

DEAR MR. McCLINTIC: I have just read the colloquy which passed between you and Congressman MCFADDEN in the House on February 16, 1934, pages 2670 to 2672 of the RECORD.

The records of the Internal Revenue Department show that I have never appeared as attorney for Henry L. Doherty or any of his companies in any tax matter.

I have not been consulted by anyone regarding any of the tax matters of Mr. Doherty or any of his companies.

I would appreciate it if you would make this letter a part of the records of the House.

Yours respectfully,

ARTHUR F. MULLEN.

A PLEA FOR OLD-AGE COMPENSATION

Mr. BERLIN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a radio address of the gentleman from Pennsylvania [Mr. FADDIS] on old-age pensions.

Mr. TABER. Mr. Speaker, reserving the right to object, by whom was the radio address delivered?

Mr. BERLIN. My colleague from Pennsylvania [Mr. FADDIS].

Mr. BLANTON. Mr. Speaker, reserving the right to object, was the address made independently or was it under the auspices of Dr. J. E. Pope? I am going to object to any speeches that are influenced by Dr. J. E. Pope. Was this under his auspices?

Mr. BERLIN. It was from his radio station, but was for the cause of old-age pensions and is a very able address.

Mr. BLANTON. Has it any eulogistic references to Dr. Pope?

Mr. BERLIN. I believe not.

Mr. BLANTON. Then I have no objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. BERLIN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of the gentleman from Pennsylvania [Mr. FADDIS] on old-age pensions.

Among the many duties with which the Congress of the United States is charged is that of providing for the general welfare of the Nation. To the end that, as well as its other duties, may be consummated, Congress is also empowered to lay and collect the taxes necessary thereto. In the past this matter of providing for the general welfare has been confined largely to legislation having to do with the regulation of the affairs of those in the more favorable circumstances of life. During this period of our history, owing to economic and social conditions, our percentage of unfortunates was much smaller than it is at the present time. The care of the aged and unfortunate has always been a problem meriting more serious consideration than it has ever received. Formerly it was considered to be a local problem, but recently it has assumed such proportions that it is clearly a national problem, and to consider it in any other light is foolish.

As long as we were predominatingly an agricultural Nation, those in rural districts were able to care for the aged and unfortunate among them, in a manner not unduly burdensome upon those individuals who felt responsible for their care. Then, too, they were far less numerous in proportion. Our industries were not so highly developed—there was a place for the older worker and we did not have our present surplus of labor in our midst. It has been only a few years back when able-bodied laborers at the age of 70 or even 75 or 80 were quite commonly employed. Then, too, the neighborly spirit was much more prevalent in the past, because we were not living under the high pressure of our present economic conditions. It was a quite common occurrence for a neighborhood to gather in force and give aid to someone in the locality in need of it. Unfortunately those times are past.

The greatest asset any nation can have is a body of satisfied and contented citizens. Such conditions do not come by chance but are the result of carefully planned and cleverly executed policies. We have just passed through an era of economic promotion during which all else was neglected. This course has led our ship of state dangerously close to the reef of social disaster. Catastrophe has come to many a mighty nation in the past because they neglected the welfare of the masses of the people. If we are to escape their fate, we must now embark upon a course of promotion of humanitarian measures, by virtue of necessity, if for no other reason.

During the days when man fought with bow and arrow and ground his grain by hand in stone mortars, it was the custom to expose the aged and unfortunate to the wild beasts and elements. With the coming of the flintlock gun and the spinning wheel came the poorhouse. Today we have the machine gun and the robot, but still cling stubbornly to the poorhouse—the only hope of millions robbed of their erstwhile means of a livelihood by modern advancement, once useful citizens who were careless enough to grow old. We have welfare organizations which overflow with maudlin sympathy over the care and comfort of vicious criminals, apparently abysmally ignorant of honest men and women who have served society faithfully, in dire want in their declining years. The money spent each year in this Nation petting, coddling, and keeping alive each of our thousands of rabid enemies of society, who deserve death at the hands of society, would keep in security and comfort many times that number of men and women beyond the employment age, whose only mistake has been that they perhaps served society too unselfishly. We must awake to the fact that the day has passed when the aged man can find employment at knapping stones by the roadside or the aged woman at carding flax or wool in the chimney corner. Those days passed with the oxcart and the tallow candle. Why, in the name of common sense, did the poorhouse not pass with them? Each year we see the age of employment drop and each year the ranks of the needy grow. Conditions promise to be worse along this line. Either these conditions must be corrected, or some means of subsistence must be provided. The poorhouse can no longer continue to be a satisfactory answer.

Are the minds of today—the minds responsible for the automobile, the radio, and machinery of superhuman efficiency—less able to cope with philanthropy than with economics? We are still staggering under the effect of an attempt by the combined efforts of our welfare organizations to force upon this Nation, against its will, a social code which was impossible and impracticable from the beginning. The intention of this movement was most commendable, and it was actuated by the very highest motives. One of its admitted objectives was to wipe out the poorhouse. Untold millions in money were spent, and countless lives in addition, and the best we can say of it today is that it was a "noble experiment." Certainly this energy would have been much better expended in a program designed to eradicate the poorhouse—a matter which is obviously possible and economically feasible. Let these organizations enter into this battle now being waged to keep that most important and highly cherished of all our institutions—the American home—intact, this battle to insure the salvation of the peace of mind of men and women, in this a world which is all too often to them a sad and stern reality, with all the aggressiveness and good generalship of which they are capable, and victory will follow and will be permanent. It may be less spectacular to save a man from want in his old age than to save him from demon rum, but I am sure the efforts would be better appreciated in the former case. It might be less soul-satisfying to save an old mother from the poorhouse than to save a murderer from the electric chair, but, nevertheless, society would be more benefited by the former.

This proposition to provide for old-age compensation is no new one. In fact we are one of the few principal nations of the world which has not made decided advancement along this line. Many of our States have undertaken a solution of this question, and we have their experiences as a guide. It has been clearly demonstrated that it is more costly to maintain the poorhouse than to support the inmates in a more humane manner. However, this movement to be satisfactory must be applied to the Nation as a whole in a uniform manner. This will be possible only by Federal legislation, because it is clearly a national problem.

As to the financial end, which of course is a consideration, many means have been suggested. A goodly portion of the money now spent coddling our criminals would, as I have suggested before, go a long way toward financing this movement. Perhaps the best

method proposed, however, is to let each man and woman between certain ages pay each month into some agency, for instance the Postal Savings fund, a stated sum which will be set aside to provide for an annuity fund for each man and woman after they reach a certain age. This plan has worked in a highly satisfactory manner in the case of the Government employees under the classified Civil Service and other groups of public employees. There is no reason why it would not work in this case. Certainly no one could object to paying into a fund for this purpose the price of two or three picture shows each month.

This is a mighty Nation with a glorious past. We cherish and honor our past and realize that it contains for us some valuable lessons. In looking toward the future we should not forget the past, but in thinking of the past we must not forget the future. The future is the realm in which we and our children will grow old. Upon the security of the individual rests the security of the Nation. Some method must be devised to insure the future of the individual, or the future of the Nation cannot be assured. Too long have we believed in such of the old sayings as "Virtue is its own reward." Too often they prove to be practical only insofar as virtue being the only reward of virtue. "Well done, thou good and faithful servant" fills no empty stomachs in this world of stern realities and relentless competition. Hunger, illness, cold, misery, and old age are not conditions in the abstract. They are real, personal, pathetic, distressing, and dangerous. Let us insist that some of the talents of this Nation be devoted to their relief. Each passing day adds to the number of our unfortunates and accentuates their needs. Let us demand that the poorhouse be relegated to the past along with slavery, the rack, and the prison for debtors.

Mr. SNELL. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. SNELL. As I understood the request of the gentleman from Oklahoma [Mr. McCLINTIC], it was for the purpose of correcting the RECORD. The letter that was presented at the Clerk's desk at the gentleman's instance, was not a correction of the RECORD, as I understand it, and I should like to have a ruling on that from the Speaker.

Mr. McCLINTIC. Mr. Speaker, if my memory serves me correctly I asked unanimous consent to address the House for 1 minute——

Mr. SNELL. For the purpose of correcting the RECORD.

Mr. McCLINTIC. And after that permission was granted me, I then made the statement it was offered for the purpose of correcting the RECORD with respect to the colloquy that took place on Friday.

Mr. SNELL. I did not hear the first part of the gentleman's request, which was my mistake, and I let the request slip by. It should not have slipped by, and I shall watch such things more carefully.

Mr. McCLINTIC. I may say to the distinguished gentleman that I have no sympathy for Mr. Doherty, the person mentioned in the letter, as long as he continues to pay himself a salary of over $100,000 annually when his company is in default with respect to paying dividends to his stockholders.

Mr. SNELL. I evidently let that slip by, but I shall watch it a little more carefully in the future.

THE REVENUE BILL

Mr. SHALLENBERGER. Mr. Speaker, I ask unanimous consent to have read a letter which I have received from a soap company in Ohio in answer to the telegram just read into the RECORD from another soap company in Ohio.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

The Clerk read as follows:

THE AKRON SOAP CO.,
SOAPS, TALLOW, HIDES, GREASE, AND CRACKLINGS,
CUYAHOGA STREET,
Akron, Ohio, February 17, 1934.

Hon. ASHTON C. SHALLENBERGER,
House of Representatives,
Washington, D.C.

DEAR MR. SHALLENBERGER: Permit us to express to you our gratitude and thanks in handling section 602 of H.R. 7835 protecting the American farmer and smaller American business against foreign competing oils.

This is the best protection the American farmer has received for years, and we commend you.

Cordially yours,

THE AKRON SOAP CO.,
By D. M. PFEIFFER.

OLD-AGE PENSIONS

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an analysis of the cost of old-age pensions in Ohio, which was objected to last Friday. I should like to state that there is no propaganda in this analysis; it can be used as a guide by the entire Membership of the House in determining the cost of old-age pensions in every State in the Union and in foreign countries that have old-age pensions.

Mr. TABER. Reserving the right to object, who made this analysis?

Mr. TRUAX. It was made by the research bureau of the Ohio State University and disseminated and distributed by the Fraternal Order of Eagles.

Mr. TABER. I feel that we should confine the RECORD to what Members of the House themselves have to say under their own operation. I am sorry, but I shall have to object.

LOSSES SUSTAINED BY OFFICERS AND EMPLOYEES OF THE UNITED STATES IN FOREIGN COUNTRIES

Mr. BANKHEAD. Mr. Speaker, I present the following privileged resolution from the Committee on Rules for printing in the RECORD under the rule.

The resolution is as follows:

House Resolution 270

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7808, a bill to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes. After general debate, which shall be confined to the bill, and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion except one motion to recommit, with or without instructions.

UNANIMOUS-CONSENT CALENDAR

The SPEAKER. This is unanimous-consent day, and the Clerk will read the first bill.

The Clerk read the first bill on the calendar, H.R. 4870, to extend the times for commencing and completing the construction of a bridge across Lake Sabine at or near Port Arthur, Tex.

Mr. JENKINS of Ohio. Reserving the right to object, the last time the calendar was called someone on the other side asked that the matter be passed over. I do not know whether the Member is here or not. The bill has some merit in it, but it also has a serious objection. I personally do not want to object to it; and if the sponsor of the bill is not present, I would ask that it be passed over without prejudice.

The SPEAKER. Is there objection?

There was no objection.

EVERGLADES NATIONAL PARK, FLA.

The Clerk read the next bill on the calendar, H.R. 2837, to provide for the establishment of the Everglades National Park in the State of Florida, and for other purposes.

Mr. JENKINS of Ohio. Reserving the right to object, I wish the House to be notified or informed that this is a bill to establish a snake park in Florida.

Mr. TABER, Mr. JENKINS of Ohio, and Mr. McFADDEN objected.

TO AMEND RECORD OF REGISTRY ACT

The Clerk read the next bill on the calendar, H.R. 3522, to extend benefits of a record of registry under the act of March 2, 1929 (45 Stat. 1512), to aliens who arrived prior to July 1, 1924, and for other purposes.

Mr. BLANTON. Reserving the right to object, I want to ask the gentleman from New York if it is not worth $20 to become naturalized as an American citizen?

Mr. DICKSTEIN. That is not this bill at all. This bill relates to the entrance of aliens who have been here for

15 years and cannot verify the record of their entry. Under the law they must have a record of their entry before they become citizens. We cannot deport them. This would give all those who came to this country prior to July 1, 1924, the right to go before the Government and register for the purpose of becoming future citizens. It is not bringing in any new citizens.

Mr. BLANTON. They cannot become naturalized without the passage of this act?

Mr. DICKSTEIN. No; because the law provides that a person applying for citizenship must show that there was a record of his entry at the port of entry.

Mr. BLANTON. Is this for persons who got by without any registration?

Mr. DICKSTEIN. No; it is simply that our records were not kept properly, and their names do not appear as having been registered as entering at a port.

Mr. BLANTON. Does the gentleman mean to tell us that no proper records were kept prior to 1924?

Mr. DICKSTEIN. There were a lot of improper records where this particular group of people, fine, high-class future citizens, did not have their names properly registered.

Mr. BLANTON. Is it not a fact that prior to 1924 the first thing every alien who came to this country had to do was to register?

Mr. SABATH. But the system was defective.

Mr. WEIDEMAN. Is it not a fact that those entries were made in the name of foreigners, and where, for instance, the spelling might be "S-z-y" they made it "S-y-z" or some such thing as that, so that the names could not be traced.

Mr. BLANTON. Oh, that is taken into consideration by our immigration authorities.

Mr. DICKSTEIN. It could not be, it is all statutory.

Mr. SABATH. Oh, this bill is all right.

Mr. BLANTON. Mr. Speaker, the gentleman, ever since he became chairman of the committee, has been promising us that he is going to give us a hearing on our bill to stop all immigration into this country. That is what a lot of us are interested in stopping; when are we going to get that hearing?

Mr. DICKSTEIN. Oh, the gentleman will have the pleasure of having a hearing, and I shall have the pleasure of listening to him.

Mr. BLANTON. When?

Mr. DICKSTEIN. The first week of March.

Mr. BLANTON. Not before the first week of March?

Mr. DICKSTEIN. The committee is crowded with one hearing now dealing with foreign actors, in an effort to keep them out of this country.

Mr. BLANTON. Is the gentleman as chairman of that committee, favorable to such legislation as I have in mind?

Mr. DICKSTEIN. Oh, I shall have to see my lawyer about that.

Mr. BLANTON. Mr. Speaker, the trouble has been that we never have been able to get a chairman of the committee who is in favor of stopping immigration. We who want immigration stopped, so that Americans will not have their jobs taken away from them by foreigners, must find a way to bring that measure before us and pass it.

The SPEAKER pro tempore (Mr. O'CONNOR). Is there objection to the present consideration of the bill?

Mr. JENKINS of Ohio. Mr. Speaker, I object.

Mr. TARVER. Mr. Speaker, I object.

Mr. McFADDEN. Mr. Speaker, I object.

BRIDGE ACROSS DELAWARE RIVER, TRENTON, N.J.

The Clerk called the next bill, S. 2029, to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.

The SPEAKER pro tempore. Is there objection?

Mr. SEARS. Mr. Speaker, I reserve the right to object, and ask unanimous consent that the bill be passed over without prejudice.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman withhold that?

Mr. SEARS. Yes.

Mr. COCHRAN of Missouri. This bill is approved by the Department. A great railroad desires to build a railroad bridge which will require hundreds of tons of steel. Look what it means to the men employed in the steel plants and the men who construct bridges.

It means a great deal of work for labor; in the mills and in actual construction work. It is just such projects as this that will bring us back to prosperity. It will increase the purchasing power of the laborer and mechanic.

I have no personal interest in the bill. It is 1,000 miles from my district, but it means work and I cannot see how anybody can stop a bill of this character which will put men to work at a time when people are in need of employment.

Mr. ZIONCHECK. I reserve the right to object.

Mr. COCHRAN of Missouri. I object to the bill going over without prejudice. If you want to object to the bill, that is your responsibility, but it is not going over without prejudice. Before permitting that I will force someone to object to its consideration.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

There was no objection, and the Clerk read the bill, as follows:

Be it enacted, etc., That the time for completing the construction of the bridge authorized by act of Congress approved August 24, 1912, to be built by the Pennsylvania Railroad Co. and the Pennsylvania & Newark Railroad Co. across the Delaware River near the city of Trenton, N.J., which has heretofore been extended by Congress to August 24, 1934, is hereby extended for a further period of 3 years from the last named date: *Provided*, That it shall not be lawful to complete or commence the completion of said bridge until plans thereof shall again be submitted to and approved by the Chief of Engineers and by the Secretary of War.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

PRISON INDUSTRIAL BOARD

The Clerk called the next bill, H.R. 6974, to provide for the regulation of prison industry and the appointment of a prison industrial board, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. MAPES, Mr. TABER, and Mr. COOPER of Ohio objected.

EXEMPTING CERTAIN PARENTS FROM QUOTA

The Clerk called the next bill, H.R. 3519, to exempt from the quota parents of citizens of the United States, and for other purposes.

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, the gentleman from Texas [Mr. DIES] has filed an opposition report to this bill. Is he here? I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Ohio?

Mr. DICKSTEIN. O Mr. Speaker, the gentleman might just as well object. Why kid about it?

Mr. JENKINS of Ohio. Mr. Speaker, I object.

REMOVAL OF INDIGENT ALIENS

The Clerk called the next bill, H.R. 3524, to amend section 23 of the Immigration Act of February 5, 1917 (39 Stat. 874).

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object in order to ask the chairman of the committee a question with reference to this bill.

Mr. DICKSTEIN. This bill extends the statute of limitations from 3 to 5 years to get the people out of the country who have become public charges. It is an administration bill to extend the statute of limitations. It does not bring anybody in; it just keeps people out.

Mr. JENKINS of Ohio. I notice a change in the language from what it was previously. The language is changed so

that instead of reading "native country" it reads "native land", and this additional phrase:

Or the country from whence they came, or to the country of which they are citizens or subjects.

Mr. DICKSTEIN. Yes.

Mr. JENKINS of Ohio. That language is new in addition to the change of the 3 years to 5 years. Unless I am mistaken with reference to the language, I am afraid that that might involve complications.

Mr. DICKSTEIN. Has the gentleman any amendment that he thinks will cure it? The committee believes this is the proper language. Under the Immigration Act of 1917, section 23, it is provided that an alien who entered the country, who becomes stranded and seeks to return to his native land may do so within 3 years. The Department would like to extend that to 5 years, so as to be able to ship some of them back home. What objection can there be to that?

Mr. JENKINS of Ohio. There is one objection I have to it, although I do not propose to object to this bill, because, if the committee is in favor of it, I should not interpose my individual objection; but since the gentleman has asked my opinion, I would state my objection. It provides an additional burden. At the present time we only have authority to send out those who have been here 3 years. Now we can go back to those who have been here 5 years.

Mr. DICKSTEIN. Is it not more healthy for the country if we find people here who want to go back, to let them go back? Under the present law we cannot send them back now because of the statute of limitations of 3 years. What objection is there to 5 years?

Mr. JENKINS of Ohio. Will the gentleman allow an amendment to provide that those who go out cannot come back?

Mr. DICKSTEIN. It stands to reason they cannot return. They sign a pauper's application, stating that they are paupers. Once they sign a pauper's application, that automatically keeps them out.

Mr. JENKINS of Ohio. I want that put into this statute. If the gentleman will permit that, I will not object.

Mr. SABATH. That is the present law.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. JENKINS of Ohio. I will withdraw my reservation of objection, with the understanding that this amendment will be incorporated in the bill.

There being no objection, the Clerk read as follows:

Be enacted, etc., That so much of section 23 of the act of February 5, 1917, as reads as follows, "and shall have authority to enter into contract for the support and relief of such aliens as may fall into distress or need public aid, and to remove to their native land, at any time within 3 years after entry, at the expense of the appropriations for the enforcement of this act", is amended to read as follows: "and shall have authority to enter into contract for the support and relief of such aliens as may fall into distress or need public aid, and to remove to their native country, or the country from whence they came, or to the country of which they are citizens or subjects, at any time within 5 years after entry,".

Mr. JENKINS of Ohio. Mr. Speaker, I offer an amendment, which I have sent to the desk.

The Clerk read as follows:

Amendment offered by Mr. JENKINS of Ohio: On page 2, line 5, strike out the quotation marks and the period and add "at the expense of the appropriations for the enforcement of this act such as fall into distress or need public aid from causes arising subsequent to their entry and are desirous of being so removed, but any person thus removed shall forever be ineligible for readmission except upon approval of the Secretary of State and the Secretary of Labor."

The amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate insists upon its amendments to the bill (H.R. 6951) entitled "An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. HAYDEN, Mr. MCKELLAR, Mr. THOMAS of Oklahoma, Mr. NYE, and Mr. STEIWER to be the conferees on the part of the Senate.

The message also announced that the Senate insists upon its amendments to the bill (H.R. 7199) entitled "An act making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1935, and for other purposes", disagreed to by the House; agrees to the conference asked by the House on the disagreeing votes of the two Houses thereon, and appoints Mr. BYRNES, Mr. COPELAND, Mr. TRAMMELL, Mr. HALE, and Mr. KEYES to be the conferees on the part of the Senate.

CONSENT CALENDAR

AMENDMENT OF NATURALIZATION LAW

The Clerk called the next bill on the Consent Calendar, H.R. 3673, to amend the law relative to citizenship and naturalization, and for other purposes.

Mr. JENKINS of Ohio. Mr. Speaker, I ask unanimous consent that that bill be passed over without prejudice.

Mr. DICKSTEIN. Reserving the right to object, that is the same request that was made the last time. The bill was objected to and it now requires three objections. I object to the request.

The SPEAKER pro tempore. Objection is heard. Is there objection to the present consideration of the bill?

Mr. BLANTON. Reserving the right to object, I want to ask a question. This is an enlargement of the Cabel Act, is it not?

Mr. DICKSTEIN. It is just giving equalization to women for children born to them. In other words, under the present law a child takes the nationality of the father. This amendment also includes the mother. That child must actually be in the United States, must reside here before the age of 18, and must make declaration.

Mr. BLANTON. Suppose an American marries a woman from a foreign country and she becomes a citizen of the United States, and the husband dies and the woman returns to her foreign country——

Mr. DICKSTEIN. That child is a citizen of the United States.

Mr. BLANTON. But wait, I had not finished. She returns to the foreign country and has children over there. Would they be American citizens?

Mr. DICKSTEIN. This does not apply to that kind of a case at all.

Mr. BLANTON. But this bill makes all of her children American citizens, does it not?

Mr. DICKSTEIN. The distinction between a mother who is an American and a mother who is a foreigner, giving birth to children, is covered in this bill.

Mr. BLANTON. But the question is so plain I am going to ask the gentleman that it merits a plain answer. Suppose an American marries a foreign woman and she becomes a citizen of the United States, and the husband dies, and the widow goes back to her foreign country, still an American citizen, and she marries a foreigner over there and gives birth to a dozen children, they would all be American citizens under this bill, would they not?

Mr. DICKSTEIN. No. They have to come back to the United States and actually have a fixed domicile and live here before they reach the age of 18.

Mr. BLANTON. Are they treated with the same equality with every other alien?

Mr. DICKSTEIN. Until after they come into the United States and declare their adopted country as the United States.

Mr. BLANTON. Then they do have a right to come over here and make that declaration, do they?

Mr. DICKSTEIN. They must make it before they can be recognized as American citizens.

Mr. BLANTON. Do they have a right over every other alien to make that declaration?

Mr. DICKSTEIN. They have no rights over other aliens.

Mr. BLANTON. They have the same right, and no more, that other aliens have?

Mr. DICKSTEIN. That is correct.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I make this reservation in order to make a statement. When the bill was called, I asked unanimous consent that the bill go over without prejudice; but Mr. DICKSTEIN, the chairman of the committee, objected. If the bill had been passed over without prejudice, it could come up again in 2 weeks. I may say to the Democrats on the other side of the Chamber that the office of the Secretary of State is not in favor of this bill. I talked to that office this morning. I was in hopes that somebody on the Democratic side would take it upon himself to ascertain the wishes of the Secretary of State. When the Secretary of State was a Republican, I felt it my duty to ascertain his wishes on those bills that came up on the Consent Calendar.

Mr. BLANTON. Well, if the gentleman can get two objections over there, we can stop this bill.

Mr. Speaker, I object to the bill.

Mr. TABER and Mr. McFADDEN objected.

COTTON SHIPPING STANDARDS

The Clerk called the next bill, H.R. 1517, to provide for the use of net weights in interstate and foreign commerce transactions in cotton, to provide for the standardization of bale covering for cotton, and for other purposes.

Mr. ZIONCHECK, Mr. HEALEY, and Mr. CELLER objected.

MINIMUM PAY FOR POSTAL SUBSTITUTES

The Clerk called the next bill, H.R. 7483, to provide minimum pay for postal substitutes.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, will the gentleman from New York [Mr. MEAD] inform us what additional expense this bill will entail?

Mr. MEAD. I may say in answer to the gentleman from Ohio that our committee considered the entire question as to the proper apportionment of substitutes and attempted to keep within the appropriation made for substitutes last year. I shall read a statement made by the Department which gives a specific answer to the gentleman's question:

> You will observe that the total amounts appropriated and allotted for the various services are in excess of the amount that would be necessary to provide an average annual income of $780 a year, or $15 a week, for each classified substitute carried on the post-office rolls.

It requires the proper application of the law in order to guarantee to the substitutes a minimum of $15 a week; and it also determines the number of substitutes in proportion to the number of regular employees that will hereafter be appointed.

Mr. JENKINS of Ohio. I may say to the gentleman that I am in favor of this bill, but I notice the Post Office Department recommends against it.

Mr. MEAD. The Post Office Department has disapproved it.

Mr. JENKINS of Ohio. The gentleman is in favor of the bill himself, I believe.

Mr. MEAD. Yes; I am.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

Mr. TAYLOR of South Carolina. Mr. Speaker, I object.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman withhold his objection?

Mr. TAYLOR of South Carolina. Mr. Speaker, I reserve my objection to permit the gentleman to make a statement.

Mr. COCHRAN of Missouri. Does the gentleman know that in the large cities post-office clerks have been kept on the substitute list for as long as 6 years, some of them receiving only five or six dollars a week? Do you know that they have to report every day and if there is no work they go away empty handed? If they fail to report they will be stricken from the roll. Place yourself in their positions. Here you find men with families working for years for our Government for not even an existing wage.

This is the most disgraceful situation in our Government service, asking men to work for the Government of the United States for $5 or $6 a week.

This bill proposes a minimum wage of $15 a week, and the men are required to work and earn the money. They will not be paid this $15 a week merely to report at the post office once or twice a day, but they will work and earn it. In some cases it will require that the postmaster spread the work so each substitute will earn at least $15 a week. It is not a gift, you can be assured of that. They will earn it by working not less than 100 hours a month. I appeal to the gentleman to withdraw his objection.

Mr. ZIONCHECK. He has to pass an examination before he can get on as a substitute.

Mr. COCHRAN of Missouri. He has to pass a civil-service examination and wait over 5 years for a permanent appointment.

Mr. ZIONCHECK. He has to furnish his own uniform.

Mr. COCHRAN of Missouri. Yes; that is true. This is one of the most meritorious bills that has come before Congress since I have been here. If these men are needed in any part of the service, they certainly are entitled to a living wage. The wage they receive is not a living wage; it is only an existing wage. They have not the security of a permanent appointment. I appeal to the gentleman to withdraw his objection to the bill and let it pass now. Do not delay it longer. [Applause.]

Mr. McFADDEN. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. McFADDEN. Not only the substitute city carriers but also the carriers in the rural district are working at these very low wages.

Mr. TAYLOR of South Carolina. Does the gentleman contend that rural carriers work as substitutes? Is it not a fact that substitutes are all on the same basis—that they do not get paid unless they work?

Mr. COCHRAN of Missouri. Yes. Let us take care of the substitutes now or repeal the law providing for substitutes. Has the gentleman any objection to taking care of the substitute employees? If so, what is it?

Mr. TAYLOR of South Carolina. Sixty dollars a month paid to an idle person just for reporting in the morning seems like a lot of money for the service, I may say to the gentleman.

Mr. ZIONCHECK. No; he reports to get the job.

Mr. COCHRAN of Missouri. He reports at the post office to go to work; and he cannot accept other employment because he has to be there every day. Under this provision he will get 100 hours' work a month, which is little enough.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. WEIDEMAN. These substitute carriers also must supply their own uniforms. Because they are on the substitute list they cannot get on P.W.A. work; they cannot get on welfare, and they cannot get on the C.W.A. rolls. These men are required to pass civil-service examinations. They must report every day whether or not they receive employment. There is no uniformity with respect to the treatment of substitutes, for some of the substitute mail carriers get as much as $35 a week. Fifteen dollars a week is little enough for a man and his wife to exist on.

Mr. MEAD. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of South Carolina. I yield.

Mr. MEAD. We are not giving postal substitutes $15 a week for merely showing up two or three times a day. In order to maintain the mobility of the Postal Service he does that now and receives no compensation whatever. The average substitute actually earns the $15 a week, but because of the system under which they work, perhaps because of discrimination and favoritism, some substitutes are drawing as low as $5, while other substitutes earn $20 and $25 a week.

This bill provides an orderly method of apportioning the work equally among the substitutes available, and it provides an orderly method of apportioning the number of substitutes in relation to the regular employees.

In my judgment, this bill is meritorious, because it provides the minimum wage prescribed by the NRA to other employees, and, according to the Department's letter, the cost of the operation of this bill is equal to the cost of substitute service last year. Therefore there is a considerable amount of work available for these men under present conditions.

Mr. TAYLOR of South Carolina. Does the gentleman have any assurance that in the event this bill is passed the same favoritism will not obtain in the administration of the law?

Mr. MEAD. This is imposing a penalty on favoritism. This bill will, in my judgment, bring forth orders from the Department that will require postmasters in the various cities to see to it that every substitute is given an opportunity to earn $15 each week before another substitute is given more than that.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, as a matter of fact, under the schedules worked out here, I notice that it would cost under the old plan about $26,800,000, whereas under the gentleman's schedule, not allowing for extra help at Christmas time, it would be $20,499,000. Would it not be true that the cost would not exceed the old cost?

Mr. MEAD. According to the Department's figures, your statement is correct. It can be administered with a cost approximating the amount spent last year for substitute service.

Mr. ELTSE of California. Is it not a fact that the Postmaster General made his objection before the gentleman amended the bill with reference to his ratios of 7 to 1 and 10 to 1?

Mr. MEAD. We have amended the bill so as to reduce to a minimum the objections of the Department.

Mr. TAYLOR of South Carolina. Inasmuch as the gentleman assures us that those who are overpaid and who are being paid in excess of $15 will be cut down to make up for the others, I withdraw the objection.

Mr. TRUAX. Mr. Speaker, reserving the right to object, I should like to ask the gentleman if, in his judgment, this bill will equalize the many injustices that we hear about from the substitute carriers? I receive a lot of letters every day on this subject.

Mr. MEAD. I will say to the gentleman that in the judgment of the committee this only approaches a proper solution of the vexing question of substitute pay. We cannot expect to get legislation through that will adequately deal with this problem at this time, but this bill approaches the proper solution and establishes a principle. We hope to improve these conditions as soon as it is possible to do so.

Mr. BLANTON. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Texas.

Mr. BLANTON. I will predict that the gentleman will find that none of them will get less than $60 a month and that there will be shown the same favoritism that has heretofore existed. We have found this favoritism all the way back through history, and it will go on in the future forever.

Mr. TRUAX. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman.

Mr. TRUAX. What is responsible for the favoritism? I will say that with the gentleman's assurance I have no objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That all original appointments of post-office clerks, city letter carriers, and railway postal clerks shall be to the rank of substitute and that such substitutes shall be paid a minimum of $15 a week. Where payment at the rates now fixed by law would exceed the minimum pay herein established, payment shall be made at the rates now fixed by law: *Provided*, That the ratio of post-office clerks and city letter carriers in any post office to regular post-office clerks and city letter carriers in said office shall be not more than 1 substitute to 7 regular post-office clerks or city letter carriers, except in offices having fewer than 7 regular post-office clerks or city letter carriers; and that the ratio of substitute railway postal clerks in any State to regular railway postal clerks in said State shall be not more than 1 substitute to 10 regular railway postal clerks: *Provided further*, That where the ratio of substitute post-office clerks, city letter carriers, and railway postal clerks on the date of the passage of this act is in excess of these ratios, no additional substitutes shall be appointed until these ratios are established: *Provided further*, That the provisions of this act shall not operate to furlough or dismiss any regular or substitute post-office clerks, city letter carriers, or railway postal clerks now carried on the rolls of the Post Office Department.

With the following committee amendment:

Strike out all after the enacting clause and insert the following:

"That all original appointments of post-office clerks, city letter carriers, village letter carriers, railway postal clerks, employees in the motor vehicle service, and laborers in the Postal Service shall be to the rank of substitute, and that such substitutes shall be paid a minimum of $15 a week. Where payment at the rates now fixed by law would exceed the minimum pay herein established, payment shall be made at the rates now fixed by law.

"SEC. 2. The ratio of substitute post-office clerks, substitute city letter carriers, substitute village letter carriers, substitute laborers, and substitutes in the motor vehicle service in any post office, to regular post-office clerks, city letter carriers, village letter carriers, watchmen, messengers, and laborers, and employees in the motor vehicle service in said office, shall be not more than 1 substitute to 7 regular post-office clerks, city letter carriers, village letter carriers, laborers, or employees in the motor vehicle service, except in offices having fewer than 7 regular post-office clerks, city letter carriers, village letter carriers, laborers, or employees in the motor vehicle service; and that the ratio of substitute railway postal clerks in any State to regular railway postal clerks in said State shall be not more than 1 substitute to 10 regular railway postal clerks: *Provided*, That where the ratio of substitute post-office clerks, city letter carriers, village letter carriers, railway postal clerks, and laborers, and substitutes in the motor vehicle service on the date of the passage of this act is in excess of these ratios, no additional substitutes shall be appointed until these ratios are established: *Provided further*, That the provisions of this act shall not operate to furlough or dismiss (1) any regular or substitute post-office clerks, city letter carriers, village letter carriers, railway postal clerks, or laborers, or (2) any regular employees or substitutes in the motor vehicle service now carried on the rolls of the Post Office Department.

"SEC. 3. Nothing in section 2 of this act shall be construed to deny any substitute post-office clerk, substitute city letter carrier, substitute village letter carrier, substitute railway postal clerk, or substitute laborer, or substitute in the motor vehicle service the benefits of section 1 of this act."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

RATES OF POSTAGE ON CERTAIN PERIODICALS

The Clerk called the next bill, H.R. 5477, to fix the rates of postage on certain periodicals exceeding 8 ounces in weight.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask if there will be a limitation on the operation of this bill where the weight is above 8 ounces? Will there be a limitation on the rate proposed here?

Mr. MEAD. I may say to the gentleman that after a magazine reaches 8 ounces in weight, under the present law parcel-post rates are levied, but under this bill they will pay the same rates as are now paid for transient mail. In other words, they will pay for 10 ounces on the same scale that they pay for 8 ounces. This bill will increase the volume and also increase the revenues of the Department. It will add to the revenues collected by the Department, and is favored by the Department.

Mr. ELTSE of California. Will anything beyond 8 ounces fall into the parcel-post rates?

Mr. MEAD. They now come under the parcel-post rates, but hereafter the transient rates will apply. In other words, the same rates will apply for the ounces over 8 as apply for the ounces under 8. We have found that as a result of these restrictive rates, magazines have been trimmed or reduced in size in order to stay within the 8 ounces. We feel that this legislation will result in better appearing magazines, an increased circulation of magazines, and an increased revenue to the Department.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, may I ask whether or not this relates in any way to the amendment that is carried in the pending revenue bill?

Mr. MEAD. No. This does not pertain to advertising matter insofar as second-class postage is concerned.

Mr. BLANTON. Mr. Speaker, reserving the right to object, does this bill affect newspapers?

Mr. MEAD. This bill affects publications which are circulated free, or mainly free, and are classified as books.

Mr. BLANTON. In what way does this affect newspapers?

Mr. MEAD. Only where a newspaper weighs over 8 ounces.

Mr. BLANTON. Are there not newspapers that weigh over 8 ounces? What about the New York Times Sunday edition?

Mr. MEAD. I presume there are newspapers that weigh over 8 ounces; but such matters are covered by other legislation which we will have a chance to vote on.

Mr. BLANTON. They are covered by the provision that is now in the tax bill before the House?

Mr. MEAD. That is correct.

Mr. BLANTON. Where subsection (a) has been carried on for another year and subsection (b) has been dropped?

Mr. MEAD. That is it.

Mr. BLANTON. This will not affect any newspaper?

Mr. MEAD. As a rule this applies in its entirety to magazines.

Mr. BLANTON. This will not affect any newspaper?

Mr. MEAD. I would not go that far, but as a rule this applies to magazines.

Mr. BLANTON. There are some of these newspapers that, while enjoying special cheap mailing privileges, have been jealous of the right of Congressmen to send to their constituents parts of the CONGRESSIONAL RECORD through the mails and who are always complaining about it. I am wondering whether any of these newspapers are affected by this provision?

Mr. MEAD. This covers a large list of magazines distributed by the mail service whose weight runs above 8 ounces.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That publications weighing in excess of 8 ounces issued at regular intervals of 12 or more times a year, 25 percent or more of whose pages are devoted to text or reading matter and not more than 75 percent to advertising matter, which are circulated free or mainly free, may, upon authorization by the Post Office Department, under such regulations as the Postmaster General may prescribe, be accepted for mailing at the postage rate of 1 cent for each 2 ounces or fraction thereof, provided the copies of such publications are presented for mailing made up according to States, cities, and routes as directed by the Postmaster General.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

EXCLUSION AND DEPORTATION OF ALIENS

The Clerk called the next bill, H.R. 4223, to clarify the provisions of the immigration law relative to exclusion and deportation of certain aliens who have criminal records, and for other purposes.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I would like to ask the gentleman from Michigan [Mr. WEIDEMAN], who reported the bill, whether or not he has any recommendation or report from the Attorney General's Office or the Labor Department.

Mr. WEIDEMAN. Yes. The law is not clear on this particular point and they have been working heretofore under a handicap, for the reason that two of the circuits have denied the right to deport these criminals unless the crime happened in adjoining or contiguous territory. This bill amends the law so that no matter where the crime happens or at what time it happens, there is not going to be any question about deporting these alien racketeers. This clarifies the law, and they appeared before the committee and have no objection to the bill.

Mr. JENKINS of Ohio. I have read the report very carefully and am very much interested in the matter, especially the legal phases of it, but the gentleman did not quite get my question. I do not think I have seen anywhere in the report that the Labor Department or the Attorney General specifically recommends this.

Mr. WEIDEMAN. They appeared before the committee.

Mr. DICKSTEIN. Will the gentleman yield?

Mr. WEIDEMAN. I yield to the chairman of the committee.

Mr. DICKSTEIN. The Labor Department testified before the committee and approved the bill. If the gentleman understands what this bill does——

Mr. JENKINS of Ohio. I have read the bill and the report.

Mr. DICKSTEIN. An alien comes into this land of ours and commits a crime and then leaves the country. He then comes back with a visa on the ground the crime was not committed in the country from which he comes, but was committed in the United States. This bill simply applies a deadlock and no matter whether the crime was committed in the United States or any other part of the world, the alien is prevented from receiving a visa to the United States.

Mr. WEIDEMAN. I may say that both of the Departments referred to are in favor of the bill.

Mr. JENKINS of Ohio. I am glad to hear that, and I may say for the benefit of the lawyers here that the decision of the court is based on very narrow grounds.

The language of the present law is as follows:

Any alien who was convicted or who admits the commission, prior to entry, of a felony or other crime or misdemeanor involving moral turpitude.

This language is proposed to be repealed and the following language substituted in lieu thereof:

Any alien who has been convicted anywhere prior to last entry, or who admits the commission anywhere prior to last entry, of a felony or other crime or misdemeanor involving moral turpitude.

It would seem on first reading that the language in both cases is identical. It is claimed that the new language is necessary because of certain court decisions which have held that the language first above quoted does not cover all cases.

A case decided in 1933 and reported in volume 289 of the United States Reports at page 422 indicates that the present law should be strengthened. In that case an alien came to the United States from Italy in 1906. He did not espouse citizenship and remained an alien. In 1925 he pleaded guilty to counterfeiting, which is a crime involving moral turpitude. He served a sentence for that crime. In 1928 he made a visit to Cuba without having been naturalized. Upon his return he admitted the commission of this crime, and sometime thereafter the Department of Labor instituted proceedings seeking to deport him. He contested his case through the district court and the circuit court of appeals, claiming that the present law did not apply to the commission of a crime in the United States and that the words "prior to entry" meant prior to the first entry. The court sustained the lower courts and held that the words "prior to entry" applied to any entry as an alien and that the alien in question should be deported.

I presume that the object of the bill is to clarify the language, so that there might be no misunderstanding as to what the language really means. Whether this clarification is absolutely necessary I do not know; but if the departments think the language is necessary, I am glad to go along with the departments, for it is my purpose to assist rather than to hinder any laws that will protect our country against undesirable aliens.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That so much of section 3 of the Immigration Act of 1917 as reads as follows: "persons who have been convicted of or admit having committed a felony or other crime or misdemeanor involving moral turpitude;" is amended to read as follows: "persons who have been convicted, anywhere at any prior time, of or admit having committed, anywhere at any prior time, a felony or other crime or misdemeanor involving moral turpitude;".

SEC. 2. So much of section 19 of the Immigration Act as reads as follows: "any alien who was convicted, or who admits the commission, prior to entry, of a felony or other crime or misdemeanor involving moral turpitude;" is amended to read as follows: "any alien who has been convicted anywhere prior to last entry, or who admits the commission anywhere prior to last entry,

of a felony or other crime or misdemeanor involving moral turpitude: ".

SEC. 3. Section 14 of the Immigration Act of 1924, as amended, is amended by adding at the end thereof the following new proviso: "*Provided further*, That deportation under this section shall be ordered in the case of any alien who at any time after last entry is found to have been convicted anywhere prior to last entry, or who admits the commission anywhere prior to last entry, of a felony or other crime or misdemeanor involving moral turpitude."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

AMENDMENT OF EMPLOYEES' COMPENSATION ACT

The Clerk called the next bill, H.R. 1766, to provide medical services after retirement on annuity to former employees of the United States disabled by injuries sustained in the performance of their duties.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask whether or not this would act retroactively and make it possible for a beneficiary to receive payment for expenses already incurred?

Mr. CELLER. Mr. Speaker, as I recall, there is no possibility under this bill of that happening. This would simply cover the cases of those who, prior to their retirement, were injured in the service, but where the manifestations of such injury did not appear or were not observed until after they were retired. Under the present law they could not be treated by Government physicians in the District. The bill would permit such treatment and, in fairness to the employees thus injured in the Government service, it seems to me they ought to be placed upon a parity with those who are now entitled to receive such services.

Mr. ELTSE of California. I am not so much objecting to what may happen hereafter as I am as to what may happen with reference to expenses already paid or obligations already incurred by one who would become a beneficiary under this bill. There is nothing in the bill to prevent it from working retroactively, while under the specific language of the old act it is provided that the commission may pay the expenses. This would make it possible to pay expenses incurred over a period of years.

Mr. CELLER. I doubt very much when, one considers that the purpose of the bill is to take care of specific cases, and the commission indicates that there are only a few of the cases, the cost of which will amount to a trifling sum.

Mr. ELTSE of California. But it may amount to a considerable sum.

Mr. CELLER. I do not think there would be any objection to an amendment you might offer clearing the situation you refer to.

Mr. ELTSE of California. Then I will offer an amendment.

The SPEAKER. Is there objection to the consideration of the bill?

Mr. TABER. Reserving the right to object, I see the bill is drawn so that payments might be made to anyone 5 or 6 years after they had retired, when they claimed that the injury they were suffering from was incurred while they were in the service and claim benefits under this procedure. It seems to me it is in bad shape the way it is drawn and rather than object to the bill, I am going to ask unanimous consent that the bill be passed over without prejudice, and see if something cannot be worked out in the meanwhile.

Mr. BROWNING. Reserving the right to object to that, the gentleman understands an application is to be made within a year and the report made.

Mr. TABER. That is not the way I understand the act would result.

Mr. BROWNING. Under the law it would have to be, because if a man stayed in the service he would have to report his injury.

Mr. TABER. If the gentleman will read lines 6 and 7, he will see that he is mistaken.

Mr. JENKINS of Ohio. Look at line 7, page 2—

And who continues to be or becomes disabled as the result of a personal injury sustained while in the performance of his duty as an employee.

Mr. BROWNING. The gentleman will understand that a man might receive an injury and it might be 5 years before he needed medical attention. The gentleman understands that a man might receive an injury and report at the time under the law, and it might be some time before he was disabled to that extent that it required medical attention.

Mr. JENKINS of Ohio. That provision is not in the bill.

Mr. BROWNING. It is in the law.

Mr. JENKINS of Ohio. Does the gentleman assure me that a man would have to apply in connection with the registration law?

Mr. BROWNING. Absolutely; this does not extend benefits under the registration—a man would have to comply with the terms of that law.

The SPEAKER pro tempore. Is there objection to the bill going over without prejudice?

There was no objection.

REGULATING PROCEDURE IN CRIMINAL CASES

The Clerk called the next bill, H.R. 7748, regulating procedure in criminal cases in the courts of the United States.

The SPEAKER pro tempore. Is there objection?

Mr. JENKINS of Ohio. Mr. Speaker, I reserve the right to object in order to ask a question of the chairman of the committee. This bill provides for a change in the law with reference to grand-jury testimony.

Mr. CELLER. That is correct.

Mr. McKEOWN. This is with reference to the filing of pleas.

Mr. CELLER. It covers 2 points, 1 to prevent dilatory pleas being filed against an indictment for the purpose of delay. Those pleas must be filed within 10 days after arraignment in this bill. It also provides that where there are grand jurymen who may be disqualified, if it appears that at least 12 of the grand jurymen were not disqualified, the true bill or indictment must stand.

Mr. JENKINS of Ohio. This is a novel proposition to me. I used to be a prosecuting attorney in our State, and as such had much experience with grand juries. We have no such provision as provided in this bill, and I am wondering if any other States have such provisions. This is quite a departure.

Mr. CELLER. A number of States have such a provision.

Mr. JENKINS of Ohio. Here is what it does, if I understand it. The grand jury is composed of 15 men. If a man is indicted by the grand jury and wishes to interpose an objection based on the illegality of the grand jury because of the incapacity of certain men to be grand jurors, then this will provide that he cannot avail himself of that right if there were 12 other qualified grand jurymen who voted for the indictment.

Mr. CELLER. Yes.

Mr. JENKINS of Ohio. That is the feature that I do not like, but I do not want to interpose my own individual opinion to that of the Judiciary Committee, for whom individually and collectively I have the highest opinion. The bill provides that the foreman of the grand jury must keep a record of all the votes of each grand juryman on each and every indictment.

Mr. CELLER. He only keeps a record of the votes pro and con.

Mr. JENKINS of Ohio. That is my objection—and the bill provides that his books and records are final and binding in all cases of controversy that may arise under the bill. They are accepted as final. For instance, suppose I am indicted by a grand jury of 15 men, and I say that 3 of them are disqualified. I show that they are because they all said before they went into the grand-jury room that they would "get" me, or something to that effect, and I could show that they used influence or even duress in forcing an indictment against me. I am indicted, and I try to interpose my plea challenging the sufficiency of that grand jury; and the district attorney comes up and says, "No; even though those 3 men were interested in your indictment, the foreman of the grand jury kept a record and the record shows that 12 good and true men voted for your indictment, regardless of the machinations and efforts of those 3." If that is the case, I think we are going pretty

far and we are invading the rights of the individual, because my understanding of the functions of the grand jury is that it is the people's court. This bill is quite an invasion of the rights of the people and is, I am afraid, going entirely too far.

Mr. BROWNING. If the gentleman will read the bill he will note that he has to prove the disqualification of those three, and if the record shows that only 12 voted for the indictment, then you subtract those 3 from the 12, and if there are not 12 left, the gentleman is not indicted.

Mr. JENKINS of Ohio. I maintain that if any accused can show there was undue influence used in the grand jury, he ought to be able to challenge his indictment at any time.

Mr. BROWNING. He has every one of those defenses left that he had before.

Mr. JENKINS of Ohio. He does not, as I understand this.

Mr. CELLER. Here is what you have under the present conditions. The grand jury panel is usually composed of 23. If there is one juryman who is disqualified, that throws out all of the proceedings, and there have been numerous cases where one juryman unwittingly was disqualified for a mild reason, not important, and the defendant's counsel raised the point and the entire proceedings of the grand jury were thrown out and the true bills were thrown out, and the United States attorney had his labor for his pains. The gentleman would not want that situation to prevail, and all we do here is to prevent these abuses and miscarriages of justice by unfair proceedings and sham and dilatory practices.

Thus, in this bill, if there are 17 members on the panel, 17 would constitute a quorum, and if 1 member was disqualified, deducting the 1 member from the 17 would leave 16 grand jurymen who would be qualified, and a true bill returned by them would stand. If on the other hand, there were 17 on the panel and there were 6 of that 17 disqualified and you deduct the 6 from that 17 it would leave 11, and that would be insufficient to constitute a proper grand jury to bring in a true bill.

Mr. JENKINS of Ohio. Will the gentleman yield?

Mr. CELLER. I yield.

Mr. JENKINS of Ohio. The district attorney has every opportunity to know that his grand jurors are qualified. He has every opportunity to test them before the grand jury convenes. The clerk of the court and the numerous functionaries of the United States court have every opportunity to know whether an individual grand juror is qualified, and the men must come in and sign and say they are citizens of the United States and answer various questions tending their qualifications. These officers can catch these disqualifications easily. I believe that rather than place the burden of possible conviction upon innocent men or possible embarrassment upon an innocent man, we ought not to invade his rights when we can throw the responsibility required in this bill onto the clerk of the court or the district attorney.

Mr. McKEOWN. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. McKEOWN. This bill is a very, very important bill just at this time. The first thing this bill provides is to stop lawyers from delaying criminal cases. That is the first thing the bill provides, because they must within 10 days file their pleas to these grand-jury indictments.

Mr. JENKINS of Ohio. I have no objection to that feature.

Mr. McKEOWN. That is one of the most important features of the bill. The second is the quashing of indictments. In the large cities, with all the care these men can use, we find that some man gets on the grand jury, the defendants do not know anything about it. They think he is all right and he is all right until somebody is indicted, and then they find that the man did not vote in a certain precinct or he did not have certain qualifications as a property owner, and they come in and quash that indictment, and it is not right, because 12 good men say they voted for that bill, then the indictment should stand. You are not precluded from making your showing to the court, because the bill does not prevent that. The bill provides that the records shall not be made public except on the order of the court. If you could show that a man went into a grand-jury room with venom against you, without justification, you can have the court hear that matter and show what representations he made, aside from the evidence.

Mr. JENKINS of Ohio. I wish to say to the gentleman from Oklahoma and other Members that, of course, I have the most profound respect for the Committee on the Judiciary, and I do not want to assume to object to anything as one individual, against the recommendation of this wonderful committee of the House, but I do say to you that it strikes me you are invading basic, fundamental rights and privileges of the individual. The grand-jury system is built up for the protection of the public and for the protection of the individual. It is a secret organization. Nobody has a right to know what takes place in a grand-jury room. Secrecy is the very justification of the system. It is not an inquisition. Neither is it an adjunct of the district attorney's office. It is more important for the welfare of the people and the Government than the district attorney. It should not bend for the court or the district attorney.

Mr. CELLER. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. CELLER. I will tell the gentleman that the bill does not invade that confidential status concerning the grand jury. We do not invade their sanctity at all. All that is required is that the clerk keep a record of the votes pro and con. So how can it be said that we invade the sanctity and secrecy of the grand jury?

Mr. JENKINS of Ohio. How is the district attorney going to be able to come before the court and show that a certain number voted the indictment without violating secrecy? Suppose I am indicted and I come in and make a plea in abatement or file a motion to quash or challenge the jurisdiction of the court for the reason that three men were antagonistic to me, and the district attorney rises and says, "Under this law the three men you are complaining about voted against you, but there were only three who did not vote against you, and consequently the indictment must stand." I say, "All right. Who were the three that did not vote against me, or how do you know so much about how these men voted?" This proves that before he can say how 12 voted he must know how all voted, and that is a prostitution of the grand-jury system. Another man comes in and says, "There were 12 who voted for you." That raises an issue of fact in open court and with reference to something that should have been secret. Then it is bound to come out who the 12 were, and you are bound to invade the secret proceedings of the grand jury, and I say it is not right.

Mr. McKEOWN. But that is not the procedure.

Mr. JENKINS of Ohio. What is the procedure, then?

Mr. McKEOWN. Grand jurors may not be brought into court and testify. They may not give evidence. That is the rule in many courts. It is the rule under this bill.

Mr. JENKINS of Ohio. Suppose you are a district attorney and I am an attorney representing an accused, and I bring my client in and enter a plea in abatement because the grand jury was improperly impaneled, or I file a motion to quash or whatever the proper proceeding might be. You deny my claim and contest. How are we going to prove who is right? In order for you to get the benefit of this law you must prove there were 12 who voted for the indictment.

Mr. McKEOWN. You cannot come into court and take up the testimony of grand jurors and show who voted for or against.

Mr. JENKINS of Ohio. That is what I say. The poor old criminal cannot hardly get in at all.

Mr. BLANTON. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. BLANTON. In practically all State courts when the grand jury comes into court and presents its indictment, the judge makes the foreman stand up in open court and state that as many as nine grand jurors concurred in the finding of that indictment, and a record is made of this fact.

This is simply to make a record of the vote, without giving the names.

Mr. JENKINS of Ohio. Now, in my State that does not happen at all, and that is why I prefaced my objection with the statement that I was basing this on my experience. If other States have found this to be satisfactory, I do not want to object to it.

Mr. MILLER. Will the gentleman yield?

Mr. JENKINS of Ohio. I yield.

Mr. MILLER. Under the procedure existing in the Federal courts in this country, would not the defendant be benefited by the enactment of this law? As the law now stands, suppose you are representing a defendant and you come into court and file a plea to quash an indictment; where are you? You are not in a position to make any proof. You have to rely on matters extraneous of the record entirely. You cannot call in the grand jurors to testify as to the manner in which the indictment was returned, but you file your plea under this act and then the burden automatically shifts to the Government.

Mr. SCHULTE. Mr. Speaker, regular order.

The SPEAKER pro tempore. Regular order is demanded. Is there objection to the present consideration of the bill?

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection in view of the number of learned lawyers who stand up and say I am wrong; but I still say I am right.

The regular order was demanded.

The SPEAKER pro tempore. The regular order is, Is there objection to the present consideration of the bill?

Mr. CANNON of Wisconsin. Mr. Speaker, reserving the right to object——

The SPEAKER pro tempore. The gentleman cannot reserve the right; he must either object or not object.

Mr. CANNON of Wisconsin. Then, Mr. Speaker, I object.

EQUIPMENT ALLOWANCE TO THIRD-CLASS POSTMASTERS

The Clerk called the next bill, H.R. 1626, granting equipment allowance to third-class postmasters.

Mr. BLANTON. Mr. Speaker, reserving the right to object, the Postmaster General reports that this bill if passed would cost the Government $788,791, and that it would be much better if it is necessary to expend that much money for the Government itself to furnish the equipment, for in that way we would get very much better equipment. In view of the statement from the Postmaster General, I object.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman withhold his objection?

Mr. BLANTON. I shall object to the bill eventually, but I will reserve it in order that the gentleman from Pennsylvania may make a statement in reference to the bill.

Mr. KELLY of Pennsylvania. I wish but a minute to state that the Post Office Committee of the House has three times acted favorably upon this bill after full consideration. The committee feels it is only a square deal to allow those postmasters who are compelled to buy their equipment to have at least 50 percent of the proceeds derived from the equipment. I am sure the gentleman believes in such a fair proposal and I hope he will not object to consideration.

Mr. BLANTON. The Post Office Department says that if you do that they would pay for it in 4 years.

Mr. KELLY of Pennsylvania. We are trying to get them to provide the equipment, as they should.

Mr. BLANTON. If we are going to do it at all, we should do it the way the Post Office Department says we ought to do it, and that is to furnish the equipment ourselves, which would be much better than the little old boxes that have the doors broken and that are half open most of the time, giving almost no protection whatever to the mail, that some postmasters furnish.

Mr. KELLY of Pennsylvania. Let me say to the gentleman that that is exactly the point; that is the reason why we hope this bill will be enacted into law. It will force action.

Mr. BLANTON. If we are going to spend $788,791 out of the Treasury, and that is what this bill will cost us, we should put in the equipment ourselves. I will vote for such a bill as that.

Mr. KELLY of Pennsylvania. That is what the present bill will do, I may say to the gentleman from Texas.

Mr. BLANTON. No; this bill will cost the Government $788,791, and we will get nothing for it. Here is what the Post Office Department says about it:

POST OFFICE DEPARTMENT,
OFFICE OF THE SOLICITOR,
Washington, February 8, 1934.

Hon. JAMES M. MEAD,
Chairman Committee on the Post Office and Post Roads,
House of Representatives.

MY DEAR MR. MEAD: In response to the request contained in your letter of January 31, for a report on bill H.R. 1626, granting equipment allowances to third-class postmasters, please be advised that this Department cannot consistently approve this measure.

The bill proposes to grant equipment allowances at third-class post offices, where the equipment is not provided by the Government, equal to 50 percent of the box rents collected.

It has been ascertained that the box rents collected at all third-class offices amount to approximately $1,937,736 per annum.

As of July 1, 1933, there were 10,024 third-class offices, indicating average box rentals of approximately $193 per office.

There are approximately 1,850 third-class offices occupying Federal buildings and leased quarters, where equipment is provided, either directly or indirectly, by the Government. This would leave about 8,174 offices which would be affected by the above-mentioned bill. Assuming average box rents of $193 per office per annum, the total estimated annual box-rent collections at these 8,174 offices would amount to $1,577,582.

The estimated additional cost to the Government under the bill in question would be 50 percent of $1,577,582, or $788,791 per annum. Such an expenditure would be without benefit to the Government as it is not believed that box-rent collections would substantially increase, or that the character of equipment provided at the third-class offices involved would be materially improved.

At many, if not most, third-class offices the payment to the postmaster of a sum sufficient to equal 50 percent of the box rents collected would retire his actual equipment investment every 4 or 5 years, and in some cases in even less time.

If the Department is to pay around $800,000 a year for equipment at third-class offices, it is believed that it would be much cheaper ultimately for the Government to supply its own equipment for such offices. Certainly much improved equipment would thus be provided.

As the expenditure which this bill involves would be a direct addition to the postal deficit, and in view of the other facts herein presented, this Department does not approve the proposed legislation.

By direction of the Postmaster General.

Mr. MEAD. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. MEAD. The gentleman from Texas is correct in his statement that this will cost approximately $750,000; but the underlying motive which prompted the committee to approve the bill is that first- and second-class postmasters have their equipment furnished to them and fourth-class postmasters have an allowance for heat, light, fuel, and equipment. A little less than 2,000 third-class postmasters have equipment furnished to them by the Department. Of all the postmasters in the United States about 8,000 third-class postmasters in small communities have to furnish their own equipment, pay for it, pay the taxes on it, collect the rentals, and turn the revenue over to the Post Office Department.

The passage of this bill will mean better equipment in the small communities of the country. It will mean more revenue to the Government as a result of the better equipment. It will reduce the burden by $750,000.

Mr. BLANTON. Mr. Speaker, right in that connection, to show how the people seek these third-class postmasterships, I have in my district 47 applicants for one office. I wish I could appoint 46 and turn just one of them down but I have got to select one and turn 46 of them down; and there is hell to pay when you do that. [Laughter.]

Mr. TABER. Mr. Speaker, reserving the right to object, it seems to me this bill goes a little too far under any circumstances. It provides that the postmaster may receive this annual allowance right along, and it does not make any difference how long; it does not make any difference whether he has amortized his equipment 15 or 20 times, he can go right along receiving the allowance.

Mr. MEAD. Until such time as the Government owns the equipment.

Mr. TABER. It seems to me natural that if a bill were passed which might equalize the situation, it should contain a proviso to the effect that after the postmaster had received enough in this way to cover to him the cost of his equipment less amortization to this date, that the equipment ought to belong to the Government and this allowance cease.

Mr. BLANTON. That is the very reason I am objecting to the bill. I believe such objection will bring about a better bill. If we once pass this bill giving this subsidy to third-class postmasters, allowing them to collect it on, and on, and on, they will be exceedingly well paid for their investment, as the Post Office Department says, and we will never be able to get the proper kind of bill passed.

Mr. KELLY of Pennsylvania. We will accept the amendment to meet that situation. I feel certain the Department will urge the installation of its own equipment once this bill is passed.

Mr. TABER. I have such an amendment prepared.

Mr. BLANTON. It would not be a good idea to pass the bill in its present form; but if something like this is to be done, it would be a better investment for the Government to furnish the equipment.

It would be a good thing, too, for the Government of the United States to be building its buildings now, buildings that have been authorized and plans for which have been drawn, and money for which has been provided. Throughout the country there is building after building needed to be built, for which money has been appropriated and all the preliminaries taken care of, the specifications prepared and approved by the proper departments in Washington. Yet they are being held up.

The SPEAKER pro tempore. Is there objection to the present consideration of the bill?

Mr. BLANTON. I object, Mr. Speaker.

Mr. CELLER. Mr. Speaker, I ask unanimous consent to return to Calendar No. 70, a bill regulating procedure in criminal cases in the courts of the United States. The gentleman from Wisconsin [Mr. CANNON] is willing to withdraw his objection.

Mr. JENKINS of Ohio. Mr. Speaker, I shall object to returning to any bill today. Mr. Speaker, I object.

PENAL LAWS

The Clerk called the next bill, H.R. 3845, to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, I should like to ask the gentleman from New York [Mr. MEAD], chairman of the committee, about the report. I see the Post Office Department favors this legislation.

Mr. MEAD. The Post Office Department favors this legislation and issued an order carrying out the purposes of the legislation January 3 last, so that it is now being done. This bill gives the regulations the force of law. It is already the law with regard to rural boxes. This merely makes it the law with regard to letter boxes, and would require that letter boxes be solely for the use of United States mails.

Mr. JENKINS of Ohio. That is what I wish to inquire about. Does the law apply to the big boxes on rural routes—boxes furnished by the farmer big enough to take packages, and so forth?

Mr. MEAD. They are covered by existing law.

Mr. JENKINS of Ohio. And the grocery man or the meatman cannot put even a package in the box?

Mr. MEAD. No. That is existing law with respect to rural letter boxes. This bill merely carries out that law so far as city letter boxes are concerned and gives the force of law to the order in this respect issued by the Postmaster General last month.

Mr. KELLY of Pennsylvania. If the gentleman will permit, there is grave doubt as to whether the Postmaster General's orders can be maintained without the passage of this act.

Mr. JENKINS of Ohio. Mr. Speaker, I withdraw my reservation of objection.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916 (U.S.C., title 18, sec. 321), be, and the same is hereby, amended to read as follows:

"Whoever shall willfully or maliciously injure, tear down, or destroy any letter box intended or used for the receipt or delivery of mail on any mail route, or shall break open the same, or shall willfully or maliciously injure, deface, or destroy any mail deposited therein, or shall willfully take or steal such mail from or out of such letter box; or shall knowingly or willfully deposit any mailable matter such as statements of accounts, circulars, sale bills, or other like matter, on which no postage has been paid, in any letter box established, approved, or accepted by the Postmaster General for the receipt or delivery of mail matter on any mail route, with intent to avoid payment of lawful postage thereon; or shall willfully aid or assist in any of the aforementioned offense shall for every such offense be punished by a fine of not more than $300."

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

POSTMASTERS TO ACCOUNT FOR MONEY COLLECTED ON PARCELS

The Clerk called the next bill, H.R. 6676, to require postmasters to account for money collected on parcels delivered at their respective offices.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That section 3846 of the Revised Statutes (U.S.C., title 39, sec. 46) is hereby amended to read as follows:

"Postmasters shall keep safely without loaning, using, depositing in an unauthorized bank, or exchanging for other funds, all the public money collected by them, or which may come into their possession, until it is ordered by the Postmaster General to be transferred or paid out. All money collected on mail delivered at their respective offices shall be deemed to be public money in the possession of the postmasters within the meaning of this section."

With the following committee amendment:

Amend the title so as to read: "A bill to require postmasters to account for money collected on mail delivered at their respective offices."

The committee amendment was agreed to.

The bill as amended was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

COST TO THE UNITED STATES OF COMMERCE AT PRINCIPAL SEACOAST AND GREAT LAKES HARBORS

Mr. MANSFIELD. Mr. Speaker, I have here a table prepared in the Office of the Chief of Engineers of the War Department, showing the expenditures upon the major harbors of the United States, namely, the Atlantic, Pacific, Gulf, and Great Lakes. This table shows the total expenditures and the date of commencement of these expenditures and the amount per ton of expenditures. I ask unanimous consent to insert these figures in the RECORD.

The SPEAKER pro tempore. Is there any objection to the request of the gentleman from Texas?

There was no objection.

Mr. MANSFIELD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following letter from the Chief of Engineers of the Army, together with the table to which he refers:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF ENGINEERS,
Washington, February 16, 1934.

Hon. JOSEPH J. MANSFIELD,
Chairman Committee on Rivers and Harbors,
House of Representatives, Washington, D.C.

MY DEAR MR. MANSFIELD: I enclose for your information a table that has been prepared showing the average annual cost to the United States per ton of commerce handled at the principal seacoast and Great Lakes harbors of the United States. In computing the average annual cost, the commerce prior to 1890 has been neglected.

Very truly yours,

E. M. MARKHAM,
Major General, Chief of Engineers.

(One enclosure.)

Principal seacost and Great Lakes harbors of the United States—Commercial statistics and costs

[Statistical Division, Board of Engineers for Rivers and Harbors, Jan. 31, 1934]

(1) Harbor	(2) Total cost for new work by Federal Government	(3) Total cost for maintenance	(4) Grand total cost to end of fiscal year (June 30, 1932)	(5) Total commerce calendar years 1890–1931, inclusive [1] (tons)	(6) Number of years under Federal Government up to and including 1932	(7) Average annual cost (4÷42 years)	(8) Average annual commerce 1890–1931, inclusive (tons)	(9) Average annual cost per ton of commerce (7÷8)	(10) Year first project adopted
ATLANTIC COAST								*Cents*	
Portland, Maine	$2,270,564.31	$190,270.47	$2,460,834.78	$105,302,226	96	$58,591.30	2,507,196	2.335	1836
Boston, Mass.[2]	13,337,467.33	1,230,226.92	14,567,694.25	433,607,098	65	346,849.86	10,323,978	3.359	1867
Fall River, Mass	598,913.97	81,410.31	680,324.28	105,040,532	58	16,198.20	2,500,965	.647	1874
Providence, R.I	3,758,757.73	530,445.30	4,289,203.03	133,626,407	80	102,123.88	3,181,581	3.209	1852
New Haven, Conn	929,619.20	810,493.89	1,740,113.09	91,336,981	80	41,431.26	2,174,690	1.905	1852
New York, N.Y	73,313,451.44	9,301,914.18	82,615,365.62	4,117,782,177	80	1,967,032.51	98,042,433	2.006	1852
Philadelphia, Pa.[3]	31,510,741.41	22,651,071.78	54,161,813.19	856,619,597	96	1,289,566.98	21,109,990	6.109	1836
Baltimore, Md	11,358,567.69	3,366,475.87	14,725,043.56	468,078,741	96	350,596.27	11,144,732	3.146	1836
Norfolk, Va	8,879,684.70	1,390,920.11	10,270,604.81	548,785,394	56	244,538.21	13,066,319	1.871	1876
Newport News, Va	1,477,261.99	112,238.01	1,589,500.00	[4]190,798,933	30	[4]52,983.33	[6]6,359,964	.833	1902
Wilmington, N.C	6,629,093.13	3,413,910.64	10,043,003.77	31,620,527	103	239,119.13	752,870	31.761	1829
Charleston, S.C.[4]	6,947,719.86	759,233.42	7,706,953.28	56,429,257	80	183,498.88	1,343,554	13.657	1852
Savannah, Ga	11,441,497.58	8,764,347.75	20,205,845.33	107,004,265	106	481,091.55	2,547,720	18.883	1826
Jacksonville, Fla	7,180,191.60	6,362,541.64	13,542,733.24	75,070,254	52	322,446.03	1,787,387	18.040	1826
GULF COAST									
Tampa, Fla	5,505,017.03	1,055,304.08	6,560,321.11	46,009,485	82	156,198.12	1,095,464	14.259	1880
Pensacola, Fla	946,938.29	779,105.92	1,726,044.21	23,283,297	54	41,096.29	554,364	7.413	1878
Mobile, Ala	6,913,423.96	4,644,045.21	11,557,469.17	[4]73,014,362	106	275,177.83	1,738,437	15.829	1826
Galveston, Tex	3,911,463.68	2,936,478.24	6,847,941.92	256,019,257	30	[4]228,264.73	[4]8,533,975	2.674	1902
Texas City, Tex	2,395,588.96	2,785,922.08	5,181,511.04	[4]46,399,932	33	[4]157,015.48	[4]1,406,058	11.167	1909
Houston, Tex	8,969,688.93	6,888,301.02	15,857,989.95	126,152,592	60	377,571.19	3,003,633	12.570	1872
New Orleans, La	24,028,501.86	12,850,000.23	[5]36,878,502.09	292,948,792	97	878,059.57	6,974,971	12.589	1836
PACIFIC COAST									
San Diego, Calif	2,100,248.65	151,257.47	2,251,506.12	18,012,019	80	53,607.29	428,858	12.500	1852
Los Angeles, Calif., including Long Beach	11,866,866.91	590,097.13	12,456,964.04	290,720,476	61	296,594.38	6,921,916	4.285	1871
San Francisco, Calif	1,444,444.08	501,195.76	1,945,639.84	314,228,764	64	46,324.76	7,481,637	.619	1868
Oakland, Calif	5,521,263.24	1,987,605.14	7,508,868.38	78,931,447	58	178,782.58	1,879,320	9.513	1874
Richmond, Calif	518,952.40	189,185.00	708,137.40	[4]66,887,347	15	[4]47,209.16	[4]4,459,156	1.059	1917
Grays Harbor, Wash.[7]	2,955,150.24	2,431,805.77	5,386,956.01	87,763,081	50	128,260.85	2,089,597	6.138	1882
Olympia, Wash	258,011.30	14,487.72	272,499.02	[4]12,822,821	40	[4]6,812.47	[4]320,570	2.125	1892
Tacoma, Wash	433,688.55	101,343.58	535,032.13	[4]81,526,530	30	[4]17,834.40	[4]2,717,551	.656	1902
Seattle, Wash	169,442.46	25,064.70	194,527.16	[4]95,488,686	13	[4]14,963.63	[4]7,345,283	.204	1919
Bellingham, Wash	168,595.09	30,088.06	198,683.15	[4]23,323,153	30	[4]6,622.77	[4]777,438	.852	1902
GREAT LAKES									
Duluth-Superior, Minn. and Wis	7,313,777.36	1,586,684.18	8,900,461.54	1,279,828,621	[8]61 / [9]65	211,915.75	30,472,110	.695	[8]1871 / [9]1867
Agate Bay, Minn	234,057.53	406,043.48	340,101.01	271,819,805	46	8,097.64	6,471,900	.126	1886
Milwaukee, Wis	5,597,167.88	1,039,734.09	6,636,901.97	244,548,701	89	158,021.48	5,822,588	2.714	1843
Chicago Harbor, including Chicago River, Ill	5,356,413.79	2,075,550.67	7,431,964.46	180,684,860	[10]99 / [11]36	176,953.35	4,302,021	4.113	[10]1833 / [11]1896
Cleveland, Ohio	6,733,967.99	1,965,330.48	8,699,298.47	437,003,437	66	207,126.15	10,404,844	1.991	1866
Toledo, Ohio	2,892,102.36	1,886,105.29	4,778,207.65	325,470,278	66	113,766.85	7,749,292	1.468	1866
Buffalo, N.Y	5,272,410.57	3,032,608.01	8,305,018.58	642,338,731	106	197,738.54	15,293,779	1.293	1826
Conneaut, Ohio	1,885,958.19	159,981.60	2,045,939.79	298,292,727	103	48,712.85	7,102,208	.686	1829
Oswego, N.Y	3,919,534.22	994,737.80	4,914,272.02	25,253,664	105	117,006.48	601,278	19.460	1827
Calumet Harbor and River, Ill	2,803,281.10	1,733,994.89	4,537,275.99	293,135,910	62	108,030.38	6,979,426	1.548	1870
Ashtabula, Ohio	2,302,841.01	285,014.56	2,587,855.57	406,855,193	106	61,615.61	9,687,028	.636	1826
Sandusky, Ohio	2,474,907.30	414,962.84	2,889,870.14	124,532,852	88	68,806.43	2,905,068	2.320	1844

[1] It should be particularly noted that no credit is taken for tonnage prior to 1890, because of remoteness and difficulty of search through old records.
[2] Includes Mystic River, Dorchester Bay, and Neponset River, Weymouth Fore and Weymouth Back Rivers.
[3] Includes Delaware River, Philadelphia to the sea, Schuylkill River, and Camden, N.J.
[4] Covers years project has been in effect.
[5] Includes Ashley River and Shipyard River.
[6] Includes expenditures on South and Southwest Passes only, flood control, i.e., levee and bank-revetment costs excluded.
[7] Includes bar entrance and inner portion.
[8] Duluth.
[9] Superior.
[10] Harbor.
[11] River.

CONSENT CALENDAR

REPEAL OF SPECIFIC ACTS OF CONGRESS

The Clerk called the next bill, H.R. 6219, to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask the gentleman from Oklahoma whether or not there are any Indian reservations within this Indian Territory?

Mr. HASTINGS. Not within the area that is embraced by the repeal of these acts. This affects only the old Indian Territory of eastern Oklahoma.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the acts of Congress of July 23, 1892 (27 Stat. 260); January 30, 1897 (29 Stat. 506); section 8, chapter 145, of the act of March 1, 1895 (28 Stat. 697); and that part of the act of May 25, 1918 (40 Stat. 563), as amended by the act of June 30, 1919 (41 Stat. 4), which is embraced in section 244, title 25, United States Code, be, and they are hereby, repealed insofar as they apply to and affect that part of the State of Oklahoma formerly known as "Indian Territory."

With the following committee amendment:

Page 2, line 2, after the word "Territory", insert the following: ": *Provided*, That this act shall not be construed to repeal the acts herein referred to insofar as they apply to any tract of land upon which there may be now or hereafter located any Indian school maintained by or under the supervision of the United States Government."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The Clerk called the next bill, H.R. 5631, to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes,

and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, may I ask whether there is going to be any cost attached to this matter?

Mr. HASTINGS. None whatever.

Mr. JENKINS of Ohio. No expense whatever?

Mr. HASTINGS. None whatever.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized, under rules and regulations to be prescribed by him, to place with the Oklahoma Historical Society of the State of Oklahoma any records of the Five Civilized Tribes, including the Cherokees, Creeks, Choctaws, Chickasaws, and Seminoles, which may be in the custody or control of the Secretary of the Interior and the Superintendent for the Five Civilized Tribes; also of the Wichita, Kiowa, Comanche, Caddo, and Apache Indians that may be within his custody or control or of the agent at Anadarko, Okla.; also of the Arapaho and Cheyenne Indians that may be within his custody or control or of the agent at Concho, Okla.; also of the Sac and Fox, Pottawatomie, Kickapoo, and Iowa Indians that may be within his custody or control or of the agent at Shawnee, Okla.; also of the Wyandotte, Seneca, Quapaw, Peoria, Modoc, and Miami Indians that may be within his custody or control or of the agent at Miami, Okla.; also of the Tontawa, Ponca, Pawnee, Otoe, and Kaw Indians that may be within his custody or control or of the agent at Pawnee, Okla.; and of the Osage Indians that may be within his custody or control or of the agent at Pawhuska, Okla. The Oklahoma Historical Society in receiving the custody of such papers, records, and matters of historical interest to receive same as custodian for the United States of America and the Secretary of the Interior, and to hold same under rules and regulations as may be prescribed by him: *Provided*, That copies of any documents, records, books, or papers in the office of and custody of the Oklahoma Historical Society when certified by the secretary or chief clerk of said society under its seal, or when such office or position is vacant by the officer or person acting as secretary or chief clerk for the time, shall be evidence equally with the original, and in making such certified copies such secretary or acting secretary and such chief clerk or acting chief clerk shall be acting as a Federal agent, and such certified copies shall have the same force and effect as if made by the Secretary of the Interior when such documents, records, books, or papers were in his office as Secretary of the Interior and certified by him under seal of his office: *Provided further*, That wherever such certified copies are desired by the Government to be used for the benefit of the Government they shall be furnished without cost.

With the following committee amendment:

Page 3, at the end of line 12, insert "*Provided further*, That any of the records placed with the Historical Society shall be promptly returned to the Government official designated by the said Secretary upon his request therefor."

The amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed, and a motion to reconsider was laid on the table.

BRIDGE ACROSS THE MISSOURI RIVER AT RANDOLPH, MO.

The Clerk called the next bill, S. 2308, to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Randolph, Mo.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

NOXUBEE RIVER, MISS.

The Clerk called the next bill, S. 2337, to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That that portion of the Noxubee River in Noxubee County, in the State of Mississippi, be, and the same is hereby, declared to be a nonnavigable stream within the meaning of the Constitution and laws of the United States.

SEC. 2. That the right of Congress to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS YOUNGS BAY, OREG.

The Clerk called the next bill, S. 2372, granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Oregon, and its successors and assigns, to maintain and operate, in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable water", approved March 23, 1906, a bridge and approaches thereto already constructed across Youngs Bay near the city of Astoria, Oreg., which bridge is hereby declared to be a lawful structure to the same extent and in the same manner as if it had been constructed in accordance with the provisions of said act of March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS THE COLUMBIA RIVER NEAR THE DALLES, OREG.

The Clerk called the next bill, H.R. 7060, to extend the times for commencing and completing the construction of a bridge across the Columbia River near The Dalles, Oreg.

Mr. ZIONCHECK. Mr. Speaker, I ask unanimous consent that the bill be passed over without prejudice.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Washington?

There was no objection.

BRIDGE ACROSS THE MISSOURI RIVER AT OMAHA, NEBR.

The Clerk called the next bill, H.R. 7554, to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.

Mr. ELTSE of California. Mr. Speaker, reserving the right to object, may I ask if this is to be constructed by private funds or by a private corporation, and is it to be a toll bridge?

Mr. WEARIN. There is an application pending before the Public Works Administration for a loan to construct this bridge. It is to be a nontoll bridge, I believe.

Mr. ELTSE of California. Is it to be constructed by the city or by a private corporation?

Mr. BURKE of Nebraska. If the gentleman will permit, by a board of trustees created by the act of Congress approved in 1930, the board consisting of the mayor of the city of Omaha, the mayor of the city of Council Bluffs, the attorney general of the State of Nebraska, and two individuals named in the act. They act as trustees in the construction of the bridge either by private or public funds. They have an application pending, as stated.

Mr. ELTSE of California. How much is the amount named in the application?

Mr. BURKE of Nebraska. A little more than $2,000,000; but they are working also on the matter of private financing, and this is merely a request for an extension of time within which to act in the matter.

Mr. JENKINS of Ohio. Mr. Speaker, reserving the right to object, is there any opposition to this project among the citizens of these communities?

Mr. BURKE of Nebraska. No; the councils of both cities are unanimously in favor of it.

Mr. ZIONCHECK. Mr. Speaker, reserving the right to object, this is to be a toll bridge, but how long is it to be a toll bridge?

Mr. WEARIN. Only until such time as it is paid for.

Mr. ZIONCHECK. Then, as soon as it is paid for it is to become a public bridge?

Mr. WEARIN. That is right.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr., authorized to be built by the Omaha-Council Bluffs Missouri River Bridge Board of

Trustees by an act of Congress approved June 10, 1930, heretofore extended by acts of Congress approved February 20, 1931, June 9, 1932, and June 10, 1933, are hereby further extended 1 and 3 years, respectively, from June 10, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendment:

Page 1, line 9, strike out "June 10, 1933" and insert "February 24, 1933."

The committee amendment was agreed to.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

BRIDGE ACROSS MISSISSIPPI RIVER BETWEEN NEW ORLEANS AND GRETNA

The Clerk called the next bill, H.R. 7705, to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La., authorized to be built by George A. Hero and Allen S. Hackett, their successors and assigns, by act of Congress approved March 2, 1927, heretofore extended by acts of Congress approved March 6, 1928, February 19, 1929, June 10, 1930, and March 1, 1933, are hereby extended 1 and 3 years, respectively, from March 2, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

CONSTRUCTION OF DAMS AND DIKES IN LINCOLN COUNTY, OREG.

The Clerk called the next bill, S. 1759, to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith.

There being no objection, the Clerk read the bill, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of dams and dikes authorized by act of Congress approved June 17, 1930, to be built by the Mill Four Drainage District of the State of Oregon for preventing the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith in the State of Oregon are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

With the following committee amendments:

Strike all from line 3, page 1, down to and including line 2 on page 2 of the bill, and insert "That the act approved June 13, 1930, granting the consent of Congress to the Mill Four Drainage District, in Lincoln, County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the dams and dikes herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof."

Amend the title.

The committee amendments were agreed to.

The bill was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

The title was amended so as to read: "An act to revive and reenact the act entitled 'An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith', approved June 17, 1930."

REGULATING PROCEDURE IN CRIMINAL CASES

Mr. BROWNING. Mr. Speaker, I ask unanimous consent to return to Calendar No. 70, H.R. 7748, regulating procedure in criminal cases in the courts of the United States, if the gentleman from Ohio will withdraw his objection.

Mr. JENKINS of Ohio. Reserving the right to object, I will withdraw my objection, but I give notice now that I shall object to returning to any other bill on the calendar today.

The SPEAKER. Is there objection?

There was no objection.

The Clerk read the bill, as follows:

Be it enacted, etc., That no plea to abate nor motion to quash any indictment upon the ground of irregularity in the drawing or impaneling of the grand jury or upon the ground of disqualification of a grand juror shall be sustained or granted unless such plea or motion shall have been filed before, or within 10 days after, the defendant filing such plea or motion is presented for arraignment; and from the time such plea or motion is filed and until the termination of the first term of said court beginning subsequent to the final judgment on such plea or motion and during which a grand jury thereof shall be in session, no statute of limitations shall operate to bar another indictment of any defendant filing such plea or motion, or of any other defendant or defendants included in the indictment to which such plea or motion is directed, for the offense or offenses therein charged.

SEC. 2. No plea to abate nor motion to quash any indictment, upon the ground that one or more unqualified persons served upon the grand jury finding such indictment, shall be sustained if it appears that 12 or more jurors, after deducting the number so disqualified, concurred in the finding of said indictment: *Provided, however*, That no juror shall be permitted to testify, in this connection, as to whether he or any other individual juror voted for or against the finding of such indictment, but it shall be the duty of the foreman of each grand jury to keep a record of the number of grand jurors concurring in the finding of any indictment and to file such record with the clerk of the court at the time the indictment is returned. Such record shall not be made public except on order of the court.

SEC. 3. That this act shall be applicable to the district courts of the United States, including the district courts of Alaska, Hawaii, Puerto Rico, and the Virgin Islands, and to the Supreme Court of the District of Columbia.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

REVENUE BILL OF 1934

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MCCLINTIC in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill of which the Clerk will read the title.

The Clerk read the title.

The CHAIRMAN. The gentleman from North Carolina [Mr. DOUGHTON] has used 5 hours and 11 minutes and has 2 hours and 49 minutes remaining. The gentleman from Massachusetts [Mr. TREADWAY] has used 4 hours and 39 minutes and has 3 hours and 21 minutes remaining.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. CHRISTIANSON].

Mr. CHRISTIANSON. Mr. Chairman, I want to discuss that section of the pending revenue bill which places an excise tax of 5 cents a pound on coconut oil and sesame oil. My only objection to the section is that it does not go far enough. Other vegetable oils ought to be included and the tax ought to be higher. I introduced a bill putting an embargo on these products, which I believe would even better protect American agriculture; but on the principle that half a loaf is better than no bread, I am supporting this measure.

The soap interests have been at work for several weeks organizing opposition to the vegetable-oil provision in this bill. Realizing their aggressiveness, I knew that they would make a determined effort to strike it out. Accordingly, despite my reluctance to vote for rules barring amendments, I supported the rule under which we are considering this measure, for when the interests of American agriculture are

at stake, our individual opinions on methods of procedure must give way before consideration of the objectives to be sought.

Those who have spoken in opposition to the tax on vegetable oils have sought to justify their position by pointing out that most of the coconut oil imported into this country goes into soap, not into butter substitutes. The obvious answer is, of course, that it is not for the dairy farmer alone but for the hog farmer and the cotton farmer as well that the proponents of this tax plead. The 172,000,000 pounds of coconut oil that went into oleomargarine and other edible products in 1932 displaced the product of hundreds of thousands of dairy cows, and the more than 353,000,000 pounds that went into soap entered into competition, directly or indirectly, with 12 different kinds of domestic fats and oils, chiefly tallow and grease, cottonseed oil, and domestic fish and whale oil.

The fact that a third of a billion pounds of imported coconut oil displaced an equal amount of domestic oil in the soap industry is itself serious to American agriculture, struggling, as it is, with surpluses; but even more serious is the fact that inasmuch as the soap industry dominates the markets for oils and fats, the price established in that industry becomes the base price of oils and fats generally. Variations there are, reflecting the intrinsic value of each oil for its special purpose; but underlying these variations is the broad base, the general level of which is determined by soap-oil quotations.

Thus, inasmuch as lard compounds are made from the same oils as soap, the price of oils fixed in the soap industry determines the price of lard compound. Lard compound in turn influences the price of lard, and the price of lard is one of the important factors determining the price of hogs.

Carrying out the same thought, we deduce that the price of oleomargarine is determined by what the soap makers will pay for vegetable oils, and the price of butter is greatly influenced by that of oleomargarine. If all the oils going into oleomargarine were produced within the United States, the consequences, although serious to the dairy farmer, would not be so demoralizing to agriculture generally; but when it is considered that last year only 43,000,000 pounds of domestic oils and fats were used in the manufacture of butter substitutes, against 517,000,000 pounds of coconut oil and palm oil, the disastrous consequences to the American farmer become apparent.

Last week a Member from California argued that if we did not import vegetables oils from the Philippines we should lose the opportunity to sell our products in the islands. That in the long run we cannot sell more than we buy, is an economic axiom with which I do not quarrel. Let me remind the gentleman, however, that last year our imports from the Philippines were $80,000,000; our exports to the Philippines only $40,000,000. There seems to be no good basis for his fear that a slight reduction in our imports from the islands would unbalance trade relations. Furthermore, with all respect, let me say that if he thinks it is necessarily a good bargain for us to buy vegetable oils from the Philippines if thereby we enable the Filipinos to buy certain products from us, he has not thought the problem through. There is no virtue in trade—in exchange of products—in itself. There is no value in trade unless we benefit from it. If the vegetable oils we import reduced the price of only that part of the domestic production of oils and fats which was supplanted, pound for pound and ton for ton, his argument might have some merit. We could perhaps forego the domestic market for a million pounds of butter if by accepting in exchange the raw material for a million pounds of oleomargarine we created a market in the Philippines for the butter displaced, and if that were the end—result of the transaction. But if the admission of the Philippine product had the effect of reducing the price, not only of that million pounds of butter but of all the butter produced and consumed within the United States, then it would be far better not to enter into the transaction.

But from the standpoint of the farmer the bargain would be even more jug-handled than I have indicated, for the farmers have never had the opportunity to swap markets on a 50-50 basis. It has been the experience of American agriculture that it always had to yield to industry in the game of international trade. It is the industrialist rather than the farmer that has been given the inside track in the race for foreign markets. I dare say that most of the credit established in the United States by the Filipinos and other people who have been permitted to make our country the dumping ground for various vegetable oils has been used for acquiring, not butter, lard, pork, beef, wheat, and other agricultural products but automobiles, player-pianos, radios, and other manufactured goods, including oleomargarine and soap.

Let me say that the sacrifice of the farmer in the mad scramble for industrial markets abroad is one of the most important—and, in my opinion, the most important—causes of our economic collapse.

I understand the question has been asked at home why I, living as I do in an urban community of 800,000 people engaged for the most part in commercial and industrial pursuits, in my labors in Congress interest myself primarily in the problems of agriculture, and especially why I introduce and support measures designed to raise prices to the consumer. The question should suggest its own answer. The 800,000 people living in Minneapolis and St. Paul are consumers, to be sure, but they will continue to be consumers only so long as they are given an opportunity to earn, and they will not have the opportunity to earn unless the buying power of millions of rural people living between the Mississippi River and the Rocky Mountains is restored. The restoration of that buying power depends very largely on increasing the prices of butterfat and hogs, which now are, and for some time past have been, ruinously low.

For several years after the war there was in the industrial sections of the country a callous indifference to the plight of agriculture. The farmer was taken for granted; he was tied to the land and could not get away—why worry about him? He would always be on hand to absorb his usual quota of manufactured goods—clothing, prepared foods, lumber, automobiles, fencing wire, and agricultural implements.

The chief concern of industry during the post-war years, even as that of the soap industry today, was to secure cheap raw materials and to find and develop foreign markets. What if a few of the inhabitants of the hinterland fell by the wayside and ceased to be profitable consumers? Would not their places be taken by Europeans buying American automobiles, by South Americans using American tractors, by Orientals awakened from their long sleep by the strident clangor of American alarm clocks? [Applause.]

Lured by the will-o'-the-wisp of foreign markets, industrial leaders, through their allies, the big bankers, caused huge loans to be made abroad. The bonds of foreign governments and corporations were in various and sometimes devious ways scattered among the people, finding their way into the portfolios of the little banks, the trust estates of widows and orphans, and the safe-deposit boxes of the moderately well-to-do. Finally came the realization that the foreigner, whose markets we had so assiduously cultivated, would not and could not pay, that he had our goods which we cannot recover, and we had his paper which we cannot collect.

We should have known after the war that a world burdened with debts could not continue to buy our goods, and that the time was at hand to balance production and consumption within our own boundaries. Fourteen years we wasted before we undertook seriously to adjust ourselves to the situation imposed upon us by world conditions, and the tragic truth is that we do not seem even yet to understand its implications. That situation necessitates curtailment of production. The old Farm Board saw that. President Roosevelt realizes it, and I give the present Democratic administration full credit for having acted on that realization. The allotment plan, full of shortcomings as it is, has one indubitable virtue—it recognizes the fact that for the present, at least, perhaps for many years, our effort must be to make

our farms produce less, not more. That conclusion was unwelcome. We revolted against it. I, for one, for a time denied it. But the logic of facts makes its acceptance inevitable.

So now we tax the consumer to get money with which to induce the farmer to leave his acres fallow. Recently the Secretary of Agriculture made the very thoughtful suggestion that it would be cheaper and more efficacious, instead of leasing land from year to year, to buy it and remove it permanently from cultivation. But while approving the general principle upon which the administration is proceeding, let me suggest that unless it goes further than merely reducing acreage, the results will be disappointing.

To kill several million little pigs will not give us 8-cent hogs if the vacuum thus created can be filled by products from abroad. Vealing calves will not raise the price of butter if the coconut cow is permitted to glut our market.

We hold no grudge against our neighbors in Argentina, the Philippines, or any other part of the world. We have a friendly feeling for them. We want them to prosper. But we do not want them to prosper at our expense. We hold them in high regard, but we do not love them enough to surrender to them our own home market. We do not love them enough to acquiesce permanently in a situation which invites them to add an acre for every acre we withdraw from cultivation. We do not love them enough to pay processing taxes to provide a fund which in the last analysis is used to subsidize foreign production. I believe that when we ask the American farmer to restrict his production to the requirements of the home market, we owe him the moral obligation of protecting him in the exclusive enjoyment of that market, whether he raises cotton in Texas, wheat in Kansas, steers in Wyoming, sheep in Montana, pigs in Iowa, or cows in Minnesota. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentlewoman from California [Mrs. KAHN].

Mrs. KAHN. Mr. Chairman, it is with some temerity that I follow the very able exposition of the gentleman from Minnesota [Mr. CHRISTIANSON] to show, if I might, the other side of the picture of the coconut-oil question.

I will first refer to the 5-cent excise tax on coconut oil as a means of producing revenue.

The amount of this tax is equivalent to 200 percent on the current market price of coconut oil. No industry could bear that tax and survive, and it is very clear, from their statements before the House, that the proponents of this tax are not expecting revenue but are seeking only to prevent the importation of coconut oil.

In the circumstances it is more than doubtful whether we have any right whatsoever to give place to this tax in a revenue bill, especially as the machinery is provided by the National Recovery Act and the Agricultural Adjustment Act for the regulation and coordination of prices on commodities that will equalize any seeming injustice of which the interests seeking this tax may reasonably complain.

The State of California, and likewise the States of Oregon and Washington, are deeply concerned about this tax, because in so many ways their commerce and their industries are dangerously affected. With one exception, all the coconut-oil crushing plants in the United States are located on the Pacific coast, and all but one of those in the State of California. Millions of dollars have been invested in those plants, some of which have operated over a period of 40 years, and the continuance of their operation is vital not only to the investors in those companies, but to the steamship companies, railroad companies, terminals, stevedores and general labor employed in furthering the business of those companies.

That business consists not only in the manufacture and sale of coconut oil but in the manufacture and distribution of a substitute and auxiliary food for sheep, cattle, and chickens. It is much sought after by dairymen and is almost vital in our semiarid country, where we have no summer grass and have very little natural summer feed.

Many Members of this House have taken advantage of this debate to express themselves more or less vehemently in favor of the total exclusion of coconut oil and are in favor of this tax as a means to that end. I have waited patiently but vainly to hear from any one of these speakers a specific fact upon which could be based the oft-repeated assertion that this tax would help the American farmer. The statements have been always general, without a single supporting fact. The only attempt at specialization was the statement that coconut oil was used in edible products and to that extent excluded or competed with domestic fats and oils.

According to the United States census report for the year 1932, foreign oils represented only about 5 percent of the vast amount of oils and fats used for edible purposes in the United States, and that coconut oil made up only about 3 percent. It should be apparent, therefore, that there is relatively very little conflict in the edible field between coconut oil and domestic fats and oils.

Coconut oil is essentially a soapmaking material, which is evidenced by the fact that between 65 and 70 percent of the total quantity of coconut oil in the United States during 1932 was used for the manufacture of soap and soap products. Approximately 8 percent is utilized in the confectionery and bakery industries, where coconut oil is especially desirable, if not essential, because it has properties that are different from lard or any other oils. The remaining 22 percent of coconut oil is utilized in the manufacture of margarine.

It has not been, nor can it be, contended that coconut oil has made the margarine business, and thus has supplied the means by which margarine competes with butter. Margarine was made in the United States and legislated against by the Congress as early as 1886, which was long before coconut oil was imported or used in the United States. The conflict then was as the conflict today really is, one between oleomargarine—that is to say, the products of tallow and animal fats—and natural butter. The conflict perhaps has been aggravated in more recent years by the desire of the many who, either because of their circumstances or their European environment, purchased margarine in lieu of butter, and in the United States at least a preference has been shown for the margarine containing vegetable oils over the margarine made from animal fats. But in this instance coconut oil is employed in far smaller percentage than is cottonseed oil.

If, then, coconut oil were excluded, the manufacture of margarine would still continue from the domestic ingredients, fats and cottonseed oil, which would still be available; and it is not perceived to what extent or in what respect the dairyman or the farmer would be benefited.

The record before the Ways and Means Committee discloses that there is no surplus of tallow or animal fats in the United States and that consumption is apace with production of cottonseed oil. In the years of normal trade the exports of lard and domestic fats and oils equalized the import of foreign oils and oil-bearing substances. The advantage to the American farmer lay in the fact that he received a high price for what he exported in the way of lard and fats and paid a lower price for imported oils that he employed at home.

The reversing of this condition by the exclusion of coconut oil is not only economically unsound but will demand the increase either in the raising and slaughter of cattle to produce the required animal fats or in the raising of cotton to produce additional byproduct cottonseed from which oil may be extracted. Either of these operations would be in contravention of the purposes for which this Government has expended millions of dollars within the past few months. It would require 2,500,000 bales of cotton to supply the excluded coconut oil.

As to the price of butter we have a definite test. Our neighbor Canada is a butter-producing country where natural conditions are substantially the same as in the United States. The so-called "competition with foreign oils" does not exist in Canada, and, therefore, we should obtain from that country a picture of what the farmer might expect if coconut oil were removed as a competitor in the United States, and yet the fact is that butter is materially and consistently lower in Canada than it is in the United States.

We venture to say that with a return to normal conditions the American exports of fats and oils would again be almost entirely of food fats such as lard and oleo oils, and the oils and fats that we import would be used largely for technical purposes—mostly for soap—thus permitting the United States to export fats of the highest grade, of which we would have a surplus, and to import fats of a lower class, of which we have an insufficient production—a condition which would be healthy and profitable, whereas the only possible effect of the proposed excise tax would be the promotion of competition between tallow and animal fats and cottonseed oil without any consequent benefit to the American dairyman.

As before stated, coconut oil is essentially a soap-making material. In fact, the development of soap manufacture, except in the lowest grades, has synchronized with the manufacture of coconut oil. Cottonseed oil was originally produced as a base for soap 3 decades ago, but it is now refined, and 97 percent of it is used in edibles; whereas practically 70 percent of the coconut oil brought into the United States finds its way in soap manufacture, and all white toilet, commercial, laundry, and hard-water soaps are absolutely dependent upon coconut oil as the main essential.

It has been stated that there are substitutes; but no one, either before the committee or in this debate, has indicated what those substitutes are, and the bulletins issued by the Census Bureau definitely state that in certain fields coconut oil is an essential and without an equivalent. Certain it is that the development of our supply of coconut oil consequent upon the Spanish-American War and the acquisition of the Philippines made it possible for this country to become what it now is—not only the greatest user but the greatest manufacturer and exporter of quality soaps.

Granted, as it practically is by the proponents of this tax, that the tax would exclude the importation and use of coconut oil, the consequences are inevitable. The American manufacturer could not pay the differential of 200 percent in cost of raw material and hope to compete with foreign manufacturers, because the duty on soap is only 15 cents ad valorem as to laundry soaps and 30 cents as to toilet soaps, and according to the census of 1931, the last available, 90 percent of our soaps are of the class termed "laundry soap."

This tax differential would not only prevent American soap manufacturers from selling their soaps abroad but would make it impossible for them to compete with foreign manufacturers in this country. The higher-grade-soap industry would return to the European countries, where it originally was, or would be taken over by Japan, which has shown itself capable of an extraordinary ability to take advantage of competitive conditions.

The only alternative would be the establishment of soap factories in the Philippine Islands by foreign as well as by American capital, because from that source soaps manufactured from coconut oil would be admitted entirely free of duty. Thus we would have the picture of the Congress of the United States willfully destroying the great soap industry and the coconut-oil industry of the United States with their large pay rolls, their contributions to railroad, steamship, and other activities, simply in order that our soap requirements shall be furnished by an alien country free of duty or excise tax. Not only would this not benefit the American farmer but the conditions would in every way work to his disadvantage.

In speaking of the soap industry on Thursday last, the gentleman from Pennsylvania [Mr. BROOKS] stated that although the prices of oils and other ingredients in the making of soap had fallen materially, the soap makers of the United States had made no reduction in their prices. I desire to correct this error.

Comparison of the wholesale price index of soap at the principal manufacturing points in the United States with wholesale price index of other widely used manufactured products, according to the Bureau of Labor Statistics for 1933, shows that the average prices for soaps for the year 1933 was 59.8 percent of the 1926 price index, whereas the average for other manufactured products as of the same period was as follows:

	Percent
Household and office furniture	75.1
Cotton blankets	71.6
Cream separators	92.8
Boots and shoes	90.2
Men's dress shirts	93.3
Men's cotton underwear	79.6
Passenger automobiles	97.5
Cigarettes	86.6
All finished products	70.5

[Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield 30 minutes to the gentleman from Tennessee [Mr. COOPER].

Mr. COOPER of Tennessee. Mr. Chairman, during the closing days of the last session of Congress the House passed House Resolution 183, providing for an investigation of the income tax and internal revenue laws of this Government. Shortly before that time the people of America had been shocked by the disclosures made before the Banking and Currency Committee of the Senate, which revealed that certain large taxpayers in the country had been escaping the payment of their just share of taxes through tax avoidance or evasion of the law as it then stood. When the people of the country witnessed the spectacle of some of the most powerful and influential financiers of the country going along for some 3 years without paying any income tax to this Government and during that same time paying tax to England and probably other countries of the world, naturally the sentiment of the people was aroused.

This resolution 183 was passed calling for an investigation to be made. The Chairman of the Committee on Ways and Means of the House appointed a subcommittee, consisting of the gentleman from Washington, Mr. SAMUEL B. HILL, the gentleman from New York, Mr. CULLEN, the gentleman from Kentucky, Mr. VINSON, and myself as majority members, the gentleman from Massachusetts, Mr. TREADWAY, the gentleman from New York, Mr. CROWTHER, and the gentleman from Wisconsin, Mr. FREAR, as minority members of this committee, the chairman of the full committee serving as ex-officio member. Immediately after adjournment of the last session of Congress the committee assembled and began work. Of course the duty of the subcommittee was to examine the income tax laws of the Government with a view primarily to remedying the situation which had been revealed during the Senate hearings to which I have referred.

This investigation required an intensive study of all the revenue laws of the Government, as well as a study and comparison of the revenue laws of the other principal countries of the world. It required an intensive investigation of all the Treasury Department regulations and all of the court decisions affecting questions of revenue. After making such an investigation, which extended throughout the summer and the fall, the subcommittee then made its report to the full committee. Extensive hearings were held by the full committee and consideration given to every phase of this important question. The officials of the Treasury Department were in constant attendance during the meetings of the subcommittee as well as the full committee. Then it was that the Treasury Department took the report of the subcommittee, analyzed every phase and provision of it and came forward with their views and their recommendations. All of the experts charged with taxation matters in this Government gave consideration to these important questions. The result of it all has been this bill, H.R. 7835, has been reported to the House and is now under consideration. I have been told by many of the experts of the Government that this is the most comprehensive investigation of the income tax and revenue laws of the country that has ever been made. Certainly your committee has endeavored in every possible way to close the loopholes that we have been able to find, and to prevent tax avoidance in the future as was revealed by the investigation to which I have referred.

One of the first things to which the committee gave consideration was that of simplification, in an effort to simplify

our income tax and revenue laws as much as possible. It has been said here, and it is true, that this is a complicated and intricate measure. Of necessity it has to be that type of measure.

We may well bear in mind that the business affairs of this country are complicated and intricate. We have every type and phase of business activity; and naturally when it comes to levying taxes, we have to levy the tax on business as we find it. We cannot reorganize all the business activities of the people of this country simply for the purpose of levying taxes on them. So, realizing that the business activities of the country are complicated and intricate, naturally a measure seeking to levy taxes upon business will of necessity have to be complicated and intricate. But in meeting this particular situation your committee tried, as far as possible, to simplify our income-tax laws, especially with reference to the rate structure. It is to that phase of this measure that I now invite your attention for a few moments.

First, before passing to that, it might be well to point out to the House that the principal changes from existing law in this measure will be found set out on page 4 of the committee's report, and will be found as follows:

Description of changes and estimated additional annual revenue.

The first is the change in the tax-rate structure, estimated to yield $28,000,000 a year additional revenue. Second, administration of depreciation allowances, which is estimated to yield $85,000,000 additional revenue; capital gains and losses, estimated to yield $30,000,000 in additional revenue; personal holding companies, estimated to yield $25,000,000 additional revenue; exchanges and reorganizations, $10,000,000; dividends out of pre-March 1, 1913, earnings, $6,000,000; foreign-tax credit, $5,000,000; consolidated returns, $20,000,000; partnerships, $5,000,000; administration changes in gasoline and lubricating-oil taxes, $20,000,000; miscellaneous provisions, $24,000,000; making a total of $258,000,000 in additional revenue which is anticipated under this measure.

It should be borne in mind that the primary purpose to be accomplished was to prevent tax avoidance and stop the loopholes that have been found existing in our income-tax structure. We did not go out with the definite purpose of trying to raise all the additional revenue that could possibly be raised, and it was for the purpose of trying to be sure that we got all the revenue that was supposed to come to the Government from the law as it stood and to prevent tax avoidances and evasions, so that we might be certain we were receiving the revenue to which the Government was entitled.

Now, with reference to the rate structure, the existing law contains two normal rates of 4 percent and 8 percent. Then it is that the surtax rates begin at $6,000 and continue with 53 brackets. In an effort to simplify the rate structure as much as possible and yet be certain that we continued to receive at least the same amount of revenue, we have reduced the normal rates from 2 to 1, making a normal rate of 4 percent covering the first $4,000 of net income, and we have reduced the number of surtax brackets from 53 to 28. Naturally, by reason of these changes in the rate structure, it has been necessary to work in the structure that has been eliminated so as to be sure we will still receive at least the same amount of revenue that has been yielded under the structure as it exists in the present law.

I think it might be helpful to invite attention to a few illustrations in connection with the rate structure as it applies in the pending bill. It might be well to state that substantially what has happened in the treatment given here of the rate structure is that we simply give a very slight advantage to the married man and a correspondingly very slight disadvantage to the single man. At the same time, what we do in effect is to subject certain income from dividends and other investment sources to a greater degree of tax and at the same time subject more of income from certain tax-exempt securities to the tax.

In order to give an illustration of the effect of the rate structure contained in this bill, I invite attention to the tables appearing on pages 6 and 7 of the committee's report, which will show very clearly the effect that this new rate structure will have on the different types of income that we have included in this rate structure. For instance, take the case of a married man, with no dependents, whose net income is $18,000 a year: If all of that income is from dividends or investments, under the present law he would pay a tax of $320. Under the pending bill he would pay a tax of $640. It might readily be said by some that we have just doubled that man's tax. In other words, increased it by exactly the same amount that he would pay under existing law. But I invite attention to the case of the married man with no dependents who has $18,000 a year net income, all from salary, or what is treated in this bill as earned income, and see what the situation is with reference to him. Under the existing law he pays a tax of $1,400. Under the pending bill he will pay a tax of $1,228. He gets the benefit of $172 under the treatment we have given here.

It should be borne in mind, however, that even after giving him the benefit of a reduction of $172, yet he still pays on his net income of $18,000, which is earned from salary or sources of that kind, $1,228, as against $640 for the man whose income is all from investments. So that it will be seen that, although we have levied a considerable additional amount of tax upon those people whose income comes from investments or dividends or sources of that type, yet that person is still in a considerably more favorable condition than the man who receives all of his income from salary or from sources that are recognized as earned income under the bill.

Another illustration in connection with the rate structure: Take the case of a married man with no dependents, whose net income is $8,000 per year. It will be found that if all this income is from dividends, under the existing law he pays a tax of $20. Under the pending bill he will pay a tax of $60. That is three times the amount he now pays. It may be thought that that is a rather large increase for that type of taxpayer, yet it should be borne in mind that if that income is from salary or income which is recognized as being earned income, he now pays $300; and under the pending bill he will have to pay $248.

In the case of a single man with $8,000 net income, if it is all from dividends, under the existing law he pays $20. Under this measure he will pay $120, just $100 increase. However, if that same individual has his income of $8,000 from salary or from what is recognized as earned income, he now pays $420, and under the pending bill he will pay $368, or a reduction of $52.

I have cited these illustrations to try to convey the impression that while it may be felt by some that we have increased to a considerable extent the tax to be paid by certain individuals, where their income is from dividends or other investment sources, yet it should be borne in mind that they are still receiving a considerable advantage over the individual whose income is from salary or other sources which are recognized as being earned income. It will be remembered in the case of dividend income that the corporation has paid the corporate rate of tax before the dividend was distributed.

Then, on the question of depreciation, it will be observed by examining the statistics on the subject that there has been an alarming increase in the amount of depreciation taken by corporations for tax-return purposes in this country. In the year 1924 the depreciation taken on corporate returns amounted to $2,683,415,617. Year by year from that time it has steadily increased. In 1931 this amount reached the figure of $4,002,508,000. The depreciation deduction in 1931 is larger than the total taxable net income of all corporations.

In addition to the depreciation taken by corporations, the amount taken by individuals cannot be estimated at less than $1,500,000,000 to $2,000,000,000. When your committee recognized the situation presented by these figures, it readily reached the conclusion that the allowances for depreciation had been too liberal; that excessive amounts had been allowed in the administration of the income tax law on the item of depreciation.

The present law provides for a reasonable allowance for the exhaustion, wear, and tear of property used in trade or business, including a reasonable allowance for obsolescence. Of course, when a thing is reasonable that is as fair and as equitable as it can be made and as far as we can go in provisions of law; yet we realized that in the administration of the law these allowances had been far too liberal and had resulted in the Government's losing a large amount of revenue which from every reasonable standpoint we felt it should be receiving. Then it was that the subcommittee proposed a treatment of this subject by providing that for a 3-year period the allowance for depreciation should be limited to 75 percent.

In other words, there was a reduction of 25 percent for a 3-year period. After consultation with the representatives of the Treasury Department it was found that they recognized the same situation that had been recognized by the subcommittee of the Committee on Ways and Means; and they assured us that they were giving treatment to this subject from an administrative standpoint which would accomplish the results we had in mind and would yield to the Government an additional amount of revenue. There will be found in the report of the committee accompanying this bill the letter of the Secretary of the Treasury setting out the treatment that is being given to this subject from an administrative standpoint. Your committee believes this treatment is adequate and that it will meet the situation.

Mr. DONDERO. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. DONDERO. Has the committee treated that phase of the income tax law involving the matter of taking losses as accrued against income during a current year?

Mr. COOPER of Tennessee. The gentleman will recall upon reflection that this matter was treated to a very great extent in the tax provisions of the National Industrial Recovery Act. We have given it further treatment in this measure, and we feel that loopholes that have been revealed have been successfully closed and that there is no further opportunity of escape along that line.

As I was saying, the treatment given this subject of depreciation through administrative changes, upon which instructions have already gone out to the internal-revenue collectors of the country, will produce an additional revenue of $85,000,000 per year.

Mr. McFARLANE. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. McFARLANE. Can the gentleman tell us why the committee did not see fit to tax more than it did the large source of revenue represented by middle-class incomes of between $5,000 and $100,000?

Mr. COOPER of Tennessee. The gentleman has reference now to the rate structure provided in the pending bill?

Mr. McFARLANE. Yes.

Mr. COOPER of Tennessee. I may say to the gentleman from Texas that it was not thought by the Ways and Means Committee that the tax burden should be unduly increased at this particular time. We merely tried to simplify our present rate structure and to make it what we thought was more equitable and fairer to everybody. This we feel we have done. A half dozen or more rate structures were proposed. We considered the various proposals that were offered with the result that we adopted the one that impressed the committee as being the fairest to everybody concerned not to unduly increase the tax burden. As I endeavored a while ago to point out, we recognized that incomes derived from investments, dividends, tax-exempt securities, and such sources should be subjected to a greater degree of taxation than they have thus far had to bear, and we have certainly done some very effective work in this direction.

We have also given some relief on earned income in this bill. The revenue measures of 1924, 1926, and 1928, all recognized this principle and afforded relief of this kind. Those acts provided that there should be a 25-percent reduction of the amount of the tax as an allowance for earned income. The 1932 revenue measure carried forward the principle; but instead of treating it in the same manner as it had been treated in prior revenue measures, it provided that an allowance should be made by way of a deduction from net income rather than a credit against the tax itself.

That provision was included in the bill as it passed the House. It went to the Senate; but the urgent need for more revenue was so great that it was stricken out. We have carried forward in this bill the same principle that was contained in the 1932 bill, to allow a certain reasonable amount of credit for earned income as against net income rather than against the tax that it is figured the taxpayer owes.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a brief question?

Mr. COOPER of Tennessee. I yield.

Mr. DONDERO. It would seem, then, that the present bill is really more favorable to the man of moderate income than the old law was, especially in the lower brackets.

Mr. COOPER of Tennessee. That is true. The gentleman from Michigan by reference to the tables given in the committee report will find that in the case of the net income of a single man all the way up the scale from $2,000 to $25,000 there is a reduction as against the present law.

In the case of married men having no dependents, with net incomes from $3,000 up to $50,000 per year, there is a reduction provided in the pending bill as against existing law.

Mr. McFARLANE. Will the gentleman yield for another question?

Mr. COOPER of Tennessee. Yes.

Mr. McFARLANE. I have been wondering why we did not tap the incomes of the different classes more in keeping with the rates in effect in England and France. I should like to hear the gentleman discuss this phase and outline the differences in our rates.

Mr. COOPER of Tennessee. I will hardly have the opportunity in the time allotted me to go into the details of the British and French systems in connection with the subject which the gentleman has in mind. May I say that your committee and the subcommittee gave intensive study to these questions. It is true that in England, France, and Germany they have a considerably higher rate upon what is termed the masses of people or the ordinary taxpayers than we have in this country. Their rates are much higher, in some instances double or more than double the amount that is provided in this country. Yet there are certain things that should be borne in mind.

In this country we have a different taxing system than they have in those countries. We have our Federal tax and we have our State, our county, and municipal taxes. Over there, as a general rule, it is levied as one tax. Of course, when you compare the amount of taxes paid in foreign countries you must take into consideration the taxes paid by the people of this country to the States and local subdivisions of government. Your committee did not feel that at this time we should unduly increase the tax burden of the people of moderate means and income in this country any more than was absolutely necessary. In fact, as I have pointed out, for the married man with net income up to $50,000 per year and the single man with net income up to $25,000 per year there has really been a slight reduction made.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. COOPER of Tennessee. At the same time, by treating the income from dividends, partially tax-exempt securities and sources of that type, we have made up for the benefits that have been given the other classes of taxpayers, with the result that we raise $28,000,000 more revenue under this rate structure than we do under existing law.

Mr. ARNOLD. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Illinois.

Mr. ARNOLD. It occurs to me that the pertinent provision of this bill is the provision relating to capital gains and losses. I understand perfectly well what the committee was seeking to do in drafting this bill as they have, but it occurs to me that while the committee by this bill is perhaps getting the object sought they are visiting an interminable amount of trouble and hardship on many of the taxpayers. I would like to have the gentleman, if he possibly can, discuss this particular feature.

Mr. COOPER of Tennessee. Mr. Chairman, I shall be glad to devote the few remaining moments that I have left to a discussion of that question, which I realize is one of the most important subjects treated in this bill. It is a subject to which your committee gave as much thought and consideration as anything else connected with the bill.

The committee gave very careful study to the British system in connection with the question of the treatment of capital gains and losses. Of course, under the British system they do not recognize capital gains or losses for taxable purposes. It was urged by some that similar treatment should be given in this country, but it was felt that we could not afford to lose the amount of revenue that we felt should justly come from capital gains in this country. There is one thing in connection with the capital gains and losses provision that is especially important and that is in trying to further stabilize the revenue of the Government. In England the maximum percentage of difference between their greatest and lowest amount of revenue during an 11-year period was 35 percent. In other words, there is only a variation of 35 percent over an 11-year period between their minimum amount of revenue and their maximum amount, while for the same 11-year period in this country the percentage of difference was 280 percent. This gives you some idea of the instability of our revenue and it was thought that a considerable part of that instability was due to the treatment given to capital gains and losses.

Under existing law there are only two types of capital gains and losses treated under the income tax law. We will consider for a moment a capital gain-or-loss transaction. If the asset has been held for less than 2 years it is treated in full as ordinary income. The full amount is taken by way of tax on the gain and a full amount given by way of loss on the loss sustained. But if the asset is held over 2 years there is a rate of 12½ percent applied to the capital gain or the capital loss. This simply means that many wealthy taxpayers of this country dispose of their capital assets in order to get the benefit of the loss by selling just before the 2-year period expires and the gain by selling just over the 2-year period. Your committee, after giving most thoughtful attention to the subject, decided that there should be a further extension or division of the period of time within which treatment should be given to these capital gains or losses.

Mr. ARNOLD. Will the gentleman yield further?

Mr. COOPER of Tennessee. I yield to the gentleman from Illinois.

Mr. ARNOLD. It occurs to me that so far as the big taxpayer is concerned, the one who has varied interests and is able to sell and buy, he can protect himself remarkably well in face of the provision you have here; but the smaller taxpayer who has not the varied interests cannot protect himself and will be decidedly hurt by the provisions we have here.

Mr. COOPER of Tennessee. I am sure the committee in its efforts tried to plug these loopholes and get the so-called "big taxpayers" who have been evading the payment of their just share of taxes. We tried not to work an undue hardship on the so-called "little man", or the man who was doing his duty in the way of paying his taxes as the law provided.

May I present just one other point in this connection, and that is to call attention to the treatment given in the pending bill. This is divided into 5 groups rather than the 2 we now have.

Mr. COCHRAN of Pennsylvania. Will the gentleman yield before going into this new phase of the matter?

Mr. COOPER of Tennessee. I yield to the gentleman from Pennsylvania.

Mr. COCHRAN of Pennsylvania. The gentleman has spoken of the stability of the income tax in England and the instability of the income tax in the United States.

Does not the gentleman think it would be better in this country to disregard capital gains and losses in the interest of stability and make up whatever might be lost by a change of rates?

Mr. COOPER of Tennessee. As I say, the subcommittee gave very careful consideration to the British system, but we did not feel that at this time it would be wise to adopt the British system of completely disregarding capital gains and losses. We thought we should give this treatment to the subject. We believe this will contribute to the stability of the revenue and at the same time will be fairer and more equitable to all types and classes of taxpayers in the country, as well as being fairer to the Government itself.

The treatment given under this bill is 100 percent if the capital asset has been held for not more than 1 year; 80 percent if the capital asset has been held more than 1 year, but not more than 2 years; 60 percent if the capital asset has been held more than 2 years, but not more than 5 years; and 40 percent if the capital asset has been held for more than 5 years.

In the case of losses taken into account as above, if they exceed the gains so taken into account, the excess in losses is disallowed.

Then, there is one other provision, and that is, in the case of a corporation, the graduated percentage reduction of gains and losses does not apply. However, capital losses sustained by corporations are allowed only to the extent of the capital gains. Under the present law corporations are allowed to offset capital losses against ordinary income.

It was thought by your committee that this treatment would improve considerably the revenue of the Government, and it is estimated that there will be an additional yield of some thirty to thirty-five million dollars and at the same time will be fairer as a whole to the taxpayers.

The next is a question of personal holding companies, which has been very properly termed the "incorporated pocketbook." This is simply a case where a wealthy taxpayer in this country forms a corporation to receive his income so that he may pay the corporate rate of 13¾ percent instead of finding himself in the high surtax brackets and having to pay the surtax rate that would apply to him as an individual.

This, perhaps, has been the most fruitful source of tax avoidance we have had in this country.

After giving most careful consideration to the subject the committee has worked out a definition, which is included in this bill, to be applied to the corporations to determine the question of whether or not they are holding companies coming within this classification.

It is provided that if 80 percent of their income is from sources of this type—rents, royalties, dividends, and so on—as enumerated in the bill, and if 50 percent or more of the stock is held by not more than five individuals, then the provision shall apply.

[Here the gavel fell.]

Mr. DOUGHTON. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COOPER of Tennessee. Then for the undistributed amounts of income that are accumulated by such a corporation a tax of 35 percent is levied, after giving certain considerations by way of 10 percent for reserve and giving credit for contributions and other items of that kind, including Federal taxes paid.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. VINSON of Kentucky. And in connection with the five people who own the stock, it may be well to add, as the gentleman well knows, that all members of the family are included as one person.

Mr. COOPER of Tennessee. Yes; I was just coming to that and was going to state that a part of the definition

is that all members of the family, including the spouse and the brothers and sisters, are considered as one person for the purposes of this definition.

It is thought that additional revenue, to the extent of some $25,000,000 a year, will be provided by this provision.

I must not unduly tax the patience of the House. However, I want to refer briefly to one or two other items included in the bill.

There is one provision in this bill which has been discussed considerably all during the debate, and this is the provision for a 5-cent excise tax on certain imported oils coming into this country.

It was first thought by some that, this being an income-tax measure, designed and intended to close loopholes and prevent tax avoidance, probably it should be confined to that; and yet there was such a strong showing made by the agricultural interests of this country, it was felt by the committee that this item of an excise tax on certain foreign oils should be included in the bill and the provision is in the measure. It is in the interest of the dairy and livestock farmers of the country; it is in the interest of the cattle and hog producers of the country; it is in the interest of the cotton farmers of the country, where oil is produced from cottonseed.

Mr. FOSS. Will the gentleman yield?

Mr. COOPER of Tennessee. In just a moment.

I talked with one of the best informed men on the question of cottonseed oil that I have had the pleasure of knowing and he told me that in his opinion this provision would amount to at least $5 a bale additional which the farmer would receive for his cotton, on account of these foreign oils coming in competition with cottonseed oil. So this provision is in the interest of agriculture, as well as yielding revenue to the Government.

All of the representatives of the various agricultural organizations that appeared before the committee strongly advocated this type of treatment of the subject.

I now yield to the gentleman from Massachusetts.

Mr. FOSS. Does not the gentleman think it would be fairer to place an excise tax on all manufactures than it is to place it on a few, like coconut oil and other oils?

Mr. COOPER of Tennessee. I am sorry that in the very few moments remaining to me I cannot enter into a discussion of a general sales tax which is evidently in the gentleman's mind. Of course, I recognize the fact that we do have certain excise taxes that for practical intent and purposes are in the nature of a sales tax. I, of course, realize there has been for years a strong effort on the part of certain groups in this country to fasten on the American people a general sales tax to take the place of the income tax law. The income tax law is based on the principle of ability to pay, and a sales tax disregards that principle and bases it on the amount people spend in this country. One is from income received. If a man does not have any income, he does not pay the tax. On the other hand, the sales tax is based on what the individual has to spend. It reaches out and takes from the poor as well as from the rich.

In view of the fact that the House has twice recently voted against a general sales tax the committee did not feel that it was any proper time to give consideration to such a measure in connection with a bill of this type. [Applause.]

Mr. COX. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield.

Mr. COX. The gentleman is discussing title IV of the bill on which the American farmer bases his hope.

To the farmers of America, it is in this title of the bill where hope smiles and waves her golden hair, where is to be found a new garment for the housewife, a doctor for the sick child, money for interest on the farm mortgage. It is here the farmer finds winter turning into spring. The soap maker thinks every day should be winter to the man who tills the soil; that they should live upon the level of the cattle of the field—that incessant toil is their lot and to be exploited their fate. It is here where we find wind and tide turning toward the people on the farm, and I congratulate the gentleman and his committee.

The effect of this provision of the bill to the cotton farmer will be to increase the price of his cottonseed at least $10 per ton.

Mr. COOPER of Tennessee. I thank the gentleman for his splendid contribution. I said that this gentleman was the best qualified man in the cotton-oil business that I knew. He said it would mean at least $5 a bale to the cotton farmer by increasing the price of cotton.

Now, there is another point, and that is in connection with bank checks. I realize the sentiment in favor of the repeal of the tax on bank checks. I opposed this tax when it was included in the 1932 Revenue Act. I think there is a widespread, universal desire on the part of the membership to remove it at the earliest possible time. Your committee would undoubtedly have removed it immediately under the provisions of this bill if it had not been for the fact that the Treasury was not in a condition so that it could be done at this time.

Mr. DONDERO. How much does that amount to?

Mr. COOPER of Tennessee. It amounts to about $38,000,000 a year. I discussed it personally with the Secretary of the Treasury as to the advisability of taking it off immediately. He said that we simply could not afford to lose $38,000,000 now unless we provided for it from some other source. I did offer an amendment in committee providing for repeal of this tax on January 1, 1935, but I wish we could have provided for its removal sooner. It will not be until that time that we begin to receive the revenue from this bill, which will be necessary to take the place of the yield from the tax on bank checks that we now have. So we provide in the bill for the repeal of it at the earliest possible time when the Treasury could afford to stand the loss of the $38,000,000 a year in revenue.

Then, with reference to the question of postage rates, I know I voice the true sentiment and feeling of every member of your Committee on Ways and Means, and doubtless the sentiment and feeling of the whole House, when I say that we are anxious that the rate on first-class postage shall be reduced from 3 cents to 2 cents at the earliest possible moment. I voted against that provision and opposed it when it was included in the existing law, and we all want to reduce it as soon as possible. The only reason it is included in this bill is because of the specific and definite recommendation of the President of the United States; and on that point I invite attention of the House to the Budget message of the President, on page 10, in which it is stated:

> The estimates of the Post Office Department are predicated upon a continuance of the 3-cent postal rate for nonlocal mail. It is highly important that this rate be continued. I recommend its continuance.

And the representatives of the Post Office Department appeared before your committee and stated that the change from 3 cents back to 2 cents would mean a loss of $75,000,000 a year. So it was felt by your committee that in compliance with the definite recommendation of the President of the United States that provision should be included in the bill, and that is why it is here.

I thank you. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield half a minute to the gentleman from Nebraska [Mr. SHALLENBERGER].

Mr. SHALLENBERGER. Mr. Chairman, I take this time to ask unanimous consent to place in the RECORD two short telegrams that I have from California from the dairy department, Tehama County, California Farm Bureau Federation, and from the Livestock Shipping Association of Tehama County, Calif.

The CHAIRMAN. Is there objection?

There was no objection.

The telegrams are as follows:

CALIFORNIA FARM BUREAU FEDERATION,
Berkeley, Calif., February 14, 1934.

Hon. A. C. SHALLENBERGER,
House Office Building, Washington, D.C.

DEAR MR. SHALLENBERGER: Enclosed please find copies of two telegrams sent to Washington in regard to the dairy situation.

May we ask for your support and that you study the facts in these telegrams?

Very truly yours,

F. T. ROBSON,
Chairman Dairy Department,
California Farm Bureau Federation.

To:
FRANKLIN D. ROOSEVELT, *President of United States.*
HENRY A. WALLACE, *Secretary of Agriculture.*
Senator HIRAM JOHNSON, *Washington, D.C.*
Senator WILLIAM G. MCADOO, *Washington, D.C.*
Congressman HARRY L. ENGLEBRIGHT, *Washington, D.C.:*

Meeting of livestock men of northern California here today votes unanimously as follows: The Federal Government through laws and regulations is trying to cut production of meats and fats, and is proposing to eliminate marginal farm lands from production by purchase. Farmers are willing to cooperate fully, if the Federal Government will be consistent and not leave a loophole in tariff or tax laws whereby foreign oils and fats can come in duty free and absorb the market left open by reduced production in continental United States. Success of any and all plans to help the livestock industry is dependent upon an embargo or tax on these oils and fats from foreign countries and insular possessions. American farmers cannot compete with the oriental coolie in the production of oils and fats. The annual billion-pounds importation of foreign oils already displaces 25,000,000 acres of crop and grazing land in continental United States. The proposed 5-cents-per-pound tax by Ways and Means Committee is step in right direction and must be enacted into law, but does not cover all kinds of oil. Claim of soap manufacturers that this tax would ruin their industry is absurd. No soap was made from coconut oil until the World War, and as good and as cheap soap can be made from domestic animal fats now as was done prior to the year 1914. There are over a hundred thousand farmers in California dependent upon the livestock industry besides thousands of others raising cottonseed, peanut, corn, and raisin oils, all of which are now in direct competition with cheap oriental labor. Please do your utmost to help us.

LIVESTOCK SHIPPING ASSOCIATION
OF TEHAMA COUNTY, CALIF.,
By ROY CLARK, *President.*

VINA, CALIF., *February 8, 1934.*

CHESTER GRAY,
American Farm Bureau Federation,
Munsey Building, Washington, D.C.:

Dairymen of Tehama, Butte, and Glenn Counties, meeting here to discuss industry problems, request that you hand to the President of the United States, the Secretary of Agriculture, and to each member of the California delegation in Congress this message.

The dairy industry and with it the cattle industry and hog industry are in dire financial stress due largely to increasing use of butter substitutes and to importations of oriental oils produced by coolie labor. We sincerely thank such members of the Ways and Means Committee who had the courage to propose and vote for an excise tax of 5 cents per pound on some of these oils. We hope Members of Congress will enact this tax into law and not be misled by hypocrisy of soap trust now lustily wailing for duty-free coolie-grown raw materials while demanding high tariff protection for their manufactured products. The dairy industry produces one quarter of the income of American agriculture. Add to this the income from livestock industry and from that of oil-producing crops and we have more than half of the income of American agriculture very materially lessened by this flood of imported oil.

We have faith in the integrity of our Government officials and in Congress to act fairly when informed of the true facts, but, unfortunately, agriculture has not the means to combat the vast combinations of capital now dominating the soap and food industry of the United States. We plead that this excise tax of 5 cents be enacted into the law of the land. It is essential to the welfare of American agriculture.

DAIRY DEPARTMENT, TEHAMA COUNTY (CALIF.),
FARM BUREAU FEDERATION,
By W. L. WALTON, *President.*

Mr. DOUGHTON. Mr. Chairman, I yield 15 minutes to the gentleman from Missouri [Mr. DICKINSON].

Mr. DICKINSON. Mr. Chairman, this revenue bill needs no voice from me, for its passage in this House as now written is already assured.

The subcommittee is entitled to great credit for their admirable report to the whole committee and the service rendered by the experts, who were in constant attendance on the Committee on Ways and Means during the months of consideration of this revenue measure, deserve the thanks of all members of the committee.

I am heartily in favor of the primary purpose of this revenue measure that seeks to prevent tax avoidance, especially by those of large incomes, who have in the past had so large a share in controlling Government activities, reaping for themselves enormous profits and at the same time avoiding the payment of their fair share of the burdens of Government, by evading the payment of income taxes by unlawful or unconscionable credits, secured by unusual methods, as disclosed by Senate investigation. The income tax based on ability to pay is a just tax. In recent years it has been the chief source of revenues collected for the support of the Government. The avoidance of the payment of income taxes by men of great wealth has attracted the attention of the Nation and has called for a revision of the revenue laws to close up by proper amendments the avenues of tax avoidance, and to that end the Ways and Means Committee has labored to close up the loopholes, so that those of large incomes shall no longer avoid payment of their just share of income taxes. It is said by Harold Groves, in an article on Gaps in the Tax Fence, that "When newspaper headlines carried the story that Mr. Morgan and his partners had paid no income taxes during several years of this depression, a stenographer was reported to have exclaimed, 'My God, and I paid $7.'" Thousands of other wealthy men have largely escaped the income tax by wiggling through loopholes in the law. These disclosures shocked the conscience of the Nation. These gaps are sought to be closed in this revenue bill. The primary purpose, as stated, has been to compel payment by those of large incomes, who have been avoiding payment. A few persons possess a large share of the wealth of the country, much of it hoarded money held from public use, except to invest when opportunity comes in untaxed Government bonds and securities. Great wealth in a large measure has influenced governmental agencies and its activities, while the producing masses have borne the burdens. Much of this wealth has been accumulated by undue means and methods.

The great corporate interests through holding companies, interlocking directorates, and other methods have fastened their tentacles over almost every industry, and compelled contribution wherever effort is made to start the wheels of industry. They have loaned their moneys abroad, building up industries in foreign lands, have invested billions in foreign securities, taking liberal commissions and passed these securities on to the public where they quickly depreciated in value. To enhance the value of their own securities and investments abroad, they have sought to influence our Government to listen to foreign governments who refuse to pay, but urge cancelation of their debts due the United States. Foreign nations owe the United States over $11,000,000,000, borrowed after the World War, and which should be paid. The tax burdens would be less if these billions could be collected. If not paid, this burden will fall on the taxpayers of the United States, for bonds were issued and sold to obtain this money loaned abroad and these bonds will have to be paid when due. The depression from which the country has suffered rests largely at the door of the big investment bankers who helped to exploit the country, and who, in a large measure, influenced the small banks, upon whom they unloaded in a large measure their foreign and domestic securities, causing heavy losses because of their depreciation in value, weakening the banking structure everywhere, with a resulting want of confidence in all banks. I am heartily in favor of a rehabilitation of banks, so necessary to the business interests of every community, and confidence restored. Income taxation may break down unless safeguards are enacted into law to prevent tax avoidance. Holding companies and other tax-dodging devices should be prohibited or curbed by rigid laws and regulations. Affiliated groups of corporations should no longer be permitted to file consolidated returns.

The privilege of filing a single return for affiliated corporations should end. Consolidated returns invite concealment of the real facts and reduce payment of income taxes. Integrity of business will help to restore confidence and a return to prosperity. Tax avoidance should no longer be concealed or hidden. Secrecy is the handmaiden of crime. Turn on the light and through the publicity of income-tax

returns under proper safeguards uncover the avoidance of payment of income taxes and thereby increase the revenues of the Government. [Applause.] I favor the provision in the bill that individuals and corporations shall be entitled to deduct capital losses only to the extent of capital gains.

A large gap in our income-tax laws is the exemption of interest on Government bonds. Concentrated and hoarded wealth is being driven into the purchase of tax-exempt securities and the income-tax structure is being broken down. New and future issues of Federal, State, and municipal securities should, in my judgment, no longer be tax exempt. They should be taxed along with other property and incomes. It is stated that there are about 42 billions of Federal, State, and municipal obligations wholly or partially tax exempt—the most attractive securities in existence, eagerly sought by hoarded wealth, whose moneys garnered from the producing public should go back into active industry to end depression and to restore prosperity throughout our broad land and to lessen the burden of doles to the hungry and borrowed billions to put labor to work. [Applause.] Let the hoarded wealth of the country be forced back into active business instead of being invested in untaxed securities, and a return to normal conditions will result. I would broaden the base of income taxation and lessen the exemptions so that all shall help bear their fair share of the burdens of Government and thereby take a greater interest in governmental affairs.

Under existing law, section 131 of the Revenue Act of 1932 provides for a credit of foreign taxes against Federal income taxes by citizens doing business abroad. Under the Revenue Acts of 1913, 1916, and 1917 a taxpayer was not entitled to any such credit paid to a foreign country. I favored the elimination of the provision of the present law, as reported by the subcommittee. I favor the repeal of the foreign-tax credit.

I am heartily in favor of the repeal of the law taxing bank checks, and prefer its repeal without delay. I was opposed to its enactment in the first instance and have urged its early repeal.

I have opposed from the date of its enactment the increase of letter postage from 2 to 3 cents and favor a complete return to the 2-cent letter postage at the earliest possible date, believing that the postal revenues have been largely reduced by increased letter postage—a failure to use letter mail because of said 3-cent postage.

It has been stated that at least two and a half billion letters were driven out of the mails by the 3-cent rate alone. By reason of this increase of letter postage former users of the mails are now relying on other means of delivery. A few figures show that the profits from first-class mail—letter mail—for 1933, excluding air mail, were $104,860,190.06.

Loss from air mail	$16,917,414
Loss from second-class mail	88,202,962
Loss from third-class mail	28,296,562
Loss from fourth-class mail	32,006,000

Total losses from these classes, $165,422,938, leaving the burden on letter mail. I predicted when the increase from 2 to 3 cents was made that it would lessen instead of increase receipts and that the loss in business would reduce the revenues. Drop letters with 2-cent postage increased the revenues from $20,800,000 in 1932 to $37,551,927 in 1933—80 percent. Extended to all first-class mail, it would amount to $40,000,000.

I actively favored in the committee a 5-cent tax upon coconut and sesame oils, which tax is carried in the pending bill. It brings revenue into the Treasury. The agricultural interests demanded this tax. The farmers of the United States are entitled to this protection from the importation of these foreign oils that are destroying the markets for the oils and fats of the farmers of the United States. The cheap importation of foreign oils, particularly from the Philippines, is breaking down the buying power of the farmer and lessening the price of hogs and cattle and corn. Agriculture is the basis of our national wealth and prosperity.

I am aware of the argument made in behalf of our duty to the Philippines, being a part of our possessions, and that we should not levy taxes on their products, but our first duty is to the farmers of the United States rather than to the farmers of the Philippines. [Applause.] I would grant immediate independence to the Philippines, so ardently desired by them, and thus end that argument of duty. Our first duty is to agriculture in the United States, which annually produces so much of the wealth of our country, and upon whose preservation the prosperity of the country so largely depends.

The dairy interests strongly favored this tax. It was actively opposed by strongly organized interests who enjoyed large profits by reason of the enormous importation of these cheap foreign oils coming in active competition with the interests of agriculture in this country. I quote here from the able address of Representative SHALLENBERGER, of Nebraska, a farmer and stockman, who led in this fight to impose this 5-cent excise tax on coconut oil and sesame oil:

Just a word to show the extent of this importation. I doubt if you realize it or the extent to which it has grown in the last decade. For the 5-year period of 1914 to 1918, average annual importation was 238,826,000 pounds; for the period 1919 to 1923, average annual importation increased to 425,489,000 pounds; 1924 to 1928, average imports were 513,958,000 pounds; and for the years 1929 to 1933, average imports rose to the tremendous figure of 679,822,000 pounds.

The peak fiscal year, prior to the present, was that of 1928–29 when 810,174,000 pounds of coconut oil were imported. For the first 5 months of the present fiscal year, 449,887,000 pounds of coconut oil has come to the United States as against only 244,106,000 pounds for the same months of the previous fiscal year. If the same increase is maintained for the remaining 7 months of this year, the importation of this oriental oil will amount to a little over 1,000,000,000 pounds. It comes in tax- and tariff-free for the reason that copra is on the free list and the tariff of 2 cents per pound on coconut oil does not apply as to the Philippines, and practically all coconut oil imported into the United States comes from those islands.

Now, let us see what this flood of foreign oil displaces in our home markets and how it affects our prices. In 1931 and 1932 the production of lard in the United States amounted to over 1,600,000,000 pounds. The production of butter was over 2,000,000,000 pounds. The production of beef tallow for 1931 was 500,000,000 pounds, for 1932 it was 530,000,000 pounds. Our total production in 1931 of all animal fats, other than butter fat, was 2,827,000,000 pounds. For 1932 it amounted to 2,751,000,000 pounds. The mere statement of these figures at once discloses that coconut oil is in direct competition with a tremendous volume of American oils and fats other than dairy products.

The flood of oriental oils displaces the lard produced from 10,000,000 American hogs. It takes away the markets from 200,000,000 pounds of butter and other fats and oils, such as oleo and peanut oil. It is a substitute for millions of pounds of cottonseed oil and other vegetable oils produced in this country. Fat hogs and fat cattle are dirt cheap because foreign oils have displaced our lards and fats in our home markets.

I will not attempt now to discuss other subjects contained in this bill, so well and so fully presented in the accompanying report of the committee. This revenue bill has been carefully considered, and it comes here under a rigid rule, which I supported, in order that its speedy passage might be expedited to meet the enormous expenses of the Government. The country wants action and not delay. It is not a perfect bill, but in some respects it is a reasonable compromise measure between the views of the subcommittee and the suggestion of the Treasury. However, it is a well considered bill and deserves support of the House. I preferred some changes or amendments.

The country is familiar with the conditions and causes that brought on wide-spread depression and suffering that is requiring an enormous expenditure of borrowed money to give employment to labor and to feed the hungry. The masses hope for a restored prosperity through the efforts of a great President, who is doing his utmost to that end. The people have confidence in his sincerity and high purpose, and believe that his heart beats in sympathy with the masses everywhere and trust him because of his courageous efforts in their behalf. Congress is ready to do his bidding and to follow his leadership, because the people whom they are trying to represent have confidence in the ability of Franklin D. Roosevelt to end depression and restore prosperity. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from California [Mr. WELCH].

Mr. WELCH. Mr. Chairman and Members of the Committee, with a full realization of the futility of discussing any particular provision of the bill now before the House because of the rule under which we are considering it, prohibiting any amendments, I feel impelled to invite the attention of the committee to the selfish, unjust, and economically unsound provision imposing a tax of 5 cents per pound on copra and coconut oil.

As every Member knows, practically the entire amount of copra and coconut oil used in continental United States comes from the Philippine Islands, and the imposition of this so-called "excise tax" is nothing more or less than the imposition of a prohibitive tariff on a people under the American flag. This is nothing but absolute imperialism and is contrary to American ideals. This Congress is being asked to do by indirection that which no Congress would contemplate by direct action; it is asked to destroy a policy built up through years of study, which has received the thoughtful endorsement of both the Democratic and the Republican Parties.

I am placed in the happy position of being a member of both the Committee on Insular Affairs and the Committee on Labor, so I necessarily have given much attention to the aspirations of the people of the Philippine Islands, as well as the trying and difficult problems facing our Nation as a whole. During the hearings before the Committee on Insular Affairs on H.R. 7233, a bill to provide for the independence of the Philippine Islands, Hon. Sergio Osmeña, at that time Acting President of the Senate of the Philippine Islands, testified as follows:

> Our present trade relations with the United States are uncertain and unstable. Regulated exclusively by the American Congress, America's interests rather than our own are the dominant consideration. There is an increasing demand by American producers to maintain the American market solely for their benefit. Powerful American interests are now conducting a persistent campaign against the free entry of Philippine products. No one knows how long the American market will remain open to us. Doubts and misgivings have seized upon the minds of Philippine producers and investors, thus checking our development.

One of the embarrassing arguments used before the Philippine Legislature to defeat the ratification of independence under the terms of H.R. 7233 was that enunciated by Mr. Osmena in this testimony. The Filipino people may now know, if this provision is enacted into law, how long the American market will remain open to them.

During the period of American occupation of the Philippine Islands, from August 13, 1898, to March 8, 1902, no tariff advantages were extended to the islands. From the latter date until August 5, 1909, however, a preferential-tariff reduction was granted to those Philippine products not on the general free-trade list of the Tariff Act of 1897. Likewise, the Philippine Legislature was prohibited from placing export duties on commodities on the American general free-trade list. During this period the United States did, however, permit the imposition of full import duties on American products entering the Philippines.

Under the provisions of the Treaty of Paris, with Spain, Spanish shipping and Spanish commodities entering the Philippine Islands were granted the same rights as those of the United States for a period of 10 years. Immediately upon the expiration of this period, August 5, 1909, free trade, with certain limitations, was established between the islands and the mainland. The islands were thus recognized as an integral part of the Union. Under the Tariff Act of 1913 this principle was reaffirmed by a Democratic Congress and administration. Again, in the Tariff Act of 1922 and the Tariff Act of 1930, Republican Congresses and administrations recognized the wisdom of this policy.

But now, Mr. Chairman, under the guise of an excise tax we are asked to wipe out at a single stroke the principle of this wise policy that has done more to carry forward the ideals and aspirations of this people, built up by American influence—their encouragement to higher ideals and economic as well as political freedom—than any other single cause. Can we afford now to break faith with these people who have looked to us for guidance and for help? Even in the proposal for their complete independence we dared not do this thing.

This proposal strikes at the very vitals of Philippine economic security. Grown commercially in the islands by over 3,000,000 small farmers, copra has been continuously on the American free-trade list. Coconut oil has only had a 2-cent per pound duty since 1921 from other countries; but under the terms of reciprocity with the Philippines, has been admitted free of duty from them. This embargo, for it is just that, means that these products will have to compete in the already oversupplied world market which they cannot successfully do.

Without equivocation, Mr. Chairman, I assert this excise tax to be nothing more or less than a prohibitive tariff, and I denounce it as such, for its competitive field with American commodities is so limited as to be utterly negligible. I recognize fully the necessity for aid to American farmers, and have demonstrated that by my support of every act for the benefit of the farmer since I have been a Member of this House. This bill, however, does not aid the farmer as has been contended, and I am not willing to sacrifice his brother in poverty, the American workingman, upon such a false premise.

If we are to assist successfully the farmer and the workingman, the basic builders of our Nation, we must enact only such legislation as will coordinate and elevate their economic security on a parity. They are dependent upon each other, and our entire industrial structure and national economy are in turn dependent upon them.

Mr. Chairman, the enactment of this legislation actually prohibiting the shipment of copra and coconut oil from the Philippine Islands to the United States will do incalculable harm to both the farmer and the workingman. It will add thousands to relief rolls and other forms of public or governmental assistance. To prohibit these importations will do more to drive certain American industries out of business or to foreign countries than any other single thing.

American industry has too long felt the consequence of foreign competition. It has developed every conceivable method of eliminating expense in production in order that it might meet the ever-increasing costs of raw materials. If we continue to foist upon it burdensome excise taxes of this nature, without counteracting benefits, I greatly fear we will see a further exodus of American capital and industry that will eclipse any past movement witnessed during the generation just passed. The margin of profit is too small for foreign competition to be successfully met. If industry in this country is to be successfully rehabilitated, we should be engaged upon a study of means for reducing this competition rather than accentuating it. By such means, and by them only, can we hope to furnish continuing assistance to our people.

The contention has been advanced by proponents of this tax, and undoubtedly with all sincerity, that this measure, while being a source of revenue, is primarily to be of assistance to the farmer. A careful study of the testimony adduced fails to convince me that this is so. On the contrary, I believe it will do inestimable harm. The American farmer produces oils and fats primarily used for edible purposes. A comparatively small amount of American-produced oils and fats enter into industrial usage. Of all foodstuffs produced with oils and fats only 3.04 percent were produced last year by using coconut oil. Can any Member of this body justify this as a reason for placing an embargo upon a necessary product in more than a score of industries employing thousands of people? Let us not be blind.

I shall only take the time of this committee to discuss this problem as it relates to 1 of more than 30 industries using copra or coconut oil. It illustrates the difficulties which may be expected in practically all of them if we adopt this measure and it finally becomes law.

When the hearings were being held on the Tariff Act of 1930, the universal testimony of soap manufacturers was to the effect that the production of white soap had increased the sales of that commodity manyfold. The secret of the

manufacture of a pure white soap is in the use of coconut oil. Never in the history of the soap industry, other than that manufactured for laundry purposes, has a large amount of American-produced oils and fats been used, with the one exception of tallow. The production of food products requiring such oils and fats has consumed our entire output. But the soap industry, mark you, in no way competing with American farm products, uses 64.4 percent of all the coconut oil used in this country. Can any member of this body successfully maintain the position that because of this lack of competition we should place an excessive excise tax upon it?

Mr. Chairman, I cannot for the life of me understand the logic and the reasoning of the able men who have prepared this bill, unless it is because they have been deliberately misled by the false propaganda that has been hidden behind the cloak of aid to the farmer. Let us reason further.

The tallow used in this country is almost entirely produced from domestic fats. If coconut oil were used in competition with tallow, we might find some solid ground for argument. But it is not. Tallow is used in the manufacture of soap; but rather than competing with it, the increased use of coconut oil increases the use of tallow. They must be used in definite ratio to each other. The lack of competition between the two commodities is attested by the fact that the fluctuations in the price of coconut oil varied only 1.4 percent in relation to the high- and low-price changes in tallow.

By every testimony received we should be more interested in advancing the soap industry instead of trying to increase its competitive field. While the manufacture of soap was increasing 588 percent during the 16-year period preceding and following the World War, the importation of coconut oil was increasing 142 percent less. This forcefully indicates that the soap industry was using more domestic ingredients proportionately, although the Philippine product was the means by which this increase was attained. It also created more employment for the American wage earner. And now, Mr. Chairman, we are asked to eliminate this source of supply for an ever-growing industry, decreasing opportunity of employment to thousands of workingmen.

Oils and fats to the extent of some 8,000,000,000 pounds are used in this country annually. According to the testimony submitted at the hearings before the Ways and Means Committee, about 6,000,000,000 pounds are used for food purposes, almost entirely all the oils and fats for which are produced in continental United States. About 2,000,000,000 pounds of oils and fats are used in industrial commodities, such as soap, candles, paint, varnish, lubricating grease, and oils of organic nature, textiles and a score of other industries. Were it available, the domestic product would not be suitable in the majority of these industries. But it is not available. Notwithstanding this, on the false premise that it is competing with domestic products, we are asked, as an aid to agriculture, to favor this excise tax.

Marine transportation facilities are required to transport copra and coconut oil from the Philippines to the mainland. This is done in large part by the American merchant marine. At this time, when the administration is contemplating a method of granting direct subsidies in lieu of our present method of assisting to finance the American merchant marine in its effort to meet foreign competition, it certainly cannot be the part of wisdom for the Congress to wipe out a lucrative traffic carrying some billion and a half to 2,000,000,000 pounds to the United States and with the same gesture wipe out the market for untold shipment of commodities to the Philippines. No profound wisdom is required to recognize this fact.

Mr. Chairman and members of the committee, should we break faith with the Filipino people; should we under the pretext of aiding the farmer further add to the miseries of the workingman; should we continue to place an additional burden on industry or add to the incentive for American capital to build manufacturing establishments on foreign soil. To support this legislation indicates such a choice. I cannot justify it and neither can any Member of this House.

I shall continue to support every honest effort to aid the farmer; I shall continue to support every honest effort to aid the workingman; I shall continue to support every honest effort to aid industry. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield now to the gentleman from Colorado [Mr. MARTIN].

Mr. MARTIN of Colorado. Mr. Chairman, this bill consists of more than 200 printed pages and is accompanied by a report of 70 printed pages. It is the result of 7 months' work on the part of a very able committee of 25 Members of this House. I recognize the futility of attempting to consider and amend any such measure, with its hundreds of sections and paragraphs, under the 5-minute rule. For that reason I voted for the special rule under which the bill is being considered. It is my purpose to vote for the bill, together with such amendments as the Committee on Ways and Means will offer. At the same time I trust that the Committee on Ways and Means will take under consideration and formulate measures embracing the very important features so ably presented to the House the other day by the gentleman from Maryland [Mr. LEWIS], a member of the committee.

The main purpose of this tax bill and the main purpose of nearly every bill passed by this Congress is to make men honest by law.

The distinguished Member from Pennsylvania [Mr. BECK], a constitutional and corporation lawyer of national repute, got a big hand from the majority side over a statement made by him in a speech during the special session of this Congress. He got this hand because his statement was considered as an admission against a system by a man who knew it thoroughly and knew it from the inside of the system. His statement was in substance that the corporation system in America is "rotten to the core."

He might have gone further and still keep within the limits of the truth. He might have taken in more territory. He might have said that the business system in America is rotten to the core. Business in America seems to fall naturally into two categories, larceny within the law and larceny without the law.

This condition has added new terms to the national vocabulary. The term "racketeer" was applied originally to the gunmen of the underworld; now we hear it commonly applied even on the floor to the greatest financial and business leaders in America. The National Recovery Act has given us the word "chiseler", and everybody seems to be doing it. The great national indoor sport seems to be how to beat the law. Wall Street is only Main Street on a bigger scale.

Dishonesty is no longer news. If there is anything honest, it would be a sensation. One day it is C.W.A., another day aviation, another day War and Navy Departments contracts, and every day the newspapers teeming with new stories of graft and corruption in the political and business life of the Nation.

This bill grew out of disclosures before the Senate Banking Committee by the money kings of America, that for years they had not contributed one dollar to the support of this Government. The most disquieting feature of those disclosures was that they got away with it. The chief among them, who may be rated the financial emperor of the world, stole the show. For the first time in his life he left Washington a popular man. All that can be done about it is to plug up the loopholes, which this bill seeks to do, with the prediction freely made that the lawyers and tax experts who found the loopholes in the existing law will find others in the new law. Nothing that has transpired since I came to Washington has had such a sobering influence on me as the fact that in this dire national emergency such disclosures could be made and quietly accepted by the people. When I feel like giving way to radical impulses I say to myself, do not get too far out on a limb; maybe the people you think you are trying to help will saw it off.

Contrary to my usual course, and not without considerable doubt, I voted for the special or gag rule under which this bill is being considered. Circumstances alter cases. I find it difficult to vote against my judgment, against what common sense I may have. I know that this big measure could not be satisfactorily considered and amended under the 5-minute rule in the House of Representatives, the rule under which it must have been considered if the special rule had been defeated.

I wish, however, that the skilled parliamentarians on the majority side, whose duty it is to make the argument for these gag rules, would be somewhat more considerate of the feelings of Members on this side of the aisle whose memories are more than 2 years old.

When I hear these gentlemen quoting the precedents from the CONGRESSIONAL RECORD made by the Republican Party during its recent reign of 14 years, and during the regimes of Czar Cannon and Czar Reed, I am reminded of a little story about Abraham Lincoln when a member of a delegation pressing some proposition on him cited Charles I as a precedent, and Lincoln is said to have replied that all he could remember about Charles I was that he had lost his head.

The only precedent set by the Republican Party for the caution and guidance of Democrats is the big wash-out of 1932, as the result of the kind of government brought about by gag rules.

The journey of the Democratic Party by the same route to the same disastrous end would be much shorter. There are fundamental differences between these two parties. The Democratic Party in its rank and file is much less susceptible to organized control and dictation and to discipline. It may not be, as we used to say of the old Populist Party in the West, that it was like a Mexican Army, all generals and no privates, but it does occupy a sort of midway ground between a Mexican Army and the Republican Party in its obedience to party leadership and control through methods such as gag rules.

I was a Member of this body during the memorable fight on what we called Cannonism and participated in its overthrow. In this Chamber began the struggle which ended in the division and overwhelming defeat of the Republican Party in 1912. We have only to follow in the course on which we are now embarked to reach the same port.

I want to say a word to the young men of the House, a number of whom have given promise of future leadership, and who may justly aspire in the years to come to occupy the positions of authority in this House and to write their names on the scroll of the Nation's leaders. I exhort them to maintain and cherish a spirit of courage and independence. I note a more subdued atmosphere than in the special session. Ask yourselves the question, What does it profit a man to gain the whole world if he loses his own soul?

Such names as Norris and La Follette, both of whom began their national careers in this Hall, are frequently heard in words of eulogy. Bear in mind that they did not achieve the heights by yielding their convictions to the control of others or by succumbing to their environment. They fought their way to the top against overwhelming odds.

I read a remarkable statement the other day attributed to Mayor LaGuardia, of New York, recently one of the outstanding Members of this body and whose election as mayor of New York was the most significant political event of 1933. He was quoted as having said that in his 28 years in politics, no leader had ever urged him to do the right thing. I cannot feature LaGuardia surrendering his rights of membership to any man or set of men. I could not feature the President of the United States sitting in this Chamber and voting for gag rules.

Washington is the graveyard, not the cradle, of statesmen. Young men come here fired with an ambition to write their names high on the scroll of statesmanship and make for themselves, if it may be, a niche in the annals of their country, only to succumb to the deadening influences which surround them here. Many are called, but few chosen. Those who survive are known as Norris or La Follette.

I listened intently to the speech on this bill by the very able gentleman from Maryland [Mr. LEWIS], a member of the Ways and Means Committee, and I have read his speech in the CONGRESSIONAL RECORD. I agree with all he says about the too low inheritance taxes, too low income taxes in the middle brackets, too great allowances for depreciation, the escape from taxation through the community property laws, and other matters. But a mere statement of these major subjects of tax legislation shows the difficulty of handling them under the 5-minute rule. The bill would have to be rewritten in some of its major features. Perhaps in another body where a different system of legislative procedure obtains, some improvements may be made in the bill, and if so, I shall accept them.

There remains one opportunity to change this bill in the House. The fact that that opportunity will not be availed of is a recognition of the fact that we must take this bill as it is or reject it as it is. I refer to the motion to recommit.

The gentlemen on the minority side raised a great clamor against this rule and voted almost solidly against it. But they have already disclosed that the labors of the mountain will bring forth a mouse. They are going to make a motion to recommit, limited to a reduction of the first-class postage rate from 3 cents to 2 cents.

I knew in advance that some such minor motion to recommit would be made and it was one of the things that influenced me in my vote on the rule.

It was the same way with the motion to recommit on the independent offices bill. I swallowed the bitter cud of voting against the gag rule on that bill with the almost solid Republican Membership of this House.

That gag rule only tied up title 2 of the bill, the economy provisions governing the pay of Federal employees. Did the minority, after their fulminations against the gag rule, offer a motion to recommit with instructions that the Committee on Appropriations return the bill to the House with a restoration in whole or in part of the Federal pay cuts? They did not. Their motion to recommit related to an inconsequential subsection of a part of the bill not involved in the gag rule. And this has been the history thus far in this Congress of motions to recommit—mere political byplays.

If Members on the minority side are so solicitous of the freedom of consideration and amendment of bills in the House, in order that they may be made more responsive to the interests of the masses of the people, that they fight these gag rules, why do not they get together and frame a motion to recommit, as they may under the rule, which will cure some of the substantial shortcomings pointed out in the bill. The question in the light of the record answers itself. There is no intention on their part to cure the bill in these particulars. The less it represents the people, the more it reflects the policies of their party.

I hope the committees of this House will take up the major suggestions of the gentleman from Maryland [Mr. LEWIS] and the question of the taxation of public securities which must be had if money is to be made available for any other forms of investment. But recognizing the situation as it now exists, I shall vote for the bill with such amendments as the committee may suggest during the course of its passage, and I shall vote against a motion to recommit which would deprive the Federal Treasury of $75,000,000 in revenue, which it cannot be deprived of in the present state of the national finances.

Mr. DOUGHTON. Mr. Chairman, I yield to the gentleman from Washington [Mr. WALLGREN] such time as he may desire.

Mr. WALLGREN. Mr. Chairman, members of the Committee, I am vitally interested in any measure affecting the dairy industry, and therefore I heartily favor the provision in this bill wherein a tax of 5 cents a pound is imposed on coconut and sesame oils. I should like to take the few minutes allotted to me in pointing out the needs of the dairy industry and the necessity of this tax as a step in the rehabilitation of this great industry.

Concerted efforts on the part of the Agricultural Adjustment Administration have been made to raise the price of cotton, wheat, corn, and hogs; but so far there seems to be a singular lack of any well-planned attack upon the low prices which continue the depression on the 4,615,529 dairy farms in the United States. This is the number of farms in the United States on which the principal income is from milk and milk products, the Agricultural Year Book states.

It is true that certain price-stabilizing moves have been made by the Secretary of Agriculture during the last 8 months of 1933, but these attempts have not been consistently carried forward.

It seems to me that this indicates a lack of appreciation for the magnitude of the dairy industry. Is there any reason why the branch of agriculture whose products are worth more than all the wheat, cotton, and cottonseed combined should be allowed to proceed on so haphazard a schedule?

Such a procedure hardly seems fitting for an industry which brings the farmer a gross income of $114,334,000 more than the combined gross wheat, hogs, cotton, and cottonseed income. Gross income from these products, according to the Department of Agriculture, was the following for 1932: Milk products, $1,260,424,000; wheat, $176,617,000; cotton lint, $397,295,000; hogs, $538,023,000; and cottonseed, $34,155,000. The 4,000,000 farms board—and they are rapidly becoming star boarders—more than 24,000,000 milch cows.

To indicate the size of the dairy industry, let me use as illustrative my own State. Washington does not rank within the first 10 milk-producing States but, nevertheless, it had more than 300,000 cows in 1932, according to the Agricultural Year Book for 1933. And, according to statistics compiled by the Washington State Dairy Products Bureau, 60,000 families, composed of 240,000 people, depend upon the dairy-farm produce for living. Of the more than six billion worth of property used for dairy farms in the United States, my State has invested in property and in cows approximately $180,000,000. In addition to this, there is $75,000,000 invested there for milk-processing plants of various descriptions.

Just as a way of showing the importance of the dairy division of agriculture to my State, let me add that these dairymen pay annually eight million in property taxes and two million in personal taxes. The Dairy Products Bureau has estimated that these farmers pay forty-four million annually for food, clothes, lumber, and farm machinery.

These figures would ably indicate the necessity for giving at least as much thought to milk products as has already been given to wheat and cotton. Today, however, without a price-increasing plan for dairy products, the farmers of my State are forced to pay extra for the grains used in the 7,050,000 bushels of feed used annually in feeding their dairy cows. That farmer is more than willing to help the grain farmer, but not if it merely means a penalty for the dairyman.

If grain is increased in price through governmental efforts, butter should be more valuable. But what do we find—only that butter prices declined 4.9 percent from January 15, 1933, to January 16, 1934, according to compilations of the Consumers' Counsel of the Department of Agriculture. This as compared to the 11-percent increase for all foods during the same period, the same source of statistics indicates.

Can the dairy farmer contribute to national rehabilitation under such conditions? Certainly not when the price of the food he produces declines even as the price of what he buys appreciates. Again quoting the Consumers' Counsel, A.A.A., let me say that the things which the farmer buys today cost 16 percent more than those things cost during the base period of 1909–14, which is used as the normal period by the Department of Agriculture. The average price the farmer received for butter fat during that base period was 26.3 cents a pound. On January 16 of this year the farmer was being paid 16.1 cents for butter fat.

If the farmer is to be expected to purchase as much as he did during 1909–14, then the price of his butter fat must increase 16 percent over that paid during the base period. To gain this butter fat must bring 30 cents a pound and the prices for what he purchases remain as they were in January this year.

It is in this connection that the tax upon coconut oil becomes increasingly important. If butter prices rise, more and more people will buy the cheap oleomargarine, made from coconut oil, and thus the tendency will be toward further increasing storage surpluses, which already are bogging the butter market. Statistics show that as the price margin between butter and margarine increases, the consumption of margarine increases.

Margarine production increased rapidly as the Department of Agriculture took steps to stabilize the butter market during the second half of 1933. It is probable that the increased price margin thus created answers the question as to why December 1933 production of oleomargarine was about 10 million pounds greater than the production in July. Production in July was 11,408,415 pounds and that of December, 21,385,812 pounds, according to the Bureau of Internal Revenue reports. This indicates the quick effect the widening of the price margin has upon margarine consumption.

Average wholesale prices show that margarine was 14.4 cents a pound cheaper than 92 score butter in July and that this margin increased to 14.8 cents a pound in December. I quote these figures to show the effect of price stabilization upon the price margin. The margin during the months when the Department of Agriculture was stabilizing prices averaged 13.2 cents a pound as compared to margin of 10.1 cents before stabilization efforts were inaugurated.

Without protection in the form of raised margarine prices increased butter prices may prove dangerous to the dairyman. The production of margarines during December 1933 was 1,166,000 pounds greater than during the same month of 1932. The total withdrawn, tax-paid, during December last year was 1,389,000 pounds more than during the same month of 1932. This all seems to indicate that attempts to raise the price of butter, so vital to the dairy farmer, has already caused an increased consumption of margarine.

During 1932 what situation do we find in the butter consumption? Butter consumption decreased 54 million pounds during the first 11 months. At the same time the consumption of margarine increased 42 million pounds. Coincidentally margarine prices dropped to a new all-time low. The wholesale price during 1933 was 8.7 cents a pound, as compared to 9.7 cents in 1932, 13.3 cents in 1931, and an average of 27 cents a pound for the years of 1914 to 1920, inclusive. It is significant that the amount of coconut oil used during the period when the margarine price was the highest never constituted more than 26 percent of the ingredients used in the total production. However, we find that during the period when the price was lowest that coconut oil accounted for more than 65 percent of all ingredients used in the production of margarines.

The increasingly lower price of coconut oil, the reason for its increased use, was made possible because of the constantly increasing production of copra. Coconut oil was first sold for less than cottonseed oil in 1918. In 1931 coconut oil sold for 7.5 cents a pound in Chicago, and cottonseed sold for 9.2 cents a pound. Today the coconut oil used in margarines can be purchased for about 3.5 cents a pound.

It is seen, then, that the effect of coconut oil on the consumption of butter hinges on the extent to which the lower price of margarines, made possible by the use of coconut oil, causes the substitution of margarine for butter.

Vegetable-oil margarines increased from 25 percent of the total in 1918 to 69.3 percent of the total in 1930, according to Senate report, Seventy-second Congress, on oils.

In this instance it is apparent that the ingenuity and resources of the American manufacturer have not been utilized to aid our own farmers, but has rather proved a great benefit to natives of the tropical Philippines in creating a market for coconut oil.

The demand for this oil has brought with it an increased production of copra, with a concomitant decrease in price of the oil expressed from it.

Since 1910 the Philippine Islands acreage planted in coconut palms has tripled and the production of copra quadrupled. In 1929 there were 101,527,000 trees planted, and at that time only 65,083,000 were producing, according to statistics given in Senate Document No. 72, Seventy-second Congress. The yield in 1929 was 1,058,000,000 pounds of copra.

Concerning future production, the Senate document has this pertinent information:

> Assuming that the 36,444,000 trees not yet bearing (in 1929) will mature in 10 years at the outside, it is possible for the output of copra to increase more than 50 percent over the 1929 period.

The effect indicated here is already being felt, as shown in the present 3.5 cents per pound price of coconut oil.

The United States is making this product, which is grown in the Philippines without cultivation costs, valuable at the expense of the American farmer. The Senate report tells us of the cultivation costs:

> The coconut palm is grown for the most part without cultivation.

Except for 5 to 10 percent of the trees scientifically grown in plantations, the native Filipino has merely to watch the tree grow and then pick the nut.

During the fiscal year of 1933, 134,429,000 pounds of this oil were imported into the United States. Nearly 13,000,000 pounds of it were used in the production of margarine during the single month of December 1933, and during the fiscal year of 1933, 243,835,832 pounds of this margarine were produced to compete with butter.

We allow this utilization of cheap foreign products, yet at the same time allow the farmer to suffer because 111,000,000 pounds of butter surplus was in storage January 1, 1934. We allow this when millions of persons are dependent upon the dairy industry and the employees of 53 margarine plants, approximately 2,000 wage earners, are dependent on margarine. During the year of 1931, according to the Census of Manufacturers, 32 plants, producing 53 percent of the margarine, employed only 1,043 wage earners. Other plants making margarines were mostly merely divisions of meat-packing plants.

The 5-cent tax would increase the cost of coconut-oil margarine approximately 4 cents. This is best shown in computing the cost of margarine manufactured according to a typical formula. Today about 1,500 pounds of margarine can be produced at a raw material cost of $46.35, using the following ingredients: 800 pounds of coconut oil at 3.5 cents a pound, 100 pounds of palm oil at 3.25 cents a pound, 300 pounds of milk at 2 cents, and 35 pounds of salt at 1 cent. If the coconut-oil cost were increased to 8.5 cents, the raw-material cost for the margarine produced under the same formula would be $86.35. In the first instance the cost per pound would be 4.03 cents and in the latter 7.51 cents.

It is obvious that this increase will not answer the problem presented by cheap margarines, but it will help in narrowing the butter-margarine price margin.

Even if the 243,000,000 pounds of margarine produced in 1933 fiscal year were barred from the market, there would not be a like increase in the consumption of butter. Generally speaking, we can say that the amount of money spent to buy this margarine would purchase only half as much butter. Thus if $36,000,000 was spent to purchase this margarine, it would be only approximately 6 percent of the total spent to purchase butter during recent years.

This may seem insignificant; but when we consider that the purchase of $36,000,000 worth of 25-cent butter would take 144,000,000 pounds of butter from the market, it becomes more important. One hundred and forty-four million pounds additional of butter bought in 1933 would have made an effective difference in the present surplus, for the 111,000,000 pounds of butter depressing the market as this year opened would have been cared for.

But what are the arguments against the tax? The soap manufacturers, whose product is already protected by an ample tariff, with ad valorem rates of 30 percent on toilet soaps and 15 percent on all other soaps, say that this tax would increase the cost of soap. Cleaners and dyers have wired me that it would double the cost of soap. However, the truth of the matter is that the present tariff has enabled the manufacturers to maintain high soap prices even though the coconut-oil price already has decreased as shown.

The price of laundry soap has remained almost constant for 8 years. However, we see that the price of coconut oil has dropped from 8.3 cents in 1929 to 2.5 cents in 1933 (cost for inedible coconut oil). Similarly, cottonseed oil has dropped from 8.4 cents to 3.3 cents a pound, beef tallow from 8.7 cents in 1926 to 3.4 cents a pound. So it is seen that while raw materials dropped from 60 to 70 percent, the price of laundry soap declined only very slightly. It seems that the tariff has made it impossible for a tax on coconut oil to hurt anything but the soap-makers' profits.

They say that the tax will allow foreign soaps to flood the market. If this is so, it seems to me that foreign companies would have flooded the market in order to partake in some of the $13,300,000 in net earnings which the Chicago Journal of Commerce accredited to the Procter & Gamble Co. during the last fiscal year.

In still another argument those opposed claim they oppose the tax for one of the reasons I favor it. Their objection is the object sought by the dairy farmer. One man appearing before the Ways and Means Committee said:

> It (the tax) would by artificially inflating the price of industrial products made from oils and fats in the United States—

And here is the important point—

> would immediately lend great incentive to the use in the United States of substitute products.

I presume that he means that this tax would mean a greater consumption of butter as a substitute for oleomargarine made from coconut oil. I certainly hope his fears are justified.

More aggressive steps than the imposition of such a tax, however, will have to be taken to solve the plight of the dairy farmer. I would favor the abolition of manufacture. Canada met this ruinous competition by forbidding manufacture and the sale of oleomargarine.

Some dairymen have come forward with a suggestion that a 3-cent processing tax be placed on butter and the proceeds be used to purchase and put out of business the margarine factories.

In closing I desire to again call your attention to the fact that the value of dairy products at the farms is greater than the combined value of the hog, wheat, cotton, and cottonseed output. It is absolutely necessary that a definite and consistent policy be formulated for the more than 4,000,000 dairy farmers who are today looking toward this administration for some relief.

Mr. TREADWAY. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Chairman, some years ago I used to tell a story that seems rather apropos this afternoon, dealing with a Swedish friend of mine, who was red-headed and went to a funeral. After the last eulogiums had been paid by the reverend preacher, he looked at the crowd gathered at the graveside in rather ominous silence and finally said: "Is there anybody here who has anything more to say about the deceased?" My Swedish friend stood up and said, "If nobody has anything more to say about the deceased, I will say a few words about the income tax."

I never quite realized that some day that rather romantic character of anecdotal fiction was going to be translated into reality such as is happening today. I trust that no member of the Committee on Ways and Means will take affront at what I will have to say. I am not at all sure that I am going to vote for this bill. Unless some magic genii gives me light and understanding between now and tomorrow afternoon, I am afraid my vote will be on the negative side. It is not that I am unappreciative of the efforts made by the committee; it is not that I do not appreciate the need of the revenues that are provided under this bill, but rather from the fact that I do not seem to be able to understand and to approve the thesis, the rationale and the premise of this bill. So whatever I have to say is going to

be a rather general expression of protest, against what I deem to be a revenue measure that lacks form or design, except that of expediency.

By way of preface I want to read a little statement that appeared in the Washington Star of Saturday, from a column by a well-known syndicate writer, named Paul Mallon:

GAG RULE NECESSARY

The gag rule imposed by House Democrats on the tax bill may not sound like a good argument for the democratic form of government, but it was a practical necessity.

The bald truth is that the House does not know enough about the subject to pass on such a bill.

The chairman of the committee which drew the bill was DOUGHTON, of North Carolina. He frankly told the Rules Committee he did not understand the technical administrative sections. Few do. These sections were worked out by experts who have devoted a life of study to the problem. They conceived a balanced scheme to block tax evasions and spent months on the job.

If some of their plans are rejected the bill will be thrown out of balance. They figured out that if the community-property section of the bill was eliminated it would take them 2 months more to get the bill back in balance again. Everything else would have to be changed.

There are some Members of the House who are experts on the subject. Included in that group would be such men as FRED VINSON, of Kentucky, and SAM HILL, of Washington.

The sensible thing seemed to be for the leaders to take their word for the statement that the measure is a good bill and let it go.

Members of the House realized that and supported the leaders to protect the measure from amendment. No revolt was threatening. No specific adverse action was feared. The boys just decided to play safe.

But, Mr. Chairman, this is what strikes me as most peculiar in connection with this bill: If it is true, as Mr. Mallon states in this syndicated article, and if it is true, as has been said either by inference or expressly upon this floor at some time or other in the course of this debate, that we as lawmakers do not know about this law and all of its ramifications and cannot interpret the provisions of the law, how are you going back home to your constituencies as dignified Members of Congress and make them understand that we have approved something that we do not know a thing about? That is the position I find myself in.

Mr. DOUGHTON. Will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. DOUGHTON. Who has made any such statement as that?

Mr. DIRKSEN. The statement is in this article.

Mr. DOUGHTON. There may be nothing in that statement that is incorrect, but there is nothing in that which will warrant the wild, reckless statement the gentleman just made.

Mr. DIRKSEN. I do not know that I made a reckless statement, particularly. I will say to the gentleman that I am only expressing my own opinion, and the peculiar hypercritical situation that I would find myself in as far as my own vote is concerned, if I vote for a measure which, it is said, we do not understand.

Now, let us assume that I do not understand this bill; how am I going back to my people and say, "I do not know what was in the bill, but I voted for it. I took it on faith." Somebody may say, "Well, you do not understand relativity, but you take it on faith. You may not understand the binominal theory in mathematics, but you will accept it on faith." That is like the fellow who wrote an examination to become a mail carrier. The question asked was, "How far is the sun from the earth," and he scratched his head a while and wrote, "It is far enough so that it will not interfere with me in my duty as a mail carrier." That is true of these other abstract things, but this particular bill impinges the welfare of every man, woman, and child in my district. So I cannot reconcile myself particularly to voting for something that either, as I say, expressly or by inference, it has been indicated back home that I do not understand. So if I do not understand it——

Mr. DOUGHTON. Who has indicated anything about the gentleman's understanding? You have the bill to read. Who has spoken for the gentleman?

Mr. DIRKSEN. I am speaking of the people back home who will read this syndicated article, and who will assume that I and a great many Members of this body do not understand it.

Mr. DOUGHTON. But who has spoken for the gentleman or stated that he cannot understand the bill?

Mr. DIRKSEN. Let me say to the gentleman that I am casting no reflections upon the understanding of the Members of this House. It may be that it is my own individual lack of understanding of what is held out as a measure that should not be amended because only experts understand it.

Mr. DOUGHTON. Well, the report has been available for several days and the bill has been available. It is a matter for the gentleman to decide whether or not he understands the bill.

Mr. DIRKSEN. Quite true; and I have studied that report by day and by night in the hope of discerning the general pattern along with these gentlemen who remark upon the understanding of Congress; and so it is purely personal with me, and I hope that the members of the committee will take no affront. Understand, also, I have nothing but a very great admiration for the labors of the committee since October, and I realize the particularity of the task with which they were confronted—the task of finding these tax evasions. However, let me say, first of all, when you look at this bill in the large and the revenue that is to be derived from various sources, you find in the beginning that for the year 1934–35, 27 percent of all the revenue will be derived from income taxes; 42 percent from miscellaneous internal-revenue taxes; 12½ percent from processing taxes; 12½ percent from customs revenues, and so forth; and from miscellaneous tolls, 6 percent. For 1935 these percentages vary but little. In the case of the income tax it will make up 31 percent of the total in 1935, the rest of the items remaining substantially the same.

I think the bill lacks a definite kind of pattern. It lacks a definite kind of logic; it lacks complete relationship to other problems; and this is purely my own view. As a humble Member of Congress, I am simply voicing my protests against a bill which first determines the amount of revenue needed and then ascertains a half dozen seemingly painless sources with reference to the larger problems of production and employment.

Let me go further and, by way of illustration, take the income tax which would be paid by a single man with a net income of $5,000. This figure is a little more definite and concrete for most of us. I have been greatly intrigued by these allusions to average incomes of from $18,000 to $28,000 and $30,000 a year, but I would rather hold the illustration to around $5,000, because most of my constituents have incomes below this figure. I, too, can understand such a figure best.

Now, if this $5,000 is all earned income, under this proposal, according to the accompanying report the man pays $140 a year. If half of it is earned and half comes from dividends he pays $48 a year. If all of the $5,000 comes from dividends, unearned, then he pays exactly nothing a year; and $5,000 is a pretty good bracket to take. In other words $5,000 of income gained by the sweat of the brow, be it mental or manual effort, pays $140 a year; the same income from clipping coupons pays nothing.

Now, you say to me that these dividends have been taxed in some form or other before they got into the hands of the taxpayer. Granting that logic, then what are you going to do about these pre-March 1, 1913, dividends which you say do not become income until they have actually been lodged in the hands of the taxpayer? In the matter of the $5,000 based solely on dividends, no matter what taxes may have attached to it theretofore, it does not become income so far as the taxpayer is concerned until it is actually placed in his hands. Then why should a man who from dividend sources has an income of $5,000 pay nothing, but the man who, because he uses his hands and wrestles with the world and earns a like income of $5,000 have to pay $140? That is what happens in the $5,000 bracket. Maybe I do not understand, but, frankly, it has given me a great deal of

trouble; and because most of the people in my district have incomes below this bracket it makes it essentially vital to me.

Mr. VINSON of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. I yield.

Mr. VINSON of Kentucky. In regard to the difference to which the gentleman refers in the two $5,000 incomes, one is derived from partially tax-exempt sources, and from corporate dividends, and the other ordinary dividends.

Mr. DIRKSEN. There are three divisions, all-earned income, half-earned income, and all dividends.

Mr. VINSON of Kentucky. The gentleman was referring to $5,000 from partially tax-exempt and corporate dividends. The gentleman understands that you have no normal tax on the interest that comes from partially tax-exempt securities.

Mr. DIRKSEN. That is true.

Mr. VINSON of Kentucky. And the reason for that is that the law under which the securities were issued, and under which the partially tax-exempt bonds were issued does not permit of a normal tax upon interest derived from the partially tax-exempts. If you could have a normal tax on partially tax-exempts you would not have partially tax-exempts. I feel certain the gentleman understands that Congress cannot put a normal tax upon partially tax-exempts. Of course, this Congress cannot put a normal tax upon securities that are wholly exempt. I think I make myself clear in regard to the partially tax-exempt securities.

In regard to corporate dividends I think the gentleman makes a very good point, but here is the situation Congress finds itself in in regard to corporate dividends: Under the present law and under the proposed law we collect a surtax upon corporate dividends. The gentleman understands that under the present law and under the proposed law there is no normal tax on corporate dividends.

I may say to the gentleman that in the 1932 bill the House put a normal tax upon corporate dividends which was estimated to yield $88,000,000. It went to the Senate, but the Senate struck it out. One reason given for their action was that it was double taxation. In the 1933 bill, the N.R.A. bill, the House again assessed a normal tax upon corporate dividends. It went to the Senate and they struck it out, but put in a 5-percent corporate-dividend tax that was collected at the source. That was one of the taxes that went to make up the $227,000,000 to amortize the $3,300,000,000 bond issue to finance the Public Works program. When the twenty-first amendment to the Constitution went to the country, it was written into the law that upon the repeal of the eighteenth amendment, that is, upon the ratification of the twenty-first amendment there was to be an automatic repeal of this corporate dividend tax and the President was empowered to make such a proclamation.

The question which faced the committee and which now faces Congress is whether or not in this bill to place back upon the books a normal tax upon corporate dividends, whether that would be keeping faith with the people of the United States when they had been told and it had been written into the law that the repeal of the eighteenth amendment automatically meant the repeal of that particular type of taxation.

Mr. DIRKSEN. Granting everything that the gentleman says, it still constitutes a basic weakness in the bill and our tax set-up. There is a very great disparity between the two, and I would find it most difficult to explain a way in spite of the procedural difficulties that might have prevented the committee from considering it.

Mr. VINSON of Kentucky. The gentleman will recognize that this Congress cannot put a normal tax upon partially tax-exempt securities.

Mr. DIRKSEN. Yes; but there might have been some way of getting at the dividend so that the extra money might have been turned into the Federal Treasury.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Washington.

Mr. SAMUEL B. HILL. The $5,000 received from dividends, which the gentleman says pays nothing under this proposal, has already paid $68.75 tax as a part of the corporate income of the corporation. The corporation has paid this before distributing its dividends, so it is not entirely tax free, as the gentleman seems to infer from the statements he made. This has not got beyond the surtax exemptions, but has paid a tax of $68.75.

Mr. DIRKSEN. I recognize the argument of the chairman of the subcommittee, but I notice in the address of the chairman of the subcommittee, or perhaps it was the chairman of the whole committee, at page 2660 he had this to say, so far as these March 1, 1913, earnings are concerned:

> However, so far as the taxpayer is concerned, these earnings do not become income until he receives them in the form of dividends, and then they are no different than any other dividends.

This is the point I am getting at.

Mr. VINSON of Kentucky. The committee itself considers dividends earned before 1913 just as any other dividends.

Mr. DIRKSEN. I was leading to the theory and the reasoning that was set out in the report and also in the RECORD.

Mr. SAMUEL B. HILL. As to the accrued earnings and surplusses up to March 1, 1913, no corporation tax was paid upon these moneys, because that was the effective date of the income tax law under the sixteenth amendment, hence they were not taxable in the form of a corporate tax.

[Here the gavel fell.]

Mr. TREADWAY. I yield the gentleman 5 additional minutes.

Mr. DIRKSEN. I get the gentleman's point.

Mr. SHALLENBERGER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Nebraska.

Mr. SHALLENBERGER. I think what the gentleman has failed to take into consideration is that, after all, taxation must be fair and there should not be double taxation. The $5,000 that is collected in the form of a dividend has been taxed previously. The corporation has paid a tax. This is deducted before it takes the form of a dividend. The 13½ percent that is deducted is more than the deduction would be in the case of an ordinary tax. After having paid the tax and dividends, if it is taxed in your hands, this amounts to double taxation. This is the reason it does not bear the surtax in the lower brackets, but after it gets up to a certain amount it bears a surtax. This is a distinction between the corporation tax and the earned tax. The corporation has once paid a very heavy tax before it gets into your hands in the form of a dividend.

Mr. DIRKSEN. The earnings before 1913 were not income in the hands of the taxpayer and the $5,000 income from an earned source, such as stocks, and so forth, does not become income within the true definition of the word until lodged in the hands of the taxpayer. Moreover, when the corporate return is deducted there is still a great disparity between $140 and $68.75.

Mr. SAMUEL B. HILL. This is not taxable income in the hands of a corporation, but when it gets into the hands of a stockholder in the form of dividends, it is taxable income in the hands of the stockholder. The Supreme Court has so held.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Minnesota.

Mr. SHOEMAKER. Does not this just leave a loophole for investors to avoid paying taxes by putting money into stocks and bonds? They get out of paying income on the ground the corporation has paid the tax and he does not have to pay the tax.

Mr. DIRKSEN. I do not care to pass on that now. The chairman of the subcommittee in the course of his very excellent remarks the other day made the following statement:

> We also considered the troublesome question of consolidated returns. We felt that the affiliation of corporations, affiliated through a holding or parent company owning 95 percent of the affiliated group, was being resorted to for the purpose of tax avoidance. So we gave very thorough study to the question of consolidated returns of such affiliated groups, with the view of

determining whether or not they should be entirely abolished. I say to you frankly that I was very much inclined to the abolition of consolidated returns, and so were other members of the committee, for we believed that this scheme was being resorted to not only for convenient business purposes but for the very important purpose to the affiliated groups of avoiding the payment of taxes. A few figures are disclosed in the statistics of income issued by the Federal Treasury which illustrated to our mind that there was a great advantage to the corporations filing consolidated returns over corporations which filed separate returns. These statistics for the taxable year 1930 disclose that the total taxable income of corporations filing consolidated returns was $3,326,799,784, while the aggregate net income shown by all consolidated returns was $1,807,280,493. The total taxable income of corporations filing separate returns was $2,944,132,677, while all the corporate separate returns taken together showed a deficit of $413,942,886. It also disclosed that the tax collected from consolidated returns was $398,284,195 and the tax collected from separate returns was $313,419,705. A calculation will show that the consolidated groups paid 56 percent of all corporate tax and had in the aggregate $1,807,280,493 net income, exclusive of tax-exempt income; and that corporations filing separate returns paid 44 percent of all corporate tax, while in the aggregate such corporations had no net income but a deficit of $413,942,886, exclusive of tax-exempt income.

I may say that one of the outstanding advantages of the consolidated return is that in a group of affiliated corporations one of such group might operate at a loss during the taxable year. Another of such affiliated group might operate at a gain, and the loss of the one corporation could be offset against the gain of the other corporation, and either entirely wipe out the income or diminish it greatly for tax purposes. So they could use independently organized corporations, independent legal entities, affiliated under one corporate parent, to offset the loss of one of those independent entities against the gain of another legal entity within the group, and thereby reduce the taxes that the entire affiliated group would be required to pay, whereas a single corporation operating alone and filing a separate return would have no such advantage, but would be required to pay the full tax on whatever gain it realized.

I rather subscribe to this statement. I note there was something said as to there being some justification for retaining the consolidated return. However, it seems to me that the first statement has logic and it should have been abolished as belonging to the primary purpose of getting away from tax evasion and tax avoidance. In that respect, another loophole remains.

Let me get to the principle I have in mind, and this is perhaps collateral to the bill in hand, but it has to do with taxation. It looks to me like this whole bill is similar to a legislative jigsaw puzzle. It stands alone and has no definite relationship or identity with the problem of unemployment, with stabilization of employment, or with production, and, after all, a tax bill that is worthy of name must make some distinct contribution toward the employment problem of the country.

I venture to say that all the stocks that have ever passed through J. P. Morgan's office in New York would have only scrap-paper values if there were not earnings and if there were not production behind them. The same thing is true of the charges that have been hurled against Rockefeller, the Mellons, and all the rest. Let it be distinctly understood that I favor an income tax and favor the broad principle of taxing generously those who can best afford to pay. However, that is no reason for losing sight of the principle that a revenue measure should be a stimulus to and not a restriction on production, creativeness, and employment. After all, there can be no wealth unless it is created. Heretofore, and prior to 1913, we had no particular aggravated tax problem, either Federal, State, or local, for the reason that we were not bothered with machinery. We did not have the tremendous displacement of hand power in this country that exists today, so our difficulties were not aggravated. Along comes the mass age and the standardization age, with the hands virtually replaced by artificial mechanical contrivances. The result is that where heretofore you taxed the labor of the hands, now the machine escapes entirely, and the average consumer of this country pays the bill, irrespective of what we may do in this kind of a bill. You may take away something from Mr. Morgan, Mr. Rockefeller, Mr. Mellon, and the rest of them, but in so doing the load is shifted to the one next below and finally gets to the consumer and to the average workingman in this country. Manifestly we cannot shift the burden to anyone else. We will have to have a new thesis so far as taxation is concerned.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Kentucky.

Mr. VINSON of Kentucky. Prior to 1913, 85 percent of the Federal taxes were paid by means of the tobacco and liquor taxes.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. DIRKSEN. I submit that ultimately we are going to have to get to the point where we will have to tax the machine which displaces human hands, otherwise our tax structure will bear no relationship to the social problems that have aggravated us on every hand. Despite the C.W.A., the P.W.A., and the N.R.A., we still have millions of unemployed and seemingly discern no relationship between revenue and production and employment. We grab a little revenue here and we grab a little revenue there. The result is that no particular contribution is made through a scientific tax study, which is absolutely necessary.

Sitting over on the other side is a gentleman from Pennsylvania who is the proprietor of a woolen mill. He has some 700 people on the pay roll and is one of those enlightened industrialists. He said:

> We must come to the time where the machinery that is displacing human hands must be taxed so that the little fellow in this country will not be constantly assaulted and made to carry the burden through the imposition of taxes, unemployment, idleness, and all other things that are in a sense indirect taxes which take away his substance.

So my protest, Mr. Chairman, is no reflection upon the work that has been done by the committee since October. I have, however, felt it my duty, from a sense of conviction, to point out that this measure looks like a jigsaw puzzle. I realize, of course, that your committee had a specific task, and yet I do not believe you are going to catch the tax evaders and the tax dodgers. As the distinguished gentleman on the minority side has said, they are taken care of by skillful corporation attorneys who, when they see one avenue of escape closed, at once will go about to find some other avenue of escape or some other loophole in the law. I think this is always going to be true, and we are going to have to get down to fundamentals.

Since taxes, in all forms are so easily shiftable, since the extremely wealthy man is after all but the human instrument who pays to Uncle Sam in taxes that which was created by human labor; since taxes are the least onerous and burdensome when there is a wide-spread creation and diffusion of wealth through useful production, which means employment; since the machine which displaces human hands has created a problem of underconsumption or overproduction—take your choice—through disemployment, which is still acute as evidenced by the millions of unemployed, it is high time that in a general revenue bill, we seek to evaluate the displacement power of the machine, and, for a limited time at least, so tax it as to completely ease the burden of the distressed people of the Nation, and by tax compulsion, effect a readjustment that will bring about employment and stability of employment. The raising of revenue, by mere exactions, which is hoped are painless, constitutes a tax hodge-podge and cannot go on forever without serious consequences.

Now, permit me to allude to some other features of this measure. I quite subscribe to that provision which places a tax of 5 cents on sesame and coconut oils. It is high time, with the dairy interests in such desperate plight, with such large stored quantities of edible oils and fats in this country, with producers of edible fats being forced out of business because of price demoralization, and with the Government asking cotton, corn, hog, and dairy farmers to curtail production and assessing the consumers of the Nation with processing taxes to compensate for such reductions, that we close the back door and curtail some of this outside competition.

The only trouble in that respect is that the bill does not go far enough. Had the rule been modified with respect to the excise provisions, it might have been possible to submit amendments which would curtail the tremendous importations of blackstrap molasses and tapioca starch which are in direct competition with the corn farmer of the Middle West. It seems illogical enough to seek a 20-percent reduction in corn acreage and then permit millions of gallons of blackstrap molasses and millions of pounds of starch to enter this country without duty, or with the most nominal kind of duty, and thus restrict what little bit of industrial market is left for the farmer. Manifestly, this seems discriminatory enough.

I observe that the 3-cent non-local-postage provision will be continued in effect on the theory that the Government needs the revenue. Despite the fact that first-class mail yields a profit of $104,000,000 annually, it will be continued, to offset deficits in other departments of the service. Apparently the question of justice to those who pay this postage does not enter into consideration. The Budget requests its retention as necessary and that rule apparently prevails.

The miscellaneous excise provisions constitute a strange assortment indeed. The tax on bank checks will be continued for the time being. It has often occurred to me that a humble person who spends $20 by writing 10 checks of the value of $2 each will pay a tax of 20 cents, whereas the man who writes a check for $2,000—a hundred times as much—also pays only 2 cents. There is a tax on matches, which constitute an absolute necessity. If some kind husband buys his wife an electric refrigerator for Christmas, he pays a tax; but if he buys her a nice davenport, apparently he does not.

A fur coat would bear a tax of 10 percent; a cloth coat would not. The young man purchasing an engagement ring for his fiancée would pay 10 percent; the laboring man moved by some pristine urge to spend an afternoon hunting ducks or squirrels must pay a tax on shells; the family going to the movies pay a tax on admissions; gum, candy, and sporting goods purchased for the children bear a tax; and the workingman to whom the automobile is now a distinct necessity in going to and from work—if he has a job—finds that when the family chariot needs a new tire and a new tube he must pay a tax thereon.

I know, Mr. Chairman, that there is a need for the revenue to be produced under this bill. I know also that any protest that I might make will not forestall its passage. However, I feel impelled to make this protest against what I conceive to be a bit of tax patchwork, in the hope that in the near future there may be a more systematic and scientific approach to the problem of taxation and its direct bearing upon and relationship to those other vital problems that have sprung from the machine age and threaten to engulf us.

Mr. DOUGHTON. Mr. Chairman, I yield 20 minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC. Mr. Chairman, ladies and gentlemen of the House, I consider it a privilege to be able to express my approval of the legislation sponsored by the Ways and Means Committee which is now under consideration. The bill in question represents many months of study on the part of this committee, and while it may not be considered to be perfect, it embodies the best opinions of those who are charged with the responsibility of handling the subject, and I am pleased to announce to the House my approval of the same. I desire also to extend my thanks to the distinguished chairman of the committee and all other members for the universal courtesy extended to me upon every occasion.

The Ways and Means Committee is the first organization created by the Continental Congress, and it is said to have more power than any other organization in the House. It is charged with the responsibility of raising, by taxation, a sufficient amount of money to take care of the needs of the Government and, in addition, with the selection of Members who are to serve on all other committees.

It is not necessary for me to say that these are perilous times, and that the Nation is engaged in an economic war that might be far more disastrous than if fought with shell and shot, should the time ever come when conditions similar to those now existing in Europe are brought face to face to our people. Everyone realizes that because of an error in policy on the part of those who were charged with the responsibility of maintaining this Government in the past that a situation arose which brought to our fair land the most serious depression that any country has ever experienced. Because of this fact, it was necessary to put into effect many new forms of legislation that at present are referred to as the new deal; and in order to provide necessary funds to meet interest payments and balance the Budget, this committee is now offering the kind of a bill that, in my opinion, is commendatory from many standpoints. This bill does not go as far as I should like to see it go with respect to several subjects. Every informed person in the Nation knows that a very large number, if not the majority, of large corporations have from time to time obtained their capital by selling stock to the people, and their officials are now drawing salaries that are clear out of line when it is taken into consideration that the stock sold has long since defaulted with respect to paying dividends.

The public believed the carefully worded propaganda and made investments with the thought that they were laying up something to take care of them in their old age, and when the default came all the privileges they had left was the right to sign a proxy once a year when a meeting is held for the purpose of electing officials. If I could sound a warning, I would suggest to every holder of common stock in companies that have defaulted that they refrain from signing proxies until they know the amount of salary that is being drawn by their officers, as in many cases the amount of compensation voted by those in control for their own selfish use exceeds $100,000 per year, which in such cases is nothing but inside robbery.

I wanted to find some method to tax such salaries clear out of existence, but the experts of our committee feel that this could not be done in a legal way without affecting the few honest concerns who conduct their business in the interest of the stockholders.

CONSOLIDATED RETURNS

Another provision contained in this bill would have been changed, I am sure, had it not been for the recommendations of the Treasury Department, and this is the subject of consolidated returns. According to the figures presented to the committee, a very large proportion of the revenue derived from this source comes from those who file consolidated returns. Anyhow, a sufficient amount to make me believe that at least $100,000,000 more money could be collected if consolidated returns were abolished.

Consolidated returns, as I view them, not only place a premium on inefficiency but allow a company to divide its organization up into small branches, for the purpose of allocating huge salaries to members of the "family" and to participate in "washed sales", to the extent that the Government can be defrauded of much it should receive each year. In addition, consolidated returns have a particularly injurious effect upon legitimate industries, for the reason that they enable large corporations that maintain branches in the various States to raise and lower prices in such a manner as to control and often times destroy small individual concerns that do not have the proper amount of capital to compete.

In the oil business, companies that own their pipe lines, refineries, wells, filling stations, and participate in the development of natural resources, are able to name the price of a finished product in one State at a lower figure, and in other States at a figure that is very much higher. By this method large concerns are able to choke the life out of independents until they gasp, give up, and go into the hands of the receiver, and then they are able to take them over.

Pipe-line companies, instead of paying into the Treasury a proper proportion of the enormous profits they make, are able to dissipate them into other channels, and the privilege of making consolidated returns, in my opinion, causes the

Government to lose a lot of revenue from this source. It is true that we have increased the tax to the extent of 1 percent; however, I do not believe that this will be sufficient to bring about the kind of equality that is necessary to cause these large companies to pay a tax comparable to that paid by others engaged in the same kind of business.

It was only a little while ago that the Nation was shocked because of the disclosures with respect to J. P. Morgan & Co., National City Bank of New York, and various individuals, who, by following the advice of unethical lawyers, were able to manipulate their business transactions so as to prevent paying any part of the expense necessary to maintain the Government. It will be remembered that J. P. Morgan was able to collect some six or eight million dollars in interest from the Government on non-tax-paying securities, and, in addition, purchased a yacht that cost $2,500,000, and yet did not pay a penny to the Government for taxation purposes. Therefore, the Ways and Means Committee has for months been holding sessions every morning and afternoon for the purpose of reviewing such transactions, studying the decisions rendered by the various courts; and the result of such study is embodied in this legislation. This bill deals with many intricate subjects, and when it comes to finance and economics, there is not a college in the land that provides any course of study that brings about as diligent a research as the members of this legislative organization are called upon to make. I am not going to discuss in detail the many sections of the bill, as it contains more than 200 pages and deals with approximately 100 subjects; if I did so, it would require quite a great deal more time than has been allotted to me on this occasion. I will say, however, that the committee is convinced that this measure will stop up many of the "rat holes" that have been used to avoid paying taxes, and in addition it will cause to be collected by the Treasury approximately $260,000,000, which amount will be sufficient to amortize the interest payments on appropriations set aside to take care of Public Works.

I am especially pleased that the committee accepted the three amendments offered by me as chairman of the subcommittee on oil. These, more or less, relate to the so-called "production of illegal oil" and they are of particular interest to every producer of this commodity. The first amendment relates to the collection of income tax on transactions affecting illegal oil, and when it is taken into consideration that the testimony offered showed that from 85 to 100 trainloads of illegal oil were carried out of one field per day for a long period of time, much of the same going into Canada, that unless some special provision was enacted into a law relating to this subject, much of the revenue due the Government on profits made from this source would be lost. Also, many honest farmers who own land where oil is produced have been cheated out of their royalties because of illegal production. This has been made possible by hidden pipe-line bypasses; and, in addition, the school fund of our State has been cheated because all this oil is subjected to a gross production tax. Any record disclosing the revenue of profits made from such oil can be used to recover that which has been wrongfully taken.

I realize that such a measure will not popularize me with dishonest persons; yet I have felt it my duty to the State and Nation to provide this kind of assistance in the collection of the amount that is due the Government. I estimate that this amendment will cause to be collected more than $5,000,000, and I want the Government to use this for the purpose of giving additional work to the unemployed.

In order to stimulate individuals to do their duty toward the Government, a special informative clause was carried into the bill, which will cause 50 percent of the penalty assessed to be paid to the one who aids the Government in this manner. The other two amendments provide a tax of one tenth of 1 percent per barrel on crude oil, and it is proposed to use the same to bring about a proper enforcement of regulations in the future.

When President Roosevelt assumed the responsibility as Chief Executive of the Nation, conditions were so bad it looked as if the foundation of the old ship of state was about to be destroyed, and many of our strong-hearted citizens trembled when they thought of what could happen. To cure such a depressed situation required the kind of a leader who was willing to launch out into new fields and to put into effect unheard-of remedies. I am proud and thankful that it has been my privilege to follow and support the one who has courageously blazed a new trail in establishing the precedent that the distressed and meritorious unemployed should be provided with a means of livelihood. The new deal required a complete overhauling of many of the ancient laws that remain on the statute books; and in order to cut red tape and hew straight to the line, we gave the President the kind of authority that enabled him to start immediately into motion the kind of machinery that would bring this about.

The agricultural processing legislation, the bill to expand the currency, the measure to liberalize the law with respect to making farm loans, and others that are now included in the so-called "new deal" were the subjects of discussion by the so-called "Legislative Forum", of which I have the honor of being the secretary. Prior to the inauguration of our great President I arranged for conferences with his representatives for the purpose of presenting the results of our work, and distinguished members of this organization, including the Honorable HATTON SUMNERS, JEFF BUSBY, W. W. ARNOLD, J. P. BUCHANAN, MARVIN JONES, and other Members of Congress, were present at such meetings. We are proud that the new administration accepted many of our ideas and even went much farther than we expected in sponsoring humanitarian laws that have rendered a great service to the Nation. When it is taken into consideration that the cotton farmers of Oklahoma have received over $11,000,000, the wheat farmers will be paid over $2,000,000, the producers of hogs over $2,000,000 and, in addition, livestock is to be made a basic commodity, and $200,000,000 is included in the bill for this purpose, one can realize how our great President is striving to bring back a proper adjustment of economic conditions.

There never was a piece of progressive legislation but that had to run the gauntlet of severe criticism, as in governmental affairs customs and precedents are the ruling factors, and no bill of importance relating to any subject has been received with open arms until after many years of tireless work. The guaranty bank deposit bill, when first presented by me, was made fun of; yet when our people were made to realize that the only way their life's earnings could be protected was by the enactment of such a law, a sufficient amount of sentiment was created to break down the opposition of the big capitalistic bankers. This legislation has literally caused millions of dollars to come out of hiding and be placed in such banks, where the same can be loaned to take care of legitimate industry. What a consoling thought it is to widows, orphans, and the man who earns his living by the sweat of his brow to know that no more will such banks crash to the ground, thus tying up and often taking away from such persons their life's savings. I had rather have the credit for introducing the first bill relating to this subject and presenting an argument at the first hearing than to have any kind of monument erected to my memory. Yet, there are certain types of demagogs who know nothing of legislative procedure and who would have one believe that they could, with their magnificent eloquence and power to reason, mold sentiment throughout the Nation, sway over 500 legislators, and complete such a transaction within a few weeks.

It was my privilege, as a member of the Ways and Means Committee, to assist in the preparation of the Public Works legislation, which has caused over $2,000,000,000 to be expended in order to give employment to those in need of help. The $500,000,000 set aside for emergency relief is another measure that had the support of President Roosevelt, and I am pleased that it was my privilege to vote for the additional $950,000,000 appropriation, in order that every deserving person, regardless of creed or color, could have the opportunity of performing honest labor and be paid for it.

There is a number of other laws included in the new-deal program, and, regardless of what others may say, I

am proud that our citizens at the present time do not have to be confronted with the same situation that now exists in some of the European countries, where economic conditions are so bad that they have brought about an uprising of the people, resulting in the loss of thousands of lives. I am glad to give credit where credit is due, and that is to the matchless leader who sits in the White House with a guiding hand and directs, in the best way he knows, every movement that relates to the welfare of our citizens.

I realize that there are some who are apparently displeased with my support of President Roosevelt, and they, having a selfish motive, would like to destroy every honor and the prestige of this district, in connection with the many places of honor that have been assigned to me by my colleagues. Everyone who knows anything realizes that the length of service, coupled with hard work, is the determining factor in legislative promotion. The State of Oklahoma never before was represented on the Ways and Means Committee; and if you could be here in Washington and see the campaign that is put on by many States and districts that would like to have this honor, you would realize that no person can be elected to such committee unless he has the confidence and respect of his colleagues and is considered qualified to fill such an assignment.

It will probably be interesting to you to know that Congressman TREADWAY, the oldest member in service on the Ways and Means Committee, a few days ago said in his speech—and I quote from the RECORD of February 16, 1934, page 2656—the following:

> It is fair to say that no matter how hard, how confining, or how intricate the work of the committee, no Member of the House, so far as I know, having once been honored by appointment to the committee has voluntarily retired from it.
>
> The committee is proud of that fact that the last three Speakers of this House are graduates of the Ways and Means Committee. I refer to the late lamented Nicholas Longworth, the present Vice President of the United States, Hon. John N. Garner, and the present Speaker, the beloved gentleman from Illinois, Mr. Rainey.
>
> So far as the present committee is concerned, I want to say that its work has been carried on with the greatest of harmony, notwithstanding many long and diversified dicussions.

I am proud that my length of service gives to the district the chairmanship of the Oklahoma House delegation in Congress, and that my colleagues have seen fit to elect me as vice chairman of the national congressional committee; chairman of the twelfth legislative zone, comprising the States north of Oklahoma to the Canadian line, and several other very important assignments, all of which will be lost to the district if a change is made.

I am glad to point to the projects in the district that have and will give employment to labor, such as the public buildings at Altus, Frederick, Hobart, Clinton, and the new buildings soon to be constructed, such as the one to house the Federal building at Mangum; the post office at Clinton and others will be allocated as soon as postal receipts warrant.

During this session I have introduced the four-point veterans' bill; also one that represents the views of a number of the local American Legion officials, in order that deserving ex-service men who saw service in the front-line trenches may receive compensation. Many commendatory letters have been received concerning this bill, and I have been made to feel proud because of such statements as the one recently received from an ex-service man from Carrollton, Ga.:

> I wish to congratulate you on being the first Member of the House in the 15 years since the war for having introduced the bill which will be of real benefit to men who saw combat service.

I have always been in favor of paying the so-called "bonus" and was selected as a member of the committee of three to present this subject to the President. My name is on the bonus petition, and the measure will be acted upon during this session. What a fine thing it will be to distribute this money at a time when it is so badly needed.

The press has published an account of my bill to help weak schools by providing that teachers warrants shall be eligible for loans from the Reconstruction Finance Corporation. I am in accord and will support the educational program, as nothing can be of more importance to the Nation than to provide the kind of instruction that will cause our children to receive proper education. Favorable comment, such as the following, makes a public servant feel that his efforts are appreciated:

> As a superintendent of the schools that has paid but 6 weeks of its salary warrants this year for 6 months of service, I congratulate you for your interest in the welfare of teachers. I believe that I can speak for the entire teachers of Oklahoma—the teachers of Haskell County, together with a number of those from other counties in Oklahoma, are begging for enough money for existence. We are unable to cash our warrants without a discount of as much as 50 percent! At the best we are paid but a mere living wage, if our warrants were paid in full. What other vocation requires their employees to work and receive checks not payable, or what is even more true to donate free service?
>
> The teachers in your district should recognize the service you are endeavoring to render for them and should, in turn, actively support your candidacy for reelection this summer. We need more men like you, who are championing the cause of education.
>
> CLARENCE HUNNICUTT, *Superintendent.*

In conclusion I want to say that no one is more appreciative than I am of the fine cooperation that has been given me by my colleagues and those whom I have the honor to represent. I realize full well that there will be those who seek to poison the minds of the honest voters and will make all kinds of charges with the hope that a selfish interest can be served; yet I have confidence in the integrity of the splendid citizens of the district and believe that they will realize the struggle this Nation has been going through and will approve my record of standing behind and giving support to the great leader who sits in the White House, the Honorable Franklin D. Roosevelt. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Indiana [Mr. CROWE].

Mr. CROWE. Mr. Chairman, I rise to support H.R. 7835. I appreciate the work of the committee in bringing this bill to the House. It is a step in the right direction.

For a number of years those with the large incomes have sought and found ways to avoid paying their income tax. That is, at least avoided paying the greater part of same. Evidently they have not only found loopholes but they have been able to cause loopholes to be written into the laws from time to time so that they could easily and readily take advantage of same. The fundamental principle and purpose of taxation is a tax on income to maintain government. The more complicated the system the more chance there is for loopholes. This present emergency legislation in this revenue bill will make it much more difficult for the larger institutions to avoid their full share of the tax. This will help for a while, but it will not be long until the powers of wealth that have so ably avoided paying their share will find ways and means and devise practices which will again give them an opportunity to get by without paying any tax appreciably, as has been the case during the last few years.

Many institutions, particularly the larger ones, have through their efforts made the statements that the income tax has become a racket, and for that reason we should not have an income tax law. There would be just as much reason to say we should not have a law against banditry or murder because we continue to have bandits and murderers. It would be just as reasonable to say that we should not have a law against kidnaping because kidnaping continues, and in all those cases the proper thing to do is to close up, as nearly as possible, the gaps and openings. Instead of discarding the laws, put more teeth in them and rigidly enforce them.

During the time of the discussion of the tax of the revenue bill in March 1932, we found a lot of people both in and out of Congress and a lot of the metropolitan newspapers making the bland, bold statements that it was of no use to tax income; that there was not any, but you notice that where most of the pressure came from in those instances was from constituencies where there was reason to expect income tax to be paid into the Government. If there had not been incomes, they would not have been objecting. As a matter of fact, disclosures during the past year are entirely convincing that that is a statement of fact, and some of the blackest spots in our history have come to light during the past year. When institutions like the big

banks in New York City—it has been disclosed through hearings—have been able by manipulations and juggling to escape almost, if not entirely, paying any taxes, yet rolling in luxury and wealth, it is high time that steps be taken to secure a fair and adequate share of revenue from those institutions.

It is shown that in 1932 about 480,000 tax returns were made. It is shown further that only 16 percent of these paid any tax. However, 400,000 corporations, or about 84 percent, claimed not to have had any profit whatever, yet they showed a gross income of almost $40,000,000,000. Where did it go? What became of it? No doubt most of it was made by exemptions which cunning manipulators were able to effect.

One item of particular interest in this bill is of much interest to farmers and those engaged in producing milk and butter fat, and that is the tax levied on coconut oil. Butter and other dairy products have been selling at ruinously low prices. We find it impossible for the farmer with his cows to compete with the coconut trees. A coconut tree lives and is productive something like 70 years, and a tree will produce as much oil as one cow will produce, while the productive years of a cow number approximately 7. A cow has to be fed and cared for during those years. The coconut tree takes scarcely any care whatever. Farmers are certainly entitled to this bit of relief.

The Government should lay taxes and collect revenue plentifully when profits are large. The Government should pay all its debts in prosperous years and should lay by during those prosperous years. It should do as the good business man or householder does in his productive years. It should lay by for the hard times which are to follow and do it by a reasonable tax on income. If the income-tax laws of the United States had been left in effect as they were in 1920 and 1921, the Government debt would have been paid off by January 1, 1928; and by the time this panic started there would have been a good many billions of dollars on hand in the Federal Treasury, rather than a debt of sixteen and a half billion dollars; and instead of us having to borrow money to establish public and civil works and relief measures, the Federal Government would have had sufficient to have done that. I say again that this committee is to be congratulated on their taking this step in the right direction; close the leaks and bring additional money in for the support of the Government from those who have income and who have profits. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to use to the gentleman from Texas [Mr. SANDERS].

Mr. SANDERS. Mr. Chairman, I had not intended to make any remarks on the present bill; but in view of the fact that some Members of the House have criticized in their speeches the action of the Committee on Ways and Means, by reason of the fact that the community-tax proposition was left out of the bill, I deem it proper to defend the committee by stating certain facts.

One of the most ardent critics has been the gentleman from Kentucky [Mr. BROWN]. The Ways and Means Committee has been in session since December 4 last; and if the gentleman from Kentucky [Mr. BROWN] had any information on this subject, I submit that in all fairness it was his duty to come before the committee and give the committee the benefit of his knowledge on this subject. He did not do so, but contented himself until the bill came before the House, and then made a speech in which he talked about "horse sense and stable thinking." The supposition on the part of some folks that community property States are enjoying special privileges has been current for some time, and this particular subject I will deal with hereafter, but first permit me to give you a little history in regard to the origin of community property law, given by Mr. Lewis in his dissenting report:

While the community systems of the eight community-property States in their varying forms came from the Spanish and French, the origin was in the communal forms of Germanic law. The Goths brought the institution of marital community into southwestern France and Spain, and in the latter country it became the law of the land under a Gothic conqueror. In France, however, it remained in the southwest Provinces until adopted in the Code Napoleon. Community property law was brought to the New World of Spanish dominion, but in Louisiana an earlier Spanish law had later superimposed upon it the provisions of the Code Napoleon. The Texas law, though primarily from the Spanish, also shows traces of French influence. The States of California, Nevada, New Mexico, and Arizona came into their community property laws by direct influence during Colonial times, as did Texas and Louisiana. Washington and Idaho, however, adopted their laws from the older States.

This question of community-property taxation was considered in the Seventy-first Congress when Mr. Hawley was Chairman of the Ways and Means Committee. Mr. Hawley presented House Joint Resolution 340, which was to extend the time for the assessment, refund, and credit of income taxes for 1927 and 1928, in the case of married individuals having community income. The resolution was read and is of record on page 9963 of the RECORD of the Seventy-first Congress, second session. Mr. Hawley advocated the passage of the resolution. Mr. Garner, now Vice President of the United States, was at that time a member of the Ways and Means Committee. Mr. Garner made this statement:

I happen to represent, in part, one of the States involved in this transaction, probably the largest tax-paying State of the seven. In 1927, when we passed the internal revenue act, there was quite a contest, and you will recall section 1212, in which we undertook to settle the back taxes of these community estates. There was some objection to it, and we finally compromised by an agreement, in substance, between the Treasury Department and the representatives of these five or seven States—Texas, Louisiana, Oregon, Washington, and other Western States. We entered into an agreement that we would take the cases from these various States into the Federal courts and on through to the Supreme Court as quickly as possible to determine the legal question involved. Suits were instituted. I have in mind particularly the one that was instituted in Texas at Fort Worth. The court held that in Texas they had the right to make a separate return; that is, Mrs. Garner and myself, for instance, had the right to make a separate return under the Constitution. The Government appealed the case, and it went to the Fifth Circuit Court of Appeals, and the court there sustained the district court. It is now pending in the Supreme Court and is set down for argument on October 20 of this year. The statute of limitations will begin to run against the Government in favor of the people of Texas on March 15 next for 1927, because we had a 3-year limitation then, and on March 15, as to 1928, because we have now only a 2-year limitation. So we must either pass this bill, or the Treasury Department will be compelled to notify every taxpayer in all these seven States by one of their 60-day letters that these taxes are due for 1927 and 1928, and they will have to do this about the 1st of next January or February.

Then Mr. Chindblom, a Republican and one of the ablest Members of the House and an able and outstanding member of the Ways and Means Committee at that time, made this statement:

I want to say that this case is exceptional and different from the large mass of cases in which we are very often requested to waive or extend the statute of limitations. This is a case where the rights of citizens under the laws of the States are involved; where the Federal Government sets up one claim and the citizens of five States set up other claims based upon their own constitutions and, in addition, when the matter was before the committee, it was understood, and it has been understood all the time subsequently, that the eventual determination of the matter would depend upon the conclusion of the suits pending in the Supreme Court of the United States.

Let me applaud the statement of the gentleman from Illinois, Mr. Chindblom, who said that it was a matter where the rights "of the citizens under the laws of the States are involved."

The resolution was agreed to, and the community-property States kept faith with the promise to have this matter tested in the courts of our country. The case to which Mr. Garner referred was that of Hopkins, collector of internal revenue, against Bacon, which decision was rendered on November 24, 1930, and which is to be found in volume 282, page 122, of the Reports of the Supreme Court of the United States. Before giving you this decision in full, I want to call your attention to the fact that in that decision the Court held:

The interest of a wife in community property in the State of Texas is properly characterized as a present vested interest, equal and equivalent to that of her husband; and under sections 210 (a)

and 211 (a) of the Revenue Act of 1926, she and her husband are entitled to make separate returns each of one half of the community income.

I now give you the opinion of the Supreme Court of the United States on that case in full:

This case comes here on writ of certiorari to the Circuit Court of Appeals for the Fifth Circuit. It involves the same questions with respect to community income under Texas law as are involved in *Poe* v. *Seaborn*, ante, page 101, and *Godell* v. *Koch*, ante, page 118, under the law of Arizona and Washington.

Respondent was assessed additional income tax for 1927 because he and his wife had made separate returns and had each returned one half of the community income, whereas the Commissioner of Internal Revenue asserted that the respondent must return the whole thereof. Respondent paid under protest, brought suit in the District Court (27 Fed. (2d) 140), and recovered judgment. The collector appealed and the Circuit Court of Appeals affirmed the judgment (38 Fed. (2) 651).

In view of our decision in *Poe* v. *Seaborn*, supra, the only matter to be examined here is whether under the community property system of Texas the wife has a mere expectancy, as she would under the law of California (cf. *United States* v. *Robbins*, 269 U.S. 315), or on the contrary has a proprietary vested interest in the community property such as makes her an owner of one half of the community income.

The statutes contain sweeping provisions as to what shall be included in community property. They provide that each spouse shall have testamentary power over his or her respective interest in the community property. In the event of failure to exercise such testamentary power they provide that the property shall go in the first instance to the descendants of the deceased spouse. They provide, as is usual in the States having the community system, that the husband shall have power of management and control such that he may deal with community property very much as if it were his own. In spite of this, however, it is settled that in Texas the wife has a present vested interest in such property (*Arnold* v. *Leonard*, 114 Tex. 535). Her interest is said to be equal to the husband's (*Wright* v. *Hays' Administrator*, 10 Tex. 130). It is held that the spouse's rights of property in the effects of the community are perfectly equivalent to each other (*Arnold* v. *Leonard*, *supra*). These expressions as to the wife's interest are confirmed by the authorities holding that if the husband as agent of the community, acts in fraud of the wife's rights, she is not without remedy in the courts (*Stramler* v. *Coe*, 15 Tex. 211; *Martin* v. *Moran*, 32 S.W. 904; *Watson* v. *Harris*, 130 S.W. 237; *Davis* v. *Davis*, 186 S.W. 775).

The applicable statutory provisions are noted in the margin.

In view of what has been said in *Poe* v. *Seaborn*, supra, it remains only to say that the interest of a wife in community property in Texas is properly characterized as a present vested interest, equal and equivalent to that of her husband, and that one half of the community income is therefore income of the wife. She and her husband are entitled to make separate returns, each of one half of such income. The judgment of the circuit court of appeals is affirmed.

When we were having hearings before the Ways and Means Committee on the revenue bill, Mr. EVANS, of California, a member of the Ways and Means Committee, made the following statement and submitted the following decision:

I shall not repeat the authorities submitted by Mr. HILL of Washington and Mr. SANDERS, of Texas, members of the committee. There is, however, one other United States Supreme Court decision arising from a case coming from the State of California, and that is the case of the *United States* v. *Malcolm* (282 U.S. 792).

In that case it will be noted that the Supreme Court stated that under the Revenue Act of 1928 the husband and wife, domiciled in California, must make separate returns on income derived from community property.

I desire to submit the following quotation from that decision:

UNITED STATES *v.* MALCOLM (282 U.S. 792)

"Robert K. Malcolm and Esther Jarret Malcolm are husband and wife and citizens of the United States. Since October 1, 1920, they have continuously maintained their domicile in the State of California. During the year 1928 Robert Malcolm received a salary of $3,600 for personal services rendered as an officer of the Liberty Farms Co., a California corporation. Under the laws of the State of California this income was community property. On March 1, 1929, the husband and wife filed separate returns of their income for Federal income-tax purposes. Each reported one half of the salary of $3,600 received in 1928 by the husband, and each fully paid the amount shown to be due on the return. It is admitted that all income taxes due from either husband or wife for the year 1928 have been fully paid, if, as a matter of law, they had a lawful right to make such separate returns under the provisions of paragraphs 11, 12, and 51 of the Revenue Act of 1928.

"After the husband had filed his income-tax return for the calendar year 1928, as set out above, the Commissioner, upon an audit and examination, determined that his return was incorrect in that the salary of $3,600 should have been reported by the husband alone, and an income tax paid thereon by him, instead of both husband and wife reporting it at $1,800 on each return. Accordingly, the Commissioner determined against the husband a deficiency in income tax amounting to $11.39. An assessment in this amount was then made and collected from the husband, the plaintiff herein, together with interest amounting to $1.12. A claim for refund was thereafter filed and rejected by the Commissioner. From a judgment for this amount in plaintiff's favor, the defendant has appealed.

"The questions certified were as follows:

"1. Under the applicable provisions of the Revenue Act of 1928 must the entire community income of a husband and wife domiciled in California be returned and the income tax thereon be paid by the husband?

"2. Has the wife, under paragraph 161 (a) of the Civil Code of California, such an interest in the community income that she should separately report and pay tax on one half of such income?"

Per curiam: The first question certified is answered: No. The second question is answered: Yes (*Poe* v. *Seaborn*, ante, p. 101; *Goodell* v. *Koch*, ante, p. 118; *Hopkins* v. *Bacon*, ante, p. 122).

I wish to call your attention to the case of Poe against Seaborn, Two Hundred and Eighty-second United States Reports, beginning on page 101. One paragraph from the syllabus is as follows:

The question whether the interest of a wife in community income amounts to ownership, and is therefore taxable and returnable under the Revenue Act of 1926, apart from the interest of the husband, is to be determined by the State law of community property (p. 110).

And the opinion is as follows:

Seaborn and his wife, citizens and residents of the State of Washington, made, for the year 1927, separate income-tax returns as permitted by the Revenue Act of 1926, chapter 27, section 223 (U.S.C. App., title 26, sec. 964).

During and prior to 1927 they accumulated property comprising real estate, stocks, bonds, and other personal property. While the real estate stood in his name alone, it is undisputed that all of the property, real and personal, constituted community property and that neither owned any separate property or had any separate income.

The income comprised Seaborn's salary, interest on bank deposits and on bonds, dividends, and profits on sales of real and personal property. He and his wife each returned one half the total community income as gross income and each deducted one half of the community expenses to arrive at the net income returned.

The Commissioner of Internal Revenue determined that all of the income should have been reported in the husband's return, and made an additional assessment against him. Seaborn paid under protest, claimed a refund, and on its rejection brought this suit.

The district court rendered judgment for the plaintiff (32 Fed. (2d) 916); the collector appealed, and the circuit court of appeals certified to us the question whether the husband was bound to report for income tax the entire income, or whether the spouses were entitled each to return one half thereof. This court ordered the whole record to be sent up.

The case requires us to construe sections 210 (a) and 211 (a) of the Revenue Act of 1926 (U.S.C.App., title 26, secs. 951 and 952), and apply them, as construed, to the interests of husband and wife in community property under the laws of Washington. These sections lay a tax upon the net income of every individual. The act goes no further and furnishes no other standard or definition of what constitutes an individual's income. The use of the word "of" denotes ownership. It would be a strained construction, which, in the absence of further definition by Congress, should impute a broader significance to the phrase.

The Commissioner concedes that the answer to the question involved in the cause must be found in the provisions of the law of the State, as to a wife's ownership of or interest in community property. What, then, is the law of Washington as to the ownership of community property and of community income, including the earnings of the husband's and wife's labor?

The answer is found in the statutes of the State and the decisions interpreting them.

These statutes provide that, save for property acquired by gift, bequest, devise, or inheritance, all property however acquired after marriage, by either husband or wife, or by both, is community property. On the death of either spouse his or her interest is subject to testamentary disposition, and failing that, it passes to the issue of the decedent and not to the surviving spouse. While the husband has the management and control of community personal property and like power of disposition thereof as of his separate personal property, this power is subject to restrictions which are inconsistent with denial or the wife's interests as coowner. The wife may borrow for the community purposes and bind the community property (*Fielding* v. *Ketler*, 86 Wash. 194). Since the husband may not discharge his separate obligation out of community property, she may, suing alone, enjoin collection of his separate debt out of community property (*Fidelity & Deposit Co.* v. *Clark*, 144 Wash. 520). She may prevent his making substantial gifts out of community property without her consent (*Parker* v. *Parker*, 121 Wash. 24). The community property is not liable for the husband's torts not committed in carrying on the business of the community (*Schramm* v. *Steele*, 97 Wash. 309).

The books are full of expressions such as "the personal property is just as much hers as his" (*Marston* v. *Rue*, 92 Wash. 129); "her property right in it (an automobile) is as great as his" (92 Wash. 133); "the title of one spouse * * * was a legal title as well as that of the other" (*Mabie* v. *Whittaker*, 10 Wash. 656, 663).

Without further extending this opinion it must suffice to say that it is clear the wife has, in Washington, a vested property right in the community property equal with that of her husband; and in the income of the community, including salaries or wages of either husband or wife, or both. A description of the community system of Washington and of the rights of the spouses, and of the powers of the husband as manager, will be found in *Warburton* v. *White*, 176 U.S. 484.

The taxpayer contends that if the test of taxability under sections 210 and 211 is ownership, it is clear that income of community property is owned by the community and that husband and wife have each a present vested one half interest therein.

The Commissioner contends, however, that we are here concerned not with mere names, nor even with mere technical legal titles; that calling the wife's interest vested is nothing to the purpose, because the husband has such broad powers of control and alienation, that while the community lasts, he is essentially the owner of the whole community property, and ought so to be considered for the purposes of sections 210 and 211. He points out that as to personal property the husband may convey it, may make contracts affecting it, may do anything with it short of committing a fraud on his wife's rights. And though the wife must join in any sale of real estate, he asserts that the same is true, by virtue of statutes, in most States which do not have the community system. He asserts that control without accountability is indistinguishable from ownership, and that since the husband has this, quoad community property and income, the income is that "of" the husband under sections 210–211 of the income tax law.

We think, in view of the law of Washington above stated, this contention is unsound. The community must act through an agent. This Court has said with respect to the community-property system (*Warburton* v. *White*, 176 U.S. 494) that "property acquired during marriage with community funds became an acquet of the community and not the sole property of the one in whose name the property was bought, although by the law existing at the time the husband was given the management, control, and power of sale of such property. This right being vested in him, not because he was the exclusive owner, but because by law he was created the agent of the community."

In that case, it was held that such agency of the husband was neither a contract nor a property right vested in him, and that it was competent to the legislature which created the relation to alter it, to confer the agency on the wife alone, or to confer a joint agency on both spouses, if it saw fit—all without infringing any property right of the husband. (See also *Arnett* v. *Reade*, 220 U.S. 311 at 319.)

The reasons for conferring such sweeping powers of management on the husband are not far to seek. Public policy demands that in all ordinary circumstances, litigation between wife and husband during the life of the community should be discouraged. Lawsuits between them would tend to subvert the marital relation. The same policy dictates that third parties who deal with the husband respecting community property shall be assured that the wife shall not be permitted to nullify his transactions. The powers of partners, or of trustees of a spendthrift trust, furnish apt analogies.

The obligations of the husband as agent of the community are no less real because the policy of the State limits the wife's right to call him to account in a court. Power is not synonymous with right. Nor is obligation coterminous with legal remedy. The law's investiture of the husband with broad powers, by no means negatives the wife's present interest as a coowner.

We are of opinion that under the law of Washington the entire property and income of the community can no more be said to be that of the husband, than it could rightly be termed that of the wife.

We should be content to rest our decision on these considerations. Both parties have, however, relied on executive construction and the history of the income-tax legislation as supporting their respective views. We shall, therefore, deal with these matters.

The taxpayer points out that, following certain opinions of the Attorney General, the decisions and regulations of the Treasury have uniformly made the distinction that while under California law the wife's interest in community property amounts to a mere expectancy contingent on her husband's death and does not rise to the level of a present interest, her interest under the laws of Washington, Arizona, Texas, and some other States is a present vested one. They have accordingly denied husband and wife the privilege of making separate returns of one half the community income in California, but accorded that privilege to residents of such other States.

He relies further upon the fact that Congress has thrice, since these decisions and regulations were promulgated, reenacted the income tax law without change of the verbiage found in sections 210 (a) and 211 (a), thus giving legislative sanction to the executive construction. He stands also on the fact that twice the Treasury has suggested the insertion of a provision which would impose the tax on the husband in respect of the whole community income, and that Congress has not seen fit to adopt the suggestion.

On the other hand, the Commissioner says that, granted the truth of these assertions, a different situation has been created as respects 1926 and subsequent years. For in the 1926 act there was inserted a section which plainly indicated an intent to leave this question open for the future in States other than California, while closing it for past years. The section is copied in the margin.

We attribute no such intent to the section as is ascribed to it by the Commissioner. We think that although Congress had twice refused to change the wording of the act, so as to tax community income to the husband in Washington and certain other States in view of our decision in *United States* v. *Robbins*, 269 U.S. 315, it felt we might overturn the Executive construction and assimilate the situation in Washington to that we had determined existed in California. Section 1212, therefore, was merely inserted to prevent the serious situation as to resettlements, additional assessments, and refunds which would follow such a decision.

The same comments apply to the Joint Resolution No. 88, Seventy-first Congress, on which the Commissioner relies.

It is obvious that this resolution was intended to save the Government's right of resettlement in event that the proposed test suits, of which this is one, should be decided in favor of the Government's present contention. See the report of the Ways and Means Committee on the resolution (CONGRESSIONAL RECORD, June 11, 1930, pp. 10923–10925).

On the whole we feel that were the matter less clear than we think it is on the words of the income tax law as applied to the situation in Washington, we should be constrained to follow the long and unbroken line of executive construction applicable to words which Congress repeatedly reemployed in acts passed subsequent to such construction (*New York* v. *Illinois*, 278 U.S. 367; *National Lead Co.* v. *United States*, 252 U.S. 140; *United States* v. *Farrar*, 281 U.S. 624), reenforced, as it is, by Congress' refusal to change the wording of the acts to make community income in States whose law is like that of Washington returnable as the husband's income.

The Commissioner urges that we have, in principle, decided the instant question in favor of the Government. He relies on *United States* v. *Robbins* (269 U.S. 315); *Corliss* v. *Bowers* (281 U.S. 376), and *Lucas* v. *Earl* (281 U.S. 111).

In the Robbins case we found that the law of California, as construed by her own courts, gave the wife a mere expectancy and that the property rights of the husband during the life of the community were so complete that he was in fact the owner. Moreover, we there pointed out that this accorded with the executive construction of the act as to California.

The Corliss case raised no issue as to the intent of Congress, but as to its power. We held that where a donor retains the power at any time to revest himself with the principal of the gift, Congress may declare that he still owns the income. While he has technically parted with title, yet he in fact retains ownership and all its incidents. But here the husband never has ownership. That is in the community at the moment of acquisition.

In the Earl case a husband and wife contracted that any property they had or might thereafter acquire in anyway, either by earnings (including salaries, fees, etc.), or any rights by contract or otherwise, "shall be treated and considered and hereby is declared to be received held taken and owned by us as joint tenants * * *." We held that, assuming the validity of the contract under local law, it still remained true that the husband's professional fees, earned in years subsequent to the date of the contract, were his individual income, "derived from salaries, wages, or compensation for personal services" under sections 210, 211, 212 (a) and 213 of the Revenue Act of 1918. The very assignment in that case was bottomed on the fact that the earnings would be the husband's property, else there would have been nothing on which it could operate. That case presents quite a different question from this, because here, by law, the earnings are never the property of the husband, but that of the community.

Finally, the argument is pressed upon us that the Commissioner's ruling will work uniformity of incidence and operation of the tax in the various States, while the view urged by the taxpayer will make the tax fall unevenly upon married people. This argument cuts both ways. When it is remembered that a wife's earnings are a part of the community property equally with her husband's, it may well seem to those who live in States where a wife's earnings are her own, that it would not tend to promote uniformity to tax the husband on her earnings as part of his income. The answer to such argument, however, is, that the constitutional requirement of uniformity is not intrinsic, but geographic (*Billings* v. *United States* (232 U.S. 261); *Head Money Cases* (112 U.S. 580); *Knowlton* v. *Moore* (178 U.S. 41)). And differences of State law, which may bring a person within or without the category designated by Congress as taxable, may not be read into the revenue act to spell out a lack of uniformity (*Florida* v. *Mellon* (273 U.S. 12)).

The district court was right in holding that the husband and wife were entitled to file separate returns, each treating one half of the community income as his or her respective income, and its judgment is affirmed.

Section I of the fourteenth amendment to the Constitution of the United States is as follows:

All persons born or naturalized in the United States and subject to the jurisdiction thereof are citizens of the United States and of the State wherein they reside. No State shall make or enforce any law which shall abridge the privileges or immunities of citizens of the United States; nor shall any State deprive any person of life, liberty, or property without due process of law, nor deny to any person within its jurisdiction the equal protection of the laws.

I also wish to call your attention to the case of Hoeper against The Tax Commission of Wisconsin, Two Hundred and Eighty-third United States Reports, page 208, as follows:

Appellant, a resident of Marathon County, Wis., married in the year 1927. Subsequently to his marriage he was in receipt of income taxable to him under the income-tax statute of the State. His wife, during the same period, received taxable income composed of a salary, interest and dividends, and a share of the profits of a partnership with which her husband had no connection. The assessor of incomes assessed against the appellant a tax computed on the combined total of his and his wife's incomes as shown by separate returns, treating the aggregate as his income. The amount so ascertained and assessed exceeded the sum of the taxes which would have been due had their taxable incomes been separately assessed. The authority for the assessor's procedure is found in the following sections of the act:

Section 71.05 (2) (d): "* * * In computing taxes and the amount of taxes payable by persons residing together as members of a family, the income of the wife and the income of each child under 18 years of age shall be added to that of the husband or father, or if he be not living, to that of the head of the family, and assessed to him except as hereinafter provided. The taxes levied shall be payable by such husband or head of the family, but if not paid by him may be enforced against any person whose income is included within the tax computation."

Section 71.09 (4) (c): "Married persons living together as husband and wife may make separate returns or join in a single joint return. In either case the tax shall be computed on the combined average taxable income. The exemptions provided for in subsection (2) of section 71.05 shall be allowed but once and divided equally, and the amount of tax due shall be paid by each in the proportion that the average income of each bears to the combined average income."

Appellant paid the tax under protest and, after complying with requisite conditions precedent, instituted proceedings to recover so much thereof as was in excess of the tax computed on his own separate income. He asserted that the statute as applied to him violates the fourteenth amendment. The Supreme Court of Wisconsin overruled this contention and affirmed a judgment for appellees. The question is whether the State law as interpreted and applied deprives the taxpayer of due process and of the equal protection of the law. The appellant says that what the State has done is to assess and collect from him a tax based in part upon the income received by his wife, and that such exaction is arbitrary and discriminatory, and consequently violative of the constitutional guaranties.

At common law the wife's property, owned at the date of marriage or in any manner acquired thereafter, is the property of her husband. Her earnings and income are his, he may dispose of them at will, and he is liable for her debts. Were the status of a married woman in Wisconsin that which she had at common law, the statutory attribution of her income to her husband for income tax would no doubt be justifiable. But her spouse's ownership and control of her property have been abolished by the laws of the State. Women are declared to have the same rights as men in the exercise of suffrage, freedom of contract, choice of residence for voting purposes, jury service, holding office, holding and conveying property, care and custody of children, and in all other respects. Under the title "Property rights of married women" it is enacted that a wife's real estate and its rents, issues, and profits shall be her sole and separate property as if she were unmarried, and shall not be subject to the disposal of her husband, and this is true of her personal property as well, whether owned at the date of marriage or subsequently acquired. She may convey, devise, or bequeath her property, real and personal, as if she were unmarried, and her husband has no right of disposal thereof, nor is it liable for his debts. Either spouse may convey his or her property to the other or create a lien thereon in favor of the other. The individual earnings of every married woman, except those accruing from labor performed for her husband, or in his employ or payable by him, are her separate property, and are not subject to his control or liable for his debts. She may sue in her own name and have all the remedies of an unmarried woman in regard to her separate property or business and to recover her earnings, and is liable to suit and to the rendition of a judgment, which may be enforced against her separate property as if she were unmarried. Since, then, in law and in fact, the wife's income is in the fullest degree her separate property and in no sense that of her husband, the question presented is whether the State has power by an income tax law to measure his tax not by his own income but, in part, by that of another. To the problem thus stated what was said in *Knowlton* v. *Moore* (178 U.S. 41, 77), is apposite:

"It may be doubted by some, aside from express constitutional restrictions, whether the taxation by Congress of the property of one person, accompanied with an arbitrary provision that the rate of tax shall be fixed with reference to the sum of the property of another, thus bringing about the profound inequality which we have noticed, would not transcend the limitations arising from those fundamental conceptions of free government which underlie all constitutional systems."

We have no doubt that, because of the fundamental conceptions which underlie our system, any attempt by a State to measure the tax on one person's property or income by reference to the property or income of another is contrary to due process of law as guaranteed by the fourteenth amendment. That which is not in fact the taxpayer's income cannot be made such by calling it income. Compare *Nichols* v. *Coolidge* (274 U.S. 531, 540).

It is incorrect to say that the provision of the Wisconsin income-tax statute retains or reestablishes what was formerly an incident of the marriage relation. Wisconsin has not made the property of the wife that of her husband, nor has it made the income from her property the income of her husband. Nor has it established joint ownership. The effort to tax B for A's property or income does not make B the owner of that property or income, and whether the State has power to effect such a change of ownership in a particular case is wholly irrelevant when no such effort has been made. Under the law of Wisconsin the income of the wife does not at any moment or to any extent become the property of the husband. He never has any title to it, or controls any part of it. That income remains hers until the tax is paid, and what is left continues to be hers after that payment. The State merely levies a tax upon it. What Wisconsin has done is to tax as a joint income that which under its law is owned separately and thus to secure a higher tax than would be the sum of the taxes on the separate incomes.

The court below assigned two reasons which it thought removed the constitutional objections to the application of the statute in the instant case. It cited and followed the *Income Tax cases* (148 Wis. 456; 134 N.W. 673; 135 N.W. 164), where the statute here in question was sustained on the ground that the provisions under attack are necessary to prevent frauds and evasions of the tax by married persons, and stated that the decision of this court in *Schlesinger* v. *Wisconsin* (270 U.S. 230) was not inconsistent with the views expressed by the Supreme Court of Wisconsin in its earlier decision. To this we cannot agree. In the Schlesinger case this Court held invalid a statute which, for purposes of inheritance tax, classified all gifts inter vivos, effective within 6 years of death, as gifts made in contemplation of death. To the argument of the necessity for such classification to prevent frauds and evasions, it was answered (p. 240):

"That is to say, A may be required to submit to an exactment forbidden by the Constitution if this seems necessary in order to enable the State readily to collect lawful charges against B. Rights guaranteed by the Federal Constitution are not to be so lightly treated; they are superior to this supposed necessity. The State is forbidden to deny due process of law or the equal protection of the laws for any purposes whatsoever."

The claimed necessity cannot justify the otherwise unconstitutional exaction.

The second reason assigned as a justification for the imposition of the tax is that it is a regulation of marriage. It is said that the marital relation has always been a matter of concern to the State, and has properly been the subject of legislation which classified it as a distinct subject of regulation. It is suggested that a difference of treatment of married as compared with single persons in the amount of tax imposed may be due to the greater and different privileges enjoyed by the former, and, if so, the discrimination would have a reasonable basis, and constitute permissible classification. This view overlooks several important considerations. In the first place, as is pointed out below, the State has, except in its purely social aspects, taken from the marriage status all the elements which differentiate it from that of the single person. In property, business, and economic relations they are the same. It can hardly be claimed that a mere difference in social relations so alters the taxable status of one receiving income as to justify a different measure for the tax.

Again, it is clear that the law is a revenue measure, and not one imposing regulatory taxes. It levies a tax on "every person residing within the State" and defines the word "person" as including "natural persons, fiduciaries, and corporations", and "corporations" as including corporations, joint-stock companies, associations, or common-law trust." It lays graduated taxes on the incomes of natural persons and corporations at different rates. It is comprehensive in its provisions regarding gross income and allowable deductions and exemptions, and is in most respects the analog of the Federal income tax acts in force since 1916. It is obvious that the act does not purport to regulate the status or relationships of any person, natural or artificial. Arbitrary and discriminatory provisions contained in it cannot be justified by calling them special regulations of the persons or relationships which are the object of the discrimination. The present case does not fall within the principle that where the legislature, in prohibiting a traffic or transaction as being against the policy of the State, makes a classification, reasonable in itself, its power so to do is not to be denied simply because some innocent article comes within the prescribed class (*Purity Extract Co.* v. *Lynch*, 226 U.S. 192, 204). Taxing one person for the property of another is a different matter. There is no room for the suggestion that qua the appellant and those similarly situated the act is a reasonable regulation, rather than a tax law.

Neither of the reasons advanced in support of the validity of the statute as applied to the appellant justifies the resulting discrimination. The exaction is arbitrary and is a denial of due process.

The judgment must be reversed and the cause remanded for further proceedings not inconsistent with this opinion.

Reversed.

I also call your attention to the case of *Knowlton* v. *Moore* (178 U.S. 41, 77), and I quote therefrom as follows:

It may be doubted by some, aside from express constitutional restrictions, whether the taxation by Congress of the property of one person, accompanied with an arbitrary provision that the rate of tax shall be fixed with reference to the sum of the property

of another, thus bringing about the profound inequality which we have noticed, would not transcend the limitations arising from those fundamental conceptions of free government which underlie all constitutional systems.

The the Court proceeds in this case as follows:

"We have no doubt that, because of the fundamental conceptions which underlie our system, any attempt by a State to measure the tax on one person's property or income by reference to the property or income of another is contrary to due process of law as guaranteed by the fourteenth amendment. That which is not in fact the taxpayer's income cannot be made such by calling it income."

Following that, the opinion concludes as follows:

"Arbitrary and discriminatory provisions contained in it cannot be justified by calling them special regulations of the persons or relationships which are the object of the discrimination. The present case does not fall within the principle that where the legislature, in prohibiting a traffic or transaction as being against the policy of the State, makes a classification, reasonable in itself, its power so to do is not to be denied simply because some innocent article comes within the prescribed class (*Purity Extract Co. v. Lynch*, 226 U.S. 192, 204). Taxing one person for the property of another is a different matter. There is no room for the suggestion that qua the appellant and those similar situated the act is a reasonable regulation, rather than a tax law.

"Neither of the reasons advanced in support of the validity of the statute as applied to the appellant justifies the resulting discrimination. The exaction is arbitrary and is a denial of due process.

"The judgment must be reversed and the cause remanded for further proceedings not inconsistent with this opinion. Reversed."

These decisions clearly show that the Supreme Court of the United States has passed upon this matter of community property taxation, and I cannot understand how anyone could think that the Supreme Court of the United States would reverse itself on these matters. There is an axiom to the effect that—

Law is the perfection of reason. It always contends to conform thereto, and that which is not reason is not law.

Under our dual form of government each State has the right and the authority to fix its own laws and its own property rights, and these laws and these property rights will not be disturbed by the Supreme Court of the United States provided they do not conflict with the Constitution of the United States, which is the supreme law of our land. These decisions may go over the heads of some folks who do not have proper reverence for our Constitution and our laws. Some Members of Congress, I am sorry to say, claim that when we refer to the Constitution that it is simply a lawyer's trick to evade the issues. I cannot subscribe to that doctrine, nor do I have any patience with it. Each Member of Congress takes this oath:

I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion; and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

Under this oath my duty is to interpret the Constitution from my own viewpoint with what honesty and intelligence I may possess. I cannot delegate this duty to the Supreme Court of the United States, because it is a personal matter to me that I must act upon before the Supreme Court of the United States is called to act upon it. If this Congress should pass a bill interfering with the right of eight sovereign States of this Union to fix their own property rights when those rights are not in conflict with the Constitution of the United States, then I have no doubt but that the Supreme Court of the United States will write such doubting Thomases another letter in addition to those which I have given.

I am aware that to the person who has not given study to this very important problem, that at first blush it might occur to him that the community-property States have some advantages over those States which do not have community property laws. However, when you take into consideration the fact that the laws in the community-property States absolutely fix the status of community-property rights between the husband and the wife and that they have little opportunity or power by subterfuge to escape their just proportion of taxation, and when you consider the different laws of the 40 States which are not community-property States and the powers and possibilities which the citizens of those States have under their own peculiar laws for tax evasion, it occurs to me that the eight community-property States would be at a disadvantage if denied their rights under their own constitution and laws. A few of these evasions are accomplished through transfers of properties from husband to wife or wife to husband, by allocations of charitable gifts, by exchanges of security holdings, and by trusts, voluntarily created. These evasions are more difficult in Texas and at least some of the other community-property States because of stringent legal restrictions fixed by statutes of these States. The hearings before the committee contain an able argument made by the gentleman from Washington [Mr. HILL] on this subject.

The able subcommittee of the Ways and Means Committee, which under resolution investigated the question of tax avoidance considered this subject, with the advice of experts, and after full consideration said:

No recommendation in regard thereto is made by your subcommittee in view of the legal difficulties involved.

Some Member of Congress made the statement on the floor of the House that the President was behind this matter to deprive the community-property States of their legal rights. At least that was the substance of his suggestion. I challenge that statement.

The Treasury Department, in referring to this matter, simply recommended for consideration their views which were set out in their report. There is not a lawyer who values his reputation but who will tell you that the constitutionality of either proposal, one, known as the "Parker proposal", or the "Treasury proposal", does not present grave questions of constitutionality. This is not the question of making the 8 community-property States pay more tax and thereby relieving the tax burden of the citizens of the other 40 States of this Union. If you compel the 8 community States to pay more tax, the citizens of the 40 States will pay as much tax as they are now paying and even more. In the first place, the Treasury suggestion was to have one joint return between the husband and wife. If that should become a law, it will be a new and revolutionary proceeding in the income tax laws of this Nation and will cause many citizens in every congressional district in the 40 noncommunity States to pay more taxes than they are now paying. In other words, when you seek to inflict punishment on the eight community-property States, each and every Member of Congress who votes for either proposal which has been submitted will by his or her vote increase the taxes upon some of their own constituents. The income tax law is based on the individual. It states that—

There shall be levied, assessed, and collected from every citizen an income tax.

It does not state that you can group these citizens. If you can group them under the head of husband and wife, then why not include all of the children? Why not group the entire family? Then the other proposal to tax, not every person as the income tax laws state but to tax the one who manages and controls the income, is a new departure from the income tax law as was written and has been in force these many years. Instead of taxing each individual citizen who has an income you are going to tax someone who manages or controls an income.

If either one of the revolutionary proposals is adopted, those who vote to adopt them will find that after the law becomes effective many of their own citizens will have to pay more taxes than they are now paying; and it will be small comfort to a Member of Congress to go out into his district and tell his constituents that he voted to make the eight community-property States of the Union pay more taxes than they had been paying, when some intelligent citizen rises up in the audience and says, "Mr. Congressman, that sounds mighty good, but under the law that you passed you are causing me to pay more taxes than I had to pay heretofore, because I had a separate income from my wife and we had been filing separate returns by reason of that fact, and yet you now compel us to file a joint return or a return based upon management and control." I plant my feet on the

good old doctrine of State rights, that each and every State has the right to manage and control its own affairs and fix its own property rights when not in conflict with the Constitution of the United States.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Nebraska [Mr. BURKE].

Mr. BURKE of Nebraska. Mr. Chairman, this country has embarked on a gigantic and costly program of crop reduction. The avowed purpose of this experiment is to raise the present ruinously low prices of agricultural products. Under this plan we are paying the cotton farmer to plow under a portion of his crop and agree to plant a smaller acreage. To the raiser of hogs a bounty is offered if he will send his pigs to market instead of fattening them, and slaughter a portion of his sows so that fewer pigs will be produced. Cattle are to be a basic commodity in order that production may be lowered. This is a drastic program. It runs counter to long-established policies that have prevailed in this country. It can be justified, if at all, only because of the dire plight of agriculture and its failure to respond to any other treatment.

It is not yet possible to tell whether this experiment can succeed. Of one thing we may be certain. This whole program is doomed to ignominious and costly failure if it results merely in opening our market to a flood of cheap oils and fats from abroad. If we pay our cotton farmer and the producer of hogs and cattle to reduce their production of cottonseed oil and animal fats and greases by a billion pounds this year, and at the same time permit a billion pounds of additional imports of cheap oils and fats, we have accomplished absolutely nothing. Yet that is exactly what we are going to do unless some means is provided to check this inflow.

We have in storage in this country an unprecedented accumulation of fats and oils. Testimony before the Ways and Means Committee disclosed the following figures as of September 30, 1933:

STORAGE

	Pounds
Cottonseed oil	742,000,000
Lard	136,000,000
Tallow	237,000,000
Butter	175,000,000

With these figures in mind, and considering the bold experiment now under way to curtail production, it is important that we examine the question of importation of fats and oils. One example will suffice. The Philippine coconut-oil industry merits the careful attention of this Congress. In 1910 in the Philippine Islands about 400,000 acres were devoted to the coconut industry with something less than 25,000,000 bearing trees. Today more than 1,500,000 acres are used for this purpose with 65,000,000 full-bearing trees. But that is only half the story. It takes about 5 years for a coconut tree to become full bearing. I may add that it is then good for 75 to 100 years of production. There are today in the Philippine Islands, in addition to the 65,000,000 full-bearing trees, 40,000,000 more trees just about ready to reach the bearing stage.

Twenty years ago we imported about 75,000,000 pounds of coconut oil annually. Our imports for the 3 months of July, August, and September 1933 totaled 280,000,000 pounds. If the imports continue, even at the same rate, for the remaining 9 months of this fiscal year, it will mean more than a billion pounds of coconut oil imported. There is every reason to believe that the rate will increase and unless something is done to check it, the importation of this one oil alone will total for this fiscal year 1,250,000,000 pounds.

Just what does this mean to the producer of cattle and hogs? If a thousand-pound steer supplies 100 pounds of rendered fat, then we permitted to be brought into this country, duty free, during the month of September last enough coconut oil to equal the fat produced by nearly a million such steers. If a 200-pound hog furnishes 30 pounds of rendered lard, then we let enough coconut oil come in during September, and the same is true of every month of this fiscal year to equal the lard produced by 3,000,000 such hogs.

Shall we continue to tax ourselves to pay the raiser of hogs, to further curtail his production in order to create a larger market in this country for coconut oil? There will be no shortage. If we cut down our production another 500,000,000 pounds, the friendly Filipino will soon be ready to take care of our needs. He will be able in a short time to put on our market 1,500,000,000 pounds of coconut oil annually. The Nebraska farmer cannot raise hogs on high-priced, heavily taxed farms and feed his hogs on 45-cent corn and be expected to compete with the coconut trees of the Philippines.

Section 602 of the revenue bill now under consideration imposes a processing tax of 5 cents per pound on the first use of coconut oil in the manufacture or production of an article for sale. If the preliminary processing is done outside of the United States, then the tax is imposed on the first processing in the United States of mixtures or combinations in chief value of coconut oil. What effect can we expect from the imposition of this tax? Twenty years ago more than 80 percent of the fats and oils used in the making of soap in this country was of domestic origin. Today more than 50 percent of the ingredients used by our soap manufacturers consists of imported fats and oils. Twenty years ago the margarine manufactured in this country contained only three tenths of 1 percent coconut oil. Today the content of margarine averages more than 66 percent coconut oil. The effect of this tax will not be to put an embargo on the importation of coconut oil, but it will raise the price so that our domestic fats and oils will be used again in something like the former proportion in the making of soap, margarine, and other products. An increase of 3 or 4 cents a pound on cottonseed oil and the fatty content of hogs and cattle will mean hundreds of millions of dollars additional income to the cotton farmers and the hog and cattle producers of the country.

This is farm relief that really means something. The first step is this excise tax on coconut and sesame oils. This provision of the revenue bill should meet general approval.

Mr. DOUGHTON. Mr. Chairman, I yield such time as he may desire to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Chairman, few outside of the membership of the Committee on Ways and Means realize the task that confronts those responsible for the preparation of a revenue or tariff bill.

As important as the pending measure is, I am of the opinion it would be far more beneficial if a bill providing for a general revision of the tariff was brought in at this session.

The pending revenue bill contains 213 pages, is accompanied by a report of over 49 pages and the committee or a subcommittee thereof has been employed daily since the first of last August in its preparation.

The measure will go to the Senate practically as reported to the House, but it remains to be seen how it will be returned to the House. If past performances can be accepted as a criterion, there will be several hundred amendments made to the bill by the body on the other side of the Capitol. What does that mean? It means as usual the most important features of the Revenue Act of 1934 will be written in conference when 5 Members of the House and 5 Members of the Senate will retire to closed chambers and consider the bill as passed by the House and as amended and passed by the Senate. That is not unusual. It is the general practice, an old-established policy, regardless of whether the Democratic or Republican Party is in power.

There are certain features of the pending bill that do not appeal to me, but it is a case of take it or leave it. One cannot be in the position of declining to vote for legislation to raise the normal revenue needed for the Government.

Much has been said of tax-exempt securities. Congress must soon meet this situation. Some maintain Congress now has the power to place a tax on such securities, while others, looked upon as being equally learned in constitutional law, insist it will require an amendment to the Constitution. As I understand it, we are nearing the $50,000,000,000 mark in tax-exempt securities, Federal, State,

county, and municipal. The first effort of Congress should be to see to it that future issues are not tax exempt.

The present law permits corporations which are affiliated through 95 percent of stock ownership to file consolidated returns. It seems, from the report, the committee set aside its own judgment and yielded to the Treasury, for the bill again permits the filing of consolidated returns. The committee did, however, recognize the benefits to corporations who filed consolidated returns, and provided that an additional tax of 2 percent should be levied on corporations, filing such returns in lieu of the 1 percent provided in existing law. This, the Treasury maintains, will result in more revenue than would be secured if the consolidated return were abolished. How the Treasury arrived at this conclusion I do not know.

Now let us see what happens under the consolidated returns. Take the chain stores for instance. I submit the following, which is a table showing business done in 1932 by 16 of the leading chain stores of the United States, taken from the January 1934 Progressive Grocer:

Great Atlantic & Pacific	$874,779,300
Safeway Stores	226,706,957
Kroger G. & B.	213,163,298
American Stores	115,453,529
First National	102,458,400
National Tea	65,524,242
H. C. Bohack	32,478,856
Grand Union	29,702,661
Jewel Tea	11,048,559
Winn & Lovett	5,062,020
Sears, Roebuck & Co	280,061,229
F. W. Woolworth	249,887,669
Montgomery Ward	180,069,239
J. C. Penny	155,272,791
S. S. Kresge	124,421,062
W. T. Grant	73,308,932

The chain store is gradually pushing the individual merchant from the picture. Congress has done nothing to stop the growth.

The Great A. & P. that did a business of $874,779,300 in 1932 had, I understand, 16,000 stores. These 16,000 stores forced out of business possibly 50,000 individual merchants. Some say it has resulted in a lowering of prices to the consumer, but what will happen when the chain has complete control, as they will have unless something is done to curb their expansion. The question in my mind is, Would the elimination of the consolidated returns increase the taxes received from the chains? It is known the chain corporations have operated stores at a big loss simply to drive an individual merchant from a neighborhood. They have in my city, St. Louis, used unfair methods. They have agreed to hire as manager a merchant provided he closed his store. After accepting the proposal, the chain would release the merchant as manager after several months of employment.

Untold damage is done to a city by the chain stores. The net receipts are sent from the city weekly to headquarters. Look at the drain. Take, for instance, a city like St. Louis, where you have meat, grocery, drug, and other chains numbering around 800. All the profits leave the city, never to return. How much better it would be if the individual merchant was in his old place; all his profits retained and spent in his own community. It is a big question and must be solved if you expect a return of prosperity.

I pass now to another subject which gives me great concern: American money invested in industry abroad in the form of branch factories, money made by Americans, over $4,000,000,000, through the protection of the United States Government, sent to other countries where branch factories are established manufacturing the same products with cheap foreign labor that were formerly made in this country by American labor and shipped abroad. Is there any wonder we have unemployment in this country? Here is what the committee report says on this subject:

Section 131 of existing law provides for the crediting of foreign taxes paid against the Federal income tax under certain limitations. Practically this works out so that a domestic corporation with a foreign branch or foreign subsidiary pays no tax to the United States on income earned abroad wherever the foreign income-tax rate is greater than our own rate, which is usually the case. The present credit does not operate to reduce the tax on income actually earned in the United States, but does prevent, to a considerable extent, the double taxation of the foreign income of an American company.

Under the Revenue Acts of 1913, 1916, and 1917 a taxpayer was not entitled to any credit for taxes paid to a foreign country. These early acts permitted taxes paid to a foreign country to be deducted only from gross income, which was also the rule applied in the case of State, county, and municipal taxes.

Our subcommittee recommended the elimination of the foreign tax credit and a return to the deduction system permitted under the early revenue acts, which system, of course, returns substantially greater revenue than the present method. The Treasury Department, however, was of the opinion that the present method was fair and should be continued, pointing out that "the United States, to avoid burdensome double taxation and to encourage foreign trade, should therefore allow an offsetting credit against its own income tax."

On further consideration of the matter, your committee came to the conclusion that the Federal Government should receive some tax on income earned abroad. On the other hand, realizing that much of this foreign income arises from the sale of American products, it also reached the conclusion that such foreign income should not be taxed in full where the income had already been subjected to a foreign income tax.

Your committee therefore recommends that the amount of the foreign tax credit shall not exceed the same proportion of the Federal tax on the entire income, which one half the taxpayers' net income within a foreign country bears to his entire net income. The practical result of this plan is to secure for the Federal Government a tax on one half of the foreign income earned in countries where the income-tax rates are not less than one half of our rates. In other cases, the Federal Government will secure a tax on a still greater proportion of the foreign income. Your committee believes the change proposed in existing law is fair to both Government and taxpayer and will return a substantial amount of added revenue.

It makes my blood boil when I think of how our manufacturers have given employment to the foreigner at the expense of the American workman.

I do not think the committee has gone far enough. They should be made to add every dollar of profit of their foreign branches to their returns regardless of the taxes paid to a foreign country. In fact, it would be a real lesson to not even let them deduct the taxes paid to other countries.

Men who made their fortunes in this country should have some feeling for their country and the people of the United States. If anything should happen in a foreign country that would result in the destruction of their branch factory the next day they would be calling upon the United States to protect their property abroad.

All taxes hurt, but they are necessary. Ability to pay is the basis of the Democratic tax policy and it should remain the policy. The sales tax advocated by many would be tax relief for the rich and a burden upon the poor. I hope the day will never come when conditions would require me to vote for a general sales tax. I thank you. [Applause]

Mr. DOUGHTON. Mr. Chairman, I yield such time to the gentleman from Oklahoma [Mr. HASTINGS] as he may desire.

Mr. HASTINGS. Mr. Chairman, the question of taxation and from whom taxes should be collected is as old as government itself. There is always more difficulty in raising revenue than in expending it. It is exceedingly difficult to find a source of taxation that does not meet with some objection. Everyone recognizes the necessity of raising sufficient revenue to meet the Government expenditures, economically administered, but the difficulty comes in agreeing upon details, or the provisions of the bill, or the sources from which the taxes should be derived. What Burns said is quite true: "When self the wavering balance shakes it is rarely right adjusted."

This bill is estimated to raise an additional $258,000,000 in revenue. The report of the Committee on Ways and Means is an exhaustive one and gives much information to the Members of the House and to the country, with reference to the sources from which the revenues are derived.

It is rather difficult to discuss normal receipts and expenditures during these unusual times because large expenditures are justified in the relief program to bring back normal conditions and, of course, everyone understands that these expenditures are not only to accomplish the purposes for which expended, but the main objective is to give work

to the unemployed. Therefore when criticism is made against any public work for which Government funds are appropriated, we must always take into consideration that perhaps this work would not be justified and in fact would not be undertaken except to give work to thousands of unemployed in every State, where the local authorities are unable to cope with the situation. The Government, under this administration, has been appropriating staggering sums to provide work for the unemployed in order that they may have money to buy food, clothing, and other necessities of life.

The total receipts of all revenues collected by the Government from all sources for the fiscal year ending June 30, 1933, are given as $2,079,696,741.76. Of this sum there was collected on account of miscellaneous internal revenues $858,217,511.61, from customs $250,750,251.27, and from other miscellaneous sources the sum of $224,522,533.93.

It is estimated by the Treasury Department that the receipts of the Government for the fiscal year ending June 30, 1934, will aggregate $3,259,938,756. When this bill goes into operation it is estimated that for the fiscal year ending June 30, 1935, there will be collected, from all sources, the sum of $3,974,665,479.

With the permission of the House I am herewith inserting a table showing the revenue receipts of the Government in detail:

Detail of receipts for the fiscal year 1933, on the basis of daily Treasury statements (unrevised), and estimated receipts for the fiscal years 1934 and 1935

Receipts	1933, actual	1934, estimated	1935, estimated
GENERAL AND SPECIAL FUNDS COMBINED			
Internal Revenue Income taxes	$746,206,444.95	$864,000,000	$1,265,000,000
Miscellaneous internal revenue:			
Estate tax	29,693,061.89	86,000,000	117,000,000
Gift tax	4,616,661.96	2,000,000	2,000,000
Spirits and fermented liquors	43,174,316.92	243,900,000	379,800,000
Tobacco manufactures	402,739,059.25	423,000,000	445,000,000
Dues of clubs (athletic, social, and sporting)	6,679,260.95	6,000,000	7,000,000
Admission to theaters, concerts, cabarets, etc	14,520,512.30	15,500,000	17,200,000
Stamp taxes, including playing cards	57,358,202.47	72,400,000	92,800,000
Oleomargarine, process butter, etc	1,362,702.42	1,500,000	1,500,000
Miscellaneous, including prohibition and narcotic collections, delinquent taxes under repealed law, etc	1,283,638.90	1,000,000	1,000,000
Lubricating oils	15,232,924.81	22,900,000	26,900,000
Brewer's wort, malt, grape concentrates, etc	5,707,904.63	5,400,000	5,200,000
Matches	2,871,992.13	7,000,000	7,000,000
Gasoline [1]	120,099,103.44	145,000,000	151,000,000
Electrical energy	26,562,739.33	32,900,000	33,500,000
Tires and inner tubes	13,980,084.52	25,500,000	26,700,000
Toilet preparations, etc	9,102,539.37	13,800,000	16,800,000
Articles made of fur	7,546,274.34	11,500,000	14,500,000
Jewelry (watches, clocks, opera and field glasses, etc.)	3,068,494.24	4,850,000	5,600,000
Automobile trucks	1,654,040.02	3,200,000	3,800,000
Other automobiles and motorcycles	11,573,922.08	24,300,000	34,400,000
Parts or accessories for automobiles	3,097,276.24	4,200,000	5,300,000
Radio sets, phonograph records, etc	2,206,763.39	2,850,000	3,400,000
Mechanical refrigerators	2,111,868.76	4,600,000	5,700,000
Sporting goods, cameras and lenses	2,871,682.37	3,700,000	4,300,000
Firearms, shells, and cartridges	932,221.91	2,500,000	3,100,000
Candy and chewing gum	3,650,227.65	4,600,000	6,100,000
Soft drinks	3,686,447.33	4,900,000	6,100,000
Telephone, telegraph, radio, and cable facilities, leased wires, etc	13,564,756.17	17,200,000	21,600,000
Transportation of oil by pipe line	7,467,297.50	10,000,000	10,000,000
Leases of safe-deposit boxes	2,365,040.83	2,800,000	2,800,000
Checks, drafts, or orders for the payment of money	37,456,493.49	38,000,000	44,000,000
National Industrial Recovery Act taxes [2]		153,700,000	80,000,000
Total, miscellaneous internal revenue	858,217,511.61	1,396,600,000	1,520,100,000
Processing tax on farm products (special fund)		403,000,000	548,000,000
Total, internal revenue	1,604,423,956.56	2,663,600,000	3,333,100,000
Customs (excluding tonnage tax):			
Distilled spirits and fermented liquors		89,000,000	84,000,000
All other [3]	250,750,251.27	310,000,000	382,000,000
Total, customs	250,750,251.27	399,000,000	466,000,000
Miscellaneous receipts:			
Proceeds of Government-owned securities:			
From foreign obligations	98,757,726.20	20,000,000	[4]
From all other obligations	32,090,746.50	95,439,315	79,952,416
Panama Canal tolls, etc	23,267,500.34	25,672,424	25,661,000
Other miscellaneous	70,406,560.89	56,227,017	69,952,063
Total, miscellaneous	224,522,533.93	197,338,756	175,565,479
Grand total, receipts	2,079,696,741.76	3,259,938,756	3,974,665,479

[1] Estimated at 1 cent per gallon; i.e., exclusive of ½ cent included under the National Industrial Recovery Act taxes.
[2] Receipts for the temporary revenue provisions of the National Industrial Recovery Act are estimated for the periods prior to their termination following the proclamation on Dec. 5, 1933, of repeal of the eighteenth amendment.
[3] Includes receipts from duties levied by sec. 601 of Revenue Act of 1932 (47 Stat. 261).
[4] The total amounts owing to the United States on account of obligations of foreign governments are $328,000,000 and $335,000,000 for the fiscal years 1934 and 1935, respectively. To the extent that receipts from foreign governments exceed amounts included in the estimates, there will be a corresponding increase in total receipts.

The amounts received annually on account of the obligations due us by the foreign governments are uncertain.

I have never voted for any reduction in our foreign debt settlements. I favor more vigorous representations to the foreign governments with reference to their indebtedness due us. Every dollar remitted by us is a transfer of that amount to the taxpayers of our country. We paid all of our expenses during the World War, enlisted approximately 5,000,000 men, and did our part in bringing to a successful conclusion the greatest war in all history. We must continue to insist that all obligations due us by the foreign governments should be paid in accordance with the terms of their agreements.

The disclosures before the Senate committee, with which the people of the country are familiar, show that ways were found, with the aid of experts, whereby certain income-tax payers avoided the payment of large sums in income taxes.

The Ways and Means Committee, acting through a subcommittee, has for a number of months been making a careful study of the methods used by large banking concerns and individuals, and, with the assistance of experts, have included in the pending bill amendments to the present laws

designed to correct the flagrant abuses heretofore employed, and in addition found new sources to raise sufficient revenues to meet the ordinary current expenses of the Government.

It is the aim of the administration in power, when normal conditions are restored, to raise sufficient revenues to balance the Budget.

In my judgment, the fairest tax levied and collected is the income tax.

This bill exempts the incomes of single persons up to $1,000 and of married people up to $2,500, and graduates the tax up to 59 percent upon the net incomes in excess of $1,000,000. Why is it not fairer to collect from these swollen fortunes rather than from those in poverty struggling to eke out an existence?

It is insisted that the base should be broadened and that everyone should pay some taxes. To my mind there are a number of sufficient answers to this: First, every citizen, through the tariff, and through internal-revenue collections, pays a tax. This is too frequently overlooked. Second, if you want to broaden the base so as to include a larger number of income-tax payers, why not lower the exemptions, both as to single and married persons, rather than tax the citizen who has no income at all? Third, everyone should pay toward the expense of government in proportion to the benefits received, and for this reason both State and national Governments justify leving income taxes.

The argument in support of a sales tax is predicated upon the ground of expediency, not upon the ability to pay or the benefits received.

Then there is the further argument advanced by those who do not consider all phases of the subject, that some citizens pay no taxes at all. Let me repeat that the truth is the farmer pays far more than his share, through a direct ad valorem tax, and the laborer and small business man pay more than their share through the tariff tax and through internal-revenue taxes.

There was collected for the year 1933 from income taxes the sum of $746,206,444.95, and it is estimated there will be collected for the calendar year 1935, in income taxes, $1,265,000,000.

The bill is quite long and complicated and requires the closest study of experts to properly interpret many of its provisions. However, permit me to repeat that in my judgment the income tax is the fairest tax that we levy and collect. In the first place, it exempts those with moderate salaries and collects the taxes from those having the ability to pay. A few years ago when conditions were better in this country the income-tax collections amounted to $2,207,000,000 annually, but during the past calendar year we received only about one third of that amount.

If the amounts paid by income-tax payers were made available to the public, it would do more than anything else to stop the loopholes in the income-tax laws, which it is the main purpose of this bill to correct. If the public is permitted to inspect the records and ascertain the amount of the ad valorem taxes paid by any individual, partnership, or corporation, why is it not given the right to inspect income-tax returns? What is the difference in principle? It is urged that if the public were given access to income-tax returns it will enable competitors to secure information of value to them. The same argument could be applied to the ad valorem tax returns.

If the public had known of the income-tax evasions of the New York banks and corporations, only recently disclosed by the hearings before the Senate committee, these abuses would have been corrected at once. If the Senate adds an amendment making these returns public, I will vote for it. There may be some argument against giving details of income-tax returns which may be used by competitors, but there is no argument against publicity of the total amounts paid.

The members of the Ways and Means Committee, who have studied the question, and the experts of the Treasury Department recommend this bill principally to amend the law, so as to stop up the loopholes in the present laws and to enable the collection of taxes as originally intended by Congress.

There are certain provisions in the bill with which I am not in agreement. However, all revenue legislation represents compromises. For the first time in the history of the country, so far as I know, this bill has been agreed upon and unanimously reported by the Ways and Means Committee of the House with no partisan division.

Section 606 of the bill terminates the bank-check tax on January 1, 1935, and, inasmuch as Congress will not be in session at that time, we are reasonably certain that this nuisance tax will be eliminated. It is properly called a "nuisance tax." Everyone should be encouraged to keep a bank account, and I am glad to know that this provision is retained in the bill. Checks are the best receipts one can have, and they save many lawsuits.

Section 515 extends the 3-cent first-class postage rate to July 1, 1935. First-class mail is carried at a profit to the Government. My judgment is that with a return of normal conditions more revenue will be collected from a 2-cent first-class postage rate than from the 3-cent rate, and I am glad to know it is not to be extended beyond July 1, 1935. In event the Senate amends the bill so as to make this reduction effective at an earlier date, I shall vote to concur in it.

I do not favor a Federal tax on gasoline. The several States place a tax on gasoline of from 4 to 7 cents per gallon, and I think this is a proper source of revenue for the States and that this source of taxation should not be invaded by the Government.

There is a provision in the bill imposing a tax on oil of one tenth of 1 percent per barrel of 42 gallons for the purpose of raising revenue to enforce the oil code. This provision meets with the approval of the independent oil producers. It will establish a fund to administer the oil code and to prevent the illegal flow of hot oil. The criticism against the tax is that it may lead to permanent legislation and may be increased by the Government when increased taxes are being sought.

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill H.R. 7835, the revenue act, had come to no resolution thereon.

THE HARE-HAWES-CUTTING LAW AN INDEPENDENT ACT

Mr. BOEHNE. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to insert therein an address delivered by a Member of this body, the Resident Commissioner from the Philippine Islands, at the Filipino Club, Washington, D.C., on January 21.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. BOEHNE. Mr. Speaker, under the leave to extend my remarks in the RECORD I include the following address of Hon. CAMILO OSIAS, Resident Commissioner from the Philippines, before the Filipino Club of Washington, D.C., January 21, 1934:

Mr. President, Mr. President-elect, members of the Filipino Club, ladies and gentlemen, when Mr. Juan R. Quijano, the president of this organization, extended to me your invitation to be your guest of honor at this forum hour on the Hare-Hawes-Cutting Act, he asked me the conditions under which I would accept. I told him I would accept the invitation of the Filipino Club under any condition. The second time he came to the office he asked me if I would agree if one or more members of the Quezon Mission should also be invited. I replied that I would agree for one or all of them to come, and for any one or all of them to speak on the same platform with me. I told your president these things because you already had one of them as your guest of honor in a previous program and because in a forum like this everyone is entitled to ascertain the facts and know the truth.

The Good Book says: "Seek ye the truth and the truth shall make you free." It is in the spirit of this injunction, my friends, that I came this evening.

There should be only one desideratum in this discussion, one yardstick with which to measure anything that may be said this evening, and that is whether what I say or what anybody else says is true.

As you requested, I am going to discuss the Philippine Independence Act this evening factually and will seek to present the truth and the facts. I want to forget that I have enemies of any kind tonight except possibly those who are afraid of the truth.

The president of the Filipino Club, in his introductory remarks, informed you that the last fundamental legislation approved by Congress affecting the Philippines was the Autonomy Act, or the Jones law, passed in 1916. Sixteen years and more elapsed before Congress enacted another measure, which, I thought and still think, is a logical sequel to the Autonomy Act of 1916, namely the Independence Act of 1933.

What are the main provisions of the independence law commonly known as the "Hare-Hawes-Cutting law"?

Bear in mind that this act was passed by the Seventy-second Congress by over two-thirds vote in the House of Representatives and over two-thirds vote in the United States Senate. Briefly, the law provides for the election of delegates to a constitutional convention to formulate a constitution, for the Filipinos to institute a semisovereign government of the Commonwealth of the Philippines, for a period of adjustment in our social, political, and economic affairs for a period of 10 years at the expiration of which, in the language of President Hoover, "complete independence is automatically established * * *."

Let me analyze the important provisions of the Hare-Hawes-Cutting law and present documentary evidence, the better to enable you to react an unbiased conclusion and emit an impartial verdict.

The authority granted the Filipino people to hold a convention and draft a constitution is a right and authority which the Philippine Legislature has been pleading for ever since 1922. Many a Filipino aspirant for a political office, including myself, ran on a platform favoring a constitutional assembly. This law by its title and by sections 1, 2, 3, and 4 gives the Filipino people authority to call a constitutional convention and draft a constitution which shall be republican in form.

Why the requirement that the constitution formulated and drafted shall be republican in form as provided for in section 2? It is an inescapable requirement by virtue of article IV, section 4, of the Constitution of the United States. That provides that "The United States shall guarantee to every State in this Union a republican form of government." It has been followed in the case of Territories before becoming States of the Union. By the same token, before an insular possession of the United States becomes independent it is incumbent upon the Congress and Government of the United States to require that the constitution framed and the government instituted shall be republican in form.

The term "republican" is a term that goes back for its jurisprudence to Rome at the zenith of her greatness. Res Publica is a phrase known to every elementary student of law. Out of that we have the term "republic." The Congress of the United States could not by the requirement of the Federal Constitution do other than to insure that the government of the Commonwealth of the Philippines be republican in form. Thanks to that I am happy to defend this congressional enactment because by its provisions no dictatorship may be established in our country. Democracy is what we desire and every red-blooded Filipino ought to combat autocracy in any form.

Let me skip section 5 and jump to section 10 which provides for the grant of independence at the expiration of the 10-year period provided for in the law. This was the most disputed provision of this piece of legislation before its final passage. Why the 10-year period? My answer is, it was requested by Mr. Quezon, and, largely because of his influence, it was recommended by the Philippine provincial governors in a resolution approved in convention assembled. While we were fighting for immediate and absolute independence here, Mr. Quezon was muddying the waters by advocating 10 years.

When Mr. Quezon was here in one of the many missions which he headed, he wrote from California on September 18, 1931, to Commissioner Guevara and myself a letter, part of which I quote:

"Two alternatives are open, in my opinion, that would insure the ability of an independent Philippine government to stand on its own resources—independence with free trade for 10 years but with restrictions as to the amount of our products that would be imported into the United States duty free, or an autonomous Philippine government with an elected chief executive for 10 years * * *."

You will recall that in 1930 the original Hawes-Cutting bill was presented. That bill provided for a 5-year period and we were getting behind that bill and fighting for it until Mr. Quezon in the letter just quoted wrote:

"Looking over the Hawes-Cutting bill I find that a very slight change is necessary. Strike out paragraphs (1), (2), (3), (4), and (5) of section 5 and insert in lieu thereof the following or something like it:

"Sugar coming into the United States from the Philippine Islands free of duty will not exceed 1,000,000 tons each year.

"Oil imported from the Philippine Islands into the United States will pay the same tax paid by oil imported from foreign countries when in excess of the amount of oil now imported into the United States, etc.

"In section 7 in lieu of every word 'fifth' insert the word 'tenth'."

Not only did Mr. Quezon write Mr. Guevara and me recommending the lengthening of the period but he wrote directly to Senator Hawes begging him to change the 5-year period to 10 years.

In his official report to the Philippine Legislature in 1931, the full text of which appears in the CONGRESSIONAL RECORD for December 22, 1931, Mr. Quezon presented his three famous formulas. Let me read his first formula:

"First. Immediate establishment of an independent government, with free trade between America and the Philippines for a period of 10 years, limiting the amount of sugar entering the United States free of duty to 1,000,000 tons, and of oil to the amount that is exported at present, and restriction of labor immigration into the United States."

The Filipino leaders in the government of the Philippine Islands admitted the principle of limitation of immigration of Filipinos into the United States and limitation of Philippine products coming into the United States. Note his proposal of immediate independence followed by 10 years of free trade. This is an attractive formula and I can only improve it by formulating another and say: "Immediate political independence and free trade forever."

But I know that that is not possible, and Mr. Quezon knew that what he was proposing was not feasible because at the very time he said:

"The first plan found no acceptance in any quarter. Even Senator KING (the American Senator who has been fighting for Philippine independence with the greatest zeal and disinterestedness) told me that the American people would never consent to the continuance of free trade between America and the Philippines in any form after independence has been granted us. This view is shared by all."

Mr. Quezon knows today that this plan is not feasible. This same idea was advocated by Aguinaldo, but Senator PITTMAN said it was not acceptable on the floor of the Senate. In spite of these, it would not surprise me if Mr. Quezon will, now that he is in a quandary, reiterate it as a proposal.

The second formula reads:

"Second. Immediate establishment of an autonomous government with all the consequent powers, including that of enacting measures considered necessary to meet the responsibilities of an independent government, when independence is granted with the restrictions necessary to safeguard the rights of sovereignty of the United States in the Philippines. For a period of 10 years the trade relations between the United States and the Philippines and the labor immigration into the United States would be governed as stated in the first plan. At the end of 10 years absolute independence of the Philippines will be granted, or the Filipino people will decide through a plebiscite whether they desire to continue with this kind of government or prefer to have one that is absolutely independent. In the latter event independence shall be granted forthwith."

Here is the third formula, and again I read:

"Third. If neither of these plans protecting Philippine economic interests shall be acceptable to Congress, I said that the Filipino people would, as a matter of course, accept any law granting independence even under the most burdensome conditions."

Ladies and gentlemen, I submit that if the Independence Act passed by Congress does not satisfy the second formula of Mr. Quezon, it certainly is in accord with the third formula if he were sincere and honest in accepting independence even under the most burdensome conditions.

I am saying these and I am having them recorded, for I want you to know the truth and the facts. We are on trial before the bar of public opinion. We must be faithful to our people and we must be faithful to truth.

Now for the economic provisions. Section 6 of the Hare-Hawes-Cutting law deals with the trade relations that should subsist between the United States and the Philippines for 10 years. The 10-year period may be divided into two parts:

Firstly, the 5-year straight limitation. The tonnage is fixed for the three main Philippine exports of the islands into the United States: 850,000 long tons for sugar; 200,000 long tons for coconut oil; and 3,000,000 pounds of cordage. Secondly, the 5-year period of graduated export tax: 5 percent in the sixth year, 10 percent in the seventh, 15 percent in the eighth, 20 percent in the ninth, and 25 percent in the tenth year, based upon the tariff rates of the United States charged similar products coming from foreign countries.

Why is it that the members of the Ninth Philippine Independence Commission are so severely criticized? Why these limitations and where did we get our figures?

Let us begin with sugar. In a cable signed by Mr. Alunan, now in Washington representing the Philippine Sugar Association, then secretary of agriculture and natural resources, dated February 25, 1932, I read the first sentence, being published in full in our official report:

"Careful estimate present crop based on results to date possible total production 925,000 long tons, of which available for export to United States, raw sugar, 800,000 long tons. Refined, 50,000 long tons. Balance represents local consumption."

Messrs. Osmeña and Roxas, and the members of the Ninth Mission and myself, delivered this cable to Congressman Hare, then Chairman of the Committee on Insular Affairs of the House of Representatives, and to Senator Bingham, then Chairman of the Committee on Territories and Insular Affairs. We got behind that cable and considered the amount suggested—850,000 long tons—

as accurate and authoritative, coming as it did from a big sugar man and head of the agricultural department. What does section 6, subdivision (a) of the independence law say:

"(a) There shall be levied, collected, and paid on all refined sugars in excess of 50,000 long tons, and on unrefined sugars in excess of 800,000 long tons, coming into the United States from the Philippine Islands in any calendar year, the same rates of duty which are required by the laws of the United States to be levied, collected, and paid upon like articles imported from foreign countries."

There you see 850,000 long tons in the law and yet for doing the very thing recommended from the Manila sector, we of the Ninth Mission are criticized. It is not fair. To those who clamor for 1,000,000 tons let me say that for a difference of 150,000 tons of sugar, I refuse to surrender the law that gives freedom to my native land.

Let us take up oil. On February 17, 1932, Mr. Quezon cabled Messrs. Osmeña and Roxas at Washington, saying:

"We should be allowed minimum 200,000 tons or, better, 250,000 tons, which is very small proportion competing oils and fats imported and produced by the United States."

Section 6 (b) provides for 200,000 long tons of coconut oil exactly as indicated in Mr. Quezon's cable.

I say to you that this independence law would not have been rejected if every man lived up to his word of honor and behaved like a gentleman. I say this deliberately.

I am not letting passion get the better of me on this question. Passion should be submerged at the altar of a great and sacred cause.

This law has been attacked and assailed because of the provisions on military and other reservations. I want to dispose of this phase.

If there is one man that ought not to say much against the question of bases it should be Mr. Quezon. I have in my hand excerpts from no less than 12 documents wherein Mr. Quezon has committed his country in favor of reservations. But Mr. Quezon has a convenient memory. He uses it when it suits him with which to forget. I would be afraid to say this if I had no proofs.

When Mr. Quezon was Resident Commissioner he said these eloquent words while pleading for independence: "Conditions? You may impose what you will for the granting of that boon. There is nothing that we are not prepared to do or give to accomplish our national ambition."

He meant it no doubt when he made the utterance and I really give him credit for it.

When in Manila shortly after the return of the parliamentary mission headed jointly by him and Speaker Osmeña, Mr. Quezon said:

"If the United States must preserve its commercial position in the Far East, it certainly needs to defend its interests here. If its interests are protected, there is no need of continuing the present political relations between the two countries. The Filipino people will not only be too glad to give the United States naval bases here, but it is for our own interest that this should be done. Its practical effects will be the protection of Philippine independence even if we are not under American protectorate."

This last quotation comes from Mr. Quezon's volume of addresses, published by the Philippine Commission of Independence. It is found on page 103.

Now for more recent history. You know that I left Manila on November 27, the day Mr. Quezon, with his mission, arrived in San Francisco. He had a full month's time ahead of me. And let me make this prediction. When we get back to Manila it would not surprise me if he will say that I blocked him in Washington, if he fails.

In Tokyo I was invited to speak before the same organization before whom Mr. Quezon appeared a month before. He said one thing in Tokyo and another thing in the United States. But, my friends, what I said in Tokyo, I say in Manila and in Washington. We can not very well disregard the official commitments of our Government officials, of various missions, in documents obtaining in the archives of the American Government.

Besides, it is pertinent to ask, Are the provisions with respect to military and naval reservations in the Hare-Hawes-Cutting law better or worse than the provisions of the Jones law? My answer is that they are decidedly better in the Hare-Hawes-Cutting law.

If you peruse the autonomy act—Jones law—approved when Mr. Quezon was Resident Commissioner in 1916, you will find that section 9 speaks of "such land or other property as has been or shall be designated by the President of the United States."

Note that the provisions of this section of the Jones law authorizes the President of the United States to retain old reservations and acquire new ones. The phraseology is clear. It says, "has been or shall be designated * * *."

Much of the opposition to the Hare-Hawes-Cutting law is based upon a misinterpretation of its provisions regarding military and other reservations. The opponents think the provisions of the independence law are worse than those in the Jones law. They are not so.

Let us take an example from my own senatorial district. There is a United States reservation in Olongapo, Zambales. It was retained under the Jones law. On top of that, a reservation of over 1,200 hectares was acquired years after 1916, the year the Jones law was passed because a mine—chromite—was discovered. In theory and in practice, the President may retain old reservations and asquire new ones under the Jones Act.

Under the Hare-Hawes-Cutting law, no reservations may be acquired. Let us turn to section 5. It says:

"All the property and rights which may have been acquired in the Philippine Islands by the United States under the treaties mentioned in the first section of this act, except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States, and except such land or other property or rights or interests therein as may have been sold or otherwise disposed of in accordance with law, are hereby granted to the government of the Commonwealth of the Philippine Islands when constituted."

This section states plainly: "Except such land or other property as has heretofore been designated by the President of the United States for military and other reservations of the Government of the United States." This means that if we had accepted the independence law and instituted the commonwealth government, the President may no longer set aside lands for new reservations. He would have been limited to only those heretofore acquired. Again in the redesignation process (section 10), we may, by negotiation, ask him to further lessen the bases that could be retained.

If you bear in mind these things that I have said about section 5 and section 10 and see section 11 where the President is requested "to enter into negotiations with foreign powers with a view to the conclusion of a treaty for the perpetual neutralization of the Philippine Islands", you will readily see that we have another opportunity to have America relinquish the bases because the two things cannot coexist. There cannot be neutralization for the Philippine Islands and at the same time bases for the United States. In other words, this law is fair even in the matter of reservations because it places us in a position to choose that which is most desirable for our country. If we want America to have bases because, as Mr. Quezon said in Manila, "it is for our interest that this should be done", then we should ask the President not to negotiate the treaty of neutralization. If we wish America to withdraw from the bases, by virtue of section 11, we can petition the President to negotiate with the foreign powers for the perpetual neutralization of the islands when we are independent.

One argument that has had considerable weight in the Philippines was that this law is onerous because, it is alleged, we are required, under its provisions, to pay our total bonded indebtedness within 10 years. That interpretation is absolutely wrong. There is nothing in the law that makes it obligatory upon us to pay all our indebtedness within 10 years. In fact subsection (3) of section 10 states the contrary. I read:

"That the debts and liabilities of the Philippine Islands, its provinces, cities, municipalities, and instrumentalities, which shall be valid and subsisting at the time of the final and complete withdrawal of the sovereignty of the United States, shall be assumed by the free and independent government of the Philippine Islands."

May I ask, if it were true that it is obligatory for us to pay in 10 years what is there for the Philippine government to assume according to section 10, subsection (3)?

There are critics of the law who have no basis for criticizing. They say that under the law it is difficult to pay our debt, therefore it is better to have immediate, absolute, and complete independence. I have no quarrel with those who want independence right away. But if it is hard for us to discharge our bonded obligations in 10 years as the critics claim, how can they in the same breath demand immediate independence? If you cannot pay your debt in 10 years how can you pay it immediately?

The other argument that was used very much by Mr. Quezon was that the law gives "biro biro" independence; that means that this law is a joke. You may imagine how that argument would take with the masses. But here in the tranquility of our meeting for an intellectual forum, far removed from the scenes of local fights, is there any doubt that this is a real independence law?

The title is proof that it is an independence law. It is an act "To enable the people of the Philippine Islands to adopt a constitution and form of government for the Philippine Islands, to provide for the independence of the same, and for other purposes."

The heading of section 6 reads: "Relations with the United States pending complete independence."

My thesis now is that this is a veritable independence law.

Notice the following:

Section 12 says: "Upon the proclamation and recognition of the independence of the Philippine Islands * * *."

Section 13 has to do with tariff duties after independence.

Section 14 deals with immigration after independence.

Section 10 makes it doubly sure because it provides for the (a) recognition of Philippine independence and for the (b) withdrawal of American sovereignty.

This Hare-Hawes-Cutting law not only insures the grant of complete independence on a day fixed, and certain, following the transition period, but it grants immediately a commonwealth government that is semisovereign and semi-independent.

In section 2 you will find this phrase: "Pending the final and complete withdrawal of the sovereignty of the United States over the Philippine Islands * * *."

Section 7 says: "Until the final and complete withdrawal of American sovereignty over the Philippine Islands * * *."

Section 14 says: "Upon the final and complete withdrawal of American sovereignty over the Philippine Islands * * *."

I repeat—this law does not only provide for complete independence after the period of transition, but provides that upon the inauguration of the government of the Commonwealth, there will be a partial and preliminary withdrawal of American sovereignty over the Philippine Islands.

Mr. Quezon and his followers argue that the immigration provisions are objectionable. Do you remember what Mr. Quezon said about this? In his famous three formulas already referred to he sanctioned the principle of limitation of Philippine products and limitation of immigration into the United States.

While we were in the process of formulating and discussing the independence bill I cabled Mr. Quezon, to be sure of his stand, as follows:

WASHINGTON, D.C., *February 14, 1932.*

QUEZON, *Manila:*

Senate committee voting Saturday. Will work fixing early date independence. Need your views on date trade limitation or graduated tariff, plebiscite, immigration.

OSIAS.

The following day I received this unequivocal answer:

FEBRUARY 15, 1932, 6:15 a.m.

OSIAS, *Washington, D.C.:*

I favor such date as would most likely become law. Am against graduated tariff and favor trade limitation and immigration as proposed by mission or suggested in my report. Refined sugar not very important. Prefer elimination plebiscite but would accept it if necessary to insure passage bill.

QUEZON.

This reply proves that Mr. Quezon approved limitation both of trade and immigration. In fact, the official report of the Osmeña-Roxas Mission and the two Resident Commissioners contains irrefutable documents showing that Mr. Quezon and others in Manila approved every major provision of the law.

My friends, let me employ the balance of my time in discussing some things which the reader of the law cannot know without a knowledge of the background of the particular provisions of the act.

Let me call your attention to section 2 (j) which says: "Foreign affairs shall be under the direct supervision and control of the United States." It was not this way when it was originally drafted. In the draft of the bill from which this provision was patterned it said: "Foreign affairs shall be exclusively under the control of the United States." The members of the Ninth Independence Commission worked to eliminate "exclusively." They succeeded. Then they worked to insert the phrase "the direct supervision and" between the words "the" and "control." If we had accepted the law we could now be thinking of promising young men as understudies for our Foreign Service. I ask you: If it were not true as we contend that under this law we have a voice and participation in foreign affairs even under the Commonwealth period, what is there for the United States to supervise? We ask for no credit for these things. But the truth should be known.

I want to tell Senate President Quezon, who in the Philippine Senate called this law worthless, and Senator Recto, who branded Congress as "a Shylock", that Senators HAWES, CUTTING, PITTMAN, TYDINGS, ROBINSON of Arkansas, and others sought to maintain the moral obligation of America and serve the Philippines throughout the deliberations of Congress. The same spirit animated Speaker Garner, Speaker Rainey, Representative Hare, and other Representatives. The Ninth Mission have been criticized for working for this law and the Quezon Mission, now in Washington, had been sent here to work for amendments or for a better law, but instead of getting busy, working for amendments or for a better law, Mr. Quezon has been losing valuable time chasing back and forth between Washington and New York.

All of you are witnesses that up to this good hour Mr. Quezon has not seen the Chairman of the House Committee on Insular Affairs or the Senate Committee on Territories and Insular Affairs. More than that, I want to say on my own responsibility for history to record that the Quezon Mission has not submitted concrete amendments to the Hare-Hawes-Cutting law; nor has Mr. Quezon made known his concrete proposals. All the little inkling that you have come to know was what leaked out in Manila and was published in New York. It is significant that it should first be published in New York before publication in Washington. There is a Spanish proverb which says: "Dime con quien andas y te dire quien eres" (tell me with whom you associate and I will tell you who you are). The Manila papers have published names of some of Mr. Quezon's New York associates.

Mr. Quezon wanted to kill the law, because he said he can have a better bill. Of course, anybody can present a bill. Do you know how to present a bill? Any Congressman who drops a bill in the hopper or basket near the Speaker's table has a bill. My friends, do not be deceived by the promise of a better bill. Demand a better law. When you are responsible for having killed and buried a good law, you are obligated to secure one as good or better.

Let me now direct your attention to section 10, subsection (1), part of which reads: "(1) That the property rights of the United States and the Philippine Islands shall be promptly adjusted and settled * * *." Notice the word "and" between the phrases "the United States" and "the Philippine Islands." The word "and" does not appear in the Fairfield bill nor in the original King bill, nor in the present King bill. In the King bill (S. 2064) introduced on the 4th of this month (January 1934) we find:

"SEC. 2. (1) That the property rights of the United States in the Philippine Islands * * *."

There is a world of difference in this provision depending as to whether "and" or "in" is used. If "in" is used it would mean that all that need be promptly adjusted and settled would be "the property rights of the United States in the Philippine Islands." It would be a unilateral arrangement. But if "and" is used, then there is a bilateral contract because prompt adjustment and settlement would have to be made not only of the property rights of the United States but of the property rights of the Philippine Islands.

I could go on analyzing various features that would prove equally illuminating, but I shall content myself with just one more.

While in the Philippines I was invited to speak on the independence law before a group similar to this, anxious to know the facts. I spoke, of course, advocating acceptance of the law. In the course of the meeting, a gentleman asked me, "Mr. Commissioner, does not the law provide that the United States may expropriate any amount of land or property for reservations?" And he read section 2, subsection (1): "The Philippine Islands recognizes the right of the United States to expropriate property for public uses, to maintain military and other reservations and armed forces in the Philippines, and, upon order of the President, to call into service of such armed forces all military forces organized by the Philippine government." The gentleman read it a second time to emphasize his point and read it fast. I said, "Wait a minute brother. Are you reading an authorized version of the law?" He said, "Certainly." "But", I replied, "you are reading as if there were no comma after the phrase 'expropriate property for public uses.' It makes a great deal of difference to say 'expropriate land for public uses to maintain military and other reservations, etc.', and say expropriate land for public uses, comma, which is one of the purposes enumerated in the section. In other words, the comma is put in there for a definite purpose; that of separating, not uniting. And when our friend, who was intelligent, read it carefully and in the right way, he readily saw the point.

And so, my friends, you see from these instances that your Ninth Mission had to work carefully and patiently to secure the best for their country. I cited to you the provision regarding foreign affairs, the change of the word "in" to "and", and putting a comma after the phrase "expropriate property for public uses" in section 2, subsection (1) of the independence law. They illustrate the painstaking efforts employed by Americans and Filipinos who actively participated in the long and difficult task of getting an independence law passed.

And now, after giving you the truth and the facts, the practical question we should ask ourselves is, What is the way out of this present tangle? There is a practical and practicable way out. If the Quezon Mission would agree to extend the time limit by 9 months enabling the people of the Philippines directly to express themselves this coming June, we could all cooperate to achieve this end during the present session of Congress. If this is not done, then it is the duty of Mr. Quezon and his followers to come out with a concrete proposal and a better bill. I must be frank to you and say I do not know the Quezon proposal, and I doubt if anybody here knows how Mr. Quezon stands. And I want to say one thing clearly and emphatically and with this I am through. If Mr. Quezon will come out tomorrow with an independence bill, in a manner that we all can understand, free from ambiguity, or if he would come out for the King bill, the Montet bill, or the Rankin resolution, you and I would be only too glad to lend our support. Of course, I have been for the acceptance of the Hare-Hawes-Cutting law. Now that the acceptance period has lapsed, I am for extending the time limit by 9 months. If Mr. Quezon and his mission would only tell us that they can get a law as good as or better than the independence act passed by the Seventy-second Congress, I would be working with them and I am sure all of you would do the same. I am confident that I express the unanimous sentiment of all patriotic Filipinos when I say that far above our personal interests is the independence of the land that gave us birth.

A COORDINATED PLAN FOR NATIONAL CONSERVATION

Mr. DOXEY. Mr. Speaker, I ask unanimous consent to extend my remarks and to insert therein a speech made over the radio by my colleague the gentleman from Virginia [Mr. ROBERTSON] on the question of a coordinated plan for national conservation.

The SPEAKER. Is there objection to the request of the gentleman from Mississippi?

There was no objection.

Mr. DOXEY. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following:

The historian Bancroft, speaking of De Soto, said: "He crossed half a continent in search of gold and found nothing more remarkable than his burial place." The period following the World War was marked in the United States by a national search for happiness through the possession of material things, and we found

nothing more remarkable than the burial of wealth in the greatest depression of our history.

Lord Bacon said that certain virtues are like precious odors—most fragrant when incensed or crushed. The inventive genius and productive energy of the American people have been crushed to some extent by the depression, but their new fragrance is a higher code of social ethics, commonly referred to as the new deal.

The primary objective of this new deal is that the people may have life and have it more abundantly. That means that our war against the depression must be waged on many and far-flung fronts. It involves not only a better distribution of our abundance and the opportunities for happiness, but a better conservation of those natural resources that have to a large extent been squandered or overlooked in our reliance upon the products of a machine age.

As a part of the rehabilitation program of this administration, serious thought is being given for the first time to a comprehensive and coordinated plan to conserve and better utilize our natural resources.

The President is entitled to the credit for this movement, as he is for most of the other features of the new deal. In the vigor of his youth he loved to hunt and fish, to swim in unpolluted waters, and to commune with nature in unburned forests. As a young member of the New York State Senate, he introduced and secured the passage of one of the first conservation bills. As Governor of New York, he placed in charge of conservation one of the ablest young men in the State—now Secretary of the Treasury—and he put through a $20,000,000 bond issue for the conservation of the forests of the Empire State. And as President of a Nation in distress, one of his first relief plans was to take some 250,000 idle boys from our cities and place them in conservation camps where the boys could save the forests and the forests could save the boys. No one knows human psychology better than our President or better understands the philosophy of Thoreau when he said: "I went to Waldon Pond because I wished to live deliberately, to front only the essential facts of life, and see if I could not learn what it had to teach, and not, when I came to die, discover that I had not lived."

Following the creation of the C.C.C. camps the administration made available funds for the purchase of additional areas for inclusion in our national forests, funds to the Bureau of Fisheries for the construction of new fish hatcheries, funds to the Bureau of Biological Survey for sanctuaries and breeding areas, and now the administration has under consideration an appropriation of $25,000,000 for the relief of farmers who are located on submarginal lands and the utilization of such lands for the production of forests, fish, and game.

On January 6, at the request of the President, the Secretary of Agriculture appointed what is known as the "President's committee on wild-life restoration", of which Thomas H. Beck, of Connecticut, was chairman. That committee submitted its report on February 8. In the foreword to the report that committee said:

"There is incontrovertible evidence of a critical and continuing decline in our wild-life resources, especially migratory waterfowl, due to the destruction and neglect of vast natural breeding and nesting areas by drainage, the encroachment of agriculture, and the random efforts of our disordered progress toward an undefined goal.

"We found no evidence of the existence of a comprehensive or coordinated plan or effort to correct the situation, which is patent to all informed persons. Therefore, the need for a national program seems too apparent for extensive comment.

"At present, as in the past, authority over wild life is scattered through several departments and bureaus, to the great disadvantage of orderly progress in conservation and restoration."

The same thought was embodied in the resolutions adopted at the hearing of the Senate Committee on Wild Life on January 24 and presented to the President on January 25. Those resolutions approved the duck stamp bill, S. 1658, the Robinson refuge bill, S. 2277, the coordination bill, the proposal to expend $25,000,000 for the withdrawal of submarginal lands from agriculture, appropriations for the Norbeck-Andresen bill, and the negotiation of a migratory bird treaty with Mexico similar to that with Canada. Those resolutions also endorsed the general purposes of the Beck committee.

It may surprise some who are prone to think that the conservation of our wild-life resources is the hobby of naturalists and zoophiles or the plaything of rich sportsmen to hear the list of the national organizations that signed these resolutions and personally presented them to the President on January 25. Here is the list:

American Game Association; Izaak Walton League; More Game Birds in America, Inc.; National Association of Audubon Societies; International Association of Fish and Game Commissioners; Western Association of Fish and Game Commissioners; American Fisheries Society; New England Fish and Game Association; Western Game Association; American Forestry Association; Southern Association of Fish and Game Commissioners; Farmers Union; National Grange; American Farm Bureau; New York Zoological Society; Camp Fire Club of America; American Rifle Association; Emergency Conservation Committee; American Game Conference; National Legislative Committee; Western Fish and Game Association; Conservation Committee of the Arms and Ammunition Institute; American Geographical Society; Mid-Western Duck Club Association; Conservationist-at-Large; American Conservation Society; Conservation Commission of Ohio; National Parks Association; Arkansas and Tennessee Duck Club Association; Personal representative of the Governor of Wyoming; American Natur Association; Magazine Editors, National Sportsman, Outdoor Life, Field and Stream; Migratory Advisory Board; the President's Committee of Three; and three Members of the House of Representatives and four members of the Senate Committee on Wild Life Resources.

It is conservative to say that those 47 organizations spoke for not less than 50 millions of people definitely interested in every phase of conservation—for the hunter, the fisherman, the naturalist, the forester, the lover of bright and clean out-of-doors, and best of all, they spoke for millions of boys and girls and untold millions yet to be born. They made a plea for action before it is too late; a plea to save our timber resources from destructive fires, our streams from needless drainage, our breeding areas for waterfowl from needless drainage and our song and insectivorous birds from needless destruction. And the plea for insectivorous birds is essentially a plea for the survival of mankind in his warfare against insects. Scientists say there are more than 250,000 kinds of insects and that their aggregate mass exceeds that of the animal kingdom. Those who have witnessed a locust or grasshopper invasion know what insects can do when properly organized.

It naturally followed that with this great opportunity for service on a national scale, the House of Representatives desired to have a part in the conservation movement. On January 29 the House adopted a resolution to create a special or select Committee on the Conservation of Wild Life Resources. The resolution specified that the Chairman of the Agricultural Committee, the Chairman of the Committee on Merchant Marine and Fisheries, and the two House members of the National Committee on Migratory Birds should be members of the special committee, the Speaker to appoint 11 more. The Speaker appointed ROBERTSON, of Virginia; WARREN, of North Carolina; MCKEOWN, of Oklahoma; MILLIGAN, of Missouri; BUCK, of California; BERLIN, of Pennsylvania; WILLFORD, of Iowa; CARTER of California; Foss, of Massachusetts; MILLARD, of New York; and BLANCHARD, of Wisconsin.

Every member of that committee is an enthusiastic conservationist; every member is familiar with conditions not only in his own State but other sections of the country; every member desires to help coordinate the conservation activities of the Government that are now being handled by 10 different and separate Federal agencies; every member wants to help the administration get the best possible value for the funds to be expended.

In the words of an old song, "We never miss the sunshine until the shadows fall." We have never properly appreciated the sunshine of an abundance of wild life. Surely enough shadows of destruction have fallen to make us realize what its total disappearance would mean.

The House Committee on the Conservation of the Nation's Wild Life Resources feels that it has a definite opportunity for service.

"HELLO, AMERICA" PROGRAM OF THE VETERANS OF FOREIGN WARS OF THE UNITED STATES

Mr. WITHROW. Mr. Speaker, I ask unanimous consent to revise and extend my remarks and to include therein a radio address delivered by my colleague the gentleman from Wisconsin [Mr. BAILEAU] as a part of the Hello, America program of the Veterans of Foreign Wars of the United States on February 15, 1934.

The SPEAKER. Is there objection to the request of the gentleman from Wisconsin?

There was no objection.

Mr. WITHROW. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address of my colleague, Hon. GERALD J. BOILEAU, of Wisconsin, delivered as a part of the Hello, America program of the Veterans of Foreign Wars of the United States on February 15, 1934:

Comrade Commander in Chief, comrades, ladies and gentlemen, I want to take this opportunity to congratulate our commander in chief and his able and efficient coworkers in arranging this program, which is being participated in by posts of the Veterans of Foreign Wars in every part of this great country, and may I add a special word of greeting to the members of my own post, Burns Post, at Wausau, Wis. The Veterans of Foreign Wars are to be congratulated for the militant leadership of our most distinguished and energetic commander in chief, James E. Van Zandt. Our commander in chief and those who have been assisting him have been tireless in their efforts in behalf of veterans of all wars.

Much has happened to affect veterans since we were gathered in our post club rooms a year ago to participate in a similar program. A year ago the organized war veterans of the Nation were quite generally satisfied with the manner in which our Government was taking care of the disabled veterans of the various wars in which we had participated. We did not feel that the Government was any too generous in its treatment of the veteran, but we rather felt that a grateful Government was doing for its defenders only that which justice and fair treatment demanded. We realized, however, that there were certain interests and individuals in the country who were spreading false and malicious propaganda in an effort to discredit the veterans' cause and in an effort to classify those who were on the Nation's rolls of

honor as Treasury raiders and public enemies. However, we knew where this propaganda came from and felt that its sponsorship, in itself, was sufficient to discredit such an effort in the eyes of the American people.

A year ago no one could possibly have prophesied a situation such as exists today. As a matter of fact, the veterans felt that if there was to be any change in the Government's policy toward veterans, that such a change would be in the direction of a more liberal policy rather than what the veteran has received as a result of the so-called "Economy Act." Last March, when the Economy Act was rushed through Congress, an emergency existed which required prompt and decisive action. Members of Congress, individually and collectively, were anxious to enact a program that would bring about economic stability in the Nation. This anxiety almost amounted to hysteria, and in a weak moment, Congress passed a bill because of the attractiveness of its title rather than because of the soundness of its provisions. A bill with the attractive title of "An act to maintain the credit of the United States" appealed to the Members of Congress as being an essential part of a recovery program. As a matter of fact, its every provision is inconsistent with everything else that has been done by the Government in the hope of successfully carrying on the war against the depression. Immediately after destroying or reducing the purchasing power of the war veteran and Federal employee, in the name of preserving the credit of the United States, we immediately began to restore the purchasing power of the American people by spending billions of dollars of the taxpayers' money. I find no fault with the various projects that are a part of the program of spending money for the purpose of increasing purchasing power, but I do claim that the provisions of the Economy Act dealing with war veterans are not only unfair and unjust to the veteran but are entirely inconsistent with the other phases of the national recovery program. Although this act was intended as an aid to accomplish the impossible task of balancing our National Budget, we have, nevertheless, spent billions of dollars more than we have received in the form of revenue. It is true that to some extent Federal taxes will ultimately be reduced if we do not change the present laws and regulations affecting veterans, but by the same token the owners of real and personal property will have an additional tax burden placed upon them because so many men and women removed from the Nation's honor rolls have already or will soon find it necessary to have their names placed on the relief rolls of their local unit of government. The effect of this legislation is to take the burden from the shoulders of the Federal income-tax payer, primarily, and shift it to the shoulders of the farm and home owner and other owners of property, whether such property is income producing or not.

Thousands upon thousands of disabled veterans who were entirely dependent upon their compensation or pension for a livelihood now find it impossible to provide their families with the necessities of life, are losing their homes, having their health further impaired, and, in general, are suffering the tortures of the damned. During the war the Government borrowed billions of dollars for the purpose of winning the war. A large part of the money was used to pay for supplies and materials, so that this generation is, in fact, paying for the materials used during the war. The amount necessary to give proper care to the men and women who are now disabled as a direct or indirect result of their war service is as much a part of the cost of the war as is that amount spent for materials of war. There is not as much justification for taking a part of the compensation away from the disabled war veteran as there would be in repudiating the debts contracted for war purposes. Wars are essentially inhuman, but after termination of the war we should not overlook the human element involved in our treatment of war casualties. Those who defended our change in policy state that there are no injustices in the present executive regulations, pointing to the fact that there have been innumerable changes in regulations since the law first took effect. I challenge the statement that justice is now being done to the veteran. The Spanish-American War veterans are particularly unjustly treated. Tonight we commemorate the thirty-sixth anniversary of the sinking of the *Maine*. The cry "Remember the *Maine*" spread throughout the Nation.

We must not forget the men who volunteered their services to our country in response to that cry and upon the call of the President of the United States. However, 35 years after the Spanish-American War veterans were mustered out of service they were asked, for the first time, to prove that the disabilities from which they were suffering were service connected. It is generally recognized that during the Spanish-American War inadequate records were maintained with reference to the medical treatment of the men then in the Army, and it is a well-known fact that diseases then contracted have resulted in permanent disabilities to many thousands of the men. However, they find it impossible to prove to the satisfaction of the Government, under approved regulations, that their disabilities are service connected. Doctors who treated them while in the service and immediately after they left the service are in most instances no longer living. Years ago the Government justly recognized the unusual claim of the Spanish War veterans and paid them pensions without requiring them to prove service connection. The recent change in policy has had the effect of denying the just demands of a great volunteer army.

World War veterans suffering from service-connected disabilities have in vast numbers had their compensation materially reduced. Since the war the great weight of expert medical testimony had been to the effect that disease developing among war veterans several years after the termination of hostilities were the direct result of service. Because of this fact laws were enacted to the effect that certain diseases developing after the war would be presumed by the Government to have been incurred while in service. It has been impossible for the veteran to definitely prove service connection, and for that reason the Government wisely enacted the so-called "presumptive" provisions of the law. Undoubtedly such a law has bestowed benefits on some individuals whose disabilities were not actually the result of service, but the benefits paid were not tremendously large, and it was much better that a few undeserving individuals receive benefits than to permit injustices to deserving men and women.

As a matter of fact most of those who were receiving compensation as a result of these presumptive features of the law would have required aid from the local unit of government if they were not receiving Federal aid, so that they would be charges upon the taxpayers in either event. It does seem, however, that the Federal Government should be willing to aid citizens in need who have previously come to the aid of their country when the country was in need. Fifty-two percent of these presumptive cases have been entirely eliminated from the rolls.

Although the Government has established many veterans' hospitals throughout the country, we find that many hospitalization privileges previously enjoyed by veterans have been denied them. There are many other injustices in the present system that must be corrected if we are to deal justly with the men who have served in our armed forces in time of war. The Veterans of Foreign Wars have prepared a bill embodying their veterans' legislative program. It has been my privilege to introduce that bill in the House of Representatives, which is known as "H.R. 7830." It is entitled "A bill to restore to veterans and dependents of veterans of the Civil War, Indian wars, Spanish-American War, Philippine insurrection, and Boxer rebellion pensions as they were being paid on March 19, 1933, and to provide a uniform system of compensation and pensions and other benefits for veterans and dependents of veterans of the World War, recognized expeditions, and for the Regular Establishments." It is an effort to write into the statutory law of our country a definite policy of compensation, pensions, hospitalization, etc., with reference to the veterans of all wars. You will recall that title I of the Economy Act repealed all laws then in existence dealing with veterans and gave to the President of the United States the power to make rules and regulations such as he might see fit with reference to such matters.

The bill we have prepared would repeal title I of the Economy Act. This would leave us with absolutely no legislation on the subject, and consequently our bill proposes to reenact a complete set of laws dealing with the subject. We provide, in general terms, that all public laws granting pensions to veterans and the widows and dependents of veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, which were repealed by section 17 of title I of the act of March 20, 1933, are hereby reenacted to read as such laws read on March 19, 1933, with the same force and effect that such laws had on such date with respect to such veterans, widows, and dependents. This clearly puts the Spanish-American War veterans back upon the same status as they were before the enactment of the Economy Act.

Our bill reenacts practically word for word the provisions of the World War Veterans' Act of 1924 as it affected service-connected and presumptive cases, and also reenacts the provisions with reference to insurance. The present regulations issued by the President of the United States provide for a payment of $30 per month for World War veterans who are totally and permanently disabled, but not as the result of service. This bill contains a similar provision. We also provide for a system of pensions for widows and dependents of war veterans similar to the provisions now in effect with reference to widows and dependents of deceased Spanish-American War veterans. Hospitalization benefits would be reenacted as they existed a year ago. The bill also provides that veterans of all wars subsequent to the Spanish-American War would automatically come under the provisions of this bill and would be accorded benefits identical to those given to World War veterans. Thus, we are offering a plan of uniform pension for veterans, their widows and dependents. In view of the fact that the Regular Establishments such as the Army, Navy, and Marine Corps are so closely identified with the interests of war veterans, we have felt it necessary to provide for the restoration of the laws previously governing disabilities incurred in peace-time service, but, however, our proposal is more liberal, as we believe the justice of the situation requires.

This bill, sponsored by the Veterans of Foreign Wars, can properly be called "the veterans bill of rights." Its provisions are not at all unreasonable and do not ask for generosity but merely justice. We feel that each and every demand we are making is amply justified and would not be an unreasonable drain upon the public treasury. If it is just, fair, and reasonable it cannot be successfully attacked just because it happens to be expensive. War is expensive and if we are to have war, we must expect to pay the price. Our bill has met the demands of the United Spanish War Veterans and also embodies the demands of the American Legion four-point program. However, we are including many other benefits to veterans, in our bill, which is a codification of veterans' legislation. We feel that the American people want to deal fairly with the men and women who have stood the brunt of battle and who have set aside civilian pursuits to fight our common cause. We do not ask for mercy. We do not ask for favoritism. We do not ask for special privileges. We ask only for simple justice and in this we solicit the support, not only of the veterans but of a

public opinion aroused to the consciousness of wrongs committed in the name of economy. The righteousness of our cause will inspire us in a united effort to bring about the enactment of laws that will properly express the gratitude of a great people.

AMENDMENT TO PACKER AND STOCKYARDS ACT

Mr. WEARIN. Mr. Speaker, I ask unanimous consent to extend my remarks with reference to a bill I introduced in the House this morning.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WEARIN. Mr. Speaker and Members of the House, I have introduced a bill in the Congress of the United States today that amends the Packers and Stockyards Act of 1921 granting the Secretary of Agriculture access to the books and records of the American meat packers, limiting their activities in the feeding of livestock, regulating to a certain extent the present practice of direct buying, and eliminating defects in the act of 1921 that have been disclosed in approximately 13 years of its administration.

The packers have successfully blocked attempts of the Secretary of Agriculture under the present Packers and Stockyards Act and also the Agricultural Adjustment Act to secure access to their books and records in the latter's effort toward supervising their relations with the public. In so doing they have indicated to the people that they are not keeping faith with the recovery program.

It is my understanding that under the act of 1921 the Secretary of Agriculture has the power, and exercises it occasionally, to go into the records and books of our market centers and marketing agencies. This is entirely appropriate as it insures the proper protection for the shipper. There have been frequent instances where marketing costs have been investigated and reduced under the authority of the law. It is my contention that the Secretary of Agriculture should have the same privileges with reference to the affairs of the American meat-packing interests in order to insure a square deal for both the producer and the consumer. The measure I have introduced provides such authority.

The very fact that it does not exist today has handicapped the Department of Agriculture in its effort to apply the provisions of the Agricultural Adjustment Act and constitutes an excellent reason for the passing of my bill.

At the present time many of the larger packing companies are competing with ranchers and feeders in the fattening of livestock for market and the practice undoubtedly constitutes unfair competition. It is common knowledge that the packers are in many cases operating feed yards in conjunction with their plants or under lease at various points in the country and now are even beginning to put out livestock to the farmers on contract which will eventually tend to make every feeder little more than what might be termed a "cropper." I have been informed that Swift and Cudahy have yards at Omaha, and that Armour is functioning in more remote localities, with headquarters at Cozad, Nebr.

Such practices will, if carried to their ultimate conclusion, place the packing trust in control not only of the dressed-meat market but also the very sources of supply. Even now, with their achievement in its infancy, they are in a position to rush a supply of cattle, hogs, or sheep into a competitive market that looks a little too brisk and thereby break the price. The American farmer and the American rancher cannot bear up under that kind of competition. The Department of Agriculture should have access to the records of the meat packers in order to look into that situation and take whatever steps may be necessary to prevent such unfair practices and the bill I have introduced will, I believe, do that very thing.

Furthermore, during recent years the packing interests have withdrawn a large part of the normal demand for livestock from the public markets supervised by the Department of Agriculture for the benefit of the farmer, through the prevalent practice of direct buying.

The system can be defined as the packer's method of securing livestock directly from the farmer that, at the present time, partially removes the processor from the competitive market. Unfortunately, it bids fair to become the general practice, and will in that event entirely remove the said processors from all competitive markets, thus leaving them an open field in which to complete the division of territory and mark their own sales tickets.

With reference to the same subject I find the following statement in a bulletin on Distribution of Livestock, published in 1933 by the Department of Commerce—No. A-204:

The importance of the direct-receipts method as a source of supply of livestock for slaughter: Until within comparatively recent years packers located at central markets obtained practically all of their supply of livestock through stockyards, generally located at or near their packing plants. Due to economic developments, among which were the expansion of the activities of the so-called "interior" packers and the development of the good roads system and increased motor-transportation facilities, the other packers began to develop to a much greater extent the production-point purchases of livestock, noticeably swine. The data in the table below indicate that for the 268 plants reporting direct receipts such receipts represent 15 percent of the total slaughter in the case of cattle, 24 percent of the calves slaughtered, 57 percent of the swine, 19 percent of the sheep and lambs, and 98 percent of the other animals.

Direct receipts of livestock in relation to total slaughter of the 268 plants reporting

[Summary for the United States]

	Number of animals slaughtered		Direct receipts of livestock		
	By all packers	By 268 plants reporting direct receipts	Number of head	Percent of slaughter by all packers	Percent of slaughter by 268 plants
UNITED STATES					
Total	86,840,340	60,610,773	26,470,233	30	44
Cattle	10,133,243	6,310,586	963,303	10	15
Calves	5,568,975	3,397,198	821,310	15	24
Swine	55,011,511	39,165,343	22,400,880	41	57
Sheep	16,019,268	11,681,499	2,230,948	14	19
Lambs					
Other animals	107,343	55,147	53,857	50	98

Such a system only serves as a club for the packer to use in driving down the price at the central market. Today at least one third of all the hogs marketed in the United States go direct. The Central Cooperative Association of South St. Paul estimates the number to total 43 percent. If the packer does not think it an advantage then why his strenuous opposition to any move that has the appearance of limiting it. Two bills trending in that direction introduced in the present special session of the Iowa Legislature have met with tremendous opposition.

When I was in Washington last October I made the following statement to a representative of the Associated Press:

Government regulation and inspection of the direct buying of hogs by packers was urged on Secretary Wallace and other Department of Agriculture officials by OTHA D. WEARIN (Democrat, Iowa) Monday.

WEARIN asked an investigation of the practice which he said has enabled packers to swing a club over the pork market until it is driven to a ruinously low level. He predicted an investigation would be made within a few weeks.

"It is true bids in the country are based on prices at large competitive markets, but prices there are determined by supplies coming from rural purchasing centers", WEARIN told Wallace.

He asserted that correction of the practice would stimulate the hog market more than anything else that is possible now.

He proposed to Department officials that hogs be graded at rural purchasing centers so packers would be forced to buy graded hogs instead of mixed lots.

Immediately upon my return to Iowa I was called on the phone by a man who said he was an employee of a cooperative shipping association but it has since proved that he has other connections. He wanted an appointment, so I told him to come down. He found me out in the barnyard helping the boys rebuild a scale frame and he spent a good

share of an afternoon trying to convince me that I was mistaken about the picture. I am still marveling at his interest in a subject that the packer says has little relation to the market price paid for livestock.

It will be remembered that the Packers and Stockyards Act was passed in 1921 and in that very year the packers began their concentrated efforts to get around it through the development of direct buying. In my State of Iowa where we raise one fourth of the American hog supply only about 5 percent was marketed direct in the year 1920–21. In the year 1932 approximately 65.8 percent was marketed direct in that State.

Now, strange as it may seem, during the period of 1913 to 1932 the stockman's share of the consumer's meat dollar indicated a marked decline. In 1913 he was getting 56 percent of the consumer's pork dollar while the packer took 19 percent. In 1932 he received 31 percent of it and the packer 38 percent. In 1913 he received 61 percent of the consumer's beef dollar as compared to 49 percent in 1932, and 73 percent of the consumer's lamb dollar in 1913 and only 50 percent of it in 1932. It is in the field of hog purchases that the packer has perfected the best system of buying direct.

The packer insists that the practice saves the farmer as much as 35 cents per head, and that may be true if you view the situation from only one angle. I hold no brief for the stockyards or commission companies who may be charging more than is proper for such services. But I would have you remember this: That some people have nothing to say about how much more than 35 cents per head it may be possible to beat down the price as a result of removing millions of hogs from the open competitive market through the process of buying direct.

There may be those who will say that such a condition should create a scarcity at the central market and thus stimulate bidding, but that is not what happens.

It seems to me that a more healthy market condition is portrayed in a statement from an Iowa newspaper, issued January 2, 1934, that reads as follows:

Chicago: Hog prices were steady Tuesday on a market amply supplied. Arrival of 30,000 head carried only 7,000 direct to packing plants and all interests were active purchasers.

If there had been even fewer "directs" it is reasonable to assume that the market would have been even more active. If you do not reason so, then listen to this from another daily:

Chicago: With more than half the receipts consigned direct to packing plants, the hog market drops 5 to 10 cents Monday. The heavy direct shipments took the packers out of the open market.

The hog market of America is regulated largely by the price paid at Chicago. As a result of the thousands of "directs" going into that market, the large packers can and do control and determine the price factor at that point. The price having been established there for a given day, the packers proceed to purchase their Sioux City, Omaha, Kansas City, and other kills on the Chicago basis.

It is apparent that under such an arrangement purchasing in the country serves to keep the packing plants running without their having to buy in the open market unless they so desire and they are in a position to allow the supply at the central markets to go begging.

This is demonstrated by the established practice on the part of the packers of ascertaining the number of livestock cars ordered for various loading points, and, with this information, determining in advance the volume of direct purchases that will be necessary to keep their plants in operation without relying entirely upon open competitive market for their required supplies.

The bill I have introduced will aid in properly regulating such practices. I doubt if it is possible to do much more than that unless the Government should take over the entire operation of the packing plants. My proposed amendment will not prevent interior packers whose plants are not connected with public stockyards from purchasing livestock in the country directly from the feed yards of the farmer if they desire to follow such a course. Any packer has the unquestioned right to do this. No one has ever attempted—nor am I attempting now—to take that legal right from him.

On the other hand, no one has the right to buy animals under any circumstances, or at any place, for the purpose, or with the effect, of manipulating prices. Centuries ago it was a penitentiary offense in England for anyone to thus forestall the market as to any of the necessities of life, whether the transaction was on the farm or elsewhere. But I venture to say there is infinitely more involved in this matter than simply an occasional purchase on the farm or elsewhere.

The big packers have visualized the tremendous and far-reaching possibilities in the field of private buying, or they would not have stimulated it during recent years. Since 1921 they have propagandized the farmer to the effect that by selling direct to the packer's private stockyards he would save the charges of the central market. But in this case he traded his birthright for a mess of pottage.

Is there a fair-minded person in this twentieth century who can favor a system of marketing to a corporation or trust that has no regulation and no competition? Why should the big packers have private yards with the door closed to the public? Is that fair play? If anyone is going to have the power to fix the price of meat, why not let it rest in the hands of the producer where it belongs?

I am interested to note that over this period during which the practice of direct marketing has developed so rapidly the spread between the price paid producers for all the products of their feed yards and the price paid by consumers for the meat they bought over the block has been greatly enhanced.

I went home a few nights ago and Mrs. Wearin had prepared some beeksteak for supper. I have lived on an Iowa farm all my life, and it is still supper to me even though I am in Washington. I asked her how much she paid for it and she said 38 cents a pound. Just think of that. Only a few weeks ago a prominent farmer in my district sat in the living room of our farm house and told me he had a carload of cattle, fed 10 months, on the market that day, and up to that time they had tried unsuccessfully to sell them for 4 cents a pound. Now I am a farmer. I have been associated with my father in the feeding of cattle for years and I know a steer is not all beefsteak. Part of his carcass goes into roasts that we are paying as high as 35 cents a pound for here in Washington. Still other portions are devoted to the manufacture of byproducts, such as tankage, household cleaner, and so forth, that the consumer pays a high price for, at least high enough that, taken all in all, the profits thereof have made it possible for such plants as Armour & Co., according to a statement that appeared in a Chicago paper on January 2, 1934, to reduce its funded debt of $98,841,100 by a total of $33,672,900 in the last 3 years. According to my figures, that is right around 33 percent, or approximately 11 percent per year. Preferred stock in the same period has been reduced by $10,000,000.

No wonder that the Cudahy Packing Co. said in an advertisement that appeared in the Omaha World-Herald on January 2, 1934:

The recent annual reports of the four largest United States packers indicate net earnings in a substantial sum.

In view of the facts it is my opinion that the term "substantial sum" is peculiarly appropriate. Remember that during the same 3-year period the American farmer from whom those processors were buying was undergoing some of the most severe losses of his entire existence and the laboring man to whom he was selling was having his wages cut and was losing his home. Foreclosures and bankruptcy were running rampant through the land. Furthermore—and this is a significant fact—the lowest prices in history were paid the producers of cattle and hogs during those trying years. From such facts as these it appears to me that, in the words of J. Ogden Armour, himself, the packing interests must be the trust that has never been busted, and it is time to begin work on it here and now. The big packers have indicated to the farmers and the recovery program that they are a bunch of broncos that need bridling.

There are some very pronounced benefits for the farmer and consumer that will result from the passage of this bill.

The measure, if enacted into law, will establish the same degree of control over the buying elements on livestock markets as are established with respect to the selling side of these markets; it will eliminate the present tendency on the part of the packers to acquire unnecessary distributing facilities; it will restore to what should be price-determining livestock markets a normal demand for cattle, hogs, and sheep through the proper regulation of direct buying and the objectionable feeding practices of the packers that are well organized efforts at chiseling off the farmer and the rancher; and a general increased authority in the Department of Agriculture to enforce all of the provisions of the Packers and Stockyards Act, as amended.

ORDER OF BUSINESS

Mr. SNELL. Mr. Speaker, can the chairman of the committee inform the House whether or not the bill has reached that point where he is able to tell when he is going to call for a vote?

Mr. DOUGHTON. I was going to submit a unanimous-consent request that general debate be extended 2 hours, to be equally divided and controlled by the gentleman from Massachusetts and myself. If this request is not objected to, we will probably reach a vote Wednesday morning. If the request is objected to, we shall probably vote tomorrow. I can tell more definitely after I submit the unanimous-consent request.

Mr. SNELL. There will be no objection on this side, if that is what the gentleman means.

Mr. DOUGHTON. Mr. Speaker, I ask unanimous consent that general debate on the revenue bill be extended 2 hours, to be equally divided and controlled by the gentleman from Massachusetts and myself.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. SNELL. Now, I understand the gentleman expects to bring this to a vote on Wednesday?

Mr. DOUGHTON. Yes; I expect we shall finish general debate tomorrow and vote on Wednesday. If this is agreeable to the minority leader, I think we can have this understanding.

Mr. TREADWAY. It is perfectly agreeable. I think, however, it might be well to inquire for the RECORD how much time each side has.

The SPEAKER. The gentleman from North Carolina has 1 hour and 16 minutes remaining. The gentleman from Massachusetts has 2 hours and 8 minutes remaining.

Mr. HASTINGS. That does not include the extended time?

The SPEAKER. No.

Mr. SNELL. Then it is definitely understood that the final vote will come on Wednesday?

Mr. HASTINGS. We are to understand, I assume, that no amendments are to be offered tomorrow; that general debate only will be concluded. Is this correct?

Mr. DOUGHTON. That is my understanding.

Mr. TREADWAY. Mr. Speaker, I think we ought not to definitely say we will close general debate tomorrow, in view of the additional 2 hours that has been granted. It might be that we would want to carry a part of the time along until Wednesday forenoon; but we can agree positively that we will vote Wednesday just the same.

Mr. DOUGHTON. I think it would probably be better to say we will have the vote Wednesday.

Mr. TREADWAY. Yes; I agree to that; but, in view of this extra time that has been granted, we ought not to cut ourselves off by saying there will be no more general debate after tomorrow.

Mr. DOUGHTON. I think we might do that. We will not vote before Wednesday in any event.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows:

To Mr. CROWTHER, for 3 days, on account of illness.

To Mr. WARREN, for 4 days, on account of important business.

MESSAGE FROM THE PRESIDENT—MATTHEW E. HANNA

The SPEAKER laid before the House the following message from the President of the United States, which was read, and together with the accompanying papers, was referred to the Committee on Claims and ordered printed:

To the Congress of the United States:

I enclose herewith a report which the Honorable the Secretary of State has addressed to me in regard to the loss of certain consular fee stamps suffered by the Honorable Matthew E. Hanna, former American Minister at Managua, Nicaragua, amounting to $921, as a result of an earthquake in that city on March 31, 1931, followed by a fire which completely destroyed the American Legation building and its contents.

I recommend that legislation be enacted whereby the Comptroller General will be authorized and directed to allow credit to Mr. Hanna in the amount of $921 to remove a disallowance for that sum in his accounts for the month of March 1931.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 19, 1934.*

KING ALBERT I OF BELGIUM

The Speaker laid before the House the following communication from the Ambassador of Belgium:

AMBASSADE DE BELGIQUE,
Washington, February 19, 1934.

The Honorable HENRY T. RAINEY,
Speaker of the House of Representatives,
House of Representatives, Washington, D.C.

MR. SPEAKER: A solemn service for the repose of the soul of His Majesty King Albert I will be held on Friday, February 23, at 11 a.m., at the Church of the Immaculate Conception of the Catholic University of America, at Washington, and I have the honor to invite you and Mrs. Rainey to attend on that occasion.

I shall be grateful if you will be kind enough to inform the Representatives of this solemnity and to invite them to send a delegation of Members, accompanied by their wives, to represent the House.

I avail myself of this opportunity, Mr. Speaker, to convey to you the assurances of my highest consideration.

PAUL MAY.

Mr. McREYNOLDS. Mr. Speaker, I offer the following resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 272

Resolved, That the House of Representatives of the United States of America has learned with profound sorrow of the death of His Majesty Albert I, King of the Belgians, and sympathizes with his people in the loss of their beloved King.

Resolved, That the President be requested to communicate this expression of sentiment of the House of Representatives to the Government of Belgium.

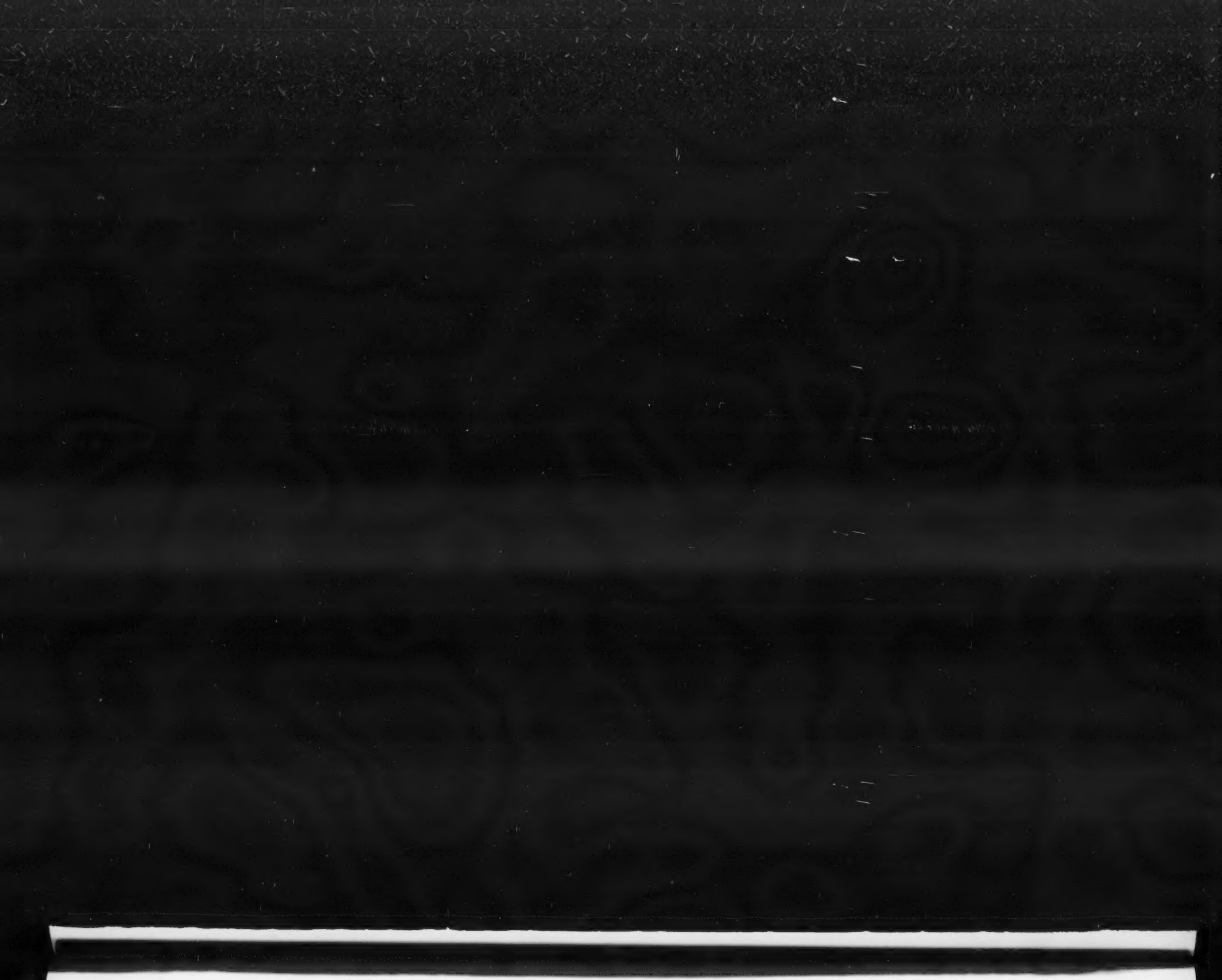
Resolved, That as a further mark of respect to the memory of King Albert the House do now adjourn.

Mr. McREYNOLDS. Mr. Speaker, the people of the United States were greatly shocked at the tragic death of the King of Belgium. He was held in high esteem and had the genuine affection of the people of this country. The meaning of this resolution is more than formal.

Mr. Speaker, I yield to the gentleman from Ohio.

Mr. WEST of Ohio. Mr. Speaker, this resolution presented by the distinguished Chairman of the Committee on Foreign Affairs expresses to the people of Belgium the sympathy and sorrow so keenly felt by the Members of the House of Representatives upon the occasion of the death of their beloved ruler, His Majesty Albert I, the King of the Belgians.

The shocking news of his tragic and untimely death has been received with the most profound sorrow by the American people. No figure in recent world history has been held in more affectionate regard by our people than King Albert. When he became the ruler of his people he declared that the prosperity of his country depended upon the happiness and prosperity of the masses of the people. In order that he might learn more about their needs, he went



out among them and mingled with them in their various pursuits that he might more adequately and justly serve them as their King. Under his rule economic conditions were improved, slavery in the colonies abolished, and social reforms encouraged. During the dark days at the opening of the World War, when his little country faced national disaster, his courage and statesmanship in guiding the destinies of his kingdom excited the admiration of the whole world. As he has lived so also has he died, courageously and heroically. The memory of his inspiring example of patriotic devotion, and reverence for his beautiful character will long be held by mankind.

In tribute to the memory of this great ruler who has so endeared himself to the people of the world, I should like to bring to you the words of an English poem which were written, it is said, in memory of our revered first President, George Washington. So eloquently did King Albert express in his life and achievement the philosophy of this little poem that it is fitting that we today pay tribute to him in its words. In his poem, If, Rudyard Kipling said:

If you can keep your head when all about you
  Are losing theirs and blaming it on you;
If you can trust yourself when all men doubt you,
  But make allowance for their doubting too;
If you can wait and not be tired by waiting,
  Or being lied about, don't deal in lies,
Or, being hated, don't give way to hating,
  And yet don't look too good, nor talk too wise;

If you can dream—and not make dreams your master;
  If you can think—and not make thoughts your aim;
If you can meet with triumph and disaster
  And treat those two impostors just the same;
If you can bear to hear the truth you've spoken
  Twisted by knaves to make a trap for fools,
Or watch the things you gave your life to broken,
  And stoop and build 'em up with wornout tools;

If you can make one heap of all your winnings
  And risk it on one turn of pitch-and-toss,
And lose, and start again at your beginnings
  And never breathe a word about your loss;
If you can force your heart and nerve and sinew
  To serve your turn long after they are gone,
And so hold on when there is nothing in you
  Except the will which says to them: "Hold on";

If you can talk with crowds and keep your virtue,
  Or walk with kings—nor lose the common touch;
If neither foes nor loving friends can hurt you;
  If all men count with you, but none too much;
If you can fill the unforgiving minute
  With 60 seconds' worth of distance run—
Yours is the earth and everything that's in it,
  And—which is more—you'll be a man, my son!

The SPEAKER. The question is on the resolution offered by the gentleman from Tennessee.

The resolution was agreed to.

ADJOURNMENT

Accordingly (at 4 o'clock and 57 minutes p.m.) the House adjourned until tomorrow, Tuesday, February 20, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Tuesday, Feb. 20, 10 a.m.)

Hearings on H.R. 7147, 7148, and 7149, and Wednesday, February 21, at 10 a.m., on H.R. 7523 and 6175. Both hearings to be in committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Feb. 20, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

COMMITTEE ON EDUCATION

(Tuesday, Feb. 20, 10 a.m.)

Public hearing on H.R. 7802 (by Mr. BLACK), to provide for the further development of vocational education in the several States and Territories, in the caucus room of the old House Office Building.

COMMITTEE ON THE POST OFFICE AND POST ROADS

(Tuesday, Feb. 20)

Hearings on the air mail in the committee rooms.

EXECUTIVE COMMUNICATIONS, ETC.

356. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting, pursuant to section 1 of the River and Harbor Act approved January 21, 1927, and section 10 of the Flood Control Act approved May 15, 1928, a letter from the Chief of Engineers, United States Army, dated February 9, 1934, submitting a report, together with accompanying papers and illustrations, containing a general plan for the improvement of the Yellowstone River, Wyo., Mont., and N.Dak., for the purposes of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 256), was taken from the Speaker's table, referred to the Committee on Rivers and Harbors and ordered to be printed with 19 illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BANKHEAD: Committee on Rules. H.Res. 270. Resolution providing for the consideration of H.R. 7808, a bill to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes; without amendment (Rept. No. 803). Referred to the House Calendar.

Mr. WILSON: Committee on Flood Control. H.R. 8018. A bill to authorize payment for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes; without amendment (Rept. No. 818). Referred to the Committee of the Whole House on the state of the Union.

Mr. MEAD: Committee on the Post Office and Post Roads. H.R. 7966. A bill to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes; with amendment (Rept. No. 819). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SEGER: Committee on Claims. H.R. 189. A bill for the relief of the Delaware Bay Shipbuilding Co.; without amendment (Rept. No. 804). Referred to the Committee of the Whole House.

Mr. SMITH of Washington: Committee on Claims. H.R. 1354. A bill for the relief of C. V. Mason; with amendment (Rept. No. 805). Referred to the Committee of the Whole House.

Mr. KENNEDY of Maryland: Committee on Claims. H.R. 2042. A bill for the relief of the Sanford & Brooks Co.; with amendment (Rept. No. 806). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. H.R. 4999. A bill for the relief of W. H. Le Duc; with amendment (Rept. No. 807). Referred to the Committee of the Whole House.

Mr. SEGER: Committee on Claims. H.R. 5408. A bill to provide for the reimbursement of personnel of the Navy and Marine Corps for personal property lost, damaged, or destroyed as a result of the earthquake which occurred at Managua, Nicaragua, on March 31, 1931; with amendment (Rept. No. 808). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 7828. A bill for the relief of Annie M. Ayer; with amendment (Rept. No. 809). Referred to the Committee of the Whole House.

Mr. BLACK: Committee on Claims. H.R. 8035. A bill for the relief of James M. Pace; without amendment (Rept. No. 810). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 512. An act for the relief of Peter Pierre; without amendment (Rept. No. 811). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 690. An act for the relief of Charles L. Graves; without amendment (Rept. No. 812). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 1089. An act for the relief of James R. Young; without amendment (Rept. No. 813). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1126. An act for relief of M. M. Twichel; without amendment (Rept. No. 814). Referred to the Committee of the Whole House.

Mr. BLANCHARD: Committee on Claims. S. 1429. An act for the relief of Anthony J. Lynn; without amendment (Rept. No. 815). Referred to the Committee of the Whole House.

Mr. WALTER: Committee on Claims. S. 1528. An act to amend section 3702, Revised Statutes; without amendment (Rept. No. 816). Referred to the Committee of the Whole House.

Mr. ELLZEY of Mississippi: Committee on Claims. S. 1772. An act for the relief of the Western Montana Clinic, Missoula, Mont.; without amendment (Rept. No. 817). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 7772) for the relief of Claude Luther Wilson, and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. HOWARD (by departmental request): A bill (H.R. 8090) to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws; to the Committee on Indian Affairs.

By Mr. SADOWSKI: A bill (H.R. 8091) to provide for the establishment of a postal-check system, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. McSWAIN: A bill (H.R. 8092) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; to the Committee on World War Veterans' Legislation.

By Mr. TERRY of Arkansas: A bill (H.R. 8093) authorizing loans by the Reconstruction Finance Corporation to States, school districts, and boards of education to aid in keeping public schools open and operating, and for other purposes; to the Committee on Banking and Currency.

By Mr. CONNERY: A bill (H.R. 8094) to amend section 4426 of the Revised Statutes of the United States, as amended by the act of Congress approved March 16, 1906; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. WEIDEMAN: A bill (H.R. 8095) to authorize the Reconstruction Finance Corporation to make loans direct to municipalities and other Government subdivisions organized pursuant to State law; to the Committee on Banking and Currency.

By Mr. WHITTINGTON: A bill (H.R. 8096) to increase employment by authorizing an appropriation of $400,000,000 to provide for emergency construction of public highways, and related projects, and for other purposes; to the Committee on Roads.

By Mr. DOCKWEILER: A bill (H.R. 8097) to adjust the salaries of rural letter carriers; to the Committee on the Post Office and Post Roads.

By Mr. McLEOD: A bill (H.R. 8098) to amend section 400 of title 18, United States Code; to the Committee on Interstate and Foreign Commerce.

By Mr. WEARIN: A bill (H.R. 8099) to amend the Packers and Stockyards Act, 1921; to the Committee on Agriculture.

By Mr. PETTENGILL: A bill (H.R. 8100) to amend paragraph (1) section 4 of the Interstate Commerce Act, as amended February 20, 1920 (U.S.C., title 49, sec. 4); to the Committee on Interstate and Foreign Commerce.

By Mr. RICH: A bill (H.R. 8101) to authorize the Comptroller General to adjust and settle for additional costs for labor and materials incurred in the fulfillment of public contracts by reason of the operation of the National Industrial Recovery Act, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. KNUTSON: A bill (H.R. 8102) to direct the distribution of the interest and principal of permanent funds of the Chippewa Indians of Minnesota in accordance with the true purpose and intent of the agreements made pursuant to the act of January 14, 1889; to the Committee on Indian Affairs.

By Mr. KRAMER: A bill (H.R. 8103) directing the Secretary of War to issue Army discharge to those who were regularly inducted into the military service of the United States prior to November 11, 1918, and to whom were issued discharge from draft on or after said date; to the Committee on Military Affairs.

By Mr. MILLIGAN: Resolution (H.Res. 271) providing for a committee to investigate the business, operations, and affairs of the Federal land bank at St. Louis, Mo.; to the Committee on Rules.

By Mr. KRAMER: Resolution (H.Res. 273) to provide for the payment of an additional clerk by any Member, Delegate, or Resident Commissioner in time of need; to the Committee on Accounts.

By Mr. OLIVER of New York: Resolution (H.Res. 274) opposing alleged discriminations against Jews in Germany; to the Committee on Foreign Affairs.

By Mr. BRUNNER: Joint resolution (H.J.Res. 279) authorizing the Secretary of the Navy to allow time with pay for all navy-yard employees throughout the United States to vote in city, State, and national elections; to the Committee on Naval Affairs.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of New York, regarding the absolute embargo now placed on the importation of hop roots from Western States; to the Committee on Agriculture.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BURKE of Nebraska: A bill (H.R. 8104) granting a pension to Margaret Gibson; to the Committee on Pensions.

By Mr. CALDWELL: A bill (H.R. 8105) granting a pension to Maggie Viola Hadden; to the Committee on Pensions.

By Mr. COCHRAN of Missouri: A bill (H.R. 8106) for the relief of Lester E. Upmeyer; to the Committee on Military Affairs.

Also, a bill (H.R. 8107) granting a pension to Mary E. Ferris; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8108) for the relief of Jeannette Weir; to the Committee on Claims.

By Mr. CROSS of Texas: A bill (H.R. 8109) for the relief of Ed Symes and wife Elizabeth Symes, and certain other citizens of the State of Texas; to the Committee on Claims.

By Mr. CROWE: A bill (H.R. 8110) for the relief of Mary Hemke; to the Committee on Claims.

By Mr. DARDEN: A bill (H.R. 8111) for the relief of Lottie May Bolin; to the Committee on Claims.

Also, a bill (H.R. 8112) granting a pension to Mrs. C. H. Van Dyck; to the Committee on Pensions.

Also, a bill (H.R. 8113) granting an increase of pension to Annie S. Wynne; to the Committee on Pensions.

Also, a bill (H.R. 8114) for the relief of Robert James Allen; to the Committee on Naval Affairs.

Also, a bill (H.R. 8115) for the relief of May L. Marshall, administratrix of the estate of Jerry A. Litchfield; to the Committee on Claims.

Also, a bill (H.R. 8116) for the relief of Mae C. Tibbett, administratrix; to the Committee on Claims.

By Mr. DOCKWEILER: A bill (H.R. 8117) granting a pension to Mae L. Armour; to the Committee on Pensions.

By Mr. FIESINGER: A bill (H.R. 8118) for the relief of Starr Truscott and John R. Dawson; to the Committee on Claims.

By Mr. FORD: A bill (H.R. 8119) for the relief of Fred Pruscha, alias Fred Cole; to the Committee on Military Affairs.

By Mr. GLOVER: A bill (H.R. 8120) for the relief of the city of Fordyce, Dallas County, Ark.; to the Committee on Claims.

By Mr. KENNEDY of New York: A bill (H.R. 8121) authorizing the Secretary of War to award a Distinguished Service Cross to Joseph F. Conlon; to the Committee on Military Affairs.

By Mr. LOZIER: A bill (H.R. 8122) granting a pension to Belle Hockensmith; to the Committee on Invalid Pensions.

By Mr. MARTIN of Oregon: A bill (H.R. 8123) for the relief of Oscar Gustof Bergstrom; to the Committee on Claims.

By Mr. MEEKS: A bill (H.R. 8124) granting a pension to James M. Wilson; to the Committee on Pensions.

Also, a bill (H.R. 8125) granting a pension to Clara B. Wallar; to the Committee on Pensions.

By Mr. O'BRIEN: A bill (H.R. 8126) for the relief of Edward McCauley; to the Committee on Naval Affairs.

By Mr. SECREST: A bill (H.R. 8127) granting a pension to Marion Gregory; to the Committee on Invalid Pensions.

By Mr. THOMAS: A bill (H.R. 8128) granting an increase of pension to Ella S. T. Witbeck; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8129) granting a pension to James C. Riley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8130) granting a pension to John Charles Inglee; to the Committee on Pensions.

By Mr. WHITE: A bill (H.R. 8131) granting a pension to Leona J. Strickland; to the Committee on Invalid Pensions.

By Mr. WITHROW: A bill (H.R. 8132) for the relief of George H. Hauge; to the Committee on Claims.

Also, a bill (H.R. 8133) granting an increase of pension to Mary A. Smith; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2346. By Mr. BEEDY: Resolution of Pine Tree and Cumberland County Fish and Game Associations of Maine, favoring use of submarginal lands for conservation and breeding of fish, water fowl, and other game birds; to the Committee on Merchant Marine, Radio, and Fisheries.

2347. Also, petition of Pine Tree and Cumberland County Fish and Game Associations of Maine, endorsing continuation of research by the Bureau of Biological Survey to promote conservation of wild life; to the Committee on Agriculture.

2348. By Mr. BOYLAN: Letter from the adjutant of Manhattan Camp No. 1, United Spanish War Veterans, New York, N.Y., favoring Senate amendments to independent offices appropriation bill relating to Spanish War veterans, etc.; to the Committee on Appropriations.

2349. Also, letter from the New York City League of Women Voters, New York City, favoring appropriations for the United States Employment Service and the Bureau of Home Economics; to the Committee on Labor.

2350. Also, letter from the Admiral Schley Naval Squadron Post of the United Spanish War Veterans, Brooklyn, N.Y., favoring amendment to independent offices appropriation bill to restore Spanish War veterans to pension rolls, etc.; to the Committee on Appropriations.

2351. By Mr. CARTER of California: Petition signed by 80 residents of the Sixth Congressional District of the State of California, asking the restoration of rights to Spanish War veterans; to the Committee on Pensions.

2352. Also, petition signed by 34 residents of the Sixth Congressional District of the State of California, asking the restoration of rights to Spanish War veterans; to the Committee on Pensions.

2353. By Mrs. CLARKE of New York: Petition of the board of directors of Endicott Automobile Club, Inc., Endicott, N.Y., urging that the emergency gasoline tax of 1 cent shall be terminated at the end of the present fiscal year, thereby restoring this tax to the established 2-cent rate, and that a more substantial appropriation be made for the maintenance, construction, and reconstruction of highways; to the Committee on Ways and Means.

2354. By Mr. CULLEN: Petition of the Construction League of the United States, strongly recommending the definite earmarking of a larger proportion of funds for Federal and non-Federal building projects than has heretofore been allocated; to the Committee on Public Buildings and Grounds.

2355. Also, petition of the Associated General Contractors of America, recommending that legislation be enacted by the Federal Government such that it may lend its credit on long terms and under reasonable conditions in order that various needed types of construction projects may be promptly financed; to the Committee on Banking and Currency.

2356. Also, petition of the Associated General Contractors of America, in view of the President's proclamation, stating that he will recommend to Congress that relief be granted to contractors having contracts with the Federal Government under way at the time of the passage of the National Recovery Act and entered into before request of the President for conformance with his reemployment agreement, who have suffered because of increased costs through their cooperation, urging that the President be memorialized for his consideration and forethought, and that State, municipal, and other Government agencies be urged to take the necessary steps to carry out the request of the President; to the Committee on Banking and Currency.

2357. By Mr. GLOVER: Petition of Veterans of Foreign Wars, El Dorado Post, No. 2413; to the Committee on Appropriations.

2358. By Mr. HILDEBRANDT: Petition of employees of the United States Government, for restoration of former salary level by enacting legislation sponsored by the American Federation of Labor and the American Federation of Government employees, to abolish the Government workers' pay cut at once; to the Committee on Appropriations.

2359. Also, resolution of the First Baptist Church of Mitchell, S.Dak., urging support of House bill 6097, known as the "Patman bill", for supervision of motion pictures, and House Resolution 144; to the Committee on Interstate and Foreign Commerce.

2360. Also, resolution of the Longfellow Parent-Teacher Association of Sioux Falls, S.Dak., to enact a law which will provide supervision of selection and treatment of subject material during the process of production, and regulation of trade practices used in distribution of motion pictures, and urge support of House bill 6097 for supervision of motion pictures and House resolution 144; to the Committee on Interstate and Foreign Commerce.

2361. Also, resolution of Anna C. Soper, county superintendent of schools, Fort Pierre, S.Dak., requesting Congress

to make a specific emergency appropriation for the schools and create a relief fund for use in districts which cannot maintain their schools, to prevent the closing of schools and the denial of educational opportunities to hundreds of thousands of future American citizens; to the Committee on Education.

2362. Also, resolutions of the Simmons Parent-Teacher Association, Henry-Neill Parent-Teacher Association, and Adams Parent-Teacher Association, of Aberdeen, and Lowell Parent-Teacher Association, of Sioux Falls, all of the State of South Dakota, requesting Congress to enact a law which will provide supervision of selection and treatment of subject material during the process of production, and regulation of trade practices used in distribution of motion pictures; to the Committee on Interstate and Foreign Commerce.

2363. Also, resolution of General Beadle Parent-Teacher Association Executive Board of Sioux Falls, S.Dak., that a law be enacted which will provide supervision of selection and treatment of subject material during the process of production, and regulation of trade practices used in distribution of motion pictures; to the Committee on Interstate and Foreign Commerce.

2364. By Mr. HOWARD: Petition of C. C. Jacobsen, R.R. No. 2, Fairfax, and others who reside in Fairfax, S.Dak., and Anoka, Nebr., urging the passage of the Frazier bill; to the Committee on Agriculture.

2365. By Mr. JENKINS of Ohio: Petition signed by 31 citizens of Coolville, Ohio, asking that Members of Congress oppose the Prince plan, by which it is proposed to consolidate the railroads in the United States; to the Committee on Interstate and Foreign Commerce.

2366. By Mr. JOHNSON of Texas: Petition of J. H. Powell, Navasota Cooperage Co., of Navasota, Tex., opposing House bill 7202; to the Committee on Labor.

2367. By Mr. KENNEDY of New York: Petition of the Legislature of the State of New York, that the Congress of the United States enact with all convenient speed such legislation as may be necessary to abolish the Federal gasoline sales tax and to surrender to the States exclusively the power to tax such sales in the future; to the Committee on Ways and Means.

2368. Also, memorial of the Legislature of the State of New York, that the Federal Government enact such laws through the Congress, or promulgate such rules through the Department of Agriculture, as will lift the absolute embargo now placed on the importation of hop roots from Western States and will permit their importation, under reasonable regulations, into Oneida County and adjacent territory in order that the industry of hop-raising may be revived therein; to the Committee on Agriculture.

2369. Also, petition of the Parliament of Community Councils of the City of New York, petitioning Congress to enact such legislation as will amend section 106a of the Federal immigration laws (Mar. 2, 1929, ch. 536, sec. 1, 45 Stat. 1512) so as to permit those desirable aliens, who arrived here prior to July 1924 and who qualify under these statutes to register and obtain the rights thereunder; to the Committee on Immigration and Naturalization.

2370. By Mr. KVALE: Resolution of citizens of the township of Grand Lake, St. Louis County, Minn., urging further continuation of the Civil Works Administration; to the Committee on Appropriations.

2371. Also, petition of the Joint Council of Postal Employees of the St. Paul trade area, St. Paul, Minn., asking higher rating for their work; to the Committee on the Post Office and Post Roads.

2372. Also, petition of members of the First Baptist Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2373. Also, petition of members of the Ninth Presbyterian Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2374. Also, petition of members of the Fairmount Avenue Methodist Episcopal Church of St. Paul, Minn., protesting against the increasing of armaments; the the Committee on Naval Affairs.

2375. Also, petition of members of the Hamoine Methodist Episcopal Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2376. Also, petition of members of the Holman Methodist Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2377. Also, petition of members of the Lexington Parkway Presbyterian Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2378. Also, petition of members of the Calvary Evangelical Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2379. Also, petition of members of the Trinity Methodist Episcopal Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2380. Also, petition of members of the Peoples Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2381. Also, petition of members of the Clark Memorial Congregational Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2382. Also, petition of members of the Gloria Dei Lutheran Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2383. Also, petition of members of the St. Paul's Methodist Church, St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2384. Also, petition of members of the Cherokee Heights Presbyterian Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2385. Also, petition of members of the Cleveland Avenue Methodist Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2386. Also, petition of members of the Plymouth Congregational Church of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2387. Also, petition of members of the Federated Churches of Freeborn, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2388. Also, petition of members of the Congregational Church of Excelsior, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2389. Also, petition of members of the Union Congregational Church of Glenwood, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2390. Also, petition of members of the First Congregational Church of Alexandria, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2391. Also, petition of Epworth League of the Methodist Episcopal Church of Appleton, Minn., opposing the large armament program; to the Committee on Appropriations.

2392. By Mr. LINDSAY: Petition of Foley & Co., Chicago, Ill., opposing the Tugwell-Copeland or Sirovich drug bills; to the Committee on Agriculture.

2393. Also, petition of New York City League of Women Voters, favoring the Copeland food and drugs bill, S. 2000, appropriations for the United States Employment Service as requested in the Budget, and appropriation for Bureau of Home Economics; to the Committee on Agriculture.

2394. Also, petition of Long Island Soap Co., Alexander Baar, treasurer, Brooklyn, N.Y., favoring excise tax bill; to the Committee on Ways and Means.

2395. Also, petition of National League of District Postmasters of the United States, favoring the passage of House bill 1626; to the Committee on the Post Office and Post Roads.

2396. Also, petition of the State legislative departments, Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conduc-

tors, Brotherhood of Railway Trainmen, Switchmen's Union of North America, Albany, N.Y., favoring the enactment of Senate bills 2651, 2519, 2518, 3892, 2510, 2625, and 2624, and House bills 7650, 7430, 7648, 10023, 7794, 7399, and 7489; to the Committee on Labor.

2397. Also, petition of Arkell Safety Bag Co., New York and Brooklyn, requesting limitation be placed on white refined sugar imported into the United States thereby protecting home industries and American labor; to the Committee on Ways and Means.

2398. Also, petition of National Standard Parts Association, Detroit, Mich., concerning the removal of Federal taxation on automobiles; to the Committee on Ways and Means.

2399. Also, petition of the Associated General Contractors of America, Inc., Washington, D.C., concerning contractors' relief legislation and financing needed construction; to the Committee on Banking and Currency.

2400. By Mr. MANSFIELD: Petition of 39 cotton farmers of Edna, Tex., who have signed cotton-reduction contracts, asking that law be passed to compel all other cotton farmers to reduce their acreage proportionately; to the Committee on Agriculture.

2401. By Mr. MERRITT: Petition of 7,486 citizens of the Fourth Congressional District of the State of Connecticut, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of any form of transportation, and further petitioning that suitable laws be enacted to prevent this unjust discrimination of agencies of transportation; to the Committee on Interstate and Foreign Commerce.

2402. By Mr. MEAD: Petition of Slovak Workers Society of Buffalo, N.Y.; to the Committee on Pensions.

2403. Also, petition of the Buffalo Fur Merchants Association, Inc., Buffalo, N.Y.; to the Committee on Ways and Means.

2404. Also, petition of the Federal employees of Buffalo, N.Y.; to the Committee on Appropriations.

2405. Also, petition of the Erie County Volunteer Firemen's Association of Erie County, N.Y., protesting against the St. Lawrence Seaway Treaty; to the Committee on Foreign Affairs.

2406. By Mr. RICH: Petition of the Woman's Christian Temperance Union of Ulysses, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2407. By Mr. RUDD: Petition of Walter E. Hawkins, 1254 Prospect Place, Brooklyn, N.Y., opposing the passage of the Capper bill, S. 2103, and the Ludlow bill, H.R. 5961; to the Committee on Banking and Currency.

2408. Also, petition of Long Island Soap Co., Alexander Baar, treasurer, favoring the passage of the excise tax bill; to the Committee on Ways and Means.

2409. Also, petition of National League of District Postmasters of the United States, favoring the passage of House bill 1626; to the Committee on the Post Office and Post Roads.

2410. Also, petition of National Standard Parts Association, Detroit, Mich., for the relief of the automobile owner of unfair burden of Federal taxation; to the Committee on Ways and Means.

2411. Also, petition of Katzenstein Bros., 348 Greenpoint Avenue, Brooklyn, N.Y., favoring the proposed duty on all imported fats, oils, and oil-bearing materials as presented in the Shallenberger bill; to the Committee on Ways and Means.

2412. Also, petition of New York City League of Women Voters, favoring the Gopeland bill, S. 2000, also appropriations for the United States Employment Service, as requested in the Budget, and the Bureau of Home Economics; to the Committee on Appropriations.

2413. Also, petition of Foley & Co., Chicago, Ill., opposing the passage of the Tugwell-Copeland and Sirovich food, drug, and cosmetic bill; to the Committee on Agriculture.

2414. Also, petition of the Associated General Contractors of America, Inc., favoring legislation that may lend credit on long terms and under reasonable conditions and to safeguard the investment of public funds that such projects be designed by registered architects or engineers and constructed by qualified contractors so as to insure durability and the security of the Government's loan; to the Committee on Banking and Currency.

2415. Also, petition of the Associated General Contractors of America, Inc., favoring relief to contractors having contracts with the Federal Government under way at the time of the passage of the National Recovery Act and entered into before request of the President for conformance with his reemployment agreement; to the Committee on Appropriations.

2416. Also, petition of Allied Independent Railroad Labor Organizations, favoring the national pension plan; to the Committee on Labor.

2417. Also, petition of the State legislative departments, Brotherhood of Locomotive Engineers, Brotherhood of Locomotive Firemen and Enginemen, Order of Railway Conductors, Brotherhood of Railroad Trainmen Switchmen's Union of North America, Albany, N.Y., favoring the passage of the following bills: Senate bills 2651, 2519, 2518, 3892, 2510, 2624, 2625, and House bills 7650, 7430, 7648, 10023, 7794, 7399, and 7489; to the Committee on Labor.

2418. By Mr. SMITH of West Virginia: Resolution of the West Virginia Legislature, commending officials and employees of the West Virginia agency of the Home Owners' Loan Corporation; to the Committee on Banking and Currency.

2419. By Mr. SNELL: Resolution of the Senate of New York State and concurred in by the assembly, memorializing Congress to enact such legislation as will lift the embargo on the importation of hop roots from Western States and will permit their importation into Oneida County; to the Committee on Ways and Means.

2420. By Mr. WERNER: Petition of citizens of Iroquois, Kingsbury County, S.Dak., urging the passage of the Frazier bill, Wheeler bill, Swank-Thomas bill, and the Thomas bill; to the Committee on Agriculture.

SENATE

TUESDAY, FEBRUARY 20, 1934

Rev. Harry Lee Doll, assistant rector of the Church of the Epiphany, Washington, D.C., offered the following prayer:

O Eternal Father, who hast promised Thy power and Thy love to all who seek Thee and without whom we cannot attain to life but only struggle in darkness, deliver us from all half-hearted devotion and lukewarm zeal. Endue us with a passionate desire to know Thy will and to make Thy wiser will our own. Teach us that the higher yearning within us is Thy spirit and only as we follow its light shall we in Thy face see light and in Thy straight path not stumble. Through Jesus Christ our Lord. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of February 19, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the bill (S. 1759) to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes slough, Boones slough, and sloughs connected therewith, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H.R. 3524. An act to amend section 23 of the Immigration Act of February 5, 1917 (39 Stat. 874);

H.R. 3345. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916;

H.R. 4223. An act to clarify the provisions of the immigration law relating to exclusion and deportation of certain aliens who have criminal records, and for other purposes;

H.R. 5477. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him;

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices;

H.R. 7483. An act to provide minimum pay for postal substitutes;

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.;

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; and

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ind.
Ashurst	Davis	La Follette	Russell
Austin	Dickinson	Logan	Schall
Bailey	Dieterich	Lonergan	Sheppard
Bankhead	Dill	Long	Shipstead
Barbour	Duffy	McAdoo	Smith
Barkley	Erickson	McCarran	Steiwer
Black	Fess	McGill	Stephens
Bone	Fletcher	McKellar	Thomas, Okla.
Borah	Frazier	McNary	Thomas, Utah
Brown	George	Metcalf	Thompson
Bulkley	Gibson	Murphy	Townsend
Bulow	Goldsborough	Neely	Trammell
Byrd	Gore	Norris	Tydings
Capper	Hale	Nye	Vandenberg
Caraway	Harrison	O'Mahoney	Van Nuys
Carey	Hastings	Overton	Wagner
Clark	Hatch	Patterson	Walcott
Connally	Hatfield	Pittman	Walsh
Coolidge	Hayden	Pope	White
Copeland	Hebert	Reed	
Costigan	Johnson	Reynolds	
Couzens	Kean	Robinson, Ark.	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from South Carolina [Mr. BYRNES], the Senator from Montana [Mr. WHEELER], and the Senator from Utah [Mr. KING] are detained from the Senate because of severe colds, and that the Senator from Virginia [Mr. GLASS] is absent on account of illness. I ask that this announcement may stand for the day.

Mr. DIETERICH. I desire to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is necessarily detained from the Senate on official business. I will let this announcement stand for the day.

Mr. McKELLAR. I wish to announce that my colleague the junior Senator from Tennessee [Mr. BACHMAN] is unavoidably detained from the Senate. I ask that this announcement may stand for the day.

Mr. HEBERT. I wish to announce that the Senator from South Dakota [Mr. NORBECK] is necessarily absent from the Senate.

The VICE PRESIDENT. Eighty-nine Senators have answered to their names. A quorum is present.

TREASURY AND POST OFFICE APPROPRIATIONS

Mr. McKELLAR. Mr. President, yesterday the Senate passed House bill 7295, being the Treasury and Post Office appropriation bill. I now move that the Senate insist on its amendments thereto, ask for a conference with the House on the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the Vice President appointed Mr. GLASS, Mr. McKELLAR, Mr. TRAMMELL, Mr. STEIWER, and Mr. DICKINSON conferees on the part of the Senate.

INFORMATION RELATIVE TO COMMODITY CREDIT CORPORATION

The VICE PRESIDENT laid before the Senate a letter from the President of the Commodity Credit Corporation (under the Department of Agriculture) submitting, in compliance with Senate Resolution 151, agreed to February 6, 1934, certain documents and information with respect to the Commodity Credit Corporation, which, with the accompanying documents, was ordered to lie on the table.

FIELD SERVICE POSITIONS IN PUBLIC WORKS ADMINISTRATION (S.DOC. NO. 137)

The VICE PRESIDENT laid before the Senate a letter from the Federal Emergency Administrator of Public Works, transmitting, pursuant to Senate Resolution 136 of the present session, a statement showing the number of persons employed in the field service of the Public Works Administration in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 in each State, which was ordered to lie on the table.

Mr. DICKINSON. I ask that the report from the Public Works Administrator be printed as a public document.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Richard Wilkins and other citizens of Brooklyn, N.Y., praying for the passage of legislation providing for the use of silver as money together with gold, and the issuance of adequate new currency to be used, among other things, to cancel interest-bearing war bonds, which was referred to the Committee on Banking and Currency.

He also presented a resolution adopted by Typographical Union No. 6, of New York City, N.Y., protesting against the adoption of the graphic arts code, providing a 40-hour week in the printing industry, which was referred to the Committee on Finance.

He also laid before the Senate a telegram in the nature of a petition from Winnie Everitt, dated at Houston, Tex., praying, on behalf of business men and 230 citizens, that a thorough investigation be made before confirmation of the nomination of Louise McElroy to be postmaster at Shepherd, Tex., in place of W. L. Everitt, which was referred to the Committee on Post Offices and Post Roads.

He also laid before the Senate a telegram in the nature of a petition from W. K. Patterson, president, Cleveland, Ohio, on behalf of the United Spanish War Veterans of northeastern Ohio, praying for the passage of legislation classifying Spanish War veterans with other veterans who served prior to the World War, which was ordered to lie on the table.

Mr. COOLIDGE presented numerous telegrams in the nature of memorials from sundry citizens of the State of Massachusetts, remonstrating against the passage of "Senator REED'S veterans' bill" and favoring support of the President, which were ordered to lie on the table.

Mr. CAPPER presented memorials, numerously signed, of sundry citizens of Dodge City, Kans., remonstrating against the passage of the so-called "Tugwell bill" to prevent the manufacture, shipment, or sale of adulterated or misbranded foods and drugs and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

Mr. LA FOLLETTE presented the following joint resolution of the Legislature of the State of Wisconsin, which was ordered to lie on the table:

Joint resolution memorializing the Congress of the United States to enact legislation setting aside a definite amount from the Public Works Administration funds and allocating such amount among the several States for highway-construction purposes

Whereas there are now pending in the Congress of the United States bills relating to the distribution of Federal funds among the several States for highway-construction purposes; and

Whereas highway construction is a desirable type of public works in that it provides the maximum of employment in proportion to the cost involved; and

Whereas during the current year at least it is advisable and necessary that highway construction be included within the Public Works Administration and that a certain amount of the Public Works Administration funds be set aside and allocated to the several States for highway construction; and

Whereas under the 1933 allotments of Public Works funds Wisconsin's share was $9,724,000: Now, therefore, be it

Resolved by the assembly (the senate concurring), That this legislature respectfully memorializes the Congress of the United States to enact legislation providing that a certain designated portion of the Public Works Administration funds, of not less than $400,000,000, be made available for highway-construction purposes, and that such designated portion be allocated among the several States in the same manner as the 1933 allotment was made; be it further

Resolved, That properly attested copies of this resolution be sent to both Houses of the Congress of the United States and to each Wisconsin Member thereof.

CORNELIUS YOUNG,
Speaker of the Assembly.
JOHN J. SLOCUM,
Chief Clerk of the Assembly.
THOMAS J. O'MALLEY,
President of the Senate.
R. A. COBBAN,
Chief Clerk of the Senate.

RESTORATION OF FEDERAL SALARIES

The VICE PRESIDENT laid before the Senate numerous telegrams in the nature of petitions from sundry citizens, firms, and organizations of Cleveland and vicinity, in the State of Ohio, praying for the passage of legislation restoring full salaries to Federal employees, which were ordered to lie on the table.

Mr. FESS. Mr. President, I have received two batches of telegrams from Cleveland, Ohio, one numbering 510 and the other 526 by actual count, every one of which comes from some business firm not connected with the Government in the sense of being on the pay roll. They are asking for the restoration of the salaries of Government employees. I ask that this statement be noted in the RECORD and that the telegrams be referred to the proper committee.

The VICE PRESIDENT. Inasmuch as the bill to which the telegrams relate is now pending in the Senate, they will lie on the table.

GREAT LAKES-ST. LAWRENCE WATERWAY

Mr. CAPPER. Mr. President, I ask unanimous consent to have published in the RECORD, and to lie on the table, a telegram received from A. J. Weaver, former Governor of Nebraska, now president of the Missouri River Navigation Association, and from Rufus E. Lee, chairman of the waterways committee Omaha Chamber of Commerce. The telegram reads:

OMAHA, NEBR., *February 15, 1934.*

Hon. ARTHUR CAPPER,
United States Senate:

Missouri River Navigation Association, representing business and public interests of nine Missouri Valley States, and Omaha Chamber of Commerce, representing civic and business interests of Omaha, are both on record favoring construction St. Lawrence seaway. To this end we urge immediate ratification pending treaty to bring ensuing benefits lower transportation costs as promptly as possible to distressed agriculture and industry in the land-locked Middle West.

RUFUS E. LEE,
Chairman Waterways Committee
Omaha Chamber of Commerce.
A. J. WEAVER,
President Missouri River Navigation Association.

Mr. President, I believe this telegram speaks for itself. Also, it speaks, in my judgment, for the Middle West, particularly the agricultural sections. Aside from a few local, and, in my opinion, misguided interests, the people of the agricultural Middle West want this treaty ratified; and, more important, they will benefit from the construction of the seaway. Also, it is an answer to the arguments made on this floor that the land-locked Middle West does not want an outlet to the sea. I say we do want the outlet to the sea, and I am supporting the pending treaty for that reason.

The VICE PRESIDENT. The telegram will lie on the table.

NATIONAL SECURITIES EXCHANGE ACT OF 1934

Mr. BARBOUR. Mr. President, for the information it gives, which is concisely and plainly stated, but without indicating my own agreement or disagreement with the views of the author, I feel that the circular letter I hold in my hand from Mr. Richard Whitney, president of the Stock Exchange of New York, to the members of the exchange, dated February 14, 1934, justifies the insertion in the CONGRESSIONAL RECORD and appropriate reference. And I request unanimous consent that this be done.

There being no objection, the circular letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

NEW YORK STOCK EXCHANGE,
New York, February 14, 1934.

To all members:

You have already received or you will find enclosed herewith a copy of a bill introduced in Congress on February 9 entitled "National Securities Exchange Act of 1934."

This bill is the most important legislation affecting the stock exchange and its listed corporations which has ever been introduced in Congress. It contains sweeping and drastic provisions which affect seriously the business of all members and which may have very disastrous consequences to the stock market resulting in great prejudice to the interests of investors throughout the country.

I call your particular attention to subdivision (a) section 6 which prohibits members extending credit upon securities unless they are registered upon a national securities exchange. This will make all unlisted securities worthless for margin purposes and consequently will discriminate against small or local enterprises which are not listed on any exchange. Subdivision (b) of this section fixes minimum margins which, depending upon conditions, can vary between 25 percent and 150 percent. At the present time the latter provision will be applicable in the case of practically all stocks, on account of the low prices reached by securities within the last 3 years, but not now prevailing. These two provisions, operating together, will undoubtedly require the liquidation of a substantial number of customers' accounts.

Subdivision (c) of section 6 makes these margin requirements applicable to all banks lending money against securities registered on a national exchange which were purchased within 30 days, thereby controlling the use of credit now exercised under the law by the Federal Reserve System.

Section 7 places an arbitrary limit upon the amount which members may borrow and vests in the Federal Trade Commission unlimited power to further reduce the amount prescribed by the bill.

Section 8, dealing with the manipulation of security prices, contains many vague and general prohibitions which may eliminate honest and legitimate as well as illegitimate practices. It further imposes drastic civil penalties which, while purporting to allow people who have been injured to recover damages, will actually permit persons who may claim that they have been injured by manipulation when in fact they have not suffered any loss to recover vast sums which will be in the nature of penalties.

Section 9 prohibits all short selling unless the Federal Trade Commission shall permit this practice by specific rules and regulations. It likewise prohibits stop-loss orders.

Section 10 prohibits a member from acting as a dealer in or underwriter of any securities whether they be registered on a national exchange or not. This section will prevent all over-the-counter dealer activities by members even in local or unlisted securities, and will also completely destroy the odd-lot business.

Sections 11, 12, 13, 15, 17, and 18 (a) and (b) require all corporations whose securities are listed on a national exchange to file registration statements with the Federal Trade Commission and to supply it with an unlimited amount of financial and other information. They likewise impose severe civil penalties upon the directors, officers, and principal stockholders of any corporation whose securities are listed on a national exchange, and section 24 adds criminal penalties which may amount to fines of $25,000 and 10 years' imprisonment. In this connection I direct your particular attention to section 17. These powers are so extensive that they might be used to control the management of all listed companies and, inasmuch as information secured by the Federal Trade Commission must be made public, vital statistics in regard to American industry may be made available to foreign competitors, which, naturally, would be highly detrimental to the best interests of the country.

Section 14 purports to control over-the-counter market activities in unlisted as well as listed securities. The constitutionality of this section is very doubtful because the Federal Government has no power to control the intrastate activities of persons dealing in unlisted securities who do not use the United States mails. The obvious purpose of this section is to give the Federal Trade Commission power to control all dealings in unlisted securities and thereby to impose upon small local enterprises, which are not of the character to warrant listing upon an exchange, the same

obligations to furnish information and to submit to regulation by the Federal Trade Commission as the bill specifically imposes upon listed corporations. If this section should be upheld by the courts, and section 10, which prohibits a member of any national exchange acting as a dealer in securities, is not amended, the market for unlisted securities will be completely destroyed.

Section 16 gives the Federal Trade Commission power to examine all records of every exchange and of every member thereof, and to send its representatives to make such examinations as the Commission may determine. All expenses of such examinations, including the compensation of the employees of the Commission, must be paid by the exchange or member whose records are under review. This gives the Commission, irrespective of whether such examinations are reasonable or necessary, arbitrary power to dictate the extent of such examinations and the expense of them.

Section 18 (c) gives the Federal Trade Commission power to control the management and operation of stock exchanges. In effect, it vests in the Federal Trade Commission all the powers normally exercised by the governing committee of the exchange and, in addition, would allow it to amend the constitution of the exchange at will. The full effect of this section is not apparent, unless it is read in connection with section 20 (b) (II) (III) which allows the Federal Trade Commission to suspend for 12 months or entirely withdraw the registration of an exchange which does not comply with all of the rules and regulations adopted by the Federal Trade Commission, and further allows the Federal Trade Commission to suspend for 12 months or to expel any member or officer of an exchange whom the Federal Commission believes has violated any of the rules or regulations which it may adopt. This arbitrary power to suspend or expel a member or officer of an exchange gives the Federal Trade Commission power to dominate and actually run all stock exchanges.

Sections 21 and 22 provide for hearings and require all information received by the Commission to be public records.

Section 23 provides for court review of orders entered by the Federal Trade Commission, but the value of this section is destroyed by the provision that "the findings of the Commission as to the facts, if supported by evidence, shall be conclusive." Practically every question involving the validity of any rule or regulation adopted by the Federal Trade Commission would depend upon findings of fact and not upon questions of law.

Section 24 contains criminal penalties which may amount to fines of $25,000 or imprisonment for 10 years, or both.

Sections 25, 26, and 27 deal with jurisdiction of offenses and suits and the effect of the provisions of the bill on existing law and on contracts whether now existing or not.

Section 28 purports to prohibit dealings on foreign exchanges, but the effectiveness of this provision is extremely doubtful.

Section 29 requires each exchange to pay to the Federal Trade Commission a registration fee equal to one five hundredth of 1 percent of the aggregate dollar amount of all business transacted on it during each calendar year. This, in effect, represents a tax upon the security business which will apparently be in addition to the existing transfer tax on stocks and bonds and, therefore, represents another heavy burden on stock-exchange business.

Section 30 authorizes the Federal Trade Commission to employ and fix the compensation of an unlimited number of employees, attorneys, and agents and exempts such employees from the requirements of the existing civil-service law.

Sections 31 and 32 deal with the separability of provisions and the effective date of the act.

If you desire more copies of this communication or of the printed copies of the bill, they will be furnished to you upon application.

Faithfully yours,

RICHARD WHITNEY, *President.*

EMERGENCY AID TO EDUCATION

Mr. BARBOUR presented resolutions adopted by the Rotary Club and the General Council of Parent-Teacher Associations, of Teaneck, N.J., favoring the granting of Federal emergency aid to education, which were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

ROTARY CLUB OF TEANECK,
Teaneck, N.J., February 14, 1934.

Whereas we realize that a crisis exists today in public education as a serious threat to the Nation, and that the Federal Government has given emergency aid to industry, banks, agriculture, and labor; and

Whereas we approve the program outlined by the National Committee for Federal Emergency Aid for Education whereby temporary financial aid will enable the States to save their public schools: Therefore be it

Resolved, That the Rotary Club of Teaneck petition the Congress of the United States to take such steps as possible to provide an appropriation sufficiently substantial to meet the present crisis quickly and effectively; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and each New Jersey Senator and Congressman assembled therein.

GENERAL COUNCIL OF PARENT-TEACHER ASSOCIATIONS,
Teaneck, N.J., February 5, 1934.

Whereas we are aware that thousands of public schools throughout our country have been forced to close their doors because of insufficient funds, thereby denying the boys and girls an opportunity of acquiring the essentials of training for proper living in an increasingly complex age; and

Whereas we realize that thousands of additional schools will probably be compelled to close before the advent of spring because of the financial inability of communities to provide further financial support: Therefore be it

Resolved, That the General Council of Parent-Teacher Associations of Teaneck, N.J., petition the Federal Government to grant financial emergency aid to schools such as it has by precedent granted to industry; and be it further

Resolved, That a copy of this resolution be sent to the President of the United States, the President of the Senate, the Speaker of the House of Representatives, and the Senators and Congressmen representing the State of New Jersey.

NAVAL CONSTRUCTION BILL

Mr. BARBOUR. Mr. President, I feel that the letter I hold in my hand from Mr. C. L. Bardo, president of the New York Shipbuilding Corporation, of Camden, N.J., is so informing and sets forth in such a helpful way many important details and pertinent facts in respect to private shipbuilding yards that I am justified in requesting that this letter be inserted in the CONGRESSIONAL RECORD and lie on the table for study in connection with the Vinson naval construction bill. And I request unanimous consent that this be done.

There being no objection, the letter was ordered to lie on the table and to be printed in the RECORD, as follows:

NEW YORK SHIPBUILDING CORPORATION,
Camden, N.J.

Hon. W. WARREN BARBOUR,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR BARBOUR: The Vinson Navy bill, as amended in the House and Senate, may be called up any day for passage.

The private yards are greatly interested in two amendments attached to the bill—one authorizing the President to award all or any part of this program either to private yards or to navy yards. Up until a few years ago Navy bills gave to the Secretary of the Navy discretion as to the award of contracts, private against navy yards. The two more recent bills specifically allotted one half of the new construction to navy yards and one half to private yards.

One very important feature in connection with Navy work rests in the fact that private yards are called upon by the Navy to furnish the engineering details for the construction of these ships, such plans as developed by the private yards being used by the Navy Department in the construction of companion ships in the navy yards. It costs the private yards from $900,000 to $1,000,000 to engineer a 10,000-ton cruiser, which cost is reflected to a limited degree only in cost of constructing a cruiser in navy yards. Private yards pay very large taxes, our tax bill amounting to substantially $1,000 a day. We have depreciation, insurance, obsolescence with plant and equipment, which further burdens the private yards and which are not accordingly required in navy yards or added to the navy-yard costs.

The private yards must maintain during periods of depression the high-priced engineering and manufacturing talent so as to have it available to perform this work for the Navy when it offers. We therefore request your consideration when the bill comes for passage to the effect that private yards' participation in future work shall not be arbitrarily or legally curtailed.

An amendment to this bill provides profits to private shipyards on any Navy work shall not exceed 10 percent. The great risks in the form of penalties which the private contractor assumes in a Navy contract should entitle him to more latitude if he is to successfully continue in the building of Navy craft. Let me recite, for instance:

In the destroyers now under contract with us, in the matter of fuel consumption at 12 knots, if we exceed the guaranty of the contract, we are penalized $3,000 per pound of oil of such excess; at 15 knots the penalty is $2,100 per pound; at 20 knots, $1,000 per pound; and so on up the scale to maximum speed. On the speed guaranties we are penalized $30,000 per half knot between 35 and 35½ knots, $60,000 per half knot between 35½ and 36 knots, $90,000 per half knot between 36 and 36½ knots, $100,000 per half knot above 36½ knots. In addition to the oil and speed guaranties, we are penalized $1,000 for each ton in excess of the guaranty of 1,500 tons; and if the weight exceeds 1,510 tons, the Secretary has the right to reject the vessel, recover the costs, or to take it at a reduced price, as he may decide.

In the case of the 10,000-ton cruiser, the penalty for failing to make the fuel-oil guaranty at 15 knots is $2,100 per pound of oil; at 20 knots, $1,000 per pound of oil; and so on up the scale. If we fail to make the shaft-horsepower guaranty, we are penalized $20,000 for each 1,000 shaft horsepower below the contract horsepower. The penalty for excess weight is $500 for each ton in excess of the contract guaranty, with the right of the Secretary of the Navy to reject the vessel or to accept it at a reduced price.

Each new contract for Navy vessels presents distinctly new problems—new and more oppressive guaranties from the standpoint of oil consumption, shaft horsepower, speed, and weight guaranties.

These penalties do not apply to ships constructed in the navy yards. From these figures I think you can readily understand the serious risks confronting the private shipbuilder in undertaking Navy work. And I might say further, construction of one

of our modern Navy vessels, from a strictly mechanical standpoint, borders close on a glorified Swiss watch.

Another phase of this particular feature lies in the fact that we cannot be the judge, and, as a matter of experience, we have found that where contracts are based upon a provision of this kind that our recognized methods of accounting, as between costs, overhead, and profit, are not accepted by the Government accounting officers, and that many diversions have been made in times past at their direction from one account to another which completely annihilated or greatly reduced the item of profit.

If there is to be any regulation profit, then the law should provide that a clear and definite accounting contract understanding should be reached in the invitations to bid and in the contract itself, so that the contractor may, in advance, know exactly the limitations within which the contract and the payments will be arranged. Thank you.

Yours very truly,

C. L. BARDO.

REPORTS OF COMMITTEES

Mr. REED, from the Committee on Military Affairs, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2043. An act to amend the act of May 22, 1928, entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes" (Rept. No. 334); and

H.R. 93. An act to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Military Reservation, N.Y. (Rept. No. 335).

Mr. DICKINSON, from the Committee on Military Affairs, to which was referred the bill (S. 458) for the relief of Lyman I. Collins, reported it with an amendment and submitted a report (No. 337) thereon.

Mr. COOLIDGE, from the Committee on Military Affairs, to which was referred the bill (S. 2267) for the relief of Isaac Pierce, reported it with an amendment and submitted a report (No. 338) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission, and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill., reported it with amendments and submitted a report (No. 336) thereon.

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 2696) to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs", reported it without amendment and submitted a report (No. 339) thereon.

He also, from the same committee, to which was referred the bill (S. 2550) granting an easement over certain lands to the Springfield Special Road District, in the county of Greene, State of Missouri, for road purposes, reported it with an amendment and submitted a report (No. 340) thereon.

INVESTIGATION OF SENATORIAL CAMPAIGN EXPENSES IN 1934

Mr. GEORGE, from the Committee on Privileges and Elections, to which was referred the resolution (S.Res. 173) creating a special committee to investigate contributions and expenditures in senatorial contests in 1934, reported it without amendment, and moved that it be referred to the Committee to Audit and Control the Contingent Expenses of the Senate, which motion was agreed to.

WITHDRAWAL OF PUBLIC GRAZING LANDS (S.DOC. NO. 138)

Mr. HAYDEN. Mr. President, I report favorably from the Committee on Printing an order, for which I ask immediate consideration.

The PRESIDING OFFICER. Is there objection?

There being no objection, the order was read and agreed to, as follows:

Ordered, That the copy of the Executive order of President Roosevelt dated February 6, 1934, withdrawing certain public lands from settlement, location, sale, or entry, and reserving the same for classification and use as grazing land, together with the opinion of the Solicitor of the Department of the Interior as to legal authority to create grazing districts upon public lands by exercising the Executive withdrawal power, be printed as a Senate document.

ENROLLED BILL PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 19th instant that committee presented to the President of the United States the enrolled bill (S. 558) for the relief of Beryl M. McHam.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2821) to authorize the distribution to persons admitted to citizenship of the patriotic poster entitled "Look the Truth in the Face"; to the Committee on Immigration.

By Mr. REED:

A bill (S. 2822) for the relief of Adelaide Biddle Stark; to the Committee on Claims.

By Mr. LA FOLLETTE:

A bill (S. 2823) for the relief of George H. Hauge; to the Committee on Claims.

By Mr. STEPHENS:

A bill (S. 2824) to authorize an appropriation of $25,000,000 with which to construct the Natchez Trace Parkway, leading from Nashville, Tenn., to Natchez, Miss.; and

A bill (S. 2825) to provide for an appropriation of $50,000 with which to make a survey of the old Indian trail known as the "Natchez Trace" with a view of constructing a national road on this route to be known as the "Natchez Trace Parkway"; to the Committee on Post Offices and Post Roads.

By Mr. DILL:

A bill (S. 2826) to raise revenue by taxing certain wood pulp and pulpwood and manufactured products thereof; to the Committee on Finance.

By Mr. BARBOUR:

A bill (S. 2827) to refund to Caroline M. Eagan income tax erroneously and illegally collected; to the Committee on Claims.

By Mr. CAREY:

A bill (S. 2828) for the relief of the heirs of Dwight Fisk, deceased; to the Committee on Claims.

By Mr. COPELAND:

A bill (S. 2829) to designate a building site for the National Conservatory of Music of America, and for other purposes; to the Committee on Public Buildings and Grounds.

A bill (S. 2830) to provide for preliminary examination and survey of Barcelona Harbor, Chautauqua County, N.Y.; to the Committee on Commerce.

A bill (S. 2831) to provide for the designation of beneficiaries by employees subject to the provisions of the Civil Service Retirement Act of May 29, 1930, as amended, and for other purposes; to the Committee on Civil Service.

By Mr. GIBSON:

A bill (S. 2832) granting an increase of pension to Vitaline Beaudet; to the Committee on Pensions.

By Mr. NEELY:

A bill (S. 2833) for the relief of Anise B. Dulaney; to the Committee on Military Affairs.

By Mr. LONG:

A bill (S. 2834) authorizing the Secretary of Commerce to acquire a site for a lighthouse depot at New Orleans, La., and for other purposes; to the Committee on Commerce.

By Mr. STEPHENS:

A bill (S. 2835) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American Merchant Marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States; to the Committee on Commerce.

By Mr. BORAH:

A bill (S. 2836) to amend the Mining Act of May 10, 1872, as amended; to the Committee on Mines and Mining.

By Mr. GEORGE:

A bill (S. 2837) to provide for the cooperation by the Federal Government with the several States and Territories and

the District of Columbia in meeting the crisis in public education; to the Committee on Education and Labor.

HOUSE BILLS REFERRED

The following bills were severally read twice by their titles and referred as indicated below:

H.R. 3524. An act to amend section 23 of the Immigration Act of February 5, 1917 (39 Stat. 874); and

H.R. 4223. An act to clarify the provisions of the immigration law relating to exclusion and deportation of certain aliens who have criminal records, and for other purposes; to the Committee on Immigration.

H.R. 3845. An act to amend section 198 of the act entitled "An act to codify, revise, and amend the penal laws of the United States", approved March 4, 1909, as amended by the acts of May 18, 1916, and July 28, 1916;

H.R. 5477. An act to fix the rates of postage on certain periodicals exceeding 8 ounces in weight;

H.R. 6676. An act to require postmasters to account for money collected on mail delivered at their respective offices; and

H.R. 7483. An act to provide minimum pay for postal substitutes; to the Committee on Post Offices and Post Roads.

H.R. 5631. An act to authorize the Secretary of the Interior to place with the Oklahoma Historical Society, at Oklahoma City, Okla., as custodian for the United States, certain records of the Five Civilized Tribes, and of other Indian tribes in the State of Oklahoma, under rules and regulations to be prescribed by him; to the Committee on Indian Affairs.

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma; and

H.R. 7748. An act regulating procedure in criminal cases in the courts of the United States; to the Committee on the Judiciary.

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr.; and

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La.; to the Committee on Commerce.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. SHIPSTEAD submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 38, after line 14, insert the following:

"SEC. —. On and after the first day of the first calendar month following the month during which this act is enacted, all per diem employees in the service of the Government, including employees of the Government Printing Office, the Bureau of Engraving and Printing, Treasury Department, and the United States Navy Yards, shall be placed on a work week corresponding to the number of hours of work prescribed by the appropriate code authorities established under the National Industrial Recovery Act, which in the case of the Government Printing Office shall be the code authority for the daily newspaper publishing business, and in the case of other employees shall be the code authorities for the various trades and occupations similar to those in which they are employed; but in no case shall the regular hours of labor exceed 40 hours per week, and in no event shall the full weekly earnings of such employees be reduced on account of any shortening of the regular hours of labor per week. Nothing in this act shall be construed as placing any of the agencies enumerated, or any of the employees thereof, under any code of fair competition established under the National Industrial Recovery Act, or as affecting in any way the Saturday half-holiday law, or any other law relating to employment and labor in such agencies."

Mr. MCNARY (for Mr. WHITE) submitted an amendment intended to be proposed by Mr. WHITE to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

INDEPENDENT OFFICES APPROPRIATIONS—NOTICE OF MOTION TO SUSPEND THE RULES

Mr. MCNARY. On behalf of the Senator from Maine [Mr. WHITE], I submit a notice of a motion to suspend the rules and ask that it be read.

The VICE PRESIDENT. The clerk will read, as requested.

The notice was read, as follows:

NOTICE OF MOTION TO SUSPEND THE RULES (BY MR. WHITE)

Pursuant to the provisions of rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I shall hereafter move to suspend paragraph 4 of rule XVI for the purpose of proposing to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, the following amendment, viz:

On page 38, between lines 14 and 15, insert the following:

"SEC. —. Notwithstanding the provisions of any law or regulation issued pursuant to authority of law, in any case where a veteran of the World War has been adjudged for insurance purposes by any court of competent jurisdiction to be totally and permanently disabled as the result of disease or injury, or the aggravation of a disease or injury, incurred in the active military or naval service, such veteran shall be rated for the purpose of payment of pension, compensation, or retirement pay, not less than totally and permanently disabled."

ENLARGEMENT OF SCOPE OF INVESTIGATION OF RACKETS AND RACKETEERING

Mr. COPELAND submitted the following resolution (S.Res. 196), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That in addition to the authority conferred by Senate Resolution No. 74, Seventy-third Congress, first session, agreed to June 12, 1933, upon the Committee on Commerce, or any duly authorized subcommittee thereof, to investigate so-called "rackets" and "racketeering" practiced in the United States, the committee, or any duly authorized subcommittee thereof, shall have authority to investigate criminal practices and crimes generally, and all the powers of the committee or any duly authorized subcommittee thereof, under such resolution as thus extended shall continue in force until the expiration of the Seventy-fourth Congress.

Resolved further, That the limit of expenditures under such resolution is hereby increased by $25,000.

WITHDRAWAL OF ALLEGED PAPAGO INDIAN LANDS (ARIZONA) FROM MINERAL ENTRY

Mr. ASHURST submitted the following resolution (S.Res. 197), which was referred to the Committee on Indian Affairs:

Whereas a gross injustice has been done to the State of Arizona and to its citizens and residents by reason of the withdrawal order of October 28, 1932, made by the then Secretary of the Interior, Hon. Ray Lyman Wilbur, temporarily withdrawing certain alleged Papago Indian lands from mineral entry; and

Whereas said withdrawal order provides that "* * * all Papago Indian lands covered by Executive order of February 1, 1917, be temporarily withdrawn from all forms of mineral entry or claim under the public land mining laws until further notice, pursuant to the authority found in section 4 of the act of March 3, 1927 (44 Stat.L. 1347); in order that Congress may consider the claim of the Indians to the mineral rights within those lands"; and

Whereas the said withdrawal order directly violates an understanding and agreement between the Government of the United States and the State of Arizona pursuant to which the said Papago Indian Reservation was created; and

Whereas the said withdrawal order is illegal and beyond the power of the Secretary of the Interior; and

Whereas the said Papago Indian Reservation was created by an Executive order of February 1, 1917, with the specific understanding that all the lands therein contained shall be "subject to exploration, location, and entry under existing mining laws of the United States * * * and shall continue to be subject to such exploration, location, and entry notwithstanding the creation of this reservation"; and

Whereas certain attorneys purporting to represent the said Papago Indians have and hold a pretended contract alleged to have been made with a council pretending to represent the said Papago Tribe of Indians, which said pretended contract provides for a 10 percent fee plus expenses of said attorneys "from any funds or property which may be recovered for the said Indians * * *"; and

Whereas the said Papago Indians do not now and never did have or hold any title to the said lands or minerals therein and thereupon, either written or without the said reservation; and

Whereas the said withdrawal order has been and is now unjustly depriving citizens of Arizona from entering upon the said lands and exercising their legal rights in prospecting for and locating minerals on said lands: Therefore be it

Resolved, That the Committee on Indian Affairs of the Senate or any subcommittee thereof is hereby authorized and directed to make a complete investigation respecting the legality and propriety of said withdrawal order of October 28, 1932; and is further authorized and directed to make a complete investigation of the said alleged contract between said attorneys so pretending to represent said Papago Indians, and is hereby further authorized and directed to investigate all other questions necessarily involved in determining the rights of citizens of the United States to enter

upon the said lands and explore for and locate minerals and mining claims.

For the purposes of this resolution, such committee or any subcommittee thereof is hereby authorized to hold hearings; to sit and act at such times and places within the United States, and to employ such clerical and stenographic assistance as it deems advisable. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The committee or any subcommittee thereof is further hereby authorized to send for persons and papers, to administer oaths, and to take testimony, and the expense attendant upon the work of the committee or subcommittee shall be paid from the contingent fund of the Senate, but shall not exceed $3,000. Such committee or subcommittee shall make a report of the results of such investigation, with recommendations, to the Seventy-fourth Congress, first session.

INFORMATION FROM NATIONAL RECOVERY ADMINISTRATION

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 175), submitted by Mr. NYE on February 6, 1934, as follows:

Resolved, That the National Recovery Administration is requested to transmit to the Senate, at the earliest practicable date, the following information:

(1) The names of all persons who have been or are now employed by such Administration, either in a regular or advisory capacity, whether or not they receive compensation, together with the residence addresses of such persons and the designation of the positions held by them with the Administration.

(2) The present and past business connections of all persons described in paragraph (1) who have held or are now holding positions (other than positions as stenographers, clerks, or messengers) on any National Recovery Administration department or board.

(3) A list of all industrial codes, either pending or approved, with which each person designated in paragraph (2) has been connected in any capacity, either official or advisory.

(4) The positions now held by all employees, deputies, attorneys, and advisers who have severed their connections with such Administration, such information to contain particularly the statement as to whether any such employees, deputies, attorneys, or advisers are now, or have been at any time, employed as members, officers, or agents of code authorities named under approved National Recovery Administration codes.

(5) A list of all codes handled by each administrator, deputy, or assistant deputy of such Administration.

(6) The names of all members of each code authority, together with the name of the firm or other business connection of each such member.

Mr. ROBINSON of Arkansas. I move that the resolution be referred to the Committee on Finance.

Mr. NYE. Mr. President, I shall most assuredly have to resist any such motion. For the life of me, I cannot understand why there should be any objection to the adoption of a resolution which clearly calls alone for information. There have been many resolutions submitted calling for information from departments which have quickly been adopted by the Senate.

The problem becomes more difficult for me to understand in the light of the representation which has been made to me of a lack of objection on the part of the N.R.A. Administrator. On last Thursday I spoke on the floor of the Senate of the apparent willingness of the Administrator of the N.R.A., General Johnson, to have the resolution adopted. In last week's news columns here in Washington, in the Washington Daily News, one Mr. Alvin Brown, connected with N.R.A., was referred to as follows:

Recently implied criticism of the industrial background of some of the Johnson aids and administrators was met by the general with the statement that he alone is responsible for what N.R.A. does. He referred to Senator NYE's pending resolution asking for a report on the industrial background of all N.R.A. officials, with the statement that such a request was perfectly proper. "He will provide the information even without a resolution if NYE asks for it."

Mr. President, I do not care to detain the Senate long, but I do want to appeal to it to reject the motion to send this resolution to a committee. On Thursday evening when a motion was made to consider the resolution, the Senator from Arkansas protested on the ground that Administrator Johnson had insisted that the resolution was going to put certain N.R.A. administrators "on the spot."

Mr. LONG. Mr. President, I make the point of order that the Senate is not in order.

The VICE PRESIDENT. The point of order is well taken. The Senate will be in order.

Mr. NYE. While I do not exactly like that language, the facts are that the adoption of the resolution will most assuredly put a large number of men who are employed by N.R.A. "on the spot." The contention has been made and repeated many times that N.R.A. is, if I may use that language, chock full of representatives and spokesmen of big business institutions, and that through their activity and their control codes are being adopted and codes are being enforced which are very injurious to the smaller units of business throughout the country.

I cannot, I repeat, understand why there should be objection to the facts being known as to just what are the connections of men in N.R.A. headquarters with business institutions. I cannot understand why there should be objection to a program that calls for information from N.R.A. that will reveal how many men have been prominent in the formulation of codes, how many of them have finally resigned from N.R.A. and accepted places on code authorities where in effect they become not only the judge, the jury, and the arresting officer but the executioner as well, as can be demonstrated by a large number of cases.

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from North Dakota yield to the Senator from Louisiana?

Mr. NYE. I yield.

Mr. LONG. I have just been able to understand what the Senator is talking about, which I could not previously understand because of the confusion in the Chamber. May I make a suggestion? I presume the Senator would say Mr. Teagle, who is head of the Standard Oil Co., having been made head of the oil code, would be one of those whom the Senator would have in mind to object to; or is he objecting at all?

Mr. NYE. The matter to which the Senator refers has connection with the oil code which is in the Interior Department.

Mr. LONG. I merely wish to remind the Senator that when this legislation was enacted I predicted just such a thing. I cannot criticize the administration for doing it, because Mr. Teagle has been in charge of the oil industry without the code, and I do not see why we should not waive a little formality and let the public know that the Government is backing him with the code. It is the same thing. He is there anyway.

Mr. NYE. I quite agree with the Senator in what he is insisting upon at the moment. But coming back to the argument in support of the resolution now pending, should not the Senate want and should not the public have information revealing what is the actual background of men who are playing so prominent a part in the so-called recovery program at this hour?

Last week Mr. Drew Pearson and Mr. Albert S. Allen, in their column published throughout the country, The Daily Washington Merry-Go-Round, revealed something concerning some few of the men who are there. Why should not we have the facts with reference to all men who have close association with the all-important codes which are in operation today?

The Senator from Arkansas [Mr. ROBINSON] by his motion would send the resolution to the Committee on Finance, and it is understood that before the committee would be summoned Mr. Johnson, and that there any Member of the Senate would have the privilege of asking Mr. Johnson any questions he might desire to ask. The fact is that Mr. Johnson and no other one man connected with the N.R.A. can give a satisfactory answer on the witness stand to the questions which are propounded in the resolution. I appeal to the Senate to do with this resolution what it has done with others calling for information, namely, to pass it and let us get a free statement from N.R.A. headquarters concerning the personnel that is involved in that Department.

Mr. President, I ask that the article to which I have referred, which appeared in the Washington Herald of February 9, may be printed in the RECORD at this point as a part of my remarks.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

THE DAILY WASHINGTON MERRY-GO-ROUND

By Drew Pearson and Robert S. Allen

Is business dominating the N.R.A. or is the N.R.A. choking business?

That question today is perhaps the most important asked of the administration's recovery program. It is being asked by Ogden Mills, who claims that business recovery is impeded by N.R.A. restrictions. It is being asked on Capitol Hill where Senators BORAH, NYE, and other progressives claim that the Blue Eagle flies along a narrow course charted solely by big business.

As a result, a critical lens is being applied to General Johnson's administrators. These are the men on the firing line; men basically responsible for the writing of codes governing the entire industry of the United States. General Johnson approves the codes in the end. So also does the President. But their attention can be concentrated only on a few of the major industries.

By and large, the man who presides at code hearings decides upon concessions to be given labor, the safeguards to be given the consumer, the privileges granted to industry, and in the end writes the code, holds the key to the N.R.A.

This man is the Administrator. There are a total of 115 senior and junior administrators in the N.R.A., all in charge of different divisions, or groupings of industry.

And the most accurate answer to the question of whether business dominates the N.R.A. or the N.R.A. dominates business is a scrutiny of the experience and background of these administrators. Here is a cross section of the record:

Coal, automobiles, iron, steel, shipping, the biggest industries of the Nation are grouped in division no. 1. Its administrator, K. M. Simpson, an old friend of Johnson's, a metallurgical engineer of extensive experience, a man of real professional ability, but seemingly impressed by the names of the big-business world.

K. J. Ammerman, deputy administrator in charge of the automobile code, came directly from that industry as New Jersey sales manager of Packard and as one-time assistant to the president of the American Car & Foundry Motor Co., a subsidiary of ex-Secretary Woodin's great corporation.

G. H. Shields, Illinois, deputy administrator in charge of the shipping code, is a Boston bluestocking, who views the industrial problem from the rarified heights of the Harvard Club and an apprenticeship in the Tory environs of Scudder, Stevens & Clark, large Boston investment firm.

Leighton H. Peebles, deputy administrator handling the utilities code, has a background of several years with the mighty General Electric to assist him in this extremely critical job.

A. L. Kress, deputy administrator for rubber, views his problem from the vantage point of many years on the pay roll of the United States Rubber Co.

W. A. Janssen, latest deputy administrator to be put in charge of the long and bitterly contested aluminum code, written by Andrew W. Mellon's monopolistic Aluminum Co. of America, came to his task as a metallurgical engineer with the Malleable Iron Co., of Pittsburgh, and the Vanadium Alloys Corporation.

Under Division No. 2 are the great construction-materials and capital-goods industries. At its head is W. A. Harriman, son of the great railroad magnate and financier. By inheritance a multimillionaire and heavily interested in railroads, Harriman is earnest, hard working, a tepidly liberal friend and supporter of President Roosevelt, and brother to Mrs. Mary Rumsey, socialite chairman of the N.R.A. Consumers' Advisory Board.

Division No. 3, governing chemicals and leather, is under the only administrator from the ranks of labor—Maj. George Berry, hard-working president of the Pressmen's Union.

Under him as deputy administrators are Roscoe S. Conkling, once connected with the firm of Goldman, Sachs & Co., investment corporation whose tangled affairs are now being unravelled by the courts; also A. B. Dickinson, who held positions with the New York Stock Exchange, J. & W. Seligman & Co., and for 4 years was field secretary of the National Association of Manufacturers, one of the bitterest foes of organized labor and vigorous lobbyist against both the enactment and the operation of the N.R.A.

Retail, banking, textile, and trade service codes fall under Division No. 4 and Administrator A. D. Whiteside, president of Dun & Bradstreet, former president of the Wool Institute; Whiteside is rated by Johnson as his ablest code executive, probably deserves that reputation, and looks at codes wholly from the point of view of management.

Deputy Administrator H. R. Ludlum was with Whiteside in the Wool Institute, is assistant to him as president of Dun and Bradstreet, and is like his chief both in efficiency and viewpoint.

Deputy Administrator Kenneth Dameron is executive of the National Retail Dry Goods Association, and director of the National Association of Retail Clothiers.

B. H. Gitchell, deputy administrator in charge of needle industries, is assistant general manager of Stern Bros., one of New York's great department stores.

The destinies of amusements and transportation are in the hands of Sol A. Rosenblatt, partner of David Burkan, famous New York theatrical and divorce lawyer, young, hard worker, highly esteemed by Johnson.

Deputy administrator in charge of transportation codes is E. E. Hughes, former executive of the Westinghouse Electric Co., the Bush Terminal of New York, and the Chesapeake Electric Co., of Baltimore.

Johnson makes no secret of the fact that he has picked his code-makers from business and industrial ranks. "Who else", he asks, "should I turn to? These are the men who know the game."

"But", claim his critics on Capitol Hill, "it is a long-established principle that the negotiator between labor, capital, and consumer should be unbiased."

The issue promises to be one of the most important facing the new deal.

Mr. ROBINSON of Arkansas. Mr. President, the Senate may remember that the proceedings under the N.R.A. contemplate cooperation on the part of industry, labor, and the Government. I have been unable to confirm the statement made by the Senator from North Dakota [Mr. NYE] with respect to the attitude of the administrator on the pending resolution. I have been advised by him that he regards it in its present form as an attack on the administration, an unwarranted implied attack; that in view of the fact that industry was asked to cooperate and that industrialists were expected to serve in connection with the work, in the form in which the resolution is presented, it constitutes an implied criticism not only of the administration of the act itself, but also of those who have served.

All I am asking is that a standing committee of the Senate give consideration to the resolution and that a hearing be granted to officials of N.R.A. to make such suggestions as they may desire for modification of the resolution. There is nothing unfair or unreasonable about that request. In my judgment the resolution should be referred to the Committee on Finance.

We have adopted a great many resolutions calling for information, and I have cooperated in their adoption. I do not wish to conceal anything with respect to public affairs, but frequently questions arise, particularly in connection with resolutions of this character, as to whether or not they should be adopted in the form in which they are presented. It is for these reasons that I have moved a reference of the resolution.

Mr. LONG. Mr. President, I should like to agree with the Senator on this side of the Chamber, but the resolution cannot be regarded as a reflection upon anyone. The resolution merely calls for information as to who are officers of a certain department. I do not see that it, topside or bottom, reflects upon the administration. I do not take for granted that an answer to the resolution is any reflection upon the administration. Certainly calling for the names of those who are on the pay roll, how much they are getting, what they did before they came there, does not reflect upon the administration. I do not see the propriety of taking such a position.

Mr. ROBINSON of Arkansas. What is the Senator's objection to a standing committee of the Senate granting a hearing on the resolution if it is desired?

Mr. LONG. I think it is a delay that is not warranted by the precedents we have followed here, where a Member of this body—and there evidently are other Senators who desire it—merely asks that the Senate be given the information as to who is on the pay roll of the N.R.A. in an executive capacity, and what his position was before he came there, and what he is connected with now.

Gentlemen of the Senate, I do not believe we are going to be surprised, nor do I believe we are going to hold against the administration, nor as a reflection upon the administration, the caliber of men who are going to be submitted here, who are on the pay roll of the N.R.A. I should hate to think that I had to tell the Senator from North Dakota, "If you want to know who is in the executive capacities of the N.R.A., that is a matter that we have to debate, as to whether or not we are going to let you know who is running this business." In other words, "That is a serious thing. It is liable to reflect upon somebody; and before we decide whether or not we are going to let you know whom we have running this job, we are going to have the committee consider it."

I am not willing to take a position of that kind here.

Mr. NYE. Mr. President, will the Senator yield?

Mr. LONG. I yield to the Senator from North Dakota.

Mr. NYE. I think the Senator from Louisiana and all Members of the Senate ought to know that it appears that on the same day when General Johnson was indicating to the Senator from Arkansas that there should be objection to the passage of this resolution, that he should be given a chance to be heard by a committee with regard to it, he called me and said, as nearly as I can remember his language now, that he had just seen the resolution for the first time—this was 2 days after its submission—and he called to explain to me that he was in nowise responsible for the objection that had been raised on the floor of the Senate to the immediate passage of the resolution, and last week's papers in Washington carried interviews like the one I read, revealing the interest of one Alvin Brown, who was quoted by the Washintgon Daily News, as follows:

He—

Referring to Mr. Brown—

referred to Senator NYE's pending resolution asking for a report on the industrial background of all N.R.A. officials with the statement that such a request was perfectly proper. He will provide the information even without a resolution if Senator NYE asks for it.

I am at a loss to understand the continued objection that is raised to this resolution.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I am glad to yield.

Mr. ROBINSON of Arkansas. In a letter which I have in my file, but have not in the Senate Chamber, the Administrator said that he would have no objection to supplying to the Senator from North Dakota the data asked for, but he did regard it as an attempt to discredit the administration of the act; that it in effect put an embarrassing relationship upon those who had served in connection with the codes.

I agree with one statement made by the Senator from Louisiana, that it is not any dishonor for a man to have served as a member of the N.R.A. in the consideration of the codes, but the effect of the resolution is to imply that it is, if he is employed with industry.

All I am suggesting is that the resolution be considered by the Finance Committee, and if it is found necessary to amend it, that attention be given to those amendments. There is, as I have said, no disposition to withhold any proper information from the Senate. It is a matter of the form in which the resolution is worded.

Mr. LONG. May I ask just what form the Senator would suggest?

Mr. ROBINSON of Arkansas. The resolution reads, for instance:

The positions now held by all employees, deputies, attorneys, and advisers who have severed their connections with such Administration, such information to contain particularly the statement as to whether any such employees, deputies, attorneys, or advisers are now, or have been, at any time, employed as members, officers, or agents of code authorities named under approved National Recovery Administration codes.

The implication plainly is that there is something wrong with the conduct of a man who would serve for a time in the N.R.A. and then go back into his employment with industry.

I think this resolution should be considered by a committee, and I have made the motion. So far as I am concerned, I am ready to take a vote on the motion.

Mr. LONG. Mr. President, I do not like to disagree with my colleague from Arkansas. I think, however, he is implying what the language does not state.

The resolution merely undertakes to ask that the Senate be informed as to what the man was doing while he was working for the N.R.A. I do not think that implies that there is coming out of the N.R.A. department something that is going to be a slur upon the department. I do not believe the department is mired in that respect; but if it is, I cannot help it. I shall not interpret the fact which I presume my friend from North Dakota has in mind, that it may come out here that the president of the Standard Oil Co. sat in his office one day at 26 Broadway and fixed the prices of oil, and came down here the next day and sat over the oil industry of the United States. I suppose that will come out, but that is not anything new. He has been running the oil industry without the Government and with the Government before the Government ever named him. That is not going to be any surprise to us. Probably he has less authority now than he had before they had the code.

I do not want it to go to the public that we are here undertaking to keep the facts from being submitted. There cannot be any slander if things are right, and I make the statement that I will assume they are right. I make the statement that there is going to be no surprise in anything that is coming here from the N.R.A. I make the statement to the Senator from North Dakota and to his colleagues who label themselves the progressives of the Senate, who so nobly gave the necessary votes to pass this particular provision of the law, that they are going to get back in this report just what I told them they were going to get when they were voting for it on the night it was enacted into law. A blind man could have seen it who knew the business of this country.

Whom did we expect them to call in? If they were going to call in people to regulate the oil industry, naturally they were going to call in the man who had been running it anyway. If they were going to call in somebody to regulate the silk industry, naturally they were going to call in the man who had been running it anyway. If they were going to repeal the antitrust law, what did our Progressive friends think they were voting for when they were voting to have somebody have the right to set aside the antitrust law? What did they think they were voting for? They know that the administration is not to blame. We did it.

Mr. ROBINSON of Indiana. Mr. President——

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. Yes, sir; I yield to the Senator from Indiana.

Mr. ROBINSON of Indiana. As I understand the Senator from Louisiana, everything in the N.R.A. is probably all right.

Mr. LONG. Yes; I think so.

Mr. ROBINSON of Indiana. And if it is all right, no harm can be done by passing this resolution, giving the country the information sought.

Mr. LONG. No harm can be done. I think it will be better. I see no harm.

Mr. ROBINSON of Indiana. If it is all wrong, that is all the more reason why the country should have the information immediately, without a committee going through it.

Mr. LONG. Well, I do not join the Senator all the way. That is probably true from the standpoint of his side, and probably true from the standpoint of my side; but if it is all wrong, yes, I will say, let it come out; let the chips fall where they may. It has been the program of this administration not to hide them under a half-bushel. Let the chips fall where they may. If they have anybody running this Government who is not right—I do not believe it, but if they have—then let it come to light; and the sooner it comes to light the better it will be for the people of the United States, and the better it will be for the distinguished President of the United States in the White House, who will be anxious to correct the situation the minute it comes to light, if Congress itself does not correct it before it even reaches the attention of the Executive.

Mr. President, I think we would slander ourselves if we said here on the floor of the Senate that we would not allow this resolution to be passed, giving to the Senate the names and the addresses and the occupations of the people who are running this Government.

I make the statement advisedly that this Government is not being run, in the old sense of the word, solely by the Congress of the United States and the President of the United States, and the Supreme Court as the chief judicial arbiter of the country. On the contrary, Mr. President, we have in this country today—and I do not say that the necessities do not require it—men carrying under their hats the right to make rules and regulations and decisions that the Supreme Court of the United States has ruled 100 times the Congress itself could not do.

Mr. President, we have going about in this country today, from post to pillar—and I do not say that that is an improper thing to be done, because the exigencies of the situation may require it—but, none the less, we have going about this country today various and sundry men who may or may not be a part of the Government of the United States.

How do I know, when I am talking to Walter C. Teagle, whether I am talking to the president of the Standard Oil Co. or the national administrator of the oil code of the United States? I want to know to whom I am talking. How do I know, when I step into the plant of one of the big gigantic concerns of this country, whether I am dealing with the man who is at the head of it as an individual, or whether that man likewise commands respect and attention as one either on the Federal pay roll or serving without pay in a responsible capacity the Federal Government?

If there is anybody who ought to know whom they are dealing with, Mr. President, it is the Members of the Senate of the United States; and I take it that the Senate Finance Committee would consider themselves called upon to answer a very futile proposition if they were presented with the one question, Shall we or shall we not approve of the United States Senate knowing who is running the Government?

That is a terrible proposition to submit to an intelligent committee, presided over so ably and so capably by my friend from Mississippi [Mr. HARRISON]. That would be a terrible proposition to submit to him tonight, that the Senator from Mississippi is hurriedly summoned to call the Senate Finance Committee together in order that the Senate Finance Committee may determine whether it would or would not be slanderous, and, if slanderous, proper, for the Senate to know who is on the pay roll, and who is running the Government, and what else he is doing besides that.

I submit to the Senate that we would make ourselves not as we intend that the Government should be looked upon—an open house, a new deal, a new deck; let the chips fall where they may; let the light shine—if, instead of doing as those precepts import, we should say, "No; here is a resolution. It seeks to ascertain what this man has been doing. We do not want this resolution to be passed because it is going to show, it may show, that that man has been doing something which will make it appear that it was not right for him to have been running any department of the United States Government."

It may be said that it would not look right if it were shown that Mr. Johnson was in some business. I do not think anybody is going to contend that, and I use it merely as an example. Suppose, for example—and putting the case at the worst—it should be claimed that Mr. Johnson was on the pay roll of some concern. We all know he is not, but suppose it were claimed he was. If that were true, I would regret it. I know it is not true, but I believe I agree with my friend from Indiana that if it were not true, it could do no harm to have the information, but if it were true, that would be all the more reason why the matter should be brought to light in the United States Senate.

The Senate Committee on Finance is a busy body. It has considerable work to do, as all the committees have. I have a particular reason why I hope this resolution will be agreed to. I say frankly to the Members of the Senate that I have a particular reason. I have wanted to find out who is running the fur industry and who are the agents under it and with whom they are connected. I have wanted to know that for these reasons.

Down in my State of Louisiana we produce more fur in a year's time than is raised in Canada, Alaska, and New Zealand put together. That is a fact shown by the records which no one will dispute, that the little State of Louisiana alone produces more fur than all of Canada and Alaska and New Zealand put together.

Some kind of a code for the regulation of the fur industry has been formulated. We have been trying to keep that particular business from being entwined with certain elements which have been here all the time, and we are very desirous of finding out just the extent of the authority those gentlemen may assume.

We have another great business in my section of the country, the fruit business. We have been at the mercy of the United Fruit Co. They have formed and extended a monopoly through the use of the Government and through the use of revolutions.

I have on my desk here a report in regard to that matter, which was printed some days ago. I am sure this will be regarded as fairly accurate, because it is a complimentary article published in a magazine owned by some of the biggest interests of this country, the Time magazine for February 5, 1934. It says this:

> Samuel Zemurray has been getting what he wanted ever since he landed in Manhattan in the 1880's as an 11-year-old Bessarabian immigrant. From banana jobbing in New Orleans he got a stake to start importing bananas. When he could not get all the bananas—

This is the magazine that approves of Mr. Zemurray's conduct—

> When he could not get all the bananas he wanted in Central America he got some revolutionists busy. He clashed with big United Fruit in Guatemala and Honduras—

And so forth, and so on.

Again, after they paraded Mr. Zemurray as the man who not only controlled monopoly but who ordered revolutions in Central America, the magazine asserts, with Mr. Zemurray's picture here, that he has been called to help in an important work of the Government.

Now, has this man who, according to the magazine which lauds his qualifications and parades his virtues, and says that this man is the dominating factor, is in control of the proclivities of the United Fruit Co.—has he been called to a position of dominance and importance in regulating the sale of fruits in the United States of America?

I do not believe that this magazine knows exactly what it is talking about in all these particulars. I do not believe that Mr. Zemurray could have been given any such recognition by a government as this periodical boldly asserts that criminal revolutionist has received. I do not believe this man, who admits and boasts that he controls and dominates and monopolizes the fruit supply and the fruit business of the entire North American Continent and the South American Continent along with it, will be shown to have been placed in charge of that business. But I should like to know if he has been; I just want to know it.

I want to know, when we are dealing with this man who upset governments in Central America in order to take the properties down there from those people; I want to know, when we are dealing with the fruit industry of this country, out of which the little banana peddler has to make his living, and out of which the corner grocer has to make his living—I want to know if Mr. Sam Zemurray is the boss of those people, because I have not been on speaking terms with Mr. Zemurray for many years, but if he is the boss of the fruit business of my State, I want to go and make proper confession and bow at his feet, in order that I may make certain pleas for the benefit of the people who are engaged in that industry in the State of Louisiana. I am willing to humiliate myself in whatever respect it may become necessary, I am willing to forget and forgive whatever may have happened, if this man who has preempted countries and who has promoted revolutions, has been placed in charge of handling the fruit business of the North American Continent under the United States Government, and has the Army of the United States behind him instead of revolutionary armies behind him.

I want the information so that I may make peace and beg of him some consideration and some concession for the people raising fruit down in the State of Louisiana; and I might take California in, and ask for him to be a little nice to them, while I am interceding for my own people.

I want to know who is running this Government. I want to know who is my boss in this thing. I am not going to flaunt myself against authority. I will be the last man to raise the red flag against the man who carries power in his

hands. I will be the last man to criticize, and I will be the last man to ever raise any kind of objection. But I want to know who is running the country, to whom I should go in order to find out their connections and their capacities. That is what I am interested in.

I hope we will not delay this matter. We have been a long time trying to find out about it. No harm will be done to anyone. We simply want a little information. We simply want to know.

I want to make a suggestion to the Senator from North Dakota. Would the Senator object to interlining in this resolution one clause, that the Administrator be allowed to withhold such positions and names as it would be in the public interest not to disclose? I was wondering whether or not that might not strike a note of harmony in the Senate. It would facilitate the adoption of the resolution. Might I inquire of the Senator from North Dakota whether he would consent that the Administrator be instructed by the resolution that if there were any such names and addresses and occupations or connections these men now have which he considered it not in the public interest to disclose he be allowed that immunity under the resolution? Would the Senator object to something like that being written into the resolution?

Mr. NYE. Mr. President, while I keenly appreciate the method to which the Senator resorts in order to express himself, I would, of course, have to object to any such amendment. Frankly, I am at a loss to understand why there should be objection to furnishing this information. If I am not mistaken, when the resolution, after adoption, reaches the N.R.A. Administrator, we would quickly have forthcoming a frank statement of those who were there, what their background has been, and would prove, perhaps, that there has been little ground for all the fuss that is being occasioned by the mere submission of the resolution.

Mr. LONG. I do not insist on my suggestion. I myself agree with everything the Senator from North Dakota has said. I think the Senator from Arkansas unnecessarily arouses himself against some things. I do not think what he apprehends will occur to him or to me, either. I have just made the suggestion. It might be that there were few—I would not think many—but few connections down there which it might be best not to name. For instance, as an example, we will take a case that might appear to be pretty well in point, the case I mentioned. Inasmuch as the Standard Oil Co. has been convicted in practically every court before which it has ever appeared for violating one law or another, it might be embarrassing to the administration to have to disclose that the president of that concern is in charge of the oil code. That is one of the things that might be in the public interest to withhold until the public mind was in better condition to receive that kind of information. We know it now, but there is no need of alarming the public, they may say. I do not.

Mr. NYE. Another case in point is that which found the electrical manufacturing industry adopting a code, and which found a man retiring from employment with the General Electric Co., coming to Washington and accepting employment under the N.R.A.

Mr. LONG. At a dollar a year.

Mr. NYE. Being given charge of the formulation of the code for that particular industry, putting it through in a hurry, and then retiring from the N.R.A. and becoming a member of the code authority to administer the code which he had drawn.

Mr. LONG. Who was that man?

Mr. NYE. If I remember rightly, his name was Cummings. I may be mistaken.

Mr. LONG. I still contend that that is not going to be any reflection on the administration. I am not going to urge such motion as I suggested any further, and I will not persist. But I still contend that even though it be shown that the man who was in charge of the Electrical Trust, or a part of the Electrical Trust, was, after he resigned that job, put down here in a Government position in order to write a code for the Government, and then after they had gotten the code written, that he went on the board to enforce it, and also went back into his other employment, that that is no reflection on the administration; and if it be, the sooner it is known, the better.

The sooner it is known that the man who is in control of the fruit business has been placed in charge of the fruit code, the sooner it is known that the man who is in charge of the Oil Trust has been placed in charge of the oil code, the sooner it is known that the man who is in charge of the Electrical Trust is in charge of the electrical code, the sooner it is known that these jobs are occupied by the men who are the heads of these organizations, and that they are going to handle the problems of the Government in transacting their business, the better it is going to be understood by the public, anyway, and the better it is going to be for everybody. It is better to have it right out in front of us that this man runs this business, that man runs that business, and the other man runs the other business, and that we should all know. Why? Because if I were going to that authority to discuss a matter in which I might have an interest—if Mr. Zemurray is my competitor, and he is in a position of authority, I might find somebody else on that board who did not have the same kind of connection that Mr. Zemurray has, and it would afford me a means of getting into it through a more impartial avenue.

I think my friend from North Dakota [Mr. NYE] can understand that. I believe my friend from Arkansas [Mr. ROBINSON] will understand it. For instance, if we find that the fruit business, the oil business, and the electrical business are being chiefly represented by some man who has been running the business anyway without the Government telling him to do it, or rather him telling the Government he is going to do it—if we find that person in the prime position of authority, if we have his position stated, and the connection stated of the other men sitting on the board, then it is an easy matter for a common, ordinary man with a simple understanding to go to some man on that board or that code authority who does not have that kind of a connection.

Mr. President, I have taken a good deal more time than I intended to take in discussing the resolution. I did not expect there to be much opposition. I had heard the Senator state on the floor that Mr. Johnson had no objection to this resolution. But perhaps somebody besides Mr. Johnson has some objection to the resolution, which makes it objectionable. I do not know but that some of these gentlemen do not want disclosed the functions they are actually exercising in the Government.

I have become a little bit suspicious, as I reason along that line, in view of the fact that Mr. Johnson at first said he had no objection, and now we hear that he has some objection, and I know that the Senator from Arkansas [Mr. ROBINSON] also has spoken truthfully on the matter.

Why is there objection? Is it because some of the men with whom we are dealing every day in our course of living do not want it known just what kind of pull and inside track they have? Is it a fair thing, gentlemen of the Senate, to have the common people stand on the outside in dealing with a man, without knowing just what kind of a position and what kind of an inside track he has on the business? Is it fair to have me seeking the help of the Government to relieve me from oppressive conditions due to the actions of a competitor, without making it known to me that the man who is in charge of my competitor's business is the authority of the Government with whom I have to deal? Is it a right thing, gentlemen of the Senate, to call someone in who is entangled in these great controversies, who is representing concerns that have been condemned by the Supreme Court of the United States, and place that man in control of writing a code and enforcing a code, and then send me to transact my business with the Government, without disclosing to me the party with whom I am having to deal and the connection that he has with the transaction?

Mr. President, I do not attack what has been done. On the contrary, the night the bill was voted I said, "That is done, and now let us make the best of this thing we can."

I took my medicine and I said, "I was not in favor of it. Now let us do the very best we can with this thing. Let us all get right behind and push the apple cart up hill, and make the new deal go and be a real deal to the people of the country." I have accepted that view of it. But, Mr. President, having enacted this law, and done all these revolutionary things, and adopted all the countless new regulations, I do not think we should now hesitate to supply the American public with every avenue of information as to who is on the rolls, what he is getting, and what his connections are, and what his authority is now that he is exercising authority under the supreme power of the Government.

Mr. HARRISON. Mr. President, personally I desire to acquit, so far as I am concerned, the author of this resolution from any intention to do injustice to the administration of the N.R.A. It is quite true that he and his progressive associates supported the N.R.A., and I am quite sure they wish it well. They may have some differences of opinion about it, but I do not think they desire to destroy it.

This debate, however, has shown the unwisdom of adopting a resolution calling for such information as is called for at this time and in this manner. There are others who are not prompted by the same desire as the Senator from North Dakota, who really is seeking information. There are others who prey upon this matter, who grab this or that name and play upon it in order to try to arouse the prejudices of people against the administration and against the N.R.A., and to try to substantiate their position and build themselves up for having voted against the N.R.A. legislation or for having been against it.

I am, of course, aware that there is a fur industry down in Louisiana, and there is not a Senator here but knows that a mere letter or telephone call to those who are directing the administration of the N.R.A. would give them all the information about the fur industry they desire; give them information as to who is in charge of it and every employee connected with it. The same is true about the fruit industry and about Mr. Zemurray.

This is a very unusual resolution, may I say to the Senator from North Dakota. It is not like the resolutions calling for information that we have passed in the Senate. This resolution asks not only for "the names of all persons who have been or are now employed by such administration, either in a regular or advisory capacity, whether or not they receive compensation." I cannot see where we are particularly interested in those who may have passed out of the picture, and so on. It goes on to state further:

> The present and past business connections of all persons described in paragraph——

Mr. COUZENS. Mr. President——

Mr. HARRISON. I will yield to the Senator when I have finished the thought.

I can imagine it would take a good deal of time upon the part of General Johnson and his associates to find out everything about all the business connections of every person who has been connected with or related to the National Recovery Administration. Be that as it may, I promise the Senator that as Chairman of the Committee on Finance, if this resolution shall be referred to it—and the Administrator of the N.R.A. has requested that that be done—I shall call a meeting of the committee immediately, have General Johnson before it, have him state his reasons in opposition to furnishing the names, or if he wants to furnish them, furnish them; or if the committee desires them to be furnished, we can report back to the Senate accordingly. I shall invite the Senator from North Dakota to come to the meeting, as well as the Senator from Louisiana, or anyone else who may be interested.

I think it is a very wise policy of the Senate not to take snap judgment and adopt every resolution that is presented without reference to a committee. If the committee, after consideration, shall think it best, they can report it back or make an unfavorable report, and let the Senate act. I hope the resolution will be referred to the committee. If it is, I shall call the committee together immediately and have General Johnson appear before it.

I have thought that sometime, as soon as we can get to it, we ought to have an explanation of every angle of the N.R.A. I do not know any of the employees there. I have not been fortunate enough to have many appointed there, and I have not tried. I do not think there have been more than one or two appointed with my endorsement. So I am not interested in that aspect of the question.

I do know that the hearings on the codes were conducted in public and that under the law interested parties are given notice to appear at such public hearings. Then, after the codes have been looked over and approved by the administrative officer, they must be approved by the President of the United States. Under the law the industry affected itself names a committee to help in the administration of the code. Of course, some big men became associated with the organization. It is natural that some of the big fellows who have big names, like Mr. Teagle, or others, should be brought into the administration of the codes. But at the same time, General Johnson has the power, under the law, of appointing and has appointed representatives of labor as well as representatives of the public in the administration of the codes.

There is nothing being done in secret; everything is being done in the open. I am quite sure that General Johnson has no apologies to make for anything that has been done, and would raise no objection to a thorough investigation as to the workings of his organization, because, whether the N.R.A. did it or not, some agency of the Government, either working alone or cooperatively in harmony, has lifted the country, in large part, from the bog in which it was placed, and we are now on firm ground. It seems to me that the last thing we ought to do at this time is to try to embarrass those agencies of the Government which are trying to do something for the success of the recovery program.

Now, I yield to the Senator from Michigan.

Mr. COUZENS. Now, Mr. President, that the Senator from Mississippi has got through riding over all of us——

Mr. HARRISON. I have not ridden over the Senator.

Mr. COUZENS. Well, the Senator did not care to yield when I wished to propound a question, the occasion for which has now gone by.

Mr. HARRISON. The Senator from Mississippi certainly meant no discourtesy to the Senator from Michigan, for I have the highest respect for him; indeed, it almost amounts to love; and I cannot understand how the Senator—because I did not yield at the time when I was making a peroration which I hoped would appeal to the Senator—could think that I was doing him some discourtesy.

Mr. COUZENS. The Senator made a statement which, it seemed to me, he ought to have explained at the time he made it, and that was that this debate had shown conclusively the unwisdom of adopting resolutions of this kind. I have not heard one word uttered by anybody giving a reason why this resolution should not be adopted.

Mr. HARRISON. The Senator just differs with me in this matter, as he does in many other matters.

Mr. COUZENS. I am not talking about that. I simply ask the Senator to tell me what has developed in this debate to show the unwisdom of adopting the resolution.

Mr. HARRISON. I will tell the Senator.

Mr. COUZENS. That is what I am attempting to find out.

Mr. HARRISON. I do not know whether Mr. Zemurray—if I pronounce his name right—is connected with the N.R.A. or not. He may be; he may be at the head of some division there, so far as I know, but we have just listened to the Senator from Louisiana talk about Mr. Zemurray; we have heard him talk about Mr. Teagle and others; and I imagine when the list of names comes in that all of them will be held up to ridicule, they being given no opportunity to reply.

Mr. COUZENS. If they are all right, why the fear of their being held up? Is this a personal government——

Mr. HARRISON. I have no fear myself. There may be some men there whom I would not have appointed, perhaps, if I could have had my way.

Mr. COUZENS. Is this a personal government to such an extent that we cannot find out who operates the agencies

of government? It has come to the point where the Senator from Arkansas himself, in making the motion, spoke about the embarrassment of adopting such resolutions. I submit that we have not yet a dictatorship; I submit that this is not a personal government; and with all my respect and high regard, and almost adoration, for the President, I do not believe that I am befriending him when I stand up and endorse the running of agencies of the Government by persons of whom we have no knowledge. I object to that.

Mr. HARRISON. Is there anything unusual, may I ask the Senator, if he will pause just for a moment——

Mr. COUZENS. I will pause, and I will yield to the Senator.

Mr. HARRISON. In asking that the resolution shall go to the Committee on Finance, and having General Johnson appear there and make an explanation of it, and get the judgment of the committee as to whether or not it would do harm if the resolution should be adopted?

Mr. COUZENS. I do not so much object to that——

Mr. HARRISON. But the Senator is objecting to it.

Mr. COUZENS. But I am skeptical of him who protests too much.

Mr. HARRISON. Oh, yes; the Senator is a very suspicious man, of everybody and everything.

Mr. COUZENS. Yes; and I have a right to be suspicious when I recall many of the things that have happened.

Mr. HARRISON. But the Senator has just said that he did not see any particular objection to sending the resolution to the committee. That is all the Senator from Arkansas has asked be done and that is all that I am asking be done.

Mr. COUZENS. But may I point out that he has protested too much?

Mr. HARRISON. Who has protested too much?

Mr. COUZENS. The Senator from Mississippi has protested too much about this information being given to the public.

Mr. HARRISON. Perhaps it is my vigorous manner that has caused the Senator to feel that way. If I had approached the Senator with a piece of chewing gum, perhaps he would have felt differently.

Mr. COUZENS. The Senator would get along better if he would give me more strokes on the golf course. [Laughter.]

Mr. LONG. Mr. President——

The VICE PRESIDENT. Does the Senator from Mississippi yield to the Senator from Louisiana?

Mr. HARRISON. I yield.

Mr. LONG. May I ask the Senator from Mississippi to explain why he thinks, as to my comment as to the connections of Mr. Zemurray or Mr. Teagle a disclosure of those names could do any harm to the country? How could that harm anything?

Mr. HARRISON. I do not know whether it would do any harm or not. Mr. Zemurray may be just the character of man the Senator says.

Mr. LONG. The magazine Time says so.

Mr. HARRISON. I do not know; I do not endorse everything I see in some of the magazines, because, if I did, I might pick up Time on one occasion and believe one thing and scan another magazine on another occasion and believe something else. I do not proceed in that way; I discredit some of those things, for we cannot believe everything we see in the press.

Mr. LONG. But this article is published in defense of Mr. Zemurray, and the Senator from Mississippi knows that the Standard Oil men, such as the Harknesses and men connected with the United Fruit Co., own this magazine, if he has read their reports to the Post Office Department.

Mr. HARRISON. I do not know about that. I know that there are men up there that I probably would not have appointed under any circumstances, but I do know that there are men there of great reputation in business who are giving their time and their services to the administration of the N.R.A. codes. Far be it from me to find fault with them when they have been appointed by the industries to administer the codes, because whatever they do, and whatever findings they make, their acts and their findings must be approved by General Johnson, and then they must go to the President of the United States for further approval, and before they come to their conclusions they give the public an opportunity to be heard in every instance.

That is all I desire to say. I think it is orderly procedure for the resolution to go to the committee, where it will not be delayed, but the committee will pass judgment on it, and if the committee wants to report it back that will be done.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Arkansas to refer the resolution to the Committee on Finance.

Mr. NYE. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBINSON of Arkansas. Mr. President, anyone who has heard this debate will reach the conclusion, in my opinion, that some of the provisions of the resolution as they are presented are intended as an implied attack on the N.R.A. administration. I have no objection to anyone exercising his right to attack any department of the Government that he thinks is not being properly operated. The feature of this resolution which I think needs correction is the plain implication in the language of several of the provisions that there is something wrong with the course taken by the N.R.A. in permitting outstanding representatives of industry to participate in the making of industrial codes. The fact is that the fundamental purpose of the N.R.A. was to invite the cooperation of the representatives of industry with the representatives of labor and with the representatives of the consumers to accomplish a well-defined but difficult end.

There were Senators who, like the Senator from Louisiana, opposed the passage of the act; there are others who, on the floor of the Senate and elsewhere, have never failed to avail themselves of an opportunity to attack the administration of the act, in the hope of discrediting it. If we start out here this morning by adopting a resolution of information assuming that there was something wrong in the selection of the representatives of industry to participate in the making of the codes, we repudiate the very principle upon which the National Recovery Act is based.

There is no objection to the Senate's obtaining any information that it desires or feels is needful in the proper discharge of its duties; I have not objected to the adoption of resolutions merely calling for information, and I do not usually do so; but this resolution, as it is drawn, carries the inference that if a representative of a large industry responded to a request that he cooperate with others in making a code for the industry, most of the work done under the National Recovery Act being the result of voluntary cooperation between industry and labor, he was doing something wrong and holding himself up to public scorn. The principle of the National Recovery Act is self-government of industry with such limitations and restrictions as are believed to be essential for the protection of the public.

Why all this objection to a standing committee of the Senate hearing this matter and giving consideration to it? The Senator from Louisiana says that he would like to know what he is talking about. So would I. I have been trying to find out what the Senator from Louisiana is talking about, but I am having great difficulty in doing it.

Mr. LONG. Mr. President——

Mr. ROBINSON of Arkansas. I yield to the Senator.

Mr. LONG. We all have no difficulty in knowing what the Senator from Arkansas is talking about in opposition to the adoption of the resolution and to giving us the names of the men who are employed on this work.

Mr. ROBINSON of Arkansas. Oh, yes?

Mr. LONG. So, while I know he does not understand me, I understand him.

Mr. ROBINSON of Arkansas. When I said that even I could understand some things the Senator from Louisiana had said but I found difficulty in doing it, that made the Senator ascribe to me a higher measure of intelligence than I claim for myself. The Senator from Louisiana also in-

formed us that Louisiana raises more fur than all the rest of the world combined.

Mr. LONG. Oh, no; I did not say any such thing. That is about as near the facts as the Senator from Arkansas usually comes.

Mr. ROBINSON of Arkansas. I accept the correction of the Senator from Louisiana. I thought the principal business in Louisiana was raising hell rather than fur. [Laughter.]

The Senator from Louisiana in one breath has said that he is in hearty sympathy with the administration of the National Recovery Act, that everything is all right, that nothing is wrong; but in the next breath and in every succeeding breath he referred to the fact that he was opposed to the act from the beginning, and in the very next breath he says, "Oh, yes; I told you so."

Mr. BARKLEY. Mr. President, the Senator, I am sure, wants to be correct. The Senator from Louisiana opposed the National Recovery Act with his speech, but he voted for it upon the roll call just the same.

Mr. ROBINSON of Arkansas. I believe that is correct. I will ask my friend from Louisiana to tell the Senate just what his record is on this subject. I remember he made some 15 speeches against it and, following his usual course of consistency, he ought to have voted for it. I yield to the Senator from Louisiana.

Mr. LONG. I am glad to have the Senator propound that inquiry. There was coupled with the bill the N.R.A. provision in title I. I voted to strike that from the bill. Title II and title III contained the Public Works part of the bill. I voted for the bill as a whole after voting to strike out the N.R.A. part of it, after having propounded an inquiry to the Vice President as to how a Senator could vote for a bill that he was half against and half for. The Vice President answered the question, and I did the best I could in voting for that poorly arranged proposition.

Mr. ROBINSON of Arkansas. The Senator may just as well make the record complete and tell us what the answer was. I am still finding difficulty in determining how one who is half for a bill and half against it can record his vote either for or against it.

Mr. LONG. I will answer the Senator from Arkansas by saying that the Senator from Arkansas sees no difference between the N.R.A. code part of the bill and the Public Works part of the bill.

Mr. ROBINSON of Arkansas. Oh, no!

Mr. LONG. Will the Senator tell me how a Senator favoring the Public Works part of the bill and in opposition to the N.R.A. part of it could have voted better than I voted to strike out the N.R.A. provision in the bill and, having failed in that, voted for the bill as a whole?

Mr. ROBINSON of Arkansas. I admit that I believe the Senator voted all right.

Mr. LONG. The last time?

Mr. ROBINSON of Arkansas. I think his record is wrong in speaking against the bill and then voting for it.

Mr. LONG. I will answer that in my own time.

Mr. ROBINSON of Arkansas. This is all in good part. This is no personal matter. It is a question affecting legislation. I still insist that there is nothing unfair or improper or inconsistent in asking that the resolution go to a standing committee with a view to having hearings upon the matter and passing upon the question of the form in which the resolution shall ultimately be passed.

Mr. LONG. Mr. President, I am going to take but a little time to refer to the very just criticism which the Senator from Arkansas is entitled to make. I thought it quite proper when it was said in the Senate that we ought not to combine in a single bill a provision for an industrial code, another provision for regulating post offices, and still another provision for public works. Obviously, if the Senator from Arkansas is speaking as his mind dictates, he must believe that a man who was against the code, who voted to strike out the code, none the less voted himself into a very inconsistent attitude if, in order to vote for the Public Works part of the bill and to give some employment throughout the land, he voted for the bill as a whole on its final passage.

If the Senator from Arkansas is correct, then he should make his apologies to the Senate, if I understand it correctly, for having presented us with the bill that had absolutely no relation whatever so far as title I related to title II or related to title III, so that a Senator who voted against the code could have voted against the code all the time, and a Senator who was in favor of the Public Works feature of the bill could have voted for Public Works all the time.

The Senator is too big a leader to resort to that kind of comparison. The responsibilities of the position of the Senator from Arkansas are above that kind of what, if the Senator and I were engaged in stump speaking, I should say is politics, but of course I would refrain from saying it on the floor of the Senate. The Senator is too big a man to resort to that kind of thing. The Senator understands too well about government to mislead anyone who is willing to accept the tutelage of the Senator from Arkansas as the leader on this side of the Chamber, to follow his suggestions and advice and methods, and as much as possible follow in his tracks, though it is hard for me to keep in them all the time. Nevertheless I tried to follow him and voted for every part of the bill, and I think I am entitled to the Senator's confidence and thanks for my consistency rather than inconsistency in fighting the administration.

There is another remark the Senator made that is not borne out by the facts. The Senator said that in one breath I am in sympathy with the N.R.A., and in another breath I do everything I can to attack it, and that I do that in every breath after that. The facts are, as I said, that I voted against the N.R.A. provision in the bill and voted to strike it out of the bill; but when it was adopted, I took my medicine with the majority of this body and wished for the N.R.A. the very best success that it could have. I wish it success now.

I agree with the Senator from Mississippi [Mr. HARRISON] in a statement he made. Men have been appointed in the N.R.A. whom the Senator from Mississippi said, he would not have put in there, although I think my friend from Mississippi knows how to pronounce the name Zemurray better than he pronounced it here on the floor this morning. [Laughter.]

But are we as Democrats not to be allowed, am I as a Democrat not to be allowed, to join back with the party because I still hold several positions with the party? Am I not now to be allowed to say that this party of ours has nothing to conceal? Am I not allowed in all consistency and fairness—and I am sorry the Senator from Arkansas [Mr. ROBINSON] has left the Chamber.

Mr. ROBINSON of Arkansas. Oh, no. I have not gone anywhere. I am still here in the Chamber.

Mr. LONG. I beg the Senator's pardon. It is all my fault. The Senator had merely stepped across the aisle to confer with the Senator from North Dakota [Mr. NYE]. I shall not speak very long, so that the Senator from Arkansas may get together with the Senator from North Dakota, and may make unnecessary any further remarks on my part.

Mr. ROBINSON of Arkansas. I think further remarks are unnecessary, but I do not think that conclusion can be based on the premise the Senator stated. [Laughter.]

Mr. LONG. Are the Democrats sitting on this side of the aisle, following the faithful leadership of the party chief on this side of the Chamber, to hold up the escutcheon and the ermine of the Democratic Party to the Nation and say we have to shield the names of the men we have running the N.R.A. and we have to shield and hide the amounts of money we are paying those men to run the N.R.A., and that we do not dare to let the people know what connections these men have had that we now have running the Government?

Am I, as one upholding the Democratic Party and supporting the Democratic administration, to say that I am upholding the undefiled garments of democracy, the escutcheon of the party, the leadership of a magnificent Executive, and still to say that we have got to hide the names

of the men we have administering the affairs of the Government, writing the codes to regulate the hours and wages of employees and conditions of competition that shall prevail, and that the party fears that somebody may say something if they know whom we have on the pay roll?

I quote the words of my friend from Mississippi [Mr. HARRISON] and ask Senators to analyze them. My friend from Mississippi said, in practically these words, as nearly as I can quote him, he is afraid if we publish the names of those who are actually on the roll and the connections they have on the outside, that somebody will be able to say something that will create a bad impression in the country. I hope my friend from Mississippi will reconsider what he said in that respect.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Indiana?

Mr. LONG. I yield.

Mr. ROBINSON of Indiana. If the resolution should be referred to the Committee on Finance and a favorable report should be made immediately and the resolution should go to the calendar, then, if the calendar were finally called, any Senator could object to its consideration?

Mr. LONG. Yes.

Mr. ROBINSON of Indiana. Any Member of the Senate could object and prevent its consideration, and that would probably delay it for several weeks.

Mr. LONG. Yes.

Mr. ROBINSON of Indiana. Then about the only way to get the resolution before the Senate would be to move to make it the unfinished business of the Senate or move to proceed to its immediate consideration. Finally the session would end, and we would not have any action on the resolution, and the public would still be in the dark as to who is running the N.R.A.

As I understand the Senator from Louisiana, he wants to know now who is running it. All the Senator from Louisiana wants, as I understand, is that we take the American people into our confidence and let them know, if we have a personal Government, who the persons are. Do I correctly understand the position of the Senator from Louisiana?

Mr. LONG. That is my position. I think the people of America are entitled to know who is the boss of each and every line of endeavor, and what that man's connections are. In other words, the mere fact that a man was appointed by General Johnson, who himself did not even have to be confirmed by the Senate, does not mean that the people are entitled to any less information than they would be if he were a candidate for office. On the contrary, Mr. President, the people are entitled to more data on the status and the connections and transactions of a man who is appointed to an office by another man who is appointed to an office without ever having been confirmed by the Senate of the United States than if he were a candidate before the people themselves. I say the people are entitled to know this; and if we send this resolution to the committee—and I am going to come back to the Senator from Mississippi in a moment, and I hope he will not leave the Chamber——

Mr. HARRISON. Mr. President, the Senator from Mississippi never leaves the Chamber when the Senator from Louisiana is speaking, because he likes to hear the Senator speak.

Mr. LONG. That is fine.

Mr. LOGAN. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. LOGAN. I observe that the Senator has made denial of some of the statements of the Senator from Arkansas, and of others he has made explanations, and a few he has left untouched. I desire to know from the Senator if he means that we shall understand that he admits the truth of the other charges which the Senator from Arkansas made, particularly the one in reference to the chief occupation, pursuit, or calling in the Senator's State. [Laughter.]

Mr. LONG. The chief pursuit that the Senator from Arkansas ascribed to Louisiana was raising hell. Well, Mr. President, we are right under Arkansas, and we have been neighbors with them so long that if we have adopted some Arkansas customs we are not to be held entirely responsible for it. I can say to the Senator from Arkansas that they had a reputation up there long before they ever heard of our reputation, in many of which transactions of a political nature the Senator from Arkansas has not been an unimportant factor.

What I want to say to my friend the Senator from Mississippi is that I hope, as a leader of his party, he will not let the opportunity pass to rise on the floor of the Senate and at least explain that he does not mean what his words import. The Senator from Mississippi has said that the debate on this floor has shown the unwisdom of this resolution. That is what the Senator said; and the Senator said that he is afraid, or that he fears, or that it is probable, or words to that effect, that if this resolution is passed, there are going to come out the names of some men who are in charge of the affairs of some agencies of this Government that are going to be so obnoxious to the American people that it is going to create a feeling of disrespect for the Government. That is what the Senator from Mississippi would have the Senate believe, if I understand his words.

Mr. HARRISON rose.

Mr. LONG. I yield for the Senator to say whether he means that or does not mean that—whether he said that or did not say that.

Mr. HARRISON. Mr. President, may I say to the Senator that I should like to see just what I did say placed beside what the Senator says I said, because it would show that the Senator is about as correct in that as he is correct in other things. He is certainly entirely mistaken about that.

Mr. LONG. Then I will ask, if possible, that the Official Reporter be asked to bring me the remarks of the Senator from Mississippi while I am speaking. I will talk long enough to get them.

Mr. HARRISON. I hope the Senator will not ask that. He can read them in the CONGRESSIONAL RECORD tomorrow. I never change my remarks.

Mr. LONG. No; I want to read them now.

Mr. HARRISON. I will tell the Senator exactly what I said, if the Senator wants me to tell him.

Mr. LONG. I will tell the Senator, too, in a minute. However, if the Senator asks me not to read what he said, I will not.

Mr. HARRISON. I do not care, except that it is trifling away the time of the Senate. If the Senator wants to persist in doing that, he can do it.

Mr. LONG. No; I will yield to the courtesies which I think I owe the Senate, so let it go.

But, Mr. President, I say that we have not any right to deny to the people, under the guise that we have an honest administration, information to prove that it is not honest. On the contrary, I say to Senators sitting here, such as my friend from Tennessee [Mr. MCKELLAR], that we have always favored the quickest, the most complete, the most searching exposure that can be made of who is in control of the Government, what his duties are, what his connections are, and everything that bears upon what he might be expected to do, and what his functions are with the Government. I submit that with the fall elections staring us in the face, after we have told the American people that we are pulling this country out of the mire of distress and despondency, as my friend from Mississippi has reiterated on the floor this morning, we cannot afford to go before them under the kind of resolution that is presented here and have it said that we are undertaking to keep from being exposed to the people who it is that is in charge of these various Government departments.

Mr. WAGNER. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. WAGNER. I did not intend to intrude upon this discussion, but I was wondering whether or not the Senator was laboring under a misapprehension as to the question of publicity with reference to the activities of the N.R.A.

After a code is submitted by the particular industry involved, all parties are notified—all the labor organizations involved, the consumers' committees involved, and the industry involved—and a public hearing is held at which the Administrator, the person whose name is sought here, which the Senator thinks is secret, presides. Those are public hearings, with the press present, and everybody has an opportunity to present any criticism that he may have in relation to the code. So the whole thing is a public, free discussion, where nobody is denied a hearing; and, as it happens, at all these sessions there are present those representing industry, the labor representatives, the consumer-committee representatives—and some very eminent persons are associated with that particular committee—and the economists. So the whole thing is aired in the open, and after that, modifications may be made as a result of these hearings and discussions. The matter is then submitted to the Administrator, and after he approved it the code is submitted to the President.

Everybody who is associated with the activities of any particular code is there present, and the public knows all the names, and all about them. There has not been any secrecy. I hope in a day or so to present to the Senate a statement of the achievements of the N.R.A., and I did not intend to intrude today, except that I would not want some of the statements made about the N.R.A. to go unanswered. Of course, experience has shown that some mistakes have been made, and I think General Johnson and those associated with him would be the first to admit it; but, as a matter of fact, it has achieved great results—great social as well as economic results—and has been a blessing to the country.

Mr. LONG. I am glad to have that statement, and the Senator from New York and I are in agreement on this matter. I think we have nothing to hide. I think the Senator from New York and I take the same view. I am sure the Senator from New York does not understand the question we are debating. Just in line with what the Senator from New York has said, I have urged that it is a matter that is more or less public. There is no reason why it all should not be public. We have nothing to hide. Mistakes will be made, and we as a party should not hold up the party shield here this morning and say that we will deny the Senator from North Dakota the right to have the Senate furnished with the names of those on the pay roll, what they are getting, what their positions are, and what their connections are. I see no objection to it.

Mr. DILL. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. DILL. Do I understand from the resolution and the argument of the Senator that there is a secret pay roll?

Mr. LONG. I do not know. It seems as if there must be, if there is to be any opposition to this resolution. I did not think so.

Mr. DILL. I have never had any difficulty myself in finding out who is employed by any department.

Mr. LONG. I thought we could get that information, but I understand that perhaps we cannot. All that this resolution asks is simply that the N.R.A. authorities supply the Senate with the names of those and their positions who are in executive positions, not including stenographers and clerical helpers, and that the amount of their compensation be stated, and the positions which they hold in private life with other employers.

Mr. WAGNER. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. I yield.

Mr. WAGNER. Has the Senator had any difficulty in securing any information which he desires from the National Recovery Administration as to any of their activities, at any time?

Mr. LONG. I do not think I have ever had any particular difficulty, except this: I do not understand the connections of the men on the outside. I can find out who they are, and then perhaps some time later I will find out that this man was in the General Electric Co., or I will find out that this man was in the Standard Oil Co., or this man perhaps was with labor, as the Senator says, or perhaps was in some other unattached occupation, or with the Bell Telephone Co.

For example, the first thing I found out was this: I found out, and I know this will be corrected, and I am mighty glad it has been called to my attention—I found out that the Bell Telephone Co., the Telephone Trust of the United States, was preparing to hide behind the skirts of the N.R.A. when the States tried to reduce telephone rates. Mr. President, everything else went down in this country all the way from 30 to 40 to 50 percent, some things went down 80 percent, but there is one thing that never went down in this country a copper cent, and that is the telephone charges in America. I understood that when they started to write a code, they immediately put in charge of the code a gentleman by the name, I believe, of Mr. Gifford. He very patriotically volunteered his services to the Government, the head of the Telephone Trust. He very conscientiously and patriotically devoted his time and talents to writing a code for the Government to help regulate the telephone industry.

The very first thing that the telephone industry did when it was endeavored to make a rate reduction on them, like everybody else, was to raise the cry that the N.R.A. had made impossible any kind of a telephone reduction, and we know that if Mr. Gifford is still going to be in the business—I do not know that he still is; I doubt that he is still retained, except, perhaps, as an adviser in the administration of the code. I do not know. Perhaps the Senator from New York knows; but here is Mr. Gifford. Perhaps I would not have appointed Mr. Gifford.

Mr. WAGNER. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. BARKLEY in the chair). Does the Senator from Louisiana yield to the Senator from New York?

Mr. LONG. Yes, sir.

Mr. WAGNER. I do not know all the details, any more than the Senator does; but whenever I wanted some information I have sought it and I have secured it. I have made some criticisms. I am not approving everything that has been done, or every appointment that has been made; but I have never had any difficulty in getting any information that I wanted.

Mr. LONG. Mr. President, the Senator will admit that if we have to inquire for something we want to know about, then we have to know where something has happened that perhaps is not right before we may make the inquiry, or be put on notice. I am merely suggesting—and I know the Senator from New York is not objecting to anything I am advocating—that we give this resolution the breath of life. Let us have the N.R.A. submit to the Senate for public perusal—if the public already has the information it will not hurt anyone for them to have it again—a list of the names of those who are serving in executive positions with the N.R.A. and what their affiliations are on the outside. I will ask my friend from New York if he can see anything wrong in Mr. Gifford's name being furnished to the Senate and it being shown that Mr. Gifford was the president of the American Telephone & Telegraph Co., if he was—if there could be any harm in it? My friend from New York nods, indicating that he sees no harm in it. I see no harm in it. There is no difference between us on this matter, and the resolution ought to be agreed to.

If the resolution is sent to a committee, it may come out in a few days, get on the calendar, and take its regular order, and perhaps never be heard of again, and the information we want now in order to guide us during the few weeks' deliberation left to this body during this session will never be received.

Mr. WAGNER. Mr. President, I am afraid the Senator misunderstood me. I want to impress upon the Senator, and

anybody else who has any doubt about it, that so far as I know there are no secrets in the National Recovery Administration, and the information being sought has already been given to the public.

Mr. LONG. Then it cannot hurt in any way to let the public have it again. Let us have a vote then.

Mr. HARRISON. Mr. President, before the vote is taken I desire to have a notice inserted in the RECORD.

General Johnson has tried to play the game in the open. He has called a conference to be held here from March 5 to March 8, 1 year and a day after the inauguration of President Roosevelt. Invitations have been sent out to 7,000 members of the authorities created under approved codes, and also to trade-association code committees, representing industries whose proposed codes, having been considered in public hearings are now awaiting formal approval. They have all been invited here. A total of 300 codes, covering approximately 90 percent of all industry and trades, have been approved to date, and another 353, most of them for relatively small industries on which public hearings have been held, are in course of preparation for final approval.

I desire to have inserted in the RECORD the notice of this meeting which was given to the public by General Johnson, calling for this huge assembly 1 year and 1 day after the inauguration of President Roosevelt, for the discussion of questions which might aid in the changing of codes, or the administration of the codes which might help in the Nation's recovery.

There being no objection, the matter was ordered to be printed in the RECORD, as follows:

[Release no. 3360 for Sunday a.m. papers Feb. 18, 1934]

NATIONAL RECOVERY ADMINISTRATION.

An important and significant chapter in the history of American business will be written around the National Conference of Code Authorities and Code Committees to be held here March 5–8 and the open public conference for free criticism of codes and N.R.A. administration to begin February 27.

It was pointed out today by officials of the National Recovery Administration that this conference will exemplify to a greater degree than anything that has occurred the cardinal principle of President Roosevelt's industrial recovery program—self-government of industry in partnership with Government and with public participation.

It will bring together the code authorities that are administering the nearly 300 codes already in effect, governing major industries, and the code committees for more than 400 other smaller industrial groups which are awaiting approval of codes upon which hearings have been completed.

Unquestionably the code conference will be the greatest and most truly representative meeting of American business leadership ever held. Instead of being self-appointed delegates, those attending will be the elected spokesmen for their industries and trades. In this and other important respects the conference will carry out the administration's policy of bringing about democratic self-rule in industry under proper Federal scrutiny.

Having submitted and secured the adoption of codes of fair competition, the very leaders in each great group of American business are now coming to Washington under administration auspices to exchange frank opinion in public session on how the codes are working and whether any changes are necessary to improve operations under codes. All views will be freely aired and no attempt made to dodge any of the controversial questions that have arisen, whether they relate to hours and wages, collective bargaining, open price associations, the position of the "little fellow" in business, or increased prices.

Not only will industry have its field day for constructive criticism and suggestion but the general public will also have full opportunity to register its views in the public-consumer meetings, and the special study of open price systems, which have been ordered by National Recovery Administrator Hugh S. Johnson in preparation for the Code Authority Conference. The public meetings, expected to draw perhaps 2,000 representatives of organized buyers, will open February 27. The special study of open price provisions in codes is being handled by correspondence, the attempt being to obtain expressions of opinion, together with suggestions, from leading economists, purchasing agents, etc.

Incidentally the early response to the some 7,000 invitations issued has been such that all general sessions of the code conference proper will be held in Continental Memorial Hall instead of in the Commerce Building Auditorium, as first planned. The Continental Memorial Hall seats 4,000 and indications now are that its full capacity will be needed. It will be there that President Roosevelt will open the conference with a speech on the forenoon of Monday, March 5. General Johnson himself will open the public meeting on February 27.

In a statement today General Johnson made it plain that a genuine attempt is to be made to find out exactly what the country thinks of the N.R.A. and all its works, and especially emphasized the interest and active part the public should take in meetings preliminary to the code conference. "There is no person in this country", he declared, "who is not affected by the policies incorporated in the codes of fair competition." He said his hope was to obtain a complete background of public opinion and public interest.

The Administrator's statement follows:

"Out of the experience in the operation of industry and commerce during the past several months under codes of fair competition a number of vital questions have arisen. They confront industry and commerce, employers and employees. They confront the country. They confront the National Recovery Administration. These issues must be met, and it seems to me that it is in the interest of the industries as well as in the public interest that the battle for industrial recovery should be directed along lines developed by the combined wisdom of public and industrial agencies.

"Outstanding among these problems are the possibilities of protections against the ruinous effects of destructive competition on the one hand and against excessive prices and discouraged efficiencies on the other; the possibilities of increasing employment and public purchasing power; the proper protection of small enterprises; and the vast problem of securing effective impartial administration of the codes under public supervision.

"I have invited into conference with the National Recovery Administration during the week of March 5 the members of the code authorities and other responsible administrative agencies of industries which are or will be under codes of fair competition, and I intend to seek their frank cooperation with the administration in the earnest and courageous consideration of these problems and in the formulation of plans whereby through combined public and private effort there may be even better concerted and more vigorous effort for national industrial recovery.

"As an aid to this end, I have called, to be held during the week preceding these conferences, a series of public meetings, at which all interested persons shall have the opportunity of laying before the administration criticisms and suggestions with respect to any phase of policy or administration of the codes of fair competition. In this manner we are seeking public assistance. There is no person in this country who is not affected by the policies incorporated in the codes of fair competition. It is proper that the public, therefore, be given full opportunity to be heard, and it will be helpful to the National Recovery Administration and to the code authorities if there shall be available to them in these conferences next month a complete background of public opinion and public interest."

Those in charge of arrangements for the series of public group meetings which are to be held, starting February 27, in advance of the general code conference said today the anticipated attendance is such that five halls, seating from 600 to 1,000 each, have been engaged.

Leon Henderson, outstanding critic of open-price associations, who has been called in by General Johnson to handle the inquiry into that particular N.R.A. problem, reported today that he has had an enthusiastic response to his requests for criticisms and suggestions from among the ranks of leading economists and purchasing agents. He said he had received assurances of assistance in the study from Dr. Edward Chamberlin, of the committee on Government statistics; Benjamin Henderson, economist for the Chase National Bank; Federal Trade Commissioner James M. Landis; George Soule, one of the editors of the New Republic; Dr. Arthur R. Burns, of Columbia University; and Paul H. Nystrom, president of the Limited Price Variety Store Associations, Inc.

[Release no. 3244. For release Sunday, Feb. 11, morning papers]

NATIONAL RECOVERY ADMINISTRATION.

CODE AUTHORITY CONFERENCE

One year and one day after his inauguration, President Roosevelt will address what probably will be the greatest gathering of leaders of industry and trade in the country's history—the conference of code authorities and trade association committees, scheduled to be held in Washington March 5 to March 8.

Invitations to participate in the conference to determine practical measures to meet problems which have arisen in actual code operation were today forwarded by National Recovery Administrator Hugh S. Johnson to nearly 7,000 members of the authorities created under approved codes and also to the trade association code committees representing those industries whose proposed codes, having been considered in public hearings, are now awaiting formal approval.

A total of 300 codes, covering approximately 90 percent of all industry and trade, have been approved to date and another 353, most of them for relatively small industries, on which public hearings have been held, are in course of preparation for final approval.

In his call for the conference, the opening sessions of which are to be held in Constitution Hall, General Johnson outlined the major purposes to include the consideration in public sessions of the possibilities of increasing employment; protections against destructive competition and against excessive prices and monopolistic tendencies; the elimination of inequalities and inconsistencies in codes; the position of small enterprises; and the vast problem of code administration and the organization of industry for self-government.

In his invitations to the conference, General Johnson not only requested the submission before February 20 of such questions, or suggestions, which, in your judgment, may improve the policy

or procedure of the National Recovery Administration but he also urged participants to come prepared to discuss details of the effect of the codes on their particular industries.

Accurate information is desired, the general pointed out, concerning the effects of codes on operations, including employment, in each industry; on general price trends of products in each industry; and on unethical trade practices, as well as the effects of code provisions, if any, restricting production through limitation of machine hours or plant facilities, and the effect of codes on smaller concerns in each of the industries.

In addition, the invitation solicits suggestions to be presented during the conference for the modification, elimination, or addition of specific code provisions; proposals for the elimination of overlapping of codes and for the financing of industry code administration.

Following the opening session on March 5 to be addressed by the President and General Johnson, the general conference will be divided into several public group meetings to be followed by group conferences of code authorities and code committees with the administration and a final general conference of selected delegates of each code authority and committee with the Administrator.

As now tentatively outlined the group conferences will discuss the following subjects:

Group I: Possibilities of increasing employment; wages and hours; comparative situation of capital-goods and consumer-goods industries.

Group II: Trade practices—costs and prices; protections against destructive competition; and against excessive prices and monopolistic tendencies.

Group III: Trade practices—control of production; limitation of machine hours; restriction of expansion of facilities; ethical practices relating competitive relationship.

Group IV: Code authority organization—code administration, including compliance and enforcement; inequalities, inconsistencies and overlapping in codes; interindustry and intercode coordination; the financing of code administration; use and control of the code eagle.

Group V: Operation of codes in small enterprises; position of minorities.

The text of the General's invitation and details of the conference program are attached.

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NATIONAL RECOVERY ADMINISTRATION,
Washington, D.C., February 10, 1934.

To Code Authorities and Trade-Association Code Committees:

I invite you to a general conference of code authorities and of code committees of industries whose proposed codes of fair competition have been in public hearing, or are scheduled for public hearing to be held on March 5 to 7, inclusive, in Washington.

The conference will include the consideration in public sessions of the possibilities of increasing employment; protections against destructive competition and against excessive prices and monopolistic tendencies; the elimination of inequalities and inconsistencies in codes; the position of small enterprises; and the vast problem of code administration and the organization of industry for self-government.

This will be followed by group and general conferences of code authorities and code committees with the administrator to consider practical measures for meeting these problems. A complete program will be issued soon.

I shall be glad to have you submit in advance of the conference and for consideration at that time any questions, or any suggestions, which in your judgment may improve the policy and procedure of the National Recovery Administration. I am hopeful in these vital matters of improvement in industrial codes and code administration, that we may proceed with the best advice obtainable from the industries affected.

It will be helpful, if you will, not later than February 20 furnish the Administration the information asked in the enclosures, including, by mail or by wire, the names and addresses of those of your members who will attend the conference, indicating, so far as you can do so without delay, the names of those designated to represent you at each of the public group meetings and group conferences.

Yours sincerely,

HUGH S. JOHNSON, *Administrator.*

TENTATIVE AND PRELIMINARY OUTLINE FOR CONFERENCES OF CODE AUTHORITIES AND TRADE-ASSOCIATION CODE COMMITTEES WITH NATIONAL RECOVERY ADMINISTRATION, MARCH 5 TO 7, 1934

Part I

The following subjects will be considered at the conferences of code authorities and code committees in public group meetings followed by group conferences of members of code authorities (and code committees) with the National Recovery Administration; and a final general conference of delegates with the Administrator.

Group I. Possibilities of increasing employment; wages and hours; comparative situation of capital goods and consumer goods industries.

Group II. Trade Practices: Costs and prices; protections against destructive competition, and against excessive prices and monopolistic tendencies.

Group III. Trade practices: Control of production; limitation of machine hours; restriction of expansion of facilities; ethical practices regulating competitive relationship.

Group IV. Code authority organization; code administration, including compliance and enforcement; inequalities, inconsistencies, and overlapping in codes; interindustry and intercode coordination; the financing of code administration; use and control of the code eagle.

Group V. Operation of codes in small enterprises; position of minorities.

TENTATIVE AND PRELIMINARY OUTLINE

Part II

March 5. General sessions (open to public), Constitution Hall.
1. (Morning.) Address by the President.
Opening of conference.
2. (Afternoon.) Addresses by spokesmen of:
Labor Advisory Board.
Consumers' Advisory Board.
Industrial Advisory Board.
March 6. (Morning, afternoon, and evening.)
3. Group conferences of code authorities and code committees in same groups as outlined in part I for consideration with N.R.A. and N.R.A. advisory boards of policies and actions on these subjects (open to public).
March 7. (Morning.)
4. Continuation of group conferences (open to public).
5. (Afternoon and evening.) General conference of code authorities and trade association code committees with the Administrator, for consideration of policies and program with reference to matters developed in public meetings[1] and in group conferences.
6. Closing address by the Administrator.

QUESTIONS AND SUGGESTIONS INVITED FOR CONSIDERATION AT CONFERENCE OF CODE AUTHORITIES AND TRADE-ASSOCIATION CODE COMMITTEES, MARCH 5 TO 7, 1934

NATIONAL RECOVERY ADMINISTRATION,
Room 133, Willard Hotel, Washington, D.C.

1. Such questions or suggestions which, in your judgment, may improve the policy or procedure of the National Recovery Administration as you may wish to submit should be sent to it not later than February 20.

2. As an aid to participation in the public meetings and conferences, March 5–7, it is suggested that you be prepared with information on the following:

(a) The effect of your code upon operations, including employment, in your industry.
(b) The effect of your code on general price trend of products in your industry.
(c) Effect of your code on unethical practices in your industry.
(d) The effects of code provisions, if any, restricting production through limitation of machine hours or plant facilities.
(e) Effect of code upon the smaller concerns in your industry.
(f) Code provisions which, in your judgment, should be modified or eliminated.
(g) Code provisions which, in your judgment, should be added.
(h) Specific proposals for eliminating overlapping.
(i) Financing of industry code administration.

REGISTRATION OF PROPOSED REPRESENTATION AT CONFERENCES OF CODE AUTHORITIES AND TRADE-ASSOCIATION CODE COMMITTEES, MARCH 5 TO 7, 1934

NATIONAL RECOVERY ADMINISTRATION.

(Return information to conference committee, room 133 Willard Hotel, Washington, D.C.)

Name of code authority (or trade association)_____
Name of individual signing_____
Position on code authority (or trade association)_____
Mailing address_____

Please furnish below, names and addresses of members of code authority (or of code administrative agency, or of code committee, if code authority not established) indicating names of those designated to attend conference (March 5–7). Please indicate also the conference group to which each is designated. (Group I, employment; group II, trade practices—prices; group III, trade practices—production; group IV, code administration and code improvements; group V, small enterprises; minorities.)

Name	Address	Conference group

Other officials or representatives of code authority (code agency, or code committee)

_____
_____
_____

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[Release no. 3279. For release Wednesday a.m.]

NATIONAL RECOVERY ADMINISTRATION.

Public meetings preceding the forthcoming general code authority conference and intended to develop constructive criticisms

[1] Public meetings, beginning Feb. 27, 10 a.m., in auditorium of Department of Commerce Building, Washington, have been called by the Administrator for public presentation of suggestions, criticisms, and petitions with respect to any phase of policy or administration of codes of fair competition. No individual code will be under consideration and no suggestion or petition with respect to a specific code or any provision thereof will be received. Notice of these public meetings was issued by the Administrator on Feb. 13.

and suggestions regarding policies and code administration for consideration in that conference were ordered today by National Recovery Administrator Hugh S. Johnson.

Management, labor, and consumers—in short, the general public—is invited in the formal notice to participate either in person or by written statement in open meetings to begin February 27 to the end that the code authority conference beginning March 5 "shall have the benefit of public suggestions, criticisms, and petitions with respect to any phase of policy or administration of codes of fair competition."

It is pointed out in the notice, however, that no individual code will be under consideration and that no suggestions or petitions with respect to a specific code or provision thereof will be received.

In order to obtain all possible points of view on the major problems facing the code authority conference, simultaneous public meetings on those problems, to begin at 10 o'clock, Tuesday, February 27, are scheduled as follows:

Meeting no. 1. Employment: Possibilities of increasing employment; wages and hours; comparative situation of capital-goods and consumer-goods industries, auditorium of Department of Commerce Building.

Meeting no. 2. Trade practices: Costs and prices; protections against destructive competition, and against excessive prices and monopolistic tendencies, Willard Hotel, large ballroom.

Meeting no. 3. Trade practices: Control of production; limitation of machine hours; restriction of expansion of facilities; ethical practices regulating competitive relationship, Washington Hotel, Hall of Nations.

Meeting no. 4. Code authority organization: Code administration, including compliance and enforcement; inequalities, inconsistencies and overlapping in codes; interindustry and intercode coordination; the financing of code administration; use and control of the code eagle, Mayflower Hotel ballroom.

Meeting no. 5. Small enterprises and minorities: Operation of codes in small enterprises; position of minorities, Raleigh Hotel, large ballroom.

Persons desiring to be heard are expected to file requests by letter or telegraph before noon February 26, stating the persons or groups represented, and outlining, without argument, the criticism or suggestions to be offered.

A copy of the official notice of the public meetings is attached.

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NATIONAL RECOVERY ADMINISTRATION.

NOTICE OF PUBLIC MEETINGS, CODES OF FAIR COMPETITION, ADMINISTRATION, AND IMPROVEMENT

The Administrator for National Recovery has invited to a general conference beginning March 5, code authorities and trade-association code committees. This conference will include the consideration of improvements in codes of fair competition, code administration, and further ways and means of accomplishing in industry and commerce the purposes of the National Industrial Recovery Act.

To this end it is desirable that these conferences shall have the benefit of public suggestions, criticisms, and petitions with respect to any phase of policy or administration of codes of fair competition. No individual code will be under consideration and no suggestion or petition, with respect to a specific code or any provision thereof, will be received.

Notice is hereby given that public meetings will be conducted by the Administrator beginning at 10 a.m., Tuesday, February 27, 1934, and continuing until completed, as follows:

Meeting no. 1. Employment: Possibilities of increasing employment; wages and hours; comparative situation of capital-goods and consumer-goods industries. In auditorium, Department of Commerce Building.

Meeting no. 2. Trade practices: Costs and prices; protections against destructive competition, and against excessive prices and monopolistic tendencies. In Washington Hotel Hall of Nations.

Meeting no. 3. Trade practices: Control of production; limitation of machine hours; restriction of expansion of facilities; ethical practices regulating competitive relationship. Willard Hotel, small ballroom.

Meeting no. 4. Code authority organization: Code administration, including compliance and enforcement; inequalities, inconsistencies, and overlapping in codes, interindustry and intercode coordination; the financing of code administration; use and control of the code eagle. In Mayflower Hotel ballroom.

Meeting no 5. Small enterprises and minorities: Operation of codes in small enterprises; position of minorities. In Raleigh Hotel; large ball room.

Opportunity to be heard either in person or by duly appointed representative, either by appearance in person or by written or telegraphic statement, will be given to any persons or groups having a substantial interest as workers, employers, consumers, or otherwise in these matters.

Those wishing to be heard will comply with the following:

(1) A written or telegraphic request for an opportunity to be heard must be filed before noon on Monday, February 26, 1934, with the Administrator, room 3057, Department of Commerce Building, Washington, D.C.

(2) Such request shall state the name of (a) any persons wishing to appear in the public meeting, and (b) the persons or groups whom they represent.

(3) Such request shall contain a statement setting forth without argument the criticism, suggestion, petition, or other matter proposed to be submitted.

(4) At the public meetings all persons are regarded as witnesses, and shall present orally facts only and not argument. Written briefs or arguments may be filed, but oral presentations will be confined to factual statements only.

(5) In the discretion of the Administrator, persons who have not complied with the requirements of paragraph (1), above, may be permitted at any time prior to the close of the public meeting to file condensed written statements.

These public meetings are solely for the purpose of obtaining in the most direct manner the facts useful to the Administrator. No arguments will be heard or considered at this time. Representation of interested parties by attorneys or specialists is permissible, but it is not to be regarded as necessary. Industry, workers, and the consuming public will be represented by special advisers employed by the Government.

HUGH S. JOHNSON, *Administrator.*

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To N.R.A. Committee Chairmen:

You and your fellow committee can make a vital contribution to the President's recovery program by impressing on every member of your respective communities the importance to them of the public meetings to be held in Washington under N.R.A. auspices next week.

Beginning February 27, there will be an open hearing in Washington for public complaint, criticism, and suggestion on any aspect of N.R.A. and codes and agreements thereunder.

Beginning March 5, the code authorities of 500 industries, under codes or about to adopt codes, will be gathered in Washington to consider all complaint, criticism, or suggestion thus or otherwise received.

The purpose of both meetings is to bring the industrial and labor organization under N.R.A. as near to perfection and general satisfaction as possible, with justice to all concerned.

Those not able to attend may submit what they have to say in writing.

The meeting of practically the whole of American industry through representatives and their discussion with Government, labor, and consumers' representatives with a view to constructive national action in an emergency was never before possible because of lack of organization—7,000,000 or 8,000,000 separate employees can no more act intelligently and in unison than a mob can, but the heads of 500 organizations can act under governmental control as easily as a Congress can.

The significance of these conferences is so great that information of them should be carried to every part of the country.

This communication is being sent today as a letter to every one of the 6,000 committees that worked on the Blue Eagle campaign and wired to each of our State directors. Each State director is requested to get in touch with all avenues of public information in his State to explain and announce these steps. Each local committee is requested to utilize every means at its command to saturate the locality with this information. Action in both instances must be taken without delay as the public meetings begin on February 27.

Tuesday evening, February 20, at 10:15 p.m., the undersigned will go on the air in a Nation-wide hook-up, over both the National and Columbia Broadcasting Co.'s, to explain the project in more detail.

What we need now is action.

HUGH S. JOHNSON, *Administrator.*

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[Release no. 3389 Immediate release Feb. 19, 1934]

NATIONAL RECOVERY ADMINISTRATION.

The Administration concentrated today on plans for the national code conference March 5 to 8 and the preliminary public meetings on N.R.A. affairs starting February 27.

Every effort is being exerted to make the meetings exactly what President Roosevelt and Gen. Hugh S. Johnson want them to be—genuinely frank and representative outpourings of public and industrial opinion on the work of the National Recovery Administration to date.

Other branches of the Government, national business organizations, and the code authorities of many of the larger industries, are cooperating with the N.R.A. in the effort to stir the country's interest to the point that full advantage will be taken of the opportunity for a free and truly national airing of codes of fair competition, as they affect employers, employees, and the general buying public.

General Johnson today emphasized that:

"The purpose of these meetings is to bring the industrial and labor organizations under N.R.A. as near to perfection and general satisfaction as possible with justice to all concerned."

Regarding the general conference of code authorities and code committees, which undoubtedly will develop into the greatest gathering of American business leadership ever held, General Johnson pointed out:

"The meeting of practically the whole of American industry through representatives and their discussion with Government, labor, and consumers' representatives with a view to constructive national action in an emergency, was never before possible because of lack of organization. Seven or eight million separate employers can no more act intelligently and in unison than a mob can. But the heads of 500 organizations can act, under governmental control, as easily as a congress can."

Letters went out today to all members of the 6,000 local committees over the country that worked on the Blue Eagle cam-

paign, calling them back into the harness to spread the story of what the administration is seeking to do, and arouse public interest to the utmost. Also, wires went out to the State directors of the National Emergency Council directing them to see to it that the business interests and public in their States were fully informed both as to the public meetings here late this month and the general code conference in early March.

Telegrams and letters announcing the intention of attending the code conference are coming in rapidly. Among the scores of code authorities and code committees already heard from are those for the petroleum industry, automobile manufacturing, cotton textiles, matches, can manufacturing, chair manufacturing, refrigerator manufacturing, electrical storage battery industry, millinery, dress trimming, braid, and textile industry, paint, varnish, and lacquer industry, paper-box industry, master plumbers, American Hotel Association, salt industry, scientific apparatus manufacturing, specialty accounting supplies manufacturing, ticket and coupon manufacturing, and the wholesaling trade.

The State Advisory Committee of Michigan sent word it would have representatives on hand.

The Chamber of Commerce of the United States is circularizing its entire membership of 25,000 business leaders stressing the importance of the public and general code meetings, and urging participation either directly or through written criticism and suggestions.

Headquarters for the public meetings and the code conference have been established by the N.R.A. in room 133, Willard Hotel.

[Release no. 3371. Immediate release Feb. 19, 1934]

NATIONAL RECOVERY ADMINISTRATION.

REVIEW ADVISORY BOARD CREATED

Creation of a review advisory board, designed to observe the effect of N.R.A. codes upon small enterprise, was today announced by National Recovery Administrator Hugh S. Johnson.

Six members, five suggested by Senator GERALD P. NYE—among them Samuel Seabury, famous as counsel for the Hofstadter investigating committee in the New York City municipal graft scandals, and Clarence Darrow, noted criminal lawyer—have been invited by General Johnson to become members of this board.

Other members of the new board which will meet for the first time on Monday, February 26, include:

Samuel C. Henry, of Chicago and Washington, for many years until 1917, owner and operator of three retail drug stores in Philadelphia and director of the Philadelphia Wholesale Drug Co., one of the largest and most successful cooperative enterprises of its kind in the country; from 1918 until late in 1933 Mr. Henry was editor and publisher of the N.A.R.A. journal, organ of the National Association of Retail Druggists, an association of which he was president in 1914–15 and Secretary from 1917 to 1933.

Fred P. Mann, Sr., retired merchant of Devils Lake, N.Dak.; former owner of the largest retail store in North Dakota, and former member of the board of directors of the Chamber of Commerce of the United States as one-time head of the Retail Merchants Association of the Northwest.

W. W. Neal, hosiery mill operator of Marion, N.C., one of the pioneers in the southern hosiery business, and veteran of 10 terms in the North Carolina State Legislature. Mr. Neal was suggested for membership by Senator JOSIAH BAILEY, of North Carolina.

John F. Sinclair, of New York, attorney, former banker, and recognized authority on financial and economic subjects; author of many works on the cooperative movement, and a former special investigator in 1911 for the State of Wisconsin in Europe on the development of farm cooperatives; entered a Minneapolis, Minn., banking house in 1912, which he left in 1913 to become a lecturer on banking law in the University of Minnesota, a post he held until 1915 when he organized his own banking business; since 1922 he has devoted himself to writing and research.

Seconding General Johnson's invitation, Senator NYE telegraphed each of the members emphasizing his belief the board's service will "contribute largely to success of the recovery program" and urging prompt acceptance so the board may be organized to participate with the existing N.R.A. industrial, labor, and consumers' advisory boards in the forthcoming public meetings scheduled to begin February 27.

These meetings, called by General Johnson to develop from the general public constructive criticisms of, and suggestions for improvement of N.R.A. policies, precede the Code Authorities Conference to be opened on March 5 by President Roosevelt.

Senator NYE, in his telegrams, said, in part:

"Some days back, Administrator Johnson of N.R.A. asked me to recommend men for appointment on a board to guard interests of smaller American business units. After deliberation and consultation with others took the liberty of submitting your name as one of the members * * * sincerely hope you will not decline invitation and will at least indicate to Johnson your willingness to come and confer with him in connection with suggested program. Service to be performed by this board will contribute largely, I think, to success of recovery program. Since hearings are to be held starting February 27 to hear complaints arising under codes think it all important that board be organized and here at that time * * *."

"I appreciate the compliment and confidence shown by your telegram received today", read Mr. Darrow's acceptance of appointment to the board. "Am sure that N.R.A. was not meant to aid and encourage monopolies but to protect those who need it most. Of course, I am no longer young and my health is not altogether reliable but am inclined to accept your invitation if after interview you decide that I can be of value to the board and the cause."

"Your view of N.R.A. is correct, and I am delighted to know that you will give the board and N.R.A. the benefit of your valuable services", General Johnson wired Mr. Darrow.

Acceptances have been received from all of the appointees except Mr. Seabury, who, it is expected, will communicate with the general during the day.

The N.R.A. review advisory board's function, as described in the general's invitation, will be "to review the operations of codes in connection with section 3, clause 2, of the National Industrial Recovery Act, which reads as follows: 'That such code or codes are not designed to promote monopolies or to eliminate or oppress small enterprises and will not operate to discriminate against them and will tend to effectuate the policy of this title; provided that such code or codes shall not permit monopolies or monopolistic practices; provided further that where such code or codes affect the services and welfare of persons engaged in other steps of the economic process nothing in this section shall deprive such persons of the right to be heard prior to approval by the President of such code or codes. The President may as a condition of his approval of any such code impose such conditions (including requirements for the making of reports and the keeping of accounts) for the protection of consumers, competitors, employees, and others and in furtherance of the public interest and may provide such exceptions to and exemptions from the provisions of such code as the President in his discretion deems necessary to effectuate the policy herein declared.'"

The board, it was announced, will be given adequate legal, research, and clerical assistance for investigation of complaints by small enterprises that they are subjected to undue hardships by the operation of codes. Its recommendations to the Administrator will guide the latter in the modification of general policies as well as in his consideration of petitions for exceptions or exemptions from codes.

[From the Richmond Times-Dispatch, Feb. 20, 1934]

JOHNSON SETS UP BODY TO PROTECT SMALL BUSINESS—CLARENCE DARROW NAMED TO BOARD; TEST OF CITIZEN VIEWS ON N.R.A. PLANNED

WASHINGTON, February 19.—A plan to sound out the citizens to determine their real views on N.R.A. took shape at the agency today coincidentally with the creation of a special board to guard the interests of the small business man.

Following the recent suggestions and complaints from Senator NYE, Republican, of North Dakota, Hugh S. Johnson today announced that a special board had been formed with NYE's help to pass upon the complaints of small businesses and analyze the effect of codes upon such establishments.

Outstanding among the members of the board was Clarence Darrow, the Chicago criminal lawyer. Samuel Seabury, the New York investigator, was invited to serve, but found himself unable to accept. The board will meet here next Monday to organize and prepare for the March 5 assembly of code authorities.

NYE said today he was glad to hear of the board's appointment, "and I am pleased with its personnel."

"I hope that its recommendations on code complaints will carry weight with N.R.A. and aid in eliminating abuses that have oppressed small business," he added.

NYE said, however, that he still intended to press for passage of his resolution to have N.R.A. furnish the Senate business connection of its employees and of other assigned to the agency.

"My fight has not been against N.R.A. itself," NYE said, "but against practices which have hurt the small business man and have tended toward monopoly. I intend to continue that fight."

An announcement came from Johnson that he would make a radio speech tomorrow night. The speech will be made at 10:30 p.m. eastern standard time. He did not disclose the subject.

The day after the newly created board meets N.R.A. will begin a series of public sessions to deal with all the trouble spots that will come before the code authorities. In these sessions Johnson hopes to have the views of everybody concerned registered and expounded. His desire for full expression of sentiment from business men, workers, and the public at large was believed by many of those close to him to be connected with the suddenly announced address.

The review advisory board will have as its other members, men with extended experience in small business. They are: Samuel C. Henry, of Chicago and Washington; Fred P. Mann, Sr., of North Dakota; W. W. Meal, of Marion, N.C.; and John F. Sinclair, of New York.

The board will be given a legal and research staff and will have a free hand to dig into anything it wants to without supervision or restraint from the Administrator, who will use its recommendations as a basis for shaping policy as well as passing upon individual cases.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Arkansas [Mr. ROBINSON].

Mr. HARRISON. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Dickinson	La Follette	Robinson, Ark.
Ashurst	Dieterich	Logan	Robinson, Ind.
Austin	Dill	Lonergan	Russell
Bankhead	Duffy	Long	Schall
Barbour	Erickson	McCarran	Sheppard
Barkley	Fess	McGill	Shipstead
Black	Frazier	McKellar	Steiwer
Borah	George	McNary	Stephens
Brown	Gibson	Metcalf	Thomas, Okla.
Bulkley	Goldsborough	Murphy	Thomas, Utah
Bulow	Gore	Neely	Thompson
Capper	Hale	Norris	Townsend
Carey	Harrison	Nye	Trammell
Connally	Hatch	O'Mahoney	Tydings
Coolidge	Hatfield	Overton	Vandenberg
Copeland	Hayden	Patterson	Wagner
Costigan	Hebert	Pittman	Walcott
Couzens	Johnson	Pope	Walsh
Cutting	Kean	Reed	White
Davis	Keyes	Reynolds	

Mr. McKELLAR. I desire to announce that my colleague [Mr. BACHMAN] is unavoidably detained from the Senate.

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from South Carolina [Mr. BYRNES], the Senator from Montana [Mr. WHEELER], and the Senator from Utah [Mr. KING] are detained from the Senate by severe colds.

I also desire to announce that the Senator from Virginia [Mr. GLASS] is unavoidably absent on account of illness.

I wish further to announce also that the Senator from Indiana [Mr. VAN NUYS] is detained on official business.

Mr. DIETERICH. I desire to announce that my colleague [Mr. LEWIS] is detained from the Senate on official business.

The PRESIDING OFFICER. Seventy-nine Senators having answered to their names, a quorum is present.

The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to refer the resolution submitted by the Senator from North Dakota [Mr. NYE] to the Committee on Finance. The yeas and nays have been ordered, and the clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS], who is unavoidably detained from the Chamber. I understand that were he present he would vote "yea", and were I permitted to vote I should vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. In his absence I withhold my vote. If permitted to vote, I should vote "nay." I am informed that if present and voting the Senator from Florida would vote "yea."

Mr. SHIPSTEAD (when his name was called). On this vote I am paired with the senior Senator from Utah [Mr. KING]. I am informed that if he were present he would vote "yea." If I were permitted to vote, I should vote "nay."

Mr. VANDENBERG (when his name was called). On this vote I am paired with the senior Senator from Illinois [Mr. LEWIS], who is necessarily absent. I understand that if present he would vote "yea." If permitted to vote, I should vote "nay."

The roll call was concluded.

Mr. WALCOTT (after having voted in the negative). I voted, I think, without authority. I have a pair with the junior Senator from California [Mr. McADOO], who is detained from the Senate by a severe cold. I therefore withdraw my vote.

Mr. HASTINGS. I have a pair with the senior Senator from North Carolina [Mr. BAILEY]. In his absence I withhold my vote. If permitted to vote, I should vote "nay", and I am informed the Senator from North Carolina would vote "yea."

Mr. ROBINSON of Arkansas. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from North Carolina [Mr. BAILEY], the Senator from Washington [Mr. BONE], the Senator from Virginia [Mr. BYRD], the Senator from Arkansas [Mrs. CARAWAY], the Senator from Missouri [Mr. CLARK], the Senator from Florida [Mr. FLETCHER], the Senator from California [Mr. McADOO], the Senator from South Carolina [Mr. SMITH], and the Senator from Indiana [Mr. VAN NUYS].

The result was announced—yeas 41, nays 33, as follows:

YEAS—41

Adams	Dieterich	McGill	Stephens
Ashurst	Duffy	McKellar	Thomas, Okla.
Bankhead	Erickson	Murphy	Thomas, Utah
Barkley	George	Neely	Thompson
Black	Gore	O'Mahoney	Trammell
Brown	Harrison	Overton	Tydings
Bulkley	Hatch	Pittman	Wagner
Bulow	Hayden	Pope	Walsh
Connally	Logan	Reynolds	
Coolidge	Lonergan	Robinson, Ark.	
Copeland	McCarran	Sheppard	

NAYS—33

Austin	Dickinson	Keyes	Robinson, Ind.
Barbour	Dill	La Follette	Russell
Borah	Frazier	Long	Schall
Capper	Gibson	McNary	Steiwer
Carey	Goldsborough	Metcalf	Townsend
Costigan	Hale	Norris	White
Couzens	Hebert	Nye	
Cutting	Johnson	Patterson	
Davis	Kean	Reed	

NOT VOTING—22

Bachman	Clark	King	Vandenberg
Bailey	Fess	Lewis	Van Nuys
Bone	Fletcher	McAdoo	Walcott
Byrd	Glass	Norbeck	Wheeler
Byrnes	Hastings	Shipstead	
Caraway	Hatfield	Smith	

So the motion of Mr. ROBINSON of Arkansas was agreed to.

THREATENED TRANSPORTATION MONOPOLY—ADDRESS BY FRED BRENCKMAN

Mr. BORAH. Mr. President, I ask unanimous consent to have printed in the RECORD a radio address delivered by Mr. Fred Brenckman, Washington representative of the National Grange, on the subject the Threatened Transportation Monopoly.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I want to talk to you today about some transportation problems that are pending here in Washington which are of great importance not only to agriculture but to the whole country as well. First of all, let me mention the proposed code for the shipping industry.

If someone should tell you that an organized band of pirates was making plans to levy tribute upon the commerce carried upon our inland waterways, in the coastwise trade, and in the transoceanic service, you would be shocked and highly indignant. Nevertheless, in its practical effect, that is what the American Steamship Owners' Association intends to do under the proposed code for the shipping industry.

Hearings on this code were held last November. Deputy Adminstrator W. H. Davis presided at those hearings. It was his position at the time that no one should be allowed to make any argument or give any reasons for the position announced. He stated that every witness must confine himself only to facts, and his construction as to what constituted facts was such that nobody opposed to any provisions of the proposed code could do any more than announce the position taken. Shippers, or those who pay the freight bill, were practically all against the proposed code, but were given little opportunity to express the reasons for their position.

MINIMUM RATES PROPOSED

This proposed code was so unpopular that it has been redrafted. Hearings on the revised code were held on the last day of January and the first of February. Among other things, this proposed code provides for the establishment of minimum rates upon all our water-borne commerce.

Aside from the fact that the Interstate Commerce Commission has certain limited jurisdiction in the regulation of combined rail-and-water rates, there is at present no public agency that is charged with the responsibility of regulating rates on traffic carried by water. The public is protected by free and open competition among the shipowners themselves.

However, under the proposed shipping code, which, when adopted, will have the force and effect of law, the shipowners, many of whom are now receiving Government subsidies for carrying the mails, will be allowed to form a monopoly and fix minimum rates. These minimum rates would even apply in the case of ships flying foreign flags. It is important in this connection to keep in mind the fact that 70 percent of our ocean commerce is carried in foreign bottoms.

If the people of this country who depend upon water transportation are to be robbed, what particular difference does it make whether they are robbed by pirates armed with guns and cutlasses, or whether they are robbed under the guise and sanction of law? The effect is the same in either case. If those of you who are listening feel the same as I do about this, kindly allow

me to suggest that you communicate with your Congressman and the two Senators from your State, advising them that you are opposed to the fixing of minimum rates in the proposed shipping code. It is their sworn duty to protect your interests.

The National Grange, and other farm and cooperative groups, were successful in having private farm vehicles exempted from the provisions of the trucking code, which was signed by President Roosevelt a week ago.

These are the only privately owned motor trucks which are exempted, and their owners must be sure not to register under the code. Even with the farmer's own truck exempted, the code threatens to increase costs and curtail the services of farm transportation facilities. For example, under the code, if a farmer hauls a calf to market for his neighbor and makes a charge for so doing, he will be subject to the requirements imposed on operators of trucks for hire. Transportation costs to the farmer on most things he buys and on all things he sells, when he hires others to haul his products, will be increased through the labor provisions of the code and the rate-fixing methods it will establish.

The big trucking associations drafted this code. Hearings thereon were held at which the farmers were represented through the grange and various other organizations. However, the general public was not permitted to know what the code contained until after it was presented to the President. It does not become fully operative until the 11th of April, and it is still possible to make amendments to it. It is our purpose to carefully scrutinize this code and to offer such amendments as may be necessary to protect the interests of agriculture.

GRANGE OPPOSES RAYBURN BILL

As the representative of the National Grange, I recently appeared before the House Committee on Interstate and Foreign Commerce, in connection with the hearings being held on the Rayburn bill which provides for Federal regulation of motor trucks and busses in interstate and foreign commerce. The grange, throughout the Nation, is strongly opposed to the enactment of this bill. However, we recognize that the interest and safety of the traveling public require enforcement of proper restrictions regarding size, weight, and speed of all motor vehicles moving over the highway. The grange holds that the right to regulate motor transportation is a police power lodged with the States. As a basis for regulation, we commend to all the States the adoption of the uniform code for the regulation of traffic approved by the American Association of State Highway Officials and the United States Bureau of Public Roads.

The Rayburn bill would put a tremendous load of extra duties upon the Interstate Commerce Commission at a time when it has plenty to do in taking care of railroad regulation. We are opposed to putting under a single regulatory body the power and responsibility of regulating the railroads and motor transportation as well.

As the shipping code to which I have referred proposes the fixing of minimum rates on water-borne commerce, so the Rayburn bill would give the Interstate Commerce Commission the power to fix minimum rates on motor transportation.

If there are to be any regulations imposed regarding minimum rates, such regulations should apply only in those cases where railroads engage in motor transportation. It will readily be seen that in such instances there would be a great temptation for the railroads to maintain such low rates on motor transportation as to paralyze all competition, depending upon the railroad end of the business to absorb the losses sustained in motor transportation.

Under no circumstances do we believe that Congress should approve any regulation of motor carriers, the purpose of which is to increase the cost or restrict the use of motor transportation in order to protect any other form of transportation. If any change is necessary in existing law, we favor the elimination of some of the restrictions on the railroads which were necessary when they had a monopoly of land transportation.

WOULD STRANGLE HIGHWAY TRANSPORTATION

Highway transportation in interstate commerce, except privately owned trucks, would be put into a strait-jacket if the Rayburn bill should pass. Dictatorial powers would be placed in the hands of the Interstate Commerce Commission as to who should be allowed to operate, the rates to be charged, and other vital matters.

No one is more vitally interested than the farmer in seeing that our highways are kept free from unnecessary restrictions. In numberless local areas of varying extent there are no railroads; consequently, farmers in such sections must depend entirely upon motor transportation to get their products to market. Then, too, in many instances, the unjust rates demanded by the railroads for the transportation of farm products have driven the farmer to the use of motor transportation as a means of self-preservation.

The national committee on transportation, headed by the late President Coolidge, wisely said:

"Automotive transportation is an advance in the march of progress. It is here to stay. We cannot invent restrictions for the benefit of the railroads. We can only apply such regulations and assess such taxes as would be necessary if there were no railroads and let the effects be what they may."

In his sane and forceful minority report as a member of this committee, Alfred E. Smith declared:

"Drastic regulation of competing services is not the solution of the railroad problem, and such regulation should only be established in the general public interest. Regulation is expensive. It is bureaucratic. Once established, it expands, and it paralyzes private initiative without offering constructive leadership."

The grange is firmly persuaded that there are plenty of men who are perfectly competent to operate a motor truck who would be utterly incapable of keeping the accounts and making the reports that would be required of them by the Interstate Commerce Commission if this bill should be enacted. We do not feel the need for this uncalled-for legislation, and for that reason we are most emphatically opposed to its passage.

OCEAN MAIL CONTRACTS—ADDRESS BY SENATOR M'KELLAR

Mr. BONE. Mr. President, I ask unanimous consent to have printed in the RECORD the text of a speech delivered over a Nation-wide radio hook-up last night by the senior Senator from Tennessee [Mr. MCKELLAR], dealing with the subject of ocean mail contracts.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen, I am invited by the radio forum to speak to you tonight on the subject of Ocean Mail Contracts. I have no doubt that I am invited because I was a member of a committee which made a partial investigation of this matter 2 years ago. A better title for my address would be Ocean Mail Subsidies because, perhaps, nearly 0.9 of all the money paid by the Government for the carrying of our ocean mails is pure subsidy. A still better title for this address would be One of the Methods by Which the Federal Treasury is Looted. The carrying of the mail is entirely a secondary consideration in the making of these alleged contracts. The important thing was how the several contracting companies obtained the loot.

The so-called "Jones-White Merchant Marine Act of 1928", approved May 28, 1928, was the vehicle by which hundreds of millions of dollars were given out to favored ocean mail contractors largely by the then Postmaster General and by the Chairman of the Shipping Board.

In order that the matter may be thoroughly understood, I should say, at this point, that under previous acts of Congress a revolving fund had been set up in the Shipping Board for the benefit of shipping companies in the sum of $125,000,000, which fund was to be used by the Shipping Board to lend to American companies which desired to build new ships. If I remember correctly, this fund was afterwards increased to $285,000,000. These loans were to be made for 20 years at a rate of interest first fixed at 3½ percent, and then by a joker in the law of 1928 and a trick ruling by the then Secretary of the Treasury—to speak it mildly—was construed by the Shipping Board to authorize them to lend this money to these shipping companies at astonishing rates of interest as low as one-eighth percent. I should stop here long enough to say that comparatively little of the money of the loans or the nominal interest has been paid back. These loans were made by the Shipping Board on three fourths of the cost of the vessels constructed, or three fourths of the cost of remodeling the vessels.

After the passage of the Jones-White Act of 1928, all kinds of ocean shipping companies came forward. A favorite of the administration would buy a Shipping Board vessel, at a nominal cost, running over many years, within which to pay the initial payment of this nominal cost, and immediately if he stood in with the administration he would be allowed to have a mail contract running into millions. If he wanted to recondition his ship, he could borrow three fourths of the alleged value of the ship from the revolving fund. In this way he could get a subsidy in the purchase of his ship, another subsidy in borrowing money from the revolving fund, and a third subsidy in his mail contract.

The act of 1928 specifically required that the Postmaster General should give public notice by advertisement for 30 days for bids, and preemptorily required him to award the contract to the lowest bidder. From the first, the Post Office Department seemed to feel that it was its bounden duty to avoid this mandate of competitive bidding under the law. The Postmaster General up until March 1932 let some 45 contracts, and with 1 exception certainly, and with 4 exceptions possibly, there was never a competitive bid. The law required the bidding vessels to be divided into seven classes and the maximum pay for each class was fixed in the law, the seventh class, $1.50 per mile; the sixth class, $2.50 per mile; the fifth class, $4 per mile; the fourth class, $6 per mile; the third class, $8 per mile; the second class, $10 per mile; the first class, $12 per mile. The Shipping Board was required to certify the rates and the kind of vessels to be run on such routes. The Postmaster General let the contracts. I think I can say that it would be difficult to find a set-up more perfectly arranged for governmental graft. Up to March 5, 1932, 45 contracts on 45 routes had been entered into. There was no competition in bidding on 40 of these contracts, and as to these 40 contracts the advertisement for each was so arranged that competitive bidding was practically impossible. There was some kind of competitive bidding on contracts, but each of these requires explanation.

The 40 contracts: These 40 contracts, as I have said before, were, and are today, absolutely void. In the first place, they are void in law because, under the advertisement for bids, there was no opportunity given for competitive bidding. In the second place, they are void in fact, because invariably the bids were arranged by collusion between the contractor, or contractors, and

the Post Office Department and the Shipping Board. In each case there was a provision in the advertisement by which it was assured, or thought to be assured, that no other company, except the company which the two departments wanted to receive the contract, could get the contract.

The first routes: Take routes nos. 4, 5, 6, 8, and 10. Bids were advertised for by the Postmaster General on June 9, 1928, just 8 days after the approval of the Merchant Marine Act. Bids were to be received July 9, 1928. Operations of ships on the several routes were required to begin on August 1, 1928. This limitation of time, between June 9 and August 1, made it impossible for any other companies except the ones then running on these routes to bid on them. They were the only companies having the kinds of vessels specified. They were the only companies that could bid in that short space of time. The result was that these 5 contracts went, 1 to Munson line, 1 to the Export Steamship Co., 1 to the American South African line, 1 to the Grace Steamship Co., and 1 to the New York & Puerto Rico Steamship Co. It is no wonder that these lines, knowing beforehand that they were going to get the contracts, had bid the maximum rate under the act. The amount of pay going to the Munson line, under its contract, was $13,455,520. The Export Steamship Co. received $10,440,000. The American South African line received $24,828,000. The Grace Steamship Co. received $6,450,600. The New York & Puerto Rico line received $461,760. In other words, these advertisements were constructively fraudulently framed so as to fit only these respective companies. The highest rates of pay were given under the law and the Government mulcted out of millions of dollars. There was no possible competition as required by the act. There was necessarily constructive fraud and collusion between the Post Office Department, the Shipping Board, and the several shipping companies.

OTHER ROUTES

We next come to routes 15, 16, 17, 18, 19, 20, 21, 22, and 23. It was thought that all these routes were to go to predesignated bidders of the inability of others to comply with the advertisements—especially as to time—and this constructively fraudulent scheme went through, with one exception. They all received the highest pay, with one exception, and that exception will be pointed out. Constructive fraud and collusion attended these transactions. Millions of dollars went to favorites of the Government, and the Government paid it and is still paying it.

THE EXCEPTION

The exception is as to contract no. 22, from New Orleans to Progreso, in Central America. By some accident or mistake or other trouble the Munson Line and the Gulf Mail Steamship Line both bid on this route, and from an examination of the figures it is seen that there was actual competitive bidding.

PACIFIC ROUTES

The next routes provided for were routes nos. 24, 25, 26, 27, 28, and 29, advertised for on June 11, 1928, and operations were to begin on September 1, 1928. There was much trouble about these routes. The Post Office Department and the Shipping Board evidently desired to give the maximum rates under the law. It was perfectly clear from the advertisements that they wanted no competitive bids. The giant steamship companies of the Pacific—the Dollar Line and the Matson Line—were rivals for the Pacific trade. It was incomprehensible that there should be any competitive bidding on these routes. The Postmaster General and the Chairman of the Shipping Board had much trouble; but finally, after much consultation and trading and suppressing of bids by the triumvirate, the Postmaster General, the Chairman of the Shipping Board, and the several companies, competition was squelched and each of the lines got its assurance of Government loot at the highest rates of pay.

ROUTE 32

Route no. 32, from New York by Colon to Balboa, is a coastwise, all-American route, and the Postmaster General and the Shipping Board had to show mental agility to get around this fact, and P. A. S. Franklin, of the American Lines Steamship Corporation, wanted the route, and he had to be reckoned with. Mr. Franklin, who is the head of the International Mercantile Marine Line, alleged to be a British concern and long alleged to be under contract to give its great ships to Great Britain in time of war, had to be given a subsidy, even if it had to be in the American coastwise shipping. However, there was some competition. The Dollar Line bid on this route, as well as the Luckenbach Line. However, this did not disturb the Postmaster General, who held that the Luckenbach bid was not responsive and that the Dollar Line bid was not in proper form. So that they were both thrown out, and Mr. Franklin got the job at the highest rates of pay, incidentally, $3,702,080 for the 10-year contract.

SAVANNAH TO LIVERPOOL TO BREMEN

But the triumvirate—the Postmaster General, the Chairman of the Shipping Board, and the contractor—had better luck with the South Atlantic Steamship Co. on route 33. There was no competitive bidding, and the contract was let to the South Atlantic Steamship Co. at a cost to the United States of $3,649,950.

THE CELEBRATED SAN FRANCISCO, LOS ANGELES, BUENOS AIRES ROUTE

This route 34 was advertised October 27, 1928. There was but one bid, and the remarkable part about this bid was that apparently, from record, it reduced its rates a few cents per mile. Of course, this route was utterly useless—of no possible value. The idea of sending mail on a freight route from San Francisco to Los Angeles and to Buenos Aires; but the bidder evidently had "pull", and the records show that he carried in less than 30 months mail which at normal rates would cost $274, and the Government actually paid him $759,036.

CONTINUED UNDER THE HOOVER ADMINISTRATION

On April 18, 1929, a new route from New Orleans to South American ports was established and bids asked for. But trouble arose about the very first contract. Although the Postmaster General had carefully guarded against competition by the insertion in the advertisement of the following: "But with provisions for limited passenger service and suitable refrigeration space", two actually had the effrontery to bid—the Mississippi Shipping Co. and the Munson Line. Why the Post Office Department was interested in refrigeration space is difficult to imagine, as all of the proof indicates that it was not necessary to carry the mails in a refrigerator, even in a hot country. Now, the Munson Line runs more foreign ships than American. It had previously bid on two contracts and was the fortunate bidder. Its bid was lower on class 6 vessels and class 5 vessels, but it was the same on class 4 vessels, and higher on class 3 and class 2 vessels. However, the Mississippi Line was not in favor with the Postmaster General, and he was about to give the contract to the Munson Line, a foreign line, when Senate Joint Resolution No. 190 was passed, and the Mississippi Shipping Co. got the contract. I take it, therefore, that this is a legal contract, and probably the only one in the entire number of ocean mail contracts that is a legal contract.

TACOMA TO MANILA

Route 36, from Tacoma to Manila, was advertised for bids in April 1929. There was only one bid, and the contract was let by the Postmaster General at the highest rates, of course, to the Tacoma Oriental Steamship Co.

SEVERAL ROUTES

As to routes 40, 41, 42, 43, 44, 45, and 46 these were let in an advertisement of January 17, 1930. Here the contracts were made as the triumvirate desired by requiring fully refrigerated vessels and by also requiring a great number of conditions. Of course, all of these were arranged beforehand so that only one bid could go for each contract, and it was at the highest rates. In these Central and South American routes the demand for refrigeration space was almost a sure-fire prevention for competing bids; and, if there was any doubt about it, the advertisement provided for certain other requirements with which only one bidder in each case could comply.

BALTIMORE TO HAMBURG

But when it came to route 46, from Baltimore to Hamburg, the triumvirate seemed to have "slipped a cog", and there was competitive bidding. The Roosevelt Steamship Line—having no connection with Franklin D. Roosevelt—a line in which P. A. S. Franklin, of the International Mercantile Marine, was so deeply interested, and the Consolidated Navigation Co. both bid. The Roosevelt Line, however, bid the top limits of the law, and the bid of the Consolidated Navigation Co. was held to be "not responsive" to the advertisement. In other words, the Roosevelt Steamship Co.—or, rather, Mr. Franklin, of the International Mercantile Marine—was the favored bidder. There was no competition. Nothing like having influence when it comes to dealing with the Government.

NEW ORLEANS AND WEST AFRICAN PORTS

On March 19, 1930, bids were called for on a route from New Orleans to west African ports. They had had some trouble with the act requiring competitive bidding, and even when they put in the refrigeration clause they still had some trouble; and so, in this advertisement, a number of other requirements were made, apparently, in order to make it more certain that there would be but one bid. They had in the advertisement agreements by which the Postmaster General could annul the contract or change the contract as he saw fit, and, of course, outside bidders could not get in here, with the result that there was no competition, and the contract was let to the favored contractor at the highest rates. This route was let to the American West African Line. Of course, there was but one bidder, who got the contract at the highest rates of pay.

SAN FRANCISCO TO THE ORIENT

The next route, no. 48, was from San Francisco to the Orient, and it was let to the Oceanic & Oriental Navigation Co. without competition and at the highest rates. This advertisement was had March 14, and here again conditions and changes were made so that only one contractor could bid on the route.

The same is true of route no. 49, from San Francisco to Saigon, by Shanghai, which was let to the same company.

NEW YORK TO YARMOUTH

Route no. 52, from New York to Yarmouth, was let to the Eastern Steamship Co. In the advertisement a large number of requirements were made, and, of course, conditions which made it impossible for anyone except one company to get the contract, and that company got it without competition at the highest rates.

NEW YORK TO ROTTERDAM

In like manner route no. 53, New York to Rotterdam, was let to the American Diamond Lines, and the advertisement here, on July 14, was so arranged that only one line could bid on it and only one line did bid on it, and got it at the highest rate of pay.

MOBILE TO HAVRE

The Mobile and Havre route was let in the same manner.

SEATTLE TO PUERTO COLOMBIA AND TAMPICO

Route 55, from Seattle to Puerto Colombia and Tampico, was let on an advertisement especially arranged so that only one line could bid on it. However, the Luckenbach Steamship Co. did bid on two classes of vessels under circumstances that are indeed suspicious.

SEATRAIN LINES

But one of the worst travesties upon the Government was the conduct of the triumvirate about a Seatrain Line from New Orleans to Habana. It proved to be one of the most scandalous of all of the mail-subsidy transactions. Two mail lines had already been subsidized from New Orleans to Habana.

These two lines carried about 1,500 pounds of mail and, as I recall, were receiving and are receiving therefor $400,000 per year, or about $8,000,000 in all for hauling 1,500 pounds of mail per year. But this was not sufficient, and the triumvirate arranged for a third line to help carry this 1,500 pounds of mail. Mr. Brush, of the Seatrain Line, seemed to have the ear of the Department, although at the time he first applied he was running under the British flag and his ship was built with British or Canadian money. However, he seemed to have "stood in", and there was prepared an advertisement under which only Mr. Brush could bid. Not having an American ship, it was then arranged by the Chairman of the Shipping Board that the Chairman of the Shipping Board would lend him enough money to build an American ship—and then they let him bid. He bid and got the contract for carrying the mail between New Orleans and Habana. There was such a scandal concerning this contract that the Congress, after a bitterly waged fight, declined to appropriate the money to carry out the contract. I have been informed that notwithstanding this virtual cancelation of the contract by the Congress itself—certainly, its condemnation—that the Post Office Department permitted this concern to carry some mail and that there are officials of the Post Office Department now who have been trying to arrange it so that the Government will have to pay Mr. Brush. I call this especially to the attention of Postmaster General Farley, and I hope that such officials, if my information is correct, will be promptly discharged.

SUBSIDIES VICIOUS

My friends, from the foregoing you will see that these favored steamship lines got subsidies in three ways. In the first place, they bought ships from the Government costing millions of dollars at nominal prices, and then they borrowed the money to remodel or recondition these ships, and occasionally built new ones, and then they got enough money out of these mail contracts to make them rich. One witness on the stand, whose concern was getting millions from the Government, said that they carried merely a handful of mail.

The theory upon which these subsidies were granted was to build up a merchant marine in America. Instead of building it up it has constantly gone down under this rotten system. Indeed, the officials of the Government in trading these subsidies made little distinction in giving subsidies as between foreign and domestic interests. No concern was more liberally showered with American millions than was the Munson Line and those interested in the International Merchant Marine or the United Fruit Co. All three of these institutions fly more foreign flags than they do American flags, and yet they either directly or through their subsidiaries or affiliates received millions in subsidies.

It was shown by the evidence that the lines of Munson and Matson and the United Fruit Co. were all making money, and some of them, like the United Fruit Co., were making enormous profits without subsidies, and yet the Government gave to these out of the very fullness of the Treasury.

COMPARISON WITH AIR MAIL LINES

You have read in the newspapers much about the scandals concerning the letting of contracts by former Postmasters General to air lines, and these are rotten indeed. But they are no more rotten than the scandalous way in which the shipping interests—both foreign and domestic—have been looting the Treasury under these so-called "contracts." Since these ocean mail contracts are again in the front, I hope the President will take the same course he has in reference to the air mail contracts, and cancel all of them, with possibly one exception.

BUILDING UP AMERICAN MERCHANT MARINE

They talk about these subsidies being used for the purpose of building up an American merchant marine. It is just so much poppycock. The Munson Line has large contracts, amounting to $12,000,000, and the Dollar Line has large contracts, amounting to $27,000,000. They are doing exactly what they did before the subsidies were granted, and giving them these added millions without any reasonable investigation or proof of what subsidy was necessary, and by arranging advertisements in such a way that competition was shut out, so that these concerns could get contracts at the highest rates of pay, is not only inexcusable but it is a damnable waste and misuse of the people's money.

Take the Munson Line, for instance, drawing $6,000,000. It has 25 ships under the American flag and 147 flying foreign flags, and yet we are subsidizing this character of mongrel patriotism.

But route no. 5, the Export Steamship Line, the head of which company is Mr. William Harbeman, has one of the most vicious, if not the most vicious, of all these alleged contracts. It was let without competition, and it was let for the purpose of letting Mr. Harbeman get the contract, and the Postmaster General and the Chairman of the Shipping Board were not content with letting a contract without bidding; the route was extended, as air mail routes were extended, without any authority or law and without any pretense of competitive bidding on extended routes. This extension of routes was probably one of the juiciest plums, and it went to Mr. Harbeman, of the Export Line.

The entire contract pay for the whole of the terms of ocean mail contracts is $312,684,394.

(a) The actual contract costs from the beginning of the contracts under the Merchant Marine Act of 1928 to January 31, 1934, was $107,257,487.18.

(b) If the mails had been carried at United States registry pound rates, the cost would have been $14,445,440.36.

Instances where small amounts of mail were carried during the last fiscal year:

Route	Weight of mail	Cost of carrying at pound rate	Amount paid under contract
	Pounds		
33. Savannah to Liverpool and Bremen: South Atlantic Steamship Co	67	$25.52	$363,295.00
35. New Orleans to east coast of South America: Mississippi Shipping Co	2,496	508.40	652,765.50
36. Tacoma to Manila and Dairen: Tacoma Oriental Steamship Co	30	24.00	347,942.25
45. New Orleans to ports in Spain and Portugal: Tampa Interocean Steamship Co	41	27.04	417,180.00
47. New Orleans to west African ports: American West African Line	98	78.40	69,477.50
48. San Francisco to Dairen: Oceanic and Oriental Navigation Co	13	10.40	211,985.00

To show some of the enormous figures involved in the disposition of these subsidies, and to whom they are paid, I quote the following from the Post Office Department:

Route	Payments to Jan. 31, 1934	Approximate payments to be made during the full term
1. Payments to the Dollar Lines:		
25. San Francisco to Manila, Dollar Steamship Line	$7,623,911.99	$17,019,911.99
26. Seattle to Manila, Admiral Oriental Line	5,792,542.17	12,497,662.17
27. San Francisco to Colombo, Dollar Steamship Line	6,097,620.00	11,408,552.00
2. Payments to the Matson Lines:		
24. San Francisco to Sydney, the Oceanic Steamship Co	4,370,172.86	9,010,252.86
30. Los Angeles to Auckland, Oceanic & Oriental Navigation Co	594,060.00	1,315,485.00
31. Los Angeles to Melbourne, Oceanic & Oriental Navigation Co	1,158,512.50	2,146,430.00
48. San Francisco to Dairen, Oceanic & Oriental Navigation Co	747,582.50	2,867,108.50
49. San Francisco to Saigon, Oceanic & Oriental Navigation Co	900,140.00	3,356,064.00
3. Payments to the Roosevelt Line:		
46. Baltimore to Hamburg, Roosevelt Steamship Co	3,032,262.00	12,425,670.00

Payments to contracting companies in which Mr. P. A. S. Franklin is a director (according to questionnaire sent out in 1931, no record being had of the companies in which he is a stockholder):

Route	Payments to Jan. 31, 1934	Approximate payments to be made during the full term
19. New York to Puerto Colombia, Colombian Steamship Co	$1,522,747.68	$5,571,359.68
32. New York to Balboa, American Line Steamship Corporation	1,959,688.00	3,923,400.00
43. New York to Hamburg, United States Lines	4,641,718.23	17,499,694.23
44. New York to London, United States Lines	3,987,728.00	10,926,734.00

My friends, President Roosevelt has already begun a good work in canceling dishonest and corrupt contracts, and upon a thorough examination I have every confidence that our honest and courageous President will cancel the most of these dishonest shipping contracts.

THE NEWSPAPER CODE

Mr. DICKINSON. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial on the newspaper code appearing in the New York Herald Tribune of this morning entitled "Smear America."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune, Feb. 20, 1934.]

SMEAR AMERICA

The President's extraordinary language in approving, with conditions, the newspaper code accords, in our judgment, neither with the dignity of his office nor with principles of ordinary fairness. It cannot hurt the press of the country, which has a long and courageous record of public service behind it, lasting far beyond the span of any one man's life, to say nothing of any one administration. If only an attack upon the newspaper industry were involved, it would be fitting to pass by the outburst in silence.

Here is, however, the first time that the President has publicly given support to the "Smear America" campaign in which so many of his aids have participated. America has been made familiar with government by edict. Is it now to be subjected to "government by insult"? The episode is of importance in relation to the constantly growing tendencies of the Roosevelt administration to resent criticism, however fair, and to slander all who dare cross the path of its policies.

The air mail edict is still fresh in mind. The development of aviation was the outstanding recent achievement of American imagination and American courage and American skill in organization. To compare either the intelligence or the ideals of its personnel—whether directing officials or flyers—with the equipment of a very practical politician like Mr. Farley would be to commit a gross insult to the former. Yet this politically minded Postmaster General is permitted to accuse this entire industry of "fraud and corruption", to cancel its contracts, and to debar its major companies from bidding on Government contracts for 5 years.

The administration, using all the vast power of its official position, sought to "smear" this great industry precisely as other large groups of Americans have been attacked. It did so without offering any opportunity for defense and without attempting to discriminate between the few malefactors and the general run of honest, upright American business men.

The President's fling at the newspapers of America presents an exact parallel. That the newspapers of the country, by general consent, lead the world in enterprise, in public spirit, in fairness, in decency—that they use their constitutional freedom with a high sense of loyalty and integrity—is passed by. By making no distinction between the few exceptions and the many that prove the rule the President slurs the whole institution.

We hope that Mr. Roosevelt will see fit to apologize to the press of the Nation for this gross insult. It makes no great difference to anyone that an egregious obstacle to progress like Mr. Ickes takes the rostrum, assumes a holier-than-thou attitude, and damns most of America for its benightedness. The millennium is Mr. Ickes' private property, and he is welcome to keep anybody out of it that he likes. But when the President of the United States—the executive head not of any party or section but of the whole Nation—joins in such attacks the situation is far different.

It is so different that the whole problem of the freedom of the press takes on a new and unexpected aspect. The lip service that an administration pays to this fundamental security of democracy recedes into the background when it is offset by high-handed attacks upon whole industries. Such actions speak far more loudly than any words.

We hope that Mr. Roosevelt will expand and explain his unfortunate and regrettable utterance. He has permitted Mr. Farley with a stroke of the pen to wreck one great industry. The airplane industry has its constitutional rights—whatever they may be worth in a difficult, up-hill business struggle. The newspaper industry is in a far better position, thanks to its old establishment and its preferred status under the Constitution. But the threat is unmistakable—not so much to the large and strong newspapers as to the small and protesting organs. The question is plainly raised whether under such an administration any code—with its connotation of a compulsory licensing system to which the President makes an unmistakable reference in his citation of the "obligations" of the "nonconsentor" under the National Industrial Recovery Act—does not in effect destroy that freedom of speech guaranteed by the Bill of Rights in the first amendments to the Constitution.

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, I ask the attention of the Senator from Oregon [Mr. McNARY].

There is an agreement to proceed with the call of unobjected bills on the calendar. If it meets with the approval of the Senate, I will ask that the unfinished business be temporarily laid aside and that the Senate proceed with the call of unobjected bills on the calendar until it has been completed, and that we then resume consideration of the unfinished business. Is that acceptable?

Mr. McNARY. Mr. President, I do not get the thought of the Senator from Arkansas. Of course we are to proceed, under the agreement, with the call of the calendar at 2 o'clock.

Mr. ROBINSON of Arkansas. Yes; but there is now so little time left until 2 o'clock that I thought we could proceed with unobjected bills on the calendar, until the call of the calendar shall be completed.

Mr. McNARY. Mr. President, I suggest that we follow the unanimous-consent agreement of Monday and proceed with the routine morning business until 2 o'clock.

Mr. ROBINSON of Arkansas. Very well.

Mr. ROBINSON of Indiana. Mr. President, I wish to ask the Senator from Arkansas a question. Should we proceed now, as he has suggested, the next resolution will then go over until the next morning hour without prejudice, will it not?

Mr. ROBINSON of Arkansas. It will; yes.

Mr. ROBINSON of Indiana. That is entirely agreeable to me.

Mr. McNARY. Mr. President, I understand it is the desire of the Senator from Arkansas that we proceed with the unfinished business until 2 o'clock and then consider the calendar, on the completion of which we will adjourn until 12 o'clock tomorrow?

Mr. ROBINSON of Arkansas. No, Mr. President. I thought that if it were acceptable to the other Senators, we could proceed to consider the unobjected bills on the calendar and then continue with the call of the calendar until that shall have been completed, after which we could proceed with the unfinished business. I make that request, Mr. President.

Mr. COPELAND. Mr. President, I rise to a point of order.

The VICE PRESIDENT. The Senator from New York will state his point of order.

Mr. COPELAND. I understood we were to continue until 2 o'clock and then go on with the calendar.

The VICE PRESIDENT. The Chair understood the unanimous-consent request of the Senator from Arkansas to be that the Senate take up the calendar at this moment and continue until it was concluded, therefore dispensing with the consideration of resolutions coming over from a previous day.

Mr. ROBINSON of Arkansas. I have no objection to the consideration of the resolution which the Senator from New York [Mr. COPELAND] has in mind. I think I am informed as to what the resolution is, and I think the Senator from Oregon [Mr. McNARY] will have no objection to it.

My thought was that we are now within 4 minutes of 2 o'clock, when the unfinished business will be laid before the Senate, and that we could proceed with the call of the calendar for unobjected bills until that call was completed, and then resume the unfinished business. That was the agreement.

Mr. McNARY. Mr. President, I think we are not far apart. I assumed that the routine morning business would continue until 2 o'clock, and then we would commence on the calendar. I have no objection to the Senator from New York requesting consideration for his resolution.

STUDY OF MERCHANT MARINE AND AERONAUTIC SERVICES

Mr. COPELAND. I ask unanimous consent for the present consideration of Senate Resolution 183.

The VICE PRESIDENT. The clerk will state the resolution.

The Chief Clerk read the resolution (S.Res. 183) as follows:

Resolved, That the Committee on Commerce or a subcommittee thereof give study to the merchant marine and aeronautic services with a view to the preservation and promotion of the commerce and trade of the United States.

There being no objection, the resolution was considered and agreed to.

VETERANS' COMPENSATION

Mr. COOLIDGE. I send to the desk 886 telegrams. They are all about the same, being worded just a little bit dif-

ferently. I should like to read one of them as representative of the others. It conveys the same meaning as the others. The telegram is as follows:

BOSTON, MASS., *February 17, 1934.*

Senator MARCUS A. COOLIDGE,
United States Senate, Washington, D.C.:

Earnestly urge opposing Senator REED'S veterans' bill and supporting President.

FRANK A. KENDALL,
Framingham, Mass.

REDUCTION IN PERSONNEL OF CIVILIAN CONSERVATION CORPS

Mr. BARBOUR. Mr. President, I ask unanimous consent that Senate Resolution 191, calling for a report on the extent of reduction in the personnel of the Civilian Conservation Corps, be indefinitely postponed.

The VICE PRESIDENT. Without objection, it is so ordered.

COLONEL LINDBERGH

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD an editorial appearing in today's Washington Herald in behalf of Colonel Lindbergh. Up to now the colonel has held an enviable place in the heart of our people. He has been the symbol of unselfishness, the emblem of courage, and the hero of the Nation. Such an ideal should not be torn down from the pedestal on which he has been placed by our country, and I am glad that so great and patriotic a man as William Randolph Hearst has seen fit to come forward as his champion. I feel that this noble endeavor on his part should be given as prominent a place as possible in the proceedings of this body, and I therefore ask that the editorial be printed in the CONGRESSIONAL RECORD.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial referred to is as follows:

[From the Washington Herald, Feb. 20, 1934]

STUFF AND NONSENSE AT WASHINGTON

There is a certain insincerity, a certain bias, a certain extravagance of statement and looseness of inuendo about the utterances of the committee investigating the commercial airplane contracts which do not reflect any particular credit upon the committee or inspire any particular confidence in the minds of the public.

Take the charges against Mr. Lindbergh as an example.

Here is a man who is a credit to the country and an idol of the public and who should not be defamed or idly accused.

The inference has been drawn from the utterances of the committee—the intention has been apparently that these inferences should be drawn—that Mr. Lindbergh had made in some manner open to criticism $2,000,000 in airplane stock and stock speculation.

A careful investigation of the facts proves that this is in no sense true.

Mr. Lindbergh received $250,000 as a bonus for signing the contract and as compensation for services and for the value of his knowledge and experience.

He immediately invested this amount in stock of the company.

There is obviously nothing excessive in the amount or at all improper in the method of compensation.

The process of Mr. Lindbergh's detractors is to assume that Mr. Lindbergh might have held the stock until it reached the highest peak of its value in 1929, and might have sold out at that highest peak, and might have in consequence realized something like $2,000,000.

But no one has brought forward any evidence that he did proceed in this manner and did realize $2,000,000.

But, even if he did, what of it?

Every intelligent human being in the United States realizes that if people had had wisdom enough to sell their possessions at the very summit of peak prices in 1929, they would have realized many times what those possessions are worth today, and many times what they were worth before the peak of inflation.

But unfortunately most people did not sell their possessions at that time; and if they had done so, would not have committed any crime by so doing.

Everybody realizes that the prices at that time reflected merely paper profits.

The sad fact is that no one actually received those profits.

The situation reminds one of the small boy during the Florida land boom who wanted to sell his dog for a thousand dollars.

"You will never get that," said a visitor from a saner section.

"Oh, yes; I will," said the youngster, and pretty soon he came back all smiles and remarked proudly: "I got a thousand dollars and fifty cents for him."

"You did," said the visitor. "How come?"

And the boy said: "Well, I got 50 cents in cash and a thousand-dollar cat."

Nobody but a Democratic Congressman is ingenuous enough or rather disingenuous enough to imagine that values can be estimated by the prices temporarily reached at the height of an inflation boom before the boom burst. These allegations about immense profits illicitly obtained are nonsense and not very nice nonsense.

I know something about Mr. Lindbergh's scrupulous regard for ethics and amazing disregard for money.

After he had made his heroic flight across the ocean alone in his little whippet of an airplane I was filled with admiration for his courage and daring, and with gratitude for the honors he had won for our Nation.

I wanted to do something substantial for him.

I felt that many who had won fame for glorious deeds have not won fortune.

I wanted to see if I could not do something for this young man to make him independent for life.

My moving-picture company was associated with the Metro-Goldwyn-Mayer at the time and together these companies made a proposition to Mr. Lindbergh that he make on the screen the story of his interesting and inspiring young life.

The compensation was to be $500,000 cash and a percentage of the profits of this picture.

When Mr. Lindbergh came to my house in New York I brought out the contract, all signed and sealed and ready to deliver, except for his signature, and presented it to him.

He smiled pleasantly as he read it, and then said:

"That is very fine and I appreciate it, but I cannot do it."

I naturally asked why, and he said:

"You know, I said I did not intend to go into moving pictures."

I tried to argue with him. I said:

"This is not a moving picture in the ordinary sense of the word. It is not a fiction story. It is the real story of your life, a thing that the President of the United States ought to be glad to have done for him.

"It is an historical record of a fine life and a great achievement to be preserved in pictures for others to see in years to come.

"Do not consider it as a benefit to yourself but as an inspiration to others."

Young Mr. Lindbergh shook his head and said:

"I wish I could do it if it would please you, but I cannot, because I said I would not go into pictures."

I said:

"All right, but you tear up the contract; I have not the heart to do it."

And he stood there in front of the fireplace in my room and tore up half a million dollars and threw it into the fire.

Now you cannot tell me that that young man is money hungry or that he would do anything improper or unethical through a desire for money, or that he is animated by a craving for publicity in his public actions as the spokesman of the administration so generously implied.

Here was an opportunity for publicity of the highest and most dignified type, and for a lump payment of half a million dollars, plus a percentage of the profits of the pictorial life.

He turned it down, rather foolishly I thought, but magnificently.

When Mr. Lindbergh speaks in behalf of the commercial airplane business of the United States, I know that he does it honestly and sincerely and because of his sense of justice, and because he believes he is doing his duty to the public.

Moreover, he makes his statement in a dignified and proper manner, and does not intimate that the administration is playing politics, so the administration has no right to imply that Mr. Lindbergh is seeking publicity.

The spokesman of the administration can at least be as dignified and as courteous as Mr. Lindbergh has been—and as honest.

The trouble with some of the politicians who are accusing other people of speculating is that they themselves speculated and got burnt, and are trying to vent their spite on somebody or something in reprisal.

That is the reason for most of the punitive legislation and taxation with which the country is afflicted today.

Personally, I think the Nation would be better off if it had more Lindberghs and fewer politicians.

WILLIAM RANDOLPH HEARST.

THE COCONUT-OIL PROBLEM AND AMERICAN AGRICULTURE

Mr. SCHALL. Mr. President, I ask leave to insert in the CONGRESSIONAL RECORD a speech delivered by Prof. H. J. Gramlich before the livestock feeders of Iowa in December on the subject of the Coconut Oil Problem and American Agriculture. This speech discloses the astounding fact that the import of coconut oils from the Philippines has increased from 76,000,000 pounds in 1909 to about a billion pounds in 1933.

While this administration during 1933 was buying pigs and destroying them, coconut-oil imports increased from 152,000,000 pounds in July, August, and September 1932, to 280,000,000 pounds in the same months in 1933. This amount of coconut oil amounted to the fat produced by three million 1,000-pound steers, or 1,000,000 steers a month.

In terms of hogs it is equivalent to the lard produced by 9,000,000 hogs, or 3,000,000 hogs per month. The normal hog slaughter per month is 4,000,000. Hence, coconut-oil

imports amounted to three fourths of all the hogs we use per month. And then this administration burns the hogs our farmer raises.

Furthermore, Professor Gramlich says that at the rate they are raising new trees in the Philippines, there is practically no limit to the amount of coconut oil they can ship to us.

The PRESIDING OFFICER. Without objection, it is so ordered.

The speech referred to is as follows:

THE COCONUT OIL PROBLEM AND AMERICAN AGRICULTURE

(Address before livestock feeders of Iowa, Missouri, and Nebraska, at Shenandoah, Iowa, Dec. 12, 1933, by H. J. Gramlich)

Gentlemen, it is indeed a pleasure to appear for a few moments on your program. I consider it a high honor to have been invited to address this serious-minded body of men representing the most vital cogwheel in the agricultural welfare of the United States.

The animals you produce are selling at prices much below the cost of production. You and the industry which you represent stand with backs to the wall. You are seeking enlightenment as to what can be done to help the plight in which you find yourselves engulfed. The placing of a loan value of 45 cents per bushel on corn, the major feed used in the fattening of livestock and of which the three States represented in this meeting produce annually one third of the Nation's entire crop, has brought this problem to a crisis somewhat more quickly than it might otherwise have come. With no thought of criticizing the fixing of the loan value of corn, but rather agreeing that under present conditions 45 cents is about the right basic price for corn and that were other agricultural commodities selling in proportion we would have a fair degree of prosperity throughout this wonderful inland empire and our farmers would again become buyers of industry's products, I appear before you and will in the few minutes assigned to me confine my remarks to one particular factor which I feel has a very close bearing upon the problem in hand and to which I think we should give concentrated thought.

COCONUT-OIL IMPORTATIONS DETRIMENTAL TO UNITED STATES AGRICULTURE

I refer to the importation of coconut oil into this country. The growth of this industry is stupendous. Unless you have had an opportunity to see and study the statistics, you can scarcely comprehend the tremendous expansion which has taken place during recent years in the importation of this commodity. When I say to you that it is literally undermining the interests of every agriculturist in the land, I mean every word I utter. A few years ago we thought this was a problem for the dairyman to wrestle with. When he tore his hair over the oleomargarine situation, we sat contentedly by and felt that it was merely a display of jealousy on his part over the use of some of our by-product fats in butter substitutes. While he might have been a little narrow in some of his fights a few years back, I have reached the conclusion that the folks representing the hog and beef-cattle industry can be justly criticized for having been asleep. At that time we had a foreign market for our surplus lard. We, seemingly, had ample places to put our tallow. Insofar as the animal fats were concerned, we were not worrying.

Today we waken from our long sleep and find that we have quite a decided headache. Our foreign outlet for animal fats has been cut off and we start to investigate where our home market has gone. One of the first intruders is found to be the coconut. The growth of the coconut-oil industry in the Philippine Islands has been stupendous during the past 25 years, the acreage planted to coconut trees having been trebled since 1910. All coconut-oil importations during recent years have been from the Philippine Islands and the majority of the copra which has entered the United States has likewise originated from that source.

COPRA AND COCONUT OIL—FREEDOM FROM DUTY

As you look at the statistics presented in the attached table pertaining to the importation of coconut products, you will find that they are listed under two heads; namely, copra and coconut oil. In order that you may be clear on this, permit me to say that copra is the dried meat of the coconut. This contains, on an average, 63 percent coconut oil, the oil being removed after the copra reaches the United States. For purposes of clarity in my remarks, I am going to give you total coconut oil imported, using the oil imported as such added to the oil content of the copra. May I say that there is no duty on copra. Coconut oil comes in from the Philippine Islands duty free and from other than United States possessions carries a duty of 2 cents per pound. According to my sources of information, during recent years all the coconut oil imported as such has come from the Philippines; consequently, entered the United States duty free, and most of the copra has come from there. In other words, our Government collects relatively little revenue from the coconut oil imported into the United States.

IMPORTS SHOW ASTONISHING INCREASE

During the 4-year period 1909–13, the average importation of coconut oil into the United States was 76,000,000 pounds per year. During the next 5 years, 239,000,000; the next 5 years, 425,000,000; the next, 514,000,000; and during the last 5 years, 1928–33, the average has been 679,000,000 pounds, or an increase of 8.9 times in the short span of a quarter of a century. To make matters worse, the figures obtained since the new fiscal year began on July 1 are alarming. In 1932, during the months of July, August, and September, coconut oil was imported to the extent of 152,000,000 pounds. During the same 3 months this year, 280,000,000 pounds of coconut oil have been imported. Should this same increase hold throughout the remaining 9 months of the fiscal year, the importations for the 12-month period would be 1,056,000,000 pounds, or by far the largest on record.

COCONUT OIL DISPLACING ANIMAL FATS IN MARGARINE MANUFACTURE

You may wonder whether coconut oil is a competitor of beef tallow and lard. To clarify my point on this, let me take you back a few years. In 1914 the average of the oleomargarine produced contained 74 percent animal fat and 26 percent vegetable, or, in round figures, 3 parts animal and 1 part vegetable fat. In 1931 the oleomargarine contained, on an average, 19 parts animal and 81 parts vegetable; practically speaking, 1 part animal to 4 parts vegetable.

What about the vegetable-oil content of margarine in 1914 and 1931? In 1914 margarine contained three tenths of 1-percent coconut oil. In 1931 coconut oil, on an average, embodied 66.8 percent of the content of margarine. Cottonseed oil in 1914 made up 20 percent of the content of margarine; in 1931 but 9 percent. Thus we see a tremendous expansion in the use of coconut oil in the margarine industry and a very drastic reduction in the use of animal oil, and our own United States produced cottonseed oil.

COCONUT OIL EVEN ENTERS LARD COMPOUNDS

For a number of years manufacturers of lard compounds have been striving to overcome certain deficiencies of coconut oil in order that they might use it in their business. I understand that, as a result of new improvements in processing, coconut oil can be used successfully in lard compounds, and there is a potential, if not an actual, usage of 160,000,000 pounds per year in this field.

CHART I.—*Expansion of copra and coconut-oil importations into United States*

Annual importations by 5-year averages (in terms of total coconut oil) 1909–33 (fiscal years July 1–June 30)

	Pounds
1909–13 (4 years only)	75,845,000
1913–18	238,326,000
1918–23	425,489,000
1923–28	513,958,000
1928–33	679,822,000

UNITED STATES FATS AND OILS VERSUS COCONUT OIL IN SOAPMAKING

Needless to say, coconut oil serves one of its major functions in the technical field where it is used in soap manufacturing. Coconut oil is without question a splendid constituent for certain types of soaps needed at the present time. However, inedible animal greases and home-produced vegetable oils surely would be used to a much greater extent in soap manufacturing if coconut oil were less accessible.

COCONUT-OIL IMPORTATION IN TERMS OF ANIMAL FAT

I do not want to worry you with too many figures and therefore am going to use a few illustrations which may help to impress on your minds the significance of these coconut-oil importations during recent months and their effect on our industry, namely, that of the home-produced animal fats. The markets of the United States today are flooded with prime long-fed yearling steers weighing 1,000 pounds. Each of these steers produces, conservatively, 100 pounds of rendered fat. This includes killing fats, kidney fats, retailers' trimmings, etc. The coconut oil which has come into this country during the 3-month period July, August, September 1933 amounts to the fat produced by three million 1,000-pound prime steers, or, putting it on a per-month basis, 1,000,000 steers per month. Normally there are about 9,000,000 cattle and four and one-half million calves slaughtered under Federal inspection per year in the United States. In terms of 200-pound hogs, producing 30 pounds of rendered lard per head, we see that the coconut oil imported into this country during the 3-month period mentioned is equivalent to the lard produced by 9,000,000 hogs, or at the rate of 3,000,000 hogs per month. The normal annual hog slaughter in the United States at Federally inspected plants approximates 45,000,000 head, or slightly under 4,000,000 per month. Consequently the coconut oil imported during recent months has amounted to three fourths as much as the normal monthly lard production.

CHART II.—*Coconut-oil importations, 3-month period—July, August, September 1932, Compared to July, August, September 1933*

	Pounds
1932	152,510,000
1933	279,764,000

AMERICAN FARMER CAN'T COMPETE WITH PHILIPPINE LABOR

I am calling your attention to this problem not only with the thought that the tremendous development which has been made demands serious thought but that the future holds seemingly almost unlimited possibilities for its expansion. In 1931 there were 65,000,000 coconut trees in bearing in the Philippine Islands and there were an additional 35,000,000 planted and ready to come into bearing soon. In other words, only two thirds of the trees were in bearing. A coconut tree comes into bearing when about 5 years old. It reaches full production when 10 years of age, and, like the human, lives to a ripe old age, the span of life ranging from 60 to 100 years. Just think of the amount of coconut oil which can be dumped into the United States in the short span of a few years! We must bear in mind that the tropical conditions

existent in the areas where coconuts are produced are conducive to tremendous production of vegetative growth and oils—intense heat, rainfall ranging from 50 to 200 inches, and a sandy soil adapted to the purpose. Add to these things an abundance of cheap labor and an occasional monkey to shake the coconuts off the trees and you have a picture with which the American farmer cannot compete and maintain the standard of living which we feel he so highly deserves for himself and his family as citizens of the United States of America.

COTTON REDUCTION AND FURTHER OPPORTUNITIES FOR COCONUT OIL

A few weeks ago I had a conversation with a man vitally interested in the cotton business of the South. He made the statement that the proposed reduction in cotton acreage next year would result in a decrease in cottonseed-oil production equivalent to the lard produced by 16,000,000 head of 200-pound hogs. Bear in mind that with each bale of cotton there are produced 150 pounds of cottonseed oil. This gentleman went on to state that in case the reduction helped the hog producers of the Corn Belt, he felt confident the southern farmers would be pleased, but that if it developed that a few more thousand boatloads of coconut oil came in duty free from the Philippine Islands to take the place of the cottonseed oil taken out of production, he doubted whether the Nation as a whole would materially benefit.

ALL AGRICULTURE MUST STICK TOGETHER

Gentlemen, I am wondering whether we have not been so engrossed in solving our own problems that we might be said to have looked so much at the tree that we failed to see the forest. I believe this problem is one of vital importance to every phase of agriculture. I think we should agree upon a united program and stick together. This is vital to you beef and hog men, it is vital to the dairymen who are witnessing a drastic reduction in the price of butter fat which they are selling at a figure far below the cost of production. It affects the cotton farmer; it affects the corn farmer because corn oil can have a material value if given a chance. Furthermore, the corn farmer might grow soybeans for oil were there an incentive for so doing. This problem affects each and every one of us.

A SERIOUS PROBLEM

We are gathered together with a constructive thought in mind. We do not mean to be destructive. We have no thought of partisan affiliations. This coconut-oil problem is a cancer which has been eating into the vital organs of the American farmer for a quarter of a century. Let's pull together and see if some constructive action cannot be taken to head off this octopus which seems to be intent upon strangling the very lifeblood from us. Let's study this problem and help work out a solution for it.

Importation of copra and coconut oil into United States, 1909–33

[Thousands of pounds]

Year	1 Copra [1]	2 Coconut oil in copra (63 percent of column 1)	3 Coconut oil imported as such	4 Total oil (2+3)	5 Average by 5 year periods
					Pounds
1909–10	21,306	13,423	48,346	61,769	[2] 75,845,000
1910–11	37,817	23,824	51,118	74,942	
1911–12	69,912	44,045	46,371	90,416	
1912–13	40,870	25,748	50,504	76,252	
1913–14	55,735	35,113	74,386	109,499	
1914–15	96,485	60,786	63,135	123,921	238,826,000
1915–16	118,613	74,726	66,008	140,734	
1916–17	256,801	161,784	79,223	241,007	
1917–18	507,576	319,773	259,195	578,968	
1918–19	315,749	198,922	344,728	543,650	
1919–20	258,229	162,684	271,540	434,224	
1920–21	213,134	134,274	173,889	308,163	425,489,000
1921–22	294,104	185,285	230,236	415,521	
1922–23	538,597	213,316	212,573	425,889	
1923–24	344,920	217,299	181,230	398,529	
1924–25	371,961	234,335	250,121	484,456	
1925–26	444,278	279,895	200,878	480,773	513,958,000
1926–27	507,136	319,496	286,776	606,272	
1927–28	518,173	326,449	273,309	599,758	
1928–29	687,121	432,886	377,288	810,174	
1929–30	546,888	344,539	370,600	715,139	
1930–31	606,087	381,834	315,492	697,326	679,822,000
1931–32	487,223	306,950	297,083	604,033	
1932–33 [3]	494,821	311,737	260,700	572,437	
3-MONTH PERIOD [4] JULY, AUGUST, SEPTEMBER 1932 COMPARED TO 1933					
1932	135,047	----------	66,080	152,510	
1933	271,753	----------	105,842	279,764	

[1] Copra is dried coconut meat which contains 63 percent coconut oil. There is no duty on copra. Coconut oil comes in free from the Philippine Islands. There is a 2-cent duty on it when imported from other countries. All coconut oil and most of the copra imported into the United States during recent years has come from the Philippine Islands.

[2] 4-year average.

[3] Figures from Foreign Crops and Markets, Oct. 23, 1933.

[4] Figures from Foreign Crops and Markets, Dec. 4, 1933.

Other figures from U.S. Department of Agriculture Year books, 1932, 1933.

COPRA AND COCONUT-OIL IMPORTATIONS (IN TERMS OF TOTAL COCONUT OIL), 5-MONTH PERIOD JULY 1 TO DECEMBER 1, 1932, COMPARED TO 1933

The information contained on this sheet has become available since the address was given. It brings the chart on page 4 up to date and shows very strikingly that the excess of importations during the fall of 1933 over those of 1932 is continuing.

	Pounds
1932	244,106,000
1933	449,887,000

Impertations of coconut oil (as such and in the form of copra) into the United States for the 5-month period July 1 to December 1, 1933, amounted to, in round figures, 450,000,000 pounds in contrast to 244,000,000 pounds imported during the same period in 1932. This represents an increase of 84 percent, and if this increase is carried out throughout the remainder of the fiscal year, the total importation of coconut oil into the United States will be 1,053,284,000 pounds.

Mr. SCHALL. Similar facts are set forth in an editorial taken from the Land O'Lakes News for January 1934, where the editor says:

But I personally do not believe that we can attain satisfactory results from any production-control program until something is done to assure the American producer of the home market.

I ask unanimous consent to have printed in the RECORD the editorial referred to.

The VICE PRESIDENT. Without objection, it is so ordered.

The editorial is as follows:

[From the Land O'Lakes News, January 1934]

FOREIGN FATS AND OILS

Some interesting facts regarding the importation of foreign oils and fats as they affect the use of our domestic products as taken from a letter written by Norris Carnes, general manager of the Central Cooperative Association, to F. E. Murphy, publisher of the Minneapolis Tribune:

"We read and hear a great deal these days concerning plans for the control of livestock production. There shouldn't be any question in the mind of any thinking person about the existence of a surplus of several agricultural commodities at the present time. But I personally do not believe that we can attain satisfactory results from any production-control program until something is done to assure the American producer of the home market. The importation of fats and oils, duty free, from the Philippine Islands is decreasing the demand for various fats and oils produced in this country. During July, August, and September of 1932 we imported from the Philippine Islands 152,000,000 pounds of coconut oil and copra, while during the same period in 1933 this figure increased to 280,000,000 pounds. The coconut oil which has come into this country during this 3-month period amounts to as much beef tallow as that produced by three million, 1,000-pound prime steers, or putting this on a per-month basis, 1,000,000 steers per month. Now, there are about 9,000,000 cattle and four and one half million calves slaughtered under Federal inspection per year in the United States. In terms of 200-pound hogs producing 30 pounds of rendered lard per head, the coconut oil imported into this country during the 3-month period mentioned is equivalent to the lard produced by 9,000,000 hogs, or at the rate of 3,000,000 hogs per month. This situation is alarming, and when you stop to consider the fact that in 1931 there were 65,000,000 coconut trees in bearing in the Philippine Islands, and that there were an additional 35,000,000 planted and ready to come into bearing soon, you should realize the significance of these statements."

Mr. SCHALL. Mr. President, we need a tariff to protect our domestic trade for our farmer. Our home trade is 94 percent of the entire trade. At no time has our foreign trade exceeded 8 percent of the total. The Philippines should be liberated at the earliest possible moment. We have our choice—either set them free among nations to allow us to apply the tariff against their coconut-oil imports or say to our farmer that we no longer need his hogs and his fats. The two cannot go along parallel. The end has come. Our Government cannot subsidize destruction of home-raised fats to favor our imports. It will bankrupt the Government.

The House Ways and Means Committee, through one of its Republican members, KNUTSON, of Minnesota, was instrumental in placing an excise tax on coconut oil of 5 cents a pound. Let us hope that this tax will be enacted into law in spite of administration efforts to bargain with tariffs among nations.

THE CALENDAR

Mr. McNARY. I understand that under the unanimous-consent agreement entered into yesterday the calendar is now in order.

The PRESIDING OFFICER (Mr. CONNALLY in the chair). The calendar is in order, and the Clerk will state the first bill thereon.

BILLS AND JOINT RESOLUTIONS PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. McKELLAR. Over.

The PRESIDING OFFICER. The bill will be passed over.

The joint resolution (H.J.Res. 93) to prohibit the exportation of arms or munitions of war from the United States under certain conditions was announced as next in order.

Mr. McNARY. Mr. President, in the absence of a Senator who is interested in the resolution, and also at the request of another Member of the Senate, I ask that the joint resolution go over. I make a similar request as to the next measure on the calendar.

The PRESIDING OFFICER. The House Joint Resolution 93 will be passed over, and also, at the request of the Senator from Oregon, there will be passed over the next bill on the calendar, the title of which will be stated.

The CHIEF CLERK. A bill (S. 1403) to authorize the merger of the Georgetown Gaslight Co. with and into the Washington Gas Light Co., and for other purposes.

The bill (S. 583) relating to the classified civil service was announced as next in order.

Mr. VANDENBERG. Over.

The PRESIDING OFFICER. The bill will be passed over.

HARRY HARSIN

The Senate proceeded to consider the bill (S. 176) for the relief of Harry Harsin, which had been reported from the Committee on Claims, with an amendment, on line 3, to strike out "Postmaster General" and insert "Comptroller General of the United States", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit Harry Harsin, postmaster at Asbury Park, N.J., in his accounts with the sum of $28,022, the amount of money and postage stamps lost in the burglary of the post office at Asbury Park, N.J., on July 6, 1929.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMOS D. CARVER AND OTHERS

The bill (S. 1184) for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard, owners of the schooner *Betsy Ross*, the sum of $35,916.68, in full and final settlement of all claims against the Government for loss or losses which they may have suffered by reason of the interference of the United States Shipping Board or other governmetal agencies with the schooner *Betsy Ross* at the port of Melbourne, Australia, on or about April 5, 1918.

FRED H. COTTER

The Senate proceeded to consider the bill (S. 254) for the relief of Fred H. Cotter, which had been reported from the Committee on Claims with an amendment, on page 1, line 10, after the word "who", to insert "is alleged to have", so as to make the bill read:

Be it enacted, etc., That the requirements of sections 15 to 20, both inclusive, of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended, are hereby waived in the case of Fred H. Cotter, of Portland, Oreg., formerly employed by the Bureau of Public Roads, Department of Agriculture, who is alleged to have contracted disease on November 17, 1929, while in the performance of his duties as such employee, and the United States Employees' Compensation Commission is authorized and directed to consider and act upon any claim filed by him under the provisions of such act, as amended, within 1 year after the date of enactment of this act, for compensation for disability resulting from such disease; but compensation, if any, shall be paid from and after the date of enactment of this act. Such payments of compensation shall be made out of funds heretofore or hereafter appropriated for the payment of awards under the provisions of such act, as amended.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill?

Mr. STEIWER. Mr. President, I will undertake to explain the bill. The committee in reporting the bill favorably merely added in line 10, with reference to the disease, the words "is alleged to have", I assume merely for the purpose of relieving Congress from the imputation of having stated that he had in fact contracted the disease. The bill is merely to waive the 1-year limitation in submitting a claim under the Compensation Act.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2493) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, was announced as next in order.

Mr. FESS. I ask that that bill go over.

The PRESIDING OFFICER. The bill will be passed over, as will also House bill 6604, which is similar to the Senate bill 2493.

MILES THOMAS BARRETT

The bill (S. 1484) for the relief of Miles Thomas Barrett was announced as next in order.

Mr. McKELLAR. May we have an explanation of that bill?

The PRESIDING OFFICER. The Chair will say to the Senator from Tennessee that neither the Senator who introduced the bill nor the Senator who reported it is present at the moment.

Mr. McKELLAR. Let the bill go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. REED subsequently said: Mr. President, if I may have the attention of the Senator from Tennessee, I ask unanimous consent to revert to Order of Business 290, being Senate bill 1484, for the relief of Miles Thomas Barrett. I can explain the bill in a very few seconds. It proposes to allow $175 of Army pay to a sergeant of marines who had been promised that he was going to be sent abroad with the first detachment of marines. Of course, promises do not always come true, and he found himself sent to a training camp in Texas. That was back in 1917. He was so anxious to get to the front he deserted from the marines, and on the same day enlisted in the Army and was sent abroad. He served with conspicuous credit, was decorated for valor in action, and made such a fine record that the marines did all they could for him by striking off the charge of desertion and treating his separation from the marines as honorable; but, owing to some ruling in the Comptroller's Office, I think, it is held that he cannot have pay for those months while he was fighting. That is all the bill does.

Mr. ROBINSON of Arkansas. Let him have it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized to pay Miles Thomas Barrett, of Bridgeville, Pa., out of any money in the Treasury not otherwise appropriated, for his services in the United States Army as a sergeant in the Corps of Engineers for the period of May 3, 1918, to August 19, 1918, both dates inclusive, the sum of $175: *Provided*, That his service in the United States Army during the period in question is hereby made honorable by virtue of the passage of this act.

HEARINGS BEFORE COMMITTEE ON TERRITORIES AND INSULAR AFFAIRS

The resolution (S.Res. 177) submitted by Mr. TYDINGS on the 6th instant and reported by Mr. BYRNES from the Committee to Audit and Control the Contingent Expenses of the Senate, authorizing the Committee on Territories and Insular Affairs to hold hearings during the Seventy-third Congress, was read, considered, and agreed to as follows:

Resolved, That the Committee on Territories and Insular Affairs, or any subcommittee thereof, be, and hereby is, authorized during the Seventy-third Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per 100 words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate; and that the committee, or any subcommittee thereof, may sit during sessions or recesses of the Senate.

BILLS PASSED OVER

The bill (S. 1320) to amend the Code of Law for the District of Columbia was announced as next in order.

Mr. McNARY. Over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

The PRESIDING OFFICER. The bill will be passed over.

DESIGNATION OF CATTLE AS A BASIC AGRICULTURAL COMMODITY

The bill (S. 1981) to make cattle a basic agricultural commodity for the purposes of the Agricultural Adjustment Act was announced as next in order.

Mr. McNARY. I ask that the bill go over.

The PRESIDING OFFICER (Mr. ADAMS in the chair). Objection is made.

Mr. CONNALLY. Mr. President, was objection made to the consideration of the bill at this time?

Mr. McNARY. I made objection to it. It is a very important measure; it is debatable, and will lead to considerable debate, and some Senators are not present who want to be here when the bill shall be considered. Proceeding under the 5-minute rule as we are, I shall, to my regret, have to object.

Mr. CONNALLY. I hope the Senator from Oregon will agree to the early consideration of the measure.

Mr. McNARY. I shall be willing to do that; but it could never be, with my consent, considered under the 5-minute rule. I shall, however, cooperate with the Senator to bring it up in the ordinary way at any time.

Mr. CONNALLY. I thank the Senator.

The PRESIDING OFFICER. The bill will be passed over.

MOUNT HOOD NATIONAL FOREST, OREG.

The Senate proceeded to consider the bill (S. 1982) to add certain lands to the Mount Hood National Forest in the State of Oregon.

Mr. McKELLAR. Mr. President, will the Senator from Oregon explain the bill?

Mr. McNARY. Mr. President, there are in the interior boundaries of Mount Hood National Forest about 5,000 acres owned by the Government. They are very rough and suitable only for forest purposes. The bill simply provides that the lands shall be connected with the Mount Hood National Forest so that the Forest Service may administer them.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the following-described lands, title to which was conveyed to the United States in part settlement of a fire trespass and which are located within the boundaries of the Mount Hood National Forest, in the State of Oregon, be, and the same are hereby, added to said national forest and are made subject to all laws and regulations relating to the use and administration of the national forests:

Township 4 south, range 5 east, Willamette meridian: East half northeast quarter, northwest quarter northeast quarter, northeast quarter southeast quarter section 18; southeast quarter northeast quarter, west half northeast quarter, east half northwest quarter, east half southeast quarter, northwest quarter southeast quarter, southeast quarter southwest quarter section 20; section 22; southwest quarter section 24; sections 25 and 26; north half northeast quarter, northeast quarter northwest quarter section 29; section 36.

Township 4 south, range 6 east, Willamette meridian: Lots 3 and 4, east half, east half southwest quarter section 20; southwest quarter section 28; lots 3 and 4, east half northeast quarter, northwest quarter northeast quarter, northeast quarter northwest quarter, southeast quarter, east half southwest quarter section 30; lots 1 and 2, northeast quarter, east half northwest quarter section 31.

MINING LAWS APPLICABLE TO MOUNT HOOD NATIONAL FOREST

The Senate proceeded to consider the bill (S. 1506) to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon, which was read, as follows:

Be it enacted, etc., That hereinafter mining locations made under the United States mining laws upon lands within the Mount Hood National Forest in the State of Oregon shall confer on the locator the right to occupy and use so much of the surface of the land covered by the location as may be reasonably necessary to carry on prospecting and mining, including the taking of mineral deposits and timber required by or in the mining operations, and no permit shall be required or charge made for such use or occupancy: *Provided, however*, That the cutting and removal of timber, except where clearing is necessary in connection with mining operations or to provide space for buildings or structures used in connection with mining operations, shall be conducted in accordance with the rules for timber cutting on adjoining national-forest land, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the national-forest rules and regulations, nor shall the locator prevent or obstruct other occupancy of the surface or use of surface resources under authority of national-forest regulations, or permits issued thereunder, if such occupancy or use is not in conflict with mineral development.

SEC. 2. That hereafter all patents issued under the United States mining laws affecting lands within the Mount Hood National Forest within the State of Oregon shall convey title to the mineral deposits within the claim, together with the right to cut and remove so much of the timber therefrom as may be needed in extracting and removing the mineral deposits, if the timber is cut under sound principles of forest management as defined by the national-forest rules and regulations, but each patent shall reserve to the United States all title in or to the surface of the lands and products thereof, and no use of the surface of the claim or the resources therefrom not reasonably required for carrying on mining or prospecting shall be allowed except under the rules and regulations of the Forest Service.

SEC. 3. That valid mining claims within the Mount Hood National Forest in the State of Oregon existing on the date of enactment of this act, and thereafter maintained in compliance with the law under which they were initiated and the laws of the State of Oregon, may be perfected under this act, or under the law under which they were initiated, as the claimant may desire.

Mr. McKELLAR. Mr. President, will the junior Senator from Oregon [Mr. STEIWER] explain that bill? Is it the same kind of bill that has just been explained by the senior Senator from Oregon?

Mr. STEIWER. No; not exactly. The bill just passed provided for the inclusion of some land in a forest reserve. In the same area there are some mining activities, and under existing law the patentee, under a mining claim, acquires not only the mineral under the ground but certain rights to the surface; and, of course, if there is timber growing upon the surface he acquires an interest in that timber as well. The purpose of the bill presently under consideration is to amend the mining law so far as it applies to this particular area, leaving to the patentee all the rights he formerly had with respect to the minerals, but reserving in the Government a limited right to the land, so that the Government may protect itself against spoliation of the property and the removal of the timber.

Mr. McKELLAR. I have not had time to read the report. Does the Department recommend the passage of the bill?

Mr. STEIWER. Yes; the Department recommends the passage of the bill and the committee has reported it favorably.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ST. LAWRENCE RIVER BRIDGE AT OR NEAR ALEXANDRIA BAY, N.Y.

The bill (H.R. 6492) to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y., was considered, ordered to a third reading, read the third time, and passed.

MISSOURI RIVER BRIDGE AT SOUTH OMAHA, NEBR.

The bill (H.R. 6370) to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr., was considered, ordered to a third reading, read the third time, and passed.

DELAWARE RIVER BRIDGE AT EASTON, PA.

The bill (H.R. 6794) authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Philipsburg, N.J., was considered, ordered to a third read, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE AT HANNIBAL, MO.

The bill (H.R. 7291) authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo., was considered, ordered to a third reading, read the third time, and passed.

DES MOINES RIVER BRIDGE AT ST. FRANCISVILLE, MO.

The bill (H.R. 6909) to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo., was considered, ordered to a third reading, read the third time, and passed.

ESTELLE JOHNSON

The Senate proceeded to consider the bill (S. 1994) for the relief of Estelle Johnson, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, after the date "1933", to insert "no. 1798 in the denomination of $500, issued February 1, 1932", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem in favor of Estelle Johnson, 3¾ percent United States Treasury certificate of indebtedness, series A–1933, no. 1798, in the denomination of $500, issued February 1, 1932, matured February 1, 1933, without interest and without presentation of said certificate which is alleged to have been lost or destroyed: *Provided*, That the said certificate of indebtedness shall not have been previously presented and paid: *And provided further*, That the said Estelle Johnson shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of said certificate of indebtedness in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the certificate of indebtedness hereinbefore described.

Mr. McKELLAR. Mr. President, I should like to have an explanation of that bill.

Mr. BULKLEY. Mr. President, the bill merely authorizes the redemption of a United States Treasury certificate which was mutilated. The bill is approved by the Treasury Department.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

ASA G. AYER

The Senate proceeded to consider the bill (S. 405) for the relief of Capt. Asa G. Ayer, which had been reported from the Committee on Claims with amendments, on page 1, line 5, before the word "Captain", to insert "Anna W. Ayer, widow of"; in line 6, after the name "Ayer", to strike out "of Boston, Massachusetts" and insert "deceased"; and in line 8, after the word "by", to strike out "the said", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Anna W. Ayer, widow of Capt. Asa G. Ayer, deceased, the sum of $500. Such sum represents the amount of a cash bond forfeited on June 3, 1920, by Capt. Asa G. Ayer for failure to appear as a material witness in the case of United States against H. W. Coffin in the United States District Court for the District of Maine, sitting at Bangor, Maine, such failure to appear being caused by his necessary and unavoidable absence from the United States at such time: *Provided*, That the amount of the forfeited bond has actually been covered into the Treasury.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill for the relief of Anna W. Ayer, widow of Capt. Asa G. Ayer, deceased."

J. M. DOOLEY FIREPROOF WAREHOUSE CORPORATION, BROOKLYN, N.Y.

The Senate proceeded to consider the bill (S. 489) for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y., which had been reported from the Committee on Claims with amendments, on page 1, line 6, after the word "appropriated", to insert "and in full settlement of all claims against the Government", and on page 2, line 3, after the word "marshal", to insert:

Provided, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined in any sum not exceeding $1,000.

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y., out of any money in the Treasury not otherwise appropriated and in full settlement of all claims against the Government, the sum of $16,650, being the value of certain property seized by Federal prohibition agents, which property was subsequently ordered returned by the District Court for the Southern District of New York, but which was found to have been either sold, destroyed, or otherwise disposed of under orders of a United States marshal: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

Mr. McKELLAR. May we have an explanation of that bill? I notice it was reported by the Senator from Vermont [Mr. GIBSON].

Mr. GIBSON. Mr. President, books, papers, and liquor were seized from the claimant company, and afterward were ordered returned; but, pending the return, the liquor had been ordered destroyed, and was destroyed, under a court order, so that it could not be returned. The purpose of this bill is to make payment for liquor illegally seized which could not be returned to the owner.

Mr. McKELLAR. Was the bill referred to the Department and recommended by the Department?

Mr. GIBSON. The report stands on court records as made.

Mr. BORAH. The Senator says the liquors were illegally seized. How were they illegally seized?

Mr. GIBSON. The evidence was ordered suppressed, the liquor ordered returned, and an injunction granted against the prosecution of the case; so I assume that the liquors were illegally seized.

Mr. McKELLAR. There was a court order, was there, to the effect that the liquor was illegally seized?

Mr. GIBSON. That is my understanding. At the proceeding the district attorney for the southern district of New York appeared and opposed the granting of the motion to suppress and the order for the return of the liquor.

The PRESIDING OFFICER. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MARION VON BRUNING

The Senate proceeded to consider the bill (S. 1731) for the relief of Marion Von Bruning (nee Marion Hubbard Treat) and others, which had been reported from the Committee on Claims with amendments.

Mr. McKELLAR. Mr. President, I will have to ask an explanation of the bill.

Mr. GIBSON. Mr. President, the bill is for the relief of an American woman who married a German and lost her citizenship. She had certain property on N Street NW., in the city of Washington. The property was seized. It was placed in the hands of the Union Trust Co. to administer. Then the Alien Property Custodian entered into an agreement for rental of the premises at an agreed rental of $100 per month. The Alien Property Custodian held possession of the premises for 28 months. The Government paid $900 on the agreed rental, leaving a balance of $1,900. That is all that was allowed by the committee on a claim of something like $13,000.

Mr. McKELLAR. Is this in full settlement of the entire claim?

Mr. GIBSON. It is in full settlement of all rental claims.

Mr. McKELLAR. What is to become of the property?

Mr. GIBSON. That was in due course turned back to the owner and then went to the trustee.

Mr. McKELLAR. Were there any court proceedings?

Mr. GIBSON. No; I think there were no court proceedings.

Mr. McKELLAR. Would this be in full settlement of all claims on account of the property?

Mr. GIBSON. I invite the Senator's attention to the fact that in the original bill there were two sections. One was a section calling for the payment of several thousand dollars for damages to the property. But the committee did not have before it sufficient evidence to warrant a favorable report on that section of the bill. We attempted only to cover the rental feature.

Mr. McKELLAR. I think it is to be regretted that it was not made to read "in full of all claims" under the circumstances because we are liable to have another claim about the same property. I will ask that it go over so we can look into that feature of it.

The PRESIDING OFFICER. The clerk advises the Chair that that is provided for in the bill by an amendment.

Mr. McKELLAR. I see that is true and therefore I withdraw my objection. I have no objection.

The PRESIDING OFFICER. The amendments will be stated.

The amendments were on page 1, line 5, to strike out "$13,883.33" and insert "$1,900", and in line 7 to strike out "representing" and insert "in full settlement of all claims against the Government for", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $1,900 to Marion Von Bruning (nee Marion Hubbard Treat), in full settlement of all claims against the Government for balance due her for rent for the use and occupation of the premises known as "No. 1758 N Street NW", city of Washington, D.C., as offices by the Alien Property Custodian for the period from July 1, 1918, to December 17, 1920.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read "A bill for the relief of Marion Von Bruning (nee Marion Hubbard Treat)."

BILL PASSED OVER

The bill (S. 2509) to readjust the boundaries of Whitehaven Parkway at Huidekoper Place in the District of Columbia, provide for an exchange of land, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

AMATEUR BOXING IN THE DISTRICT OF COLUMBIA

The Senate proceeded to consider the bill (S. 828) to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill?

Mr. CAPPER. Mr. President, the bill is intended to legalize properly supervised amateur boxing exhibitions and at the same time to continue the present legal prohibition against prize fighting. The American Legion, the athletic unions, the college associations, and various other organizations favor the bill. There was no opposition to it before the committee. It was carefully considered and was referred to the District Commissioners. There is no one opposing it, so far as I know.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That whoever shall, in the District of Columbia, voluntarily engage in a pugilistic encounter shall be imprisoned for not more than 5 years. By the term "pugilistic encounter", as herein used, is meant any voluntary fight by blows by means of fists or otherwise, whether with or without gloves, between two or more men for money or anything of value except a suitably inscribed wreath, diploma, banner, badge, medal, or timepiece, not exceeding the value of $35 or upon the result of which any money or anything of value is bet or wagered, or to see which an admission fee of more than $2 is directly or indirectly charged.

SEC. 2. (a) There is hereby created for the District of Columbia a boxing commission, to be composed of three members appointed by the Commissioners of the District of Columbia, one of whom shall be a member of the police department of the District of Columbia. No person shall be eligible for appointment to membership on the commission unless such person at the time of appointment is and for at least 3 years prior thereto has been a resident of the District of Columbia. The terms of office of the members of the commission first taking office after the approval of this act shall expire at the end of 2 years from the date of the approval of this act. A successor to a member of the commission shall be appointed in the same manner as the original members and shall have a term of office expiring 2 years from the date of the expiration of the term for which his predecessor was appointed, except that any person appointed to fill a vacancy occurring prior to the expiration of the term for which his predecessor was appointed shall be appointed for the remainder of such term. The members of the commission shall receive no compensation for their services. The Commissioners of the District of Columbia shall furnish to the boxing commission such office space and clerical and other assistance as may be necessary.

(b) Subject to the approval of the Commissioners of the District of Columbia, the commission shall have power (1) to cooperate with organizations engaged in the promotion and control of amateur boxing; (2) to supervise and regulate amateur boxing within the District of Columbia; and (3) to make such orders, rules, and regulations as the commission deems necessary for carrying out the powers herein conferred upon it.

(c) No person shall hold a boxing exhibition in the District of Columbia without a permit from the commission, but the commission shall not issue any such permit except to a club, university, college, school, or other organization or institution which the commission finds is interested in the promotion of amateur athletics. Each such permit shall be limited to a period of 1 day, except that in case of any interscholastic boxing meet or similar contest a permit may be issued for the duration of such meet or contest. No such permit shall be issued to any person unless such person agrees to accord to the commission the right to examine the books of accounts and other records of such person relating to the boxing exhibition for which such permit is issued, and such permit shall so state on its face. A permit may be revoked at any time in the discretion of the commission.

(d) No individual shall engage in any boxing exhibition in the District of Columbia without a license from the commission. Such license shall entitle the licensee to engage in amateur boxing exhibitions in the District of Columbia for the period specified therein, but the commission shall not issue any such license to any individual if the commission finds that such individual has at any time or place engaged in any professional prize fight or in any boxing exhibition for which he received money as compensation or reward, and the commission shall revoke any such license if at any time, after notice and hearing, it makes such finding in respect of the licensee, and may revoke any such license at any time for violation by the licensee of any order, rule, or regulation of the commission, or for other cause.

(e) Any permit or license issued by the board shall not be valid for the purpose of holding or engaging in, respectively, any boxing exhibition which does not conform to the following conditions: (1) Such exhibition may consist of one or more bouts, but no such bout shall continue for more than four rounds; (2) no round shall exceed 3 minutes; (3) there shall be an interval of 1 minute between each round and the succeeding round; and (4) each contestant shall use gloves of not less than 8 ounces each in weight.

(f) The commission may charge for permits and for licenses such fees as will, in its opinion, defray the cost of issuance thereof and other necessary expenses of the commission.

(g) Any person who (1) holds any boxing exhibition in the District of Columbia without a permit valid and effective at the time, or (2) engages in any boxing exhibition in the District of Columbia without a license valid and effective at the time, or (3) violates any lawful order, rule, or regulation of the commission shall, upon conviction thereof, be fined not more than $1,000 or imprisoned not more than 1 year, or both.

(h) The term "person", as used in this act, includes individuals, partnerships, corporations, and associations.

INVESTIGATION OF ELECTRIC RATES

The joint resolution (S.J.Res. 74) authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Whereas accurate and comprehensive information regarding the rates charged for electrical energy and its service to residential, rural, commercial, and industrial consumers throughout the United States is required by the Congress and other governmental agencies; and

Whereas no compilation of such rates and charges has been made by any official body: Therefore be it

Resolved, etc., That the Federal Power Commission be, and it is hereby authorized and directed to investigate and compile the rate charged for electric energy and its service to residential, rural, commercial, and industrial consumers throughout the United States by private and municipal corporations and to report such rates, together with an analysis thereof, to the Congress at the earliest practicable date.

SEC. 2. That for the purposes of this investigation the Federal Power Commission is authorized and directed to utilize, as far as may be practicable, information relating to electric rates and rate schedules filed with the public service commissions of the several States and shall have power to require, by general or special orders, corporations engaged in the sale of electricity to file with the Commission, in such form as the Commission may prescribe, schedules of rates charged to all classes of consumers and to submit to the Commission reports, or answers in writing to specific questions, furnishing such information as the Commission may require relative to the sale of electrical energy and its service to consumers. Such reports and answers shall be made under oath, or otherwise, as the Commission may prescribe, and shall be filed with the Commission within such reasonable period as the Commission may prescribe, unless additional time be granted in any case by the Commission. The Commission, or its duly authorized agent, or agents, shall at all reasonable times have access to, for the purpose of examination, and the right to copy any documentary evidence relative to the sale of electrical energy or its service to consumers by any corporation engaged in the sale of electricity.

SEC. 3. That the President of the United States is hereby authorized to make available from the funds which have been or may be appropriated for expenditure subject to his discretion the amount which, in his judgment, is necessary for the purposes of this investigation and preparation of a report.

BILLS PASSED OVER

The bill (S. 1401) to pay a gratuity to Emma Ferguson Starrett was announced as next in order.

Mr. McKELLAR. Mr. President, is there anyone present who is familiar with the claim? If not, I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 1974) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce, was announced as next in order.

SEVERAL SENATORS. Over.

The PRESIDING OFFICER. The bill will be passed over.

HARRIET C. HOLADAY

The bill (S. 1997) to compensate Harriet C. Holaday was announced as next in order.

Mr. McKELLAR. Mr. President, this is similar to the bill just objected to a moment ago, so I think it also had better go over. However, if the Senator from Ohio [Mr. FESS] can explain it, I will have no objection.

Mr. FESS. Mr. President, Mr. Holaday was appointed to the position of consul, class 4, at Santiago in 1902. In 1915 he was promoted to class 2 and appointed at Manchester. In 1924 he was given an appointment in the Foreign Service in class 4. In 1929 he died. The State Department has recommended the payment to the widow and that the bill be passed, it being in the usual form. I hope the Senator from Tennessee will permit it to pass.

Mr. McKELLAR. Is there any law that provides for this character of payment? Is it done by virtue of a law or has it merely come to be a custom that whenever a consular officer dies a year's salary is paid to his widow?

Mr. FESS. I could not answer, but I should think it would be the custom; otherwise we would not have a special bill for that purpose.

Mr. BORAH. Mr. President, it is a custom and only a custom.

Mr. McKELLAR. There is no law legalizing it?

Mr. BORAH. It is very unfortunate that we have not enacted a law defining the obligations of the Government under these circumstances, but, as is the practice in this body and in the House, upon death we allow a year's salary to the widow. That has been done with reference to such officials as in the case now before us. I think it is a very unwise practice, but it is a practice that we have been pursuing for a number of years. It seems to me there ought to be definite legislation on the subject.

Mr. McKELLAR. I quite agree with the Senator.

Mr. FESS. So do I.

Mr. McKELLAR. I shall not object, and as soon as this measure shall have been disposed of I shall then ask to return to the other one of a similar nature to which I objected just a moment ago, so we may treat them both alike.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

There being no objection, the bill was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and directed to pay to Harriet C. Holaday, widow of Ross E. Holaday, late American consul at Manchester, England, the sum of $6,000, being 1 year's salary of her deceased husband, who died while in the Foreign Service, and there is hereby authorized to be appropriated, out of any money in the Treasury not otherwise appropriated, a sufficient sum to carry out the purpose of this act.

EMMA FERGUSON STARRETT

Mr. McKELLAR. Mr. President, just a moment ago we passed over another bill for the relief of the widow of an American consul, being Calendar No. 309, Senate bill 1401. I ask unanimous consent to return to it in order that it may be considered and similar treatment accorded as in the case of the bill just passed.

The PRESIDING OFFICER. Is there objection?

There being no objection, the bill (S. 1401) to pay a gratuity to Emma Ferguson Starrett, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Emma Ferguson Starrett, widow of Henry P. Starrett, late American consul general at Algiers, Algeria, the sum of $8,000, equal to 1 year's salary of her deceased husband.

BILL PASSED OVER

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, this is a very important and a very long bill. I do not think it ought to be considered at this time, so I ask that it may go over.

The PRESIDING OFFICER. On objection, the bill will be passed over.

WILLIAM T. J. RYAN

The Senate proceeded to consider the bill (S. 305) for the relief of William T. J. Ryan, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 7, to strike out the word "staff", so as to make the bill read:

Be it enacted, etc., That in the administration of the provisions of the act of August 29, 1916 (39 Stat.L. 649), relating to Federal support of families of enlisted men in the Military Establishment who served during the expedition into Mexico, the claim of William T. J. Ryan, then sergeant, Headquarters Battery, Seventy-sixth Regiment United States Field Artillery, Fort D. A. Russell, Wyo., for Federal support of his wife, Beulah E. Ryan, be held and considered to have been received in the office of the depot quartermaster, Washington, D.C., on or before June 30, 1917, in view of the fact that delay in receipt occurred through no fault of the soldier but through loss or miscarriage of his application in the mails.

The amendment was agreed to.

Mr. McKELLAR. Mr. President, may we have an explanation of the bill from the Senator from Wyoming [Mr. CAREY]?

Mr. CAREY. Mr. President, the bill provides for the payment to the widow of a sergeant named Ryan of the sum of $250 to which he was entitled during the time he was on the Mexican border.

Mr. McKELLAR. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

PENALTY FOR PRESENTATION OF FALSE WRITTEN INSTRUMENTS

The Senate proceeded to consider the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry, which was read, as follows:

Be it enacted, etc., That every person who knowingly or willfully makes or aids, or assists in the making, or in anywise procures the making or presentation of any false or fraudulent affidavit, declaration, certificate, voucher, or paper or writing purporting to be such, concerning any application, bond, bid, loan, or payment thereof or pertaining to any other matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry, or who knowingly or willfully makes or causes to be made, or aids or assists in the making, or presents or causes to be presented, any false or fraudulent affidavit, certificate, voucher, or paper or writing purporting to be such, and every person before whom any declaration, affidavit, voucher, or other paper or writing to be used in aid of the prosecution of any application, bond, bid, loan, or payment thereof purports to have been executed who shall knowingly certify that the declarant, affiant, or witness named in such declaration, affidavit, voucher, or other paper or writing personally appeared before him and was sworn thereto, or acknowledged the execution thereof, when, in fact, such declarant, affiant, or witness did not personally appear before him or was not sworn thereto, or did not acknowledge the execution thereof, shall be punished by a fine not exceeding $5,000, or by imprisonment for a term of not more than 5 years.

Mr. TRAMMELL. Mr. President, from the title of this bill I do not quite understand its import. Probably I shall support the bill, but I should like to have some explanation in regard to the measure. I ask the chairman of the committee if he will give such an explanation.

Mr. ASHURST. Mr. President, I introduced this bill at the request of the Secretary of the Interior, and when I state its purpose I am certain that my esteemed friend from Florida will favor the bill, because he is always on the side of law enforcement.

It is not news when I tell the Senate that now, and for some months past, hovering over every department of the Government like obscene harpies, like foul buzzards, are lobbyists, grafters, place hunters, favor seekers, with sordid and seemingly unappeasable rapacity. The Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, and as Administrator of the Code of Fair Competition for the Petroleum Industry, has striven well and ably to protect the revenues of the people, but his Department is of the opinion that this closing of a gap in the law is necessary in order that persons who knowingly make false certificates and supply fictitious bids may be prosecuted; and the Secretary of the Interior says that cases are arising constantly in the enforcement of the laws relating to the Interior Department; the transaction of business in connection with the Public Works Administration; in violations of the Code of Fair Competition for the Petroleum Industry; and enforcement of regulations under section 9 (c) of the National Industrial Recovery Act of June 16, 1933, which are not susceptible of successful prosecution on charges of perjury, and there is no law at present under which prosecutions may be secured for the presentation of false papers.

Personally, as a lawyer, I am of opinion that the present law is adequate; but Senators may well imagine my confusion, and how red my face would be, if the courts should nevertheless hold that there actually is a loophole in the law and that therefore these grafters, place hunters, and obscene buzzards who are trying to extract money illegally out of the Treasury should crawl through the meshes of the law. Therefore, after investigation, I am of opinion that the Secretary of the Interior is wise and prudent and that while sections 71, 72, and 73 of title 18 of the Criminal Code apparently do close all the gaps, it is not certain that they do completely close all of them. For that reason I introduced the bill.

Mr. BORAH. Mr. President——

Mr. ASHURST. I yield to the able Senator from Idaho.

Mr. BORAH. When the matter was before the committee there was a suggestion that this bill be extended and broadened in its terms so as to cover all the departments and get all the "buzzards."

Mr. ASHURST. The Senator is correct, and I believe the Senator from Idaho made the motion.

Mr. McKELLAR. Does the bill provide for that?

Mr. BORAH. No.

Mr. ASHURST. It is reported without amendment; and, so far as I have power to do so, I am willing to have the bill amended, on line 1, page 2, after the word "of", by inserting the words "any department or agency of the United States", so that it would read, beginning on line 8, page 1:

Or payment thereof or pertaining to any other matter within the jurisdiction of any department or agency of the United States, or who knowingly or willfully—

And so forth. Does that meet the Senator's suggestion?

Mr. BORAH. Will the Senator let the bill be passed over for just a few moments?

Mr. ASHURST. Certainly.

The PRESIDING OFFICER. The bill will be passed over temporarily.

Mr. VANDENBERG. Mr. President, may I ask the Senator a question?

Mr. ASHURST. Certainly.

Mr. VANDENBERG. Before the Senator from Arizona leaves the "buzzards" and the "harpies", may I inquire the status in his committee of the proposed legislation which was offered 2 or 3 weeks ago by myself and by the Senator from South Carolina [Mr. BYRNES] in respect to some particular "harpies" and "buzzards"?

Mr. ASHURST. I wish now to pay my tribute of respect to the able Senator from Michigan, who introduced the bill.

Mr. VANDENBERG. I was not asking for a tribute. I was asking for information.

Mr. ASHURST. I may be able to give the Senator the tribute without the law. He will get one or the other.

I did that which was a courtesy the chairman frequently should extend to Senators who introduce bills. I asked the able Senator to name his own subcommittee, which the Senator with becoming modesty declined to do; but I insisted upon it, and he did. The subcommittee was appointed, and, as I am advised, is making progress with the bill.

Mr. VANDENBERG. The Senator has no anticipation as to when this progress may terminate effectually?

Mr. ASHURST. It would terminate very effectively and with great satisfaction if the Senator from Michigan would appear before the subcommittee and argue for his bill, because he argues ably, never tiresomely; and I believe all that would be needed to have the bill reported favorably would be for the able Senator to appear before the subcommittee.

Mr. VANDENBERG. The Senator has no information as to the present status of the measure?

Mr. ASHURST. I know that the subcommittee is giving close consideration, and I am warranted in saying favorable consideration, to the Senator's bill.

Mr. ASHURST subsequently said: Mr. President, may I so far presume as to ask the Senate to recur now to Senate bill 2686?

The PRESIDING OFFICER. Without objection, the Senate will recur to Senate bill 2686.

Mr. ASHURST. I have conferred with the Senator from Idaho, who has suggested the following amendment, which I certainly approve and endorse:

On line 1, page 2, after the word "of", strike out all the remainder of line 1, all of line 2, all of line 3, and the two words "Petroleum Industry" on line 4, and insert the words "any department or agency of the Federal Government", so that, as amended, that portion would read, commencing on line 8, page 1:

Or payment thereof or pertaining to any other matter within the jurisdiction of any department or agency of the Federal Government, or who knowingly—

And so forth.

I believe this amendment improves the bill; and if the Secretary of the Interior be correct in believing that the present law is defective, and there actually is a loophole, this should close it.

Mr. McKELLAR. Mr. President, does this stop all the gaps? There will not be any more lobbying?

Mr. ASHURST. So far as the Senate Judiciary Committee is concerned, it would be a law that would close around and prosecute those who come within its purview and who make false affidavits or submit fictitious bids, and so forth.

Mr. McKELLAR. I think it is a long step in the right direction.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 2, line 1, after the word "of" where it appears the first time in the line, it is proposed to strike out the words "the Secretary of the Interior", and so forth, down to the comma in line 4 following the words "Petroleum Industry", and insert "any department or agency of the Federal Government", so that it will read:

Any department or agency of the Federal Government, or who knowingly or willfully makes or causes to be made—

And so forth.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Arizona.

The amendment was agreed to.

Mr. ASHURST. Mr. President, it is due to the Department that I secure permission to have printed in the RECORD at this point the committee's report, and the letter of the Department.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report is as follows:

[S.Rept. No. 288, 73d Cong., 2d sess.]

TO PROHIBIT THE PRESENTATION OF FALSE WRITTEN INSTRUMENTS IN CERTAIN PUBLIC MATTERS

Mr. ASHURST, from the Committee on the Judiciary, submitted the following report (to accompany S.2686):

The Committee on the Judiciary, having had under consideration the bill (S. 2686) to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry, reports the same favorably to the Senate without amendment and recommends that the bill do pass.

The origin and purpose of this legislation are set forth in the following letter from the Secretary of the Interior to the chairman of this committee:

THE SECRETARY OF THE INTERIOR,
Washington, February 7, 1934.

Hon. HENRY F. ASHURST,
Chairman Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR ASHURST: There is transmitted herewith a draft of a proposed bill providing a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of the Secretary of the Interior, Administrator of the Federal Emergency Administration of Public Works, or Administrator of the Code of Fair Competition for the Petroleum Industry.

A large number of cases are arising constantly in the enforcement of the laws relating to the Interior Department; the transaction of business in connection with the Public Works Administration; in violations of the Code of Fair Competition for the Petroleum Industry; and enforcement of regulations under section 9 (c) of the National Industrial Recovery Act of June 16, 1933, which are not susceptible of successful prosecution on charges of perjury, and there is no law at present under which prosecutions may be secured for the presentation of false papers.

The early enactment of this legislation is especially desired, so that prompt and vigorous steps may be taken while expenditures are being made of Public Works Administration funds, in view of the following provisions of section 2 (c) of the National Industrial Recovery Act:

"This title shall cease to be in effect and any agencies established hereunder shall cease to exist at the expiration of 2 years after the date of enactment of this act, or sooner if the President shall by proclamation or the Congress shall by joint resolution declare that the emergency recognized by section 1 has ended."

It is respectfully requested that the proposed measure be placed before the Senate for appropriate action.

Sincerely yours,
HAROLD L. ICKES,
Secretary of the Interior.

The letter is as follows:

DEPARTMENT OF THE INTERIOR,
DIRECTOR OF INVESTIGATIONS,
Washington, February 13, 1934.

Hon. HENRY F. ASHURST,
Chairman Committee on the Judiciary,
United States Senate.

MY DEAR SENATOR ASHURST: The office of the Legislative Counsel called me yesterday afternoon, stating that a hearing was held by your committee on Senate bill 2686, and that there was some question as to whether or not this bill is necessary in view of sections 71, 72, and 73, title 18, U.S.C.A. In my opinion these sections relate more to forged and counterfeited documents and do not cover the cases I have in mind. In support of my view, you will note that the codifiers of the present Penal Code included sections 80 and 81, which provides for the making of a false affidavit or paper purporting to be such relating to pension and bounty land warrants. The proposed bill, which you have so kindly introduced, is similar to section 80, except that the proposed bill enlarges the scope to include all matters before the Secretary, the Administrator of Public Works, and the Administrator of the Oil Code.

I am enclosing a copy of a letter which I had previously written to Congressman SUMNERS. You will note at his request the bill has been enlarged so as to include all departments, agencies, bureaus, etc. A copy of this bill is also enclosed in the event it should be desired to enlarge the scope of Senate 2686.

Sincerely yours,
LOUIS R. GLAVIS, *Director.*

Mr. STEIWER. Mr. President, will the Senator yield to me just for a question?

Mr. ASHURST. Certainly?

Mr. STEIWER. I desire to invite the Senator's attention, in view of the amendment, to the title of the bill. Does the Senator desire to amend the title of the bill also?

Mr. ASHURST. The Senator is correct. Will the Senator propose that amendment?

Mr. STEIWER. I am not prepared to do that. I assume, from hearing the amendment, that there is sufficient difference in the bill as it has been amended to justify a difference in the title.

The PRESIDING OFFICER. The Chair is advised that it is necessary to pass the bill before the title is amended.

Mr. McKELLAR. Yes.

Mr. ASHURST. I shall ask, later, that the title be amended so as to read:

A bill to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government.

Mr. TRAMMELL. Mr. President, since the very able explanation made in regard to this bill by the chairman of the committee, and realizing its purport and effect, I think it is very desirable legislation, and, of course, I have no desire to object to it. I appreciate the splendid explanation given by the chairman of the committee.

Mr. ASHURST. The Senator's inquiry improved the status of the bill. It brought forth the amendment proposed by the Senator from Idaho; and I thank the Senator from Florida.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government."

MINNESOTA RIVER BRIDGE, JORDAN, MINN.

The bill (S. 2592) granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a free bridge and approaches thereto across the Minnesota River, at a point suitable to the interests of navigation, at or near Jordan, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

ST. LOUIS RIVER BRIDGE, CLOQUET, MINN.

The bill (S. 2593) granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the St. Louis River, at a point suitable to the interests of navigation, at or near Cloquet, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

BILLS PASSED OVER

The bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, was announced as next in order.

The PRESIDING OFFICER. This bill will be passed over.

The bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, was announced as next in order.

Mr. REED. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

ROBERT E. MASTERS

The bill (S. 2295) for the relief of Robert E. Masters was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Robert E. Masters, who served as a private, Company K, Twenty-second Regiment United States Infantry, United States Army, shall hereafter be held and considered to have been honorably discharged from the military service on March 27, 1903: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

COLUMBIA RIVER BRIDGE, ASTORIA, OREG.

The bill (S. 2545) to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg., authorized to be built by J. C. Tenbrook, as mayor of Astoria, Oreg., his successors in office and assigns, by an act of Congress approved June 10, 1930, are hereby extended 1 and 3 years, respectively, from February 9, 1934.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

CONSTRUCTION OF BRIDGES OVER NAVIGABLE WATERS

The bill (S. 2546) to amend the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subdivision (e) of section 1 of the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930, is amended by striking out after the words "reasonable charges" the comma and the words "but within a period of not to exceed 20 years from the date of acquiring the same" and inserting in lieu thereof a period.

MISSOURI RIVER BRIDGE, WELDON SPRINGS, MO.

The bill (H.R. 6799) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Springs, Mo., authorized to be built by the State Highway Commission of Missouri by an act of Congress approved March 3, 1931, are hereby extended 2 and 5 years, respectively, from March 3, 1933.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

BILL PASSED OVER

The bill (S. 2594) granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the lower end of Lake Bemidji, Minn., was announced as next in order.

The PRESIDING OFFICER. In the absence of the Senator from Minnesota [Mr. SHIPSTEAD], who, the Chair is informed, has an amendment to offer to this bill, it will be temporarily passed over.

REFINANCING OF FARM INDEBTEDNESS

The bill (S. 2703) to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, was announced as next in order.

Mr. McKELLAR. Mr. President, I ask that Order of Business No. 360, being House bill 7928, may be substituted for the Senate bill.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and House bill 7928 is substituted for Senate bill 2703.

Mr. FRAZIER. Mr. President, may we have an explanation of the bill?

Mr. McKELLAR. The Senator from Arkansas [Mr. ROBINSON], the author of the bill, is not in the Chamber at the present moment, and if the Senator desires to have an explanation, I will have him sent for. I am not familiar with the bill, but it seems to me a very proper one, and I think the Department has recommended it.

Mr. HEBERT. Let it go over.

Mr. McKELLAR. Mr. President, the Senator from Arkansas has just entered the Chamber. Will not the Senator withhold his objection for a moment?

Mr. HEBERT. Certainly.

Mr. ROBINSON of Arkansas. Mr. President, Senate bill 2703 is identical with a bill passed by the House of Representatives, being Order of Business No. 360, which I understand has been substituted for the Senate bill.

The sole purpose of the bill is to modify the act of January 31, 1934, to provide for the establishment of a corporation to aid in the refinancing of farm debts, and so forth, so as to include surtaxes; that is, the bill makes income from the bonds issued under the authority of the act subject to surtaxes.

This has been found necessary by the Treasury Department and the Farm Credit Administration in order to put these bonds on substantially the same basis with other bonds which are being issued and sold by the Treasury Department.

Mr. HEBERT. Mr. President, as I read the report which accompanies the bill, these bonds are to be relieved of all Federal, State, municipal, and local surtaxes.

Mr. ROBINSON of Arkansas. The bonds have already been authorized and they are exempt from taxation with the exception of estate, inheritance, and gift taxes. The sole effect of this measure is to make them liable to surtaxes. That is the only change this measure would make in existing law. As I have already explained, it has been regarded as necessary in order to put the bonds on an equality with other bonds which are being issued and sold at the same time. It is restrictive, rather than expansive. In other words, as the statute already passed provides, the bonds are subject only to estate, inheritance, and gift taxes. This would make them subject, in addition, to surtaxes. As I have already said, the measure has passed the House of Representatives. I think there can be no valid objection to the enactment of the bill.

Mr. HEBERT. Mr. President, I find this statement in the report:

The object of the bill is to eliminate the exemption on income derived from Federal Farm Mortgage Corporation bonds from Federal, State, municipal, and local surtaxes, supplementing the original provision which applied only to estate, inheritance, and gift taxes.

In other words, as I understand the report, the bill is designed to go further than the original law went in removing exemptions.

Mr. ROBINSON of Arkansas. No, Mr. President; that is not correct. In that particular the report is in error. As I have said several times, the bill would merely make the income from the bonds subject to surtaxes. That is all it would do, all it could do.

The PRESIDING OFFICER. Is the objection of the Senator from Rhode Island withdrawn?

Mr. HEBERT. I have no further objection.

The PRESIDING OFFICER. Without objection, Senate bill 2703 will be indefinitely postponed.

There being no objection, the bill was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934, is amended to read as follows:

"(b) Mortgages executed to the Land Bank Commissioner and mortgages held by the corporation, and the credit instruments secured thereby, and bonds issued by the corporation under the provisions of this act, shall be deemed and held to be instrumentalities of the Government of the United States, and as such they and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation (except surtaxes, estate, inheritance, and gift taxes)."

CATHERINE WRIGHT

The bill (S. 620) for the relief of Catherine Wright, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Catherine Wright, of San Francisco, Calif., the sum of $5,000, in full satisfaction of her claim against the United States for damages arising out of the embezzlement by a former United States commissioner for the northern district of California of a like sum deposited with him as bail on August 2, 1930, by John F. Sullivan.

NEILL GROCERY CO.

The Senate proceeded to consider the bill (S. 2201) for the relief of the Neill Grocery Co., which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out the words "plus interest thereon at the rate of 6 percent per annum from October 13, 1920, to the date of the enactment of this act", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Neill Grocery Co., Wheeling, W.Va., the sum of $2,531.97. Such sum represents the amount of a fine and court costs paid on such date by such company, pursuant to a conviction for violating certain provisions of the Lever Act of August 10, 1917, as amended, prior to the declaration by the Supreme Court of the United States of the invalidity of such provisions.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

M. THOMAS PETROY

The Senate proceeded to consider the bill (S. 1430) for the relief of M. Thomas Petroy, which had been reported from the Committee on Claims with an amendment, on page 1, line 8, after the word "of", to strike out "$1,206.50" and to insert in lieu thereof the figures "$193.36", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to M. Thomas Petroy (alias Mieczyslaw Piotrowsky), formerly a private, Service Troop, Eleventh Regiment United States Cavalry, the sum of $193.36 in full satisfaction of his claim against the United States for loss of personal property in the fire which destroyed the saddle and harness rooms of such troop at the presidio of Monterey, Calif., on January 1, 1925.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

A. E. SHELLEY

The Senate proceeded to consider the bill (S. 2377) for the relief of A. E. Shelley, which had been reported from the Committee on Claims with an amendment, on page 1, line 6, to strike out "$700" and to insert in lieu thereof "$691.20", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he hereby is, authorized and directed to pay A. E. Shelley, of Heber, Ariz., out of any money in the Treasury not otherwise appropriated, the sum of $691.20 in full satisfaction of his claim against the United States for damages on account of injuries sustained on April 6, 1931, which resulted from running into a United States Forest Service telephone wire near Heber, Ariz., which had been negligently left partially down by employees of such service.

Mr. McKELLAR. Will not the Senator from Massachusetts explain that bill? Is it recommended by the Department?

Mr. COOLIDGE. Mr. President, it is recommended by the Department. It seems that the claimant, in riding horseback, came to a place where on the day before some workmen in the Forest Service had shaken off some insulators from telephone lines and dropped a wire. As he rode through that section on his horse, he was thrown off and badly injured.

The exact amount of the bill is $691.20. That is the amount of money, according to an ample number of good affidavits which have been furnished to the committee, owing this man. Instead of reporting the bill with a round figure of $700, the committee amended the bill so as to appropriate $691.20, the exact amount shown by the affidavits to be due.

Mr. McKELLAR. I have no objection.

The PRESIDING OFFICER. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

GUILLERMO MEDINA

The bill (H.R. 5243) to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $66.80 to Guillermo Medina in full compensation for the loss of personal property as the result of the capsizing of a United States Navy whaleboat off Galera Island, Gulf of Panama, on September 25, 1928.

RELIEF OF ARMY DISBURSING OFFICERS

The Senate proceeded to consider the bill (S. 2050) for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department.

Mr. McKELLAR. Mr. President, may we have an explanation of this bill?

Mr. SHEPPARD. Mr. President, this bill was introduced at the suggestion of the Secretary of War, for the purpose of adjusting the accounts of certain disbursing officers of the Army and for the settlement of an individual claim approved by the War Department. There were certain minor clerical errors in computing pay and allowances due personnel of the military service and of the National Guard, which personnel is no longer in the service. The War Department felt that the officers should not be held responsible for minor errors and minor overpayments, and prepared this bill for submission to the Congress.

The PRESIDING OFFICER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the following disbursing officers of the Army of the United States the amounts set opposite their names: Maj. W. D. Dabney, Finance Department, $106.15; Capt. Francis Egan, Quartermaster Corps, $59.62; Maj. Charles F. Eddy, Finance Department, $68.80; said amounts being public funds for which they are accountable and which comprise minor errors in the computation of pay and allowances due former personnel of the military service and of the National Guard, and which amounts have been disallowed by the Comptroller General of the United States.

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Maj. Carl Halla, Finance Department, the sum of $3,083.21, said amount being public funds for which he is accountable and which he paid to Lt. Col. Samuel T. Talbott, United States Army, in settlement of a claim approved for household goods lost while in storage at Plattsburg Barracks, N.Y., which claim had been approved by the Secretary of War as required by the act of March 4, 1921 (41 Stat. 1436), and which payment was later disallowed by the Comptroller General of the United States.

SEC. 3. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Col. Charles A. Romeyn, Cavalry, United States Army, the sum of $24, out of any money in the Treasury not otherwise appropriated, to reimburse him for a like amount paid out by him to the Springfield Hospital, Springfield, Vt., for hospitalization of Reserve Officers' Training Corps student, Bertram C. Goodell.

CHARLES J. WEBB SONS CO., INC.

The bill (S. 2138) for the relief of Charles J. Webb Sons Co., Inc., was announced as next in order.

Mr. McKELLAR. Mr. President, may we have an explanation of that bill by the Senator from Pennsylvania?

Mr. REED. Mr. President, the bill arises out of a payment to the Treasury made by the Webb Co., who are importers of wool, on the basis of the attitude taken by the Treasury toward certain importations. It was generally believed that the Treasury was wrong in the attitude it took, but this company was compelled by its bankers to refrain from bringing suit, as other importers did, and to make payment to the Government. The other importers contested the attitude of the Government with regard to those importations, and ultimately the Treasury admitted that it was wrong, and excused all the others from any payment. The Treasury would have liked to refund this amount paid by the Webb Co., but the Comptroller General ruled that they could not do it, that the money had already been covered into the Treasury. It is admitted by the Treasury to be a just claim, and the Treasury approves the bill.

Mr. McKELLAR. There were a number of others in a similar situation, and they were to bring suit, and did not do it?

Mr. REED. Precisely.

Mr. McKELLAR. And the Treasury did not collect from the others similarly situated?

Mr. REED. The Treasury admitted its attitude was wrong.

There being no objection, the Senate proceeded to consider the bill, which was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Charles J. Webb Sons Co., Inc., the sum of $18,648.87, in full satisfaction of all claims for reimbursement on account of amounts erroneously collected and covered into the Treasury which had been tendered by such company in connection with a conditional offer in settlement dated January 4, 1932, and amended January 8 and 19, 1932, the conditions of which offer were not performed by the Government and the settlement not consummated.

WILLIAM C. CAMPBELL

The bill (H.R. 5242) for the relief of William C. Campbell was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury is authorized and directed to pay to William C. Campbell, of Pawhuska, Okla., out of any money in the Treasury not otherwise appropriated, the sum of $64.64, in full satisfaction of his claim against the United States for one half of his deceased son's share in payment made to the Santee Sioux Indians in 1924, which was erroneously paid to another Indian of the same name.

R. D. JACQUES AND OTHERS

The bill (S. 2051) to authorize settlement, allowance, and payment of certain claims was announced as next in order.

Mr. McKELLAR. Mr. President, will not the Senator from Texas explain that bill?

Mr. SHEPPARD. Mr. President, this is a bill similar to that under discussion a few minutes ago, a bill prepared by the War Department, authorizing the Comptroller to certify the settlement of certain claims against the Department and to make certification of the amount due to Congress, claims which could not be paid under the existing statute limiting the authority of the War Department to the discharge of claims not exceeding $1,000. The claims embodied in this bill have been explained in great detail in the report accompanying this measure.

Mr. McKELLAR. Is there a favorable report from the War Department?

Mr. SHEPPARD. The Department prepared the bill and suggests that the payments be authorized.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill, which had been reported from the Committee on Claims with an amendment, on page 3, at the end of the bill, to insert a new subdivision, so as to make the bill read:

Be it enacted, That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims and certify the same to Congress:

(a) R. D. Jacques in the amount of $3,332.15 for damage to his furniture, clothing, and effects, and $6,862.50 for damage to his house; Rudolph J. Gasser, $2,841.51 for damage to his household goods, wares, merchandise, and personal belongings, these three claims being the result of an airplane accident at Chicago, Ill., on April 30, 1932, when an Army airplane piloted by Second Lt. Charles A. Fargo, Air Corps Reserve, on an authorized flight, crashed into the house of Mr. Jacques, killing the pilot and his passenger and setting fire to the building in which the claimants were then living.

(b) Catalina Portugal de Marino, for damages in the amount of $1,000 due to the death of her husband, Ramon Marino, who was killed by the propeller of an Army airplane while assisting in releasing the plane from the mire at Legaspi, P.I., on January 10, 1932.

(c) W. H. Williamson, Paulsboro, N.J., for damages in the amount of $20.69 to bread and pastries due to sand and water from the body of a soldier drowned in the Delaware River at Penns Grove, N.J., on July 1, 1931, which was transported in claimant's wagon at the request of an Army sergeant, as an emergency measure, to the nearest medical aid in an effort to save life.

(d) Corp. Joseph R. Burdett, $30, and Pvt. (1st cl.) J. S. Boehn, $50, for loss of shotguns, private property of the claimants, which were stolen from a storeroom of the Quartermaster detachment where they had been impounded as the result of an order issued by the post commander, Fort McKinley, P.I.

(e) Pittsburgh Steamship Co., Cleveland, Ohio, in the amount of $3,368.61 for damages on account of the collision of its steamer *B. F. Affleck* with the Government dredge *General G. G. Meade*, in the St. Marys River near Rains Island on August 29, 1932.

(f) No part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by

any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2652) to include peanuts as a basic agricultural commodity under the Agricultural Adjustment Act was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

FREMONT NATIONAL PARK, OREG.

The bill (S. 1983) to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the President of the United States be, and hereby is, authorized to revise the boundaries of the Fremont National Forest in the State of Oregon so as to include within that national forest, subject to valid existing claims, such lands within the State of Oregon as he considers desirable for the production of timber, the protection of stream flow, and/or the regulation and improvement of the grazing resources: *Provided*, That the boundaries of said national forest shall not be extended more than 6 miles from the present boundaries thereof or from the north boundary of the Modoc National Forest: *And provided further*, That the lands of the United States which may be given a national-forest status under the provisions of this act shall not exceed 250,000 acres. All lands included within the boundaries of the Fremont National Forest under authority of this act shall thereupon become subject to all laws relating to the national forests.

JOINT RESOLUTION PASSED OVER

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. REED. Let that go over.

The PRESIDING OFFICER. The resolution will be passed over.

HENRY M. BURNS

The bill (H.R. 890) for the relief of Henry M. Burns was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Henry M. Burns, who was a member of Company D, Twenty-eighth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 7th day of October 1913: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

CONSTRUCTION AT MILITARY POSTS

The Senate proceeded to consider the bill (S. 1568) to repeal certain provisions of the act of February 25, 1929, entitled "An act to authorize appropriations for construction at military posts, and for other purposes", and the act of July 3, 1930, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes."

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Texas [Mr. SHEPPARD], the Chairman of the Committee on Military Affairs, make some explanation of the provisions and purposes of the bill?

Mr. SHEPPARD. Mr. President, the bill makes possible the relocation of an ammunition magazine on the military reservation comprising Governors Island, N.Y., by repealing present legislation preventing new construction on a certain part of the reservation. The present magazine has become a source of danger to nearby structures. The bill also makes possible the fuller use of the small area occupied by this post for the War Department's new construction program.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the provision contained in the act of February 25, 1929 (45 Stat. 1301, 1302), reading: "*Provided*, That no new construction shall be built on that part of Governors Island west of a line running in a northwest and southeasterly direction across the island and paralleling the eastern face of the regimental barracks building at a distance of 300 feet", and the provision contained in the act of July 3, 1930 (46 Stat. 860, 908), reading: "Governors Island, N.Y.: No construction shall be undertaken on that part of Governors Island west of a line running in a northwesterly and southwesterly direction across the island, and coinciding with the western faces of the two wings of the new barracks building", are hereby repealed.

AMENDMENT OF NATIONAL DEFENSE ACT OF JUNE 3, 1916

The Senate proceeded to consider the bill (S. 2041) to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended.

Mr. McKELLAR. Will the Senator from Texas make an explanation of the bill?

Mr. SHEPPARD. Mr. President, the National Defense Act of 1916 provided that reserve officers should be appointed from the Philippines as well as from the United States. A subsequent amendment of the National Defense Act, by error, left out the words "from the Philippines" in the section authorizing reserve officers. The bill restores the original language. As long as we have the Philippines it is thought we should have a quota of reserve officers from that Territory.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 37 of the National Defense Act of June 3, 1916, as amended, be, and the same is hereby, further amended by inserting after the words "United States", in the seventh sentence of said section, the words "or of the Philippine Islands."

DEPARTMENT OF PHYSICS, UNITED STATES MILITARY ACADEMY

The bill (S. 2042) to establish a department of physics at the United States Military Academy, at West Point, N.Y., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That hereafter there is authorized one professor of physics at the United States Military Academy, with the same status, rank, pay, and allowances of other professors at said Military Academy.

CLAUDE A. BROWN AND RUTH M'CURRY BROWN

The bill (S. 2750) for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to redeem, in favor of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown, 3½-percent United States Treasury note, series A–1930–32, no. A–oo,018,061, in the denomination of $1,000, issued March 15, 1927, called for redemption March 15, 1931, matured March 15, 1932, without interest and without presentation of said note, which is alleged to have been destroyed: *Provided*, That the said note shall not have been previously presented: *And provided further*, That the said Claude A. Brown and Ruth McCurry Brown shall first file in the Treasury Department a bond in the penal sum of double the amount of the principal of the said note, in such form and with such corporate surety as may be acceptable to the Secretary of the Treasury to indemnify and save harmless the United States from any loss on account of the note hereinbefore described.

RELIEF OF CERTAIN DISBURSING OFFICERS OF THE ARMY

The Senate proceeded to consider the bill (S. 2054) for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department, which had been reported from the Committee on Claims with an amendment, on page 1, line 8, after the semicolon, to insert "E. Dworak, major, Finance Department (now retired), $15", so as to make the bill read:

Be it enacted, etc., That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of the following disbursing officers of the Army of the United States the amounts set opposite their respective names:

F. J. Baker, major, Finance Department, $21.35; Roy W. Camblin, first lieutenant, Air Corps, $19.41; E. Dworak, major, Finance Department (now retired), $15; C. A. Frank, first lieutenant, Infantry, Finance Department, $16.41; P. G. Hoyt, major, Finance Department (now deceased), $94.54; William T. Johnson, first lieutenant, Finance Department, $12.35; J. H. Osterman, captain, Quartermaster Corps, $17.60; A. G. Tagliabue, first lieutenant, Finance Department, $35.07; and George N. Watson, major, Finance Department (now retired), $29.25, said amounts being public funds for which they are accountable and which represent amounts due to minor errors in computation of pay and allowances due military personnel, who are no longer in the service of the United States, and which amounts have been disallowed by the Comptroller General of the United States.

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of F. J. Baker, major, Finance Department, $149.31, of which amount $105.57 represents payments made to three former officers of the National Guard, $37.80 representing payments made to two former Reserve Officers' Training Corps students of the University of Florida, and for which efforts to collect from the individual payees for the overpayments have been unsuccessful; and $5.94 paid to an officer of the Army for Pullman accommodations used by him on a change of station under proper orders, but for which the cash receipt necessary to support the voucher covering payment was lost, all of which amounts were disallowed by the Comptroller General of the United States in the accounts of Major Baker.

SEC. 3. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of Roy W. Camblin, first lieutenant, Air Corps (formerly disbursing officer, Ellington Field, Tex.), the amount of $27.46, said amount being public funds for which he is accountable and which represents amounts due to errors in computing ration savings due organizations of the Army which have since been disbanded.

SEC. 4. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to Roy W. Camblin, first lieutenant, Air Corps, $107.36, representing an amount erroneously stopped against his pay by the Secretary of War for disallowances appearing in his accounts as disbursing officer at Ellington Field, Tex., in 1921 and 1922, and which disallowances had been cleared by the Comptroller General of the United States under authority of law prior to the collection of the stoppage.

SEC. 5. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit the accounts of F. A. Englehart, major, Ordnance Department, $44.87, public funds for which he is accountable and which represent the proceeds due the United States from a cashier's check for $70 drawn on March 30, 1925, on the First National Bank, Conyers, Ga., which bank failed between date of receiving check by the Government, April 2, 1925, and date of its presentation for payment, April 17, 1925, $44.87, being the balance outstanding after the affairs of the above-mentioned bank had been liquidated.

SEC. 6. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of John B. Harper, major, Finance Department, the sum of $80.64, public funds for which he is accountable and which were paid by him to Joseph F. Battley, first lieutenant, Chemical Warfare Service, for mileage performed under War Department orders and which amount was disallowed by the Comptroller General of the United States: *Provided*, That the amount so paid shall not be charged against any moneys otherwise due payee.

SEC. 7. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of C. Newton, Jr., major, Finance Department, the sum of $100, said amount being public funds for which he is accountable and which represents a payment made to William A. Weaver for services in testifying as an expert witness at a general courtmartial of an officer, which amount has been disallowed by the Comptroller General of the United States.

SEC. 8. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of K. W. Slauson, captain, Quartermaster Corps, the sum of $22.26, public funds for which he is accountable and which were paid to George L. Dewey, first lieutenant, Infantry, for traveling expenses and disallowed by the Comptroller General of the United States.

SEC. 9. That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to George L. Dewey, first lieutenant, United States Army, the sum of $160.49, being the amount properly due him for traveling expenses, voucher for which was approved for payment by the General Accounting Office but used as an offset against the disallowances in the accounts of Capt. K. W. Slauson, Quartermaster Corps, for a previous payment made Lieutenant Dewey for travel allowance while on duty as a language student in France: *Provided*, That no charge shall be raised in the accounts of K. W. Slauson, captain, Quartermaster Corps, and E. J. Heller, captain, Quartermaster Corps, on account of this payment.

SEC. 10. That the Comptroller General of the United States be, and he is hereby, authorized and directed to credit in the accounts of George N. Watson, major, Finance Department, the sum of 53 cents, public funds for which he is accountable and which were paid to the Western Union Telegraph Co. for transmission of an official message and which amount was disallowed by the Comptroller General of the United States on the grounds that such message could have been sent by naval radio service at reduced cost.

SEC. 11. Any amounts which otherwise may have been due any of the disbursing officers mentioned herein, or, in the case of deceased officers, may have been due their heirs, for any other purpose, and which amounts or any part thereof have been used as a set-off by the Comptroller General to clear disallowances in said officers' accounts mentioned herein, shall be refunded to such disbursing officer or their heirs: *Provided*, That any amounts refunded by any of said disbursing officers, or their heirs, to the United States on account of said disallowances shall also be refunded to such disbursing officers or their heirs: *Provided further*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MICHAEL BELLO

The Senate proceeded to consider the bill (S. 1516) for the relief of Michael Bello, which had been reported from the Committee on Claims with an amendment, on page 1, line 5, to strike out the words "and father", so as to make the bill read:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay Michael Bello, as administrator of John Bello, out of any money in the Treasury not otherwise appropriated, the sum of $5,000 in full settlement of all claims against the Government for injuries resulting in the death of the said John Bello when he was struck by a United States Army truck from Fort Tilden, Borough of Queens, New York City, operated by a private in the United States Army attached to the Seventh Company United States Coast Artillery Corps. Said accident occurred on February 4, 1932, while the deceased was riding a bicycle in a southwesterly direction along Cryders Lane, Whitestone, borough of Queens, New York City, and the United States Army truck was making a left turn into Cryders Lane from Fifteenth Avenue, Whitestone, borough of Queens, New York City.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CLAUDIA L. POLSKI

The bill (S. 2023) for the relief of Claudia L. Polski was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the requirements of sections 17 and 20 of the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties", approved September 7, 1916, as amended, are hereby waived in favor of Claudia L. Polski, formerly a nurse in the United States Public Health Service, and the United States Employees' Compensation Commission is authorized and directed to consider and act upon any claim made by her for compensation for injury suffered in the performance of her duties as such nurse under the other provisions of such act as amended.

MICK C. COOPER

The Senate proceeded to consider the bill (S. 90) for the relief of Mick C. Cooper, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Mick C. Cooper, of Orient, Wash., out of any money in the Treasury not otherwise appropriated, the sum of $80.11, in full satisfaction of all claims against the Government for meat furnished the Forest Service in June 1926.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMERICAN APPRAISAL CO., AND OTHERS

The bill (H.R. 5241) to authorize the settlement, allowance, and payment of certain claims, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That payment to the American Appraisal Co. for services rendered in the amount of $750 for the appraisal of the Peter Lyall plant at Montreal, Canada, and for services rendered in the amount of $1,250 for the appraisal of the Long Island Air Reserve Depot, N.Y., is hereby authorized to be made from the proceeds of the sale of surplus real estate under the jurisdiction of the War Department not as yet deposited in the Treasury to the credit of the military post construction fund, as provided for by the act of Congress approved March 12, 1923 (44 Stat. 203).

SEC. 2. That the Comptroller General of the United States be, and he is hereby, authorized, notwithstanding the provisions of the act of July 16, 1914 (38 Stat. 508), to adjust and settle the claims of John A. Bellan and the Standard Oil Co. in the amounts of $356 and $8.49, respectively, for rental and operation of an automobile used in connection with improvements to the road system in the Vicksburg National Military Park, Miss., during the fiscal year 1931, and to certify same for payment from the appropriation "Vicksburg National Military Park", 1931.

SEC. 3. That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims and certify the same to Congress:

(a) Alleghany Forging Co. on account of damages suffered by reason of excess in freight, hauling, labor, and incidental expenses due to shipment by the United States of salvaged material, purchased by claimant to wrong destination: $174.92.

(b) Walter Bell on account of damages suffered by reason of destruction of mature vines of a cranberry bog by fire, which started on Camp Dix Military Reservation, and extended over said bog on or about June 3, 1930: $2,500.

(c) Carl B. King Drilling Co., on account of damages suffered to its airplane due to an Army airplane running into it at Clover Field, Calif., on or about August 2, 1930: $1,722.03.

(d) M. Giacalone, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $459.61.

(e) Jact Buono, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $459.

(f) Joseph Asaro, on account of damages suffered while engaged in rescuing an Army aviator and assisting in salvaging an Army airplane from the sea off the coast of Hawaii on or about October 30, 1930: $459.

(g) Sam Harrison, on account of damages suffered by reason of a bomb dropping from an Army airship on a farmhouse owned by him near Scott Field, Ill.: $1,982.

SEC. 4. That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and settle the following claims of civilian employees of the Army and certify the same to Congress: Emil Johns, $22.23; John J. Spatz, Jr., $79.79; Perry W. Stolzenberg, $56.75; Paul D. McMahan, $42.38; Oliver B. Tinley, $42.35; Cleo Finch, $18; Jesse P. Goodin, $15.98; and Paul R. Gruhler, $20, on account of private property belonging to them which was lost, destroyed, or damaged in a fire in a Government building at Wright Field, Ohio, on or about January 2, 1931, while said claimants were engaged in saving Government property.

SEC. 5. That the payment of any and all the claims herein authorized shall be in full payment thereof by the Government: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

CHARLESTOWN SAND & STONE CO.

The Senate proceeded to consider the bill (S. 2790) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.

Mr. McKELLAR. Mr. President, this bill seems to be for a large amount. Will the Senator from Massachusetts explain it?

Mr. COOLIDGE. Mr. President, we had this bill before us last year, and went into the matter very carefully. Some amendments were made to the bill. However, this is the identical bill that was passed in the Seventieth, Seventy-first, and Seventy-second Congresses. A similar bill in the Seventieth Congress passed the House and was favorably reported in the Senate and was passed by the Senate on March 2, 1929. Owing to the rush of legislation at that time, the bill was not messaged to the House and as a result failed to become law. That is what happened, I think, last year when the bill passed the Senate but did not pass the House. That is my recollection. It was given to me as a bill that was in the committee last year.

Mr. McKELLAR. The bill is for damages for a breach of contract. I have not been able to gather from the report just what it is.

Mr. COOLIDGE. I am not very clear about it myself, I will say to the Senator.

Mr. McKELLAR. It seems to me to be a somewhat complicated matter, and I will ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

ROBERT R. PRANN

The Senate proceeded to consider the bill (S. 2561) for the relief of Robert R. Prann, which had been reported from the Committee on Claims with an amendment to strike out all after the enacting clause and insert the following:

Be it enacted, etc., That the Comptroller General of the United States is hereby authorized and directed to certify for payment to Robert R. Prann, of San Juan, P.R., the sum of $3,375, of which amount $1,824.98 shall be paid out of any money in the Treasury not otherwise appropriated and $1,550.02 by the application for the purpose of the balance of moneys appropriated by Puerto Rico for use by the United States in the reconstruction and remodeling of the old San Juan walls, which balance is now held in a special deposit account (symbol no. 23813) in the office of the United States district engineer, second district, New York, N.Y.: *Provided*, That no part of the amount appropriated in this act in excess of 10 percent thereof shall be paid or delivered to or received by any agent or agents, attorney or attorneys, on account of services rendered in connection with said claim. It shall be unlawful for any agent or agents, attorney or attorneys, to exact, collect, withhold, or receive any sum of the amount appropriated in this act in excess of 10 percent thereof on account of services rendered in connection with said claim, any contract to the contrary notwithstanding. Any person violating the provisions of this act shall be deemed guilty of a misdemeanor and upon conviction thereof shall be fined in any sum not exceeding $1,000.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF RADIO ACT OF 1927

The Senate proceeded to consider the bill (S. 2660) to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162), which had been reported from the Committee on Interstate Commerce with an amendment.

Mr. ROBINSON of Arkansas. Mr. President, I hope the Senator from Washington [Mr. DILL] will explain this amendment to the Radio Act.

Mr. DILL. Mr. President, the amendment was suggested by the Federal Radio Commission. The committee have reported it separate and apart from any other radio legislation, because we felt it was rather imperative to have it passed as soon as possible. At the present time some of those who have been refused a renewal of their licenses, or who have had their licenses revoked, and who have been operating radio stations in the United States, have gone down to Mexico and secured licenses from Mexico, and have erected large stations on the Mexican side of the line for the purpose of broadcasting back into the United States. They have established studios on the American side of the line, some of them at a considerable distance back in the country.

The purpose of this provision is to prohibit the studios of these stations from operating in the United States unless they can get a permit from the Federal Radio Commission. It is simply to put a stop to the defiance of the Commission so far as we can by law. The amendment is simply to make it unnecessary to have permits where the broadcasting is simultaneous between an American and a foreign station, such as when we are hooked up with Canada or when we are connected with other foreign countries. There was no objection to the bill from any source that we could learn.

The PRESIDING OFFICER. The amendment of the committee will be stated.

The amendment was, on page 2, line 8, after the word "therefor", to insert "That nothing in this section shall apply to the use of any studio, place, or apparatus in connection with any program which is broadcast simultaneously by a foreign radio station and by any radio broadcasting station licensed by the Federal Radio Commission", so as to make the bill read:

Be it enacted, etc., That the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162), is amended by the addition of a new section to follow section 28 of said act (44 Stat. 1172), said new section to read as follows:

"No person, firm, company, or corporation shall be permitted to locate, use, or maintain a radio broadcast studio or other place or apparatus from which or whereby sound waves are converted into electrical energy, or mechanical or physical reproduction of sound waves produced, and caused to be transmitted or delivered to a radio station in a foreign country for the purpose of being broadcast from any radio station there having a power output of sufficient intensity and/or being so located geographically that its emissions may be received consistently in the United States, without first obtaining a permit from the Federal Radio Commission upon proper application therefor: *Provided*, That nothing in this section shall apply to the use of any studio, place, or apparatus in connection with any program which is broadcast simultaneously by a foreign radio station and by any radio broadcasting station licensed by the Federal Radio Commission.

"Such application shall contain such information as the Commission may by regulation prescribe, and the granting or refusal thereof shall be subject to the requirements of section 11 of the Radio Act of 1927 with respect to applications for station licenses or renewal or modification thereof, and the license or permission so granted shall be revocable for false statements in the application so required or when the Commission, after hearings, shall find its continuation no longer in the public interest."

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILLS PASSED OVER

The bill (S. 2731) for the relief of the State of California was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, that is apparently an important bill. It carries an authorization of approximately six and one-half million dollars. I believe this bill should be given adequate consideration by the Senate.

Mr. McKELLAR. There does not seem to be any report on the bill.

Mr. ROBINSON of Arkansas. I think the bill should go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, was announced as next in order.

Mr. WALSH. Mr. President, the junior Senator from Pennsylvania [Mr. DAVIS] is interested in that measure, and in his absence I do not think it ought to be acted upon. Therefore, I ask that it go over.

The PRESIDING OFFICER. The bill will be passed over.

WATER USERS ON IRRIGATION PROJECTS

The Senate proceeded to consider the bill (S. 2534) to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932.

Mr. McKELLAR. Mr. President, will the Senator from Colorado [Mr. ADAMS] explain the bill?

Mr. ADAMS. Mr. President, this bill is an extension of the provisions of a bill passed in the last Congress, and also in the preceding Congress, designed to give temporary relief to settlers on reclamation projects so as to enable them to defer the payments of installments for an additional year. It does not carry any appropriation, and it does not waive any installments of payments.

Mr. ROBINSON of Arkansas. The bill is unanimously reported by the committee.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Interior is authorized and directed to extend such provisions of the act entitled "An act for the temporary relief of water users on reclamation projects constructed and operated under the reclamation law", approved April 1, 1932 (47 Stat. 75), as extended by the act of March 3, 1933 (47 Stat. 1427), as relate to the deferment of payment of certain water-rights charges for the years 1931, 1932, and 1933, in like manner to all similar charges coming due for the year 1934. The Secretary of the Interior is further authorized and directed to extend such provisions of section 3 of such act of April 1, 1932, as extended, as relate to the extension of time for beginning construction of a drainage system upon the Uncompahgre reclamation project to 1 year from and after January 1, 1934, and to extend such provisions of such section 3 as relate to certain water-rights charges on the Grand Valley reclamation project in like manner to all similar charges coming due for the year 1934.

SEC. 2. Interest on the charges for which the time of payment is extended pursuant to this act shall be payable at the same rate and under the same conditions as those prescribed in such act of March 3, 1933, with respect to the charges for the years 1931, 1932, and 1933.

RECONSTRUCTION FINANCE CORPORATION

The Senate proceeded to consider the bill (S. 1750) to broaden the lending powers of the Reconstruction Finance Corporation to include apiarians, which had been reported from the Committee on Banking and Currency with amendments, on page 1, line 3, after the word "the", to strike out "Reconstruction Finance Corporation Act" and insert "Emergency Relief and Construction Act of 1932"; in line 6, after the word "sentence", to strike out "of such subdivision" and insert "thereof"; in line 7, after the word "word", to strike out "apiarians" and insert "apiarists"; and in line 10, before the word "marketing", to insert the word "the", so as to make the bill read:

Be it enacted, etc., That section 201 (e) of the Emergency Relief and Construction Act of 1932, as amended, is amended by inserting immediately following the word "farmers" in the third sentence thereof a comma and the word "apiarists", and in the same sentence immediately following the parenthesis by inserting the words "or for the culture of bees or the marketing of honey."

Mr. ROBINSON of Arkansas. Mr. President, I see that the Senator from Idaho [Mr. POPE] is the author of this bill. I should like to have him make an explanation of it.

Mr. POPE. Mr. President, this bill provides for the extension of power to the R.F.C. to include loans to producers and marketers of honey. There has been for some time a question of interpretation as to whether such loans were covered under the present law. It has been construed to mean that those who produce honey in connection with their farming operations may at this time obtain loans. However, in many States—in my State in particular—there are a number of independent producers of honey. For instance, in my State over 11,000,000 pounds of honey were sold last year, and it has become a very substantial industry. Those engaged in it have been able to secure some loans from some other loan agencies; but in taking up the matter with the R.F.C. it may be noted from the report that that organization approved of this amendment, and we feel that it would be a very great advantage to those who produce honey.

The amount of the loans would not be great, of course; but the bill would be very helpful and be a very great advantage to the industry in my section of the State. It is coming to be more and more an industry of considerable importance. We ship many carloads of honey. Last year between 200 and 250 carloads of honey were shipped to other States.

If this bill shall be passed, its provisions will be very helpful to this industry. At the Department it is conceded that the security will be entirely adequate. The present method of honey culture is such that the security will be adequate. I hope the bill may be passed without objection.

The PRESIDING OFFICER. The question is on agreeing to the amendments of the committee.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to authorize loans by regional agricultural credit corporations to apiarists."

BILLS PASSED OVER

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was announced as next in order.

Mr. REED. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. McNARY. Let that go over.

The PRESIDING OFFICER. The bill will be passed over.

Mr. HEBERT. Mr. President, what became of House bill 7928?

Mr. COUZENS. That bill appears not to have been sent to the committee at all, according to my recollection.

Mr. HEBERT. It appears to be a counterpart of Order of Business No. 329, which we have already considered today.

Mr. ROBINSON of Arkansas. The House bill was passed, and the Senate bill was indefinitely postponed.

Mr. HEBERT. Order of Business 329, as I recall it, is an exact counterpart of Order of Business No. 360.

Mr. ROBINSON of Arkansas. Yes; that is the bill we were discussing.

Mr. HEBERT. Then, should not Order of Business No. 360 be indefinitely postponed?

Mr. ROBINSON of Arkansas. Order of Business 360 was passed. We passed the House bill and indefinitely postponed the Senate bill. It quickens the process of legislation.

MISSISSIPPI RIVER BRIDGE AT LAKE BEMIDJI, MINN.

Mr. SHIPSTEAD. Mr. President, I ask unanimous consent to return to Order of Business No. 328, being Senate bill 2594. It is a bridge bill.

The PRESIDING OFFICER. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2594) granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the lower end of Lake Bemidji, Minn.

Mr. SHIPSTEAD. I desire to offer an amendment to the bill.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 1, line 7, before the word "end", it is proposed to strike out the word "lower" and insert the word "southerly", so as to make the bill read:

Be it enacted, etc., That the consent of Congress is hereby granted to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge and approaches thereto across the Mississippi River, at a point suitable to the interests of navigation, at or near the southerly end of Lake Bemidji, Minn., in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn."

NAVAL CONSTRUCTION

The PRESIDING OFFICER. The calendar having been completed, the Chair lays before the Senate the unfinished business, which will be stated.

The CHIEF CLERK. A bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

PRICES AND MARKETING OF SUGAR

Mr. VANDENBERG. Mr. President, on Thursday last, in anticipation of the consideration of the new sugar program by the Senate Finance Committee, I submitted certain preliminary information which I thought ought to be in the possession of the committee and in the possession of the country before this thoroughly revolutionary formula is taken up. Very briefly, I want to supplement that information today with some further significant information. It is so utterly important to a large section of American agriculture, and, for that matter, to a large section of American industry, that it seems to me we cannot too emphatically point the necessity of the closest scrutiny of what is contemplated.

On Thursday I indicated that the allocation arithmetic included in the President's sugar message by way of contemplated sugar quotas represents a severe and indefensible handicap to American agriculture and to domestic sugar production. It now develops that the proposed program may have or, let us say, could have within it a far more subtle and far more fatal ultimate hazard than anything which was submitted last Thursday in respect to the immediate quotas. It now becomes apparent that the inwardness of the new sugar program may involve a definite contemplation for the ultimate, progressive, complete extermination of the domestic industry. It is apparent, in other words, that the direction of this new step may be of even greater importance than its immediate length. The fundamental policy involved thus becomes of paramount concern.

I want to call attention to the testimony that was given on yesterday before the House Committee on Agriculture in its hearings on H.R. 7907, this being the administration's new sugar bill and a counterpart of the measure which is now pending before the Senate Finance Committee. The testimony was submitted by a representative of the Agricultural Adjustment Administration, Mr. A. J. S. Weaver, speaking for the Department of Agriculture. I want to quote from his testimony in the unrevised copy of the hearings as reported by T. L. Smith, on Monday, February 19. I have finally secured the transcript. I quote from page 57.

Mr. WEAVER. There, of course, is a desire, a desire on the part of the administration to reduce costs of living and to reduce the excessive costs of sugar to the population of the United States. In this emergency situation it is not possible to do everything at once; but, now speaking from the point of view of long-time policy, if further expansion is continued the United States will be saddled, possibly forever, with a high-cost industry, which is not a fair thing to contemplate for consumers.

It is at this point that I want to emphasize the colloquy which occurred.

Mr. HOPE—

He is interrogating the spokesman of Secretary Wallace, the spokesman who is explaining the purpose of this new sugar program—

Mr. HOPE. Well, then, in other words, the policy is to start in eliminating the industry before it gets any bigger?

I repeat that—

The policy is to start in eliminating the industry before it gets any bigger? Am I correct in that assumption?

Mr. WEAVER—

Speaking for Secretary Wallace and for the new sugar bill—

Yes; I think that is a reasonable statement.

Mr. CUMMINGS. What is that last statement?

Mr. WEAVER. My answer was, I think that it is a reasonable statement.

The "reasonable statement", I remind the Senate, being in Mr. Weaver's assent to Mr. Hope's question that "the policy is to start in eliminating the industry."

The colloquy continues:

Mr. CUMMINGS. Is it reasonable to say that the object of this bill—

"This bill" being the counterpart of the measure submitted to the Senate by the senior Senator from Colorado [Mr. COSTIGAN] in behalf of the administration last week—

Is it reasonable to say that the object of this bill, then, is to give us a kind of a shot in the arm and slide us out of business while we are partly unconscious?

Mr. WEAVER. Yes—

And so forth.

Mr. President, that is a very frank confession of what is in the mind of this representative who spoke in this hearing for the Department of Agriculture——

Mr. ADAMS. Mr. President——

The PRESIDING OFFICER (Mr. LOGAN in the chair). Does the Senator from Michigan yield to the Senator from Colorado?

Mr. VANDENBERG. I will yield in just a moment—and in the mind of the Department's well-known "brain trusters" in reference to the sugar industry. I now yield to the junior Senator from Colorado.

Mr. ADAMS. In the absence of the senior Senator from Colorado [Mr. COSTIGAN] I merely wish to state that I know that this testimony is a misinterpretation of what was in the mind of the senior Senator from Colorado in introducing the bill. His purpose was to befriend the beet-sugar industry and not to annihilate it.

Mr. VANDENBERG. I want thoroughly to concur in what the Senator has just said, and I am very happy he made that contribution to the debate. I know that the interest of the senior Senator from Colorado is solely attached to the welfare of the beet-sugar industry; and I know that yesterday, when the word passed through the Capitol that a spokesman for the Department had made this amazing and destructive statement, no one was more disturbed than was the senior Senator from Colorado, because it is totally at variance with his conception of what is calculated to happen; but, Mr. President, unfortunately it is not at variance with what very logically could and well may happen under the terms of the proposed formula. Let us not blind ourselves to these permissive consequences. We are offered "a kind of a shot in the arm" which will painlessly "slide us out of business" while we are in the pleasant grip of an anesthetic. The idiom is not mine. It comes from the House hearings.

Mr. BORAH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. The views expressed by Mr. Weaver are the views which have long been entertained by the Secretary of Agriculture, and he has made no concealment of his views. With characteristic frankness he has openly announced them. While I think it an unwise policy, nevertheless, it is not a new policy, so far as the Secretary is concerned.

Mr. VANDENBERG. I think the Senator from Idaho is partially justified in his interpolation. The Secretary of Agriculture, while he was still the editor of Wallace's Farmer in the State of Iowa, printed a signed editorial on June 14, 1929, in which he very frankly indicated his belief that the sugar-beet industry at least should not be permitted to expand. I am not clear that he used language which invited the ultimate construction suggested by the Senator from Idaho; but it is plain that he was thinking in terms of advantage for crops or agricultural commodities of a different nature in which Iowa had a larger interest, because he emphasized the fact—and I am now quoting from his editorial of June 14, 1929—that—

> It must be remembered that Cuba furnishes a better market for Corn Belt pork products than do the sugar-beet farmers of Utah and Colorado.

Mr. BORAH. Mr. President—

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from Idaho?

Mr. VANDENBERG. Certainly.

Mr. BORAH. There is another editorial which I had in mind. I do not know whether it was signed by Mr. Wallace or not; but I have been informed it appeared in his paper, in which he expressed the view that the beet-sugar industry is an expensive industry and that we could not justify a policy of maintaining it in this country.

Mr. VANDENBERG. That, in general terms, has been the attitude of the Secretary of Agriculture, although I never have seen any statement from him which goes to the length of this other spokesman whom I am quoting.

Under the terms of this measure, which is waiting in the Finance Committee for a hearing, the complete dictatorial power to decide what shall happen to the industry is to be transferred to the Secretary of Agriculture. Congress is not going to decide what shall happen to it. There is to be no determination by the legislative arm of the Government as to its fate and destiny. We abdicate. We are asked to let the Secretary of Agriculture decide in what proportions it shall live or die.

We are put on warning in advance of the consideration of that legislation, first, that the President, according to his message, considers domestic sugar to be an unnecessarily expensive industry and that he has in mind restrictive quotas which would be primarily to the disadvantage of beet sugar in the United States, and therefore to the disadvantage of the American farmer, and primarily to the advantage of Cuban cane sugar, which in turn becomes, perhaps unwittingly, the advantage of the National City Bank, the Chase National Bank, Hayden-Stone, of New York, and the Royal National Bank of Canada, four interests which in one way or another represent at least 50 or 60 percent of the financial control of Cuban sugar production.

We are put on notice at the very outset, by the terms of the President's message of February 8 upon this question, that the immediate and present purpose of the program is a sharp curtailment in respect to American agriculture. Some 300,000 tons of our domestic production are to be transferred to Cuba. But that is relatively nothing by way of warning compared to the testimony of Mr. Weaver on February 19 as reported in the hearings which I have just been able to obtain and from which I have quoted.

The discussion of Mr. Weaver's testimony covers a number of pages, and Mr. Weaver ultimately endeavors, I think, to soften the effect of the statement which he made and which I have literally quoted. At page 62 of the hearing Mr. Weaver finally said:

> Well, the sugar industry is not in any immediate danger of being destroyed; certainly this legislation does not destroy it.

That is his final word on the subject, that we are not going to be immediately destroyed; but the very form and expression of this assurance that we are to be saved from immediate destruction puts us on notice that there may be destruction lingering for us ahead. It does not wipe out my memory of the shot in the arm, the anesthetic, the slide out of business, and the ultimate elimination of this industry. This immediate legislation does not destroy it automatically. No; but it could permit the exercise of a hostile authority which could produce that eventual result.

Mr. BORAH. Mr. President——

Mr. VANDENBERG. I yield to the Senator from Idaho.

Mr. BORAH. The pronouncement of a policy of final destruction means immediate destruction in a sense, because an industry cannot survive, people will not invest, mills will not be built, acreages will not be put out, when it is under decree of death. If we give to those who are opposed to the industry the power to destroy it, the industry will not await the final judgment, its dissolution begins at once.

Mr. VANDENBERG. The Senator is entirely correct, of course. In whatever degree Mr. Weaver officially reflects the purpose of those who sent him down to testify before the House Committee on Agriculture on Monday, February 19, in whatever degree he officially reflects the final objects of the legislation, he reflects at least the possibilities of a progressive death warrant for this section of American agriculture and this section of American industry. I submit that the Congress is not justified in licensing any such hazard.

At the present moment there would be no utility in starting to explore the broad question of the application of the processing-tax theory to a commodity of which there is no surplus. I postpone that until the legislation is formally before the Senate; but I do take the liberty of repeating that even in the theory of those who gave birth to the processing-tax idea as a farm relief measure, even in their theory of the processing tax, it never was intended to apply to any commodity of which there is not an exportable surplus.

Here is a crop of which there is not only no exportable surplus, but of which there is not even a domestic sufficiency. I suppose we raise perhaps one fourth of our own sugar consumption, speaking roughly. By no stretch of the imagination is it a surplus crop, and by no stretch of the imagination could it be clothed within the purview of the processing tax, as that instrumentality was originally conceived, as a force and factor in our agrarian economics.

Mr. FRAZIER. Mr. President——

The PRESIDING OFFICER. Does the Senator from Michigan yield to the Senator from North Dakota?

Mr. VANDENBERG. I yield.

Mr. FRAZIER. I was wondering if Mr. Weaver gave any intimation of what is to be done with the land that is now being cultivated for sugar beets and sugarcane? The Department of Agriculture has advocated the cutting down of the wheat crop and the corn crop and several other crops, and I am at a loss to know what is going to be done with the land if they cut out sugar beets and sugar cane also.

Mr. VANDENBERG. The Senator may well be at a loss. Mr. Weaver's testimony, so far as I have read it up to date, sheds no light upon the subsequent alternative use to which the lands are to be put.

Mr. BORAH. A witness appearing before the committee today gave very specific information on that subject. He said they would have to find some other product which they could raise. [Laughter.]

Mr. VANDENBERG. That is typical information. That is just about as definite as the rest of the information we have in respect to this whole program. This is another of those situations, in other words, in which we are asked to subscribe our blind faith to one of these alphabetical commissars who now rule our life and livelihood. We are asked to transfer the fate of 100,000 farmers, for whom sugar beets are the chief and almost only cash crop reliance today, to the Secretary of Agriculture who concededly is hostile to the maintenance of their markets upon an expansion basis, and probably hostile, if Mr. Weaver speaks in any degree truthfully, to the maintenance of the business on any adequate domestic basis.

Mr. ADAMS and Mr. COSTIGAN addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Michigan yield; and if so, to whom?

Mr. VANDENBERG. I will yield first to the junior Senator from Colorado.

Mr. ADAMS. I merely wish to suggest to the Senator from Michigan that there are more than a million people dependent upon the beet-sugar industry, rather than 100,000.

Mr. VANDENBERG. The Senator is entirely correct. I was speaking only of the farmers who are doing the planting.

May I say in this connection that I think the suggestion of the President of the United States in his message, in which he undertakes to define the beet and cane sugar industry in the United States as a $60,000,000 industry, is very prejudicial and very unfair, because there are all of these collateral factors which make it in fact and in truth, as the junior Senator from Colorado just indicated, one of the truly substantial institutions of the country.

I am glad now to yield to the senior Senator from Colorado.

Mr. COSTIGAN. Mr. President, it has not been my good fortune to hear the address of the able Senator from Michigan. I regret this because I am always instructed by his discussion. I arise to make an inquiry with respect to one phase of the discussion which developed after I entered the Senate.

The Senator from Michigan very properly suggested that sugar is not a surplus farm commodity in this country. Has the Senator, however, had in mind that, while sugar does not belong in the surplus-commodity group so far as domestic production is concerned, yet, due to the complications of our island, Cuban, and domestic production, and world overproduction, resulting in recent years in ruinously low sugar prices, the Agricultural Adjustment Act, with its basic-commodity provisions, offers an admirable statutory method for meeting the problems, including stabilizing conditions, prices, and farm earnings of the domestic sugar industry.

Mr. VANDENBERG. I entirely agree thus far with the Senator's statement.

Mr. COSTIGAN. I desire to ask the able Senator from Michigan, who, I believe, last year supported the motion to make sugar beets and cane basic commodities, whether he does not regard the provisions of the Agricultural Adjustment Act which permits the payment to sugar-beet farmers of cash benefits by means of a processing tax, coupled with the provisions for quotas in the bill under discussion, as well adapted to influence favorably the world price of sugar and to give beet and cane farmers what they have not enjoyed for a long time heretofore; namely, a minimum or assured income from such sugar beets or cane as they grow?

Mr. VANDENBERG. The Senator has asked me an omnibus question. I will do the best I can in response.

First, last year I did vote, as did practically every Senator who is intimately interested in the welfare of the sugar-beet industry, in the first instance to include sugar beets as a basic commodity in the Agricultural Adjustment Act. That was when the legislation had first been sent down. Sugar-beet farmers wanted their legitimate share of any possible agrarian benefits. There had been no probing of the implications or the complications involved. But long before the act came to final passage it came to be the concerted and considered opinion of sugar-beet farmers and beet-sugar producers that they did not want to be included in the purview of the act. They were removed before the act came to final passage; and they were removed, so far as I am concerned, with my entire consent and with the approval of my mind.

So much for that.

The Senator asks me whether there is not a philosophy, let us say a helpful philosophy, for the beet-sugar industry in the quota system and the processing-tax system for the purpose of meeting not alone a continental crisis but a world crisis in respect to the production and the price of sugar. I am very happy to respond as categorically as possible to my able friend; and I do it with great deference, because I recognize in him by far the most dependable authority upon this subject in this Chamber.

In my view, the sugar question cannot be settled with any advantage for domestic production except as there is an allocation of quotas at home and abroad. I consider that this step is fundamental. Indeed, Mr. President, it seems to me that the stabilization program which was worked out last fall and submitted to the Secretary of Agriculture with the substantial consent of practically the entire sugar-beet and cane-sugar industry of the country, was a long forward step; and it was a source of great regret to me that the Secretary of Agriculture declined to permit that stabilization agreement to proceed. Indeed, his declination at that point was one of the things which put me upon warning in respect to his ultimate attitude regarding this method of handling the sugar-beet problem.

I agree with my able friend, the senior Senator from Colorado, that if we can write into the text of the bill which is now before the committee headed by my able friend the Senator from Mississippi [Mr. HARRISON] an order for adequately protective domestic quotas, we shall have made a fundamental contribution to the restabilization of the sugar industry in the United States. On the other hand, the same contemplation may involve within it just as large an element of disaster if it is improvidently used as it may be an element of advantage when providently used.

This is what I am trying to say:

First, if those quotas prevent the use of existing sugar-beet plant facilities in the United States, and thus also prevent the existing sugar-beet cultivation upon the farms of the United States; if those quotas prohibit the continued existence of the sugar-beet industry at its existing limits, I should say that it was very much of a liability instead of an asset. Still worse; in the light of the Weaver testimony, if this law should fail to write its quotas and speak for the Congress in respect to what the quotas ought to be—in other words, if this law should stand as offered and leave solely to the discretion and wisdom of the Secretary of

Agriculture the determination of what these quotas should be—I should feel that the ultimate death warrant of the sugar-beet industry in the United States may have been signed.

That would not grow out of any necessary result from the legislation submitted by the senior Senator from Colorado. If that legislation, for example, were to be ultimately administered by the senior Senator from Colorado, it would not have that effect. I freely concede that fact; but, Mr. President, I submit that we have no right, upon our responsibility as legislators, to blind ourselves to the type of wide authority which we are asked to delegate to the Secretary of Agriculture and his fellow regimenters; and we have no right to leave this great industry, involving the welfare of so many American farmers, at the mercy of any Secretary of Agriculture or any Department of Agriculture and, least of all, to administrators who, according to the testimony submitted yesterday before the House committee, contemplate the possible use of this plan for the progressive extermination of this industry.

Before the able senior Senator from Colorado entered the Chamber, in colloquy with his colleague [Mr. ADAMS], I freely stated that I knew the senior Senator from Colorado would be the last man to consent to any such program or any such objective. There is nothing of that character in his mind; but, Mr. President, since the interpretations of this law may be so widely divergent, does not that demonstrate conclusively and beyond peradventure the impropriety of leaving a question of this nature wide open for a subsequent decision by administrators who are not bound by the congressional view of the matter? I speak with great respect for the Secretary of Agriculture, let it be understood. There is nothing personal in my complaint. It is the system and the method of this proposed procedure which challenges my prayerful protest.

If this legislation can have such widely differing interpretations as those represented upon the one hand by my able friend the senior Senator from Colorado and upon the other hand by the testimony submitted on Monday by the official spokesman for the Department of Agriculture—if interpretations can be as wide and far apart as those two interpretations respecting the effects of this legislation—I submit as an axiom that we have absolutely no right to leave the great domestic sugar industry at the mercy of any such unliquidated enigma.

Mr. President, there is no advantage in debating the detail of the proposal in advance of the committee's consideration and report. My only purpose has been, because I feel so keenly upon the subject, to urge upon the consideration of the Senate Finance Committee the emphatic importance of some of these fundamental questions which must be canvassed by the committee. There must be no superficial acceptance of this new formula simply because it happens to come to us with Presidential benediction. There must be no superficial surrender to this revolutionary formula simply because it happens to be the immediate proposal of the reigning Secretary of Agriculture and his well-known battery of advisers. It must be probed in all of its implications, because in the final analysis Congress itself must take the responsibility for what happens to beet agriculture and to the sugar industry.

My able friend the Senator from Mississippi [Mr. HARRISON], the chairman of the committee, holds a totally different view from me respecting the utility of the domestic sugar industry as an industry. He would put sugar upon the free list. He has argued, and we have argued together upon the floor of the Senate by the day during tariff discussions respecting the proper tariff status of sugar. There is no utility in entering that field of discussion today. The Senator from Mississippi is perfectly willing to take his share of the responsibility for saying that there shall be a curtailment or that there should be no domestic sugar industry. All I am asking is that every other Member of the Senate agree to take his share of equal responsibility for determining the fate and destiny of the sugar business in the United States, and that we do not complacently and expediently and smugly pass it along to the Secretary of Agriculture, and then wait for whatever results may follow from his exercise of whatever discretion he may think ought to be applied to this problem. Elected officials of the Government, directly answerable to the people, should make these vital decisions affecting the livelihoods of tens of thousands of American citizens.

May I just add this in conclusion, Mr. President:

Throughout Mr. Weaver's testimony and throughout the President's message there is the constant assurance that the ultimate consumer is to be protected. After these processing taxes are applied, after the tariff is reduced, at all times the consumer is to be protected in regard to his price.

Mr. President, it seems to me it is perfectly obvious, from the history of sugar prices in the United States during the past 25 years, that there is only one way finally by which the ultimate sugar consumer in the United States can be protected in respect to price, and that one way is through the maintenance of a sturdy domestic sugar industry. We cannot fabricate a scheme for the protection of the ultimate sugar consumer in the United States which will work except as it be put together in purview of the existence of a domestic sugar industry.

Mr. President, I want to give just one exhibit, and then I shall be through. Within the last 15 years sugar has sold in the United States in the retail market for as high as 30 to 35 cents a pound. Senators have not forgotten, perhaps, that that was the fact in 1920. Why did sugar go to such retail price peaks in 1920? The reason was that the shortage of sugar in Europe resulted in a diversion of our New World supplies into that market in the beginning of the situation. As a result, domestic beet sugar had entirely exhausted itself, and had disappeared from the market by the end of March 1920.

Mark you, due to this world shortage, the net cash New York price of Cuban raw sugar had gone up to 12 or 13 cents a pound in January, February, and March of 1920. On the last day of March the domestic competition ceased, and the domestic supply disappeared from the market. Then what happened? The retail price of sugar in the United States proceeded to climb by leaps and bounds. It had lost its hobbles, it had lost the restraining effect of domestic competition. The price in April went up to 14, 15, 16, and 17 cents. By the middle of May it was 23 cents. By the end of May it continued to be in the high 20's.

When did it come back down within reach of a normal price level? When did the ultimate consumer again get the protection which the President assures him he is to have under this new sugar scheme? He began to get that protection in August and September, when the new domestic beet sugar competition came back into play, and in September 1920 we find the price back down around 10 cents. Then, under the impulse of this domestic competition, it ran straight back to 8, to 7, to 6, to 5, and even to 4 cents. In the final analysis the ultimate consumer got his price protection where he always will get it, namely, in the repressive influence of the domestic sugar supply.

Mr. President, that is the clinical test out of our own experience in the United States of how the ultimate consumer can be protected. It seems to me that the ultimate consumer can have no protection whatever if Mr. Weaver, speaking for the Department of Agriculture in definition of this new legislation, is correct, and if in ultimate determination this domestic competition shall be completely withdrawn. It seems to me that there can be no protection for the ultimate consumer under any such circumstances.

Mr. President, I again beg of the Senate Finance Committee, as it proceeds into this desperately serious problem, so far as many large sectors of the country are concerned, to explore the question in every possible aspect. I am not thinking in terms of politics in any respect. I am thinking solely of the facts that here is a brand new revolutionary scheme which is sought to be applied to this particular industry, and I beg that it be not applied except as every possible implication has been explored and every possible domestic protection shall have been prescribed and provided.

I urge again that the proposal be amended to require, first, that the tariff shall not be lowered and a compensating processing tax applied unless and until the Secretary of Agriculture shall have established quotas; second, that these quotas for beet-sugar production in the continental United States shall always recognize the existing plant facilities in the United States as the minimum continental allocation; third, that at any time the processing taxes or the allocations shall fail, the tariff protection shall be resumed. I do not ignore our American responsibilities in Cuba and in the Philippine Islands. But first of all I decline to ignore our American responsibilities to our own American farmers, our own American processors, and our own American consumers.

Mr. HARRISON. Mr. President, unfortunately I was not in the Chamber when the Senator from Michigan began his remarks, so that I did not hear all the excerpts read from the testimony of Mr. Weaver before the House Committee on Agriculture on yesterday. I heard of that testimony yesterday, and I was somewhat surprised at some of the statements I understood had been made by the representative of the Department of Agriculture.

A bill similar to that now being considered by the Committee on Agriculture of the House was referred to the Senate Committee on Finance. I was going to call the committee together on last Friday in order that we might begin hearings on this very important piece of legislation. After notices of the proposed hearing had gone out, we found that the Secretary of Agriculture could not be present, and that he would not be here until sometime after the middle of this week. I felt, and the Senator from Colorado felt, that the hearing was of such importance and such nature that the first spokesman should be one who represented the views of the administration in such a way that his testimony might carry some correctness of thought and expression, and it was to avoid that, against which the Senator now speaks, that we did not have a committee hearing last Friday.

Mr. President, this matter is of great importance. It is of importance not only to the American consumer, the sugar-beet farmer, and the sugarcane farmer, and the refiners of this country but it is of great importance to some of our insular possessions, as well as to Cuba. It is interwoven with the economic life not only of the continental United States but of these other countries and possessions to which I have alluded. Therefore the hearings should be conducted with dignity, and every expression and judgment should be obtained that will enable us to arrive at a correct conclusion in the premises. That is the way the hearing will be conducted, so far as the Committee on Finance is concerned.

The Senator from Michigan is in error in saying that he and I differ so widely on the sugar question. Of course, I know that the Senator and I differ a great deal about the tariff on sugar. We differ now, probably we have always differed, and perhaps always will differ. The Senator thinks he is right, and of course, I know that I am right; so we cannot get together on that matter. But when the Senator says that time after time he has heard me speak for free sugar, I think he is overdrawing the fact.

Mr. VANDENBERG. Mr. President, I think the Senator corrects me properly.

Mr. HARRISON. That is right. I have fought against some very iniquitous and exorbitant and excessive tariff duties to which my conscience would not permit me to subscribe, and many of my friends and colleagues on the Republican side of the aisle voted likewise. I look now into the benign faces of real statesmen who voted with me in those matters. But that was because the Senators who were leading in the fight for high sugar tariffs wanted to go too high. We could not appease their appetites. We could not stop them at all. Somebody dubbed some of them "candy kids", I believe, because of their obsession on sugar.

Mr. President, the fact that I opposed the 2.41 cents a pound tariff on sugar is no reason for saying that I am for free sugar, because I am not. Because I oppose a 2-cent tariff duty against the importation of Cuban sugar is no reason for saying that now I would vote for free sugar, because I would not.

I appreciate that there is a sugar-beet industry in the United States, that there is a sugarcane industry in the United States, and that millions of dollars are invested in the lands and in the plants devoted to the production of beet sugar and cane sugar. I do not believe that we will ever build up an industry that will produce a sufficient amount of sugar in the United States to take care of the consumptive demands of this country, because the records will disclose that for 40 years we gave the sugar producers bounties, we gave high tariff duties, we gave subsidies, and in all that time we were not able to increase the demand for the production of sugar in this country to any appreciable extent. Today, while the Senator says we produce one fourth of our consumptive demand, I want to say that it is a little more than one sixth of our consumptive demand that we produce in the continental United States.

Be that as it may, I know that the investment is here. The President appreciates that. He puts the figure at $60,000,000, and the cost of the sugar to the sugar consumers in the United States every year at more than $200,000,000.

Permit me to give a warning in my brief discussion. The sugar question has been before the Congress ever since I was a Member, for 23 years, and it was here long before I came to Congress. It is a knotty problem, because Cuba is wrapped up in the question. There is no doubt about that. Because sugar could be produced more cheaply in Cuba, and because we had to have sugar in this country, we encouraged industry and capital to go into Cuba to invest in sugar plantations and to produce sugar. I have no hard feelings whatever against the Cuban producer, because we encouraged him to go into that industry and to make his investment there, and I do not want to destroy him.

We encouraged sugar-beet farmers to go into the raising of sugar beets, and we encouraged sugar refiners to go into the construction of their plants, and so on. We encouraged the people of Louisiana to bring in new kinds and types of sugarcane from South American countries to take the place of the cane which had become diseased and was unprofitable. We have an interest in Hawaii and we have an interest in the Philippines.

So when we start to do something for the sugar-beet people or for the sugarcane people in this country so that they can receive a real benefit therefrom I know that there are influences at work representing investments somewhere else, whose interests do not coincide, and who come here to exert their influence.

We also have pressure from another hand. We get it from the Philippine people who say that we are under obligation to them and we should not cut down their production.

Then when we start something for the sugarcane producer and the sugar-beet producer we have the influence of the refiner on the seaboard who wants to have protection from cane sugar coming from Cuba. So we have many angles from which the question must be viewed and many influences which are at work combating each other. The highest order of statesmanship and courage must be applied to the problem if we are ever to settle it. It will never be settled unless the sugar-beet people and the sugarcane people work in harmony and try to agree upon some proposition.

The President of the United States has devoted a good deal of his time, and he has employed the services and the time of many of his lieutenants and experts on this problem. He wants to help the sugar-beet people and the sugarcane people, but at the same time to try and pull Cuba out of her economic turmoil, to restore some business stability to that unfortunate country, and to rehabilitate trade between the United States and Cuba. So it is a high order of statecraft that moved the President to take up this question and send the message to the Senate. I believe that we can work it out, and it ought not to be worked out by criminations and recriminations from this interest and that interest

that will come to Washington, as they have always come to Washington, whenever the sugar question is raised. When that question has been raised, lawyers of high standing will, as formerly, infest the corridors of the big hotels here, and bankers will be here. Agents of some big sugar concern will be here who have not invested a nickel in a generation. People will be writing to us who are interested in some plant which does not operate more than 3 months in a year, but want to make big profits because they operate that long. It is a most difficult economic proposition when we try to protect an industry like that.

I remember, and the Senator from Michigan [Mr. VANDENBERG] remembers when we had this question before the Committee on Finance the last time. There was one gentleman who came before the committee, from Indiana, I believe, who wanted a still higher protection than was then being given. We asked him how long during the years he operated his refinery. He said he operated it 6 weeks in a year. How can one expect to make money when he operates his plant 6 weeks in a year? Yet he wanted to tax the American people in order to operate a plant 6 weeks in the year and make money.

Let us look at this question in a considerate way, free from any bias or prejudice, and try to arrive at the right conclusion.

I think that some of the remarks made by the witness who represented in the very beginning the Agricultural Department on this important question unfortunately went too far. I know that I have been held up upon the floor of the Senate as the arch enemy of the sugar interests of this country simply because I have fought some of the increases that they were trying to get. We could not satisfy them. I say to the Senate, however, that I am not for destroying the sugar-beet industry, I am not for destroying the sugarcane industry. I want to be fair to them, as I want to be fair to every man who has invested a dollar in any industry in America. And I believe that is what the United States Senate wants to do.

Mr. COSTIGAN. Mr. President, it has not been my intention to discuss at this time the administration's sugar bill, nor shall I depart far from my original purpose. The injection, however, into the Senate record of references to testimony given yesterday by a representative of the sugar division of the Department of Agriculture makes some comments unavoidable.

I am gratified that the Senator from Michigan [Mr. VANDENBERG] and the Senator from Mississippi [Mr. HARRISON] have joined in expressing the view that the consideration of the sugar bill by the Finance Committee must be thorough and impartial. The membership of that committee is such that no other result should be expected or need be feared. Naturally, the importance of the subject will lead to a full examination of all the related phases of this important question.

I wish particularly, in the brief time in which I shall address the Senate, to speak of what seems to me a contradiction in terms. The Senator from Michigan relying upon what, to say the least, must be regarded as an ill-considered utterance of a witness at the hearing before the House Committee on Agriculture, voices his apprehension that the sugar industry of the United States may be on its way to extinction through the medium of the proposed legislation. In my judgment there is nothing in the bill which justifies such a conclusion, however definitely that suspicion may have been engendered by the comments of the particular witness whose remarks have been drawn to the Senate's attention.

The bill undertakes to declare sugar beets and sugarcane basic agricultural commodities and to that end amends the Agricultural Adjustment Act. It is evident, not only from the viewpoint of the administration, but also by reference to the Agricultural Adjustment Act, that, instead of eliminating sugar, the bill looks not to the destruction but to the stabilization of the sugar industry and to conditions which will benefit for the first time in many years sugar growers, both beet and cane, without imposing any added burden on consumers in the United States.

What is the purpose of designating certain commodities as basic? We have in any bill which proposes to treat an industry as basic, in conformity with the policy of the Agricultural Adjustment Act, a clear indication of the Congressional and Executive intent that such an industry shall take and hold a firm and fundamental place among other agricultural commodities grown in the United States. If that be not true, then we have an unspeakably glaring contradiction in terms.

On being advised of the testimony given yesterday on the sugar bill by a representative of the Department of Agriculture before a House committee, I took occasion to say, and I wish to repeat here, that the bill to make sugar a basic commodity speaks for itself. President Roosevelt's approval of it vouches for its good faith. The inclusion of sugar in the category of basic commodities is no more calculated to injure sugar than is the inclusion of wheat or cotton in that category calculated to injure those commodities. On the contrary, the bill, as I have said, looks to the safety and stabilization of sugar in the United States and the assured payment of higher prices than our farmers have long been receiving, without increasing the cost of sugar to the consumers.

Mr. VANDENBERG. Mr. President, will the Senator from Colorado yield to me?

The PRESIDING OFFICER (Mr. RUSSELL in the chair). Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. I yield.

Mr. VANDENBERG. I do not think there is very much disagreement between my able friend and myself. I wonder if we could agree upon the statement that the advantage or the disadvantage which may flow from this formula ultimately depends entirely and exclusively upon the administration which it receives? Is that not a fair statement?

Mr. COSTIGAN. My judgment rather inclines me to the view that any administration of the bill, should it become a law, looking to the destruction of the sugar industry would be entirely out of harmony with the purposes of the Agricultural Adjustment Act and could therefore not be regarded as reasonable or proper administration of the act.

Mr. VANDENBERG. The Senator may be justified from his viewpoint in that statement of reliance upon the purposes of the A.A.A., but abstractly, Mr. President, so that we may have a starting point for our discussion, is it not a fact—and I know the Senator's candor—that the net result of this proposed legislation, good, bad, or indifferent, depends upon the judgment and decisions made by those who administer it?

Mr. COSTIGAN. Mr. President, I know that the Senator is not seeking to involve me in an unintentional statement which is not in accord with what I am endeavoring to say.

Mr. VANDENBERG. No.

Mr. COSTIGAN. If the Senator will permit me to answer him in my own way, I should like to say that the measure now under consideration must be regarded, from my viewpoint, as an integral part of the administration's farm-relief program. There is one feature of it, for example, which does not rest in the discretion of the Secretary of Agriculture or any other administrative officer. I refer to the provisions in effect assuring farmers that out of the processing tax, pre-war parity, on the basis of the purchasing value of the farmers' products shall be paid to the sugar-beet farmers in the United States; in other words, sugar-beet and sugarcane growers in the United States, if this bill shall become a law, after the processing tax shall have been collected, will receive substantial assured payments per ton for such basic commodities as they grow and will thus secure a larger return per ton than they have been receiving for their beets and cane in recent years.

That feature of the bill is not discretionary. The Secretary of Agriculture, even if hostile, which I do not and will not assume, would not be in a position to interfere with

that application of the proposed law. Presumably the way in which an unfriendly Secretary might seek to jeopardize the welfare of the farmers would be by attempting so to restrict acreage as to reduce unreasonably adequate returns. As a safeguard against that possibility, the bill provides, as the Senator from Michigan well knows, that the Secretary shall be guided in determining the domestic quotas by an average of the three most representative years of production between 1925 and 1933. Every intimation which has been given, so far as I am advised, by the administration outside of the testimony of yesterday, concerning which I am only informed by report, is that the highest production of any 3 years will be chosen to determine the domestic average providing the quotas for domestic sugar production. Thus we appear to have at least two safeguards in the bill against what I must believe is a baseless fear of administrative injustice. Probably other safeguards will appear to the satisfaction of the committee when it comes to examine the proposed measure in detail. Therefore, I cannot subscribe, in anything like the degree the able Senator from Michigan has indicated, to the apprehension he has stressed over the administration's bill.

Reserving at this moment questions of that kind subject to the Finance Committee's examination, I feel bound now to enumerate certain reasons why, in my judgment, yesterday's statements of the representative of the Department of Agriculture cannot possibly be accepted as voicing the administration's point of view. As the Senator from Michigan well knows, a year ago some of us voted to have sugar beets and cane included among the basic commodities enumerated in the Agricultural Adjustment Act. At that time, apparently for reasons, among others, assigned by the Senator from Michigan, the administration did not favor such inclusion.

It has been my judgment that the Administration then felt, with some logic, that, since the Agricultural Adjustment Act represented a legislative experiment, it was unwise in introducing so novel a plan to inject in the list any other than surplus agricultural commodities. But, whatever the reason, the amendment to the Agricultural Adjustment Act including sugar beets and sugar cane as basic commodities, after its adoption by the Senate last year, was discarded by the conference committee and excluded from the final farm legislation.

Since then what has happened?

During the months since the Senate set its seal of approval on the basic commodity amendment affecting sugar, various statements have come from the Department of Agriculture concerning sugar, and to some of them I desire to refer.

On December 12, 1933, the Secretary of Agriculture speaking before the American Farm Bureau Federation at Chicago remarked, in part:

> It is true that the time is coming when we shall have to reconsider many of the devices employed in the Adjustment Act. While I think in many ways the act marks an epoch in the history of American agriculture, nevertheless that is no reason for regarding it as sacred.

The Secretary of Agriculture then, after discussing possible amendments to the law, proceeded as follows:

> Whether any of these particular proposals are to be considered in this coming session of Congress, I do not know, but I might mention one change which is quite likely to come, and that is the inclusion of beef cattle and sugar as basic commodities under the terms of the adjustment act. One or two others may also be added, but the case for beef cattle and sugar seems to be beyond dispute.

May I venture to suggest to Senators who are listening to these remarks that if it had been the purpose of the administration to destroy the sugar industry, the course adopted would have been, in all reasonableness, far different from that recommended by the Secretary of Agriculture. It is inconceivable that, if opposed to the welfare of our sugar industry, either the Secretary of Agriculture or the President would have chosen the devious path now suggested to the Senate as in contemplation. Their natural course would have been to urge free sugar in the United States instead of looking to and urging the inclusion of sugar as a basic commodity under the Agricultural Adjustment Act.

Chester C. Davis, Administrator of the Agricultural Adjustment Act, speaking before the annual banquet of the Illinois Agricultural Association at Danville, Ill., on January 25 of this year made this further apparently official statement in regard to sugar:

> Since farm prices for sugar beets and sugar cane approximated their fair-exchange value at the time the Agricultural Adjustment Act was passed, they were not designated as "basic agricultural commodities." Attempts to draft an acceptable marketing agreement have not materialized. To bring benefits to the producers adjustment payments to producers may be necessary. To make that possible, sugar must be designated as basic.

We have in this language a more concrete indication of the attitude of the administration toward our domestic sugar industry. Instead of the destruction of the industry, the language of the Administrator of the Agricultural Adjustment Act makes perfectly clear the purpose of the administration to bring benefits to the producers of sugar beets and sugarcane.

Another and final indication of the attitude of the administration will be given. On February 18 of this year Secretary Wallace appeared before the Senate Committee on Agriculture and Forestry and discussed at length the relation of his Department to agricultural production. In the course of his statement he had this to say in regard to sugar—and I take it that this, and not the language of an employee of the Department of Agriculture, indicates the attitude of Secretary Wallace and of the administration. If not, I submit that I am wholly uninformed as to the real position of that Department and the administration.

Mr. VANDENBERG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Colorado yield to the Senator from Michigan?

Mr. COSTIGAN. Certainly.

Mr. VANDENBERG. I readily agree with my able friend that the words of the Secretary supersede the words of any subordinate in authority. On the other hand, of course, the Senator will not overlook the fact that the subordinate whom I have quoted was sent to this hearing by the Department to speak for the Department, and I am sure he will concede that I am entitled to find myself challenged by statements that have that degree of authority behind them.

Mr. COSTIGAN. There is not the slightest desire on my part, I will say to the eloquent Senator from Michigan, to reflect upon the reasonableness of his attitude. What I am undertaking to say is that we have higher authority in the Senate than any chance utterances of a witness who has appeared before one of the committees of the present Congress.

This is what Secretary Wallace had to say in January:

> When the Agricultural Adjustment Act was enacted, farm prices of sugar beets and sugarcane were very close to their fair exchange value—

This language rather closely follows what was said by Mr. Davis and the Secretary continues:

> And as a consequence, sugar was not included as a "basic agricultural commodity" under the act. Anticipating market pressure as a result of the large prospective crop of 1933–34, however, the Agricultural Adjustment Administration negotiated with representatives of the industry to the end that a marketing agreement in the interest of cane and beet producers might be consummated.

It will here interest the Senator from Michigan, perhaps, if Secretary Wallace's statement has not already been brought to his attetntion, to note the official statement of reasons why Secretary Wallace did not approve the much-discussed, so-called "stabilization or quota agreement." Secretary Wallace declares:

> The draft of a marketing agreement which was finally presented for the approval of the Agricultural Adjustment Administration was, however, unsatisfactory, because it emphasized the interests of processors rather than the income of producers; because it did not provide for effective production control; and because the protection of consumers' interests was virtually confined to the Secretary's power to terminate the agreement.
>
> After the disapproval of the marketing agreement—

The Secretary continued—

the administration explored various alternative proceedings. Our ultimate conclusion was that irrespective of action which might subsequently be taken with respect to market quotas, or the regulation of competition, we should be in position to make supplementary payments to producers of beets and cane, and to limit acreage sown to these crops if and to the extent that such action appeared necessary for the effectuation of the purposes of the act.

What were those purposes? I need not say to the Senator from Michigan or to other Senators present in that those purposes are declared in section 2 of the Agricultural Adjustment Act and in the preliminary clause declaring an emergency. They were in substance—

To establish and maintain such balance between the production and consumption of agricultural commodities, and such marketing conditions therefor, as will reestablish prices to farmers at a level that will give agricultural commodities a purchasing power with respect to articles that farmers buy, equivalent to the purchasing power of agricultural commodities in the base period.

The base period, it will be remembered, is the pre-war period from August 1909 to July 1914.

A further purpose was—

To approach such equality of purchasing power by gradual correction of the present inequalities therein at as rapid a rate as is deemed feasible in view of the current consumptive demand in domestic and foreign markets; to protect the consumers' interest by readjusting farm production at such level as will not increase the percentage of the consumers' retail expenditures for agricultural commodities.

I speak in detail of these various utterances of the Secretary of Agriculture and the Chief of Agricultural Administration, and refer to the provisions of the Agricultural Adjustment Act, to emphasize that there is an official record before the Senate and the country at this time, and that the official record is not consistent with the construction placed upon it by the witness to whom the Senator from Michigan referred.

It is, I repeat, unthinkable that an administration, governed by the high standards which dominate the present President of the United States and Secretary of Agriculture, covertly and under the guise of declaring certain agricultural commodities basic in line with the purposes to which I have specifically referred, would undertake to destroy any established American industry.

CONSTRUCTION OF DAMS AND DIKES IN LINCOLN COUNTY, OREG.

The PRESIDING OFFICER (Mr. RUSSELL in the chair) laid before the Senate the amendments of the House of Representatives to the bill (S. 1759) to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, which were, on page 1, to strike out all after the enacting clause down to and including line 2, page 2, and insert:

That the act approved June 13, 1930, granting the consent of Congress to the Mill Four Drainage District, in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith, be, and the same is hereby, revived and reenacted: *Provided*, That this act shall be null and void unless the actual construction of the dams and dikes herein referred to be commenced within 1 year and completed within 3 years from the date of approval hereof.

And to amend the title so as to read: "An act to revive and reenact the act entitled 'An act granting the consent of Congress to the Mill Four Drainage District in Lincoln County, Oreg., to construct, maintain, and operate dams and dikes to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith', approved June 17, 1930."

Mr. McNARY. I move that the Senate agree to the amendments of the House.

The motion was agreed to.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. TRAMMELL. I ask that the first committee amendment may be stated.

The PRESIDING OFFICER. The clerk will state the first committee amendment.

The first amendment of the Committee on Naval Affairs was, on page 2, line 24, after the words "*Provided further*", to strike out:

That the first and each succeeding alternate vessel of each category, except the 15,000-ton aircraft carrier, upon which work is undertaken, and the main engines, armor, and armament for such vessels, the construction and manufacture of which is authorized by this act, shall be constructed or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, or arsenals of the United States, except such material or parts as were not customarily manufactured in such Government plants prior to February 13, 1929.

And to insert:

That not less than half the tonnage (and such tonnage in addition thereto as the Government is now or may hereafter be equipped to manufacture or construct) the construction and/or manufacture of which is authorized by this act (except the 15,000-ton aircraft carrier under construction and except such materials or parts as the Government was not customarily manufacturing on February 13, 1929, and is not at the time of construction equipped to manufacture or construct) shall, in the same ratio of tonnage as being constructed in private shipyards, be constructed and/or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, arsenals, and/or plants or factories of the United States now or hereafter equipped for the manufacture or construction of naval vessels and/or the equipment therefor: *Provided*, That if inconsistent with the public interests in any year to have a vessel or vessels constructed as otherwise required above, the President may have such vessel or vessels built in a Government or private yard as he may direct.

So as to read:

Be it enacted, etc., That the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, is hereby established at the limit prescribed by those treaties.

SEC. 2. That subject to the provisions of the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, the President of the United States is hereby authorized to undertake prior to December 31, 1936, or as soon thereafter as he may deem it advisable (in addition to the six cruisers not yet constructed under the act approved February 13, 1929 (45 Stat. 1165), and in addition to the vessels being constructed pursuant to Executive Order No. 6174, of June 16, 1933), the construction of: (a) One aircraft carrier of approximately 15,000 tons standard displacement, to replace the experimental aircraft carrier Langley; (b) 99,200 tons aggregate of destroyers to replace over-age destroyers; (c) 35,530 tons aggregate of submarines to replace over-age submarines: *Provided*, That the President of the United States is hereby authorized to replace, by vessels of modern design and construction, vessels in the Navy in the categories limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, when their replacement is permitted by the said treaties: *Provided further*, That the President is hereby authorized to procure the necessary naval aircraft for vessels and other naval purposes in numbers commensurate with a treaty navy: *Provided further*, That not less than half the tonnage (and such tonnage in addition thereto as the Government is now or may hereafter be equipped to manufacture or construct) the construction and/or manufacture of which is authorized by this act (except the 15,000-ton aircraft carrier under construction and except such materials or parts as the Government was not customarily manufacturing on February 13, 1929, and is not at the time of construction equipped to manufacture or construct) shall, in the same ratio of tonnage as being constructed in private shipyards, be constructed and/or manufactured in the Government navy yards, naval stations, naval gun factories, naval ordnance plants, arsenals, and/or plants or factories of the United States now or hereafter equipped for the manufacture or construction of naval vessels and/or the equipment therefor: *Provided*, That, if inconsistent with the public interests in any year to have a vessel or vessels constructed as otherwise required above, the President may have such vessel or vessel built in a Government or private yard as he may direct.

Mr. FRAZIER. Mr. President, I should like to have the chairman of the committee explain the purpose of this amendment.

Mr. TRAMMELL. Mr. President, I think the amendment is couched in rather plain terms, and indicates its meaning. I will add, however, that the object and purpose of the amendment is that the construction authorized by this bill shall be carried on in both Government navy yards and private yards proportionately, and that while there may

be appropriated to private shipyards, vessels equal to 50 percent of the construction of the year, at the same time an equal amount of tonnage shall be constructed in the navy yards.

The object and purpose, of course, is to use the Government facilities as well as the private shipyard facilities, and the proportion is fixed at 50 percent for each, it being considered by the committee from the data which were presented both to the House and to the Senate committees that this would be about a proper proportion, and that it would give to the Government yards about as much of the construction as the Government facilities are capable of taking care of.

That is the purpose and object of the amendment; and it was the intention of the committee that the language as framed should carry out that object.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

The reading of the bill was resumed.

The next amendment was on page 4, line 15, after the word "to", to insert "not more than", so as to read:

SEC. 3. The Secretary of the Navy is hereby directed to submit annually to the Bureau of the Budget estimates for the construction of the foregoing vessels and aircraft; and there is hereby authorized to be appropriated such sums as may be necessary to carry into effect the provisions of this act: *Provided, however,* That no such appropriation shall be used for any contract with steel or aircraft or shipbuilding firms or corporations unless the said firm or corporation shall agree to limit its net profit on such Government contract to not more than 10 percent of the gross of the contract.

Mr. TRAMMELL. Mr. President, I desire to have that amendment go over for the present, in view of the fact that certain members of the committee have in process of preparation at the present time a little change in that particular.

The PRESIDING OFFICER. Without objection, the amendment will be passed over to await action on the other committee amendments.

The next amendment was, on page 4, after line 15, to insert:

And provided further, That every such contract shall provide that the books, records, accounts, contracts, memoranda, documents, papers, and correspondence of the contractor and of its affiliates and subsidiaries and of each and every subcontractor shall, during the usual hours of business, be subject to examination by the Bureau of the Budget or by any duly authorized representative of either House of the Congress. As used in this section the word "subsidiary" means any person over whom or which such contractor has actual or legal control, whether by stock ownership or otherwise; and the term "affiliate" means any person who has actual or legal control over such contractor whether by stock ownership or otherwise.

The amendment was agreed to.

The reading of the bill was resumed, and the legislative clerk read as follows:

SEC. 4. That in the event of international agreement for the further limitations of naval armament to which the United States is signatory, the President is hereby authorized and empowered to suspend so much of its naval construction authorized by this act as may be necessary to bring the naval armament of the United States within the limitation so agreed upon, except that such suspension shall not apply to vessels actually under construction.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. TRAMMELL. Mr. President, I desire to offer another amendment; and I should like to have a reconsideration of the first amendment in order that I may offer a minor amendment to it.

The PRESIDING OFFICER. Is there objection to reconsideration of the amendment referred to by the Senator from Florida? The Chair hears none. The vote by which the amendment was agreed to is reconsidered, and the amendment is now before the Senate.

Mr. TRAMMELL. Mr. President, I offer an amendment to the committee amendment which I send to the desk. It is purely a technical correction.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The LEGISLATIVE CLERK. On page 3, line 18, after the word "shall", it is proposed to strike out the comma, all the words in line 19, and the word "shipyards" in line 20.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida to the amendment of the committee.

Mr. BONE. Mr. President, I believe there is a slight error there. I think the comma after the word "shipyards" in line 20 should also be stricken out, in order to make the sentence grammatically correct.

Mr. TRAMMELL. That may be added, then. After the word "shipyards" the comma should be stricken out.

The PRESIDING OFFICER. The Senator from Florida modifies his amendment as suggested by the Senator from Washington.

The question is on agreeing to the modified amendment offered by the Senator from Florida to the amendment of the committee.

The amendment, as modified, to the amendment was agreed to.

The amendment, as amended, was agreed to.

Mr. TRAMMELL. Now, Mr. President, I offer an amendment to come in on page 5. The amendment has been printed. I do not know whether or not there is a copy at the desk.

On page 5, line 8, after the word "construction", I move to insert "as has been."

The amendment was agreed to.

Mr. TRAMMELL. On line 8, after the word "authorized", I move to strike out the words "by this act."

The amendment was agreed to.

Mr. TRAMMELL. Then on page 5, line 11, I move to strike out the period and add "on the date of the passage of this act."

The amendment was agreed to.

Mr. TRAMMELL. I believe that covers all the amendments except the one relative to the limitation of profit. We have been working on an amendment a little different from the one that was originally proposed by the committee to cover that feature. If we can pass the bill this afternoon, I will propose as a substitute, or some member of the committee can propose as a substitute, an amendment a draft of which we have here, and then the whole situation will be considered in conference.

Mr. BONE. Mr. President, I have a couple of amendments that I propose to bring up and offer now unless the chairman of the committee desires that the consideration of the matter shall go over until tomorrow.

Mr. TRAMMELL. If we shall be unable to finish the bill this afternoon, I suggest to the Senator that he propose his individual amendments now.

The PRESIDING OFFICER. The bill is before the Senate and open to amendment.

Mr. BONE. Mr. President, there lies on the desk the following amendment which I have proposed: On page 4, line 5, of H.R. 6604 as reported to the Senate, after the word "direct", strike out the period and insert a colon and the following:

Provided further, That not less than one half of each succeeding lot of aircraft, including the engines for such aircraft, the procurement of which is authorized by this act and hereafter undertaken, shall be constructed and/or manufactured in Government aircraft factories, and/or other plants or factories owned and operated by the United States Government; and the funds necessary for the procurement of such additional equipment and facilities as may be necessary to carry this program into effect are hereby authorized to be appropriated.

Mr. President, I do not care to discuss this amendment at any length unless there is objection to it. If there is, then I shall want to have something to say about this amendment and one other that I have proposed. It follows in general the principle announced in the bill, in the section which was just adopted, respecting the allocation of tonnage of the ships that are to be built under the program con-

templated in this measure, wherein it is set forth that not less than half the tonnage, and such additional tonnage as the Government may be able to handle in its yards, shall be built in public yards. This amendment merely carries the same proposal into the building of aircraft.

I think it is unnecessary to go beyond what we have been reading in the papers in the last few days to understand the necessity for some curb on the activities of aircraft manufacturers as well as the builders of ships in private yards. For that reason, Mr. President, I move the adoption of this amendment.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Washington.

Mr. HALE. Mr. President, I think the Senate should understand that the Government does not build airplanes in its yards except for purposes of experimentation. All that has been done heretofore by private industries. If the Government is going into the airplane-building business, it means that it will have to make a very large investment before it can construct the planes.

Mr. BONE. Mr. President, I am advised that the United States Government now has a plant in which it can construct airplanes. I do not care to discuss the matter now. If there is to be any real discussion of it, I want time to discuss it somewhat at length, together with the whole aspect of war profits or profits in anticipation of war.

In view of the fact that the revelations here of late indicate that one airplane factory made 90-percent profit out of the Government, it seems to me high time that the Government eliminate the possibility of a repetition of that sort of thing by building its own airplane factories. It certainly can fortify itself in this program of preparedness by eliminating that sort of extortionate profit.

I say, I do not want to make a speech on this subject now. I do not want to have to go into it. I think it is time, though, that we now go on record here to determine the future policy of the Government as respects this whole program of preparedness. I can see no more reason why the Government should be at the mercy of private airplane manufacturers in time of war than why it should be absolutely and wholly at the mercy of private builders of ships in time of war.

We had an illustration of that during the last war, when the Government found itself compelled to rely exclusively on so-called "private initiative", on so-called "private yards", and as a result we had scandals like the Hog Island scandal up here at Philadelphia. I am simply trying now, by this amendment, to prevent a repetition of that sort of thing. If we are going to have preparedness, then, in the name of all that is reasonable, certainly in the name of patriotism, let us have some preparedness, but let us have the right kind of preparedness—not the 90-percent profit preparedness that is being jammed down our throats nowadays by the private airplane manufacturers.

This thing that confronts us now smells to high heaven; and I think the patriotically inclined people of this country are weary of the spectacle of the Government being looted, literally looted, by private airplane companies, both in the transportation of mail and in the manufacture of airplanes.

This whole bill is urged upon us in the name of preparedness. If we want to be prepared, let us become prepared, but let us not leave that element of preparedness which ought to be a public function to the domain of private business. Should preparedness be exclusively a private function? If that were so, then it were the part of wisdom to farm out war-making activities to private companies. If it is advisable to leave that in the domain of private enterprise, then for once let us become prepared. We ought to get rid of the Navy and let it be operated by private companies, if that is so much more efficient. We have to determine this matter, and meet this issue head-on whether we want to meet it or not. We have already adopted the provision in this bill that directs that 50 percent or more of the tonnage of these ships be built in public yards. That is in recognition of a great sentiment and demand on the part of the people of this country that we should take that sort of step. For one I do not want my country to be helpless in the face of the inordinate and extortionate demands of privately owned airplane companies.

Mr. President, if we have to go into this thing and make a fight on it, I want to read some of the records of the profits these airplane companies have extracted out of the Public Treasury in the last 2 years. We are preparing now, through agencies of the Government, to make a very complete and sweeping examination of the records of these airplane companies in order to determine to what degree and to what extent they have been taking advantage of the Government. If they will do that now, in time of peace, in God's name, what will they do in time of war?

During the last war we had an example of having to rely on private companies. When discussion of this bill is resumed tomorrow, I am going to read a statement of some of the profits of these private concerns on whom we had to rely for preparedness during the last war—of gentlemen who, out of this manipulation, by the alchemy of big business, translated the blood of American soldier boys into 23,000 new fortunes of a million dollars each. As a Member of the Senate, I do not want a repetition of that. I want to see it stopped, and I think there are millions and millions of Americans who want it stopped, and want it stopped right now.

Mr. TRAMMELL. Mr. President, I do not desire to cause the Senator to prolong his address on this subject, but as this amendment raises a question which was not considered either by the House or by the Senate committee, I would be pleased to have him give us such information as he can in regard to what facilities the Government now has for carrying out the provisions of his amendment, and if those facilities at present are inconsequential, I would be pleased to have him give us, if he can, the probable cost of preparing the equipment and machinery necessary to carry out the things suggested by his amendment.

I ask these questions with no particular opinion in mind now in regard to the amendment. It is a new proposition, and I would be pleased to have the information, if the Senator can give it to us.

Mr. BONE. Mr. President, I am not in position to give the Senator that information now, but my whole purpose is this, and I tried to make it very plain, that if there is any justification in this whole program of preparedness, then there is every reason in the world why the Government itself should be prepared, instead of allowing that function to be exercised exclusively by private corporations. It is time now that the Government be able to take over wholly and completely the function of defending itself. That is why we have created a government. That is what the Government is for, not to farm out these normally public functions and leave them exclusively in the hands of private enterprise. During the last war we had an example of what private enterprise does to a government in its hour of trouble and despair, and now, while we are at peace in this country, it is time for the Government to fortify itself.

There is nothing abstruse or weird about the establishment of an airplane factory. There are plenty of airplane mechanics who would be glad to work in the construction of an airplane factory and to build airplane engines, and Congress has the power to fortify the Government in that respect. Whether we have to build one or more plane factories, I want to see them built for that specific purpose.

Mr. BARBOUR. Mr. President, will the Senator yield?

Mr. BONE. I yield.

Mr. BARBOUR. I hold no brief for any private enterprise either making airplanes or otherwise, but I was very much interested in what the Senator just said in relation to the profits of the concerns manufacturing airplanes during the last war. As I recall it, during the war there was an excess-profits tax that went as high as nearly 80 percent. Is the Senator familiar with that situation?

Mr. BONE. I am familiar with it.

Mr. BARBOUR. If I am right, the Government got the profits and the airplanes as well.

Mr. McKELLAR. Mr. President, when the airplane companies sold to the Government, they included the tax in the price to the Government.

Mr. BARBOUR. It is just exactly such things as that that I should like to know. I am not biased one way or the other. My impression is, without having had an opportunity of giving the same thought to this subject that I am sure the Senator has, that in all probability the airplanes to be constructed as he suggests would cost a great deal more than the price for which the Government could buy them now.

Mr. BONE. Mr. President, I am not prepared to admit that. There has been an admission, on the part of an airplane company, of a profit of 90 percent in 1 year. Another airplane company sold 50 planes to the United States at a dollar apiece, because its profits had been so large that they actually shocked the consciences of the men involved in that deal. What sort of spectacle do we present when a private airplane company will build airplanes and sell them to the Government for a dollar apiece, because their profit was so extortionate as actually to reek to high heaven?

Mr. BARBOUR. The Government wants to get its airplanes at a low price, certainly.

Mr. BONE. What sort of picture does it present when the profits of one airplane company were so large that they even shocked the consciences of the men who exacted them from the Government? What logic lies in this sort of operation of allowing a man to make enormous profits, and then put men in the Treasury Department, on the Government pay rolls, to tax the money back? Why in the first instance go through all that rigmarole of allowing these enormous profits, and then hiring a lot of men to go through their books? We are hearing that the income tax is a racket. Why go through the rigmarole of allowing men to make these enormous profits, and then send men in to check through their books and take some of it back? The thing to do is to save that money in the first instance.

Mr. BARBOUR. The point is that I want to go slowly, and I am sure the Senator would agree with me in that. I am only trying so to inform myself that I would know what is best.

Mr. BONE. I am sure the Senator will agree with me that we are not going slowly when we appropriate this enormous sum of money we are now asked to appropriate. We are going at a speed of a hundred miles an hour. We are not going to check this thing any more than we could check an avalanche. We cannot any more refuse to stare these facts squarely in the face than we could refuse to snub a cyclone. We are going ahead with this. We have heard of a profit of 90 percent in 1 year. We have no time to sit around speculating on what we might do. We have been told here that we may face war any time. Now is the time, when we are in peace, to fortify ourselves against the shocks of war and not have repeated what happened during the last war.

Mr. BARBOUR. I am in favor of what the Senator has to say insofar as national defense is concerned.

Mr. BONE. I am sure the Senator does not want national defense to be made a private function. That is certainly a governmental function. If there is any high function of government, it is that of national defense.

Mr. BARBOUR. I agree with the Senator in that.

Mr. BONE. We should not subordinate that function to any private individual or group of private individuals.

Mr. BARBOUR. I am only speaking to the point of getting the greatest number of good airplanes in the shortest time at the lowest price. That is my conception of preparing for national defense.

Mr. BONE. The whole record that confronts the Senate right now shows that the Government does not get airplanes at a low price.

Mr. BARBOUR. That is a matter of argument.

Mr. BONE. The Senator certainly would not consider a firm which made 90-percent profit on an airplane deal with this Government as disposing of the airplanes at a low price.

Mr. BARBOUR. I do not know what the Government could have made those airplanes for. As a matter of fact, I do not believe the Senator does. They might have cost more than they did cost.

Mr. BONE. There are other considerations besides that. There are millions of good Americans, patriotic Americans, Americans who love their homes and their children and their firesides, who think that we are doing a grievous wrong to the country in passing this bill. There are millions of them who believe that if private profits were taken out of war and the preparation for war, half of the motivating force behind wars would be dissipated and would disappear. I do not know whether they are right or whether they are wrong. We will probably never know that. But they believe that sincerely. We tried the other angle for years. We permitted the Treasury of the Government, year in and year out, to be looted by war profiteers. That is a mild way of putting it.

Mr. BARBOUR. I am not talking of taking profits out of war munitions so much as I am of the wisdom of perhaps slowing down the production of airplanes.

Mr. BONE. We determine now, not tomorrow, not the next day, not next year, but right now, as we are passing this bill, what sort of a program we are going to adopt.

Mr. ROBINSON of Arkansas. Mr. President, it is apparent that the consideration of the pending bill cannot be completed this afternoon. If there is no objection on the part of the Senator in charge of the bill I should like to move an executive session.

Mr. TRAMMELL. Mr. President, that is quite agreeable to me.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The PRESIDING OFFICER laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of William Thomas Dowd, of North Carolina, to be United States marshal, middle district of North Carolina, to succeed Watt H. Gragg, resigned.

Mr. WAGNER, from the Committee on Public Lands and Surveys, reported favorably the nomination of Clarence Ogle, of Oregon, to be register of the land office at Lakeview, Oreg., vice Frank P. Frost.

Mr. McKELLAR, from the Committee on Post Office and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

THE CALENDAR

The VICE PRESIDENT. The calendar is in order.

BUREAU OF INTERNAL REVENUE

The legislative clerk read the nomination of Robert H. Jackson to be general counsel, Bureau of Internal Revenue, at Jamestown, N.Y.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Frank J. Shaughnessy to be collector of internal revenue, twenty-first district of New York.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

THE JUDICIARY

The legislative clerk read the nomination of William H. Holly to be United States district judge, northern district of Illinois.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Philip L. Sullivan to be United States district judge, northern district of Illinois.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Bernard J. Flynn to be United States attorney for the district of Maryland.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Francis J. W. Ford to be United States attorney for the district of Massachusetts.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Douglas W. McGregor to be United States attorney for the southern district of Texas.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. I ask unanimous consent that nominations for postmasters may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk proceeded to read sundry nominations in the Army.

Mr. SHEPPARD. Mr. President, I ask that all nominations in the Army may be confirmed en bloc.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

ALBERT LINXWILER—NOTIFICATION OF THE PRESIDENT

Mr. CLARK. Mr. President, sundry nominations for postmasters were just confirmed. One of those is the nomination of Albert Linxwiler to be postmaster at Jefferson City, Mo. That office is vacant at this time and it is very much desired by the authorities to move into a new post-office building with the new postmaster in charge. Therefore I ask unanimous consent that the President may be notified of the confirmation of this nomination.

The VICE PRESIDENT. Is there objection to the request of the Senator from Missouri? The Chair hears none, and the President will be notified.

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to, and at 4 o'clock and 50 minutes p.m.) the Senate took a recess until tomorrow, Wednesday, February 21, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 20, 1934

JUDGE OF THE UNITED STATES COURT FOR CHINA

Milton J. Helmick, of New Mexico, to be judge of the United States Court for China, to succeed Milton Dwight Purdy, whose term expired February 18, 1934.

PROMOTIONS IN THE NAVY

MARINE CORPS

Maj. Gen. (Temporary) John H. Russell to be the Major General Commandant of the Marine Corps for a period of 4 years from the 1st day of March 1934.

Brig. Gen. Harry Lee to be a major general (temporary) in the Marine Corps from the 1st day of March 1934.

Col. Douglas C. McDougal to be a brigadier general in the Marine Corps from the 1st day of March 1934.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 20, 1934

UNITED STATES DISTRICT JUDGES

William H. Holly to be United States district judge, northern district of Illinois.

Philip L. Sullivan to be United States district judge, northern district of Illinois.

UNITED STATES ATTORNEYS

Bernard J. Flynn to be United States attorney, district of Maryland.

Francis J. W. Ford to be United States attorney, district of Massachusetts.

Douglas W. McGregor to be United States attorney, southern district of Texas.

GENERAL COUNSEL BUREAU OF INTERNAL REVENUE

Robert H. Jackson to be General Counsel Bureau of Internal Revenue.

COLLECTOR OF INTERNAL REVENUE

Frank J. Shaughnessy to be collector of internal revenue, twenty-first district of New York.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

First Lt. John Carpenter Raaen to Ordnance Department.

First Lt. David James Crawford to Ordnance Department.

PROMOTIONS IN THE REGULAR ARMY

Warren Thomas Hannum to be colonel, Corps of Engineers.

Homer Ray Oldfield to be lieutenant colonel, Coast Artillery Corps.

Claude B. Thummel to be lieutenant colonel, Ordnance Department.

Norman Butler Briscoe to be lieutenant colonel, Cavalry.

Thomas Benton Catron, 2d, to be lieutenant colonel, Infantry.

John William Bulger to be major, Infantry.

Roy Wright Voege to be major, Infantry.

Vernon Lee Burge to be major, Air Corps.

Crosby Nickerson Elliott to be major, Infantry.

Alton Wright Howard to be major, Cavalry.

Frank Moore Child to be major, Infantry.

Andrew Paul Sullivan to be captain, Coast Artillery Corps.

Charles Allen Cotton to be captain, Quartermaster Corps.

Austin Walrath Martenstein to be captain, Air Corps.

Edwin Barton Bobzien to be captain, Air Corps.

John D. Corkille to be captain, Air Corps.

William Ross Mackinnon to be captain, Quartermaster Corps.

Duval Crump Watkins to be captain, Quartermaster Corps.

Levi L. Berry to be captain, Air Corps.

Carlton Foster Bond to be captain, Air Corps.

Willis Clark Conover to be captain, Infantry.

Morton McDonald Jones to be captain, Cavalry.

Robert MacKenzie Shaw to be captain, Signal Corps.

John DeForest Barker to be captain, Air Corps.

George Norris Cole to be first lieutenant, Field Artillery.

Nelson Jacob DeLany to be first lieutenant, Cavalry.

Duncan Sloan Somerville to be first lieutenant, Field Artillery.

David William Traub to be first lieutenant, Field Artillery.

Thomas Jennings Wells to be first lieutenant, Infantry.

George Warren Mundy to be first lieutenant, Air Corps.

Alfred Rockwood Maxwell to be first lieutenant, Air Corps.

Paul Harold Johnston to be first lieutenant, Air Corps.

William Ross Currie to be first lieutenant, Infantry.

Peter Duryea Calyer to be first lieutenant, Infantry.

Walter Godley Donald to be first lieutenant, Infantry.

Roscoe Charles Wilson to be first lieutenant, Air Corps.

Walter Edwin Todd to be first lieutenant, Air Corps.

William Henry Hennig to be first lieutenant, Coast Artillery Corps.

Bryant LeMaire Boatner to be first lieutenant, Air Corps.

Nathan Bedford Forrest, Jr., to be first lieutenant, Air Corps.

Paul Bertram Rupp (captain) to be chaplain with the rank of major.

POSTMASTERS

CALIFORNIA

Ethel R. Costello, Acampo.
Robert A. Clothier, Cotati.
Elaine M. Strohl, Imola.
James A. Drace, Linden.
Edmund V. Murphy, Madera.
John J. Nestor, Mojave.
Janet R. Carroll, Pebble Beach.
William W. R. Reeves, Suisun City.
Edith I. Day, Woodlake.

COLORADO

John F. Redman, Greeley.

DELAWARE

Daniel G. Conant, Rehoboth Beach.

INDIANA

Frank Ulmer, Bluffton.

IOWA

Harry A. Gooch, Sioux City.

MARYLAND

James G. Archer, Bel Air.
Bushrod P. Nash, Brentwood.
Howard Raymond Hamilton, Cardiff.
James F. Rafferty, Cockeysville.
Henry Holland Hawkins, La Plata.
Ralph Sellman, Mount Airy.

MISSOURI

Lurla F. Irey, Fortuna.
Albert Linxwiler, Jefferson City.
Ernest A. Hisle, Miami.
Earl F. Wiek, Rich Hill.
Rector A. Henderson, Tina.
Edna P. Largent, Wheatland.

NEW YORK

John Hamill, Sr., Groton.
John A. Donahue, Newburgh.

PENNSYLVANIA

Emilie D. Stoneback, Black Lick.
Frank H. Black, Greensboro.
Robert A. Rupp, Hamburg.
Kathryn K. Endy, Stony Creek Mills.

SOUTH CAROLINA

William C. Coward, Cheraw.
William S. Gibson, Sharon.
David E. Sauls, Smoaks.
George C. Cartwright, York.

SOUTH DAKOTA

Gertrude S. Severson, Brandt.
James R. Kohlman, Conde.
Alfred E. Paine, Doland.
Norbert F. King, Frankfort.
Alex C. Lembcke, Garretson.
Robert H. Benner, Gary.
Mary A. Ralph, Henry.
Sam P. Madsen, Hurley.
Charles E. Stutenroth, Redfield.
Oscar I. Ohman, Toronto.

UTAH

Wells P. Starley, Fillmore.
James Walton, Tremonton.

VIRGINIA

King Forsyth, Esmont.
James H. Ashby, Exmore.
Regina E. Selby, Greenbackville.
Howard O. Rock, Irvington.
Arthur Gartrell, Middleburg.
Martin E. Kline, Middletown.
John H. Tyler, Upperville.

WEST VIRGINIA

Marion L. Taylor, Ansted.
Thomas R. Moore, Charles Town.
Russell W. Casto, Nitro.
Vesta Lee Connell, Pennsboro.
Lawrence E. Poling, Philippi.
J. Wade Bell, Quinwood.
James B. Saville, Romney.
Ruskin J. Wiseman, Summersville.
Ben Gillespie, Sutton.

WISCONSIN

Helen A. Tuttle, Balsam Lake.
Joseph O. Goff, Bristol.
Ronald F. North, Eau Claire.
Alphonse J. McGuire, Highland.
Cyril H. Eldridge, Hilbert.
Leo J. Ford, Janesville.
Malcolm R. Dalton, Silverlake.
Edward Laneville, Withee.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 20, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God and our Savior, too, we thank Thee that we are still folded in the eternal arms from whose embrace no fear, no evil, and no death can separate us. Enable us always to exercise that needful virtue which is the grace of patience, and bless us with heart renewals and with soul reinforcements. As the servants of a great people we pray and listen, like the prophet of old, with our faces turned skyward. Let us catch the deep and welcome undertone which assures us of a brighter and a better day. Gracious Lord and our Heavenly Father, let us not forget that the real significance of life is within. Oh, here is the sacred shrine! At this altar may we kneel, and here do Thou inspire in us the new chivalry that is to come and the new knighthood that is to be. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 7295. An act entitled "An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes."

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. GLASS, Mr. MCKELLAR, Mr. TRAMMELL, Mr. STEIWER, and Mr. DICKINSON to be the conferees on the part of the Senate.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House is requested:

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; and

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes.

The message also announced that the Senate had passed, with amendments in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6574. An act entitled "An act to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors."

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. TYDINGS, Mr. PITTMAN, Mr. HAYDEN, Mr. JOHNSON, and Mr. ROBINSON of Indiana to be the conferees on the part of the Senate.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL, FISCAL YEAR 1935

Mr. SANDLIN, from the Committee on Appropriations, reported the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes, which was read a first and second time, and, with the accompanying papers, referred to the Committee of the Whole House on the state of the Union and ordered printed.

Mr. SINCLAIR reserved all points of order on the bill.

THE NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes with reference to a bill which I am introducing today.

Mr. BLANTON. Mr. Speaker, reserving the right to object, this is not another Navy bill, is it?

Mr. VINSON of Georgia. It is a very important Navy bill.

Mr. BLANTON. Is it along the lines of the other one?

Mr. VINSON of Georgia. Not at all.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON of Georgia. Mr. Speaker, since the House has passed the authorization bill to bring the Navy up to treaty strength, which is designed to give this country what it is entitled to and what it desires—a navy second to none—there is another step which must be taken in order that the fleet may attain its maximum efficiency.

The administrative organization of the Naval Establishment needs a complete modernization from top to bottom. I measure my words when I say that the administrative organization is at present, in my opinion, archaic, clumsy, and confused. Quick action and economy are impossible under the present set-up. Nothing short of a complete reorganization of it will permit the fleet to bring its full force to bear in defense of the country's interest.

That this is recognized by the Navy itself is attested by the fact that board after board has been repeatedly appointed by the Navy Department since the armistice to study the problem of reorganization and to recommend a solution, but nothing has ever happened. The reason for this is that there are too many bureaus, too many special corps, too much vested interest, too much inertia, and too much obsolete law on the books.

After 17 years' continuous service on the Naval Affairs Committee of the House, I am convinced that without legislative help the Navy Department will never be able to reorganize itself. Action from the Congress is necessary.

I have, therefore, today introduced a bill to completely reorganize the administrative organization of the entire Naval Establishment. All conflicting statutes are to be wiped out.

Instead of having the business of the Navy divided among eight bureaus and half a dozen separate divisions in the Chief of Naval Operation's office, the Marine Corps headquarters, the Judge Advocate General, the Assistant Secretary's office, and Heaven only knows how many other boards and offices, each pursuing its own way, the bill I have introduced will consolidate everything for the control and support of the fleet into three offices under the Secretary of Navy:

First. The Office of the Secretary.

Second. The Office of the Naval Operations.

Third. The Office of Naval Material.

The bill provides for appropriate division in each office to handle the essential work with economy and dispatch.

Instead of segregating officers into various corps, each of which harbors jealousies and endeavors to build itself up year after year, the bill places all naval officers except medical officers and the chaplain in a single pool or on a single list, eligible for any duty to which the Secretary may assign them in view of their education and experience. Specialization is provided for in all essential respects, but no further.

I firmly believe that if this bill is enacted into law, and I trust it will be, millions upon millions of dollars of the taxpayers' money will be saved.

Such a law will promote the effectiveness and economy of the national defense by simplifying and strengthening the organization, administration, control, and finance of the whole Naval Establishment. [Applause.]

THE LATE CHARLES P. COADY

Mr. PALMISANO. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Maryland?

There was no objection.

Mr. PALMISANO. Mr. Speaker, it is with great regret that I announce the death of the Honorable Charles P. Coady, who passed away in the city of Baltimore on Friday, February 16, 1934.

Mr. Coady was a former Member of the House and represented the Third District of Maryland in the Sixty-third, Sixty-fourth, Sixty-fifth, and Sixty-sixth Congresses.

He was born on the 22d day of February 1868 in Baltimore. He began practicing law in 1894. Mr. Coady was a Member of the State senate for 8 years and upon his retirement from Congress he was appointed tax collector for the city of Baltimore by the Honorable Howard W. Jackson, the present mayor of Baltimore.

Mr. Coady was in every sense a Democrat, always approachable and loved by everyone who knew him.

PERMISSION TO ADDRESS THE HOUSE

Mr. PATMAN. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes.

Mr. SNELL. Mr. Speaker, I want to join with that a request that the gentleman from Ohio [Mr. COOPER] may have permission to proceed for 10 or 15 minutes.

Mr. BLANTON. Mr. Speaker, each request must stand on its own bottom. Surely, the gentleman from New York can get 10 minutes for so distinguished a Member as the gentleman from Ohio.

Mr. SNELL. I appreciate that, but if we grant such permission to five or six men on that side, then when we ask for time on this side, some one objects. I suppose there is business before the House today?

Mr. BLANTON. Mr. Speaker, so distinguished a parliamentarian as the former Chairman of the Rules Committee knows that a Member cannot couple two requests in this manner. It is against the rules of the House.

Mr. SNELL. Look up the rules and see.

Mr. BLANTON. That is a rule that has existed for a long time.

Mr. MARTIN of Massachusetts. Mr. Speaker, reserving the right to object, what is the subject?

Mr. PATMAN. I would like to speak on the payment of the adjusted-service certificates.

Mr. MARTIN of Massachusetts. I object, Mr. Speaker.

Mr. BLANTON. That comes from the Republican side—against the bonus for the soldiers.

Mr. SNELL. The gentleman is out of order and the gentleman knows it.

Mr. BLANTON. Well, it came from the Republican side—the gentleman's side.

THE ELLENBOGEN RESOLUTION CONTEMPLATES A NATIONAL CONTRIBUTORY SYSTEM OF OLD-AGE PENSIONS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, on February 15, 1934, the House of Representatives unanimously passed my resolution (H.Res. 249), which directs the Committee on Labor to

prepare such data and make such studies as are necessary for the drafting of legislation to establish a national system of old-age pensions on a contributory basis.

Although the Congress of the United States has considered the subject of old-age pensions for many years, my resolution marks the first time that it was proposed to the Congress to consider the establishment of a national system of old-age pensions on a contributory basis. My original resolution, H.R. 212, was introduced on January 8, 1934, 5 days after the Seventy-third Congress convened in regular session.

THE PITTSBURGH PRESS SUPPORTS ELLENBOGEN OLD-AGE PENSION RESOLUTION

Mr. Speaker, the resolution which I introduced at once gained the attention of the country and received support throughout the United States. The Pittsburgh Press, a Scripps-Howard newspaper of the highest standing, in an editorial of February 1, 1934, strongly endorsed the enactment of this resolution and expressed the hope that the Congress would act favorably upon it. This editorial was inserted in the CONGRESSIONAL RECORD under date of February 5, 1934, on page 1935.

THE MODERN INDUSTRIAL SYSTEM HAS CREATED THE PROBLEM OF OLD-AGE SECURITY

The problem of insecurity of our old people springs from our modern industrial system. In an agricultural society it did not exist. As long as the American people were prevailingly engaged in agriculture, old people could always look forward to spending their last years in peace and comparative comfort on the farm.

Under our present system of modern industrial machine production the situation is entirely different. The specialization of work in modern large-scale industry, where each worker performs over and over again the same stereotyped operation, has largely dispensed with the need for the experienced and skilled worker; the speed-up processes of the modern industrial plant with its ever-increasing nervous strain demands younger and younger workers. As a result most major industries have practically eliminated the aged worker. They will not employ men and women beyond the age of 40 or 45 years, and in some plants the age limit is even as low as 35 years.

The adoption of private industrial pension schemes has also lowered the age at which the companies having such pensions will employ men. Most of these companies require that a man must be at least 65 or 70 years of age when he is pensioned and must have been employed from 20 to 30 years by the company. These companies are unwilling to employ a person who would not be eligible under the pension scheme because of the dissatisfaction which that would create among its employees. Thus these companies refuse to employ men and women beyond the age of 40 and 45 years.

Group insurance in effect in some large industrial concerns has also aggravated the problem of old-age security. The premium rates for group insurance are based upon the average age of the insured employees. Rates for old persons are much higher than for younger ones, and therefore employers prefer younger men so as to reduce the amount of money which they have to expend for their insurance.

THE TOTAL NUMBER AND THE PROPORTION OF OLD PEOPLE IS FAST INCREASING IN THE UNITED STATES

Owing to modern public-health measures, Mr. Speaker, the average span of life has been tremendously increased in the United States. In 1840 the average duration of life in the United States was 39 years, whereas in 1930 it had risen to about 60 years.

In 1870 the total population of the United States was 38½ millions, of which 1,153,649, or 3 percent, were 65 years or over.

In 1930 the total population was nearly 123,000,000 people, of which 6,600,000 persons, or almost 5½ percent, were 65 years of age or over.

DEPENDENCY AMONG OUR OLD PEOPLE IS STEADILY INCREASING

It appears, according to various studies which have been made, that under our modern industrial system of mass machine production, over 40 percent of all people 65 years of age and over are in need and dependent. This would indicate that in 1930 about 2,700,000 people 65 years of age and over were dependent in the United States.

IMPORTANT FACTORS CREATING THE PROBLEM OF OLD-AGE INSECURITY

Mr. Speaker, permit me to summarize these facts, because they are extremely important:

First. The problem of old-age insecurity has been created by the modern industrial system of machinery mass production.

Second. The total number of older people is steadily increasing.

Third. The percentage of old people in proportion to the whole population of the United States is steadily and speedily growing.

Fourth. The number of dependents among our older people is steadily increasing.

These and other factors which I shall take up in this speech will convince all fair-minded students of the facts that the situation is reaching a point where a permanent and adequate system must be established in the United States to care for our old people.

THE POORHOUSE IS A CRUEL AND DEGRADING METHOD OF TREATING OLD PEOPLE

Until recently older people were supposed to find a refuge in what are known as "poorhouses" or "almshouses." These still exist in some States, including Pennsylvania.

Here is how the New York State commission, in its 1930 report, described conditions in poor or almshouses—pages 395–398:

> Worthy people are thrown together with moral derelicts, with dope addicts, with prostitutes, bums, drunks, with whatever dregs of society happen to need the institution's shelter at the moment; sick people are thrown together with the well, the blind, the deaf, the crippled, the epileptic; the people of culture and refinement with the crude and ignorant and feeble-minded.
>
> The large dormitory system prevails rather than the individual room or the roommate system. Privacy, even in the most intimate affairs of life, is impossible; married couples are quite generally separated; and all the inmates are regimented as though in a prison or penal colony. Private possessions other than the clothes on the back are almost out of the question, since individual bureaus, closets, tables, or other articles of furniture, outside of a bed, are generally not provided. Instead, rusty tin dishes, heavy cracked enamelware, and bare table tops for all inmates alike still set the general tone of most of these institutions. So that, despite the conscientious and often kindly efforts of the superintendent, the whole atmosphere of the almshouses tends to become more and more depressing, "institutionalized", and dehumanized.

How much better would it be to take care of our old people through pensions instead of herding them into poorhouses? How much more humane, more civilized, to let these old people live a decent, quiet, reasonable life in their own community and in the same surroundings where they spent their younger years?

POORHOUSES ARE MUCH MORE EXPENSIVE THAN OLD-AGE PENSIONS

Human decency always pays, even from the point of view of dollars and cents. It is a known fact that old-age pensions are much cheaper than poorhouses. To illustrate:

In New York State the average cost for each inmate of a poorhouse was $39.61 per month. In 1930 a law was passed which established an old-age pension system in that State. The average cost per person under that system was only $23.80. By treating these citizens in a humane and civilized way and giving them old-age pensions instead of sending them to the poorhouse, New York State saved $15.81 per month for each person. In New York State 16 persons could thus be paid old-age pensions for the same outlay which was previously required to support 10 inmates in a poorhouse.

More than half the money spent in poorhouses is wasted in useless overhead. For instance, the Pennsylvania Department of Welfare found in 1925 that for every dollar spent in Pennsylvania on poorhouses only 30.5 cents went into the actual maintenance of the poorhouse, whereas 69.5 cents went into payment of administrative and operative expenses. In 1931 the cost of overhead amounted to the incredible figure of 77.3 cents out of every dollar.

The Pennsylvania commission, appointed by the State Legislature of Pennsylvania also made a study and analysis of the quality and quantity of food consumed in 1 year by inmates and stewards of poorhouses in a typical county. This analysis showed the following differences:

Kind of food	Consumed per steward	Consumed per inmate
Butter	[1]30	[1]7½
Eggs	200	38
Milk	[2]101	[2]23
Chicken	[1]10	[3]1

[1] Pounds. [2] Ounces. [3] Quarts.

These figures are almost incredible. In the poorhouse of that county in Pennsylvania a steward consumed an average of 200 eggs per year, whereas an inmate received only 38. Another instance: A steward consumed 10 pounds of chicken per year, whereas an inmate only received 1 ounce. These disclosures are not only startling; they are shocking. The people of Pennsylvania, I am certain, will end these intolerable conditions.

THE OLD-AGE PENSION LAW OF PENNSYLVANIA IS IN REALITY POOR RELIEF

Twenty-seven States of the Union have passed laws providing for old-age pensions of one sort or another; but in quite a few of these States the laws are not mandatory or do not afford adequate relief. In December 1933 the Pennsylvania State Legislature, in special session, passed a so-called "old-age pension law." Under that law no person is eligible unless he is "indigent." That is, no one is eligible to receive an old-age pension unless he is a pauper. For instance, if an old couple should happen to own a little home, although they should have no other income whatsoever, they would, it appears, not be eligible under the Pennsylvania law, because they would not be indigent.

Under the Pennsylvania act, in order to be eligible a person must be 70 years of age or over; must have resided in Pennsylvania continuously for at least 15 years and must comply with other requirements. The pension payments are scheduled to become available on December 1, 1934.

The act passed by the Pennsylvania State Legislature will be a great disappointment to our old people. It is in reality not a step forward, but backward, because it will tend to decrease the interest for a real old-age pension law and will discourage some persons who have fought for years for adequate and fair pensions for the old people of Pennsylvania. What we need in Pennsylvania is not a new "poor" law, but a real old-age pension law such as exists in the State of New York and in other States.

A NATIONAL SYSTEM OF OLD-AGE PENSIONS IS THE BEST FOR THE UNITED STATES

The most feasible system to provide old-age pensions throughout the United States in an adequate and proper way is through the establishment of a national system of old-age pensions. The enactment of old-age pensions in the various States is a slow and painful process; but even if it should be possible eventually to obtain old-age pension laws in the various States, a national system would be far superior.

Here are some of the advantages:

First. Only a national system can protect all dependent persons of old age, because in all the States which have old-age-pension systems, there are resident requirements of 10, 15, 20, and even 25 years. Therefore—

(a) A citizen who would not have the necessary length of residence could not qualify and would therefore be without protection.

(b) The aged would be prevented from moving from one State into another State if they desired to take advantage of the old-age pension laws.

Pennsylvania, for instance, has a 15-year residence clause, which would mean that a man of 55 dare not leave his State to become eligible for a pension at 70. (Editorial in the Pittsburgh Press of Feb. 1, 1934.)

Second. Transient persons of old age can be cared for only under a national system.

Third. Some States might never adopt old-age-pension systems, and thus only a part of the citizens of the United States would receive the benefits conferred by such a system.

Fourth. A system by States would create great discriminations between residents of the various States: The amount of the pension would greatly vary. Some States would begin to pay at the age of 60, some at 65, some at 70, and some at 75 years. The requirements as to length of residence would vary. There ought to be no discrimination between the aged of different States. They should all be treated on an equal basis.

Fifth. A system by States might place the States which adopt a fair and adequate system at an economic disadvantage as against States which have no old-age-pension system, or only an inadequate one, because the payment of pensions might affect the cost of manufacturing.

Many States would therefore refuse to adopt an old-age-pension system or would adopt an inadequate one. They will plead that to do otherwise would put them at an economic disadvantage as against competing industrial States.

THE MOST FEASIBLE SYSTEM IS A CONTRIBUTORY SYSTEM

A contributory system of old-age pensions is really a compulsory system of old-age insurance. Under it the employer and the employee would contribute a very small, an almost insignificant sum of money, from his salary or wages to the pension fund. In many countries the Government also makes contributions. The amount would be small. For instance, for a person of 18 years the total weekly contribution would be less than 28 cents, so that if it is divided between the employer and the employee, each would contribute less than 14 cents per week. During periods of unemployment no contributions would be required under this system. When a person becomes 60 or 65 years of age, he is then entitled to a pension which is paid out of his own contributions.

Of course, until the contributory system is well established and has operated long enough to accumulate sufficient funds, it would be necessary for the States or for the Federal Government, or for both jointly, to pay adequate pensions to our old people out of public funds.

I believe, too, that a contributory system offers the best basis for the establishment of a national system of unemployment insurance.

THE UNITED STATES IS THE ONLY LARGE INDUSTRIAL COUNTRY WITHOUT OLD-AGE PENSIONS

The experience of foreign countries has proven that the contributory system which I have proposed and which is contemplated by my resolution passed by the House of Representatives on February 15, 1934, is the most feasible and the best plan to provide permanently for adequate pensions for old people. Today 42 foreign countries have old-age pension systems. Out of these 42 countries, 31 have contributory systems. The United States, China, and India are the only large countries which have no national system of old-age pensions. Of the large industrial nations, the United States is the only one without an adequate system of old-age security.

The poorhouse, with its unspeakable horror and degradation, with its separation of husband and wife, must be abolished. Men and women of older years who, after a lifetime of toil and hard work, have become dependent through circumstances beyond their control are entitled to spend their later days in peace and security in their own homes.

Modern industrial conditions demand modern laws for the security of old people. The time has come for the establishment of fair and adequate old-age pensions. Let us keep up the fight for it. It is a fight for a just and noble cause. It is a fight which we can win; it is a fight which in the end we shall win.

EXTENSION OF REMARKS

Mr. EICHER. Mr. Speaker, I ask unanimous consent that there may be read into the RECORD a telegram from the

Iowa Soap Co., of Burlington, Iowa, contradicting the statement of the gentleman from Nebraska as to the percentage decline in price of soap since 1926.

Mr. MARTIN of Massachusetts. Mr. Speaker, I object.

REVENUE BILL FOR 1934

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. CANNON of Missouri in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill, of which the Clerk will read the title.

The Clerk read the title.

Mr. TREADWAY. Mr. Chairman, I yield myself 2 minutes. Mr. Chairman, ordinarily there is no occasion in the course of debate like this to make reference to articles in the press, but an item appeared this morning that I think does an injustice to the House as well as to the Ways and Means Committee. It alleges that rich people may find loopholes in the new bill; in fact, says that they have already been found. If they have been found as alleged it is the duty of the one who found them to call the Ways and Means' attention to them today or tomorrow morning.

We have labored long and faithfully in our efforts to try and close many loopholes, and I think we have accomplished it; but if the general public is led to believe that other loopholes still exist it is the patriotic duty of citizens to call the attention of the Chairman of the Ways and Means Committee to these loopholes, rather than announce the fact through the public press.

Mr. HOEPPEL. Will the gentleman yield?

Mr. TREADWAY. My time has expired.

Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, the Ways and Means Committee has brought in a bill designed to tighten up certain so-called "leaks" in income tax laws, and estimated by them to raise something like $250,000,000 out of additional income taxes and other miscellaneous taxes.

I want to call the attention of the House and the country to the fact that our relief expenditures are going on at the rate of $425,000,000 a month. The British dole, last year, cost £78,275,000, or approximately $395,000,000. For the 6 months ending last October the cost was on the basis of £73,500,000 per year, or approximately $365,000,000; so we are spending more in 1 month than the British are spending in a year.

But that is just a small part of the story. Our expenditures for 1934, the year we are now in, are going to run approximately $11,000,000,000. Our estimated receipts are $3,250,000,000, or a deficit of nearly $8,000,000,000.

The committee has estimated for 1935, $1,250,000,000 of income tax. To balance the Budget we must have at least $5,000,000,000, or four times what this bill provides, from the income tax.

An American with an income of $3,000 and a wife, pays approximately $20 tax. A British subject with a wife and a $3,000 income pays approximately $300 tax. Let me say to the House and to the country that if our expenditures are to continue at the rate they are now going that we must have a 10-percent tax on the small incomes, and no exemptions, if we are going to balance the Budget. I want the Membership of the House and the people back home to realize what we are headed for in the line of a tax bill unless we stop the terrific expenditures that are now going on.

Has anybody the courage either to follow me in stopping these expenditures or to put on the tax necessary to balance the Budget?

Mr. HOEPPEL. Will the gentleman yield?

Mr. TABER. I yield.

Mr. HOEPPEL. Does the gentleman know that in the independent offices bill we appropriated $204,000,000 for the war veterans and their dependents, and in another bill $750,000,000 to keep the farmers idle and destroy their crops?

Mr. TABER. I know that we provided more than $284,000,000. We are never going to balance the Budget unless we levy enough taxes to pay our bills as we go along. There is no use in kidding ourselves any longer.

Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield 3 minutes to the gentleman from Texas [Mr. PATMAN].

PRESENT TAX BILL

Mr. PATMAN. Mr. Chairman, this tax bill contains many items intended to seal up the loopholes in the tax law. We could, perhaps, eliminate some taxes most objectionable and obnoxious if we had a way of distributing the money all over the country and increase the paying power of the people.

A dollar in a locality does not mean one dollar always; it may mean from fifteen to forty dollars in purchasing power, because it turns over from 15 to 40 times every year. So if we can arrange some way to distribute a large amount of money through some vehicle where no new policy is involved, it certainly would be in the interest of the general welfare.

CONSIDERATION OF H.R. 1 ASKED

I have just signed a petition for the consideration of the bill to pay the adjusted-service certificates. [Applause.] There are 3,545,284 certificates as of January 1, 1934, of the aggregate face value of $3,543,981,515. Three million nineteen thousand five hundred and eighty-two of these veterans out of a total number of 3,545,000 have borrowed money on their certificates. They have borrowed $1,340,659,199.38, leaving a remainder due of approximately $2,200,000,000, and if that money is paid, it will go into every nook and corner of the Nation. It will not only benefit these veterans but it will benefit everybody. It will find its way into the local banks, and there be used as a reserve for the issuance of ten additional dollars for every dollar of reserve. That will help the country generally, as the people are very much in need of additional purchasing power. This will not be giving away $2,200,000,000 but it will be paying $2,200,000,000 on a debt that Congress has heretofore confessed was due to the 3,545,284 veterans in the United States.

HOW AMOUNT OF ADJUSTED-SERVICE CERTIFICATES ARRIVED AT

The committee that passed on this matter ascertained that there was a difference of between $1 and $1.25 a day between the pay received by the lowest-paid laborer in the United States during the war and what a private in the United States Army received. Many laborers in civilian life received several times as much as the lowest-paid laborers and the skilled workers received very high wages. Therefore the committee said we should at least compensate the soldiers to the extent of that difference between what the lowest-paid laborer received and what the average private received, the difference being between $1 and $1.25. Congress allowed them the $1 a day for home service extra and $1.25 a day extra for service overseas. If this money is paid as of the time they rendered service, the full amount was due October 1, 1931. The reason it is not due now on its face is because there were 7 years from the time the services were rendered to January 1, 1925, the date of the certificates, the veterans were not allowed interest. So if you will go back and date the certificates as of the time they rendered the service and give the veterans the customary rate of interest paid to everyone else connected with the war the full face value of each certificate was due on October 1, 1931, and this bill provides that no interest shall be charged the veterans subsequent to that time. I believe it is the best means, it is the best vehicle, that has ever been proposed to put purchasing power into the hands of the masses of the people in every nook and corner of the Nation.

CONTROLLED EXPANSION OF CURRENCY

House bill 1 provides for controlling expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates in new currency—

United States notes. These notes will not bear interest and will be lawful money of the United States and shall be maintained at a parity value with the standard unit of value fixed by law. No new principle of issuing money is involved. Such notes shall be legal tender in payment of all debts and dues, public and private, and shall be receivable for customs, taxes, and all public dues, and when so received shall be reissued. Such notes, when held by any national banking association or Federal Reserve bank, may be counted as a part of its lawful reserve.

STABLE PRICES AND MONEY

The bill further provides that when the index number of the wholesale all-commodity prices rises above the index number of such prices for the years 1921 to 1929 the Secretary of the Treasury shall be privileged to contract the currency in the following manner:

First. Abolishment of the circulation privilege extended to certain bonds of the United States under the provisions of section 29 of the Federal Home Loan Bank Act and retirement of such bonds as security for circulating notes as rapidly as practicable.

Second. Termination of the issuance and reissuance of national bank circulating notes and the retirement of such notes from circulation as rapidly as practicable.

Third. Termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States.

Fourth. Termination of the issuance and reissuance of Federal Reserve notes secured only by gold or gold certificates.

Fifth. Termination of the issuance and reissuance of Federal Reserve notes secured by notes, drafts, bills of exchange, acceptances, or bankers' acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

SAME KIND OF MONEY AS NOW CIRCULATING

The amount paid to the veterans will be permanent circulating medium and of the same wording, form, size, and denominations as United States notes issued under existing law and now in circulation.

NO INTEREST SUBSEQUENT TO OCTOBER 1, 1931

If this bill is enacted, a veteran who has not negotiated a loan on his adjusted-service certificate will be permitted to receive the full amount now in cash. A veteran who has borrowed on his certificate will receive the amount of the certificate in cash less the amount of his loan with interest to October 1, 1931. Under this bill, no interest is charged, since the full amount of the certificates was due at that time, if the veterans are paid as of the time they rendered their services, together with the customary rate of interest received by others on war contracts, tax refunds, and so forth.

CASH INTO HANDS OF MASSES

This bill will put cash money in every nook and corner of the Nation, into the hands of nearly 4,000,000 World War veterans who will use it to purchase comforts and necessities of life, pay debts, taxes, and otherwise place it into the channels of trade and production. This money will find its way into the banks all over the Nation and will be used as a reserve for the issuance of additional credit, thereby helping everybody in every community.

IF THIS BILL IS ENACTED

First. It will save the Government more than a billion dollars, or $112,000,000 a year for 12 years.

Second. It will save the Government more than $10,000,000 in administration expenses of the Adjusted Compensation Act between now and 1945.

Third. It will pay a debt heretofore confessed by the Government to the veterans for services rendered. It is no bonus. The term bonus is a misnomer.

Fourth. It will be granting to the veterans the right to deposit a Government obligation and receive in return therefor new currency, the same right that is now enjoyed by Federal Reserve banks and all national banks.

Fifth. It will prevent the veterans from losing a valuable equity by releasing them from the payment of compound interest on their loans. Veterans, who have borrowed 50 percent under the present law, will have very little remaining in 1945. It is not right for the Government and the banks to consume these valuable equities by requiring the veterans to pay compound interest on their own money.

Sixth. It will require no bond issue, no increase in taxes, no additional interest payment by the Government. The debt must be paid sometime. Everybody will be helped if it is paid now.

Seventh. The Treasury holds in the general fund $3,140,000,000 in gold. It is unencumbered. This does not include the gold owned by the Federal Reserve banks. This is sufficient gold to issue $8,000,000,000 in new currency without reducing the gold reserve less than 40 percent. No nation on earth has ever claimed that more than a 40-percent gold reserve as a reserve for issuing money is required. If it is desired to back this money with gold, it will be very convenient to do so, although it is unnecessary.

Purchasing power must be placed in the hands of the masses. In this way, it can be distributed quickly without the possibility of graft or favoritism. It is the best plan that has been proposed to be used as a vehicle to convey additional money into the hands of those who will buy goods.

HOW OTHERS USE CREDIT OF NATION

Under subsection 1 of section 3 of the bill, it is provided that the circulation privilege extended certain bonds may be abolished if there is too much money in circulation at any time. Let me explain what I mean by that. The national banks of the Nation are capitalized for about $1,590,000,000. Under the present law, these banks may deposit with the United States Treasury bonds bearing interest at a rate not in excess of 3⅜ percent and receive in return therefor $1,590,000,000 in new currency, the same kind of money we propose to issue in this bill. The only obligation is that the bank will keep on deposit at the Treasury 5 percent of the amount of such money for redemption purposes. This places the Government in this idiotic position. The Government sells to the bank a thousand-dollar bond drawing 3⅜-percent interest, or $33.75 interest for a year. The bank immediately redeposits the bond with the same United States Treasury that sold it to the bank, and receives in return therefor $1,000 in new money. Fifty dollars of the money is left on deposit with the Treasury. The bank gets the use of the money and also gets interest on the bonds deposited. There is a small charge of one half of 1 percent against the bank for expenses in connection with the issuance and reissuance of the money. Therefore, banks can take Government obligations due in 1945 and receive new money in return for them, and at the same time get interest on the obligations. Why is it not fair to let the veteran take his obligation, made payable in 1945, and receive money in a similar manner? There is no difference in the two obligations. They are both made payable in 1945; they are both backed by the credit of this Nation; they are both obligations of this Nation. Money purchased one, services purchased the other. If it is fair for the bank, it is fair for the veterans. The National City Bank (Mr. Mitchell's bank) can obtain $124,000,000 in this way. The Chase National Bank (Mr. Wiggins' bank) can obtain $148,000,000 in this way. Certainly banks take advantage of this opportunity.

Under this bill, if there is too much money in circulation, the bank will be required to return their currency or part of it and receive their bonds in exchange, thereby taking a certain amount of money out of circulation.

ANOTHER WAY OF CONTRACTING CURRENCY

It is also provided in the bill that there may be a termination of the issuance and reissuance of Federal Reserve notes secured by direct obligations of the United States Government and secured by gold or gold certificates, or by notes, drafts, bills of exchange, acceptances, or bankers'

acceptances which are not issued in direct benefit of commerce, industry, or agriculture.

BLANKET MORTGAGE

Under the present law a Federal Reserve member bank may deposit Government obligations, payable in 1945, or any other time regardless of the amount and regardless of the amount of its capital stock and may receive the same amount in new Federal Reserve notes. These notes are new money and are guaranteed by the United States Government. The wording on each note speaks for itself. It is a blanket mortgage on all the property and the incomes of all the people in this Nation. It is enjoyed by a few at the expense of the many. The banks also receive interest on the Government obligations while they are on deposit, but are required to pay the rediscount rate to the Federal Reserve banks, which is considerably less than the interest on the Government bonds.

A BANK'S NOTE EXCHANGED FOR CURRENCY

Under the present law banks may put up their own notes to the Federal Reserve banks and receive new money or Federal Reserve notes in return for them.

NOT NECESSARY TO WITHDRAW EITHER

After our bill passes, and if it is necessary to contract the currency in any way, the privileges enjoyed by the banks should be terminated first or the money we propose to issue will not bear interest and no one will be paying interest on it while it is in circulation. However, I do not believe it will be necessary to withdraw the money in circulation by the banks or the money that will be issued under this bill. There is a real necessity for an additional circulation medium.

To be exact, 3,545,284 adjusted-service certificate holders, as of January 31, 1934, 3,019,582 have negotiated loans on their certificates, having borrowed $1,340,657,139.38, not including interest. The face value of all the certificates aggregate $3,543,981,515, leaving a remainder due the veterans of approximately $2,200,000,000, which will be distributed to each county of the United States approximately as follows:

COUNTIES AND AMOUNTS TO BE PAID TO HOLDERS OF ADJUSTED-SERVICE CERTIFICATES IF H.R. 1 BECOMES A LAW

Alabama: Autauga, $222,345.26; Baldwin, $319,382.81; Barbour, $366,078.25; Bibb, $234,606.20; Blount, $316,345.80; Bullock, $225,980.64; Butler, $340,901.55; Calhoun, $627,848.19; Chambers, $443,843.77; Cherokee, $228,272.51; Chilton, $277,496.91; Choctaw, $231,591.77; Clarke, $293,720.64; Clay, $200,600.72; Cleburne, $145,381.33; Coffee, $367,557.24; Colbert, $337,119.40; Conecuh, $287,093.41; Coosa, $140,673.40; Covington, $466,909.24; Crenshaw, $267,076.24; Cullman, $463,465.79; Dale, $261,645.75; Dallas, $622,011.26; De Kalb, $452,774.16; Elmore, $387,021.20; Escambia, $315,702.27; Etowah, $715,774.71; Fayette, $208,221.47; Franklin, $286,449.88; Geneva, $339,874.16; Greene, $222,921.05; Hale, $296,531.85; Henry, $257,637.80; Houston, $518,606.15; Jackson, $416,386.49; Jefferson, $4,871,555.97; Lamar, $203,231.29; Lauderdale, $464,357.70; Lawrence, 304,175.18; Lee, $407,151.27; Limestone, $413,541.41; Lowndes, $258,292.62; Macon, $305,992.87; Madison, $729,593.67; Marengo, $411,249.54; Marion, $293,167.43; Marshall, $449,364.58; Mobile, $1,336,318.27; Monroe, $339,490.30; Montgomery, $1,113,995.59; Morgan, $521,327.04; Perry, $297,886.65; Pickens, $281,143.58; Pike, $363,989.60; Randolph, $303,260.69; Russell, $309,086.33; St. Clair, $276,717.90; Shelby, 311,333.04; Sumter, $304,028.41; Talladega, $510,770.89; Tallapoosa, $352,112.52; Tuscaloosa, $724,287.37; Walker, $671,134.05; Washington, $184,760.85; Wilcox, $280,895.20; Winston, $176,078.84; total, $29,876,139.92.

Arizona: Apache, $302,182.65; Cochise, $697,375.98; Coconino, $239,228.64; Gila, $527,582.16; Graham, $176,444.73; Greenlee, $168,160.86; Maricopa, $2,567,999.70; Mohave $94,779.72; Navajo, $360,646.02; Pima, $947,048.76; Pinal, $375,597.81; Santa Cruz, $164,724.84; Yavapai, $484,274.70; Yuma, $303,050.16; total, $7,409,096.73.

Arkansas: Arkansas, $305,064; Ashley, $344,065.68; Baxter, $130,219.92; Benton, $482,261.04; Boone, $204,338.16; Bradley, $239,317.92; Calhoun, $133,407.36; Carroll, $216,417.60; Chicot, $309,797.28; Clark, $341,069.76; Clay, $373,163.04; Cleburne, $155,582.64; Cleveland, $174,337.92; Columbia, $373,737.60; Conway, $300,262.32; Craighead, $612,043.20; Crawford, $308,470.32; Crittenden, $543,328.56; Cross, $351,890.64; Dallas, $200,699.28; Desha, $298,415.52; Drew, $272,615.04; Faulkner, $388,252.08; Franklin, $215,624.16; Fulton, $148,209.12; Garland, $492,904.08; Grant, $134,529.12; Greene, $357,417.36; Hempstead, $421,986.96; Hot Spring, $247,676.40; Howard, $239,249.52; Independence, $331, 398; Izard, $176,088.96; Jackson, $382,260.24; Jefferson, $877, 626.72; Johnson, $263,873.52; Lafayette, $231,657.12; Lawrence, $296,349.84; Lee, $364,394.16; Lincoln, $277,020; Little River, $212,245.20; Logan, $329,824.80; Lonoke, $461,823.12; Madison, $182,409.12; Marion, $121,423.63; Miller, $418,416.48; Mississippi, $947,873.52; Monroe, $282,505.68; Montgomery, $147,306.24; Nevada, $279,167.76; Newton, $144,515.52; Ouachita, $408,895.20; Perry, $105,267.60; Phillips, $556,543.44; Pike, $161,314.56; Poinsett, $406,227.60; Polk, $203,243.76; Pope, $363,162.96; Prairie, $207,758.16; Pulaski, $1,884,105.36; Randolph, $230,795.28; St. Francis, $456,829.92; Saline, $214,228.80; Scott, $161,465.04; Searcy, $151,246.08; Sebastian, $744,547.68; Sevier, $223,859.52; Sharp, $146,581.20; Stone, $109,344.24; Union, $763,344; Van Buren, $163,640.16; Washington, $537,008.40; White, $523,519.92; Woodruff, $310,289.76; Yell, $291,561.84; total, $25,369,313.76.

California: Alameda, $11,416,187.32; Alpine, $5,793.64; Amador, $204,195.76; Butte, $819,595.72; Calaveras, $144,432.32; Colusa, $246,602.32; Contra Costa, $1,889,736.32; Del Norte, $113,925.56; Eldorado, $200,133; Fresno, $3,470,871.16; Glenn, $262,877.40; Humboldt, $1,039,321.32; Imperial, $1,464,108.12; Inyo, $157,582.20; Kern, $1,934,982.80; Kings, $610,255.40; Lake, $172,270.64; Lassen, $302,639.56; Los Angeles, $53,092,147.68; Madera, $412,622.56; Marin, $1,001,217.92; Mariposa, $77,721.32; Mendocino, $565,060.20; Merced, $883,421.92; Modoc, $193,233.52; Mono, $32,694.40; Monterey, $1,291,068.20; Napa, $550,443.88; Nevada, $254,727.84; Orange, $2,852,922.96; Placer, $588,210.72; Plumas, $190,228.52; Riverside, $1,947,816.96; Sacramento, $3,413,655.96; San Benito, $271,916.44; San Bernardino, $3,218,956; San Diego, $5,040,202.36; San Francisco, $15,250,831.76; San Joaquin, $2,474,677.60; San Luis Obispo, $711,896.62; San Mateo, $1,860,816.20; Santa Barbara, $1,566,614.68; Santa Clara $3,488,636.72; Santa Cruz, $899,889.32; Shasta, $334,805.08; Sierra, $58,224.88; Siskiyou, $612,539.20; Solano, $981,649.36; Sonoma, $1,495,816.88; Stanislaus, $1,361,649.64; Sutter, $351,416.72; Tehama, $333,338.64; Trinity, $67,528.36; Tulare, $1,861,705.68; Tuolumne, $222,874.84; Ventura, $1,321,623.04; Yolo, $568,401.76; Yuba, $272,397.24; total, $136,481,114.04.

Colorado: Adams, $420,488.65; Alamosa, $178,663.54; Arapahoe, $470,378.19; Archuleta, $66,547.08; Baca, $219,538.90; Bent, $189,713.18; Boulder, $674,111.12; Chaffee, $168,777.02; Cheyenne, $77,326.71; Clear Creek, $44,759.35; Conejos, $203,608.31; Costilla, $120,029.83; Crowley, $123,249.18; Custer, $44,115.48; Delta, $295,017.08; Denver, $5,978,872.97; Dolores, $29,327.24; Douglas, $72,653.46; Eagle, $81,501.48; Elbert, $136,666.60; El Paso, $1,029,568.90; Fremont, $392,469.92; Garfield, $207,180.75; Gilpin, $25,173.24; Grand, $43,783.16; Gunnison, $114,795.79; Hinsdale, $9,325.73; Huerfano, $354,377.74; Jackson, $28,787.22; Jefferson, $452,993.70; Kiowa, $78,635.22; Kit Carson, $201,988.25; Lake, $101,752.23; La Plata, $269,490.75; Larimer, $688,255.49; Las Animas, $747,886.16; Lincoln, $163,044.50; Logan, $414,278.42; Mesa, $538,109.16; Mineral, $13,292.80; Moffat, $100,962.97; Montezuma, $161,964.46; Montrose, $243,881.34; Morgan, $379,758.68; Otero, $506,580.30; Ouray, $37,053.68; Park, $42,620.04; Phillips, $120,403.69; Pitkin, $36,762.90; Prowers, $306,606.74; Pueblo, $1,371,609.26; Rio Blanco, $61,894.60; Rio Grande, $206,723.81; Routt, $194,241.04; Saguache, $129,812.50; San Juan, $40,189.95; San Miguel, $45,361.68; Sedgwick, $115,896.60; Summit, $20,499.99; Teller, $86,008.57; Washington, $199,205.07; Weld, $1,352,064.69; Yuma, $282,742.01; total, $21,513,379.07.

Connecticut: Fairfield, $7,196,524.22; Hartford, $7,836,615.17; Litchfield, $1,536,367.16; Middlesex, $956,330.68; New Haven, $8,624,785.89; New London, $2,213,957.26; Tolland, $533,343.99; Windham, $1,006,540.46; total, $29,904,464.83.

Delaware: Kent, $523,466.04; New Castle, $2,647,366.08; Sussex, $748,135.08; total, $3,918,967.20.

District of Columbia: Total, $18,198,685.

Florida: Alachua, $570,115.35; Baker, $104,069.07; Bay, $200,589.69; Bradford, $156,028.95; Brevard, $220,364.97; Broward; $333,359.46; Calhoun, $121,073.82; Charlotte, $66,575.67; Citrus, $91,510.44; Clay, $113,790.81; Collier, $47,828.97; Columbia, $242,844.42; Dade, $2,371,623.45; DeSoto, $128,489.55; Dixie, $106,491.21; Duval, $2,579,794.77; Escambia, $889,124.46; Flagler, $40,910.94; Franklin, $104,234.97; Gadsden, $495,875.10; Gilchrist, $68,632.83; Glades, $45,821.58; Gulf, $52,789.38; Hamilton, $156,841.86; Hardee, $171,673.32; Hendry, $57,932.28; Hernando, $82,087.32; Highlands, $152,495.28; Hillsborough, $2,546,880.21; Holmes, $214,409.16; Indian River, $111,551.16; Jackson, $530,365.71; Jefferson, $222,438.72; Lafayette, $72,348.99; Lake, $384,240.99; Lee, $248,684.10; Leon, $389,466.84; Levy, $206,645.04; Liberty, $67,471.53; Madison, $259,036.26; Manatee, $373,308.18; Marion, $490,699.02; Martin, $84,791.49; Monroe, $226,022.16; Nassau, $155,531.25; Okaloosa, $164,191.23; Okeechobee, $68,500.11; Orange, $825,136.83; Osceola, $177,496.41; Palm Beach, $859,046.79; Pasco, $175,422.66; Pinellas, $1,031,051.91; Polk, $1,199,307.69; Putnam, $300,212.64; St. Johns, $309,834.84; St. Lucie, $117,075.63; Santa Rosa, $233,636.97; Sarasota, $206,379.60; Seminole, $310,813.65; Sumter, $176,583.96; Suwannee, $260,977.29; Taylor, $217,926.24; Union, $123,230.52; Volusia, $709,338.63; Wakulla, $90,714.12; Walton, $241,815.84; Washington, $202,066.20; total, $24,357,620.49.

Georgia: Appling, $161,099.40; Atkinson, $83,417.40; Bacon, $85,365.50; Baker, $94,597.80; Baldwin, $276,823.80; Banks, $117,406.30; Barrow, $150,052.10; Bartow, $306,904.40; Ben Hill, $157,868.70; Berrien, $177,216.60; Bibb, $932,208.20; Bleckley, $110,509.30; Brantley, $83,426.50; Brooks, $258,093; Bryan, $72,019.20; Bulloch, $320,758.90; Burke, $353,610.40; Butts, $113,074.50; Calhoun, $127,969.60; Camden, $76,689.80; Campbell, $119,826.30; Candler, $108,791.10; Carroll, $414,691.20; Catoosa, $113,994.10; Charlton, $53,010.10; Chatham, $1,275,715.10; Chattahoochee, $107,617.40; Chattooga, $186,424.70; Cherokee, $242,036.30; Clarke, $309,917.30; Clay, $84,010.30; Clayton, $124,146; Clinch, $84,881.50; Cobb, $428,436.80; Coffee, $238,841.90; Colquitt, $370,526.20; Columbia, $106,395.30; Cook, $136,863.10; Coweta, $304,036.70; Crawford, $84,942; Crisp, $209,850.30; Dade, $50,166.60; Dawson, $42,374.20; Decatur, $285,826.20; De Kalb, $850,363.80; Dodge, $261,347.90; Dooly, 218,102.50; Dougherty, $269,902.60; Douglas, $114,478.10; Early, $221,103.30; Echols, $33,202.40; Effingham, $122,984.40; Elbert, $223,668.50;

Emanuel, $291,622.10; Evans, $85,934.20; Fannin, $156,924.90; Fayette, $104,846.50; Floyd, $588,870.70; Forsyth, $128,550.40; Franklin, $192,414.20; Fulton, $3,854,902.70; Gilmer, $88,862.40; Glascock, $53,094.80; Glynn, $234,740; Gordon, $203,836.60; Grady, $232,320; Greene, $152,653.60; Gwinnett, $337,021.30; Habersham, $154,250.80; Hall, $366,787.30; Hancock, $158,147; Haralson, $158,147; Harris, $134,794; Hart, $183,605.40; Heard, $110,134.20; Henry, $192,680.40; Houston, $136,488; Irwin, $147,607.90; Jackson, $261,468.90; Jasper, $103,987.40; Jeff Davis, $98,227.80; Jefferson, $250,796.70; Jenkins, $156,186.80; Johnson, $153,440.10; Jones, $108,803.20; Lamar, $117,-914.50; Lanier, 62,799; Laurens, $395,585.30; Lee, $100,768.80; Liberty, $98,651.30; Lincoln, $94,948.70; Long, $50,578; Lowndes, $362,-927.40; Lumpkin, $59,616.70; McDuffie, $109,069.40; McIntosh, $69,732.30; Macon, $201,380.30; Madison, $180,544.10; Marion, $84,-312.80; Meriwether, $271,487.70; Miller, $109,819.60; Milton, $81,433;; Mitchell, $285,802; Monroe, $140,432.60; Montgomery, $121,242; Morgan, $111,501.50; Murray, $696,451.80; Muscogee, $209,-209; Newton, $151,104.80; Oconee, $97,792.20; Oglethorpe, $156,-416.70; Paulding, $149,156.70; Peach, $124,242.80; Pickens, $117,-212.70; Pierce, $151,516.20; Pike, $131,321.30; Polk, $304,206.10; Pulaski, $108,960.50; Putnam, $101,240.70; Quitman, $46,222; Rabun, $76,605.10; Randolph, $207,805.40; Richmond, $883,179; Rockdale, $87,688.70; Schley, $64,698.70; Screven, $248,086.30; Seminole, $89,406.90; Spalding, $284,289.50; Stephens, $142,054; Stewart, $134,479.40; Sumter, $324,280; Talbot, $102,341.80; Taliaferro, $74,-681.20; Tattnall, $186,473.10; Taylor, $128,465.70; Telfair, $181,-463.70; Terrell, $221,309; Thomas, $394,605.20; Tift, $194,422.80; Toombs, $207,696.50; Towns, $52,586.60; Treutlen, $90,604.80; Troup, $444,699.20; Turner, $135,471.60; Twiggs, $101,301.20; Union, $76,-714; Upson, $236,058.90; Walker, $317,092.60; Walton, $255,527.80; Ware, $321,351.80; Warren, $135,290.10; Washington, $302,863; Wayne, $153,028.70; Webster, $60,887.20; Wheeler, $110,702.90; White, $73,277.60; Whitfield, $251,776.80; Wilcox, $162,611.90; Wilkes, $192,922.40; Wilkinson, $131,212.40; Worth, $255,237.40. Total, $35,192,922.60.

Idaho: Ada, $702,750.25; Adams, $53,125.51; Bannock, $579,358.98; Bear Lake, $145,868.16; Benewah, $118,054.63; Bingham, $343,935.33; Blaine, $69,821.04; Boise, $34,224.91; Bonner, $243,706.56; Bonnerville, $364,373.92; Boundary, $84,404.15; Butte, $35,837.02; Camas, $26,145.83; Canyon, $573,132.90; Caribou, $39,302.13; Cassia, $243,-039.48; Clark, $20,790.66; Clearwater, $122,279.45; Custer, $58,591.86; Elmore, $83,218.23; Franklin, $173,792.87; Fremont, $183,891.72; Gem, $137,474.07; Gooding, $140,457.40; Idaho, $187,282.71; Jefferson, $169,938.63; Jerome, $154,873.74; Kootenai, $360,760.57; Latah, $329,796.94; Lemhi, $86,034.79; Lewis, $97,060.16; Lincoln, $60,-074.26; Madison, $154,095.48; Minidoka, $155,707.59; Nez Perce, $325,961.23; Oneida, $108,771.10; Owyhee, $76,028.59; Payette, $135,-602.54; Power, $82,588.21; Shoshone, $353,181.80; Teton, $66,207.69; Twin Falls, $552,712.84; Valley, $64,632.64; Washington, $147,535.86; Yellowstone National Park, $18.53; total, $8,246,442.96.

Illinois: Adams, $1,293,350.40; Alexander, $464,365.20; Bond, $296,763.60; Boone, $310,606.80; Brown, $162,575.20; Bureau, $800,-207; Calhoun, $165,500.40; Carroll, $379,719.80; Cass, $340,622.20; Champaign, $1,324,023.80; Christian, $773,282.80; Clark, $368,163.20; Clay, $332,793; Clinton, $440,201.40; Coles, $768,689; Cook, $82,031,-733.80; Crawford, $434,351; Cumberland, $214,631.40; De Kalb, $672,466.40; De Witt, $383,118.60; Douglas, $369,028.40; De Page, $1,895,158.80; Edgar, $514,299.60; Edwards, $171,041.80; Effingham, $391,667.80; Fayette, $483,832.20; Ford, $319,073.40; Franklin, $1,224,505.20; Fulton, $906,049.80; Gallatin, $207,874.60; Greene, $420,590.20; Grundy, $384,766.80; Hamilton, $267,697; Hancock, $544,252; Hardin, $143,273; Henderson, $180,826.80; Henry, $903,-330.60; Iroquois, $678,007.80; Jackson, $735,008; Jasper, $263,865.40; Jefferson, $639,300.40; Jersey, $258,653.60; Jo Daviess, $416,841; Johnson, $210,181.80; Kane, $2,581,736.20; Kankakee, $1,031,957; Kendall, $217,433; Knox, $1,057,521.60; Lake, $2,150,372.20; La Salle, $2,012,517; Lawrence, $450,831; Lee $665,977.40; Livingston, $805,-295.20; Logan, $594,577.80; McDonough, $562,977.40; McHenry, $722,627.40; McLean, $1,506,210.20; Macon, $1,683,658.60; Macoupin, $1,003,281.80; Madison, $2,962,898; Marion, $734,081; Marshall, $268,273.80; Mason, $311,369; Massac, $290,068.60; Menard, $217,-845; Mercer, $342,804.60; Monroe, $254,801.40; Montgomery, $726,-726.80; Morgan, $705,344; Moultrie, $272,888.20; Ogle, $579,230.80; Peoria, $2,911,686.40; Perry, $469,000.20; Piatt, $321,112.80; Pike, $501,754.20; Pope, $164,717.60; Pulaski, $305,580.40; Putnam, $107,-841; Randolph, $603,847.80; Richland, $289,491.80; Rock Island, $2,022,734.60; St. Clair, $3,250,165; Saline, $764,260; Sangamon, $2,301,699.80; Schuyler, $240,525.60; Scott, $175,903.40; Shelby, $524,702.60; Stark, $189,190.40; Stephenson, $825,318.40; Tazewell, $949,289.20; Union, $409,589.80; Vermilion, $1,840,383.40; Wabash, $271,858.20; Warren, $447,947; Washington, $335,491.60; Wayne, $394,078; White, $373,869.40; Whiteside, $803,791.40; Will, $2,281,-079.20; Williamson, $1,109,928; Winnebago, $2,417,883.80; Woodford, $387,115.20; total, $157,191,472.40.

Indiana: Adams, $365,013.53; Allen, $2,683,929.47; Bartholomew, $454,762.56; Benton, $217,894.94; Blackford, $249,054.93; Boone, $407,684.10; Brown, $94,522.72; Carroll, $275,246.21; Cass, $631,-334.22; Clark, $562,673.56; Clay, $484,300.91; Clinton, $499,847.41; Crawford, $185,836.40; Daviess, $472,467.28; Dearborn, $385,114.24; Decatur, $316,563.32; De Kalb, $455,622.19; Delaware, $1,230,368.30; Dubois, $375,914.37; Elkhart, $1,259,723.75; Fayette, $351,954.47; Floyd, $633,839.95; Fountain, $328,689.50; Franklin, $265,138.42; Fulton, $275,045.02; Gibson, $534,104.58; Grant, $933,997.14; Greene, $575,787.49; Hamilton, $428,790.76; Hancock, $303,705.45; Harrison, $315,575.66; Hendricks, $360,770.25; Henry, $644,503.02; Howard, $854,069.84; Huntington, $531,745.17; Jackson, $434,039.99; Jasper, $244,866.52; Jay, $381,273.34; Jefferson, $350,838.73; Jennings, $215,822; Johnson, $397,002.74; Knox, $801,339.77; Kosciusko, $502,755.52; Lagrange, $252,036.20; Lake, $4,779,359.90; La Porte, $1,106,362.10; Lawrence, $650,813.07; Madison, $1,516,021.52; Marion, $7,730,561.14; Marshall, $458,658.33; Martin, $184,783.87; Miami, $530,995.28; Monroe, $657,964.46; Montgomery, $493,464.20; Morgan, $355,264.96; Newton, $179,991.89; Noble, $409,769.16; Ohio, $68,532.63; Orange, $319,325.11; Owen, $207,609.79; Parke, $302,-900.69; Perry, $304,071.25; Pike, $299,242.69; Porter, $417,396.09; Posey, $326,531.37; Pulaski, $204,756.55; Putnam, $373,993.92; Randolph, $454,671.11; Ripley, $330,646.62; Rush, $355,045.48; St. Joseph, $2,927,003.57; Scott, $121,884.56; Shelby, $485,636.08; Spencer, $305,680.77; Starke, $194,239.80; Steuben, $244,829.94; Sullivan, $514,552.57; Switzerland, $154,221.28; Tippecanoe, $869,-415.15; Tipton, $278,154.32; Union, $107,545.20; Vanderburgh, $2,072,622.60; Vermillion, $425,023.02; Vigo, $1,808,167.69; Wabash, $460,359.30; Warren, $167,664.43; Warrick, $333,426.70; Washington, $297,852.65; Wayne, $1,002,456.61; Wells, $336,737.19; White, $289,-548.99; Whitley, $291,377.99; total, $59,232,219.87.

Iowa: Adair, $261,845.35; Adams, $196,737.45; Allamakee, $307,-782.80 Appanoose, $468,139.7*; Audubon, $231,176.40; Benton, $430,741.35; Black Hawk, $1,303,402.10; Boone, $551,758.35; Bremer, $321,317.10; Buchanan, $368,517.50; Buena Vista $351,872.95; Butler, $332,080.45; Calhoun, $331,854.25; Carroll, $420,845.10; Cass, $366,-104.70; Cedar, $315,926; Cerro Gordo, $725,272.60; Cherokee, $353,-192.45; Chickasaw, $275,907.45; Clarke, $195,738.40; Clay, $303,-616.95; Clayton, $462,937.15; Clinton, $836,506.45; Crawford, $396,-377.80; Dallas, $480,543.05; Davis, $210,177.50; Decatur, $280,921.55; Delaware, $341,599.70; Des Moines, $719,353.70; Dickinson, $207,-010.70; Dubuque, $153,883.90; Emmet, $242,335.60; Fayette, $549,-383.25; Floyd, $368,027.40; Franklin, $308,800.70; Fremont, $292,-797.05; Greene, $311,552.80; Grundy, $266,407.05; Guthrie, $326,-557.40; Hamilton, $395,435.30; Hancock, $279,017.70; Hardin, $432,-550.95; Harrison, $469,308.45; Henry, $332,891; Howard, $246,-595.70; Humboldt. $248,857.70; Ida, $224,937.05; Iowa, $326,708.20; Jackson, $348,366.85; Jasper, $620,843.60; Jefferson, $306,142.35; Johnson, $570,702.60; Jones, $362,033.10; Keokuk, $360,939.80; Kossuth, $479,770.20; Lee, $777,901.80; Linn, $1,552,033.60; Louisa, $218,188.75; Lucas, $284,898.90; Lyon, $288,273.05; Madison, $270,-139.35; Mahaska, $486,405.40; Marion, $484,953.95; Marshall, $635,-753.95; Mills, $299,074.10; Mitchell $265,125.25; Monona, $343,-315.05; Monroe, $282,938.50; Montgomery, $315,775.20; Muscatine, $553,907.25; O'Brien, $347,009.65; Osceola, $191,930.70; Page, $488,-290.40; Palo Alto, $290,252.30; Plymouth, $455,397.15; Pocahontas, $295,699.95; Polk, $3,257,977.45; Pottawattamie, $1,317,388.80; Poweshiek, $353,003.95; Ringgold, $225,559.10; Sac, $332,532.85; Scott, $1,457,708.20; Shelby, $322,919.35; Sioux, $505,293.10; Story, $587,007.85; Tama, $414,454.95; Taylor, $280,092.15; Union, $328,-649.75; Van Buren, $237,566.55; Wapello, $763,048; Warren, $333,-645; Washington, $373,644.70; Wayne, $259,884.95; Webster, $762,-011.25; Winnebago, $247,745.55; Winneshiek, $407,725.50; Woodbury, $1,916,460.65; Worth, $210,441.40; Wright, $381,071.60; total $46,577,200.15.

Kansas: Allen, $397,230.87; Anderson, $248,002.35; Atchison, $444,658.65; Barber, $189,005.46; Barton, $367,240.32; Bourbon, $415,708.02; Brown, $381,669.21; Butler, $666,737.28; Chase, $129,-098.64; Chautauqua, $192,236.64; Cherokee, $584,156.49; Cheyenne, $129,024.36; Clark, $89,061.72; Clay, $270,304.92; Cloud, $334,371.42; Coffey, $253,536.21; Comanche, $97,269.66; Cowley, $759,568.71; Crawford, $916,039.53; Decatur, $164,641.62; Dickinson, $480,405.90; Doniphan, $261,149.91; Douglas, $466,905.51; Edwards, $135,468.15; Elk, $171,029.70; Ellis, $295,392.99; Ellsworth, $188,151.24; Finney, $204,529.98; Ford, $383,414.79; Franklin, $408,985.68; Geary, $266,-776.62; Gove, $104,790.51; Graham, $144,326.04; Grant, $57,418.44; Gray, $115,338.27; Greeley, $31,791.84; Greenwood, $357,193.95; Hamilton, $61,800.96; Harper, $238,123.11; Harvey, $410,768.40; Haskell, $52,088.85; Hodgeman, $77,195.49; Jackson, $274,390.32; Jefferson, $262,375.53; Jewell, $268,559.34; Johnson, $504,714.03; Kearny, $59,349.72; Kingman, $216,786.18; Kiowa, $112,069.95; Labette, $582,095.22; Lane, $62,618.04; Leavenworth, $792,437.61; Lincoln, $180,258.99; Linn, $251,326.38; Logan, $76,972.65; Lyon, $542,986.80; McPherson, $438,029.16; Marion, $385,123.23; Marshall, $428,149.92; Meade, $127,353.06; Miami, $394,482.51; Mitchell, $237,213.18; Montgomery, $954,702.27; Morris, $220,221.63; Morton, $75,988.44; Nemaha, $340,610.94; Neosho, $420,889.05; Ness, $155,-208.06; Norton, $217,287.57; Osage, $325,680.66; Osborne, $214,817.76; Ottawa, $182,338.83; Pawnee, $195,170.70; Phillips, $225,792.63; Pottawatomie, $294,557.34; Pratt, $247,203.84; Rawlins, $136,712.34; Reno, $887,367.45; Republic, $273,814.65; Rice, $256,266; Riley, $369,208.74; Rooks, $177,046.38; Rush, $168,857.01; Russell, $205,-105.65; Saline, $544,788.09; Scott, $73,834.32; Sedgwick, $2,531,-648.10; Seward, $149,952.75; Shawnee, $1,582,164; Sheridan, $112,-125.66; Sherman, $137,418; Smith, $251,530.65; Stafford, $194,242.20; Stanton, $39,962.64; Stevens, $86,443.35; Sumner, $537,787.20; Thomas, $136,192.36; Trego, $120,147.90; Wabaunsee, $201,113.10; Wallace, $53,518.74; Washington, $317,769.84; Wichita, $47,892.03; Wilson, $346,256.22; Woodson, $158,327.82; Wyandotte, $2,622,-288.27; total, $34,930,151.43.

Kentucky: Adair, $238,798.56; Allen, $221,020.80; Anderson, $123,672.64; Ballard, $144,289.60; Barren, $376,288.64; Bath, $161,-252; Bell, $564,156.32; Boone, $139,703.20; Bourbon, $262,953.60; Boyd, $638,441.44; Boyle, $237,065.92; Bracken, $140,008.96; Breathitt, $307,842.08; Breckinridge, $252,878.08; Bullitt, $129,-118.08; Butler, $183,747.20; Caldwell, $200,651.36; Calloway, $257,-158.72; Campbell, $1,068,572.96; Carlisle, $107,205.28; Carroll, $118,-736.80; Carter, $347,095.84; Casey, $243,836.32; Christian, $499,-160.48; Clark, $256,838.40; Clay, $269,738.56; Clinton, $131,098.24; Crittenden, $173,715.36; Cumberland, $148,570.24; Daviess, $637,-422.24; Edmonson, $167,076; Elliott, $110,233.76; Estill, $248,-670.24; Fayette, $997,986.08; Fleming, $188,275.36; Floyd, $610,-

675.52; Franklin, $306,691.84; Fulton, $217,337.12; Gallatin, $64,-602.72; Garrard, $168,342.72; Grant, $143,794.56; Graves, $448,-127.68; Grayson, $248,320.80; Green, $165,998.56; Greenup, $357,-506.24; Hancock, $89,500.32; Hardin, $304,493.28; Harlan, $939,-949.92; Harrison, $216,347.04; Hart, $235,420.64; Henderson, $382,-855.20; Henry, $182,931.84; Hickman, $127,036; Hopkins, $545,257.44; Jackson, $152,399.52; Jefferson, $5,173,896; Jessamine, $180,995.36; Johnson, $334,414.08; Kenton, $1,361,855.04; Knott, $221,748.80; Knox, $382,432.96; Larue, $132,394.08; Laurel, $307,347.04; Lawrence, $243,341.28; Lee, $141,654.24; Leslie, $156,738.40; Letcher, $519,-821.12; Lewis, $208,426.40; Lincoln, $257,522.72; Livingston, $125,-332.48; Logan, $318,500; Lyon, $124,196.80; McCracken, $673,705.76; McCreary, $212,969.12; McLean, $161,208.32; Madison, $402,161.76; Magoffin, $228,868.64; Marion, $225,665.44; Marshall, $187,663.84; Martin, $124,983.04; Mason, $274,630.72; Meade, $117,091.52; Menifee, $72,188.48; Mercer, $210,697.76; Metcalfe, $136,470.88; Monroe, $190,401.12; Montgomery, $169,769.60; Morgan, $220,292.80; Muhlenberg, $550,135.04; Nelson, $240,982.56; Nicholas, $124,793.76; Ohio, $356,268.64; Oldham, $107,773.12; Owen, $155,937.60; Owsley, $105,-166.88; Pendleton, $158,354.56; Perry, $614,228.16; Pike, $921,167.52; Powell, $84,448; Pulaski, $518,918.40; Robertson, $48,688.64; Rockcastle, $220,569.44; Rowan, $158,602.08; Russell, $173,700.80; Scott, $209,664; Shelby, $257,406.24; Simpson, $165,052.16; Spencer, $96,-183.36; Taylor, $175,404.32; Todd, $196,851.20; Trigg, $182,451.36; Trimble, $77,866.88; Union, $248,291.68; Warren, $490,322.56; Washington, $183,790.88; Wayne, $230,746.88; Webster, $298,975.04; Whitley, $432,868.80; Wolfe, $122,668; Woodford, $159,883.36; total, $38,068,415.84.

Louisiana: Acadia, $583,204.58; Allen, $226,320.63; Ascension, $273,435.54; Assumption, $237,131.70; Avoyelles, $517,952.58; Beauregard, $216,058.27; Bienville, $352,790.87; Bossier, $420,994.04; Caddo, $1,848,856.10; Calcasieu, $622,311.29; Caldwell, $154,676.90; Cameron, $89,780.82; Catahoula, $184,648.33; Claiborne, $478,786.55; Concordia, $189,497.74; De Soto, $459,967.28; East Baton Rouge, $1,011,524.64; East Carroll, $234,536.45; East Feliciana, $258,768.67; Evangeline, $377,912.89; Franklin, $452,759.90; Grant, $232,964.47; Iberia, $418,087.36; Iberville, $365,381.54; Jackson, $204,772.64; Jefferson, $593,674.56; Jefferson Davis, $293,114.95; Lafayette, $575,-804.41; Lafourche, $480,773.77; La Salle, $173,036.44; Lincoln, $338,450.26; Livingston, $269,994.98; Madison, $219,914.07; Morehouse, $351,307.87; Natchitoches, $570,613.91; Orleans, $6,803,-440.46; Ouachita, $805,817.71; Plaquemines, $142,486.64; Pointe Coupee, $311,533.81; Rapides, $970,697.65; Red River, $238,436.74; Richland, $391,126.42; Sabine, $357,551.30; St. Bernard, $96,572.96; St. Charles, $179,606.13; St. Helena, $125,936.36; St. James, $227,-462.54; St. John the Baptist, $208,776.74; St. Landry, $890,897.42; St. Martin, $322,804.61; St. Mary, $435,957.51; St. Tammany, $310,-377.07; Tangipahoa, $685,546.41; Tensas, $223,873.68; Terrebonne, $442,171.28; Union, $307,440.73; Vermilion, $499,533.72; Vernon, $297,297.01; Washington, $443,476.32; Webster, $436,862.14; West Baton Rouge, $144,088.28; West Carroll, $206,062.85; West Feliciana, $162,002.92; Winn, $218,979.78; total, $31,166,624.19.

Maine: Androscoggin, $1,202,804.46; Aroostook, $1,483,668.27; Cumberland, $2,274,154.05; Franklin, $336,803.49; Hancock, $518,-877.69; Kennebec, $1,193,970.99; Knox, $467,734.77; Lincoln, $261,-761.22; Oxford, $700,647.87; Penobscot, $1,560,281.31; Piscataquis, $307,921.59; Sagadahoc, $285,897.03; Somerset, $660,584.79; Waldo, $342,630.54; Washington, $638,881.14; York, $1,231,855.26; total, $13,468,474.47.

Maryland: Allegany, $1,509,980.82; Anne Arundel, $1,053,138.03; Baltimore, $2,377,945.85; Baltimore City, $15,365,044.66; Calvert, $181,889.52; Caroline, $331,917.83; Carroll, $686,820.02; Cecil, $493,-037.43; Charles, $308,608.94; Dorchester, $511,860.17; Frederick, $1,039,259.60; Garrett, $380,043.72; Hartford, $603,301.27; Howard, $308,666,21; Kent, $271,879.78; Montgomery, $939,342.54; Prince Georges, $1,147,213.55; Queen Annes, $278,160.39; St. Marys, $289,-958.01; Somerset, $446,362.38; Talbot, $354,749.47; Washington, $1,257,687.38; Wicomico, $596,161.61; Worcester, $412,802.16; total, $31,145,831.34.

Massachusetts: Barnstable, $702,310.70; Berkshire, $2,624,018; Bristol, $7,926,186.60; Dukes, $107,678.22; Essex, $10,827,389.60; Franklin, $1,078,564.88; Hampden, $7,293,683.04; Hampshire, $1,-582,693.74; Middlesex, $20,325,247.76; Nantucket, $79,959.72; Norfolk, $6,509,521.24; Plymouth, $3,528,641.14; Suffolk, $19,121,112.64; Worcester, $10,679,601.08; total, $92,386,608.36.

Michigan: Alcona, $88,005.96; Alger, $164,528.28; Allegan, $687,-501.36; Alpena, $327,645.36; Antrim, $176,029.56; Arenac, $141,243.48; Baraga, $161,723.52; Barry, $369,169.92; Bay, $1,225,521.36; Benzie, $116,194.68; Berrien, $1,430,004.24; Branch, $422,478; Calhoun, $1,535,438.52; Cass, $368,464.32; Charlevoix, $211,344.84; Cheboygan, $202,895.28; Chippewa, $441,829.08; Clare, $124,044.48; Clinton, $426,429.36; Crawford, $54,631.08; Delta, $569,419.20; Dickinson, $528,159.24; Eaton, $559,681.92; Emmet, $266,522.76; Genesee, $3,733,347.24; Gladwin, $130,959.36; Gogebic, $557,018.28; Grand Traverse, $352,994.04; Gratiot, $533,645.28; Hillsdale, $483,635.88; Houghton, $932,291.64; Huron, $549,168.48; Ingham, $2,056,594.68; Ionia, $619,040.52; Iosco, $132,599.88; Iron, $367,000.20; Isabella, $372,662.64; Jackson, $1,628,242.56; Kalamazoo, $1,611,731.52; Kalkaska, $67,014.36; Kent, $4,242,614.04; Keweenaw, $89,540.64; Lake, $71,724.24; Lapeer, $500,058.72; Leelanau, $144,753.84; Lenawee, $879,336.36; Livingston, $339,993.36; Luce, $115,153.92; Mackinac, $154,932.12; Macomb, $1,360,855.44; Manistee, $307,094.76; Marquette, $777,500.64; Mason, $330,855.84; Mecosta, $277,618.32; Menominee, $417,221.28; Midland, $337,806; Missaukee, $123,338.88; Monroe, $925,835.40; Montcalm, $484,588.44; Montmorency, $49,-638.96; Muskegon, $1,492,873.20; Newayga, $300,391.56; Oakland, $3,726,467.64; Oceana, $243,520.20; Ogemaw, $116,335.80; Ontonagon, $196,050.96; Osceola, $225,897.84; Oscoda, $30,481.92; Otsego, $97,-972.56; Ottawa, $967,695.12; Presque Isle, $199,861.20; Roscommon, $36,250.20; Saginaw, $2,129,447.88; St. Clair, $1,191,811.32; St. Joseph, $540,101.52; Sanilac, $489,527.64; Schoolcraft, $149,075.64; Shiawassee, $697,079.88; Tuscola, $580,955.76; Van Buren, $575,-716.68; Washtenaw, $1,155,949.20; Wayne, $33,321,007.44; Wexford, $296,828.28. Total, $85,418,613.

Minnesota: Aitkin, $810,836.39; Anoka, $381,374.65; Becker, $466,037.13; Beltrami, $428,841.97; Benton, $311,809.76; Big Stone, $203,744.98; Blue Earth, $700,971.37; Brown, $485,193.88; Carlton, $439,714.72; Carver, $350,744.56; Cass, $322,889.61; Chippewa, $326,-431.02; Chisago, $273,144.19; Clay, $478,815.20; Clearwater, $197,-697.66; Cook, $50,428.85; Cottonwood, $306,135.22; Crow Wing, $530,735.17; Dakota, $716,400.32; Dodge, $251,150.17; Douglas, $389,-617.23; Faribault, $448,205.82; Fillmore, $512,531.08; Freeborn, $595,226.11; Goodhue, $648,575.07; Grant, $197,946.18; Hennepin, $10,723,327.35; Houston, $286,729.95; Hubbard, $198,733.16; Isanti, $250,197.51; Itasca, $563,809.04; Jackson, $328,522.73; Kanabec, $177,236.18; Kandiyohi, $488,217.54; Kittson, $200,638.48; Koochiching, $291,555.38; Lac qui Parle, $318,892.58; Lake, $146,378.28; Lake of the Woods, $86,857.74; Le Sueur, $372,572.90; Lincoln, $234,-085.13; Lyon, $400,241.46; McLeod, $425,010.62; Mahnomen, $127,-428.63; Marshall, $352,132.13; Martin, $463,924.71; Meeker, $370,-998.94; Mille Lacs, $291,513.96; Morrison, $526,903.82; Mower, $581,226.15; Murray, $287,910.42; Nicollet, $342,750.50; Nobles, $385,-578.78; Norman, $291,203.31; Olmsted, $733,672.46; Otter Tail, $1,056,334.26; Pennington, $217,185.77; Pine, $419,667.44; Pipestone, $253,448.98; Polk, $745,953.49; Pope, $270,990.35; Ramsey, $5,937,-991.91; Red Lake, $142,629.77; Redwood, $427,040.20; Renville, $489,-687.95; Rice, $620,761.54; Rock, $227,023.02; Roseau, $261,380.91; St. Louis, $4,237,183.16; Scott, $292,342.36; Sherburne, $201,073.39; Sibley, $328,564.15; Stearns, $1,286,525.91; Steele, $382,617.25; Stevens, $210,931.35; Swift, $305,161.85; Todd, $541,980.70; Traverse, $164,395.98; Wabasha, $364,765.23; Wadena, $227,602.90; Waseca, $298,472.52; Washington, $512,634.63; Watonwan, $265,129.42; Wilkin, $202,771.61; Winona, $727,832.24; Wright, $561,634.49; Yellow Medicine, $344,303.75. Total, $53,099,466.63.

Mississippi: Adams, $251,663.52; Alcorn, $252,614.04; Amite, $210,524.16; Attala, $278,053.80; Benton, $104,802.84; Bolivar, $758,-824.68; Calhoun, $193,094.40; Carroll, $211,090.20; Chickasaw, $222,-517.80; Choctaw, $131,780.52; Claiborne, $129,783.36; Clarke, $210,-171.72; Clay, $191,503.08; Coahoma, $494,772.36; Copiah, $337,637.52; Covington, $160,499.04; De Soto, $271,677.84; Forrest, $321,628.20; Franklin, $131,022.24; George, $80,345.64; Greene, $113,677.92; Grenada, $179,445.36; Hancock; $121,912.20; Harrison, $471,447.24; Hinds, $909,060.24; Holmes, $411,543.12; Humphreys, $264,105.72; Issaquena, $61,239.12; Itawamba, $194,643; Jackson, $170,591.64; Jasper, $199,011.12; Jefferson, $152,627.88; Jefferson Davis, $152,-521.08; Jones, $443,134.56; Kemper, $233,689.08; Lafayette, $213,-365.04; Lamar, $137,216.64; Lauderdale, $563,348.64; Lawrence, $133,190.28; Leake, $232,856.04; Lee, $377,142.84; Leflore, $571,-444.08; Lincoln, $281,492.76; Lowndes, $320,261.16; Madison, $382,301.28; Marion, $212,777.64; Marshall, $265,600.92; Monroe, $385,985.88; Montgomery, $160,296.12; Neshoba, $285,059.88; Newton, $244,678.80; Noxubee, $272,980.80; Oktibbeha, $204,190.92; Panola, $305,960.64; Pearl River, $207,245.40; Perry, $87,543.96; Pike, $343,-906.68; Pontotoc, $235,323.12; Prentiss, $205,750.20; Quitman, $270,-246.72; Rankin; $217,370.04; Scott, $223,361.52; Sharkey, $148,206.36; Simpson, $223,179.96; Smith, $196,565.40; Stone, $60,918.72; Sunflower, $708,767.52; Tallahatchie, $379,866.24; Tate, $188,726.28; Tippah, $199,267.44; Tishomingo, $175,269.48; Tunica, $226,768.44; Union, $227,142.24; Walthall, $148,142.28; Warren, $382,183.80; Washington, $580,030.80; Wayne, $163,350.60; Webster, $129,527.04; Wilkinson, $149,060.76; Winston, $226,832.52; Yalobusha, $189,-570; Yazoo, $397,958.16; total, $21,464,888.28.

Missouri: Adair, $361,898.32; Andrew, $250,792.78; Atchison, $249,-899.02; Audrain, $411,073.74; Barry, $424,591.86; Barton, $271,107.20; Bates, $410,906.16; Benton, $218,002.96; Bollinger, $228,448.78; Boone, $577,126.90; Buchanan, $1,836,546.46; Butler, $441,238.14; Caldwell, $232,917.58; Callaway, $370,966.26; Camden, $170,224.04; Cape Girardeau, $618,239.86; Carroll, $371,282.80; Carter, $102,-465.86; Cass, $390,312.44; Cedar, $207,352.32; Chariton, $364,728.56; Christian, $245,206.78; Clark, $190,929.48; Clay, $499,220.82; Clinton, $251,463.10; Cole, $574,389.76; Cooper, $363,499.64; Crawford, $210,-163.94; Dade, $219,045.68; Dallas, $196,273.42; Daviess, $268,574.88; De Kalb, $191,227.40; Dent, $204,335.88; Douglas, $259,916.58; Dunklin, $666,577.38; Franklin, $568,263.78; Gasconade, $226,-642.64; Gentry, $267,159.76; Greene, $1,544,137.98; Grundy, $300,-433.70; Harrison, $320,878.46; Henry, $426,975.22; Hickory, $119,-726.60; Holt, $236,846.40; Howard, $251,183.80; Howell, $366,292.64; Iron, $179,534.04; Jackson, $8,759,853.48; Jasper, $1,374,342.20; Jefferson, $513,223.06; Johnson, $417,330.06; Knox, $179,831.96; Laclede, $303,878.40; Lafayette, $544,802.58; Lawrence, $442,671.88; Lewis, $225,171.66; Lincoln, $259,357.98; Linn, $434,572.18; Livingston, $346,611.30; McDonald, $259,488.32; Macon, $429,563.40; Madison, $175,363.16; Maries, $155,812.16; Marion, $623,639.66; Mercer, $174,097; Miller, $311,475.36; Mississippi, $293,488.44; Moniteau, $226,661.26; Monroe, $250,736.92; Montgomery, $242,264.82; Morgan, $204,224.16; New Madrid, $563,478.44; Newton, $501,976.58; Nodaway, $491,028.02; Oregon, $227,536.40; Osage, $232,042.44; Ozark, $177,578.94; Pemiscot, $694,228.08; Perry, $255,224.34; Pettis, $645,443.68; Phelps, $285,034.96; Pike, $335,178.62; Platte, $257,-309.78; Polk, $331,491.86; Pulaski, $200,258.10; Putnam, $214,185.86; Ralls, $199,308.48; Randolph, $492,145.22; Ray, $369,532.52; Reynolds, $166,146.26; Ripley, $208,097.12; St. Charles, $453,471.48; St. Clair, $247,441.18; St. Francois, $667,191.84; St. Louis, $3,939,861.66; St. Louis City, $15,304,895.20; Ste. Genevieve, $188,006.14; Saline, $569,734.76; Schuyler, $129,427.62; Scotland, $164,842.86; Scott, $463,880.06; Shannon, $202,846.28; Shelby, $223,123.46; Stoddard,

$511,156.24; Stone, $216,252.68; Sullivan, $283,247.44; Taney, $165,-103.54; Texas, $345,959.60; Vernon, $466,077.22; Warren, $150,486.84; Washington, $269,059; Wayne, $227,964.66; Webster, $300,675.76; Worth, $121,681.70; Wright, $311,717.42; total, $67,578,813.54.

Montana: Beaverhead, $141,397.50; Big Horn, $181,538.75; Blaine, $191,377.50; Broadwater, $58,182.50; Carbon, $267,133.75; Carter, $87,890; Cascade, $874,352.50; Chouteau, $183,493.75; Custer, $238,-892.50; Daniels, $118,001.25; Dawson, $209,971.25; Deer Lodge, $346,226.25; Fallon, $97,070; Fergus, $351,283.75; Flathead, $408,-000; Gallatin, $342,635; Garfield, $90,355; Glacier, $112,561.25; Golden Valley, $45,177.50; Granite, $64,026.25; Hill, $292,718.75; Jefferson, $87,826.25; Judith Basin, $111,307.50; Lake, $202,746.25; Lewis and Clark, $387,260; Liberty, $46,707.50; Lincoln, $150,641.25; McCone, $101,787.50; Madison, $134,363.75; Meagher, $48,280; Mineral, $34,552.50; Missoula, $462,867.50; Musselshell, $153,892.50; Park, $232,092.50; Petroleum, $43,456.25; Phillips, $174,420; Pondera, $147,985; Powder River, $83,066.25; Powell, $131,792.50; Prairie, $83,746.25; Ravalli, $219,193.75; Richland, $204,701.25; Roosevelt, $226,780; Rosebud, $156,123.75; Sanders, $120,955; Sheridan, $209,716.25; Silver Bow, $1,210,591.25; Stillwater, $132,876.25; Sweet Grass, $83,810; Teton, $128,945; Toole, $142,672.50; Treasure, $35,296.25; Valley, $237,596.25; Wheatland, $79,708.75; Wibaux, $58,-798.75; Yellowstone, $654,181,25; Yellowstone National Park, $1,105; total, $11,424,127.50.

Nebraska: Adams, $461,914.50; Antelope, $267,321.48; Arthur, $23,627.52; Banner, $29,464.08; Blaine, $27,846.72; Boone, $259,-094.04; Box Butte, $208,516.38; Boyd, $126,031.02; Brown, $101,-471.76; Buffalo, $427,862.04; Burt, $229,629.96; Butler, $253,327.80; Cass, $310,884.72; Cedar, $288,786.66; Chase, $96,408.72; Cheherry, $191,586.84; Cyenne, $179,087.46; Clay, $238,578.18; Colfax, $201,-009.72; Cuming, $251,868.66; Custer, $460,402.62; Dakota, $167,-097.90; Dawes, 202,046.94; Dawson, $314,242.50; Deuel, $70,179.36; Dixon, $203,681.88; Dodge, $444,299.34; Douglas, $4,095,823.56; Dundy, $98,623.80; Fillmore, $228,030.18; Franklin, $159,872.52; Frontier, $142,644.12; Furnas, $213,421.20; Gage, $531,654.36; Garden, $89,640.42; Garfield, $56,379.06; Gosper, $75,365.46; Grant, $25,-086.66; Greeley, $148,410.36; Hall, $476,716.86; Hamilton, $213,-755.22; Harlan, $157,464.06; Hayes, $63,340.74; Hitchcock, $127,-789.02; Holt, $290,228.22; Hooker, $20,744.40; Howard, $176,151.60; Jefferson, $288,470.22; Johnson, $160,980.06; Kearney, $142,292.52; Keith, $118,155.18; Keyapaha, $56,308.74; Kimball, $82,186.50; Knox, $335,953.80; Lancaster, $1,763,695.92; Lincoln, $450,522.66; Logan, $35,406.12; Loup, $31,960.44; McPherson, $23,873.64; Madison, $457,730.46; Merrick, $186,682.02; Morrill, $174,921; Nance, $153,262.44; Nemaha, $217,218.48; Nuckolls, $222,017.82; Otoe, $349,859.58; Pawnee, $165,656.34; Perkins, $102,561.72; Phelps, $162,-808.38; Pierce, $194,786.40; Platte, $372,361.98; Polk, $177,417.36; Redwillow, $243,641.22; Richardson, $348,541.08; Rock, $59,174.28; Saline, $287,538.48; Sarpy, $182,867.16; Saunders, $354,535.86; Scotts Bluff, $503,561.52; Seward, $280,190.04; Sheridan, $189,-740.94; Sherman, $160,364.76; Sioux, $82,045.86; Stanton, $137,-282.22; Thayer, $240,564.72; Thomas, $26,545.80; Thurston, $183,921.96; Valley, $167,590.14; Washington, $212,630.10; Wayne, $185,750.28, Webster, $179,491.80; Wheeler, $41,049.30; York, $303,061.62. Total, $24,224,589.54.

Nevada: Churchill, $110,838; Clark, $186,338.88; Douglas, $40,-185.60; Elko, $217,526.40; Esmeralda, $23,521.68; Eureka, $29,112.72; Humboldt, $82,882.80; Lander, $37,433.76; Lincoln, $78,645.84; Lyon, $83,210.40; Mineral, $40,667.92; Nye, $87,119.76; Ormsby, $48,506.64; Pershing, $37,919.68; Storey, $14,567.28; Washoe, $593,130.72; White Pine, $257,078.64; total, $1,988,706.72.

New Hampshire: Belknap, $393,187.74; Carroll, $248,134.26; Cheshire, $585,445.30; Coos, $677,107.42; Grafton, $744,142.08; Hillsboro, $2,430,067.70; Merrimack, $975,921.76; Rockingham, $934,-175; Strafford, $670,520.40; Sullivan, $422,090.68; total, $8,086,792.34.

New Jersey: Atlantic, $2,387,863.99; Bergen, $6,982,010.01; Burlington, $1,789,439.33; Camden, $4,826,728.56; Cape May, $564,067.18; Cumberland, $1,337,091.35; Essex, $15,945,103.69; Gloucester, $1,354,-442.26; Hudson, $13,213,664.90; Hunterdon, $664,346.64; Mercer, $3,580,045.59; Middlesex, $4,059,539.04; Monmouth, $2,816,108.17; Morris, $2,112,812.85; Ocean, $632,609.97; Passaic, $5,779,727.77; Salem, $704,634.42; Somerset, $1,245,975.16; Sussex, $532,387.90; Union, $5,838,648.17; Warren, $943,472.47; total, $77,310,719.42.

New Mexico: Bernalillo, $671,455.40; Catron, $48,507.96; Chaves, $288,934.22; Colfax, $283,140.46; Curry, $233,657.02; De Baca, $42,-758.54; Dona Ana, $405,784.90; Eddy, $234,144.76; Grant, $281,559; Guadalupe, $103,859.06; Harding, $65,342.38; Hidalgo, $74,239.94; Lea, $90,808.32; Lincoln, $106,386.44; Luna, $92,330.66; McKinley, $505,103.54; Mora, $152,559.16; Otero, $144,533.62; Quay, $160,037.84; Rio Arriba, $316,011.18; Roosevelt, $164,191.02; Sandoval, $164,-708.32; San Juan, $217,280.78; San Miguel, $349,340.08; Santa Fe, $289,200.26; Sierra, $76,619.52; Socorro, $142,050.58; Taos, $212,-743.32; Torrance, $136,995.82; Union, $163,112.08; Valencia, $239,-229.08; total, $6,256,625.26.

New York: Albany, $4,141,561.62; Allegany, $743,008.50; Bronx, $24,723,141.32; Broome, $2,872,809.88; Cattaraugus, $1,414,656.92; Cayuga, $1,265,234.54; Chautauqua, $2,470,969.78; Chemung, $1,459,-247.20; Chenango, $677,354.10; Clinton, $912,265.98; Columbia, $813,196.18; Cortland, $619,593.86; Delaware, $804,325.02; Dutchess, $2,060,727.48; Erie, $14,897,452.32; Essex, $663,558.86; Franklin, $892,860.76; Fulton, $909,782.40; Genesee, $868,904.72; Greene, $504,288.32; Hamilton, $76,772.66; Herkimer, $1,250,677.24; Jefferson, $1,633,035.96; Kings, $50,030,235.54; Lewis, $458,154.38; Livingston, $733,922.40; Madison, $777,496.60; Monroe, $8,282,634.74; Montgomery, $1,173,885.04; Nassau, $5,921,655.62; New York, $36,487,276.48; Niagara, $2,917,888.66; Oneida, $3,883,829.02; Onondaga, $5,697,981.24; Ontario, $1,060,553.04; Orange, $2,547,683.82; Orleans, $562,654.30; Oswego, $1,360,863.30; Otsego, $912,713.40; Putnam, $268,557.76; Queens, $21,086,180.66; Rensselaer, $2,340,-520.74; Richmond, $3,094,080.84; Rockland, $1,164,564.46; St. Lawrence, $1,777,358.40; Saratoga, $1,237,155.56; Schenectady, $2,442,-910.34; Schoharie, $384,293.18; Schuyler, $252,241.86; Seneca, $488,167.82; Steuben, $1,615,391.34; Suffolk, $3,147,014.70; Sullivan, $689,214.88; Tioga, $497,879.20; Tompkins, $810,714.60; Ulster, $1,566,228.70; Warren, $667,759.96; Washington, $908,258.28; Wayne, $976,902.30; Westchester, $10,179,304.38; Wyoming, $562,048.56; Yates, $329,209.92; total, $245,970,809.64.

North Carolina: Alamance, $515,793.60; Alexander, $158,165.28; Alleghany, $87,956.64; Anson, $359,231.76; Ashe, $257,272.56; Avery, $144,468.72; Beaufort, $428,718.24; Bertie, $316,330.56; Bladen, $274,041.36; Brunswick, $193,612.32; Buncombe, $1,198,748.88; Burke, $359,978.40; Cabarrus, $542,611.44; Caldwell, $342,915.84; Camden, $66,842.64; Carteret, $206,856; Caswell, $222,939.36; Catawba, $538,449.84; Chatham, $295,926.48; Cherokee, $197,688.24; Chowan, $138,091.68; Clay, $66,512.16; Cleveland, $635,427.36; Columbus, $461,692.80; Craven, $375,339.60; Cumberland, $553,480.56; Currituck, $82,130.40; Dare, $63,672.48; Davidson, $585,867.60; Davie, $176,084.64; Duplin, $429,660.72; Durham, $822,479.04; Edgecombe, $586,222.56; Forsyth, $1,366,975.44; Franklin, $360,541.44; Gaston, $955,858.32; Gates, 129,144.24; Graham, $71,493.84; Granville, $351,569.52; Greene, $228,349.44; Guilford, $1,628,042.40; Halifax, $651,731.04; Harnett, $464,030.64; Haywood, $346,061.52; Henderson, $286,464.96; Hertford, $214,714.08; Hoke, $174,346.56; Hyde, $104,652; Iredell, $571,522.32; Jackson, $214,432.56; Johnston, $705,281.04; Jones, $127,638.72; Lee, $208,031.04; Lenoir, $437,163.84; Lincoln, $279,953.28; McDowell, $248,912.64; Macon, $167,345.28; Madison, $248,545.44; Martin, $286,416; Mecklenburg, $1,566,365.04; Mitchell, $170,894.88; Montgomery, $198,508.32; Moore, $345,351.60; Nash, $646,051.68; New Hanover, $526,442.40; Northampton, $332,-450.64; Onslow, $187,137.36; Orange, $259,133.04; Pamlico, $113,-819.76; Pasquotank, $234,310.32; Pender, $191,996.64; Perquimans, $130,576.32; Person, $269,757.36; Pitt, $666,663.84; Polk, $125,043.84; Randolph, $443,810.16; Richmond, $416,355.84; Robeson, $814,-106.88; Rockingham, $625,255.92; Rowan, $693,579.60; Rutherford, $495,132.48; Sampson, $490,603.68; Scotland, $246,929.76; Stanly, $369,843.84; Stokes, $272,829.60; Surry, $486,527.76 Swain, $141,-592.32; Transylvania, $117,369.36; Tyrrell, $63,207.36; Union, $501,-582.96; Vance, $334,078.56 Wake, $1,159,825.68; Warren, $285,975.36; Washington, $142,020.72; Watauga, $185,619.60; Wayne, $648,879.12; Wilkes, $442,622.88; Wilson, $549,747.36; Yadkin, $220,442.40; Yancey, $177,308.64; total, $38,804,178.24.

North Dakota: Adams, $90,704.90; Barnes, $268,897.20; Benson, $190,576.10; Billings, $44,902; Bottineau, $212,397.90; Bowman, $73,201.70; Burke, $142,971.40; Burleigh, $282,696.70; Cass, $696,-910.50; Cavalier, $208,122.20; Dickey, $155,541.10; Divide, $137,-794.80; Dunn, $136,793.80; Eddy, $90,747.80; Emmons, $178,278.10; Foster, $90,847.90; Golden Valley, $58,944.60; Grand Forks, $456,-970.80; Grant, $144,916.20; Griggs, $98,512.70; Hettinger, $125,-782.80; Kidder, $114,843.30; La Moure, $164,963.10; Logan, $115,-672.70; McHenry, $220,777.70; McIntosh, $137,580.30; McKenzie, $138,838.70; McLean, $257,271.30; Mercer, $136,078.80; Morton, $280,952.10; Mountrail, $193,679.20; Nelson, $145,902.90; Oliver, $60,946.60; Pembina, $211,025.10; Pierce, $129,758.20; Ramsey, $232,403.60; Ransom, $157,056.90; Renville, $103,860.90; Richland, $300,414.40; Rolette, $153,868; Sargent, $132,961.40; Sheridan, $105,-433.90; Sioux, $67,024.10; Slope, $59,345; Stark, $219,362; Steele, $99,699.60; Stutsman, $373,230; Towner, $120,019.90; Traill, $180,180; Walsh, $286,672.10; Ward, $480,437.10; Wells, $189,975.50; Williams, $279,607.90; total, $9,736,083.50.

Ohio: Adams, $361,355.13; Allen, $1,230,798.87; Ashland, $476,-351.91; Ashtabula, $1,212,040.53; Athens, $783,222.75; Auglaize, $497,042.82; Belmont, $1,679,367.87; Brown, $357,224.04; Butler, $2,022,709.32; Carroll, $284,690.61; Champaign, $427,346.19; Clark, $1,612,295.28; Clermont, $528,105.78; Clinton, $382,028.31; Columbiana, $1,533,361.32; Coshocton, $513,744.48; Crawford, $626,666.85; Cuyahoga, $21,301,797.15; Darke, $673,899.57; Defiance, $402,719.22; Delaware, $461,263.68; Erie, $747,018.09; Fairfield, $780,297.30; Fayette, $367,986.15; Franklin, $6,401,505.15; Fulton, $416,247.21; Gallia, $408,676.50; Geauga, $273,290.22; Greene, $589,682.07; Guernsey, $735,546.78; Hamilton, $10,449,281.88; Hancock, $716,362.92; Hardin, $489,968.55; Harrison, $334,104.12; Henry, $399,350.52; Highland, $450,625.68; Hocking, $361,816.11; Holmes, $296,551.98; Huron, $597,501; Jackson, $443,959.20; Jefferson, $1,565,683.11; Knox, $520,162.74; Lake, $738,880.02; Lawrence, $789,711.93; Licking, $1,063,126.26; Logan, $513,833.13; Lorain, $1,936,222.38; Lucas, $6,164,880.57; Madison, $359,085.69; Mahoning, $4,186,797.66; Marion, $805,296.60; Medina, $526,173.21; Meigs, $424,828.53; Mercer, $444,952.08; Miami, $909,566.73; Monroe, $326,692.93; Montgomery, $4,848,818.13; Morgan, $240,826.59; Morrow, $256,889.97; Muskingum, $1,194,966.54; Noble, $265,258.53; Ottawa, $427,452.57; Paulding, $271,286.73; Perry, $557,519.85; Pickaway, $482,929.74; Pike, $246,021.48; Portage, $756,751.86; Preble, $398,127.15; Putnam, $444,552.02; Richland, $1,168,442.46; Ross, $801,059.13; Sandusky, $704,430.63; Scioto, $1,440,048.33; Seneca, $849,993.93; Shelby, $441,902.52; Stark, $3,932,230.32; Summit, $6,101,442.63; Trumbull, $2,181,906.99; Tuscarawas, $1,209,061.89; Union, $340,274.16; Van Wert, $465,820.29; Vinton, $182,388.51; Warren, $484,880.04; Washington, $752,408.01; Wayne, $833,735.52; Williams, $431,122.68; Wood, $892,173.60; Wyandot, $337,508.28; total, $117,845,937.81.

Oklahoma: Adair, $245,244.72; Alfalfa, $253,089.36; Atoka, $241,-538.46; Beaver, $190,332.24; Beckham, $481,830.42; Blaine, $339,-912.24; Bryan, $536,443.74; Caddo, $843,946.98; Canadian, $467,-271.30; Carter, $688,383.78; Cherokee, $290,351.40; Choctaw, $401,240.04; Cimarron, $89,880.96; Cleveland, $414,635.76; Coal, $191,479.02; Comanche, $570,348.54; Cotton, $256,646.04; Craig, $300,024.24; Creek, $1,065,591.30; Custer, $457,332.54; Delaware,

$255,449.40; Dewey, $220,215; Ellis, $175,191.42; Garfield, $757,672.56; Garvin, $521,884.62; Grady, $791,743.56; Grant, $235,173; Greer, $337,086.84; Harmon, $229,921.08; Harper, $128,987.82; Haskell, $269,509.92; Hughes, $504,151.08; Jackson, $480,484.20; Jefferson, $289,055.04; Johnston, $217,422.84; Kay, $634,091.32; Kingfisher, $265,255.20; Kiowa, $492,450.60; Latimer, $135,878.08; Le Flore, $712,931.52; Lincoln, $560,725.56; Logan, $461,387.82; Love, $160,200.18; McClain, $358,576.50; McCurtain, $577,694.58; McIntosh, $414,236.88; Major, $202,863.72; Marshall, $183,252.12; Mayes, $297,215.46; Murray, $206,254.20; Muskogee, $1,103,966.88; Noble, $251,610.18; Nowata, $226,214.82; Okfuskee, $482,245.92; Oklahoma, $3,685,285.56; Okmulgee, $939,993.96; Osage, $786,691.08; Ottawa, $640,568.04; Pawnee, $330,438.84; Payne, $613,361.10; Pittsburg, $843,930.36; Pontotoc, $539,634.78; Pottawatomie, $1,106,426.64; Pushmataha, $245,045.28; Roger Mills, $235,405.68; Rogers, $315,048.72; Seminole, $1,323,301.02; Sequoyah, 324,173.10; Stephens, $549,606.78; Texas, $234,342; Tillman, $405,361.80; Tulsa, $3,117,479.88; Wagoner, $372,753.36; Washington, $461,653.74; Washita, $489,209.70; Woods, $282,623.10; Woodward, $263,327.28; total, $39,822,184.80.

Oregon: Baker, $403,603.86; Benton, $398,809.95; Clackamas, $1,113,078.45; Clatsop, $508,877.16; Columbia, $482,932.23; Coos, $683,505.57; Crook, $80,364.24; Curry, $78,461.13; Deschutes, $355,303.41; Douglas, $529,136.85; Gilliam, $83,520.03; Grant, $143,094.60; Harney, $142,612.80; Hood River, $215,316.42; Jackson, $792,994.62; Jefferson, $55,190.19; Josephine, $276,986.82; Klamath, $780,684.63; Lake, $116,426.97; Lane, $1,312,736.37; Lincoln, $238,563.27 Linn, $595,023; Malheur, $271,470.21; Marion, $1,458,432.69; Morrow, $119,028.69; Multnomah, $8,148,225.69; Polk, $406,109.22; Sherman, $71,740.02; Tillamook, $284,840.16; Umatilla, $587,771.91; Union, $421,382.28; Wallowa, $188,239.26; Wasco, $304,642.14; Washington, $729,324.75; Wheeler, $67,427.91; Yamhill, $530,847.24; total, $22,976,704.74.

Pennsylvania: Adams, $666,447.60; Allegheny, $24,670,659.50; Armstrong, $1,423,399.10; Beaver, $2,675,662.90; Bedford, $669,696.55; Berks, $4,159,320.15; Blair, $2,510,128; Bradford, $880,250.05; Bucks, $1,736,249.65; Butler, $1,444,616; Cambria, $3,646,470.70; Cameron, $95,260.65; Carbon, $1,137,671; Centre, $830,977.30; Chester, $2,272,990.55; Clarion, $619,831.45; Clearfield, $1,556,749.65; Clinton, $580,126.05; Columbia, $876,013.85; Crawford, $1,130,491; Cumberland, $1,224,836.20; Dauphin, $2,965,896.45; Delaware, $5,030,738.80; Elk, $600,086.45; Erie, $3,146,222.15; Fayette, $3,563,828.90; Forest, $92,981; Franklin, $1,166,929.50; Fulton, $165,696.45; Greene, $749,717.65; Huntingdon, $700,425.95; Indiana, $1,353,340.25; Jefferson, $935,446.30; Juniata, $257,133.75; Lackawanna, $5,571,626.15; Lancaster, $3,534,031.90; Lawrence, $1,745,781.10; Lebanon, $1,204,498.85; Lehigh, $3,103,429.35; Luzerne, $7,989,706.55; Lycoming, $1,676,906.95; McKean, $990,247.65; Mercer, $1,781,465.70; Mifflin, $724,013.25; Monroe, $507,733.70; Montgomery, $4,771,131.80; Montour, $260,580.15; Northampton, $3,039,006.80; Northumberland, $2,306,646.80; Perry, $390,304.80; Philadelphia, $35,019,749.95; Pike, $134,319.85; Potter, $313,927.55; Schuylkill, $4,227,314.75; Snyder, $338,106.20; Somerset, $1,449,713.80; Sullivan, $134,607.05; Susquehanna, $606,817.70; Tioga, $572,084.45; Union, $313,550.60; Venango, $1,134,906.70; Warren, $744,081.35; Washington, $3,676,195.90; Wayne, $510,139; Westmoreland, $5,295,160.25; Wyoming, $278,530.15; York, $3,000,073.25; total, $172,882,732.50.

Rhode Island: Bristol, $501,027.33; Kent, $1,026,258.30; Newport, $832,109.96; Providence, $10,784,119.52; Washington, $585,799.93; total, $13,729,315.09.

South Carolina: Abbeville, $286,406.44; Aiken, $582,108.84; Allendale, $163,250.32; Anderson, $994,053.72; Bamberg, $238,354.80; Barnwell, $260,593.88; Beaufort, $267,888.20; Berkeley, $273,058.08; Calhoun, $205,161.96; Charleston, $1,240,894; Cherokee, $395,428.28; Chester, $390,540.84; Chesterfield, $421,621.52; Clarendon, $368,842.08; Colleton, $317,081.88; Darlington, $508,723.56; Dillon, $316,001.24; Dorchester, $232,779.63; Edgefield, $237,323.28; Fairfield, $285,964.36; Florence, $749,411.56; Georgetown, $266,942.64; Greenville, $1,436,870.52; Greenwood, $443,037.84; Hampton, $211,744.04; Horry, $483,537.28; Jasper, $122,652.64; Kershaw, $393,819.60; Lancaster, $343,594.40; Laurens, $516,914.32; Lee, $295,898.88; Lexington, $448,146.32; McCormick, $140,833.88; Marion, $334,273.88; Marlboro, $388,465.52; Newberry, $425,882.68; Oconee, $409,759.04; Orangeburg, $784,249.92; Pickens, $413,946.52; Richland, $1,076,550.76; Saluda, $222,857.44; Spartanburg, $1,428,446.44; Sumter, $563,676.56; Union, $379,697.60; Williamsburg, $428,743.92; York, $655,973.04; total, $21,352,034.20.

South Dakota: Armstrong, $1,509.60; Aurora, $134,712.93; Beadle, $432,443.79; Bennett, $86,613.30; Bon Homme, $221,477.19; Brookings, $317,902.89; Brown, $593,612.46; Brule, $139,939.92; Buffalo, $36,437.97; Butte, $162,074.43; Campbell, $106,219.23; Charles Mix, $315,185.61; Clark, $207,985.14; Clay, $190,360.56; Codington, $329,413.59; Corson, $179,925.45; Custer, $101,011.11; Davison, $317,412.27; Day, $275,615.22; Deuel, $164,772.84; Dewey, $122,202.12; Douglas, $136,543.32; Edmunds, $164,395.44; Fall River, $164,942.67; Faulk, $130,108.65; Grant, $202,456.23; Gregory, $215,495.40; Haakon, $88,292.73; Hamlin, $156,602.13; Hand, $178,981.95; Hanson, $115,691.97; Harding, $67,724.43; Hughes, $132,259.83; Hutchinson, $262,368.48; Hyde, $69,630.30; Jackson, $49,741.32; Jerauld, $109,747.92; Jones, $59,949.99; Kingsbury, $241,630.35; Lake, $233,591.73; Lawrence, $262,670.40; Lincoln, $262,632.66; Lyman, $119,541.45; McCook, $194,662.92; McPherson, $165,565.38; Marshall, $180,019.80; Meade, $216,665.34; Mellette, $99,878.91; Miner, $158,055.12; Minnehaha, $959,954.64; Moody, $181,208.61; Pennington, $378,899.73; Perkins, $164,489.79; Potter, $108,728.94; Roberts, $297,806.34; Sanborn, $138,241.62; Shannon, $76,574.46; Spink, $288,786.48; Stanley, $44,929.47; Sully, $72,687.24; Todd, $111,295.26; Tripp, $239,875.44; Turner, $280,993.17; Union, $216,627.60; Walworth, $165,886.17; Washabaugh, $46,684.38; Washington, $34,475.49; Yankton, $313,034.43; Ziebach, $76,215.93; total, $13,074,060.63.

Tennessee: Anderson, $272,163.60; Bedford, $290,862.60; Benton, $155,070.60; Bledsoe, $98,366.40; Blount, $469,048.20; Bradley, $315,606; Campbell, $370,212.60; Cannon, $123,803; Carroll, $360,621.60; Carter, $403,277.40; Cheatham, $124,545; Chester, $146,321.40; Claiborne, $335,519.40; Clay, $132,162.60; Cocke, $300,495; Coffee, $231,853.80; Crockett, $239,554.20; Cumberland, $157,872; Davidson, $3,075,385.20; Decatur, $139,462.80; De Kalb, $196,139.40; Dickson, $255,175.80; Dyer, $433,389; Fayette, $398,695.80; Fentress, $152,296.80; Franklin, $300,784.80; Gibson, $642,086.40; Giles, $386,620.80; Grainger, $175,770.60; Greene, $484,642.20; Grundy, $134,094.60; Hamblen, $229,300.80; Hamilton, $2,201,058.60; Hancock, $133,487.40; Hardeman, $306,263.40; Hardin, $223,739.40; Hawkins, $332,814.60; Haywood, $359,669.40; Henderson, $243,639; Henry, $364,761.60; Hickman, $187,859.40; Houston, $76,659; Humphreys, $166,138.20; Jackson, $187,528.20; Jefferson, $247,213.20; Johnson, $168,484.20; Knox, $2,151,447.60; Lake, $144,706.80; Lauderdale, $323,002.80; Lawrence, $369,508.80; Lewis, $72,560.40; Lincoln, $350,823.60; Loudon, $245,709; McMinn, $400,462.20; McNairy, $274,633.80; Macon, $191,433.60; Madison, $704,614.20; Marion, $242,176.20; Marshall, $214,921.20; Maury, $469,420.80; Meigs, $84,552.60; Monroe, $295,002.60; Montgomery, $426,171.60; Moore, $55,710.60; Morgan, $187,721.40; Obion, $401,386.80; Overton, $249,490.20; Perry, $98,628.60; Pickett, $77,487; Polk, $216,466.80; Putnam, $327,874.20; Rhea, $191,419.80; Roane, $337,782.60; Robertson, $389,035.80; Rutherford, $445,546.80; Scott, $194,304; Sequatchie, $55,848.60; Sevier, $282,624; Shelby, $4,229,451.60; Smith, $213,527.40; Stewart, $183,236.40; Sullivan, $705,000.60; Sumner, $394,983.60; Tipton, $379,472.40; Trousdale, $77,680.20; Unicoi, $174,956.40; Union, $156,919.80; Van Buren, $48,520.80; Warren, $278,884.20; Washington, $632,109; Wayne, $167,449.20; Weakley, $403,815.60; White, $214,493.40; Williamson, $315,261; Wilson, $330,220.20; $1,431,239.40; total, $36,108,472.80.

Texas: Anderson, $568,838.06; Andrews, $12,085.12; Angelina, $456,525.26; Aransas, $36,435.98; Archer, $159,011.28; Armstrong, $54,662.18; Atascosa, $257,038.68; Austin, $309,681.20; Bailey, $85,154.12; Bandera, $62,133.28; Bastrop, $392,240.96; Baylor, $121,803.56; Bee, $258,138.82; Bell, $821,492.60; Bexar, $4,803,391.86; Blanco, $63,085.64; Borden, $24,712.10; Bosque, $253,615; Bowie, $797,404.46; Brazoria, $378,546.68; Brazos, $358,530.70; Brewster, $108,766.08; Briscoe, $91,787.80; Brooks, $96,894.42; Brown, $433,192.44; Burleson, $325,904.16; Burnet, $170,029.10; Caldwell, $515,538.74; Calhoun, $68,421.70; Callahan, $209,929.70; Cameron, $1,273,206.80; Camp, $165,234.46; Carson, $127,172.90; Cass, $493,092.60; Castro, $77,502.40; Chambers, $93,758.20; Cherokee, $709,015.60; Childress, $263,442.48; Clay, $238,828.90; Cochran, $32,232.46; Coke, $86,254.26; Coleman, $383,644.09; Collin, $758,275.60; Collingsworth, $237,449.62; Colorado, $314,098.18; Comal, $196,777.28; Comanche, $302,620.60; Concho, $125,530.90; Cooke, $396,313.12; Coryell, $328,383.58; Cottle, $154,265.90; Crane, $36,468.82; Crockett, $42,527.80; Crosby, $180,997.66; Culberson, $20,163.76; Dallam, $128,568.60; Dallas, $5,347,846.22; Dawson, $222,868.66; Deaf Smith, $98,175.18; Delta, $215,725.96; Denton, $538,937.24; De Witt, $450,581.22; Dickens, $141,228.42; Dimmit, $144,955.76; Donley, $168,502.04; Duval, $200,176.22; Eastland, $560,841.52; Ector, $64,990.36; Edwards, $45,384.88; Ellis, $885,629.12; El Paso, $2,160,822.74; Erath, $341,601.68; Falls, $636,619.82; Fannin, $675,896.46; Fayette, $504,225.36; Fisher, $222,704.46; Floyd, $203,755.78; Foard, $103,692.30; Fort Bend, $487,969.56; Franklin, $139,471.48; Freestone, $370,911.38; Frio, $154,528.62; Gaines, $45,976; Galveston, $1,057,464.42; Garza, $91,722.12; Gillespie, $180,948.40; Glasscock, $20,738.46; Goliad, $165,727.06; Gonzales, $465,293.54; Gray, $362,717.80; Grayson, $1,081,142.06; Gregg, $259,074.76; Grimes, $371,781.64; Guadalupe, $474,948.50; Hale, $331,503.38; Hall, $278,581.72; Hamilton, $222,047.66; Hansford, $58,258.16; Hardeman, $238,615.44; Hardin, $228,829.12; Harris, $5,900,165.76; Harrison, $303,545.54; Hartley, $35,877.70; Haskell, $273,704.98; Hays, $244,904.30; Hemphill, $76,139.54; Henderson, $502,172.86; Hidalgo, $1,264,405.68; Hill, $706,651.12; Hockley, $152,673.16; Hood, $111,311.18; Hopkins, $482,912.20; Houston, $492,879.14; Howard, $375,820.96; Hudspeth, $61,213.76; Hunt, $804,842.72; Hutchinson, $243,804.16; Irion, $33,644.58; Jack, $148,535.32; Jackson, $180,291.60; Jasper, $280,190.88; Jeff Davis, $29,556; Jefferson, $2,190,280.22; Jim Hogg, $80,769.98; Jim Wells, $220,947.52; Johnson, $547,065.14; Jones, $397,905.86; Karnes, $382,848.72; Kaufman, $671,660.10; Kendall, $31,607.40; Kenedy, $11,510.42; Kent, $63,233.42; Kerr, $166,679.42; Kimble, $67,633.98; King, $19,589.06; Kinney, $65,351.60; Kleberg, $204,445.42; Knox, $186,662.56; Lamar, $796,846.18; Lamb, $286,561.84; Lampasas, $142,476.34; La Salle, $135,103.76; Lavaca, $452,371; Lee, $219,863.80; Leon, $326,725.16; Liberty, $326,232.56; Limestone, $648,540.74; Lipscomb, $74,087.04; Live Oak, $147,057.52; Llano, $90,933.96; Loving, $3,201.90; Lubbock, $642,087.68; Lynn, $203,148.24; McCulloch, $227,953.86; McLennan, $1,620,358.44; McMullen, $22,183.42; Madison, $200,767.34; Marion, $170,291.82; Martin, $94,989.70; Mason, $90,490.62; Matagorda, $290,272.76; Maverick, $100,490.40; Medina, $229,699.38; Menard, $73,019.74; Midland, $131,442.10; Milam, $622,564.30; Mills, $136,171.06; Mitchell, $232,884.86; Montague, $314,590.78; Montgomery, $239,534.96; Moore, $25,533.10; Morris, $164,659.76; Motley, $111,853.04; Nacogdoches, $497,361.80; Navarro, $993,524.94; Newton, $205,644.08; Nolan, $317,283.66; Nueces, $850,211.18; Ochiltree, $85,778.08; Oldham, $23,053.68; Orange, $248,746.58; Palo Pinto, $288,597.92; Panola, $395,114.46; Parker, $308,022.78; Parmer, $96,368.98; Pecos, $128,273.04; Polk, $288,253.10; Potter, $756,633.60; Presidio, $166,728.68; Rains, $116,811.88; Randall, $116,105.82; Reagan, $49,719.76; Real, $36,074.74; Red River,

$507,755.66; Reeves, $105,202.94; Refugio, $126,286.22; Roberts, $23,923.94; Robertson, $447,280.80; Rockwall, $125,744.36; Runnels, $358,300.82; Rusk, $533,387.28; Sabine, $197,007.16; San Augustine, $204,773.82; San Jacinto, $159,454.62; San Patricio, $391,387.12; San Saba, $168,682.66; Schleicher, $51,985.72; Scurry, $200,126.96; Shackelford, $109,931.90; Shelby, $470,055.34; Sherman, $37,995.88; Smith, $872,279.66; Somervell, $49,522.72; Starr, $187,335.78; Stephens, $271,915.20; Sterling, $23,497.02; Stonewall, $93,052.14; Sutton, $46,090.94; Swisher, $120,572.06; Tarrant, $3,243,820.26; Taylor, $673,597.66; Terrell, $43,677.20; Terry, $145,858.86; Throckmorton, $86,254.26; Titus, $262,769.26; Tom Green, $591,661.86; Travis, $1,277,098.34; Trinity, $223,919.54; Tyler, $187,976.16; Upshur, $366,116.74; Upton, $97,994.56; Uvalde, $212,556.90; Val Verde, $245,052.08; Van Zandt, $530,612.30; Victoria, $329,188.16; Walker, $304,229.76; Waller, $164,429.88; Ward, $75,515.58; Washington, $416,969.48; Webb, $691,741.76; Wharton, $487,362.02; Wheeler, $255,413.10; Wichita, $1,221,910.72; Wilbarger, $403,587.18; Willacy, $172,393.58; Williamson, $724,877.32; Wilson, $289,090.52; Winkler, $111,393.28; Wise, $314,902.76; Wood, $397,084.86; Yoakum, $20,-738.46; Young, $330,501.76; Zapata, $47,076.14; Zavala, $169,930.58; total, $95,641,820.30.

Utah: Beaver, $90,290.88; Box Elder, $313,099.80; Cache, $482,-113.92; Carbon, $312,888.84; Daggett, $7,225.38; Davis, $246,489.18; Duchesne, $145,263.54; Emery, $123,798.36; Garfield, $81,506.36; Grand, $31,872.54; Iron, $127,050.66; Juab, $151,275.90; Kane, $39,-291.30; Millard, $174,833.10; Morgan, $44,582.38; Piute, $34,386.48; Rich, $32,927.34; Salt Lake, $3,412,313.16; San Juan, $61,459.68; Sanpete, $281,666.76; Sevier, $196,878.42; Summit, $167,484.66; Tooele, $165,480.54; Uintah, $158,835.30; Utah, $861,789.18; Wasatch, $99,080.88; Washington, $130,443.60; Wayne, $36,337.86; Weber, $917,183.76; total, $8,927,950.26.

Vermont: Addison, $279,692.16; Bennington, $337,384.90; Caledonia, $424,601.74; Chittenden, $739,598.18; Essex, $110,103.86; Franklin, $467,010.50; Grand Isle, $61,447.52; Lamoille, $170,554.26; Orange, $260,092.52; Orleans, $358,900.68; Rutland, $754,897.74; Washington, $650,200.14; Windham, $405,313.70; Windsor, $582,-941.28; total, $5,602,739.38.

Virginia: Accomac, $607,008.22; Albemarle, $456,788.33; Charlottsville city, $258,097.85; Alleghany, $341,782.84; Clifton Forge city, $115,784.27; Amelia, $153,014.47; Amherst, $322,008.60; Appomotox, $142,245.86; Arlington, 450,591.95; Alexandria city, $408,842.57; Augusta, $646,099.59; Staunton city, $202,990.70; Bath, $137,759.41; Bedford, $492,510.63; Bland, $102,104.83; Botetourt, $261,687.01; Brunswick, $346,827.98; Buchanan, $283,408.20; Buckingham, $225,422.95; Cambell, $387,443.05; Lynchburg city, $688,-390.73; Caroline, $258,402.59; Carroll, $374,847.13; Charles City, $82,635.33; Charlotte, $271,912.73; Chesterfield, $441,009.57; Clarke, $121,337.31; Craig, $60,304.66; Culpeper, $225,270.58; Cumberland, $127,567.55; Dickenson, $273,639.59; Dinwiddie, $313,069.56; Petersburg city, $483,588.52; Elizabeth City, $335,806.55; Hampton city, $108,047.26; Essex, $118,103.68; Fairfax, $427,719.52; Fauquier, $356,-732.03; Floyd, $198,047.14; Fluvanna, $126,399.38; Franklin, $412,-025.41; Frederick, $222,917.31; Winchester city, $183,775.15; Giles, $216,771.72; Gloucester, $186,551.67; Goochland, $134,644.29; Grayson, $338,887.81; Greene, $101,241.40; Greensville, $226,658.84; Halifax, $698,921.19; Hanover, $287,962.37; Henrico, $513,148.30; Richmond city, $3,096,987.97; Henry $340,089.84; Martinsville city, $130,445.65; Highland, $76,608.25; Isle of Wight, $227,014.37; James City, $65,671.47; Williamsburg city, $63,961.54; King and Queen, $128,972.74; King George, $89,678.21; King William, $134,237.97; Lancaster, $150,609.28; Lee, $514,993.67; Loudon, $336,094.36; Louisa, $242,251.37; Lunenburg, $238,001.94; Madison, $151,557.36; Mathews, $133,476.12; Mecklenberg, $552,290.46; Middlesex, $123,131.89; Montgomery, $331,912.65; Radford city, $105,423.11; Nansemond, $381,-432.90; Suffolk city, $173,888.03; Nelson, $276,720.85; New Kent, $72,799; Norfolk, $509,288.26; South Norfolk city, $133,019.01; Norfolk city, $2,195,990.30; Portsmouth city, $773,768.72; Northampton, $314,305.45; Northumberland, $187,601.33; Nottoway, $251,681.38; Orange $204,345.10; Page, $251,444.36; Patrick, $267,273.91; Pittsylvania, $1,039,908.32; Danville city, $376,641.71; Powhatan, $104,-000.99; Prince Edward, $245,823.60; Prince George, $174,565.23; Hopewell city, $191,766.11; Prince William, $236,190.43; Princess Anne, $275,654.26; Pulaski, $348,182.38; Rappahannock, $130,648.81; Richmond, $116,444.54; Roanoke, $597,442.77; Roanoke city, $1,171,-657.58; Rockridge, $353,870.86; Buena Vista city, $67,753.86; Rockingham, $502,973.37; Harrisonburg city, $122,437.76; Russell, $439,-452.01; Scott, $409,384.33; Shenandoah, $349,689.15; Smyth, $425,-366.25; Southampton, $454,909.10; Spotsylvania, $170,248.08; Fredericksburg city, $115,445.67; Stafford, $136,286.50; Surry, $120,-135.28; Sussex, $204,853; Tazewell, $549,835.61; Warren, $141,196.20; Warwick, $149,474.97; Newport News city, $582,679.81; Washington, $573,080.50; Bristol city, $149,661.20; Westmoreland, $143,854.21; Wise, $866,257.31; Wythe, $350,518.72; York, $128,921.95; total, $41,001,937.43.

Washington: Adams, $186,954.18; Asotin, $197,053.92; Benton, $265,257.44; Chelan, $766,175.48; Clallam, $495,274.78; Clark, $976,-453.52; Columbia, $128,971.50; Cowlitz, $772,763.32; Douglas, $183,127.42; Ferry, $103,952.24; Franklin, $148,638.14; Garfield, $88,693.64; Grant, $137,230.52; Grays Harbor, $1,452,764.04; Island, $130,037.18; Jefferson, $202,140.12; King, $11,226,381.74; Kitsap, $745,394.72; Kittitas, $439,689.88; Klickitat, $237,961.50; Lewis, $969,623.48; Lincoln, $287,636.72; Mason, $243,653.20; Okanogan, $448,530.18; Pacific, $362,573.40; Pend Oreille, $173,294.10; Pierce, $3,968,253.24; San Juan, $75,009.34; Skagit, $851,139.24; Skamania, $70,020.02; Snohomish, $1,910,013.42; Spokane, $3,644,552.94; Stevens, $449,281; Thurston, $759,321.22; Wahkiakum, $93,537.64; Walla Walla, $688,841.02; Whatcom, $1,432,080.16; Whitman, $678,-499.08; Yakima, $1,874,676.44; total, $37,865,451.12.

West Virginia: Barbour, $279,792.56; Berkeley, $421,010.60; Boone, $369,281.72; Braxton, $339,136.58; Brooke, $370,438.26; Cabell, $1,363,605.72; Calhoun, $163,207.32; Clay, $197,137.50; Doddridge, $157,529.76; Fayette, $1,082,191; Gilmer, $159,827.82; Grant, $126,-783.82; Greenbrier, $538,887.56; Hampshire, $177,776.72; Hancock, $428,235.22; Hardy, $147,436.32; Harrison, $1,180,076.34; Jackson, $242,182.48; Jefferson, $237,015.60; Kanawha, $2,368,158.34; Lewis, $327,345.88; Lincoln, $287,723.12; Logan, $879,180.68; McDowell, $1,358,994.58, Marion, $1,001,158.10; Marshall, $598,261.62; Mason, $312,235.76; Mercer, $921,071.46; Mineral, $301,661.68; Mingo $575,-551.38; Monongalia, $752,246.66; Monroe, $179,473.98; Morgan, $126,258.12; Nicholas, $310,703.72; Ohio, $1,082,596.54; Pendleton, $145,093.20; Pleasants, $98,305.90; Pocahontas, $218,616.10; Preston, $436,225.86; Putnam, $251,389.74; Raleigh, $1,022,441.44; Randolph, $376,235.98; Ritchie, $234,221.88; Roane, $292,559.56; Summers, $307,429.36; Taylor, $287,092.28; Tucker, $200,877.48; Tyler, $192,-030.70; Upshur, $269,518.88; Wayne, $468,714.12; Webster, $213,-524.32; Wetzel, $335,456.68; Wirt, $95,497.16; Wood, $848,945.42; Wyoming, $314,308.52; total, $25,972,659.10.

Wisconsin: Adams, $142,773.52; Ashland, $375,603.36; Barron, $611,929.84; Bayfield, $267,707.04; Brown, $1,253,242.16; Buffalo, $273,487.20; Burnett, $182,556.72; Calumet, $300,568.32; Chippewa, $666,181.28; Clark, $609,503.60; Columbia, $544,173.52; Crawford, $299,373.04; Dane, $2,011,228.08; Dodge, $929,321.28; Door, $324,-366.88; Douglas, $831,040.72; Dunn, $482,340.08; Eau Claire, $732,-992.08; Florence, $67,221.12; Fond du Lac, $1,068,312.72; Forest, $198,345.12; Grant, $686,286.96; Green, $390,160.80; Green Lake, $248,207.92; Iowa, $357,495.76; Iron, $177,204.72; Jackson, $293,-789.12; Jefferson, $656,244.40; Juneau, $307,989.76; Kenosha, $1,128,-861.68; Kewaunee, $286,100.08; La Crosse, $971,477.20; Lafayette, $332,698.16; Langlade, $384,344.96; Lincoln, $375,924.48; Manitowoc, $1,046,744.16; Marathon, $1,260,021.36; Marinette, $598,175.20; Marquette, $167,481.92; Milwaukee, $12,938,691.92; Monroe, $512,703.76; Oconto, $470,726.24; Oneida, $283,638.16; Outagamie, $1,120,173.60; Ozaukee, $310,308.96; Pepin, $132,908; Pierce, $375,407.12; Polk, $473,955.28; Portage, $603,473.68; Price, $308,346.56; Racine, $1,609,-471.28; Richland, $348,326; Rock, $1,323,835.04; Rusk, $286,885.04; St. Croix, $454,117.20; Sauk, $571,415.20; Sawyer, $158,383.52; Shawano, $597,925.44; Sheboygan, $1,270,832.40; Taylor, $315,500.40; Trempealeau, $426,554.40; Vernon, $509,100.08; Vilas, $130,124.96; Walworth, $554,074.72; Washburn, $198,077.52; Washington, $473,-669.84; Waukesha, $934,066.72; Waupaca, $597,871.92; Waushara, $257,377.68; Winnebago, $1,366,936.48; Wood, $675,511.60; total, $52,431,867.04.

Wyoming: Albany, $376,040.43; Big Horn, $350,463.06; Campbell $209,865.60; Carbon, $355,740.93; Converse, $223,138.35; Crook, $166,549.59; Fremont, $327,602.70; Goshen, $367,077.42; Hot Springs, $171,015.48; Johnson, $150,403.68; Laramie, $838,369.35; Lincoln, $340,219.62; Natrona, $758,014.56; Niobrara, $147,499.29; Park, $256,-304.61; Platte, $302,774.85; Sheridan, $527,006.25; Sublette, $60,-711.12; Sweetwater, $567,292.95; Teton, $62,553.69; Uinta, $205,-243.56; Washakie, $128,324.07; Weston, $145,937.79; Yellowstone National Park (part), $6,246; total, $7,044,394.95.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I have asked for this time to correct some erroneous statements that have been made on the floor of the House in general debate on the pending revenue bill. These statements are with reference to the price of laundry soap. On February 14 the gentleman from Nebraska [Mr. SHALLENBERGER] in discussing the fall of the prices of domestic fat and oils during the last few years, as distinguished from the fall of the prices in laundry soap, spoke as follows on page 2529 of the CONGRESSIONAL RECORD:

In 1926 the price of laundry soap at Philadelphia was $4.85 per box of 100 bars. Until 1931 it continued to be priced annually at $4.85 per box of standard soap. In 1932 the price was $4.52, and in 1933, $4.49. The price to the public for the 8 years was almost constant.

Now, let us look at the record as to prices on fats and oils during this same period. For 1929 the price of cottonseed oil was 8½ cents per pound, and by 1933 the price had fallen to 3⅓ cents per pound. Beef tallow in 1926 and 1927 was quoted at 8⅛ cents per pound, by 1933 it had fallen to 3.4 cents per pound and coconut oil to 2¾ cents.

It will be noted that while the price of coconut oil, cottonseed oil, and tallow fell 60 to 70 percent, the price of laundry soap declined less than 10 percent. The soap manufacturers have not suffered the fall in prices for their manufactured product that dairy interests, meat producers, and many other American manufacturers have had to endure.

Later, on February 16, the gentleman from Pennsylvania [Mr. BROOKS] repeated this allegation as to the price of laundry soap; his remarks being found on page 2702 of the CONGRESSIONAL RECORD.

I realize that in the light of the gag rule which has been adopted this 100-percent tariff on imported oils will probably remain in the bill, but I believe it only just and fair that the RECORD should show the facts. I know both the gentleman from Nebraska and the gentleman from Pennsyl-

vania wish to be fair and would not knowingly make an erroneous statement. I should, therefore, like to read excerpts from a letter which reached me a few days ago, from the American Laundry Soap Manufacturers Association, which will correct the erroneous figures:

In the CONGRESSIONAL RECORD of February 14, page 2529, Congressman SHALLENBERGER, of Nebraska, is quoted as stating that while the price of coconut oil and tallow fell 60 to 70 percent, the price of laundry soap had declined less than 10 percent. As the basis for this statement the Congressman points to the price of laundry soap at a single point, viz, Philadelphia. The use of this price is so unfair that we hope you will take immediate steps to have our letter placed in the RECORD to correct the misapprehension which has probably been created by Governor SHALLENBERGER's statement.

As a matter of fact, on January 11, 1934, laundry soap was selling in the United States at the lowest price in the history of the country. We quote herewith the prices for the leading brand of white laundry soap which is sold in the United States, over a period of the past several years.

On January 1, 1928, white laundry soap, the largest selling brand in the United States, sold in 100-box lots at $3.70 a box. On February 14, 1929, it sold at $3.85 a box. On February 1, 1930, it sold at $3.70 a box; on July 21, 1930, at $3.20 a box; on January 17, 1931, at $3.20 a box; on July 18, 1932, at $2.55 a box; and on January 11, 1934, at $2.30 a box—the lowest price that soap of this character ever sold in the United States.

Naturally, with the largest selling brand selling at this price, all competitive brands of white laundry soap had to meet the price. It is the white laundry soap which contains coconut oil, and it is on the basis of the price of this soap that comparisons should be made.

There are 223 soap manufacturers in the United States and any one of them will tell you that he has been selling soap for the past year or two at the lowest prices in the history of his business.

The average index number of the price of laundry soap at the principal manufacturing points in the United States averaged for the entire year 1933, 61.4 of the price for which it was sold in the year 1926.

Mr. BLANTON. That letter was written by whom?

Mr. HOLLISTER. The American Laundry Soap Manufacturers Association.

Mr. Chairman, I yield back the balance of my time.

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. CHASE].

WHO WILL PAY?

Mr. CHASE. Mr. Chairman, this bill is 212 pages long and is handed to us under a gag rule. All amendments except committee amendments are barred; we cannot change the bill. Our sole privilege is to talk about it and vote on it. Further than that we are not trusted.

Yet the committee tells us that approximately 150 pages do not represent the work of its members. That part was handed to them ready-drawn and is presented to us for blind and blanket approval.

There was no justification for the gag rule. Not a bill has gone through the Seventy-third Congress under the 5-minute rule that was not improved by the amendments which this House adopted. This bill would have been improved by immediate elimination of the 2-cent tax on bank checks and prompt return to the 2-cent postage rate on first-class mail. That only nine Republicans, including those on the committee, voted for the rule is sufficient alone to show how senseless the gag rule was.

The bill itself is a revenue bill. Its primary purpose is to raise money, particularly through preventing tax avoidance. And revenue bills now are close to the minds and hearts of the tax-ridden people.

Throughout the United States men and women are beginning to ask each other more and more: How much is this going to cost? Who is going to pay? Where is the money coming from? And ever in the background is heard in nauseating undertone a demand for congressional action to permit units of Government to take the bankruptcy bath.

It is my purpose to show by definite and authoritative data the tremendous task which lies ahead when America begins to pay.

FEDERAL DEBT GROWS

In his Budget message the President suggested that by June 30 of next year the national debt may be $31,834,000,000. Federal debt, like Federal expenditures, is steadily increasing.

In the various States, with few exceptions, the same conditions exist.

Through the courtesy of the Bureau of the Census, I am able to present a table showing the debt of each State, expressed in thousands, as of 1912, 1922, and 1932, and the percentage of increase, or decrease if any, during the last 10-year period and for the entire 20-year period.

In addition to this data for each State there is given corresponding information for the total of minor civil divisions within each State.

The story which the table tells is as shocking as it is illuminating, and the table is submitted without argument. Its publication now is particularly appropriate in view of the splendid address last week of the gentleman from Maryland [Mr. LEWIS] on this bill.

HOW STATE AND LOCAL DEBT HAS GROWN

[Totals expressed in thousands]

State and minor civil divisions	Gross debt less sinking-fund assets			Percent of increase 1922-32	Percent of increase 1912-32
	1932	1922	1912		
Alabama:					
State	$82,342	$15,233	$13,132	440.6	527.0
Minor civil divisions	128,890	50,965	29,930	114.8	330.6
Arizona:					
State	3,676	2,740	3,065	34.2	19.9
Minor civil divisions	68,101	42,233	7,324	61.3	829.8
Arkansas:					
State	104,424	2,722	1,236	5,940.6	13,202.9
Minor civil divisions	91,145	58,558	12,577	2.9	624.7
California:					
State	145,723	85,267	10,223	70.9	1,325.4
Minor civil divisions	952,855	434,957	136,529	119.1	597.9
Colorado:					
State	6,747	12,019	3,174	¹43.9	112.6
Minor civil divisions	122,738	87,179	36,473	40.8	236.6
Connecticut:					
State	108	6,088	7,111	¹98.2	¹98.5
Minor civil divisions	160,592	94,866	44,925	69.3	257.5
Delaware:					
State	2,072	5,834	703	¹64.5	171.6
Minor civil divisions	27,016	16,617	6,007	62.6	343.1
Florida:					
State	391	869	619	¹55.0	¹36.8
Minor civil divisions	512,631	97,400	17,805	426.3	2,779.1
Georgia:					
State	12,488	5,419	6,934	130.4	80.1
Minor civil divisions	94,497	58,619	25,614	61.2	268.9
Idaho:					
State	6,961	7,673	2,143	¹9.3	224.8
Minor civil divisions	71,489	54,520	11,987	31.1	496.4
Illinois:					
State	221,404	13,880	2,273	1,495.1	9,640.6
Minor civil divisions	1,084,711	350,139	137,208	209.8	690.6
Indiana:					
State	4,739	2,325	1,350	103.4	250.4
Minor civil divisions	194,304	150,497	66,053	29.1	194.2
Iowa:					
State	16,495	1,457	357	1,032.1	4,520.4
Minor civil divisions	225,496	150,157	35,069	50.2	543.0
Kansas:					
State	21,810	73	243	27,861.5	8,875.3
Minor civil divisions	131,787	123,392	52,625	6.8	150.4
Kentucky:					
State	16,224	7,745	4,441	109.5	265.3
Minor civil divisions	97,193	42,774	25,388	127.2	279.8
Louisiana:					
State	83,743	14,829	13,546	464.7	518.2
Minor civil divisions	276,668	112,117	61,461	146.8	350.2
Maine:					
State	27,219	12,906	1,255	110.9	2,068.8
Minor civil divisions	37,310	29,551	21,543	26.3	73.2
Maryland:					
State	31,198	22,129	7,334	41.0	325.4
Minor civil divisions	229,970	98,825	52,212	132.7	340.5
Massachusetts:					
State	62,856	76,996	79,551	¹18.4	¹21.0
Minor civil divisions	373,744	252,946	187,578	47.8	99.2
Michigan:					
State	60,582	50,934	7,089	18.9	754.6
Minor civil divisions	721,702	310,844	52,908	132.2	1,264.1
Minnesota:					
State	40,156	20,308	1,345	97.7	2,885.6
Minor civil divisions	244,956	249,300	69,018	¹1.7	254.9
Mississippi:					
State	36,320	14,864	4,461	144.3	714.2
Minor civil divisions	142,756	96,635	24,168	47.7	490.7
Missouri:					
State	103,302	30,456	4,671	239.2	2,111.6
Minor civil divisions	226,155	87,820	56,951	157.5	297.1
Montana:					
State	9,316	7,579	1,513	22.9	515.7
Minor civil divisions	61,952	57,650	16,633	7.5	272.5
Nebraska:					
State	929	1,038	374	¹10.5	148.4
Minor civil divisions	109,577	96,717	36,371	13.3	201.3
Nevada:					
State	1,370	1,751	608	¹21.8	125.3
Minor civil divisions	8,575	5,253	2,575	63.2	233.0

¹ Decrease.

HOW STATE AND LOCAL DEBT HAS GROWN—continued

State and minor civil divisions	Gross debt less sinking-fund assets			Percent of increase 1922–32	Percent of increase 1912–32
	1932	1922	1912		
New Hampshire:					
State	$6,505	$3,018	$1,956	115.5	232.6
Minor civil divisions	25,230	13,105	9,345	92.5	170.0
New Jersey:					
State	62,198	16,355	642	280.3	9,588.2
Minor civil divisions	1,089,033	365,817	169,527	197.7	542.4
New Mexico:					
State	11,407	4,954	1,218	130.3	836.5
Minor civil divisions	25,536	20,056	6,444	27.3	296.3
New York:					
State	463,068	186,542	86,205	148.2	437.2
Minor civil divisions	3,014,165	1,497,278	1,046,227	101.3	188.1
North Carolina:					
State	177,210	34,713	8,059	410.5	2,098.9
Minor civil divisions	368,212	147,998	26,285	148.8	1,300.8
North Dakota:					
State	5,005	5,913	820	[1] 15.4	510.4
Minor civil divisions	31,206	34,353	12,441	[1] 9.2	150.8
Ohio:					
State	7,696	30,143	5,142	[1] 74.5	49.7
Minor civil divisions	867,341	639,300	224,525	35.7	269.8
Oklahoma:					
State	11,438	4,797	6,931	138.4	65.0
Minor civil divisions	182,642	125,180	53,791	45.9	239.5
Oregon:					
State	33,388	39,983	31	[1] 16.5	107,603.2
Minor civil divisions	165,460	98,111	43,796	68.6	277.8
Pennsylvania:					
State	75,858	49,968		51.8	(2)
Minor civil divisions	1,137,833	500,471	245,978	127.4	362.6
Rhode Island:					
State	16,807	9,338	5,127	80.0	227.8
Minor civil divisions	93,546	39,901	25,589	134.4	265.6
South Carolina:					
State	77,984	8,729	6,190	793.4	1,159.8
Minor civil divisions	93,715	56,281	15,097	66.5	520.8
South Dakota:					
State	15,510	15,431	370	.5	4,091.9
Minor civil divisions	35,577	35,123	12,316	1.3	188.9
Tennessee:					
State	94,032	19,142	11,812	391.2	696.1
Minor civil divisions	229,463	114,195	47,287	100.9	385.3
Texas:					
State	10,317	6,145	4,656	67.9	121.6
Minor civil divisions	737,893	350,198	83,238	110.7	786.5
Utah:					
State	5,694	9,819	1,430	[1] 42.0	298.2
Minor civil divisions	40,455	40,222	13,858	.6	191.9
Vermont:					
State	9,545	2,112	570	351.9	1,574.6
Minor civil divisions	17,635	9,882	6,411	78.5	175.1
Virginia:					
State	25,983	21,756	22,043	19.4	17.9
Minor civil divisions	155,259	97,359	39,887	59.5	289.2
Washington:					
State	8,257	13,191	1,556	[1] 37.4	430.7
Minor civil divisions	209,174	155,872	94,415	34.2	121.5

[1] Decrease. [2] Cannot be expressed.

HOW STATE AND LOCAL DEBT HAS GROWN—continued

State and minor civil divisions	Gross debt less sinking-fund assets			Percent of increase 1922–32	Percent of increase 1912–32
	1932	1922	1912		
West Virginia:					
State	$86,394	$24,181		257.3	(2)
Minor civil divisions	65,200	46,331	$11,195	40.7	482.4
Wisconsin:					
State	1,184	2,164	2,251	[1] 45.3	[1] 47.4
Minor civil divisions	204,051	102,359	37,817	99.3	439.6
Wyoming:					
State	5,568	4,011	122	38.8	4,463.9
Minor civil divisions	37,441	15,117	4,202	147.7	791.0

[1] Decrease. [2] Cannot be expressed.

From the above it is clear that there has been and now is a steady increase in public debt—Federal, State, and local.

It is a matter of common knowledge that there is a corresponding increase in public expenditure and taxes by the Federal Government and the individual States.

LOCAL UNITS CUTTING

What is not so well known is that since 1929 the minor civil subdivisions have been cutting their taxes through the simplest and most practical of all expedients, that of cutting expenditures and debt.

Wherever fiscal authority is delegated, expenditures, debt, and taxes have continued to mount.

Wherever fiscal authority and control rests directly or nearly so in the hands of the people themselves, the last 4 years have witnessed sharp reductions in expenditures, debt, and taxes.

Manifestly in the short time available to me it has been impossible to secure evidence in proof of this statement from each of the 48 States of the Union.

Consequently I submit herewith as an illustration the data for my own State of Minnesota, furnished to me through the courtesy of Minnesota Taxpayers Association and just completed Saturday. It has not yet been published in Minnesota.

Any Member can secure corresponding data for his own State from his State officials. It will convince him that wherever those who pay the taxes have direct control of expenditures there has been through the depression years a clean-cut reduction in tax levies by townships, school districts, cities, villages, boroughs, parishes, and counties.

This table is submitted without argument.

PROOF OF TAX REDUCTION

Comparative statement—General property tax levies compiled by Minnesota Taxpayers Association

Counties	State		County		Township		City and village		School district		Total	
	1930	1933	1930	1933	1930	1933	1930	1933	1930	1933	1930	1933
Aitkin	$38,723	$49,358	$350,972	$217,231	$150,737	$99,550	$21,344	$21,098	$280,567	$240,563	$842,343	$627,800
Anoka	48,497	77,114	164,100	96,503	45,806	24,857	90,137	85,608	241,016	204,228	589,556	488,310
Becker	56,220	84,775	157,290	122,553	85,210	47,549	65,236	45,666	248,439	178,252	612,395	478,435
Beltrami	33,845	53,251	185,568	186,149	90,032	63,204	77,089	89,891	292,335	230,111	678,869	622,606
Benton	42,934	62,792	107,331	95,268	52,013	13,510	67,830	53,420	159,116	110,264	429,224	335,254
Big Stone	44,136	60,924	80,568	64,082	48,286	16,362	44,353	35,061	169,033	121,665	386,376	298,094
Blue Earth	159,994	245,032	313,027	226,383	129,524	57,481	279,933	197,199	548,118	405,083	1,430,596	1,131,178
Brown	114,386	177,745	191,236	152,081	130,938	29,650	216,827	156,762	240,069	187,514	893,446	703,752
Carlton	58,590	88,504	184,075	136,745	90,718	61,533	162,050	130,655	418,989	282,473	914,422	699,910
Carver	78,738	120,942	166,090	99,728	117,680	37,064	76,821	55,529	162,148	114,321	601,477	427,554
Cass	29,411	44,885	199,521	159,556	123,418	89,012	30,566	31,481	273,420	178,794	656,336	503,728
Chippewa	65,958	100,486	145,298	125,006	106,071	31,268	70,442	150,885	203,533	150,885	591,302	473,047
Chisago	40,277	60,503	141,383	136,875	65,246	28,982	44,037	35,939	159,712	103,986	451,555	366,285
Clay	82,363	123,788	169,752	156,356	85,537	36,171	90,238	67,946	415,851	325,218	843,741	708,479
Clearwater	20,812	26,429	102,536	76,899	46,075	34,060	11,087	10,903	95,872	71,574	276,382	219,865
Cook	7,598	10,734	71,604	79,827	29,331	25,697	5,218	10,755	92,687	68,122	206,438	195,135
Cottonwood	80,818	113,732	143,487	128,114	116,920	39,953	58,573	50,409	207,854	155,047	607,652	487,855
Crow Wing	70,017	122,287	244,728	230,815	91,035	74,528	242,542	229,622	813,690	372,397	1,162,002	1,029,649
Dakota	127,074	207,160	348,924	250,460	70,765	28,245	331,459	274,534	623,443	488,259	1,501,665	1,248,658
Dodge	62,593	88,778	120,680	95,404	76,854	31,973	43,127	29,596	172,431	111,894	475,685	357,645
Douglas	59,074	90,162	142,483	90,651	76,840	26,380	76,727	60,683	203,847	131,766	557,971	399,642
Faribault	111,651	163,262	194,988	159,639	124,550	46,372	108,205	80,372	288,205	209,450	827,599	659,095
Fillmore	112,096	161,289	265,863	204,157	158,289	72,699	90,511	73,384	344,371	215,700	971,130	727,229
Freeborn	127,120	190,063	280,595	177,068	149,570	58,079	192,008	169,525	474,660	341,769	1,223,953	936,504
Goodhue	138,232	207,271	368,428	220,020	136,883	52,211	221,744	174,619	358,860	263,687	1,224,147	917,808
Grant	42,293	64,163	84,230	48,026	58,441	20,308	26,577	16,669	128,466	88,011	340,012	237,179
Hennepin	2,129,975	3,868,949	2,627,876	2,420,710	163,183	92,692	13,585,158	12,660,203	8,551,072	7,649,183	27,057,264	26,691,737
Houston	46,498	68,020	122,268	115,110	102,039	60,480	57,586	34,667	134,100	83,570	462,491	361,847
Hubbard	27,499	37,866	89,839	98,175	36,516	22,764	27,371	20,813	165,713	127,536	346,938	307,154
Isanti	33,091	48,270	92,932	87,166	62,063	18,920	25,277	22,388	119,906	76,207	333,269	252,951
Itasca	150,366	279,252	629,356	534,688	176,340	122,306	523,151	477,459	1,065,924	962,591	2,545,137	2,376,296
Jackson	107,950	148,749	171,184	120,480	147,128	42,768	62,297	45,580	273,407	163,661	761,966	521,238
Kanabec	21,110	28,483	75,668	71,924	60,548	30,295	15,600	13,880	104,261	61,600	277,187	206,182
Kandiyohi	97,289	143,339	205,234	166,772	108,624	43,016	114,063	92,222	249,978	187,512	775,388	632,861
Kittson	36,145	53,190	94,375	82,014	54,066	32,719	25,291	19,125	153,643	124,864	363,520	311,912

PROOF OF TAX REDUCTION—continued

Comparative statement—General property tax levies compiled by Minnesota Taxpayers Association

Counties	State		County		Township		City and village		School district		Total	
	1930	1933	1930	1933	1930	1933	1930	1933	1930	1933	1930	1933
Koochiching	$29,703	$46,822	$294,081	$222,542	$75,137	$65,587	$108,460	$93,839	$407,722	$277,609	$915,103	$706,459
Lac qui Parle	92,459	127,930	166,626	140,067	85,390	30,910	64,127	54,708	201,863	147,722	610,465	501,337
Lake	18,244	28,279	159,809	103,368	46,359	38,908	27,881	22,167	137,110	97,499	389,403	290,221
Lake of the Woods	12,959	18,731	86,149	59,364	31,425	14,052	13,252	8,014	92,038	80,983	235,823	181,144
Le Sueur	81,378	115,536	201,441	154,912	93,737	36,605	79,979	67,658	224,234	155,906	680,405	530,597
Lincoln	56,187	76,161	124,858	102,402	82,952	20,521	47,721	25,065	196,855	135,213	508,573	359,362
Lyon	97,325	138,154	199,295	161,051	92,627	32,226	107,501	86,655	308,096	215,176	804,844	633,262
McLeod	94,344	144,400	150,410	87,554	128,475	41,841	116,566	100,284	238,600	174,452	728,395	548,531
Mahnomen	14,896	22,166	80,290	60,844	64,654	26,386	12,134	9,791	93,668	66,679	265,642	185,866
Marshall	54,777	78,299	168,657	172,475	87,587	48,397	42,813	31,081	255,233	216,207	609,067	546,459
Martin	119,875	169,938	200,114	122,890	171,818	56,607	133,296	96,049	377,869	251,147	1,002,972	696,640
Meeker	76,135	113,837	147,562	109,062	107,683	53,830	53,138	43,249	209,980	138,437	594,498	458,415
Mille Lacs	30,832	44,825	150,531	112,366	66,150	34,177	44,962	37,810	159,370	128,133	451,845	357,311
Morrison	65,218	101,228	194,619	181,338	105,822	55,987	87,687	87,529	256,750	186,331	710,096	612,411
Mower	131,762	195,927	261,255	253,550	104,186	53,890	219,835	176,491	442,112	329,980	1,159,150	1,009,838
Murray	89,707	121,437	167,485	120,587	95,593	55,903	54,273	46,970	174,532	132,289	581,590	477,186
Nicollet	57,428	88,145	117,614	106,226	78,446	36,169	65,742	40,154	166,747	133,171	485,977	403,865
Nobles	111,110	163,020	232,616	163,865	116,439	39,721	85,547	57,011	254,771	194,928	800,483	618,545
Norman	46,922	66,536	114,285	102,000	63,652	16,200	31,587	19,948	182,544	113,064	438,990	317,748
Olmsted	152,602	244,371	270,456	233,790	137,275	53,227	368,000	293,853	579,119	413,770	1,507,452	1,239,011
Otter Tail	124,829	179,324	370,838	280,930	194,681	81,739	155,299	134,162	480,357	335,201	1,326,004	1,011,356
Pennington	27,552	44,416	102,821	114,807	31,410	11,958	44,779	44,600	142,687	105,665	349,249	321,446
Pine	51,686	70,739	181,376	140,896	141,323	92,578	43,303	32,557	315,812	214,604	733,500	551,374
Pipestone	65,648	91,702	98,290	95,956	58,772	21,412	55,285	72,039	208,924	156,722	516,919	437,831
Polk	115,850	178,348	331,958	329,615	145,734	74,899	146,653	148,400	486,609	391,258	1,226,804	1,122,520
Pope	55,054	83,886	111,511	104,068	62,465	30,517	34,905	33,450	167,055	108,420	430,990	360,341
Ramsey	1,112,713	1,898,362	2,700,733	2,979,756	25,959	17,514	5,905,064	5,548,890	3,950,271	3,535,508	13,694,740	13,980,030
Red Lake	18,229	28,298	90,114	74,655	31,304	16,369	29,369	31,679	88,908	70,392	257,924	221,393
Redwood	116,034	166,016	223,092	180,531	143,586	31,672	83,055	59,621	299,860	217,453	865,627	655,293
Renville	122,121	176,250	221,465	142,967	230,327	85,460	81,640	63,543	339,450	235,520	995,003	703,740
Rice	106,250	171,037	404,304	334,814	54,770	33,008	208,788	185,652	355,259	263,186	1,129,371	987,697
Rock	73,654	106,183	121,139	89,780	48,125	22,304	30,122	33,383	195,502	128,007	468,542	379,657
Roseau	27,060	39,203	132,813	106,216	81,115	50,554	27,523	24,873	161,475	128,560	429,986	349,406
St. Louis	1,854,744	3,333,654	4,047,179	3,845,919	956,830	897,490	7,238,487	6,389,610	9,020,424	7,661,605	23,117,664	22,128,278
Scott	48,942	72,949	170,650	145,165	82,867	27,543	51,339	41,787	147,556	107,080	501,354	394,524
Sherburne	28,807	43,483	51,461	59,025	32,046	10,657	25,997	21,482	109,841	95,257	248,152	229,904
Sibley	82,905	124,558	192,671	114,202	132,782	53,754	43,181	37,114	150,182	110,412	601,721	440,340
Stearns	178,455	274,234	496,875	284,803	159,883	69,651	363,459	294,657	589,160	536,664	1,796,832	1,460,009
Steele	79,715	121,410	147,857	122,058	99,391	35,181	119,960	87,523	298,835	229,499	745,758	595,671
Stevens	49,833	70,012	125,941	80,985	58,385	22,436	55,275	43,511	163,406	122,620	452,840	339,564
Swift	65,103	92,865	126,310	121,320	96,354	37,054	75,429	54,525	228,717	177,666	591,913	483,430
Todd	62,417	95,822	191,386	146,765	131,599	63,600	52,235	49,053	248,506	187,982	686,143	543,222
Traverse	41,843	57,426	94,590	51,416	64,352	11,363	27,383	17,952	119,844	86,725	348,012	224,882
Wabasha	64,044	94,116	206,409	165,283	87,746	36,001	72,593	54,279	232,366	167,811	663,158	517,490
Wadena	23,654	35,664	74,942	61,616	32,735	17,968	31,495	22,363	114,352	82,397	277,178	220,008
Waseca	64,807	97,100	165,163	155,938	67,082	32,249	51,091	54,735	190,688	156,727	538,831	496,749
Washington	66,919	104,555	185,908	136,846	86,436	33,870	180,695	158,916	302,885	259,047	822,843	693,234
Watonwan	61,500	93,601	162,720	90,812	102,699	25,742	63,095	51,352	161,280	129,026	551,294	390,533
Wilkin	49,394	74,743	108,480	82,201	71,937	29,019	41,518	37,997	154,547	117,930	425,876	341,890
Winona	127,165	200,957	396,042	220,533	82,195	44,659	484,810	416,631	448,740	344,897	1,538,952	1,227,677
Wright	97,027	143,375	239,648	171,810	138,138	49,540	72,575	53,387	299,861	193,182	847,249	611,294
Yellow Medicine	92,374	132,803	215,115	143,057	133,613	43,031	57,900	42,110	215,935	164,324	714,937	525,325
Total	11,093,569	18,074,648	25,011,433	21,377,734	9,068,180	4,533,594	34,930,178	31,461,687	43,492,213	35,198,520	123,595,573	110,560,310

This cut in local tax levies is typical of the real spirit of the American people today.

Federal and State extravagances are out of tune.

It is easy to be popular when we are shoveling out the money. But when spending days are past and the paying days come—then what?

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

TWO-CENT POSTAGE

Mr. LUNDEEN. Mr. Chairman, this revenue bill provides for 3-cent postage. The Ministers' Casualty Union of Minnesota and many other organizations are strongly urging the return of the 2-cent postage rate. I want to declare in favor of 2-cent postage. I want the RECORD to show that. I never could see why we should not have penny postage. I should like to see 1-cent postage on all ordinary letters sent through the mails.

WORKERS' UNEMPLOYMENT AND SOCIAL INSURANCE ACT

In this crisis I should also like to see unemployment insurance. Mr. Chairman, I have introduced an unemployment, old-age pension bill. I will not read it, but I ask unanimous consent to insert the text in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

H.R. 7598

A bill to provide for the establishment of unemployment and social insurance, and for other purposes

Be it enacted, etc., That this act shall be known by the title "The Workers' Unemployment and Social Insurance Act."

SEC. 2. The Secretary of Labor is hereby authorized and directed to provide for the immediate establishment of a system of unemployment and social insurance for the purpose of providing insurance for all workers and farmers unemployed through no fault of their own in amounts equal to average local wages. Such insurance shall be administered by workers and farmers and controlled by them under rules and regulations prescribed by the Secretary of Labor in conformity with the purposes and provisions of this act, through unemployment insurance commissions composed of the rank and file members of workers' and farmers' organizations. Funds for such insurance shall hereafter be provided at the expense of the Government and of employers, and it is the sense of Congress that funds to be raised by the Government shall be secured by taxing inheritance and gifts, and by taxing individual and corporation incomes of $5,000 per year and over. No tax or contribution in any form shall be levied on workers for the purposes of this act. In no case shall the unemployment insurance be less than $10 per week plus $3 for each dependent.

SEC. 3. The Secretary of Labor is further authorized and directed to provide for the establishment of other forms of social insurance in like amounts and governed by the conditions set forth in section 1 of this act for the purpose of paying workers and farmers insurance for loss of wages because of part-time work, sickness, accident, old age, or maternity.

SEC. 4. The benefits of this act shall be extended to workers and farmers without discrimination because of age, sex, race, or color, religious or political opinion, or affiliation, whether they be industrial, agricultural, domestic, or professional workers, for all time lost. No worker shall be disqualified for the benefits of this act because of refusal to work in place of strikers, at less than normal or trade-union rates, under unsafe or unsanitary conditions, or where hours are longer than the prevailing union standards at the particular trade and locality, or at any unreasonable distance from home.

Mr. LUNDEEN. We are now having hearings on H.R. 7598 before the Labor Committee of the House of Representatives. Several able gentlemen have appeared before this committee in favor of this measure, and I hope to have the opportunity to show that this bill deals with fundamentals. The mass of the people, the great rank and file, favor its immediate passage; and if the opportunity is given, I will

present reasons why H.R. 7598 should pass at this session of Congress.

WORLD WAR VETERANS' ADJUSTED-SERVICE CERTIFICATES

Mr. Chairman, I wish to call attention to that which many of the Members already know, that is, many distinguished gentlemen today have signed the Lundeen bonus petition, which I had the honor to introduce in the special session. We need 145 signatures to bring this bill out of committee, and I think the names now on the petition run well over 130. Very soon I am sure we will have sufficient names. I should like, with the permission of the House, to insert some information and material as to what payment of the World War veterans' adjusted-service certificates will mean in actual money—real cash buying power—for each State, county by county, throughout the country, and I know the Members will be interested in that. I ask permission to so extend my remarks.

Mr. TRUAX. Will the gentleman yield?

Mr. LUNDEEN. I yield.

Mr. TRUAX. Upon two different occasions I have asked unanimous consent to insert in the RECORD statistics showing the cost of old-age pensions. Gentlemen on the Republican side have objected to that, stating that they proposed to object to extensions of everything except a Member's own remarks. I am not going to object to the gentleman's request nor the request made by the gentleman who preceded him, as I think both contain valuable information that should be made available to Members of this House. That is exactly what I tried to do with reference to old-age pensions.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota [Mr. LUNDEEN]?

There was no objection.

Mr. LUNDEEN. Mr. Chairman, in view of the fact that all of the amounts due citizens of the 48 States in the Union were published in columns in the CONGRESSIONAL RECORD of February 18, 1932, by Mr. PATMAN, author of H.R. 1, the adjusted-service certificates bill, and later, on pages 2885–2890, the author again inserted the same material in solid lines, I will not burden the RECORD with the amounts to be paid in all the States.

For the information of the country I have selected a few States so that it may be clearly seen just what this bill means to the country. Beyond that, those who are interested, will find the information for their own county and State on page 4289 of the CONGRESSIONAL RECORD, under date of February 18, 1932, and on page 2885 of the CONGRESSIONAL RECORD of this session; and I repeat that in these RECORDS referred to, you will find the amounts due veterans on their adjusted-service certificates in every State and county in the Union. The total amount is $2,200,000,000, to be paid in Treasury notes, without bonds, without interest, and without taxation.

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law

ARIZONA

Apache	$302,182.65
Cochise	697,375.98
Coconino	239,228.64
Gila	527,582.16
Graham	176,444.73
Greenlee	168,160.86
Maricopa	2,567,999.70
Mohave	94,779.72
Navajo	360,646.02
Pima	947,048.76
Pinal	375,597.81
Santa Cruz	164,724.84
Yavapai	484,274.70
Yuma	303,050.16
Total	7,409,096.73

CONNECTICUT

Fairfield	7,196,524.22
Hartford	7,836,615.17
Litchfield	1,536,367.16
Middlesex	956,330.68
New Haven	8,624,785.89
New London	2,213,957.26

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

CONNECTICUT—continued

Tolland	$533,343.99
Windham	1,006,540.46
Total	29,904,464.83

DELAWARE

Kent	523,466.04
New Castle	2,647,366.08
Sussex	748,135.08
Total	3,918,967.20

DISTRICT OF COLUMBIA

Total	18,198,685.00

IDAHO

Ada	702,750.25
Adams	53,125.51
Bannock	579,358.98
Bear Lake	145,868.16
Benewah	118,054.63
Bingham	343,935.33
Blaine	69,821.04
Boise	34,224.91
Bonner	243,706.56
Bonnerville	364,373.92
Boundary	84,404.15
Butte	35,837.02
Camas	26,145.63
Canyon	573,132.90
Caribou	39,302.13
Cassia	243,039.48
Clark	20,790.66
Clearwater	122,279.45
Custer	58,591.86
Elmore	83,218.23
Franklin	173,792.87
Fremont	163,891.72
Gem	137,474.07
Gooding	140,457.40
Idaho	187,282.71
Jefferson	169,938.63
Jerome	154,873.74
Kootenai	360,760.57
Latah	329,796.94
Lemhi	86,034.79
Lewis	97,060.16
Lincoln	60,074.26
Madison	154,095.48
Minidoka	155,707.59
Nez Perce	325,961.23
Oneida	108,771.10
Owyhee	76,028.59
Payette	135,602.54
Power	82,588.21
Shoshone	353,181.80
Teton	66,207.69
Twin Falls	552,712.84
Valley	64,632.64
Washington	147,535.86
Yellowstone National Park	18.53
Total	8,246,442.96

ILLINOIS

Adams	1,293,350.40
Alexander	464,365.20
Bond	296,763.60
Boone	310,606.80
Brown	162,575.20
Bureau	800,207.00
Calhoun	165,500.40
Carroll	379,719.80
Cass	340,622.20
Champaign	1,324,023.80
Christian	773,282.80
Clark	368,163.20
Clay	332,793.00
Clinton	440,201.40
Coles	768,689.00
Cook	82,031,733.80
Crawford	434,351.00
Cumberland	214,631.40
De Kalb	672,466.40
De Witt	383,118.80
Douglas	369,028.40
Du Page	1,895,158.80
Edgar	514,299.60
Edwards	171,041.80
Effingham	391,667.80
Fayette	483,832.20
Ford	319,073.40

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

ILLINOIS—continued

Franklin	$1,224,505.20
Fulton	906,049.80
Gallatin	207,874.60
Greene	420,590.20
Grundy	384,766.80
Hamilton	267,697.00
Hancock	544,252.00
Hardin	143,273.00
Henderson	180,826.80
Henry	903,330.60
Iroquois	678,007.80
Jackson	735,008.00
Jasper	263,865.40
Jefferson	639,300.40
Jersey	258,653.60
Jo Daviess	416,841.00
Johnson	210,181.80
Kane	2,581,736.20
Kankakee	1,031,957.00
Kendall	217,433.00
Knox	1,057,521.60
Lake	2,150,372.20
La Salle	2,012,517.00
Lawrence	450,831.00
Lee	665,977.40
Livingston	805,295.20
Logan	594,577.80
McDonough	562,977.40
McHenry	722,627.40
McLean	1,506,210.20
Macon	1,683,658.60
Macoupin	1,003,281.80
Madison	2,962,898.00
Marion	734,081.00
Marshall	268,273.80
Mason	311,369.00
Massac	290,068.60
Menard	217,845.00
Mercer	342,804.60
Monroe	254,801.40
Montgomery	726,726.80
Morgan	705,344.00
Moultrie	272,888.20
Ogle	579,230.80
Peoria	2,911,686.40
Perry	469,000.20
Piatt	321,112.80
Pike	501,754.20
Pope	164,717.60
Pulaski	305,580.40
Putnam	107,841.00
Randolph	603,847.80
Richland	289,491.80
Rock Island	2,022,734.60
St. Clair	3,250,165.00
Saline	764,260.00
Sangamon	2,301,699.80
Schuyler	240,525.60
Scott	175,903.40
Shelby	524,702.60
Stark	189,190.40
Stephenson	825,318.40
Tazewell	949,289.20
Union	409,589.80
Vermillion	1,840,383.40
Wabash	271,858.20
Warren	447,947.00
Washington	335,491.60
Wayne	394,078.00
White	373,869.40
Whiteside	833,791.40
Will	2,281,079.20
Williamson	1,109,928.00
Winnebago	2,417,883.80
Woodford	387,115.20
Total	157,191,472.40

MAINE

Androscoggin	1,202,804.46
Aroostook	1,483,668.27
Cumberland	2,274,154.05
Franklin	336,803.49
Hancock	518,877.69
Kennebec	1,193,970.99
Knox	467,734.77
Lincoln	261,761.22
Oxford	700,647.87
Penobscot	1,560,281.31
Piscataquis	307,921.59
Sagadahoc	285,897.03
Somerset	660,584.79
Waldo	342,630.54

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

MAINE—continued

Washington	$638,881.14
York	1,231,855.26
Total	13,468,474.47

MARYLAND

Allegany	1,509,980.82
Anne Arundel	1,053,138.03
Baltimore	2,377,945.85
Baltimore City	15,365,044.66
Calvert	181,889.52
Caroline	331,917.83
Carroll	686,820.02
Cecil	493,037.43
Charles	308,608.94
Dorchester	511,860.17
Frederick	1,039,259.60
Garrett	380,043.72
Harford	603,301.27
Howard	308,666.21
Kent	271,879.78
Montgomery	939,342.54
Prince Georges	1,147,213.55
Queen Annes	278,160.39
St. Marys	289,958.01
Somerset	446,362.38
Talbot	354,749.47
Washington	1,257,687.38
Wicomico	596,161.61
Worcester	412,802.16
Total	31,145,831.34

MASSACHUSETTS

Barnstable	702,310.70
Berkshire	2,624,018.00
Bristol	7,926,186.60
Dukes	107,678.22
Essex	10,827,389.60
Franklin	1,078,564.88
Hampden	7,293,683.04
Hampshire	1,582,693.74
Middlesex	20,325,247.76
Nantucket	79,959.72
Norfolk	6,509,521.24
Plymouth	3,528,641.14
Suffolk	19,121,112.64
Worcester	10,679,601.08
Total	92,386,608.36

MINNESOTA

Aitkin	310,836.39
Anoka	381,374.65
Becker	466,037.13
Beltrami	428,841.97
Benton	311,809.76
Big Stone	203,744.98
Blue Earth	700,971.37
Brown	485,193.88
Carlton	439,714.72
Carver	350,744.56
Cass	322,889.61
Chippewa	326,431.02
Chisago	273,144.19
Clay	478,815.20
Clearwater	197,697.56
Cook	50,428.85
Cottonwood	306,135.22
Crow Wing	530,735.17
Dakota	716,400.32
Dodge	251,150.17
Douglas	389,617.23
Faribault	448,205.82
Fillmore	512,531.08
Freeborn	595,226.11
Goodhue	648,575.07
Grant	197,246.18
Hennepin	10,723,327.35
Houston	286,729.95
Hubbard	198,733.16
Isanti	250,197.51
Itasca	563,809.04
Jackson	328,522.73
Kanabec	177,236.18
Kandiyohi	488,217.54
Kittson	200,638.43
Koochiching	291,555.38
Lac qui Parle	318,892.58
Lake	146,378.28
Lake of the Woods	86,857.74
Le Sueur	372,572.90
Lincoln	234,035.13

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

MINNESOTA—continued

Lyon	$400,241.46
McLeod	425,010.62
Mahnomen	127,428.63
Marshall	352,132.13
Martin	463,924.71
Meeker	370,998.94
Mille Lacs	291,513.96
Morrison	526,903.82
Mower	581,226.15
Murray	287,910.42
Nicollet	342,750.50
Nobles	385,578.78
Norman	291,203.31
Olmsted	733,672.46
Otter Tail	1,056,334.26
Pennington	217,185.77
Pine	419,667.44
Pipestone	253,448.98
Polk	745,953.49
Pope	270,990.35
Ramsey	5,937,991.91
Red Lake	142,629.77
Redwood	427,040.20
Renville	489,687.95
Rice	620,761.54
Rock	227,023.02
Roseau	261,380.91
St. Louis	4,237,183.16
Scott	292,342.36
Sherburne	201,073.39
Sibley	328,564.15
Stearns	1,286,525.91
Steele	382,617.25
Stevens	210,931.35
Swift	305,161.85
Todd	541,980.70
Traverse	164,395.98
Wabasha	364,765.23
Wadena	227,602.90
Waseca	298,472.52
Washington	512,634.63
Watonwan	265,129.42
Wilkin	202,771.61
Winona	727,832.24
Wright	561,634.49
Yellow Medicine	344,303.75
Total	53,099,466.63

NEW HAMPSHIRE

Belknap	393,187.74
Carroll	248,134.26
Cheshire	585,445.30
Coos	677,107.42
Grafton	744,142.08
Hillsborough	2,436,067.70
Merrimack	975,921.76
Rockingham	934,175.00
Strafford	670,520.40
Sullivan	422,090.68
Total	8,086,792.34

NEW JERSEY

Atlantic	2,387,863.99
Bergen	6,982,010.01
Burlington	1,789,439.33
Camden	4,826,728.56
Cape May	564,087.18
Cumberland	1,337,091.35
Essex	15,945,103.69
Gloucester	1,354,442.26
Hudson	13,213,664.90
Hunterdon	664,346.64
Mercer	3,580,045.59
Middlesex	4,059,539.04
Monmouth	2,112,812.85
Morris	2,816,108.17
Ocean	632,609.97
Passaic	5,779,727.77
Salem	704,634.42
Somerset	1,245,975.16
Sussex	532,387.90
Union	5,838,648.17
Warren	943,472.47
Total	77,310,719.42

OREGON

Baker	403,603.86
Benton	398,809.95
Clackamas	1,113,078.45
Clatsop	508,877.16

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

OREGON—continued

Columbia	$482,932.23
Coos	683,505.57
Crook	80,364.24
Curry	78,461.13
Deschutes	355,303.41
Douglas	529,136.85
Gilliam	83,520.03
Grant	143,094.60
Harney	142,612.80
Hood River	215,316.42
Jackson	792,994.62
Jefferson	55,190.19
Josephine	276,986.82
Klamath	780,684.63
Lake	116,426.97
Lane	1,312,736.37
Lincoln	238,563.27
Linn	595,023.00
Malheur	271,470.21
Marion	1,458,432.69
Morrow	119,028.69
Multnomah	8,148,225.69
Polk	406,109.22
Sherman	71,740.02
Tillamook	284,840.16
Umatilla	587,771.91
Union	421,382.28
Wallowa	188,239.26
Wasco	304,642.14
Washington	729,324.75
Wheeler	67,427.91
Yamhill	530,847.24
Total	22,976,704.74

RHODE ISLAND

Bristol	501,027.33
Kent	1,026,258.30
Newport	832,109.96
Providence	10,784,119.52
Washington	585,799.98
Total	13,729,315.09

SOUTH DAKOTA

Armstrong	1,509.60
Aurora	134,712.93
Beadle	432,443.79
Bennett	86,613.30
Bon Homme	221,477.19
Brookings	317,902.89
Brown	593,612.46
Brule	139,939.92
Buffalo	36,437.97
Butte	162,074.43
Campbell	106,219.23
Charles Mix	315,185.61
Clark	207,985.14
Clay	190,360.56
Codington	329,413.59
Corson	179,925.45
Custer	101,011.11
Davison	317,412.27
Day	275,615.22
Deuel	164,772.84
Dewey	122,202.12
Douglas	136,543.32
Edmunds	164,395.44
Fall River	164,942.67
Faulk	130,108.65
Grant	202,456.23
Gregory	215,495.40
Haakon	88,292.73
Hamlin	156,602.13
Hand	178,981.95
Hanson	115,691.97
Harding	67,724.43
Hughes	132,259.83
Hutchinson	262,368.48
Hyde	69,630.30
Jackson	49,741.32
Jerauld	109,747.92
Jones	59,949.99
Kingsbury	241,630.35
Lake	233,591.73
Lawrence	262,670.40
Lincoln	262,632.66
Lyman	119,541.45
McCook	194,662.92
McPherson	165,565.38
Marshall	180,019.80
Meade	216,665.34
Mellette	99,878.91

Counties and amount to be paid to holders of adjusted-service certificates if H.R. 1 becomes a law—Continued

SOUTH DAKOTA—continued

Miner	$159,055.12
Minnehaha	959,954.64
Moody	181,208.61
Pennington	378,690.73
Perkins	164,489.79
Potter	108,728.94
Roberts	297,806.34
Sanborn	138,241.62
Shannon	76,574.46
Spink	288,786.48
Stanley	44,929.47
Sully	72,687.24
Todd	111,295.26
Tripp	239,875.44
Turner	280,993.17
Union	216,627.60
Walworth	165,886.17
Washabaugh	46,684.38
Washington	34,475.49
Yankton	313,034.43
Ziebach	76,215.93
Total	13,074,060.63

WASHINGTON

Adams	186,954.18
Asotin	197,053.92
Benton	265,257.41
Chelan	766,175.48
Clallam	495,274.78
Clarke	976,453.52
Columbia	128,971.50
Cowlitz	772,763.32
Douglas	183,127.42
Ferry	103,952.24
Franklin	148,638.14
Garfield	88,693.64
Grant	137,230.52
Grays Harbor	1,452,764.04
Island	130,037.18
Jefferson	202,140.12
King	11,226,381.74
Kitsap	745,394.72
Kittitas	439,689.83
Klickitat	237,961.50
Lewis	969,623.48
Lincoln	287,636.72
Mason	243,653.20
Okanogan	448,530.18
Pacific	362,573.40
Pend Oreille	173,294.10
Pierce	3,968,253.24
San Juan	75,009.34
Skagit	851,139.24
Skamania	70,020.02
Snohomish	1,910,013.42
Spokane	3,644,552.94
Stevens	449,281.00
Thurston	759,321.22
Wahkiakum	93,537.64
Walla Walla	688,841.02
Whatcom	1,432,080.16
Whitman	678,499.08
Yakima	1,874,676.44
Total	37,865,451.12

WYOMING

Albany	376,040.43
Big Horn	350,463.06
Campbell	209,865.60
Carbon	355,740.93
Converse	223,138.35
Crook	166,549.59
Fremont	327,602.70
Goshen	367,077.42
Hot Springs	171,015.43
Johnson	150,403.68
Laramie	838,369.35
Lincoln	340,219.62
Natrona	758,014.56
Niobrara	147,499.29
Park	256,304.61
Platte	302,774.85
Sheridan	527,006.25
Sublette	60,711.12
Sweetwater	567,292.95
Teton	62,553.69
Uinta	205,243.56
Washakie	128,324.07
Weston	145,937.79
Yellowstone National Park (part)	6,246.00
Total	7,044,394.95

Mr. LUNDEEN. I hope the gentleman from Ohio [Mr. TRUAX] will have his request granted in the near future, so that we may have old-age-pension information and the cost of the same before us in the CONGRESSIONAL RECORD.

OLD-AGE AND UNEMPLOYMENT INSURANCE

I believe in unemployment insurance and insurance for part-time work, old-age pensions, accident, sickness, and maternity insurance; yes, I believe in taking care of part-time workers, because if a man works only 1 day a week, how is he going to live on that? I believe in accident insurance, in sickness benefits, and maternity benefits. Other nations have done these things, and the bill which I have introduced covers this entire range of social legislation.

While this is slightly beside the question of this revenue bill, and I began to speak about the 2-cent postage and concluded with unemployment insurance, I hope you will forgive me for wandering a little, but it all has to do with the great crisis that we are now facing.

BONUS PETITIONS BY THE THOUSANDS

Day after day thousands of letters, petitions, and appeals have poured in upon Members from veterans of all wars, urging us to pay the soldiers' certificates. We have seen much of George Brobeck, the able and courageous national legislative representative of the Veterans of Foreign Wars; militant speeches have been delivered from coast to coast by Maj. Gen. Smedley Butler and James E. Van Zandt, national commander of the Veterans of Foreign Wars. The voice of the veteran is heard on Capitol Hill, and America will soon listen to the roll call on the bonus bill.

Before I take my seat, I want to appeal to the Members of this House. There is nothing finer or better that you can do, while we are dispensing billions of dollars in every direction, than to pay the soldiers' adjusted-service certificates of $2,000,000,000. It will fall like a gentle rain on the parched countryside. It will do more than all the alphabet measures to hasten the return of that day of prosperity which the industry and patriotism of the American people so justly deserve. I thank you. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 2 minutes to the gentleman from California [Mr. BURNHAM].

Mr. BURNHAM. Mr. Chairman, like many others I find myself between two fires. I have been bombarded with letters and telegrams from soap manufacturers, laundrymen, and so forth, asking that no tax be placed on coconut oil and copra. On the other hand, I have had requests from the dairy interests in my district asking that I support a tax of 5 cents a pound on this commodity.

This morning I received a telegram from Mr. Franck, president of the Citrus Soap Co., of San Diego, asking me to read it into the RECORD, which with the consent of the House, I shall be pleased to do.

SAN PEDRO, CALIF., *February 19, 1934.*

Representative GEORGE BURNHAM,
House Office Building, Washington, D.C.:

Concerning propcsed coconut-oil excise tax this will spell ruin to great many soap manufacturers in this county. It provides no protection against duty-free soap manufactured in Philippines and Canada from coconut oil. Irrespective of Congressman BROOKS', of Pennsylvania, statement price of soap has not remained approximately same since 1926. Price has been in accordance with cost of raw materials and keen competition. Will appreciate your introducing this telegram before House to refute statements of Congressman BROOKS. Please furnish, if possible, copy of CONGRESSIONAL RECORD containing this telegram, also CONGRESSIONAL RECORDS for February 14, 15, and 16. Please lend your support to the defeat of coconut-oil excise tax.

CITRUS SOAP CO.,
GEORGE T. FRANCK, *President.*

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from North Dakota [Mr. LEMKE].

Mr. LEMKE. Mr. Chairman, with the bill under consideration—the revenue bill of 1934—I am not satisfied. But I wish to say that the committee did some good work; it made some improvements upon the existing law. I am not satisfied, however, with a bill which taxes an unmarried man whose income is $2,000 a year—money he has earned with his muscles and his brain—but at the same time does not tax an unmarried man with the same income derived from coupons and dividends. I know the explanation has been

made that the $2,000 income derived from coupons or dividends has already been taxed while in the hands of the corporation. But I am talking of income. I do not care whether that income is derived from earnings of a corporation or by the physical and mental exertion of the individual, it is income just the same and should be equally taxed. There should be equal taxation, and each should bear an equal share of the tax burden. There is no excuse for exempting the one and not exempting the other, or for taxing the one and not taxing the other.

To carry the illustration a little further, a married man with an income of $6,000, earned by his muscle and his brain, is taxed under the present law $140; and under the proposed law here in question he will be taxed $116. If, however, this man's income is derived from coupons or dividends, he is not taxed under the present law nor under the proposed law. Such a bill I cannot approve in its entirety, although some improvement has been made, and I can appreciate the difficulty under which the committee has labored.

This bill still recognizes the tax-exempt feature of the $26,000,000,000 interest-bearing bonds and indebtedness of this Nation. Here again it is said that the Government cannot alter this, that it has made a contract that these bonds would be exempt, and that therefore it must carry out its agreement. I am not so sure about that. The Government recently changed its mind in regard to redeeming paper money in gold and it did not ask the holder of that paper money for permission to change its mind. If the Government can change its mind and break its promise to redeem paper money in gold—if it can compel a holder to give up a gold certificate and take a greenback in return—it can likewise change its mind with reference to these tax-exempt millions and billions of bonds that this Government has issued and is issuing. In other words, the Government has no right to, and cannot legally, surrender its taxing power.

In addition to the tax-exempt bonds of the Federal Government, there are the tax-exempt State bonds. These tax-exempt, interest-bearing bonds throw the burden of the expense of government upon the poor to an unfair extent and compel them to carry an unjust burden of the taxes of government. After all, this bill favors the large incomes and does not recognize the principle that the expense of government should be largely borne by those who have the ability to pay. Therefore, I state again that the bill now under consideration does not meet with my entire approval. This Government should absolutely prohibit unreasonable accumulations of wealth in the hands of a few. The wealth of this Nation must be redistributed and kept redistributed if this Nation is to endure. I therefore favor an income tax that would limit the net income of any one individual at not to exceed $100,000 a year. I favor an inheritance tax that would absolutely prohibit any one individual from inheriting more than $200,000.

The bill now before us will stop some taxdodging, but it does not stop the taxdodging in those States that have the so-called "community property laws"—laws which recognize the equal ownership of husband and wife in their property. In States that have these laws, the receivers of large income have manipulated it so as to escape the taxation in the higher brackets. In those States the wife makes a tax return for one half of the property and the husband for the other half, and in that way they have escaped the higher taxation and the Government is losing $50,000,000. Why was not that stopped? This Congress has the power to stop it. It should stop it. It should treat all the citizens alike regardless of the State in which they live.

The Constitution says that the citizens of each State shall be entitled to all the privileges and immunities of the several States. I maintain that the individuals residing in these eight States are enjoying an unfair privilege; and I am equally certain that the citizens of these States do not ask for such advantage.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. LEMKE. I yield.

Mr. KNUTSON. I may say to the gentleman from North Dakota that it is the purpose of the Committee on Ways and Means, if I may speak for the committee, to take up the very matter of which the gentleman now speaks as soon as this bill has been disposed of.

Mr. LEMKE. I am glad to hear that and thank the gentleman for the information.

The sales tax has been mentioned in this debate. Let us see what a sales tax is. A sales tax has for its object and purpose one thing only—to tax the necessities of life—the things one must eat, drink, wear, or use. That is what the proponents of a sales tax want to tax. On the other hand, an income tax hits that part of an individual's income that he does not use for a livelihood. There we have the difference between a sales tax and an income tax. A sales tax is a tax upon consumption. An income tax is a tax upon surplus. An income tax, with proper exemptions, taxes the surplus only, while a sales tax taxes the necessities of life.

In order to get a toe hold, some of our good friends advocate starting in with a sales tax on a few articles first. They forget that the tax-eaters will not stop there. They milked the old cow dry, and now they are trying to get another cow to milk. Each session of Congress will go one step further until you will tax the milk that the baby drinks and the bread it eats. There is no question what a sales tax is in the long run—it is a tax upon consumption—a tax placed upon the shoulders of those who are least able to bear it.

Mr. TRUAX. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Ohio.

Mr. TRUAX. Is it not a fact that each and every sales tax that was ever enacted was an effort to shift the burden of taxation from the backs of the wealthy to the backs of the poor?

Mr. LEMKE. There is no question about the gentleman's statement, and that is the purpose of all sales taxes. The sales tax is enacted upon the theory that everybody ought to pay the tax, and I say without fear of contradiction that there are millions of men and women who cannot pay a tax, and they should not be taxed.

Mr. MILLARD. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from New York.

Mr. MILLARD. Would the gentleman vote for a manufacturers' sales tax provided you exempt food, clothing, and medicine?

Mr. LEMKE. No; because then we would be bringing in a new cow. We would be starting in easy, but we would take all the milk after a while.

Mr. McCORMACK. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. Is the gentleman in favor of a processing tax on flour and cotton, which are necessaries of life?

Mr. LEMKE. I will say to the gentleman that I stated at the time these laws were enacted that they were just make believe and they would not help the farmer very much. They give a lot of people—broken bankers—jobs to lord it over the farmers.

Mr. McCORMACK. Did the gentleman vote for the bill?

Mr. LEMKE. Yes; I voted for the bill, and I will vote to wreck this Nation financially, if necessary, in order to feed the hungry and save the homes of the Nation.

Mr. McCORMACK. The gentleman favors a tax which will be detrimental to the suffering and distressed industrial worker?

Mr. LEMKE. No.

Mr. McCORMACK. Why, is not that the effect of the gentleman's statement?

Mr. LEMKE. I cannot agree with the gentleman, because the industrial workers have lived off of the farmers. The farmers have been selling their products below the cost of production, and we refuse to do it any longer. We simply say that you should help us in our getting the cost of production, and we will give the industrial laborers all they need in order to be able to eat, be clothed, and to raise their standard of living.

Mr. McCORMACK. In other words, it is all right to tax the industrial worker to help the farmer?

Mr. LEMKE. No.

Mr. McCORMACK. The gentleman cannot get away from the fact that is what the gentleman does, and that is what you are agreeing to.

Mr. LEMKE. We have a petition for the Frazier bill here. Will the gentleman sign it? If the Members will pass this bill, we will not need a processing tax. If the Members will pass the Patman bonus bill, we will not need a processing tax, and we will not need a sales tax, because then the incomes will again be sufficient to take care of the expense of government. There will then again be enough money in circulation to do the Nation's business.

Mr. TRUAX. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Ohio.

Mr. TRUAX. Is it not a fact that the industrialists of the East for 10 years have kept effective farm legislation down, and until we had a President with the courage of Franklin D. Roosevelt they had always kept us down? They voted against the McNary-Haugen bill two or three times.

Mr. LEMKE. I agree with practically everything the gentleman says.

Mr. TRUAX. The industrialists have fattened off the farmers of this country for a number of years.

Mr. LEMKE. When I say "industrialists" I do not mean the laboring people. They have been kept down in the East as well as in the West.

Mr. TRUAX. I mean the capitalists.

Mr. LEMKE. They have debauched practically every department of the Government in the past.

Mr. HOLLISTER. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from Ohio.

Mr. HOLLISTER. The gentleman said he would vote to wreck the country, if necessary, in order to feed the hungry. Did the gentleman mean that statement?

Mr. LEMKE. I will go the whole limit even to a financial collapse, to feed and to save the homes of the Nation, and that is what we are doing, unless we have sufficient intelligence to pass the Frazier-Lemke bill and the Patman bonus bill and get an intelligent expansion of the currency.

Mr. HOLLISTER. Does the gentleman feel that if there is a financial collapse of this country this will help the hungry of the country?

Mr. LEMKE. No; but I hope that we have intelligence enough to pass the Frazier-Lemke bill and the Patman bonus bill, and, in addition, the Wheeler bill remonetizing silver.

Mr. HOLLISTER. Then the gentleman would like to withdraw the statement?

Mr. LEMKE. No. I do not withdraw anything.

Mr. ELTSE of California. Will the gentleman yield?

Mr. LEMKE. I yield to the gentleman from California.

Mr. ELTSE of California. Will the gentleman tell me whether or not the 5-cent tax on coconut oil is a sales tax?

Mr. LEMKE. The 5-cent tax on coconut oil is a tariff.

Mr. ELTSE of California. It is a tariff?

Mr. LEMKE. Yes.

Mr. McCORMACK. Does the gentleman believe that a tariff provision should be put into a revenue bill?

Mr. LEMKE. No; but this bill has made some improvement, but it has not gone the full limit.

Mr. TRUAX. May I suggest to the gentleman that since they have a provision in the bill which increases the surtax upon incomes of $500,000 only 2 percent I think he is perfectly justified in saying that the 5-cent tax on coconut oil is a good tax to protect the farmer.

Mr. LEMKE. I may say that we have enacted tariff laws for the protection of the few. The tariff law is simply a subterfuge to fix prices on monopolized articles. It has never helped the farmers, because the farmers have never been able to get together and monopolize their industry. The tariff, through all the years, has been a make-believe and not a real advantage to the farmers. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield one half hour of my additional time to the Chairman of the Ways and Means Committee [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. PEYSER].

Mr. PEYSER. Mr. Chairman, I do not agree with the previous speaker in his reference to the sales tax; but inasmuch as we will not have an opportunity to discuss this very important subject unless it should be proposed in the motion to recommit, I will at this time express my views regarding it. I was hopeful that the committee might have included some form of a sales tax in the bill which we have before us. I think that the suggested bill by the gentleman from New York, who is a member of the Ways and Means Committee, exempting from taxation food, clothing, and drugs, would have set up a tax which would have been a fair tax and one easy to administer, not with the object of eliminating an income tax but with the idea of distributing the tax in a fair way, removing the present excise taxes which are now in effect and being collected from a few of the major industries, including amongst them jewelry, furs, automobiles, gasoline, and so forth.

The bill which we are discussing, in my judgment, is a measure that will go a great way to plug up the holes through which revenue has been escaping by a method of "legal violations", and I feel sure that the bill will pass with little or no objection. However, I cannot see why we should not, at this time, begin to set up a general sales tax in order to secure a part of the funds necessary to carry on the Government, from all persons instead of from a selected few. The jewelry industry at the present time is burdened with a 10-percent tax and, during the period of depression, the natural curtailment in purchases in that business was a sufficient handicap to their progress, to say nothing of the extra tax levied against them. Why should they not have an opportunity to, at least, be on the same basis as all other industries which are not taxed in a similar manner? I cannot see the fairness in picking out any industry to carry the burden when it is possible to distribute the collection of revenue to all concerned. This same argument, in my judgment, holds good on the tax now being collected on tickets of admission to entertainments. Amusements and entertainments are a necessity and should not, in my judgment, be discriminated against simply because they are not looked upon as one of the essentials necessary for our existence. I therefore want to go on record at this time as being strongly in favor of a sales tax which will not cause a pyramiding of taxation and which will not react against the small wage earners because, under the plan which I strongly favor, food, clothing, and drugs would be exempt. I dare say without any hesitation, that 99 percent of the earnings of the smaller wage earner goes for purchases of articles which would not be taxed at all.

The income tax will undoubtedly remain a good many years as a part of our taxing system; and the sales tax, which I hope some day will become a part of our revenue laws, would only be to supplement that tax and create a fair distribution of taxation instead of taxing a selected list, all of whom are suffering under the unfair and heavy burden. Just so long as we endeavor to tax in that manner we are continuing an element of unfairness in our tax program, and I think it is time to undo what in my judgment constitutes a wrongdoing under the present system.

However, I hope some day we will have an opportunity of discussing at greater length a tax of this type; and if we do, I shall support it whole-heartedly.

In the present tax bill, which we are discussing, there is one section I should like to refer to, and that is section 22 referring to a tax on life-insurance annuities. In this particular measure I would not say that the committee has erred, because their object is to plug up loopholes; but as presented to us in this section it is not a question of plugging up loopholes but a question of whether they should collect the tax now or, as outlined in the Revenue Act of 1932, wait until the full consideration in payment of the annuity purchased is returned.

I expressed myself on this subject to the committee this morning in the hope they may reconsider and bring in a committee amendment restoring the tax as outlined in the 1932 act. It is my sincere belief that the Government will get more money as a result of following the present law on annuities than by putting into effect the change which they are considering. I say this for the reason there will be some discouragement in the sale of annuities when the purchaser knows there is going to be a tax levied against part of his income from that source; and should this take place, I believe the reduced number of sales will lessen the amount of commission earned to such amount that the gain in taxes collected will be more than offset.

The Committee has set up a fine bill, and I do not intend to criticize what they are endeavoring to accomplish, but in the section in question they are simply changing the date when the tax on this particular item is to be collected, as there is no loophole to be plugged.

I sincerely hope before the consideration of the bill is concluded the committee will present my thought as a committee amendment, and I believe the Members of the House will agree with me if the matter is discussed.

I believe there should be a tax as now collected. Under the present plan the purchaser of an annuity does not pay any tax until such time as his purchase price has been returned to him. Then what he receives after that time is taxable in full, but the idea of the committee is to collect it now, and they propose to set up what is called an arbitrary rate. I am not a lawyer, but I have my doubts as to whether this would stand the test of the courts. The 3 percent of the purchase price to be construed as interest earned, proposed under the bill we are discussing, is stated to be earned income, and in an individual case, in my opinion, I doubt whether it could be proven as such.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Chairman, I want to discuss the advisability of returning to the 2-cent rate on first-class mail.

I recognize the fact I am forced to differ with the Post Office Department in this matter, and I also appreciate the fact that perhaps a change at this time might result in reduced revenues for the first fiscal year affected by the reduction; I also recognize the fact that the longer we continue these excessive charges, the greater will be the cumulative losses to the Post Office Department.

What purpose and objective should the Post Office Department have in mind when the country is going through a very serious economic crisis? Postmaster General Bissell, in the administration of President Cleveland, in an annual report, made the statement that other Departments of the Government might well economize, but not so, with the Post Office Department, because it is the duty of the Post Office Department to increase service, to accelerate deliveries, and to aid in bringing about economic and industrial recovery.

In this economic crisis we find the Post Office Department increasing rates, reducing service, and creating more unemployment as a result of such methods. We find the Post Office Department not the aid it should be to business, because it forces business to look in other directions for the services so necessary at this particular time.

A return to 2-cent postage rate might result in reduced revenues for the time being, but as time goes on we will increase the volume, reduce the unit cost of handling, and we will likewise eventually increase the revenue.

In order that you may see the difference in the attitude between the members of our committee who have approached this question from a practical viewpoint and the attitude of the experts of the Department, let me explain that within the last 2 or 3 years these same representatives of the Department have submitted estimates of revenues to be derived from increasing postal charges, and in nearly every instance the estimates were wrong. Bills were introduced to increase rates and instead of building up postal volume and revenue the opposite results took place and the experts were wrong.

Special services were increased on their advice, and here is the record:

Insurance and c.o.d. matter produced a revenue in 1932 of approximately $10,000,000. We increased the rate and the next year the revenue dropped to about $9,000,000. The Department experts were wrong by $3,800,000. These are approximate figures.

Money-order rates were next considered and the rates were increased. The revenue in 1932 was nearly $16,000,000 and the revenue in 1933, under the increased rates, was somewhat over $16,000,000, or an increase of less than $650,000; but the Department's estimate was that the increased revenue would amount to $1,250,000, and they were wrong by $600,000.

Registered mail was next. In 1932 the revenue was $10,300,000. In 1933 it was $10,800,000, an increase of $500,000, and the Department experts were wrong this time by $6,500,000.

Mr. FREAR. Will the gentleman yield?

Mr. MEAD. I will gladly.

Mr. FREAR. I am in agreement with the gentleman's proposition. I think, myself, most of the Members of the House on both sides of the aisle respect his judgment and that of the gentleman from Pennsylvania [Mr. KELLY]. I want to ask the gentleman this question: If he has made any estimate of what will be the loss under the 2-cent postage? We had information that it would be $75,000,000, but with those with whom I have consulted we did not believe it would amount to one third of that amount.

Mr. MEAD. The longer we continue the 3-cent postage rates the more volume we drive out of the Department. It will take a longer length of time to win back the patrons who have left us. I do not believe we would lose $75,000,000 or anywhere near that sum.

Mr. SNELL. Will the gentleman yield?

Mr. MEAD. With pleasure.

Mr. SNELL. As I understand, in the bill there is one section that reduces the rate on second-class mail matter. How much will that increase the revenue?

Mr. MEAD. There again we resort to estimates, but I do not believe it will reduce the revenue. I believe it may ultimately increase the revenue, because when we increase postal charges higher than the traffic will bear we drive business out of the Department, and when we give the patrons reasonable charges, we get it back. So I do not believe it will reduce the revenue, although it may disturb them for the time being.

Mr. SNELL. The gentleman takes the same position in regard to 2-cent postage?

Mr. MEAD. Yes; on the theory that the cost-ascertainment report was never intended for rate-making purposes and the figures given in that report cannot be used in determining losses. It is on the assumption that we can take on an increase in volume of $100,000,000 without putting in another letter carrier. Volume is what we need at this time. That would decrease the unit cost of handling of all classes of mail.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. VINSON of Kentucky. With reference to the matters referred to by the gentleman from New York [Mr. SNELL], the advertising portion of newspapers and publications, the proof before the committee was that a material volume, formerly carried by mail, was now distributed by trucks, baggage, express, and freight. If we could win back that volume, we might increase the revenue with no material increase in expenditure. Not only would you have increased revenues that comes from advertising matter, but you would have an increase in revenue from the volume of newspaper matter which now does not go through the mail.

Mr. FREAR. If the gentleman will yield, that applies equally to the first-class mail because a good deal of it goes by messenger.

Mr. VINSON of Kentucky. Yes; you get the increase in the volume of advertising matter and likewise in the volume

of newspaper matter, and in addition thereto an increase in first-class mail matter growing out of the additional advertising.

Mr. MEAD. Here is the second-class situation: In 1932 the revenue was $19,708,000. In 1933 the revenue was reduced to $16,997,000, or a decrease of $2,711,000. The Department estimated an increased revenue of $3,000,000. Instead of an increase it was a decrease, and the experts were again wrong by $5,711,000. When Postmaster General Brown came before one of our committees he stated that if we would increase the first-class postage rate from 2 cents to 3 cents on local and nonlocal letters, the increased revenue would be $135,000,000. Based on the records the Postmaster General was wrong by over $100,000,000.

Here is what is happening in the Postal Service, and here is a list of the methods now being employed to escape increased postal rates. People are changing from first to third class, that is, to the one and a half cent rate. Patrons are turning from letters to postal cards, and they are using the Western Union and Postal Telegraph messenger service. They are making delivery of mail by the use of their own employees as messengers, and by consolidating all mailing departments into one large organization within a given corporation. They are dispatching bills with goods or shipments rather than through the mails. They are employing independent mail distributing agencies, and we found such agencies being organized in some sections of the country. Firms and societies are addressing one letter or one notice to a group of people. We found that practice being resorted to. Also, they are reducing the amount of mail advertising by going out of the mail advertising business entirely and using the radio instead of the mails.

These methods and a hundred other methods are being adopted all over the country in order to avoid and escape high postal rates, and in almost every instance when the experts in the Department recommended increasing postal rates and gave an estimate of increased revenue to be secured thereby, they were wrong. So I hope this House will approve a return to the 2-cent postage rate. [Applause.]

These figures are interesting and indicate the situation which exists at the present time:

First-class postage revenues

Fiscal year:	
1931 (2-cent rate)	$335,000,000
1932 (2-cent rate)	310,000,000
Loss, 1932 over 1931 (8 percent due to depression)	25,000,000
1933 (3-cent rate)	332,000,000
Loss, 1933 over 1931	[1] 3,000,000
Increase, 1933 over 1932 [2]	[2] 22,000,000

First-class pieces carried

Fiscal year:	
1931 (letters at 2 cents)	14,000,000,000
1932 (letters at 2 cents)	13,000,000,000
1933 (letters at 3 cents)	9,000,000,000
Decrease in 1933 over 1932 (letters)	4,000,000,000
Decrease in 1933 over 1929, maximum year, with high total of 16,000,000,000 pieces (letters)	7,000,000,000

FIRST CLASS

The number of letters under 3-cent rate is steadily decreasing.

From July to December 1932 there were 3,527,430,000 pieces of first-class mail sent at the 3-cent rate. From July to December 1933, still under the 3-cent rate, this volume had declined to 3,498,000,000 pieces, a decrease of 29,430,000 pieces.

In comparison with the above figures, the number of letters for local delivery has increased since the 2-cent rate on local letters went into effect on July 1, 1933, as follows:

From July to December 1932 there were 1,418,179,200 letters sent at the 3-cent rate, while from July to December 1933, when the 2-cent local rate was in effect, this volume increased to 1,673,800,000 letters, an increase of 255,620,800 pieces.

While the revenue from local-delivery letters for the 1933 period, at the 2-cent rate, does not equal the revenue for the same period in 1932, at the 3-cent rate, it does show that the volume of mail is increasing under the reduced rate.

First-class

Number of letters under 3-cent rate steadily decreasing:	
1932, July to December—pieces	3,527,430,000
1933, July to December—do	3,498,000,000
Decrease—do	29,430,000
Number of letters under the 2-cent rate (local delivery) shows an increase:	
1932, July to December (3-cent rate)—pieces	1,418,179,200
1932, July to December (2-cent rate)—do	1,673,800,000
Increase—do	255,620,800

Postal cards

Fiscal year 1932 (postal cards, 1 cent)	1,447,262,223
Fiscal year 1933 (postal cards, 1 cent)	1,452,212,311
Increase, cards	4,950,088

This shows an increase in volume when the rate remains constant, 1 cent having been the charge for many years, with the exception of a bad experiment made in 1925, when we raised the rate on private mailing cards to 2 cents and lost so much business that we were forced to return to the old rate of 1 cent.

The rate on private mailing cards was raised to 2 cents by the act of February 28, 1925. This increased rate reduced the number of post cards carried in the mails to approximately one fourth the number carried in 1925, at the time the act was passed. It was expected that this higher rate would bring in $10,000,000 additional revenue; instead it resulted in an increase of only $354,826.

It was estimated in 1925 that approximately 1,250,000,000 post cards were carried in the mails. In 1926, after the increased rate had gone into effect, the volume decreased to 206,051,432; and in 1927 to 183,501,423, and the revenue was decreased accordingly. By 1928 the volume had fallen off to such an extent that only 171,674,648 post cards were carried in the mails; but by that time the administration and Congress realized its mistake and reduced the rate, by the act of May 29, 1928, to the original 1-cent charge. The very next year, fiscal year 1929, the number of post cards increased to 283,135,432, or a total of Government postal cards and private mailing cards (post cards) of 1,700,278,206.

Second class

1932 revenue	$19,708,230
1933 revenue	16,997,032
Decrease	2,711,198
Department had estimated an increase of	3,000,000
They were wrong by	5,711,198

Second-class rates in effect prior to July 1, 1932, and those now in effect under Revenue Act of 1932:

NOTE.—Reading matter is 1½ cents per pound. Change was made only in rates on advertising matter, which is subject to zone pound rates.

Zone	Rates in effect prior to July 1, 1932	Rates in effect now
	Per pound	*Per pound*
1 and 2	$0.01½	$0.02
3	.02	.03
4	.03	.05
5	.04	.06
6	.05	.07
7	.06	.09
8	.07	.10

USE OF THIRD CLASS INSTEAD OF FIRST CLASS

The postal receipts for last December show a decrease from the receipts for the month of December in the preceding year, 1932:

[1] Or less than 1 percent.

[2] Department estimated that with the 3-cent rate there would be a gain of $134,000,000. Actual gain was $22,000,000, so Department was wrong by $112,000,000.

[3] Or 7 percent.

Postal receipts at 50 selected and 50 industrial offices during December

December 1932:	
50 selected offices	$33,097,443.42
50 industrial offices	3,783,695.44
December 1933:	
50 selected offices	30,976,120.57
50 industrial offices	3,624,253.59

The use of third class instead of first class is indicated by the increase in the revenues for third-class mail matter over what was received in the preceding fiscal year—

Fiscal year:	
1932 (2-cent rate on first class) revenue for third class	$50,687,165
1933 (3-cent rate on first class) revenues for third class	50,926,364
Increase, 1933 over 1932	239,199

Mr. KNUTSON. Mr. Chairman, I yield now to the gentleman from Pennsylvania [Mr. COCHRAN] such time as he may desire.

Mr. COCHRAN of Pennsylvania. Mr. Chairman, those of us who believe in the parliamentary system of government see great danger to its perpetuity in the method employed in legislating in the House of Representatives. I will not indulge in any carping criticism, but I am going to point to the facts relative to the adoption of the rule under which this bill is not being legislatively considered.

Last spring, in the special session, as a justification for the adoption of gag rules, the majority leader stated that it was necessary because of a great national emergency which, he said, equaled the emergency that existed during the World War. Manifestly that same leader now cannot urge the same reason and at the same time argue that the country is rapidly recovering from the depression. A new reason is advanced—a novel one—and I hope that in referring to it I shall not hurt anyone's feelings. I shall state the facts and let the facts argue the case. Why was this gag rule adopted? It provided for 16 hours of general debate, later extended to 18 hours, but not one of the 435 Members of the House was permitted by its provisions to offer an amendment that would so much as change the punctuation of the bill. In answer I quote from the CONGRESSIONAL RECORD of February 14, as follows, from page 2503:

> With reference to this particular rule, as has been indicated, a revenue bill is necessarily a matter of very involved, technical procedure.

I quote further, from page 2506:

> But this bill is too complicated, it is too involved, it is too technical for any Member of this House on a few hours' study to understand all of its provisions and complications.

And further, from page 2507:

> Simply because the income-tax structure is so involved and so complicated that we do not believe that we as members of the Committee on Ways and Means could understand all amendments that might be proposed.

In other words, the sole reason assigned for the adoption of this gag rule is simply that this House has not sufficient intelligence to legislate upon the bill now before it. That question was squarely raised, and when put to a vote 241 Members voted their "lack of intelligence." I am wondering what that weekly news magazine Time will say when and if it inscribes the names of those 241 Members upon its scroll of immortals. I appreciate that a few of the minority Members voted for this rule. However, it is now well understood that they did so at the direction of the minority leader, Mr. SNELL, who, exercising superior strategy, led the majority Members to vote their own lack of intelligence.

I am glad to note the attitude of some of the new Members upon the majority side with reference to this method of legislating. It was refreshing to note the position of the gentlewoman from Arizona [Mrs. GREENWAY], the gentleman from Kentucky [Mr. BROWN], the gentleman from Illinois [Mr. KELLER], and the gentleman from California [Mr. HOEPPEL], as well as that veteran from Massachusetts [Mr. CONNERY]. When the ringmaster held up the hoop they refused to jump through. Of course, we members of the Ways and Means Committee may take this method of legislation as a compliment, when the House delegates to us, alone and unaided by it, the duty of enacting revenue legislation.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Pennsylvania. Yes.

Mr. CANNON of Wisconsin. I am in sympathy with the gentleman's position, because I voted against the gag rule; but does the gentleman think it is proper for either side of the House to spend 16 hours in debate on a proposition where no amendments can be offered to it?

Mr. COCHRAN of Pennsylvania. I think very little good can come. However, I think there is some benefit, as it bears on future legislation.

Mr. CANNON of Wisconsin. Can the gentleman tell me where there is any benefit which can be compared with the tremendous expense the taxpayers are put to as a result of 16 hours' debate on a proposition as to which you can talk yourself blue in the face but cannot change in any respect?

Mr. COCHRAN of Pennsylvania. I will say to the gentleman that the time is now 18 hours of debate, and I agree substantially with what he has said.

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Pennsylvania. Yes.

Mr. KNUTSON. The gentleman does not mean that it would be possible or desirable to rewrite this bill on the floor of the House. Has the gentleman in his time here ever seen an important measure like this being revised on the floor of the House?

Mr. COCHRAN of Pennsylvania. I have a higher opinion of the abilities of the Members of this House. The Chairman of the Rules Committee, who urged so strongly the adoption of this rule, I think, could have improved this bill with his unusual ability and his years of experience.

Mr. KNUTSON. Will the gentleman yield further?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. KNUTSON. Would it not be logical to discharge all committees of the House and legislate on the floor?

Mr. COCHRAN of Pennsylvania. Of course, the gentleman knows that that is impossible. Committees exist for the purpose of gathering the evidence, submitting a bill with recommendations, for the study of the House, and that is one of the reasons for the existence of the House. The House is the legislative court of last resort, and it should be so considered. I do not desire to argue the matter further.

Mr. FREAR. May I suggest something to the gentleman?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. FREAR. One reason why the House has lost its standard for debate, and most of it has been transferred to the other end of the Capitol, has been due largely to these gag rules.

Mr. COCHRAN of Pennsylvania. I quite agree with the gentleman.

Mr. DOUGHTON. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. DOUGHTON. The gentleman has been a Member of the House quite a long time. Has the gentleman a consistent record of voting against all closed or gag rules, as they are called?

Mr. COCHRAN of Pennsylvania. I do not have an unbroken record, but I will say to the gentleman that this is the first time in my experience, or even within my knowledge, that lack of intelligence on the part of the House to legislate has been advanced as an argument for the adoption of a closed or gag rule.

Mr. DOUGHTON. Who has advanced that argument?

Mr. COCHRAN of Pennsylvania. For answer, I refer the gentleman to the excerpts I have just read from the CONGRESSIONAL RECORD.

Mr. DOUGHTON. Simply because it may have been stated that an intricate tax bill like this could not be prepared on the floor of the House, does not bear out that contention. The gentleman knows it was only with the assistance of the legislative staff and the Treasury Department experts that we were able to prepare this bill and make it conform to the purpose we had in mind. It is no reflec-

tion whatever upon the intelligence of the House, any more than it is a reflection upon the membership of the committee of which the gentleman is an able member, as the gentleman himself must admit it could not have been written without the assistance of tax experts. The gentleman knows furthermore that we cannot utilize the assistance of the experts on the floor of the House.

Mr. COCHRAN of Pennsylvania. I stated at the outset of my remarks that I was not indulging in carping criticism, but was simply citing the facts, as I read them from the CONGRESSIONAL RECORD, and I am permitting the facts to speak for themselves.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. FITZPATRICK. On the tariff bill in the Seventieth Congress how did the gentleman vote on that gag rule?

Mr. COCHRAN of Pennsylvania. I probably voted for it, but not for the reason for which the gentleman from New York voted for this gag rule.

Mr. FITZPATRICK. You were in a majority of over 100 on the Republican side at that time.

Mr. COCHRAN of Pennsylvania. And you are now in a majority of 196.

Mr. FITZPATRICK. Well, you had 100 or more.

Mr. COCHRAN of Pennsylvania. I started to say this procedure may be a compliment to the members of the Ways and Means Committee. If it be so intended, I would still denounce it, because, then, revenue legislation could be by 13 Members of the House alone. I cannot conceive that we can enact the best legislation unless we have the combined judgment of the entire House.

This bill has good features as far as it goes, but it does not go far enough. It does not go as far as it could have gone, with the evidence before the committee. An entirely unintentional misstatement, I take it, has crept into the report, and I quote from page 4 touching the additional revenue which the bill is supposed to provide:

> The additional revenue which will be obtained in a full year of operation of the proposed bill is estimated as follows:

And then follow 11 items, with the statement that the total additional revenue in a full year of operation of the proposed bill is $258,000,000. But one of those items, and by far the greatest in amount, is $85,000,000, which it is proposed to secure by proper administration of existing depreciation and depletion laws, and not under the provisions of this bill. So that in the interest of accuracy we should deduct that $85,000,000 from the total of $258,000,000, and inform the country we are bringing to the Treasury only $173,000,000.

Mr. SAMUEL B. HILL. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. SAMUEL B. HILL. Does the gentleman deny that the Treasury will get this $85,000,000 which the committee reports under proper and more strict administration of the depreciation allowances?

Mr. COCHRAN of Pennsylvania. Oh, no; I would not deny that; but the point I am making is that the $85,000,000 will not come from any provision in this bill but rather from the proper administration of existing law.

Mr. SAMUEL B. HILL. I think if the gentleman will read the report fully, he will find that the committee does not claim that this item of $85,000,000 comes into the Treasury through provisions in this bill; but what the committee does claim—and I think the gentleman now speaking will agree with me on that point—is that by reason of the disclosures by the subcommittee of the extremely liberal depreciation allowances and by reason of the report of the subcommittee's recommending a 25-percent reduction in the depreciation allowances, the Treasury Department instigated a resurvey of all depreciation allowances and is now proceeding upon a different theory from what it proceeded upon before, and will thus save this large item of $85,000,000 of revenue to the Treasury as the direct result of the work of the committee on this bill.

Mr. COCHRAN of Pennsylvania. I say to the chairman of the subcommittee that I yield to no one in my praise of the work of that subcommittee and the results they are attaining. My only criticism—and it is friendly—is that they have not gone far enough; that they have not stopped known leaks that would yield the Treasury immense amounts of much-needed revenue. I refer in that statement to the loss in revenue resulting from the application of the present income tax law to the eight community-property States.

I was interested in the first paragraph of the report, which reads as follows:

> The Committee on Ways and Means, to which was referred the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, having had the same under consideration—

And so forth.

Surely there is great inequality in taxation between this group of 8 States and the remaining 40 States, to the benefit of the 8 States of a sum estimated by the Treasury Department at anywhere from forty to sixty million dollars. That is inequality, and that is tax avoidance which I think ought to have been remedied in this bill.

Mr. SAMUEL B. HILL. The gentleman understands, I take it, that the Treasury proposal as to joint returns applied to the entire 48 States, and would have required joint returns of husband and wife in all of the 48 States. Is the gentleman in favor of that proposal?

Mr. COCHRAN of Pennsylvania. I am not.

Mr. SAMUEL B. HILL. That would be a way of taxing equally the spouses in all the States, would it not?

Mr. COCHRAN of Pennsylvania. That is right.

Mr. SAMUEL B. HILL. Then, why not put that proposal in? Why is not that a fair proposition; and why is not the gentleman in favor of it?

Mr. COCHRAN of Pennsylvania. I will tell the gentleman why. Husband and wife can legally have separate estates in every State of the Union. They are not one when it comes to the holding of property.

Mr. SAMUEL B. HILL. Upon that point, if the gentleman will yield, that is exactly what takes place in these community-property States under the laws of those States; and the Supreme Court so holds, that the property is separate estate and our States are simply claiming the right the gentleman is claiming for his State, and that is that they be taxed upon their separate estates. If I may suggest, also, the estimate of the Treasury Department as to the savings in revenue by the joint-return proposition in all 48 States was $40,000,000; and the estimate was not confined to the 8 community-property States.

Mr. FREAR. If the gentleman will yield in this connection, the report of the subcommittee was not that of the Treasury Department; and on that report was based the estimate that between $50,000,000 and $60,000,000 would probably be saved if the 8 community-property States were brought in under the laws governing the remaining 40 States. The savings which would be made by the Treasury Department are well illustrated by the fact that the gentleman from the State of Washington pays $240 tax on his salary, whereas I living in one of the 40 States which do not have community-property laws pay a tax of $320.

Mr. SAMUEL B. HILL. Mr. Chairman, will the gentleman yield further?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. SAMUEL B. HILL. There was no report from the subcommittee upon this subject—that is, no recommendation; there was simply a report back that the matter had been brought up for consideration and the Treasury Department's estimate was made upon the joint returns of husband and wife in all 48 States. I resubmit that proposition as being correct.

Mr. FREAR. The record shows for itself.

Mr. KNUTSON. Mr. Chairman, if the gentleman will yield—the gentleman, who is a member of the Ways and Means Committee, did acknowledge that there was some question raised as to the constitutionality of any action we might take to equalize the law in all 48 States.

Mr. COCHRAN of Pennsylvania. A case from Wisconsin was cited.

Mr. KNUTSON. Yes; and the gentleman will further recall that it was agreed that in order not to jeopardize this revenue bill we would leave that feature out and bring it in under separate legislation. The gentleman recalls that, and he recalls also that it is going to be taken up as soon as the revenue bill is out of the way. At least that is my understanding.

Mr. FREAR. The chairman of the committee assured us that it was going to be taken up.

Mr. SAMUEL B. HILL. The chairman of the full committee has assured me that the matter will come up when this revenue bill is disposed of, and that we shall have an early hearing upon such a bill.

Mr. KNUTSON. If the gentleman will permit, may I, too, say that the chairman of the committee has assured me that this legislation will be taken up immediately after the revenue bill is out of the way.

Mr. COCHRAN of Pennsylvania. I am very glad to hear that. My information is that the loss of revenue in the sum of $50,000,000 was confined to the eight States having community property laws. Because of figures which I shall cite very shortly and which were startling to me, I delayed making these remarks in order to verify the same.

I am violating no confidence of the committee when I say that a short amendment passed the committee which would have placed the taxpayers of those States having community property laws in exactly the same position as the taxpayers in the other 40 States; but for some reason it was reconsidered the next day. Now, there is an actual saving of $173,000,000 under this bill; but I say there could have been an additional saving of $50,000,000, or more than 29 percent; and these figures justify my statement that I thought the bill could have been improved on the floor of the House.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. BROWN of Kentucky. Cannot the gentleman prevail upon the Members on his side to offer this amendment as a motion to recommit? I assure the gentleman that, as one from the majority side, he will have my vote to help him along with it.

Mr. COCHRAN of Pennsylvania. I compliment the gentleman from Kentucky.

The figures which I say startled me are obtained from the statistics of income for 1932 prepared under the direction of the Commissioner of Internal Revenue. It is there shown that for the year 1932, 3,760,402 persons filed income returns, of whom only 1,864,969 paid tax. In other words, only 1½ percent of the population of the United States paid any income tax whatever in that year. Is it not an unjust portion of the burden of operating the Government that is thrown upon this 1½ percent of the people? This is one of the reasons why I have supported a general manufacturers' sales tax, and why I shall support the Crowther amendment, which I hope will have a vote.

To my mind these facts demonstrate either that the tax base must be materially enlarged or that we must resort to a sales tax. The amendment of the gentleman from New York [Mr. CROWTHER] is not a substitute for the income tax but is intended only to supplement it. It provides for exemptions of food, clothing, and medicines, so that the burdens of its provisions, if any, will be taken off the poor people and yet a vast number of people will be enabled to contribute something toward the expense of our Government in return for the great benefits bestowed upon them by their Government.

One objection to enlarging the tax base is that it will increase the cost of collection out of proportion to the benefits to accrue. The cost of collection of a sales tax such as I have described would be infinitesimal, and it would be a tax which nobody would feel.

From this same source I find that the total income tax from individuals in 1932 amounted to the sum of but $324,744,617, and I want to contrast with that sum the avoidance of $50,000,000 of income tax by the taxpayers of the eight community-property States. Had we included in this bill the short, simple amendment I mentioned, the annual revenue to be obtained in the operation of this bill would have been increased by 15⅔ percent.

It is manifestly impossible to discuss all the provisions of this bill, and I have thought the better way is for each speaker to discuss those provisions which apply particularly to his congressional district.

Mr. FREAR. Mr. Chairman, if the gentleman will yield for a moment to supplement the statement just made on the floor, let me say that in the testimony that was had before our committee the gentleman from Tennessee [Mr. COOPER], a Member of the House and a member of the committee, made this statement:

We had information before the subcommittee, one estimate I believe was $50,000,000; another estimate given us was between $60,000,000 and $75,000,000; so I think it would be fair to state by considering your estimate it would be somewhere between $40,000,000 and $75,000,000.

That, I submit, corroborates the statement made by the gentleman from Pennsylvania.

Mr. COCHRAN of Pennsylvania. I think, then, my figure of $50,000,000 was conservative.

Crude oil was discovered within 1 mile of my district. The greatest quantities were actually found in my district. Therefore the crude-oil industry is of paramount importance to my constituency. This is a revenue bill which would place additional taxes upon the industry. It is almost taxed to death now. In fact, it is now burdened by 116 different taxes. I will read a short summary of those taxes:

Statistics compiled by the American Petroleum Industries Committee disclose that the petroleum industry currently is paying 116 taxes. Of these, 24 are paid to the Federal Government, 68 to State governments, 5 to county governments, and 19 to municipalities.

The industry's total tax bill is approximately $1,000,000,000 a year, it being estimated that in the average year the tax collectors obtain a return of 8 percent or more from the industry's $12,000,000,000 capital investment. Taxes are applied to virtually every operation and product from well to market.

All equipment used in the production of oil is taxed at rates from 2 to 4 percent of assessed valuation. Even oil leases and the right to operate are taxed. Oil brought to the surface is taxed if held in lease tankage on the first day of the tax year.

TAXED FROM START

As the oil leaves the field by pipe line, it is taxed by the Federal Government at the rate of 4 percent of the cost of transportation. The transporter pays also an ad valorem tax on the value of the equipment used. The oil moves into storage tanks at tank farms or refineries, and there, on March 1 of each year, is taxed on its value. Additional taxes are imposed according to the value of the tanks and the tank farm upon which located, and upon the value of the equipment at the refinery in which the crude is being processed.

Manufactured petroleum products moving to market by rail or by motor truck also draw the attention of the tax collector. In the case of a tank truck, there is a manufacturer's tax, an ad valorem tax, State registration fee, taxes on tires and tubes, taxes on accessories, taxes on the fuel consumed in propelling the vehicle, and a tax on the driver's privilege to operate the truck.

The tax collector arrives at the filling station as quickly as the gasoline, collecting an occupational tax upon the business, ad valorem taxes on station and equipment, State taxes upon gasoline, Federal taxes on lubricants, gasoline-pump taxes, inspection fees, etc. In case any profit has been made on these operations, there are income taxes of 14 percent or more for corporations to pay and income taxes of 4 percent up for individuals.

In the remarks I made on the floor during the special session, upon the Muscle Shoals bill, I pointed out that gasoline in many sections of the country was taxed over 100 percent of its cost. I will say to the two gentlemen from Minnesota now facing me, Mr. JOHNSON and Mr. ARENS, that it is because of these many taxes that their farmer constituents have to pay so much for gasoline to operate their farm machinery.

This bill proposes to increase these taxes and make 118 separate and distinct taxes upon the oil industry instead of 116. It would add 0.1 of a cent per barrel upon all oil produced, an additional 0.1 of a cent per barrel upon all oil refined, and an additional 0.1 of a cent per barrel upon all gasoline produced from natural gas. I admit that this is a small tax, but in this country there are produced annually 875,000,000 barrels of oil, and this additional tax burden amounts to $1,750,000.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. VINSON of Kentucky. I think the gentleman refers to the regulatory tax on crude petroleum at refineries.

Mr. COCHRAN of Pennsylvania. Yes.

Mr. VINSON of Kentucky. Has the gentleman developed the fact that this tax was proposed not for revenue purposes, but solely for the purpose of regulation in order that the Federal Government might prevent the oil code from falling down?

Mr. COCHRAN of Pennsylvania. I am inclined to think that the gentleman is in error, and I know he will agree with me when I say that this proposal did not originate in the committee or with any member of it, but was brought to the committee by the Secretary of the Interior, Mr. Ickes.

Mr. VINSON of Kentucky. And we were told that he brought it to us at the earnest insistence of the oil industry throughout the United States in order that the Federal Government through this means might have the power of inspection, the power of supervision and regulation over certain sections of oil fields in this country, particularly Texas and Oklahoma, which play a very important part in the price of oil in every other section of the country. In other words, to assist the enforcement of the laws that are assisting in maintaining a fair price for oil.

Mr. COCHRAN of Pennsylvania. With all due respect to the gentleman's recollection, mine differs. I will discuss those very matters. As I recall, the Secretary of the Interior, who is also Federal Oil Administrator, came before the committee and said that the oil code would break down within 2 weeks unless something was done, and that he needed revenue for its enforcement. He proposed these additional taxes as a revenue measure. He proposed also an additional tax of one half cent per gallon upon imports of crude oil.

On the other hand, and following the statement of the gentleman, the oil people felt that the imposition of one tenth of a cent per barrel upon the producer would greatly curb the evil that is existing in the Southwest, in Oklahoma, and particularly in Texas. I will explain that in many oil States legislation has been passed granting to commissions the right to limit the withdrawal of oil from the ground. Such a law exists in Texas, and the reason was made very clear a year ago when the east Texas oil fields were at their height of production, and when wells were being drilled producing thousands of barrels of oil daily, in such quantities that the price structure all over the country was destroyed. Oil was being sold in east Texas for as low as 10 cents per barrel, and the oil people everywhere suffered from the demoralization of the price structure as a consequence. We can easily see the evil resulting. A very moderate-sized well in this field was one that would produce 10,000 barrels per day. That oil is selling now for about $1 per barrel, still below the cost of production. A year ago it was selling for about 10 cents a barrel, because this flood of oil was put upon the market.

Assume that the Texas Railway Commission, which has jurisdiction, would say to the owner of the 10,000-barrel well, "You are permitted to withdraw only 200 barrels per day." Assume that the price of oil was $1 per barrel. That well owner would receive $200 per day from his well if he obeyed the law, but if he could withdraw 10,000 barrels per day from that well and sell it at half the market price, he would receive $5,000 per day. If he sold it at one fourth the market price, he would receive $2,500 per day.

The recommendation of the Secretary of the Interior to levy producing and refining taxes went to the oil people coupled with his recommendation to increase the excise tax upon imports of crude oil by one half cent per gallon. The present tax is one half cent per gallon. The benefits resulting from increasing the excise tax upon imports of crude oil to 1 cent per gallon would compensate in some measure for the burden of the producing and refining levies. The difference in cost of production of oil in the Maracaibo field of Venezuela and transportation to the Atlantic coast and that of mid-continent oil transported to the Atlantic coast is 2½ cents per gallon. This fact was determined by the Tariff Commission under the law passed in 1932.

I have a bill pending to increase this excise tax upon crude oil to the full two and a half cents.

Mr. McCLINTIC. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. McCLINTIC. The gentleman was a member of the subcommittee composed of the gentleman from Ohio [Mr. WEST] and myself; and as the gentleman knows, we gave careful consideration to the recommendations that came from the oil industry. My recollection is the committee agreed to support this amendment, along with the others; and when the chairman of the subcommittee presented it to the entire committee, the gentleman who is now speaking was in accord. I should like the gentleman to say whether or not this is correct.

Mr. COCHRAN of Pennsylvania. That is correct.

Mr. McCLINTIC. So the gentleman realized, as did the others who are interested in oil, that oil was being produced and sold at a price of approximately one half of the posted price, and this was having a destructive effect upon all legitimate producers of oil, and it was for this reason that the gentleman, as well as the other members of the subcommittee, joined in presenting the amendment to the committee.

Mr. COCHRAN of Pennsylvania. That is correct. The evils which the gentleman from Oklahoma details cannot be overemphasized.

I am violating no secret of the committee, because it was given to the press, in stating that the proposition to increase the excise tax upon imports of crude oil by one half cent per gallon, passed the committee, but was the next day reconsidered.

The present excise tax upon imports of crude oil and upon certain crude-oil products have resulted in substantial revenue to the Treasury.

For the fiscal year 1932, which also includes 9 days of the preceding fiscal year, this tax yielded the Treasury $8,711,126.28, and I ask unanimous consent, Mr. Chairman, to insert in the RECORD at this point in my remarks a statement of these particular taxes prepared by the division of statistics and research of the Bureau of Customs of the Treasury Department.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

The matter referred to follows:

Petroleum and products—Imports for consumption and duties imposed

	Rate of duty	Fiscal year 1933[1]		July–December 1933	
		Quantity	Duty	Quantity	Duty
	Per bbl.	*Barrels*		*Barrels*	
Crude petroleum	$0.21	28,704,165	$6,027,454.65	15,645,538	$3,285,567.18
Fuel oil and other minor petroleum products	.21	11,007,807	2,311,629.47	1,119,170	235,025.70
Includes gas oil		7,029	1,476.09	481	90.51
Gasoline and other motor fuel	1.05	147,677	155,060.85	7,077	7,357.35
Lubricating oil	1.68	2,685	4,510.80	2,123	3,566.64
Paraffine and paraffine wax	².01	[3] 21,246,051	212,460.51	[3] 23,802,783	238,027.83
Total			8,711,126.28		3,772,447.01

[1] Fiscal year 1933 includes data from June 21, 1932, to June 30, 1932.
[2] Per pound.
[3] Pounds.

Mr. COCHRAN of Pennsylvania. The oil industry felt that the imposition of this 0.1 of a cent per barrel upon the producers of crude oil and a like tax upon the refiner would greatly curb the evils resulting from illegal production of oil. It is a small tax, but it is an additional burden. They did not oppose the tax, I think, because it was coupled with an increase in the excise tax upon the imports of oil, but that portion of the Secretary's recommendation having failed, it leaves them with this increase in taxes. I hope the

benefit to accrue from the curbing of illegal production of crude oil will be great enough to the oil industry to justify their payment of this increase.

Mr. McCLINTIC. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. McCLINTIC. I think it was the understanding of the members of the committee—I know it was my understanding—that the oil industry wanted this 0.1 of a cent per barrel regardless of whether there was any other amendment added to the bill. I am sure this is the understanding of all the members of the committee. Of course, they would like, in addition to what the gentleman is now referring to—as all the rest of us who represent States that have large oil production—to have favored such an amendment; but I want to say to the gentleman that up to the present time not a single oil company has protested or asked that this 0.1 of a cent per barrel provision be taken out of the bill.

Mr. COCHRAN of Pennsylvania. I will not contradict the statement of the gentleman, although I will add that the Independent Oil Producers' Association, in my district, coupled with their endorsement of this 0.1 of a cent per barrel tax the statement that they wanted it only if the excise tax upon imports of oil was increased by one half cent per gallon. I recognize, however, that from other sources of the industry the request came as the gentleman from Oklahoma has stated it.

Mr. COOPER of Tennessee. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. COOPER of Tennessee. Does the gentleman from Pennsylvania now want this provision taken out of the bill?

Mr. COCHRAN of Pennsylvania. Oh, no; I am not arguing that.

Mr. COOPER of Tennessee. I was going to say to the gentleman that if that is his purpose, of course, that request can be submitted to the committee and doubtless will receive attention.

Mr. COCHRAN of Pennsylvania. I am not asking that at all. I am simply explaining this provision of the bill, because it has particular application to my constituents.

These two additional taxes are small, I will admit, but they increase to 118 the number of taxes which burden the oil industry, and which have bankrupted many independent oil producers. Each barrel of oil produced in the United States pays an aggregate of 75 cents in taxes. No other industry bears such a tax burden.

The public is wont to consider that the oil industry bestows untold wealth upon those who engage in it, but such is not the fact. It will be conceded by most people that Pennsylvania-grade crude oil is the best that has yet been discovered. It is produced in Pennsylvania, New York, Ohio, and West Virginia. It comes from what are called "stripper wells", so styled because of the small amount of oil produced daily by each. In Pennsylvania the average daily production of an oil well is 5¼ gallons; in other words, 8 wells will produce 1 barrel of oil daily. By way of comparison, a Pennsylvania oil well will produce daily an amount of oil equal to the amount of milk given daily by a good dairy cow. This amount of oil at the present market price is worth 27½ cents, while the milk at present Washington prices is worth 273 cents—$2.73.

There are 300,000 of these "stripper wells" scattered over 21 States. Their owners for more than 2 years have been receiving for their oil less than the cost of its production. The continuance of this condition means the abandonment of these wells and the bankruptcy of thousands of independent producers. It is estimated that the average cost of these wells is $2,500, and that the salvage value is $50 each. Therefore the total investment is $750,000,000, while the total salvage value is but $15,000,000. Unless the oil producer receives at least the cost of production, all these wells must be abandoned. Once abandoned, they will never be reopened; in which event Pennsylvania-grade crude oil, the best yet known, will be a thing of the past.

The Committee on Ways and Means is to be congratulated upon its rejection of the recommendation of the subcommittee to reduce depreciation and depletion allowances by 25 percent. To do so would constitute a capital levy in place of a tax upon income. Not only is such a proposition unsound from the standpoint of the economist but it would be an added discouragement to all industries at a time when they should receive every encouragement to increase employment.

It is because of these facts that I have called your attention to the producing and refining taxes imposed by this bill. It is hoped that the regulatory effect of their collection will so stabilize oil production and prices that the industry will benefit. However, there is danger in their imposition in that hereafter attempts may be made to increase them. The industry will submit to them in the present amounts only as regulatory measures to curb the illegal production of oil and the consequent demoralization of prices.

I shall support this bill. It is a good bill as far as it goes. My regret is that it does not go far enough, but I am greatly encouraged by the statement of the chairman of the subcommittee, and statements by other members of the Committee on Ways and Means, that the question of income taxes in community-property States will very soon receive consideration.

Mr. DONDERO. Will the gentleman yield?

Mr. COCHRAN of Pennsylvania. I yield.

Mr. DONDERO. Does the gentleman agree with the statement made by the gentleman from New York that the amount ought to be increased to meet the running expenses of the Government rather than increase the deficit of the Government by letting it stand as it is?

Mr. COCHRAN of Pennsylvania. I do. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I do not want my Democratic friends to be at all nervous, for I do not propose to try to insert the Lindbergh letter today. [Laughter.]

While we have been deliberating on this bill for the last 13 or 14 hours, presumably with an idea of attempting to partially balance the Budget, Members of the House have seen fit in their great wisdom to sign the petition to discharge the committee on the bonus bill, which, of course, will undo everything that is proposed to be done in this very important tax bill.

The bonus bill will require approximately $2,000,000,000 out of the Treasury of the United States, probably through the use of the printing presses, 10 times as much as we propose to raise under the pending tax bill.

Now, I predict that the bonus bill, when it comes out on the floor, will pass the House of Representatives by a handsome majority; and I say that as one who is opposed to the bill, who opposed it in the last Congress, strangely enough on the basis that it would unbalance the Budget and put us off the gold standard.

I am opposed to the bill, however, today, not so much for those reasons, because it is evident that the Democratic Party, pledged to balance the Budget, pledged to reduce the national expenditures 25 percent, has thrown those pledges deliberately out of the window, and has already increased the deficit by some $10,000,000,000. In spite of every definite pledge in the party platform and speeches of the Democratic candidate for President to reduce Government expenditures 25 percent, in addition to the $10,000,000,000 it is now proposed by Congress to increase the deficit by another $2,000,000,000 for the bonus through the use of fiat money.

One of the reasons why I am opposed to the bonus bill is that I am opposed to the printing-press method of inflation, which has always brought disaster and ruin to the wage earners in any country in which it has been tried, and it will likewise bring disaster and ruin to our own country.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. FISH. I yield.

Mr. VINSON of Kentucky. I think the gentleman from New York will recognize Dr. Fisher as an authority on money.

Mr. FISH. That is a very interesting question the gentleman has raised. He has brought up as a great authority on financial matters a certain Dr. Irving Fisher, of Yale University.

Mr. VINSON of Kentucky. I asked the gentleman if he did not recognize him as a great authority?

Mr. FISH. I am answering it. This is the same great financial and monetary authority who back in 1929 said we have not anywhere near reached the peak of inflation and added that the prevailing stock prices of 1929 would continue indefinitely. Now, he is brought up on the floor as an authority on financial matters. The gentleman from Kentucky has a right to his belief, but I do not believe Dr. Fisher is qualified, after his statement in 1929, to be considered a great authority or guide on money or financial matters.

Mr. VINSON of Kentucky. I recognize that I committed an error when I referred to Dr. Fisher, of Yale University, for I feel that the old Harvard spirit still prevails. [Laughter.]

Mr. FISH. Harvard stands for the truth.

Mr. VINSON of Kentucky. What does the gentleman say as to Senator Robert Owen as an expert on currency.

Mr. FISH. I am not going to get into any quarrel with former Senator Owen. He is a personal friend of mine and I admire him greatly. He has a right to stand for inflation; he has been for it for many years and made a great many speeches on it. But he is not a college professor, and you are relying on college professors as your monetary advisers. [Laughter and applause.] Oh, let me proceed. I have not started yet.

Mr. VINSON of Kentucky. Speaking with reference to the money in the bonus bill which would have issued under the Owen plan, adopted by the House under consideration in the former Congress, I say to the gentleman from New York [Mr. FISH] that no witness who appeared before the Committee on Ways and Means, including Mr. Ogden Mills, Mr. Charles Dawes, Mr. Eugene Meyer, Dr. Goldenweiser, Mr. Harrison, president of the Federal Reserve Board, said that the money that would have been issued under the Owen plan was not good, sound money. Every witness who testified upon that point stated it was sound money. Congress itself has authorized similar money to the extent of many billions.

Mr. FISH. Oh, conditions have changed a great deal. The American people, you know, had great confidence in the gentleman's party. They gave it an overwhelming majority in the last election because the Democratic Party and its candidates were pledged to balance the Budget and reduce expenditures by 25 percent; but conditions have changed. In the last year you have unbalanced the Budget by $9,000,000,000, with this bonus bill included, and I do not think those witnesses would testify today to the same effect that they did a year or so ago. There is no other way to pay the bonus today except by inflation and printing-press methods.

Mr. VINSON of Kentucky rose.

Mr. FISH. Oh, I cannot yield any further. I think I have only 10 minutes and I should like to say a few words for myself. Now that we have gone off the gold standard and the Budget has been lost sight of, I intend to vote against the bonus bill, as I said, even if I am alone, because if huge amounts of money are to be spent, if we are going to spend $2,000,000,000 in addition to the enormous deficit, particularly printing-press money, flat money, I say it ought to be spent for the unemployed and the disabled veterans. They should be given preference over the able-bodied veterans or any other group. It ought to be spent to take care of the disabled veterans with war service-connected disabilities, and to restore their compensation and that of the Spanish War veterans. When we take care of those two groups, then probably those of us on this side will go along for the bonus, if you will provide a sales tax to pay for it; and if you provide for a sales tax on this bonus bill today, I am not so sure that they would not vote for it, even now.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Oh, my! I could not refuse the gentleman from Mississippi.

Mr. RANKIN. Would the gentleman vote for it if we were to make provision to raise the inheritance taxes in the higher brackets and make those who got rich out of the war help pay for it? [Applause on the Democratic side.]

Mr. FISH. First, I ask the gentleman from Massachusetts [Mr. TREADWAY] if I can have 5 minutes additional, because it will take a long time to answer the gentleman's question.

Mr. TREADWAY. It is impossible to yield any more time, I fear.

Mr. FISH. I wanted to answer the question of my distinguished colleague from Mississippi [Mr. RANKIN] about the inheritance taxes. I rose to talk on an entirely different issue this afternoon, until the bonus bill came up. I wanted to talk about the high-income taxes in this bill and say a few words about the estate taxes which are not included.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes more to the gentleman from New York.

Mr. RANKIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. No; I know what the gentleman wants. I want to answer his question.

Mr. RANKIN. I just want to say to the gentleman from New York that so far as I am individually concerned, I am for raising these inheritance taxes in the higher brackets, bonus or no bonus.

Mr. FISH. I am going to vote for the bill now before the House, because the committee has done a splendid work in trying to fill up those loopholes in the income tax law through which rich men in America have been avoiding the payment of taxes. I do not, however, take a very hopeful outlook of the situation. When you raise the income taxes in the high brackets—and I am not opposing it—to 63 percent, it should be remembered that in addition to that, these super-rich men will have to pay State taxes and town taxes and school taxes and other taxes, which will bring the amount of money they will have to pay in taxes up to 75 percent.

I say to you, and I am not opposing it, that if Norman Thomas should be elected President of the United States, and carry a socialistic House with him, he would not go any further in confiscating wealth than up to 75 percent, which we are now doing in this bill and have done in the past. We are in the process and have been, of liquidating the rich men of America. I do not believe that this bill is going to bring in the income that you expect, because what are those rich men going to do if they have any sense at all? They will put their money in tax-exempt securities, and there are plenty of those securities being issued by the Democratic Party today. They will buy tax-exempt securities. They will not pay 65 percent or 75 percent in taxes, but they will buy tax-exempt securities, put their slippers on and get in a good armchair and put their feet up before the fire and take it easy. That is what is going to happen and is happening already. If you want to do something to stop it pass a tax-exempt security amendment to the Constitution. [Applause.]

Mr. TREADWAY. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. TREADWAY. The gentleman says they are going to do that. Are they not already doing it?

Mr. FISH. Yes.

Mr. TREADWAY. Is not a large part of their income today in tax-exempt securities?

Mr. FISH. There are $42,000,000,000, part-owned by big corporations and a large part by rich men in America. Of course, they are doing it, and these Democratic friends of ours applaud every time they issue more tax-exempt securities upon the fact that they have a big demand for them from the public. Of course, you have a big demand from the rich people, from the big corporations, to take all the

tax-exempt securities they can get, in order to avoid taxation.

Mr. McGUGIN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McGUGIN. Will the gentleman not qualify that statement, at least in part, when he says that all tax-exempt securities are held by rich men and corporations? The smallest banks of the country own many of these securities.

Mr. FISH. Oh, I do not mean all of them, but a large percentage is held by the big corporations and the rich men, and they are going to use the Democratic Party as much as they can, whenever they issue tax-exempt securities in order to pay out billions in socialistic experiments.

Now, the gentleman from Mississippi [Mr. RANKIN] has asked me about the question of estate taxes and inheritance taxes. I have answered that question before to socialists and communists.

Mr. RANKIN. Of course, the gentleman does not put me in that category?

Mr. FISH. Oh, no, no. He does not. The great cry of the socialist and communist in America is that 59 rich men dominate the United States, dominate its politics and its industrial system, and Wall Street, and everything else.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. TREADWAY. As the gentleman is now talking on the bill, I will yield him 5 additional minutes. [Laughter and applause.]

Mr. FISH. They always tell me that everything is rotten and corrupt and wrong with our industrial system and our republican form of government. I have always said to them if that is the only thing that is wrong with America, that 59 rich men have got too much wealth into their hands, that wealth is too much concentrated and endangers our economic, financial, and political system that all it takes is an act of Congress, not a constitutional amendment but a majority vote of the representatives of the people, to raise the estate tax, because the rich man, like the poor man, must inevitably die.

I know, unfortunately, some rich men and women who would like to take their money to their graves with them, but it cannot be done. Any time you want to redistribute wealth, it does not work so well through the income tax when you have tax-exempt securities, but the only way you can actually do it and get results is through the estate tax. I do not say, however, that 45 percent is not high enough. It was 20 percent a few years ago. The last Congress raised it to 45 percent. Presumably that is about where it should be, but if you are determined to confiscate wealth, if you are determined to take wealth from the rich people, of course, the only way to do it is through increasing the inheritance tax.

Mr. KELLER. And the gift taxes.

Mr. FISH. And the gift taxes. I believe 45 percent is sufficient. I do not think I would vote for any more, unless good reasons should be shown why it should be done. But the facts remain that they cannot escape that tax, and they can escape almost any other tax that has been conceived by the Congress up to date.

Mr. RANKIN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. RANKIN. I will say to the gentleman from New York that in the present schedule, by the time you reach 45 percent you have have let out a majority of them. I agree with the gentleman that as far as those up in multiplied millions class is concerned, there are very few; but a man who dies in this country, leaving $200,000, must only pay $9,500, while in Great Britain he would pay $28,000, and in France $81,589. In this country an inheritance of $1,000,000 pays a tax of $117,500, in England $270,000, and in France $504,373.78. Along there you are barely scratching the surface compared with what they are taxing inheritances in other countries. The wealth in this country has gone into tax-exempt securities. Those people who got rich out of the war and out of the tariff have sought this storm cellar and are avoiding taxes. That is the reason I wanted to amend this bill to tax those people in proportion to the way other Americans are being taxed.

Mr. FISH. Of course, I am sure there is a great deal in what the gentleman says. I think it will probably be considered at the other side of the Capitol, because, as the gentleman knows, we cannot consider anything here. Whether on the Republican side or on the Democratic side, we are gagged, completely gagged, as far as offering amendments to this bill is concerned, and that would have been a very proper amendment for the representatives of the people to consider at least and to vote upon, but as it is, this bill is brought in here with a rule that humiliates every individual Member of this House and takes away their prerogatives and their rights as individual Members to legislate. My God, what were we sent here for but to legislate and to represent our own districts, but instead are not permitted to offer amendments to important legislation.

I want to serve notice on my party that as far as my services in this House are concerned in the future, I shall vote against every gag rule that my party brings in. [Applause.] I want to say further that I have voted against most of them in my time.

Mr. BLANTON. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANTON. I want to ask the gentleman from New York if it is not a fact that every time this House has gagged itself it has done so by a majority vote of this House? It takes a majority vote to pass any of these rules, and we are gagging ourselves whenever a majority of us vote to gag ourselves. [Laughter.]

Mr. FISH. Yes.

Mr. BLANTON. It is because a majority of us Members want to do it that we do it, and if a majority of us did not want to do it, it would not be done. Whenever I vote for a gag rule, it is because I believe that it is for the best interest of my party and my country.

Mr. FISH. I do not yield further. That is exactly the point that I want to make.

Mr. BLANTON. With the indulgence of my friend from New York, I noted what he said about voting to pay to World War veterans in cash the balance due them on their adjusted-compensation certificates. At the time the law was passed in 1925 granting to them this adjusted pay, I was one of those who believed that they should be paid in cash, and who insisted on the Government then paying them in cash.

Together with my friend and colleague from Texas [Mr. PATMAN] I have signed the petition to discharge the committee, and to bring the Patman bill, H.R. 1, before the House for passage, which bill provides for paying these adjusted-service certificates in cash. I believe that this is a debt of honor, and should be paid immediately by our Government.

Thus far the President has been silent on his attitude respecting this matter. He has sent no recommendation to Congress. If he had, I would comply with his request. But on last Friday our colleague [Mr. PATMAN] went to the White House and advised the President's secretary of his intention to take this action today, and no word came to him from the President indicating a desire for the bill not to come up.

If, when this bill comes up for consideration on March 12, the President should notify us that it is against his plans and policies, and that it would disrupt his financial program, and he asks us not to pass it at this time, I would respond immediately to his wishes, and would vote against the bill.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 1 additional minute.

Mr. FISH. That is exactly the point that I want to make, that a few of the older Members, perfectly safe in their own districts, who have been here 10 or 15 or 20 years, come in with legislation that they are in favor of, and they say to the newer Members, most of them on the Democratic side this time, of course, who were pledged to liberalize the rules, who promised the people back home that they would liber-

alize the rules, "You must come in and support the Democratic organization."

"You must gag yourselves; you must prevent yourselves from legislating because we know what is good for you and for the country." That is their attitude, and I submit it is a most childish, a most futile and stupid performance, because every time we gag ourselves the other body just kicks our gag work out the window and legislates as it should on the merits of the proposed legislation. [Applause.]

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. GRIFFIN].

Mr. GRIFFIN. So much has been said in praise of the committee in the production of this bill that I need not add cumulative encomiums.

The committee has done a good job so far as amending the income tax law is possible. The trouble with the formulation of every income tax law this Congress has brought forth since the constitutional amendment has been that the committee invariably lost sight of the intent of the original constitutional amendment, a tax on income. Instead of taxing incomes, Congress has been taxing profits; and the experience of the world and of other legislative bodies has been that the moment profits are taxed the door to fraud is opened. Our own experience has been no different.

The gentleman from New York [Mr. TABER] pointed out the inadequacy of the revenue to be realized from this bill. It will add to the revenues, he said, only $258,000,000 a year. I know our friend, the gentleman from Pennsylvania [Mr. COCHRAN], disagrees with that, and I shall not go into a question on which experts disagree; but the fact is that in order to meet a deficit going into the billions of dollars, after all the labor of the past summer and the splendid industry of the committee, it has produced a bill that will increase the revenues of the Government only $258,000,000. They plugged all the loopholes apparent, visible, and within reach, but they have neglected one great pond, one great pool of evasions which has enabled thousands of corporations and millions of individuals to evade their duty to contribute to the support of the Federal Government.

If we are engaged in a war against depression is it not the duty of every citizen to do his part in fighting the battle?

The gentleman from New York [Mr. TABER] referred to the tax rates on individual incomes in England, and others have referred to the tax rates imposed on the citizens of France, Germany, Switzerland, and Italy. Of course those countries have really taxed their peoples and it is easy to do it because the Europeans are tax-conscious. Unfortunately our people are not tax-conscious.

We are not getting anywhere by reviving the old methods of imposing taxes difficult to appraise, hard and expensive to collect, and, withal, easily shifted upon the backs of the consumers.

If I had had the opportunity, I would have proposed the following amendment to this bill:

Amendment to the Revenue Act of 1934 by Mr. GRIFFIN: On page 13, after section 13, add the following new sections:

"SEC. 14. That there shall be levied, collected, and paid by individuals and corporations, irrespective of and in addition to the income tax they are subject to under the existing law, or any amendment thereof, a special tax of 1 cent on each dollar of gross income for the calendar years 1934 and 1935.

"SEC. 15. That all individuals and corporations whose gross annual income from any source whatever is $2,000 or over, shall be subject to this tax.

"SEC. 16. In computing the income tax to be paid, the taxpayer shall be permitted to include the gross income tax as hereinabove provided, in the deductions allowed by law."

This is the substance of the idea underlying the resolution I introduced on May 7, 1932, providing for a cent-a-dollar tax on gross incomes.

It will be observed that it is a blanket tax intended to enlarge the base of taxation and to compel corporations and individuals, evading taxation in the past, to contribute their mite to the expenses of government.

It is imposed on the theory that it is a tithe or license tax for the privilege of living or conducting a business under the benefit of our laws.

It will take in all who are earning over $2,000 a year. It will not molest those who do not earn that much.

Now let us look at the evasions which constitute the largest loophole, or leak, in the entire tax system:

CORPORATIONS

In 1930, 518,736 corporations filed returns. Of these only 221,420 (or 42 percent) showed net incomes amenable to taxation; 297,316 (or 58 percent) paid no tax whatever.

INDIVIDUALS

In the same year, 1930, tax returns were made by 3,376,552. Of these only 1,946,675 (or 57 percent) showed net incomes amenable to taxation; 1,429,877 (or 43 percent) paid no tax whatever.

In other words, only 42 percent of the corporations filing returns paid any taxes at all, while 58 percent (with a gross income of $46,500,564,065) paid no income taxes whatever.

Corporation returns

	Returns filed	Returns showing no net income	Percent showing no net income	Gross incomes of corporations showing no net incomes
1930	518,736	297,316	58	$46,500,564,065
1931	516,404	340,506	66	55,464,204,033
1932	481,368	402,593	84	27,158,732,012

Pause for a moment and note the glaring fact outstanding in the figures for 1930 and 1931. Although the percentage of corporations showing no net income increased to 66 percent, yet their gross incomes had correspondingly increased from $46,500,564,508 to $55,464,204,033. In other words, they had learned the art of taking more and more out of the tax brackets, so that in 1932 only 16 percent of the corporations filing returns paid any tax whatever, while 84 percent paid nothing at all; a condition which certainly speaks for itself.

Mr. CANNON of Wisconsin. Is the gentleman in favor of tax-exempt securities?

Mr. GRIFFIN. That is hardly in line with my discussion, but I will say that I am not.

As far back as 1932 I proposed an amendment to the revenue act providing for a tax of 1 cent a dollar on gross incomes. The object of that amendment was to take into the pool all of those corporations and individuals who evaded their share of taxation. Remember they were doing business; they showed billions of dollars of gross income, but by various and divers processes of deductions and exemptions they were able to reduce their incomes to such an extent that they showed profits of only a few billions of dollars, upon which they paid an insignificant tax.

Mr. BOYLAN. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. BOYLAN. Of course, the gentleman knows that many corporations or individuals have gross income but not net income. Would it not be adding insult to injury to put an additional tax on gross income if they already had no net income?

Mr. GRIFFIN. By his question the gentleman forgets that their arrival at the point of reporting that they have "no net income" is largely due to a process of fraud and deception. It is impossible for any corporation to carry on for any length of years without having some profit. They disguise their profits in devious ways: by increasing the salaries of their officers, by paying exorbitant rentals to subletting agencies commissions on everything they buy, misrepresentation of losses, deterioration of plant, and in various other ways they manage to show no profit. If it be true they make no profit, how do such corporations exist year after year and carry on business?

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. GRIFFIN. I yield.

Mr. WADSWORTH. In such a case the corporation is compelled to live off its surplus until the surplus is exhausted.

Mr. GRIFFIN. Exactly; and such a corporation is robbing its stockholders; and it is a fraud upon the public.

Mr. WADSWORTH. Not at all robbing the stockholders is a fraud upon the public.

Mr. GRIFFIN. The gentleman suggests that it is wrong to impose a tax on corporations which "report" no net income under the income tax law. That, however, is not where the wrong is done. The real wrong is done to the taxpayers of the country in the loose provisions of the law which allow gross earnings to be frittered away by padded pay rolls, bonuses, exemptions, imaginary deterioration of plant, and technical losses, which enable them to escape taxation.

The fact is that the showing of no net income is a mere matter of bookkeeping. A corporation doing business year in and year out without showing an actual net profit is unthinkable. A corporation doing business without profit must necessarily eat into its capital and is to that extent perpetrating a fraud on its stockholders. The sooner such corporations wind up their affairs and go out of business the better it will be for themselves, their stockholders, their competitors, and the general public. They are a potential fraud on investors so long as they are encouraged to exist. Necessarily any corporation that carries on by drawing on its capital is a public menace.

Mr. WADSWORTH. Then it should be dissolved?

Mr. GRIFFIN. It should be dissolved.

Mr. WADSWORTH. And all of their men thrown out of work?

Mr. GRIFFIN. Forget about the men being thrown out of work. The men will find work somewhere else. There is no excuse for a corporation carrying on at a loss, and I think that circumstance answers the question as to the sincerity and the truth of their representations that they are carrying on at a loss. You give them too much credit for generosity.

Mr. WADSWORTH. Then the gentleman is of the profound belief that as soon as a corporation shows a loss at the end of one year's operation it should close its doors?

Mr. GRIFFIN. No; but if it continues to show a loss year after year and eats into its capital, the corporation owes a duty to its stockholders to retire and get out. The corporation owes a duty to the public, who are buying its stocks and bonds, to get out, because it is a fraud on the public to be carrying on without a profit, and when there is no prospect of paying dividends.

Mr. WADSWORTH. And during the same period the gentleman would tax them on all the money that they took in?

Mr. GRIFFIN. Do they not have to pay rent?

Mr. WADSWORTH. Surely.

Mr. GRIFFIN. Do they not have to pay salaries? This 1 percent tax that I propose is a trifling amount. It is distributed over a broad area, and is in the same category as rent, taxes, or royalties which are charged to overhead expenses, which they must pay whether they like it or not. No municipality will remit rent simply because a corporation claims not to make any profit. I am sure if the gentleman will take the trouble to study the question carefully, he will be convinced that this is an equitable way of spreading the base of taxation. Furthermore, in view of the immense revenue to be derived in this way the capital tax might be safely reduced. There is no other way of increasing the pool of those who are amenable to our tax laws and to make them contribute to the expenses of this Government than to levy a trifling tax to be spread over a broad base.

In the case of individuals, the evasions were not so great in percentage, but the list of those who ducked their responsibilities included some of the wealthiest individuals in the country.

It is startling to note that the 1,946,675 individuals who paid no income tax disclosed gross incomes aggregating $21,665,505,860.

According to the census figures there were 18,882,794 persons gainfully employed in 1930 with average earnings of over $1,500 per year.

It is estimated that there are about 6,000,000 persons earning $2,500 per year or over.

If they paid a 1 percent tax the income from them would be $150,000,000.

In addition, we would also collect from the 1,900,000 persons who usually show net incomes and who would pay approximately $300,000,000 in taxes.

In 1932 they paid $324,744,617.

With the changes in the tax structure of the pending bill and the closing up of the loopholes of evasion we ought to get from this source $350,000,000, making a total of $500,000,000 from the individual income-tax returns alone.

From corporations, assuming that the gross incomes of the corporations showing no net incomes will amount to $40,000,000,000 (it was nearly $39,000,000,000 in 1932), we ought to collect, in additional taxes, $400,000,000.

From these two sources, instead of a miserable gain of $158,000,000, here are the possibilities:

Additional taxes to be raised by the 1-cent-a-dollar tax

From corporations	$400,000,000
From individuals	150,000,000
Total	550,000,000

This does not involve any change in the tax structure. The taxpayer adds 1 percent at the bottom of his tax bill and pays it. Furthermore he would be permitted, under my amendment, to deduct the 1-percent gross income tax from the amount shown to be due on his return.

OBJECTION OF SMALL RETAILERS

It is represented that the margin of profit to small retailers is so small that it would be unfair to impose this tax on their gross incomes. In the first place, they would be entitled to the minimum deduction of $1,500 per annum at which the tax begins, because the bill does not propose to levy the tax on those whose income does not require them to make a return.

In the second place, this tax is universal and affects equally all those who are obliged to make returns. Therefore, as it applies to all equally in every calling and in every line of business, it puts them all on the same basis in competition and gives no advantage to any.

THE TRUE BASIS OF TAXATION

The complicated methods of modern taxation are due to greed and selfishness of certain groups to evade and avoid their share of the Nation's burdens.

The direct tax is the simplest and most desirable. What the consumer pays goes direct into the Government Treasury less the trifling cost of collection.

With indirect taxation the tendency is to pyramiding the cost, thus exacting more from the consumer than goes to the Government.

The way to meet our failures in taxation methods is not to increase the complexity of the structure by elaborate exceptions, purporting to be for the benefit of the under dog, but to recognize no class whatever, treating all equally.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 20 minutes to the gentleman from Arkansas [Mr. FULLER].

Mr. SNELL. Will the gentleman yield?

Mr. FULLER. I yield to the gentleman from New York.

Mr. SNELL. I have not heard anything in the discussion as to why there should be 10 additional Assistant Secretaries of the Treasury. I wish the gentleman would enlighten the House on this point, if he has time or if he cares to.

Mr. FULLER. I may say to the gentleman that there are other members on the committee who can explain the point better than I. I yield to the gentleman from Tennessee for this purpose.

Mr. COOPER of Tennessee. Mr. Chairman, the Secretary of the Treasury made the request of the Ways and Means Committee that there be provided for in this bill the appointment of not to exceed 10 additional assistants, and he based this upon the situation which has recently developed.

The gentleman from New York will readily understand, so far as the Reconstruction Finance Corporation, the Agricultural Adjustment Administration, and these various other agencies of the Government are concerned, the Secretary of the Treasury is required to participate in the deliberations of these various organizations. It is simply physically impossible, as he represented to the committee, to keep up with all of these additional duties that have been placed upon him under the recovery program without some additional help.

Further, he stated that in his belief it would require at least six of these people of handle the gold-stabilization legislation which was passed by the House recently.

The bill provides that not more than 10 additional assistants to the Secretary are to be employed during the period of the emergency. When the President by proclamation declares the emergency has ceased to exist, they automatically go off the pay roll. The Secretary of the Treasury now has authority to appoint men of this type, but the salary limit would be $8,000 per year. He feels that for the particular type of men that he needs and that the situation now requires he should be allowed to pay them $10,000, and this is what is provided in the bill. He also stated to the committee that these were not by any means continuous or permanent propositions. He stated that he might need a man for 6 months for one particular assignment or duty, and whenever the necessity ceased to exist the man would then be let out, and so on along the line.

Mr. SNELL. Whenever we have created 1, 2, or 3 additional jobs, has the gentleman ever known of their being cut down after that?

Mr. COOPER of Tennessee. I realize the force of the gentleman's suggestion, but I think it is equally important for us to bear in mind that we have never before created all of these various agencies that we now have in the Government.

Mr. SNELL. Does the gentleman of his own accord believe the Secretary actually needs 10 additional assistants?

Mr. COOPER of Tennessee. I may say to the gentleman that, frankly, I was impressed that they are needed from the showing that was made to the committee.

Mr. SNELL. Are these men to live in this country or abroad?

Mr. COOPER of Tennessee. They are local people.

Mr. SNELL. I expect, of course, that they will be American citizens, but are they going to be located in the United States or abroad?

Mr. COOPER of Tennessee. They are to be located in the Treasury Department, according to my understanding.

Mr. SNELL. I noticed in the newspaper that several of these men were going to be located abroad and I wanted to get the information.

Mr. COOPER of Tennessee. That was not my understanding, and, as I stated, there are six needed in connection with the 2-billion-dollar gold stabilization.

Mr. TREADWAY. Will the gentleman yield?

Mr. COOPER of Tennessee. I yield to the gentleman from Massachusetts.

Mr. TREADWAY. May I remind the gentleman of the fact that the Secretary of the Treasury informed us at the hearings that probably some of these men would be appointed to foreign places.

Mr. COOPER of Tennessee. I am frank to say that I did not recall that information having been given to us.

Mr. FULLER. I may say that it is contemplated some of these men will take the places of others now in the service.

Mr. SNELL. I think a definite statement should be made as to why we are going quite so far. I know we met with some oppostion when we tried to create one additional assistant. There was a considerable disturbance on the Democratic side.

Mr. COOPER of Tennessee. If the gentleman will refer to the RECORD, I think it will show that during the course of the remarks of the gentleman from Washington [Mr. SAMUEL B. HILL] this matter was rather fully discussed.

During that time the chairman of the committee, the gentleman from North Carolina [Mr. DOUGHTON], placed in the RECORD the provision of the bill on this particular point.

Mr. VINSON of Kentucky And I think the gentleman will agree with us that when you have a stabilization fund or an equalization fund totaling $2,000,000,000 the request of the Secretary of the Treasury for five or six men to be used in that connection is a reasonable one.

Mr. SNELL. I would expect there would probably be five or six men, or more than that, used in connection with such a fund; but I did not expect 10 additional Assistant Secretaries of the Treasury to be established.

Mr. VINSON of Kentucky. As the gentleman from Tennessee [Mr. COOPER] has stated, the only additional authority the Secretary of the Treasury has under this bill is authority to pay $10,000 a year for these men, instead of the $8,000 a year which he is authorized to pay under existing law.

Mr. SNELL. I understand that; but the President could not appoint Assistant Secretaries of the Treasury without a law creating such positions.

Mr. VINSON of Kentucky. These are assistants to the Secretary.

Mr. SNELL. But the President could not create such positions without authority of law. There is more in this than a mere payment of salaries as provided in the bill.

Mr. COOPER of Tennessee. No; I think the gentleman will find——

Mr. SNELL. The law provides for a certain number of Assistant Secretaries of the Treasury.

Mr. COOPER of Tennessee. But these are assistants to the Secretary of the Treasury. They are men to whom he will assign the duty of supervising some of this work in connection with agencies that he is required by law to supervise.

Mr. SNELL. Then they are not to be Assistant Secretaries of the Treasury?

Mr. COOPER of Tennessee. No; they are assistants to the Secretary of the Treasury, and, as the gentleman from Kentucky has suggested, there is only $20,000 in amount involved, because they could be paid $8,000 now, and under this law they are allowed to be paid $10,000, or a difference of $20,000.

Mr. FULLER. I want to thank the gentlemen for having contributed to my remarks, and I shall now proceed.

Mr. McFADDEN. Will the gentleman from Arkansas yield to me?

Mr. FULLER. Yes.

Mr. McFADDEN. May I ask the gentleman from Tennessee whether these men would be allocated to stabilization operations exclusively or whether they would be used by the Secretary of the Treasury in other Treasury operations?

Mr. COOPER of Tennessee. As I have said, the Secretary of the Treasury stated to the committee he thought it would be necessary to use about six of them in connection with the $2,000,000,000 gold-stabilization fund.

Mr. TREADWAY. Mr. Chairman, may I interrupt my colleague to say that in view of the colloquy and the difficulty he has had in getting started, I yield the gentleman 5 additional minutes to make up for the time we have so consumed. [Applause.]

Mr. FULLER. I thank the gentleman.

Mr. Chairman, it is true the measure does not include all that some would like. It may be that it includes some provisions that others dislike. Personally, I was very anxious to see the 3-cent postage rate restored to the former rate of 2 cents. I think every member of the committee was of this opinion, but when we realized that it would cost the Government $75,000,000 a year we resolved it was not possible to make the reduction at this time.

We also wanted to remove the stamp on bank checks, and we did get a compromise and provided that the stamp tax on checks shall stop on the last day of this year.

The purpose of this revenue bill is not to raise more revenue by reason of taxation but to reach those avoiding payment by plugging up loopholes in the present law and mak-

ing an equitable adjustment in brackets affecting income taxes.

The measure does not include the manufacturers' sales tax although some of the Members advocate this tax should be included in lieu of some of the existing taxes. It is possible that a motion will be made to recommit this bill to the committee with instructions to include a manufacturers' sales tax. Should this fail, there will no doubt be an effort made to have that provision inserted in the Senate. Telegrams from special interests are pouring into Washington to Members of Congress from all sections of the country; the radio and all kinds of propaganda are being used to influence the Congress. The same tactics were pursued 2 years ago. Previous to that an insidious lobby known as "the American Taxpayers League" had headquarters in Washington, and after an investigation by the Senate ceased to exist. During a House battle 2 years ago Congressman La Guardia, of New York, sent telegrams to 63 of the leading concerns which had contributed money to influence tax legislation through this league, and received a reply from each advocating a manufacturers' sales tax. These people have no other object or purpose in mind except that they believe the adoption of a sales tax will eliminate or materially reduce the income tax. There could be no other object or purpose. They might contend that they were actuated by a desire to eliminate the so-called "nuisance taxes", but these taxes are only for emergency purposes and, no doubt, should and will soon be eliminated. They are mostly upon the luxuries of life, at least things the rank and file can do without. They include automobiles and accessories, clocks, candy, chewing gum, furs, firearms, jewelry, phonographs, pistols, soft drinks, sporting goods, toilet preparations, and a very few others. These are nothing to compare with over 100,000 articles which a sales tax would reach. A sales tax of 2½ percent would more than double these luxury or nuisance taxes. The influence behind this measure is well known to be the rich and omnipotent, the Mellons, Morgans, and Hearst. Practically 90 percent of the wealth of this country is owned by 10 percent of the people, and it is the desire that this 90 percent of the people shall be taxed in order to lighten the supposed burden of the 10 percent. It has been the history of every nation that those who have and enjoy the comforts and pleasures of wealth should pay a greater portion of the taxes. It is a just and equitable policy. During wars the wealthy accumulate more wealth but it is the rank and file, the 90 percent of the people of the Nation, as is true in every other country, who fight the battles and win the victories.

This moneyed crowd is very much disturbed that the poor and the depressed are paying little, if any, for the maintenance of the Federal Government. After all, it is this same laboring class who have made these fortunes. The sales tax first made its appearance in the Senate in 1921, backed by Senator Smoot and Andrew Mellon and was overwhelmingly defeated. The Democratic platform of 1924 denounced this tax, and the platform of 1932 is justly construed as opposed to such a law. It is contrary to every principle of Jeffersonian democracy. In 1932 the Ways and Means Committee reported a bill containing this infamous and vicious provision, claiming that a manufacturers' sales tax of 2¼ percent would produce $600,000,000 per annum, which would mean, according to our population, a tax of $5 per annum upon the average taxpayer. Allowing five persons for the average family, this would mean $25 additional tax on the average family in the United States. The provision at that time was espoused by Andrew Mellon and Ogden Mills, as spokesmen for the Hoover administration, but was overwhelmingly defeated and stricken from the bill, receiving less than 50 Democratic votes.

The sales tax is a tax upon poverty. It is a direct tax upon the necessities of life, and once enacted into law will be continued. The large income-tax payers, with all their facilities for propaganda, through the subsidized press, the radio, paid magazine writers, employment of the ablest talent in the country to write, work, and lobby around Washington, will be sufficient and potential enough to prevent the repeal of this legislation once it is enacted.

It will be like the tariff; the tax will be placed on the consumer. To exempt food, wearing apparel, and medicine, which the proponents would accept as a compromise, would not go far to mitigate the injustice of such a law, nor would the exemption save much in taxes. If clothing and food were exempted, you would soon find that there would be a way devised whereby raw products would be included. Instead of taxing a suit of clothes, the linings, trimming, buttons, and everything that goes into the garment or suit would be taxed.

To me it is ridiculous to contend that this tax would be absorbed and paid by the manufacturers and not passed on to the consumer. The consumer will not only have to pay all, but the retailer will add some for his trouble, which will also be passed on to the consumer.

There is no difference between a retailers' sales tax and a manufacturers' sales tax; the only difference is as to who collects. Regardless of the name, it is dangerous medicine, although it is claimed it will be tasteless and the payment of the tax will be painless. It has for its object the centralization of wealth and power into the hands of a few and the wiping out of the middle class, leaving only the exceedingly rich and the lowly poor. It may be a painless tax like the tariff, not seen or observed, but the American people are not going to be deceived, knowing at the end of the year they will have paid a large and unjust amount. The difference between this tax and the tariff is that the tariff mostly goes into the hands of the manufacturers as a protection to enrich those engaged in industry, while the money from the manufacturers' sales tax goes to the Federal Treasury, but in so doing it relieves a tax that should be levied upon those who have accumulated the wealth of the country and are able to bear it.

This measure would tax the cradle, nursing bottle, and toys of our babies, even though all other necessities were exempted. It would tax the coffins of our loved ones and the tombstones that are erected to their memory. Such a tax has always been repulsive to loyal Democrats.

If this burden is ever to be applied, it should be left to the States whereby provisions could be made to exempt the tax on personal and real property. Some claim that such a measure is popular and successful in Canada, but we doubt the truth of such a statement. Canada, however, exempts practically all the necessities of life, practically everything you would need in the building of a home, tilling the soil, and things which ordinarily 90 percent of the people purchase. The exemptions are so great that they leave nothing of any consequence except those articles in our so-called "nuisance tax." I never intend to support such a measure. I never intend to enter the home of a laborer who makes his living by the honest sweat of his brow, is a good citizen, loves his home, and strives to give the best to his wife and children, and see him point his finger at me and say, "You have taxed the kitchen stove, cooking utensils, the dishes, the bed, mattress and bedding, the carpet on the floor, the pictures on the walls, window shades and curtains, and all the furnishings of this house, which constitute the necessities of life." None of the advocates of the sales tax seeks to exempt linens, furniture, cooking utensils, and so forth, of the home. I never expect to visit a farmer who is in the slough of despond, facing bankruptcy, and unable to sell his produce for the cost of production and have him say, "You have added an additional burden by taxing farm implements. You have taxed the harness, the saddle, wire and nails I use in fencing; you have taxed cement, bricks, lumber, shingles, lime, and everything that goes into the construction of a barn and a home. You have even taxed the salt that I feed my stock and the drugs and liniment that I administer to them."

Mr. HOEPPEL. Will the gentleman yield?

Mr. FULLER. I yield.

Mr. HOEPPEL. Does the gentleman believe that the 5-cent tax on coconut oil will be transferred to the consumer?

Mr. FULLER. I think it will.

Mr. HOEPPEL. Is the gentleman in favor of it?

Mr. FULLER. I voted for it. It is in the interest of agriculture, in the interest of dairy and cattle people and the cotton growers of the South.

Think of the numerous things that we purchase, outside of what we eat and wear, and you can readily see what this tax will amount to. The powerful influence back of this tax is still battling at the doors of Congress for this law. They will continue to keep up the fight, and once enacted, the 2½-percent tax would soon amount to 5 or 10 percent. This insidious money power will continue to work during the night, while the common class sleep, in order to be prepared for a hard day's work.

No party has ever declared for a sales tax and none dares do so. Paraphrasing an old saying, "Oh, that my adversary would declare for a Federal sales tax." The proponents of a sales tax are either those who seek to avoid or reduce the income tax or are influenced by that class. Some of my good friends of this body, who I know are honest and sincere and real statesmen, favor some such a measure, but in my opinion they are influenced by their hatred for the so-called present "nuisance tax", which is really a sales tax. They should realize it is better to have only 17 of these nuisance taxes than thousands upon thousands. Recently a sales tax was initiated and submitted at the general election to a vote in the State of Arkansas and was defeated 8 to 1. This unjust tax, sought to be placed upon the toiling masses of this country, cannot hope to win when the searchlight is turned on and the facts are known. Every labor and farm organization in this Nation is opposed to such a law.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes.

Mr. GLOVER. The great danger, as I understand it, of a sales tax is that it is pyramided sometimes three or four times before it finally comes to the man who has to pay. He has then to pay all of the added tax. For instance, if we have a 5-percent sales tax on the manufacturer and he sells the article on which that tax must be paid to the wholesaler, he is not going to lose that, and cannot lose it, but he will put it onto the price of his article to the wholesaler. Then, when the wholesaler sells to the retail merchant, he must have his profit and he puts that tax on, and when the retailer sells it to the consumer he must have his profit, so that it is usually pyramided about four times by the time it gets to the ultimate consumer, who would have to pay and who is least able to pay.

Mr. FULLER. I thank my colleague for his excellent contribution.

Recently Columbia University, following a Nation-wide investigation by a staff of Columbia economists financed by the Rockefeller Foundation, declared that the sales tax was "an unnecessary and backward step in taxation." The report said in actual operation the tax yielded results quite different from those anticipated and that it cost about 5 percent to collect.

The advocates in Congress apologize for such a tax, claiming that it should only be used as an emergency measure and should replace the so-called "nuisance" taxes. This is not the real desire of those out of Congress demanding this tax; they seek to profit in the amount of taxes paid. It is high time that those who stand for the poor and middle classes of this country, and who want to make wealth bear its just portion, should be on guard and strike this serpent every time it shows its head. The enactment of this nefarious and unjust sales tax will meet with condemnation at the hands of the American public.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. FULLER. Yes; I am pleased to yield.

Mr. HOEPPEL. To make the observation that in California we have a sales tax as high as 6 percent, which we levy on the poor unemployed who is working for the C.W.A., while the same tax exempts the enormous profits made on the stock exchange. If the California sales tax is an example of what a sales tax might do, it is certainly an iniquity.

Mr. FULLER. I am glad the gentleman made such timely remarks.

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. COOPER of Tennessee. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. GLOVER. Will my colleague yield again?

Mr. FULLER. I will be pleased to yield.

Mr. GLOVER. The gentleman spoke a moment ago of the sales tax, and that if it should ever be used for taxing purposes it should be used by the States in cases of emergency. In that I heartily agree with the gentleman. There is another tax that I should like to get the gentleman's judgment upon, and that is the tax field that we have invaded, namely, the tax on gasoline. The gentleman will remember that our State now has bonds or State obligations that are predicated solely on the payment of those bonds from the gasoline tax. Of course, there is a limit to which we can go in taxation. We must necessarily reduce our State tax in proportion to whatever the Government sees fit to put on. Does the gentleman not think that we, as a national government, ought to get out of that field also as quickly as possible and leave to the States the entire tax that may be levied on gasoline, for the purpose of building roads in the States, which the public in the State and from all parts of the Union enjoy?

Mr. FULLER. Of course, I think everybody in this House is opposed to a gasoline tax imposed by the Federal Government. It is one of the so-called "nuisance taxes." I am sure it will soon be eliminated.

To me it is parrotlike stupidity to deny this measure is demanded by the wealthy income-tax payers, with a view of thus obtaining a reduction in income-tax rates.

During these trying days, when 10,000,000 are unemployed, representing a population of 50,000,000 without an income, is no time to add a tax to their great burden.

It took courage and statesmanship for that great humanitarian, President Roosevelt, to go to the grass roots in granting relief and making available a billion dollars under the Public Works program to furnish labor for these hungry Americans. Should these people, as well as those on the relief rolls, have some of this money taken from them for a sales tax to reduce the tax of those able to pay? God forbid the time will ever come in America when, by taxation, we make plebeians and peasants out of the middle and poor classes! This Nation cannot prosper with only the exceedingly rich and the exceedingly poor.

Political corruption caused by the aggrandizement and centralization of wealth in the hands of a few is the epitaph engraven upon the tombstone of the great republics of Greece and Rome. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield such time as he may desire to the gentleman from Washington [Mr. SMITH].

ABOLISH TAX EXEMPTION ON SECURITIES

Mr. SMITH of Washington. Mr. Chairman, this is undoubtedly one of the most meritorious and progressive tax measures ever submitted to this body and is a credit to the able Committee on Ways and Means, whose diligence and fidelity to duty is recognized by every Member of this House. The arduous labors of the members of the subcommittee, headed by my distinguished colleague from the State of Washington, Mr. SAMUEL B. HILL, have contributed much to its many excellent features. I am heartily in favor of section 602, which imposes a processing tax of 5 cents per pound on coconut oil, which, it is hoped, will benefit the dairy industry, although it is my opinion that an absolute embargo against any further importation of foreign oils, oleomargarine, and butter substitutes is required and justified to relieve the present plight of our dairy farmers.

However, it is a source of regret to me that this measure does not contain a provision levying a direct tax on the income derived from municipal, State, and Federal securities.

There is a wide-spread public opinion in favor of abolishing the tax exemption on securities and subjecting the in-

come derived from Federal, State, and municipal bonds to taxation by the Federal and State Governments. The term "tax-exempt securities" is a misnomer, for such a thing does not in fact exist. The bondholders are exempted from paying the tax, but the rest of the community has to pay the tax, which is shifted from the tax dodger to the taxpayer.

The total amount of outstanding Federal, State, and municipal bonds is officially estimated at over $40,000,000,000, the annual interest on which is approximately $1,800,000,000, exempt from payment of taxation by the bondholders excepting surtaxes on some of the Federal bonds, as we will presently note.

The total interest-bearing national debt as of August 31, 1933, was $22,722,597,530, of which sum $12,860,055,350 was subject to surtax and $9,862,542,180 entirely exempt and free from income tax and surtax. Figured on an average interest rate of 3⅝ percent, the total interest paid to the bondholders on this portion of the national debt is at least $825,000,000, which is wholly tax free.

The total State and municipal indebtedness is officially estimated at approximately $17,800,000,000, the annual interest on which amounts to not less than $1,000,000,000, based upon an interest rate of 5½ percent per annum. When we add to this latter sum the $825,000,000 interest on the national debt just referred to, we have a total income of approximately $1,825,000,000 on which no income tax is being paid to either the Federal or State Governments, 67 percent of which income is received by corporations and 33 percent by individuals, according to the official statistics. It has been estimated that, based upon existing tax rates, which are far too low compared with those in effect in Great Britain and other leading nations, the Federal Government would derive a revenue of at least $160,000,000 annually by subjecting to taxation this income on which the bondholders are now paying no tax whatsoever.

Mr. Chairman and Members of the Committee, two objections are urged against taxing the bondholders on their income. First, that it would result in the Federal and State governments having to pay a higher rate of interest on their bonds. In the opinion of those who have studied the question, with whom I agree, it is extremely doubtful if this would prove to be the case, in view of the huge oversubscriptions received every time a new bond issue is offered to the public, which indicates that there is an almost unlimited supply of surplus funds held by corporations and individuals seeking investment. Secondly, it is contended that the tax would render it more difficult for the States and municipalities to finance their governmental operations and necessitate their curtailment. In view of the plethora of funds awaiting investment, as stated, this fear is probably unfounded. However, even if the feared effect would result, would it be a valid objection, in view of the prevalent opinion that funds have been too easily obtained and consequently lavishly and even recklessly expended during the past decade by all governmental agencies and thereby caused an appalling increase in the costs of government and higher taxes?

Manifestly, the most serious objection to legislation by Congress to tax the bondholders arises from the legal question: Has Congress the power to levy such a tax?

The sixteenth amendment to the Federal Constitution reads as follows:

> The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

It is asserted that the purpose of this constitutional amendment which was submitted to the States July 12, 1909, and ratified by three fourths of them on February 5, 1913, was to overcome the effect of the decision rendered in 1895 by the United States Supreme Court in the case of *Pollock* v. *Farmers Loan & Trust Co.* (157 U.S. 429), in which the income tax of 1894 was held to be unconstitutional. In its opinion the Supreme Court declared, first, that incomes derived from property were "direct taxes", leviable only according to apportionment, and, secondly, that State and municipal bonds were not subject to Federal taxation. In regard to the latter point, the Supreme Court said:

> Bonds of a municipal corporation in the several States issued to raise money for public muncipal purposes therein are immune from Federal taxation, and this on the ground that such corporations are representative of the State and exercise some of their powers, and that under the implications of the Constitution, the governmental agencies and operations of the State have the same immunity from Federal taxation that like agencies and operations of the United States have from taxation by the States.

Mr. Chairman, the sixteenth amendment has been considered by the Supreme Court in several cases (*Metcalf and Eddy* v. *Mitchell, Admx.*, 269 U.S. 514, 521, and *Missouri* v. *Gehner*, 281 U.S. 313) and notably in the case of *Evans* v. *Gore* (253 U.S. 245), decided in 1920, which involved the question whether the salary of a Federal judge could be subjected to the income tax in view of the fact that under article III of the Constitution the compensation of judges of the United States may "not be diminished during their continuance in office." The Supreme Court—Justices Holmes and Brandeis dissenting—held that this provision remained in effect and had not been modified by the sixteenth amendment. In the case of Missouri against Gehner, supra, Justice Stone said in his dissenting opinion, in which Justices Holmes and Brandeis joined:

> A taxpayer, having no tax-exempt securities and legitimately bearing the burden of a State tax on net worth, may put off the burden completely by the simple expedient of purchasing on credit Government bonds equal in value to his net taxable assets. The success of a device so transparently destructive of the taxing power of the State may well raise doubts of the correctness of the constitutional principles supposed to sustain it. So construed, the Constitution does more than protect the ownership of Government bonds from the burden of taxation. It confers upon that ownership an affirmative benefit at the expense of the taxing power of the State by relieving the owner from the full burden of taxation on net worth, to which his taxable assets have in some measure contributed.

Mr. Chairman, not one of these cases involved the construction and interpretation of an act of Congress framed in the language of the sixteenth amendment nor squarely presented to the Supreme Court the question whether such an act of Congress taxing incomes, from whatever source derived, would come within the purview of the amendment, for Congress has never passed such a law, but which many citizens are ardently hoping will be done during this session. Indeed, Hon. Harry Hubbard, of the New York bar, has pointed out in a very learned and exhaustive article published in the American Bar Association Journal, volume 6, pages 202 to 207, that when the case of Evans against Gore, supra, which involved the matter of the salaries of Federal judges as affected by the sixteenth amendment, was argued before the Supreme Court of the United States, counsel for the Government did not even argue to the Court that the "amendment rendered anything taxable as income that was not taxable before", according to the statement of Justice Van Devanter in the Court's opinion. This action on the part of counsel for the Government must have been highly agreeable to the holders of tax-exempt securities, who always rely upon the decision in this case as an absolute bar to legislation by Congress to enforce the sixteenth amendment, but it was decidedly unfortunate and costly for the Government and the people of the United States.

There is another legal phase of this subject which is quite significant and important. The corporation excise tax of 1909 taxed the privilege of doing business by corporations, which tax was determined on the basis of the net income of the corporation from all sources. In the case of *Stone Tracy Co.* v. *Flint* (220 U.S. 107) the Supreme Court held that Congress had the power to include in the determination of the amount of the excise tax the income derived from tax-exempt securities, although such income could not be directly taxed, and stated:

> There is no rule which permits a court to say that the measure of a tax for the privilege of doing business, where income from property is the basis, must be limited to that derived from property used in the business.

In New York and California State corporation excise taxes levied on the net income of the corporation derived from all sources, including the income from Federal securities, have been sustained by the United States Supreme Court in *Pacific Co.* v. *Johnson* (285 U.S. 480), in which the Court said:

The owner may enjoy his exempt property free of tax, but if he asks and receives from the State the benefit of that enjoyment, he must bear the burden of the tax which the State exacts as its price.

And also in the case of *Educational Films Co.* v. *Ward* (282 U.S. 379).

As evidence of the fact that in recent years the Supreme Court has been expressing itself more favorably toward Federal fiscal laws imposing burdens upon the States and State fiscal legislation affecting the Federal Government, it is worthy of note, in view of the decisions which we have briefly analyzed, that in 1929, but 4 years ago, the Supreme Court held in Macallen Co. against Massachusetts, that under the Massachusetts State corporation excise tax, interest derived from Federal bonds could not be taken into account in determining the amount of the tax, because the statute imposes a tax upon Federal bonds and securities. Not quite 2 years later, in 1931, the Supreme Court decided in Educational Films Corporation against Ward, supra, that royalties from Federal copyrights might properly be included in arriving at the franchise tax to be paid to the State of New York. Finally, 1 year later, in 1932, the Supreme Court, in Pacific Co. against Johnson, supra, as we have already noted, held that the interest from Federal bonds were property figured as a part of the income upon which to assess the California State franchise tax, precisely the question involved in Macallen Co. against Massachusetts, in which the contrary ruling was made in 1929, 3 years sooner, and thereby overruling the earlier case.

Consequently, under these later decisions it is altogether reasonable to assume that Congress could levy an excise tax based on the privilege or franchise of the corporation to do business and the privilege of the individual to pursue any trade or gainful occupation, the amount of the tax imposed to be determined by the income of the corporation or individual from all sources, including the interest on tax-exempt securities, which would reach all the income derived from tax-exempt securities, excepting the interest received on tax-exempt securities by those who have no other source of income and do not have any trade or occupation except clipping interest coupons. However, this last-named class should certainly not be permitted to escape their responsibility and duty to contribute toward defraying the costs of maintaining the National Government, the benefits of which they enjoy to the same extent as the workers and taxpayers. An excise tax, while possessing merit as far as it would go, would fall short and fail to subject to taxation the incomes of the very class whose incomes should be the first to be reached by our revenue laws.

Measuring the sixteenth amendment by its four corners, and giving full force and effect to the words "on incomes, from whatever source derived", many eminent jurists and lawyers are of the opinion that an act of Congress reading literally the same as this language of the amendment would be upheld by the present Supreme Court, which by its decisions in the State excise-tax cases rendered within the past 2 years appears to have almost invited Congress to act. The constitutional objection to taxing the income from State bonds is sound only when there is a discrimination against State bonds, which could not possibly apply when all sources of income are taxed equally and no discrimination or injury results to the States.

Prof. Edward S. Corwin, of Princeton University, in an article entitled "Constitutional Tax Exemption", published in National Municipal Review, supplement to volume 13, after digesting the law thoroughly, expressed the following positive opinions:

(1) Congress has the power to permit State taxation of national securities by no discriminatory taxes.

(2) On correct theory it has always had the power to tax incomes from State and municipal securities by a general income tax.

(3) The sixteenth amendment restores that power by striking down the judicial theory whereby such incomes came to be exempted. Congress may tax incomes from whatever source derived. The words of the amendment are perfectly explicit, and the sense of them could not be made clearer by a dozen constitutional amendments. What is needed, therefore, is not further tinkering with the Constitution, but an act of Congress assertive of its present powers.

Nor is there any judicial decision interpretative of the sixteenth amendment which stands in the way of such an assertion of power. Yet even if it were otherwise, that should not deter Congress from taking the proper steps to secure a reconsideration of so important a question.

The sixteenth amendment is just as clear and explicit as the English language can make it, and no ambiguity inheres in it.

How would you write a new amendment? Would you confer on Congress the power to levy a tax "on incomes, from whatever source derived, including interest on State and municipal bonds"? That would be like levying a tax on "all liquids, including wines." The language of the present amendment is all inclusive and more so than any qualifying or descriptive phrases of inclusiveness which could be added, for it reads "on incomes, from whatever source derived." To say that a State and municipal government are not a "source" is to say that they are non esse. Is not this silly and preposterous?

Mr. Chairman, let this Congress enact a Federal statute levying a tax at certain prescribed rates upon "incomes, from whatever source derived", and let the present liberalized Supreme Court of the United States as now constituted, with Justices Hughes, Roberts, and Cardozo not infrequently acting with Justices Brandeis and Stone as a majority, pass upon it, and the tax-exemption evasion fraud will come to a sudden end in this country. Let us do this rather than continue to soak the poor and heap up more taxes on the average citizen by levying still further taxes upon every man and woman who buys a gallon of gasoline or drinks a cup of coffee or tea or buys some article of merchandise, when the safety-deposit vaults are filled with the tax-free bonds of wealthy tax dodgers. [Applause.]

Mr. Chairman, I ask unanimous consent to revise and extend my remarks by incorporating an article by Harry Hubbard, of the New York bar, published in the American Bar Association Journal, on the authority of Congress under the sixteenth amendment to the Constitution to levy taxes on so-called "tax-exempt securities."

The CHAIRMAN. Is there objection to the request of the gentleman from Washington?

Mr. TABER. Reserving the right to object, is it the gentleman's own remarks?

Mr. SMITH of Washington. Yes. In answer to the gentleman, I want to extend my own remarks and to include the article to which I referred.

Mr. TABER. As far as the gentleman's own remarks are concerned, I have no objection; but as far as articles written by other people who are not Members of Congress, or important Government officials, I feel constrained to object.

Mr. KELLER. Will the gentleman withhold his objection a moment?

Mr. TABER. I will.

Mr. KELLER. This is a matter upon which it seems to me there is very little understanding over the country, and it is one on which we ought to have the very best information we can get. If somebody in the Bar Association has written this, I hope the gentleman will permit it to go in. I should like to have that information myself, and I do not have it; but I should like to get it.

I want to get it. I think it ought to be given the widest possible distribution.

The CHAIRMAN. Does the gentleman from New York insist on his objection?

Mr. TABER. Mr. Chairman, I do not object to the gentleman extending his own remarks, but I do object to the insertion of the article.

Mr. SMITH of Washington. The gentleman from New York [Mr. TABER] has interposed objection because a Member from this side objected the other day to his inserting an editorial from the New York Tribune; but this is an entirely different matter, as the article I have offered contains very valuable information in regard to the legal phases and decisions of the courts relating to the important subject of the power of Congress to tax the income from tax-exempt securities, which I have just discussed. I am sorry that he insists upon his objection.

Mr. COOPER of Tennessee. Mr. Chairman, I yield 7 minutes to the gentleman from Georgia [Mr. CASTELLOW].

Mr. CASTELLOW. Mr. Chairman, with pleasure I accept this opportunity to express my appreciation for the lucid explanations given by the members of the Ways and Means Committee and others regarding the various provisions of this important legislation.

Coming from an agricultural section myself I desire especially to congratulate the distinguished Member from Nebraska, Governor SHALLENBERGER, for his efforts and success in having written into this bill certain tax provisions in regard to coconut and sesame oils. I regret exceedingly that it was not possible to have inserted into the bill similar provisions in reference to other vegetable oils and animal fats which are imported in large quantities to the detriment of our agricultural interests. As one of the representatives of the cotton growers I would have been pleased if an adequate processing tax had been imposed upon jute, hemp, paper containers, and other commodities which come in active and unfair competition with cotton products. However, this bill accomplishes a long step in the right direction and should prove to be of decided benefit to the dairymen who produce in value practically one fourth of the agricultural products of America. It should help also the growers of cattle and hogs and the producers of corn. It should stimulate materially the market for cottonseed and peanuts, so essential to the prosperity of the South.

I listened with greatest interest to the urgent protest made by the Commissioner from the Philippine Islands to this provision in the bill, and I congratulate him upon his loyalty to the people whom he represents. I only hope that we of the States may emulate his example by equal loyalty to the interests of those who sent us here. In this connection, I point out that this is not the only incident in which the Filipinos evidence a mindfulness of their own interests. Statements from the governmental departments and other sources show that in July 1933, 80 percent of Philippine imports of piece goods came from the United States, 10 percent from Japan, and the other 10 percent from various countries. Having increased the cost of our products by resorting to the N.R.A. we find that by November 1933 the Philippine Islands were taking of these goods from the United States only 32 percent and receiving from Japan 56 percent, the remaining 12 percent coming from other countries. During the month of January 1933 the Philippine Islands received from the United States 7,029 packages of cotton goods and during the same period 1,930 packages from Japan. In December 1933 the figures are practically reversed as the Philippines imported from the United States only 2,890 while from Japan they received 6,250 packages. I have no inclination to criticize or condemn the Filipinos for their action, for why should a people be censured for taking advantage of an opportunity to direct their trade where to them it appears most advantageous? But it would be quite generous indeed for us to continue to furnish a market without revenue or tax, for the oils from the Philippines while they in turn so liberally patronize a competitor who, as I understand, has recently concluded an agreement to take from India 1,500,000 bales of cotton annually from which to manufacture, with cheap labor, goods to be sold in the markets of the world at a price with which we are unable to compete.

Not only the condition revealed by this situation but the handicap under which our industries are forced to operate while endeavoring to meet foreign competition in the open markets necessarily challenge our most serious consideration if we expect or hope to remain a factor in the commerce of the world. Not only that, my information is that approximately 40 percent more cotton cloth was imported into the United States in 1933 than in 1932. So, with cheap cotton from India and other producing countries, and cheaper labor from Japan and other manufacturing countries, even our domestic market seems unsafe for either American agriculture or industry.

In view of this situation, may I in conclusion submit that a definite attitude and policy in regard to these important matters would be of the greatest interest at this time to those so vitally concerned. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, at this time I desire to read a short editorial headed "The House Abdicates", taken from the Washington News of today:

THE HOUSE ABDICATES

With, doubtless, the best intentions in the world, the Democratic leaders of the House of Representatives are discrediting the administration in the eyes of the country. When word goes out that the House has been reduced to the point of impotence where its Membership is no longer permitted even to propose amendments to a tax bill, then it is inevitable that a feeling of resentment should spread.

For the House was given primary control over public money solely because it was, in the beginning, the one branch of the Federal Government close to the people and responsive to their wishes. Centuries of struggle had established the tradition that the popular branch of a government should hold the purse strings.

Today the Democratic leadership of the House has completed a long process of attrition by which this vital function has been surrendered. The beginning came, of course, when the House allowed its membership to increase to the point where free and unlimited debate became a physical impossibility. To function at all the overcrowded House had to have some measure of boss rule. But today, for no reason that seems evident, boss rule has been extended to a point far beyond anything called for in the interest of simple efficiency.

There is no indication that this was done at the request of President Roosevelt. The tax bill under consideration was not proposed by him, although the bill as finally drawn was approved by the Treasury. A gagged House of Representatives is decidedly a discredit to the President whose policies it undertakes to expound.

In the Senate, which is today far more representative of the public than is the House, the tax bill will be debated and amended. Yet the House can be so manipulated by its bosses that the Senate may be forced to choose between abandoning its amendments or defeating the tax bill altogether. This is not representative government. It is not even intelligent autocracy.

Some have suggested that the public might actually be more faithfully served if the House were abolished altogether and the only truly representative body were left to function unhampered.

Whether or not this conclusion is sound—and it probably is not—resentment toward the House will grow if it does not reassert its powers as a deliberative body.

Those are not very nice editorials to read in the newspapers regarding this House, which is supposed to be a deliberative body representing the people of the various States. I do not like to see such editorials; we have, however, no one to blame but ourselves.

Personally, I should like to have seen the Members given an opportunity to offer amendments to this tax bill. Personally, I should like to have seen a practically new tax system set up in this country. As it is, we are spending the time and effort of the committee fussing around with an old building that is dilapidated, the foundation is rotten, the rafters are rotten, the siding has fallen off, the plaster is down, the wind is blowing through it, the windows are cracked and broken out, and it is propped up with poles; yet we are spending our time and energy reshingling the roof, so to speak. As a matter of fact, that is just about all we are doing, for we learn that notwithstanding the many so-called "amendments" of the tax law contained in the provisions of this bill we are not going to reach the tax dodgers who are hiding behind all kinds of subterfuge.

I am not in favor of a sales tax. I am not going to talk for a sales tax, either, for that is just another way of making the little fellow, the home consumer, the day laborer, the workman, and the farmer pay the tax dodgers' share of the burden.

Our Government would have all kinds of money if we had not left loopholes through which the J. Pierpont Morgans and the Andy Mellons and their ilk and stripe have jumped. We learned through the investigation conducted by the Senate Committee on Banking and the investigations of Mr. Pecora that Morgan pays an income tax in England but none whatever in the United States of America where he has made millions and millions of dollars.

We see the effect on the income-tax laws of the country of the decision handed down by the Supreme Court in favor of Morgan and his interests whereby they can reduce their apparent income by the payment of stock dividends, in this manner avoiding the assessment of taxes.

It might be well to look into the income tax Colonel Lindbergh paid on earnings of stock given him by these manipulators who wanted to use his name for promotional purposes and get other poor suckers to buy these stocks. They used Lindbergh for the goat, and he fell for it willingly.

Under our tax system today we start in by going after the helpless children. We tax the bar of toilet soap used in the first bath after their birth. Of course, they are helpless and they are defenseless. Not only that but also we tax the cake of soap with which is washed the body of the corpse before it goes into the casket; yet the Morgans, the Rockefellers, the Mellons, and the rest of them are allowed to escape their fair share of the tax burden. At the very time we tax the few pennies the children spend for tidbits or sweetmeats on the way to school in the morning, yet today Congress not by the millions but by the billions is issuing additional tax-exempt bonds and more tax-exempt bonds.

All that these tax dodgers have to do is to buy more tax-exempt bonds so that they can dodge their just taxes and the result is that more of the tax burden is laid on the backs of the common people. This is what we are doing.

This is a good deal like our hog-control program. We take the old brood sows and ship them into the stock markets, kill them off and make them into fertilizer, so that we can sell the farmer more fertilizer to plant more corn so that the corn can be fed to more brood sows to be sent back into the market, and so on ad infinitum. Our tax system is turning out in the same way.

We should change the entire tax system. We should put on what is known as a gross-earnings tax and graduate the scale. If we did that we would have more money than we would need. We could balance the Budget. We would be a Nation that pays its debts, This could be done by providing for absolutely no exemption. This would plug up all the holes in our present inadequate and obsolete tax system. We could put a tax on every earning in the United States of America. We would start in with probably one quarter of 1 percent on the man who earns five, six, or seven hundred dollars a year. This would only be a tax of several dollars. We could put a gross tax on the income of every business according to the business, so that each night when the cash register was punched so much of the money would have to go for Federal taxes. Not only that, but stock salesmen and everybody taking in money would have to pay a tax upon the amount of money that they took in. We would have to make it graduative until those who took in great sums of money would be paying 6, 8, or 10 percent on their gross income, while the little fellow, starting in as a day wage laborer, would be paying only a few dollars a year. But everyone would be contributing to the expense of their Government in this country.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. SHOEMAKER. I yield to the gentleman from Colorado.

Mr. MARTIN of Colorado. It seems to me that in heaping up the income and inheritance taxes in order to affect a redistribution of wealth, we are really working on the roof of the house instead of the foundation. What we ought to do in this country is to devise an economic system that will distribute more of this wealth at the source and not have it dealt with by bureaucratic methods of taxation of incomes, and so forth.

Mr. SHOEMAKER. What the gentleman says is quite right. They dodge the inheritance tax by transferring the property far in advance of their death, and having the property set up in a trust fund, and through other methods of avoiding the payment of the tax. There is not a tax that we have in this entire tax bill here today that cannot be dodged. I do not say this because of any personal animosity that I have toward anyone on the committee or toward the committee as a whole. I feel that our tax system is inadequate, it is obsolete and out of date. We are today living in the twentieth century. The sooner the Members of the House get that into their heads that we are living in the twentieth century and not in Andrew Jackson's time, and quit voting Andrew Jackson, the sooner we will be better off. We are still voting for Andrew Jackson but we do not seem to know it.

Mr. DONDERO. Will the gentleman yield?

Mr. SHOEMAKER. I yield to the gentleman from Michigan.

Mr. DONDERO. The gentleman made some reference to Colonel Lindbergh. Did the gentleman see the statement in the morning paper that Colonel Lindbergh was offered a contract by William Randolph Hearst involving a half million dollars, and that Colonel Lindbergh tore it up and threw it in the fireplace rather than take the half million dollars? He did not want the money. The gentleman does not want to leave the inference that Colonel Lindbergh was after money, does he?

Mr. SHOEMAKER. May I say this, that if Mr. Lindbergh was unpopular tomorrow, Mr. Hearst would write a different editorial just the same, because he is always on the side that he thinks is most popular, regardless of principle. [Applause.]

[Here the gavel fell.]

Mr. COCHRAN of Pennsylvania. Mr. Chairman, I yield 10 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Chairman, we are discussing a tax bill and may I say that I have listened to some of the debate with a great deal of interest. I have given some consideration to this tax bill, and I feel that this tax bill is only a makeshift. There are many features of it that I do not like, yet nevertheless I realize that with the country in the position that it is today, and the amount of money that we are expending, that it is absolutely necessary to have a tax bill. I am going to support the bill because of the fact that we must raise revenue. I dislike very much having to support a bill which came in in the manner in which this bill has been presented to us, owing to the fact that we as Members of the House of Representatives have no chance whatever to make amendments or changes to the bill. I think that is very undemocratic, not to permit amendments and I believe it is detrimental to the welfare and the interests of this country. We are not permitted to make any recommendations whatsoever in reference to this bill. We either take the bill or leave it. I consider that a very un-American way of trying to handle the affairs of the House of Representatives, and this is not in accordance with the Constitution of our country.

We have been taught recently to be good " yes-yes " boys or good " no-no " boys, depending upon what some others in authority decide that we should do. I feel that the good Lord gave us brains which we should use in trying to work out the salvation of this country and, goodness only knows, we need to use every ounce of energy and every ounce of mentality that we have if we are going to continue the operation of this country in the way we would like to have it.

Mr. HOEPPEL. Will the gentleman yield?

Mr. RICH. I would prefer concluding my statement, then I will be glad to yield to the gentleman.

I think that one of the greatest needs we have in this country today is the giving of a job to the man who wants to work. Give him a job so that he can earn a livelihood for himself, so that he can earn a livelihood for his family, and so that he will have something whereby he can have the pleasures and enjoyments of life. If we are going to establish a tax bill that is satisfactory in securing the revenues necessary to operate the Government of this country and at the same time create jobs for people so that they can be employed and earn their own livelihood, I make the suggestion, which has been made heretofore, and that is to stop mass production. I have been advocating this and advocating it quite strongly for some time. We also ought to tax improved machinery. I have been very sympathetic to the N.R.A. in doing away with child labor, in the creation of a minimum wage, in the regulation of the hours of labor, and in the regulation of the hours of work for machinery, but you are never going to make the N.R.A. a success until you govern mass production.

We can put a tax on improved machinery so that we can stop this great mass production and, eventually, if we find that our production is not great enough we can reduce the tax. We should put this under the Department of Labor or some other department, because eventually we must create jobs for the men who want to work. If we do this I feel confident that ultimately we can eliminate the tax on mass production and on improved machinery and in this way we will be doing what we are trying to accomplish today. That is earn a livelihood by having a job. This is what the various Government agencies that we are spending millions and billions of dollars on are trying to do now by the Government being the employer rather than industry. I believe this can be done by promoting something that will stop mass production and give men work.

Today, what is the first thought of a man in business? His first thought is trying to keep his business from going into the hands of a receiver. The man in business today is just as sick as the man who has not a job, because he does not know whether his business is going to continue or not.

Any individual who is still engaged in business has the thought in mind, "What can I do to meet competition? The other fellow has put in improved machinery and if I do not install some machinery to compete with my competing manufacturer I will be out of business." What is such a man doing? The best brains of the country today that are left in business are thinking of the things they can do to install labor-saving machines and put men out of jobs. This is not because they want to discontinue the employment of people or not employ additional people, but they are doing this because they know it is a matter of self preservation to keep their business in operation. Therefore this individual is striving in every way, shape and form, to get machinery that is going to reduce his overhead and the N.R.A. is permitting them to go ahead and put in mass-production machinery and they are putting men out of work every day and still we are asked, "Why not employ more people." Stop the cause of men loosing their jobs and regulate the machine temporarily and you will see the men go back to work, many of them.

If we tax such machinery we will put more men back to work and we will not be putting the Government further into debt and the business people of the country will take up the slack in unemployed labor, and, eventually, we will get things back on a normal basis without having this great national debt. I feel this is one of the most important things we can do at the present time. I am not antiquated nor do I want to stop advancement; this is a temporary measure.

Another thing that has interested me is the fact that Members of the House of Representatives will get up here and say that we want improved machinery to do everything, so that men can sit down and not have anything to do but enjoy all the pleasures of life. The first man on earth was in the Garden of Eden and he was driven out because he sinned. Today, I do not think anyone can stand up here and conscientiously say he does not believe that men should work.

I say that men ought to be engaged in some occupation. If they are not, they become dissatisfied and, as we all know, idleness breeds discontent. If we do not have 8 hours of work to provide for a man, I do not know what he is going to do with himself.

I know well enough he is not going to get money enough to go around and enjoy himself and participate in all the pleasures of life without any work. I believe the men who advocate this today do not know what they are talking about and I hope such discussions will be discontinued, because if we give all men an opportunity to work at least 4 days a week so they can occupy their minds and then have 2 or 3 days a week to enjoy themselves with their families and do their visiting, we will probably get somewhere, and the day is never coming when people can sit around in idleness without creating anything and at the same time have all the pleasures and enjoyments of life. I do not believe such a day will ever come and I do not think any man who advocates this ever did very much work himself, because if he is so used to loafing around that he wants to spend his time in idleness, I think there is something wrong with him in advocating such a condition for his fellow man. I love to work myself, and work will not injure any person.

There is one other thing that we have condemned here, and I condemn it also, and that is the crookedness of men when they are trying to violate the laws that we have passed here, whether it is the income tax law or any other law.

I do not have time for the politician who sits around and tries to evade the law and do things that are unethical. I do not have any time for the politician, whether he is a Congressman who sits in the House of Representatives or not, who is for those things that he thinks are going to give him a seat in Congress, when he knows it is the wrong thing to do. We have done a lot of talking here, and I insist that the men who are simply trying to do those things which are best for themselves, when the existence of the country is at stake, have not very much at heart the welfare of the country, and I do not approve of action and talk of this kind. We have given out the sentiment that all men in business are crooked just because a few have sinned. Our honest business men are the backbone of this country.

Right now we are bringing up a rule here, because we have enough signatures on the application to vote on the bonus bill. This is going to bring out a bill which, I believe, the administration does not want at this time. I thought a year ago when we put that rule into effect it would reflect on the Democratic Party—and it will.

[Here the gavel fell.]

Mr. TREADWAY. Mr. Chairman, I yield the gentleman 3 additional minutes.

Mr. RICH. I am sorry this rule was enacted as a part of the rules of the House of Representatives, because I believe it is going to bring up a measure which the administration does not want at this time. I feel that any rule that is going to create a condition that will retard the advancement of this country at a time like this is wrong.

I want to support the President of the United States as long as he suggests laws that I believe I can support wholeheartedly, but I am certainly not going to be a "yes" man and vote for everything that is brought up here, when I know it is wrong.

I think we ought to try the best we know how to use our good common sense. We ought to have enough confidence in the men who compose the House of Representatives to believe that they are going to act for the best interests of the people of this country, and if we do this and we stand up here conscientiously and say that we will vote for a particular thing because it is in the best interests of the country, then I think as Representatives we are doing our duty; but when you bring in bills that are contrary to the rules of the House and contrary to the Constitution of the country, I say such things ought not to be done and such rules are wrong, even if they are the rules of the House of Representatives.

I hope that some of the rules that we have enacted in the House of Representatives will be annulled, and that men will stand up and try to be conscientious in their efforts to do those things for the best interest of the people.

Mr. VINSON of Kentucky. Will the gentleman yield?

Mr. RICH. I will yield to the gentleman.

Mr. VINSON of Kentucky. What bill has been brought on the floor of the House contrary to the rules of the House?

Mr. RICH. The rules of the House are wrong, and I venture the assertion that the gentleman has voted for rules in the last 3 or 4 weeks that he does not believe in himself just because they are gag rules.

Mr. VINSON of Kentucky. No bill has been brought on the floor of this House at this session or the past session that has not been brought here in conformity with the rules which the majority of the House adopted.

Mr. RICH. I will venture the assertion that 60 percent of the Members upon this side of the aisle, the Democratic side, do not agree or believe in the rules you have adopted at this session.

Mr. VINSON of Kentucky. They are the rules of the House.

Mr. RICH. That is all right, they are the rules of the House, but you ought to change them. They are poor rules and contrary to our Constitution.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 8 minutes to the gentleman from Georgia [Mr. DEEN].

Mr. DEEN. Mr. Chairman, I ask unanimous consent to submit a statement from one of the Assistant Secretaries of the Treasury, Mr. Magill, who has furnished me with a list of several countries showing the rate of taxation on incomes from Government securities.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The statement is as follows:

TAXATION OF INCOME FROM GOVERNMENT SECURITIES

AUSTRIA

The interest from national Government bonds is taxable under a general income tax and under a capital yield tax. Principal and interest on all external loans are payable without deduction for any Austrian tax, however. In addition, all the World War loans now outstanding are "free from Austrian taxes." Three pre-war issues are made free of Austrian income tax in their authorizing acts. This leaves only eight issues which have no tax-exemption features. One of these loans issued to Austrian nationals against their claims of foreign currencies includes 10 series.

BELGIUM

Income from securities of the state, the provinces, municipalities, and other public bodies is taxable under the tax on income from investments and under the supertax. All external loans, however, are specifically free of tax. The latest external loan (5½ percent of 1932 issued in French francs) is not only free of taxes in Belgium but if taxed in France, the Belgian Government will pay such taxes. With reference to internal loans, all outstanding World War loans are specifically exempt from Belgian taxation, but with the exception of an issue of the Lloyd Royal Belge Steamship Co. assumed by the Government, the policy appears to be against tax-exemption for internal loans other than war loans. Treasury 5's of 1932, however, are made payable as to "interest and principal and premium without deduction for present and future taxes of the state, the provinces, and the communities."

CANADA

The income tax specifically does not apply to income derived from Canadian securities, the beneficial ownership of which is in nonresidents of Canada. There is, however, no general statute exempting interest from Government bonds from taxation. The Dominion of Canada external 5-percent gold loan bonds of 1915, the third war loan, and the first victory loan were specifically made exempt from all Canadian taxes, and hence the interest from these issues is not taxable to Canadian citizens or residents. The interest on almost all other Government issues, however, is taxable to Canadian citizens or residents. A few of the later issues are made tax exempt until a particular date, for example, November 1, 1933, and are thereafter taxable.

FRANCE

The interest on Government bonds is subject to the general income tax, although Government bonds are not subject to the 16-percent coupon tax. External loans are specifically exempt from all French taxes. Eleven outstanding internal issues are specifically free from all French taxes, 5 such issues are tax free except from the general income tax, and 8 such issues are free from the general income tax.

GERMANY

Income from national Government securities is taxable under the income tax law, and there are no general exempting provisions. Interest on all external issues are free of all German taxes. With the exception of the 7-percent loan of 1929, which is specifically free of income tax, the internal issues of the Government are not tax exempt.

GREAT BRITAIN

There is no general statute exempting interest from Government bonds from taxation. The Victory bonds, 4 percent, 1919; the funding 4-percent loan bonds, 1919; the war loan 3½'s; Treasury 2½'s, 1933; and the United Kingdom gold 5½ loan, of 1917, are exempt from British taxation if in the beneficial ownership of persons neither domiciled nor ordinarily resident in Great Britain. The great majority of British Government bonds contain no provisions for tax exemption and most of the local- and municipal-bond issues also contain no tax-exempting provisions.

ITALY

Interest on practically all kinds of securities representative of the national public debt is exempt from the tax on income from movable wealth either by the authorizing act or by other legislation. There is no general exempting statute from the complementary tax on income.

Income on all external government loans, including external loans of government-credit institutions, is payable without deduction for Italian taxes. All World War loans (internal) and all internal post-war loans are also specifically exempt from all Italian taxation.

Interest on bonds issued after September 30, 1926, by provinces, communes, and other legal entities is exempt from the tax on movable wealth.

JAPAN

The income-tax statute exempts interest on Japanese national bonds from income tax. The interest on Japanese local bonds is taxable under the income tax if it is received within the territory where the income tax is in force. The Japanese capital-interest tax is imposed upon all interest of Japanese national or local bonds where such interest is received within the territory where the capital-interest tax is in force. If the bond has a tax-exemption clause, it is, of course, exempt from all taxation including the above. All national bond issues, with the exception of two since 1914, provide that interest is to be paid without deduction for any present or future Japanese taxes. About one third of the local municipal bond offerings are similarly tax exempt.

SPAIN

There is no general statute exempting interest on Government bonds from all taxation. Prior to the World War a number of Government bonds were issued specifically subject to a deduction of a tax of 20 percent. Since the war most national issues have been made expressly free from all Spanish taxes, although the Spanish 5-percent redeemable loan of February 15, 1917, was subject to a 20-percent Spanish coupon tax. The majority of local municipal issues are not specifically exempt from taxation.

Mr. DEEN. Mr. Chairman and Members of the Committee, I am not going to discuss the various features or the provisions of the bill, but I should like in the short time allotted to me to pay a tribute to the committee having jurisdiction of this bill—the Ways and Means Committee.

To the chairman and members of the committee I think there is much credit due for the great many improvements over previous tax bills enacted by the House of Representatives. Of course, I should like to have the 2-cent postage restored immediately. It was also my hope that the tax on bank checks would be eliminated immediately, but that, I believe, becomes effective on January 1 of next year.

I also appreciate the work of the committee in raising the income tax in the higher brackets. As a poor man, I have always been willing to bear my share of the cost of government, and this increase in the income tax in the higher brackets is just and fair. Every citizen ought to be willing to bear his or her share of the cost of government in proportion to his or her ability to pay.

There is another wholesome provision in the bill, and that is the one increasing taxes on incomes from dividends, which, in my judgment, is a valuable provision of this bill.

I want to stress, if I may, my own conclusions of what I think is one of the most valuable provisions of this bill, and that is found on pages 15 and 16, section 131. It was my position and my platform in the election of 1932 that all domestic corporations doing business in foreign countries should pay to the Federal Government of the United States some kind of an income tax for the protection of the Federal Government of their property located in foreign countries.

Permit me to use this illustration: About a year ago China and Japan were engaged in a skirmish or impending war

over Manchuria. One of the Standard Oil companies of this country had some property in the war territory, and some soldiers threw stones at the buildings and apparently broke some of the glass, whereupon the American Ambassador or Minister, called upon the United States, or rather informed the United States, that we were embroiled in the approaching war.

It is my contention, Mr. Chairman, that if a corporation in this country is able to own a branch corporation in a foreign country, and expects the Federal Government to place its strong arm of protection over its investment in a foreign country, that corporation should respond in the payment of certain income taxes to the Federal Government of the United States on its earnings in that foreign country. It is only fair that those domestic corporations should thus perform their duty to our Government. That, to me, is a valuable provision of this bill. The principal regret that I have in the provisions of this bill is that it does not place a greater tax upon the income from tax-exempt securities, and I am not saying this in the spirit of criticism of the committee. The best information that I can obtain is that there are approximately $50,000,000,000 worth of county, municipal, and State bonds outstanding at the present time. There are approximately $25,000,000,000 of Federal bonds outstanding, incomes from some of which are taxed in some of the brackets. It was my hope that at this session of Congress we would be able to place a tax on income from bonds. To the average person bonds means bondage, but to a few people, or the owners, they mean income. In my judgment, tax-exempt securities show discrimination to the taxpayers of the country. All of us, from the humblest and poorest to the wisest and richest, from the North, East, South, and West of our great country, will have a greater respect for our system of government if no man in the country can go down and buy securities—bonds—and thereby escape taxation. It is only fair that we enact legislation at the earliest possible moment to cure this evil.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by printing in connection with my remarks a short article from the London Sphere that I shall quote from.

The CHAIRMAN. Without objection it is so ordered.

Mr. McFADDEN. Mr. Chairman, I was interested in the explanation given this afternoon as to the duties of these 10 new employees who are to be given to the Secretary of the Treasury, wherein it was stated that 6 of them are to be engaged on work incident to the administration of the stabilization fund. This Congress about 3 weeks ago put into the hands of the Secretary of the Treasury a $2,000,000,000 stabilization fund. I had understood that most of the work incident to its operation was to be brain work and that decisions upon it would largely be as a result of exchange conditions abroad. I am able now to give this House some information as to what I believe these men will be doing in connection with the stabilization fund.

Apparently their principal function will be in arranging for the issue and delivery in payment for the gold which is purchased by the United States Treasury gold certificates or other credits. This is simply a clerical operation. Certainly, we would not pay $10,000 per year for men to do this class of work, nor would we pay $10,000 per year for men to carry the gold and place it in the Treasury. The further determinations must be made by others.

Interesting in that connection is the fact that these countries that are now shipping gold to the United States owe the United States some $12,000,000,000, which they say they cannot pay because they are not able to do so, and Great Britain has told the Treasury and the President this fact. So have France and the other countries that owe us war debts. It is interesting to note that gold is being accumulated in Europe and being shipped to this country by these nations which owe us money—gold in large amounts. During the past few days, or since the passage of this lowering of the gold content of the dollar bill, over $200,000,000 has been received or is in transit and other large engagements are being made to ship gold here. The present price of gold is $35 an ounce in New York and in the United States, and gold is being attracted here because of that price. Much of the gold coming here at this time was shipped out of this country just a short time ago. Until the gold bill was passed the price in this country was $20.67 an ounce.

Why should the United States be buying gold and paying $35 an ounce for it? Why should the United States be making Great Britain a present of $14.33 an ounce on the hundreds of millions of dollars of British gold that is being shipped to the United States? Why should the United States through this process be favoring four London gold brokers? Why should the United States set a price of $35 and pay Great Britain an increase of $14.33 on every ounce of gold? This is interesting when you consider that three fourths of all the gold produced in the world is produced in the British Empire. Did we do this because Great Britain demanded it? Is it possible that this $14.33 profit to Great Britain on every ounce of gold shipped into the United States is for settlement of a debt that the United States owes to Great Britain?

The article that I am about to read is an enlightening one and raises the question as to whether or not the title to the gold now in the hands of the Secretary of the Treasury really belongs to the United States or to Great Britain, as the gold which the United States is buying at $35 an ounce is largely accumulated in London from the various continental European countries and shipped to the United States from these four gold brokers in London. The President and the Treasury are very silent, and the American people know little about these transactions but will want to know much, as this gold now accumulated in the Treasury belongs to the people of the United States and was taken from the people of the United States, and the people of the United States will ask for an accounting.

It is enlightening to the people of the United States to know that business and commerce have been uplifted in Great Britain as they have been by the passage of the gold bill in the United States. The American people will be interested to know that the low-grade gold mines of South Africa are now starting up to produce one to two billion pounds of gold to sell to the United States at $35 an ounce. This is building up the gold industry in the British Empire with America's money. This is hardly what was promised the American people who were led to believe that the passage of the gold bill would put money into circulation in the United States and would help to build up American industry, whereas apparently the opposite is the fact, and we are building up Great Britain and her industries first.

Building up of this industry for Great Britain means the employment of British labor not only in the mines but in the factories that produce machinery and all those articles which are necessary to carry on the gold boom which has been started.

Is this gold which the Treasury is buying from Europe being paid for by the issuance of gold certificates or credits that are established, and just how is the settlement to be made out of this stabilization fund that the Secretary of the Treasury is dipping into to pay for this foreign gold? Is it to be paid in gold certificates, and in what kind of money are those gold certificates to be redeemed when they come back from England or from these foreign countries that owe us money? The article I refer to is as follows:

JOHN BULL'S GOLD BOOM AND THE PART THAT IT IS PLAYING IN THE ECONOMIC REHABILITATION OF THE EMPIRE

By C. Patrick Thompson

Over the seaways linking the continents gold is moving as fast as big ships can steam. Probably there never was a time when so much gold was afloat at the same moment, and over an area as wide as the world itself. The main streams flow toward London, the chief world center for marketing gold, and New York, the main buying center; but the motive power for the movement is supplied by an American buying price which is at present set at $35, or 140s., an ounce.

When Uncle Sam decided to cut the gold content of the dollar by 40 percent, and to attempt to bring about an internal price rise by making the new, high, American price for gold effective over the whole world area, John Bull should have stood himself a large drink. For three quarters of all new gold is produced within his enormous empire; and his sons and daughters in South Africa, West Africa, India, Australia, New Zealand, Kenya, Canada, and a few other dominions, dependencies, and possessions, are growing rich as a result of the policies of a beaming but resolute American President and his erudite professorial adviser.

Nor are the elders of the tribe sitting quietly in the home island doing so badly. Four London firms, the senior founded in 1684 and the junior in 1853, and the 4 representing 8 wealthy families, remain the world's chief gold brokers; and 2 London firms, one the Rothschild one, dominate the refining business. The chief markets for gold shares are in Johannesburg and London; and most of the orders for mining machinery and equipment come to British manufacturers. The bulk of the dividends of the gold-producing companies remains inside the British Empire area, and increase purchasing power. These dividends were up 100 percent in 1933 over 1932, and are probably destined to go higher in 1934. The Transvaal mines alone made around £30,000,000 last year, and out of that paid £13,000,000 in dividends (against £9,000,000 in 1932), while the Union Treasury took £11,000,000. Then there are the side lines of commissions, freights, insurance, and other odd trifles.

Of course, the lop-sided distribution of the gold stocks is bad for world trade, in which Britain has a major interest; but this position gradually will get straightened out. Meantime the British Empire is taking immense sums of foreign money in exchange for its gold, and is using the money to buy raw materials and goods, and to push on development works, and open up barren tracts. If this Empire, instead of being a seller of gold to the world were a buyer, the outlook for the British Commonwealth of peoples might not be quite so good. It was Australia who "kicked off" the boom, although the world did not realize it at the time. She depreciated her pound 25 percent vis-à-vis the British gold-based pound, and adopted an agrarian monetary policy (the remarkably successful effects of which have had a profound influence upon the minds of President Roosevelt and Monetary Adviser Professor Warren, in Washington). Immediately the flagging gold-mining industry of Australia revived, old mines reopened, new finance was found, the Government helped, and the intensive prospecting began which may disclose new fields and may bring the Dominion again into the forefront of the world's gold producers. The abandonment of the gold standard by Britain brought the boom nearer; and when South Africa went off gold, there began the real boom which the monetary policy of Uncle Sam has now carried to new heights.

But back of it all is the single factor of currency depreciation, making the yellow metal immensely more valuable in money terms. If gold were not so scarce, we should already be flooded with it, as we were with copper, oil, rubber, cotton, coffee, tin, tea, and a few other commodities whose production was forced by the abnormally high prices of the so-called "prosperity" era. Maybe the boom will end in a fall in the gold price as currencies get themselves adjusted all along the line, but that seems some way off. Meantime production is rising along with profits in most places. All over the place abandoned mines are being reopened, and low-grade ore formerly treated as junk is being profitably worked.

But the high light is the mighty auriferous reef of the Witwatersrand under the great central plateau of South Africa, 5,550 feet above sea level. Nearly £1,200,000,000 worth of gold has already been extracted from this field. It is estimated that over £2,000,000,000 remain. Only the best-grade ores were worked with gold at its old price. It did not pay to work the low-grade stuff or to develop properties. Now low-grade ore can be worked at a profit. It is as if a huge new gold field had been discovered. If gold had stayed at 84s. an ounce, South Africa would be in a bad way today. But with gold at £7 an ounce, the prospects are decidedly brighter.

A new gold field yielding £50,000,000 a year would be hailed as a great bull point for world recovery and ultimate expansion, for gold booms always seem to presage the entry of the world into a great expansion era. And, in fact, what amounts to a new gold field yielding that amount of gold has been tapped. The late Joseph Kitchin, the renowned authority, estimated that since the British East India Co. opened up trade between Europe and the East, India has sucked in over £600,000,000 of gold. This great hoard is being charmed forth now at the rate of about £1,000,000 a week. Over the last 2 years something like £100,000,000 has come forth. The present year may see this disgorging process accelerated. The effect will be highly beneficial to Britain's Indian Empire.

Yes; on the whole, John Bull certainly should stand himself, and perhaps Uncle Sam, too, a large drink.

This article is very enlightening to the American public. Will someone speak up and advise us why we should have started this gold boom and this great economic rehabilitation of the British Empire at the expense of the American people?

The American people were forced to sell their gold to the United States Treasury at $20.67 per ounce, while the United States Treasury pays Great Britain $35 per ounce.

Mr. TREADWAY. Mr. Chairman, I yield 3 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include therein a recent decision of the Supreme Court bearing on the subject of depreciation and depletion.

The CHAIRMAN. Is there objection?

Mr. SMITH of Washington. Mr. Chairman, I object.

Mr. REED of New York. I hope the gentleman will not object, because this is a decision handed down on March 13, 1933, and I think it will be of great value.

Mr. VINSON of Kentucky. Of course, the gentleman from Washington preferred a unanimous-consent request a few moments ago, and the gentleman from New York [Mr. TABER] objected to the inclusion of a short statement, but I trust the gentleman from Washington [Mr. SMITH] will withdraw his objection.

Mr. TREADWAY. Of course, if the gentleman insists on his right of objection, I would ask for the return of some of the time I have yielded to the other side, to give a member of the committee an opportunity to express himself.

Mr. SMITH of Washington. I think I made a perfectly proper request a moment ago to include an article by a very distinguished member of the New York bar, which was published in the American Bar Association Journal, on the subject of the sixteenth amendment to the Constitution, and the authority of Congress to levy a tax on income derived from municipal, State, and Federal securities. I consider that the objection which was made by the gentleman from New York [Mr. TABER] was arbitrary, capricious, and absolutely uncalled for, because the article to which I referred contained information of great value to every Member of this House. In view of that objection which was made, I intend to object to the request made at this time.

Mr. TREADWAY. In view of the gentleman's statement, let me remind him that as a member of the committee, the gentleman from New York [Mr. REED] is endeavoring to read a court decision, that is particularly valuable, on the question of depreciation and depletion. If the gentleman insists on his right, I ask the Chairman of the Committee on Ways and Means to return to me 10 minutes of the time I gave him.

Mr. DOUGHTON. I hope the gentleman from Washington will withdraw his objection. The gentleman from New York [Mr. REED] is one of our very useful and able members on the committee. He is always unassuming and very fair, and I will appreciate it if the gentleman from Washington will withdraw his objection.

Mr. SMITH of Washington. Mr. Chairman, under the circumstances, I submit the gentleman from New York [Mr. TABER] should withdraw his objection to my request.

Mr. TREADWAY. Well, Mr. Chairman, we cannot get into an argument on that. Will the chairman of the committee yield back to me 10 minutes of the time which I gave him?

Mr. DOUGHTON. I trust the gentleman will withdraw his objection.

Mr. SMITH of Washington. In deference to the request of the able Chairman of the Committee on Ways and Means, the gentleman from North Carolina [Mr. DOUGHTON], I will withdraw my objection.

The CHAIRMAN. Is there objection to the request of the gentleman from New York [Mr. REED]?

There was no objection.

Mr. REED of New York. Mr. Chairman, when the revenue bill was before the Ways and Means Committee for consideration, I received many communications from the oil producers in the district which I have the honor to represent asking the Ways and Means Committee not to change the provision in the Revenue Act of 1932 with reference to depreciation and depletion.

The subcommittee, after several weeks of investigation and careful consideration recommended in its report that for the years 1934, 1935, and 1936 the allowances for depreciation and depletion be reduced by 25 percent. This was done because of the obvious need for more revenue to meet the

large and increasing expenditures of the Federal Government and because it was felt by the subcommittee that taxable net income had been reduced in recent years by these allowances in too marked a degree.

The Secretary of the Treasury opposed the recommendation of the subcommittee and in doing so pointed out that if only a 25-percent deduction were permitted the taxpayer could "contend with much force that he is in reality subjected to a capital tax in the guise of an income tax." The Secretary of the Treasury did, however, recommend that the discovery-depletion provision of the 1932 law allowed mine owners be eliminated.

While these conflicting views were under consideration, the Treasury Department assured the full committee that a change in the amortization table and a more careful administration of the law would achieve the purpose the subcommittee had in mind; furthermore, the Treasury assured the Ways and Means Committee that the proposed change in the administration of the law as it now exists would produce the additional revenue contemplated by the subcommittee.

With this assurance on the part of the Treasury Department, the Ways and Means Committee has made no change in the provisions of the 1932 act with reference to depreciation and depletion allowances.

The following provisions are those in which the oil and gas operators are especially interested:

Section 23 (m) of the Revenue Act of 1932 provides a reasonable allowance for depletion in the case of mines, oil and gas, other natural deposits, and timber. The basis for allowing depletion is provided for under section 114 (b) of the Revenue Act of 1932 and is as follows:

First. In the case of timber and surface deposits, depletion is allowable on cost, or March 1, 1913, value. No discovery depletion is allowable.

Second. In the case of oil and gas wells, the taxpayer may deduct for depletion (1) an amount equal to 27½ percent of the gross income from the property during the taxable year but such deduction must not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property, or (2) he may deduct a reasonable allowance for depletion based upon the cost or March 1, 1913, value of the property, provided such allowance is greater than the 27½-percent depletion allowance. No discovery depletion is allowable.

Third. In the case of coal mines, the taxpayer (1) may deduct for depletion an amount equal to 5 percent of the gross income from the property during the taxable year (but such deduction may not exceed 50 percent of the net income of the taxpayer, computed without allowance for depletion, from the property); or (2) may compute his depletion allowance upon the basis of cost, or March 1, 1913, value. Under the Revenue Act of 1932, he was required to elect in his 1933 return, binding for 1934 and subsequent years, as to whether the depletion deduction in such cases was to be computed upon a percentage basis. To avoid administrative complexity, the bill allows the taxpayer to make a new election in the first return filed under the bill, as to whether or not he will compute his allowance for depletion in the case of coal upon a percentage basis. No discovery depletion is allowable.

Fourth. In the case of metal mines the taxpayer (1) may deduct for depletion an amount equal to 15 percent of the gross income from the property during the taxable year (but such deduction may not exceed 50 percent of the net income of the taxpayer, computed without allowance for depletion, from the property), or (2) may compute his depletion allowance upon the basis of cost or March 1, 1913, value. Under the Revenue Act of 1932, he was required to elect in his 1933 return, binding for 1934 and subsequent years, as to whether the depletion deduction in such cases was to be computed upon a percentage basis. To avoid administrative complexity, the bill allows the taxpayer to make a new election in the first return filed under the bill as to whether or not he will compute his allowance for depletion in the case of metal mines upon a percentage basis. No discovery depletion is allowable.

Fifth. In the case of sulphur mines or deposits, the taxpayer (1) may deduct for depletion an amount equal to 23 percent of the gross income from the property during the taxable year (but such deduction may not exceed 50 percent of the net income for the taxpayer, computed without allowance for depletion, from the property), or (2) may compute his depletion allowance upon the basis of cost or March 1, 1913, value. Under the Revenue Act of 1932 he was required to elect in his 1933 return, binding for 1934 and subsequent years, as to whether the depletion deduction in such cases was to be computed upon a percentage basis. To avoid administrative complexity the bill allows the taxpayer to make a new election in his first return filed under the bill as to whether he will compute his allowance for depletion in the case of sulphur mines or deposits upon a percentage basis. No discovery depletion is allowable.

Sixth. In the case of nonmetal mines, such as salt and limestone, the taxpayer is entitled to depletion upon the basis of cost, March 1, 1913, value, or fair market value on or about the date of discovery (if discovery is made after March 1, 1913). The discovery depletion is, however, limited to 50 percent of the net income from the property (computed without allowance for depletion).

From the above statement, it will be seen that discovery value is allowed only in the case of nonmetal mines. In all other cases, depletion is computed upon the percentage basis, or upon the basis of cost or March 1, 1913, value. In the case of oil and gas wells, the taxpayer may at his option deduct all expenditures for wages, fuel, repairs, hauling, and supplies incident to and necessary for the drilling of wells and the preparation of wells for production of oil and gas, from gross income as an expense or charge them to capital account. In addition, the cost of drilling nonproductive wells may, at the taxpayer's option, be deducted as an expense or charged to capital account through depletion and depreciation as in the case of productive wells. The Supreme Court has held in the case of the Dakota-Montana Oil Co., decided March 13, 1933, that expenditures for drilling holes in the ground for oil wells are recoverable through depletion rather than depreciation and that if the depletion has been allowed upon a percentage basis, no further deduction may be had.

The opinion delivered by Justice Stone follows:

(Reversing Court of Claims decision 59 Fed. (2d) 853, reported at par. 306.017, vol. I)

Mr. Justice Stone delivered the opinion of the Court.

Respondent, a North Dakota corporation, in making its tax return of income derived from its operation of oil wells in 1926, claimed a deduction from gross income of a depreciation allowance on account of the capitalized costs of preliminary development and drilling. The Commissioner refused to allow the deduction claimed, ruling that it was for depletion, not depreciation, and was therefore included in the statutory depletion allowance of 27½ percent of the gross income, which the respondent had also deducted (secs. 204 (c), 234 (a) (8), Revenue Act of 1926, c. 27, 44 Stat. 9, 16, 41). Having paid the correspondingly increased tax, respondent brought this suit in the Court of Claims to recover the excess. The court gave judgment for respondent, holding that the development and drilling costs were the proper subjects of a depreciation allowance which should have been made in addition to that for depletion (59 F. (2d) 853). This court granted certiorari to resolve a conflict of the decision below with that of the Circuit Court of Appeals for the Fourth Circuit in *Burnet* v. *Petroleum Exploration* (61 F. (2d) 273).

The Revenue Act of 1926, like earlier acts,[1] provided generally that "in the case of * * * oil and gas wells", taxpayers should be allowed, as a deduction from gross income, "a reasonable allowance for depletion and for depreciation of improvements, according to the peculiar conditions in each case"; such allowance "in all cases to be made under rules and regulations to be prescribed by the Commissioner with the approval of the Secretary" (sec. 234 (a) (8)). The earlier acts provided that depletion should be allowed on the basis of cost unless the taxpayer was the discoverer of the well upon an unproven tract, in which case the basis was the "value of the property" at the time of the discovery or within 30 days thereafter.[2] See No. 215, *Palmer*

[1] Sec. 234 (a) (9), Revenue Act of 1918; sec. 234 (a) (9), Revenue Act of 1921; sec. 234 (a) (8), Revenue Act of 1924.

[2] Sec. 234 (a) (9), Revenue Act of 1918; sec. 234 (a) (9), Revenue Act of 1921; sec. 204 (c), Revenue Act of 1924.

v. *Bender*, decided January 9, 1933. But the "discovery value" provision was eliminated from the act of 1926, which is applicable here, and the taxpayer was permitted to calculate depletion on the basis of cost alone (sec. 204 (c)) or else to deduct an arbitrary allowance, fixed by the statute, without reference to cost or discovery value, at 27½ percent of gross income from the well.[3]

Articles 223 and 225 of Treasury Regulations 69, under the Revenue Act of 1926, were followed by the Commissioner in assessing the present tax. Article 223 purports to permit the taxpayer to choose whether to deduct costs of development and drilling as a development expense in the year in which they occur or else to charge them "to capital account returnable through depletion." In the latter event, which is the case here, "insofar as such expense is represented by physical property, it may be taken into account in determining a reasonable allowance for depreciation" which, if the arbitrary deduction for depletion were claimed, would constitute an additional allowance. Article 225 limits the depreciation for which an allowance may be made to that of "physical property, such as machinery, tools, equipment, pipes, etc." We do not doubt that the effect of this language is to require the taxpayer to look to the depletion allowance, in this case 27½ percent of gross income, for a return of the costs of developing and drilling the well, which are involved here.

Respondent challenges the validity of the regulations thus applied as in conflict with section 234 (a) (8), which allows the deduction of a reasonable allowance "for depreciation of improvements" in addition to the deduction for depletion. It is urged that the drill hole is an "improvement" of the taxpayer's oil land and that no logical distinction in accounting practice can be made between the cost of this improvement and the cost of buildings and machinery placed on the property for the operation of the well, for which depreciation should admittedly be allowed.

The Government argues that the well itself is not tangible physical property which wears out with use so as properly to be the subject of depreciation, and that in any event the regulations are based upon the practices of the oil industry and are within the requirements of section 234 (a) (8) that a reasonable allowance for depletion and depreciation of improvements be made in all cases under rules and regulations to be prescribed by the Treasury Department.

We do not stop to inquire whether, under correct accounting practice, an anticipated loss of a part of the capitalized cost of developing and drilling an oil well because of decreased utility of the well would be described or treated differently than wear and tear of the machinery used in production, or whether an allowance for the former serves a purpose logically distinguishable from one for the latter. For the issue before us, whether the statute requires the former to be treated as depletion, is resolved by the history of the legislation and the administrative practice under it.

The Revenue Act of 1916 permitted the deduction of a reasonable allowance for the "exhaustion, wear and tear of property" used in a business or trade and in the case of oil and gas wells "a reasonable allowance for actual reduction in flow and production." (Sec. 12 (b) second.) The regulations authorized the deduction of an annual allowance for "depreciation" and, in the case of oil and gas wells, for "depletion" (Treasury Regulations 33, arts. 159, 160, 162, 170), but ruled that no annual deduction for "obsolescence" was authorized by the statute in any case; such a loss, it was provided, might only be deducted in the year when it became complete by abandonment of the property as no longer useful. (See arts. 162, 178, 179 of Treasury Regulations 33; *Gambrinus Brewery Co.* v. *Anderson*, 282 U.S. 638, 643.) In defining these terms, therefore, the Department was apparently faced with the practical consequence that no annual deduction could be made in anticipation of those losses which it regarded as attributable to obsolescence, while such a deduction might be made for those which it attributed to depreciation or depletion. Depreciation was defined generally to include the wear and tear and exhaustion of property by use, and obsolescence, the loss in value of property due to the fact that because of changing conditions it has ceased to be useful.

Plainly under these definitions the loss in value of the drill hole for an oil well because of the approaching exhaustion of the oil in the ground was not to be treated as depreciation. Article 170 of Regulations 33 necessarily ruled that it was not to be treated as obsolescence by declaring that the purpose of the statutory provision relative to oil wells was to return, through the aggregate of annual depletion deductions, the taxpayer's capital investment in the oil, including "the cost of development (other than the cost of physical property incident to such development)." Article 170 thus contemplated that an annual deduction should be made for costs of development by including them in the cost of the oil in the ground for which a depletion allowance was authorized by section 12 (b), second, "for actual reduction in flow and production."

While the revenue acts which followed that of 1916 provided that taxpayers generally might deduct "a reasonable allowance for obsolescence" in addition to that "for the exhaustion, wear and tear of property used in the trade or business",[4] in each of them the section expressly applicable to oil and gas wells,[5] omitted the word obsolescence and provided, in terms, only for the deduction of an allowance for depletion and for depreciation of improvements. Whatever doubts this omission may have suggested as to the propriety of an allowance for obsolescence in the case of oil and gas wells, raising the same problem as that under the act of 1916, the question whether an allowance should be made for development and drilling costs was set at rest, where cost was the basis of depletion and depreciation of improvements, by the express language of the acts of 1918 and 1921, that the cost basis should include "costs of development not otherwise deducted." But the questions remained whether the allowance was to be treated as for depreciation or depletion, and more important, whether any allowance could be made for development costs when the basis of depletion was discovery value rather than cost. In answering these questions the Department adhered to and made explicit the position taken by it under the 1916 act that development costs other than the costs of physical property incident to the development must be returned through the depletion allowance, but the regulations also provided expressly that the cost of "physical property such as machinery, tools, equipment, pipes, etc.", should be returned by an annual allowance for depreciation. (Arts. 223, 225 of Treasury Regulations 45 under the Revenue Act of 1918.) The distinction thus taken was continued in the regulations under the acts of 1921, 1924, and 1926, although beginning with that of 1924 the express declaration of the statute, already noted, that the cost basis for depletion and depreciation of improvements should include costs of development was eliminated, leaving the broad provision that a reasonable allowance should in all cases be made under rules and regulations to be prescribed by the Commissioner, with the approval of the Secretary.

Doubts arising because of the silence of the Revenue Acts of 1918 and later years, as to whether costs of development and drilling were to be included in depletion when based on discovery value, were resolved by the regulations already noted and by the addition of another. Article 220 (a) (3) of Treasury Regulations 45 provided that "the 'property' which may be valued after discovery is the 'well.' For the purposes of these sections the 'well' is the drill hole, the surface necessary for the drilling and operation of the well, the oil or gas content of the particular sand, zone or reservoir * * * in which the discovery was made by the drilling, and from which the production is drawn." By including the drill hole in the property to be valued for depletion under section 234 (a) (9), this article necessarily carried forward the distinction taken under the 1916 act between drilling costs, subject to depletion allowance, and costs of machinery, tools, and equipment, subject to allowance for depreciation. Sections 234 (a) (9) of the Revenue Act of 1921 and section 204 (c) of the act of 1924 continued the provisions of the 1918 act, and this regulation remained unchanged.[6] It was eliminated under the 1926 act, being no longer necessary, as the statute omitted the "discovery value" provision and substituted the arbitrary percentage allowance for depletion.

Thus the acts of 1918, 1921, and 1924 were consistently construed by the regulations to permit a depletion, but not a depreciation allowance for the costs of development work and drilling, which were treated for this purpose either as a part of the cost or an addition to the discovery value of the oil in the ground. The administrative construction must be deemed to have received legislative approval by the reenactment of the statutory provision, without material change (No. 80, *Murphy Oil Co.* v. *Burnet*, decided Dec. 5, 1932; *Brewster* v. *Gage*, 280 U.S. 327, 337).

Respondent argues that whatever effect may be attributed to earlier reenactments, that of 1926, which is applicable here, is without force because section 204 of that act abandoned discovery value as the basis of depletion and permitted the taxpayer to abandon cost and substitute a fixed allowance of 27½ percent of gross income from the well. We think the contention unfounded and that, on the contrary, what was included in the reasonable allowance for depletion by the established construction of the earlier acts gave significant content to the word as used in the act of 1926. There is no ground for supposing that Congress, by providing a new method for computing the allowance for depletion intended to break with the past and narrow the function of that allowance. The reasonable inference is that it did not and that depletion includes under the 1926 act precisely what it included under the earlier acts. The regulations under the 1926 act so ruled, as has been shown, by continuing the provisions of earlier regulations under which costs of development and drilling were returnable by the depletion allowance and not by an additional allowance for depreciation.

It is true that the Board of Tax Appeals in construing the 1924 and 1926 acts has held that capitalized drilling costs are subject

[3] "SEC. 204. (c) The basis upon which depletion, exhaustion, wear and tear, and obsolescence are to be allowed in respect of any property shall be the same as is provided in subdivision (a) or (b) for the purpose of determining the gain or loss upon the sale or other disposition of such property, except that—

"(2) In the case of oil and gas wells the allowance for depletion shall be 27½ percent of the gross income from the property during the taxable year. Such allowance shall not exceed 50 percent of the net income of the taxpayer (computed without allowance for depletion) from the property, except that in no case shall the depletion allowance be less than it would be if computed without reference to this paragraph * * *."

[4] Sec. 234 (a) (7) of the Revenue Acts of 1918, 1921, 1924, and 1926.

[5] See note, 1, supra.

[6] Arts. 220 (a) (3) of Treasury Regulations 62 and 222 (3) of Treasury Regulations 65.

to a depreciation rather than a depletion allowance. (*Jergins Trust Co.* v. *Commissioners*, 22 B.T.A. 551; *Ziegler* v. *Commissioner*, 23 B.T.A. 1091; *P. M. K. Petroleum Co.* v. *Commissioner*, 24 B.T.A. 360.) But these cases were all decided after the enactment of the 1926 act and did not consider the administrative and legislative history, which we think decisive.

Reversed.

Mr. TREADWAY. Mr. Chairman, I yield 5 minutes to the gentleman from Michigan [Mr. McLEOD].

Mr. McLEOD. Mr. Chairman, billions of dollars are being spent for emergency-relief projects in a gigantic program being followed in an attempt to restore the country to normalcy. Funds to carry on this recovery campaign come, of course, from the taxpayers. During the last year taxes collected by the Government amounted to $2,090,947,279, an increase of more than $670,000,000 over 1932. Collections in my own State of Michigan totaled $68,490,348.57, compared to $55,671,405.79 in 1932.

Our national tax bill and national debt have been greatly increased through making funds available for welfare and farm relief, emergency loans and projects. All this has been done with the object of placing money in circulation, increasing employment and purchasing power. However, in raising the necessary taxes to finance the new deal, a paradoxical situation has arisen in which the Government is collecting discriminatory and harmful taxes from a certain few industries and using such revenue for relief.

In making this statement I have direct reference to the unfair, inequitable, and discriminatory manufacturers' excise taxes levied at random upon a few selected industries in the Revenue Act of 1932. These taxes constitute a strong deterrent factor in the recovery of the industries so taxed, and are based entirely on expediency and not on ability to pay.

During the last Congress I introduced a bill to repeal these special levies and replace them by a low-rate general manufacturer's sales excise tax, equally spread over all industries and having necessities of life exempted so as not to constitute a burden on the family of small income. I reintroduced my bill as House bill 1669 in the last session and it is now pending before the Ways and Means Committee. The Ways and Means Committee would have corrected a serious wrong and would have provided the easiest and most logical source of revenue if, in drafting the present revenue bill, the form of sales tax embodied in my bill had been adopted. At the rate of 2¼ percent, levied on the wholesale value of manufactured goods, it is estimated that such a tax would yield the Government approximately $400,000,000 without inflicting a hardship on any taxpayer.

As a thoroughly reliable source of revenue, the sales tax has met with approval in every country in which it has been tried. It is easy to collect and is collected with very little expense. What it adds to the cost of manufactured articles is so slight that there is very little difference in price.

Our present system of inflicting special sales taxes is causing the entire country to feel their retrogressive effects. My own city of Detroit and State of Michigan, as the center of the automotive industry, the chief sufferer from these special levies, is the hardest hit by this distinctly un-American form of taxation.

Although there has been a 10-percent recession in motor-vehicle registration since 1929, the special motor-vehicle taxes from all sources reached a new peak of $1,170,000,000 in 1933, or 26 percent more than the 1929 total. The owners and operators of 24,000,000 motor vehicles are already subject to quadruple taxation through the payment of special taxes in more than 40 different forms to Federal, State, municipal, and other local taxing authorities.

The automotive industry ranks second among our great manufacturing industries and constitutes 70 percent of the industrial activity of Detroit, 3,901,800 workers, or fully 10 percent of the Nation's employed receiving employment through the automotive industry and receiving annual wages of approximately $282,929,203.

This vast industrial enterprise is intimately correlated with many others throughout the country. During the past year the automotive industry produced $1,555,998,480 worth of vehicles, parts, and tires. The industry uses 7 percent of the cotton output, 10 percent of tin, 11 percent of copper, 80 percent of rubber, and 85 percent of gasoline; 17.1 percent of the total steel output of the United States is used in the construction of automobiles, trucks, and parts. During the year 1932 the automotive industry shipped 2,543,833 carloads over railroads, consisting of 14 percent of all rail tonnage hauled in the United States, paying railroads $325,000,000 for this service.

Not only does every State in the Union supply materials used in the automotive industry, but insurance companies benefit to the extent of approximately $430,000,000 received annually in insurance premiums on automobiles. There are nearly 40,000 dealers in the United States and over 300,000 gasoline outlets.

Special motor taxes have increased 300 percent per vehicle since 1919. In 1919 the average registration fees and gasoline tax per motor vehicle were $8.68. In 1932 this figure had increased to $34.70, while if the personal property, municipal, and Federal excise taxes are taken into consideration, the figure will read $44.60. Motorists now pay 10.7 percent of all taxes from all sources.

The automotive taxes represent in its purest form, a tax upon necessity. The motor vehicle is not a luxury. It is used almost entirely for necessary and essential transportation purposes. The automobile has provided a new and now necessary means of mobility. Farmers use 26 percent of all motor trucks to carry their produce to markets and perform other necessary hauling work on the farm. Farmers also use nearly 1 out of every 5 passenger cars now in operation. It has been conservatively estimated that more than 15,000,000 people have moved into suburban areas in the last decade and use automobile transportation. At the present time, approximately 50,000 communities without rail service depend upon the motor vehicle for transportation. In 1932 common-carrier busses carried 1,736,000,000 passengers.

The special excise levies bear most heavily on the class receiving small incomes. Testimony before the Ways and Means Committee during the hearings on the revenue bill showed that two thirds of all the cars of the country are purchased by people whose incomes are less than $3,000 annually. It was also revealed that more than 7,000,000 cars now running are over 7 years old.

To mention, as another example, I will state that facts presented to the Ways and Means Committee show that the fur industry, in common with other industries upon whom these special taxes were levied, is suffering most distressing results. It was reported by one of the large fur-credit institutions, through which most of the raw furs go, that in 1927 the entire sales totaled $170,000,000. Because of the depression and the retarding influence of the 10-percent special tax on furs, this figure dropped to $29,000,000 in 1933. Due to the depressed conditions in this industry, barely one third of its usual number of workers have been employed.

It is essential that taxation reform be given an important place in the program for economic rehabilitation. As a principal source of revenue, the income tax fails when put to the test. During periods of depression, an income tax drops while Government expenses rise. Our annual income from this source fell from $2,250,000,000 before the depression to approximately $620,000,000 last year. During the past 10 years approximately 30 nations have adopted some form of a general sales tax. In every instance, without exception, it has proven most successful. With the United States Government facing a deficit of over $7,000,000,000 for the present fiscal year, a general manufacturers' sales tax offers the most logical, the most satisfactory, and most feasible solution to our tax problem.

Eventually, a general manufacturers' sales excise tax, levied equitably and fairly upon all industry, at a low rate, with all necessities of life exempted, so as to form no burden upon the citizen of small income, is certain to be adopted as a most important part of our tax system. Enactment of such tax law at the present time, with repeal of the existing special excise levies, would be a most progressive step

and at the same time abolish the inconsistency of jeopardizing important industries and retarding employment for the sake of securing additional revenue to carry on the relief program. [Applause.]

Mr. SWICK. Will the gentleman yield?

Mr. McLEOD. I yield.

Mr. SWICK. Is it not a fact that Mr. Hopkins has been criticized for not getting this money spent that has been given him?

Mr. McLEOD. That is my understanding.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Oregon [Mr. PIERCE].

HOUSE PROCEDURE AND THE SO-CALLED "GAG RULE"

Mr. PIERCE. Mr. Chairman, House bill 7835, now under discussion, is the most important measure so far considered by this Congress.

I voted for the so-called "gag rule" so this bill might be passed at this session. This offensive term, "gag rule", is a misnomer and a very unfortunate expression for a legislative procedure which expedites action in a large legislative body by eliminating hasty and ill-considered amendment in the Committee of the Whole in favor of careful, prolonged, and thorough discussion in a standing committee appointed by the House for the purpose of studying and formulating legislation. One year ago I came to Washington to represent my district in Congress with a firm belief in the possibility of free debate and free amendment privileges in this body. In theory this is right, but in actual practice I have found, or I believe I have found, that it cannot be granted if legislative business is to be transacted expeditiously and effectively in times demanding emergency action. Four hundred and thirty-five Members of this body, with ideas and opinions from the most liberal to the most conservative, could never transact the business of Congress without controlled debate. Bills must certainly be formulated and shaped in committees and committee decisions must, to a great extent, direct the action of this House when technical detail is involved. No one questions the fact that matters of policy and fundamental changes must be decided only after full and free discussion in the House. It is not yet a certain fact that a form of government like ours, a representative democracy, can continue to exist, and I am loath to surrender any privileges which seem to be essential to free government, but I do not consider such action any menace to democracy.

I have faith in our Government and believe that all will be well in the days just ahead, and that we shall find our basic and fundamental acts sufficiently flexible for a changing era.

GOVERNMENT REVENUE AND BOND ISSUES

The first duty of a government is to maintain order; the second to secure enough revenue to pay the expenses of necessary governmental functions. In time of war or great disaster it is often assumed that future generations will be sufficiently benefited by emergency action to justify placing on their shoulders part of the cost incurred in saving the government or instituting public works which will be passed on as part of the fabric of society. Under this theory, governments borrow money to suppress insurrection or resist invasion. But, in time of peace has this Government, or any government, the moral right to sell bonds, which mean bondage for future generations, to carry on the necessary functions of government? Should the Government sell bonds, which are chains of slavery, to provide for feeding the unemployed by a straight dole, or through the C.W.A., the P.W.A., or the C.C.C., or other emergency agencies? The only possible justification for going into the red in these days of peace is the often repeated statement that we are in a depression, a very great emergency, and that in a short time great prosperity will return, all will have jobs again, everyone be provided with money which will be freely spent, spindles will be turning, fields and flocks yielding, in their abundance, products which will be marketable for profit.

CAUSES OF THE ECONOMIC BREAK—OUTLOOK FOR CHANGE

Is this a possibility or a probability? Are we in a depression or do present conditions presage a change of economic era to which we must adjust ourselves through a long period of experiment and sacrifice? Legislation must be based on some theory or understanding of the cause of the economic break. It is our duty, as legislators formulating a program for recovery, to endeavor to ascertain the causes which necessitate political reorganization and political action for economic and social changes. The future historian will undoubtedly assert that the farmers, planters and stockmen, tradesmen, and agriculturalists of every description were ruined by low prices, often far below cost of production, supplemented and aggravated by extortionate charges for the use of money and credit. These low prices were caused by failure of foreign markets, by lack of demand, and contraction of money and credit. There has been no disaster of nature. Grass and grain still grow and mature. The difficulty is all man-made. Greed, avarice, and public corruption have made possible accumulation of most of the good things of earth in the hands of the few, leaving masses of humanity in need. If European nations were buying the same amount of our agricultural products sold to them during the pre-war period the allotment plan would not now be needed for wheat, corn, hogs, and cattle, because there would be a reasonable price for these farm products.

Shall we again, within a reasonable time, have an active foreign market for farm products? There is nothing on the horizon to indicate that we may depend on this method of insuring a just financial return for the labor and money outlay essential to production. Nationalism is in the air all the way around this globe—all nations are striving to be self-sustaining and self-contained—a great backward step in the progress of civilization.

I believe that everything should be done that can possibly be done to stimulate trade with foreign nations, but, in the meantime, we must look after our own Nation first. If the entire world is to accept nationalism we cannot hold open our doors for foreign goods, whether it be fats and oils from the South Seas or manufactured goods from beyond the seas. It is a satisfaction to know that this bill carries an excise tax of 5 cents per pound on coconut and sesame oils, as this will be something of an aid to our hard-pressed dairymen.

One year ago there were 17,000,000 unemployed in our country—one third of our normal working population. Today, notwithstanding the 4,000,000 working under the C.W.A., there are, perhaps, 8,000,000 idle, most of whom want jobs—more than 20 percent of our working population. Why idle? Largely because of labor-saving machinery of every kind and description. We cannot reasonably expect that any large proportion of the idle millions will again find work at remunerative wages on farms or in factories as industrial society is now organized and controlled. We may as well face the cold, hard facts and no longer evade the unpleasant, but unavoidable, conclusion that certain of present conditions are here to stay. We may as well assume that western Europe will not, in the near future, buy in quantity our wheat, hogs, or cotton. We are in a new economic world. We must face these new conditions. Being no longer able to sell farm products at favorable prices in foreign markets, we must, unless conditions change because of war or disaster elsewhere, cut down production to the amount we, as a Nation, can consume. The labor-saving machinery will continue to release millions formerly employed in industry and make it necessary for Government to spend millions of money to develop new industries or to provide other work to create employment for our fellow citizens who are rendered helpless by social changes. They must be given spending power for the benefit of agriculture and industry as well as for their own happiness and self-respect.

NATIONAL DEBT AND EXPENDITURE—BALANCE THE BUDGET BY TAXATION

Our Federal expenditures are colossal and must continue to be colossal to provide help in our unfortunate situation. National debt is increasing at an alarming rate. Soon, only

too soon, our credit may be questioned, and then there may be a marked fall in price of our bonds. These Federal debts are accumulating at a rate that staggers imagination. Think of 32 billions of national debts equal to the assessed value of 32 States like my home State of Oregon! Of course, we must vote to continue C.W.A., P.W.A., and C.C.C., all valuable, essential, but all comparable to shots in the arm for the sick man. We cannot quit or lay off a single activity that offers employment. Men, women, and children must be fed and clothed. We cannot balance the Budget at the expense of those who need help, so let us seek some other method.

It has been said that the Budget cannot be balanced until we have higher commodity prices. That is probably true, but commodity prices are now higher and will be much higher when we have a really controlled inflation. It may be necessary to have also a really controlled production similar to that now requested by cotton growers. We shall inevitably see either higher prices or general repudiation of debts. Our hopes are sustained in this half-bright day by our faith in the rising sun of prosperity. This results from a firm belief that our great liberal and sympathetic leader in the White House is seeking methods to promote higher commodity prices which will bring prosperity.

I say to my colleagues of this House, we have one solemn duty—that is to balance the Budget as nearly as possible now. Let us raise, by some means, the money required each year to pay governmental activities required by each year's emergency.

H.R. 7835, we are told, will increase the revenue $258,000,000 annually. It is but an insignificant amount in comparison with the extraordinary expenditures contemplated for this fiscal year. I know that the members of the Ways and Means Committee, and especially the subcommittees, have worked hard on a difficult problem and have been beset by confusing and frightening propaganda, but I regret that they have not fully accomplished the task to which they should have applied themselves. They should have put before us a revenue bill which would materially increase the income of this Government. I believe it would be entirely possible, by just taxation, to meet every expenditure of this most extraordinary year.

CONCENTRATION OF NATIONAL WEALTH

The Commissioner of Internal Revenue reports for 1932 that 339,407 persons in the United States had net incomes totaling $5,142,294,643. About two thirds of this came from income from property. This group of one third of a million people received over 70 percent of all dividends paid in 1932. The net income of this favored one third of a million of our people was more than the entire gross income of all the farmers of America, six and one third millions of farm workers with their dependents, totaling 30 millions. In other words, one third of a million of the population enjoyed a net income about the same as the entire gross income, not net, of 19 times as many families working on farms, feeding and clothing the Nation. This favored one third of a million enjoyed net incomes of more than a hundred million dollars in excess of the gross wages of all the factory workers in America; 1,787 of these persons reported incomes over $100,000 each. Their net income was $484,305,526—more than 1 percent of the gross income of the entire population of the United States. In other words, these favored 1,787 persons had, after all of their taxes were paid, or were supposed to be paid, an average net income of $148,179 each. Shall we not redistribute this wealth by taxation, using the peaceful method of change?

The Commissioner of Internal Revenue reports that on December 30, 1931, the liquid surpluses, cash and tax-exempt securities of 381,088 corporations were $26,548,442,000, of which 632 corporations, each with over $50,000,000 assets, held over one half—or $13,288,632,000. Tax-exempt bonds now outstanding have been estimated at a total of from 40 to 50 billions, with an annual income, accruing to the privileged holders, of nearly 2 billions. The total Government expenditures this year will be almost 10 billions. The Federal income is, under present laws, estimated at nearly 4 billions.

A SUGGESTED FEDERAL BUDGET

The following table will show one of the suggested methods by which the Budget could be balanced in 1934:

Present income	$4,000,000,000
Increased income and surtax	1,500,000,000
Taxing income from Government bonds	500,000,000
Taxing liquid surplus of corporations	2,000,000,000
Increase in inheritance and gift taxes	1,000,000,000
Capital levy	1,000,000,000
	10,000,000,000

The favored one third of a million having over five billions in net income could well afford to surrender one third of it to sustain this Government in its struggle when failure to finance its program may possibly lead to repudiation and the complete loss of great fortunes. Of the two thousand millions collected in interest on tax exempt bonds at least a fourth ought to go into the Treasury. If the thinking people among us really determined on this it would not take long to change the law, and even the Constitution, so this could be done. In this hour of financial distress, why not use this method to take up the second item in the additional taxes suggested? Corporations that report liquid security amounting to over twenty-six billions ought to contribute to Government 8 percent of that vast sum, or two thousand millions; and this is the third item suggested for increasing revenue. The one billion suggested increase in inheritance and gift taxes ought not to cause distress in any home; it might cut down the income of some foolish girl who has inherited millions she does not know how to spend, but nobody would be forced to the bread line by taking another thousand million as a tax on gifts and inheritances. A capital levy of a thousand million can be borne without distress; it also, would send nobody to the bread line. We had a capital levy in the recovery act last summer. It was only $1 on every $1,000 of declared capital and it could be easily increased to 10 times that sum of money. One thousand million could be raised from this source, or about four times the amount we contemplated under the recovery act. This law, enacted in emergency last spring, was set aside by Executive order on account of expected receipts from the liquor traffic.

Unquestionably, the Budget could be balanced this year, then all—rich and poor—could look into the future with hope and assurance; the poor with the knowledge that they were going to eat and have jobs, the rich in the assurance that they would enjoy a tranquil country and have ample income for their necessities. The future will bring its own pressing need for all the financial support a prosperous citizenry can bear. Why transmit our obligations to the next generation?

I am in full sympathy with our President, who is doing everything in his power to save this capitalistic civilization. It simply cannot be done unless those who possess the riches derived largely from special privilege, and who really control public affairs through the power of their money in fixing public opinion, are willing to take their losses and make their just contributions toward providing the necessities of life for their less favored fellow citizens. We cannot, as a nation, borrow ourselves into prosperity, nor can we meet the emergency by spending borrowed money.

MENACE OF THE SALES TAX AND PROCESSING TAXES

We already hear rumors around the lobbies and through striking speeches made in the House that a manufacturers' sales tax is the only way out. It is probably true that the only thing that keeps a sales tax out of the present Congress is the attitude of our President. Every sales tax is wrong because it is a tax on consumption, on necessity, on want and desire. It is a brake on the wheels of progress. Our income tax is correct in theory and practice. It is, as is a heavy inheritance tax, based on ability to pay, not on necessity, like a sales tax.

A sales tax is sure to be pyramided, often 6 and 8 times. It is passed on to the ultimate consumer, who is the farmer or the laborer, with an income now far too small to sup-

port himself and his dependents. Underconsumption is one of our difficulties now. A sales tax will make it still more difficult for the consumer to buy what he needs. More than 90 percent of all sales taxes must ultimately be paid by the laborer. It is an attempt to shift the burden of government from the backs of the rich and powerful and to compel the toiling masses to carry that burden. A manufacturers' sales tax does not rest on luxury nor wealth but on the meager incomes of the under-privileged. It is an insidious tax for an emergency, as once established it will be so hard to change. The tremendous propaganda now being pressed by the powerful papers, especially the Hearst line, is undoubtedly intended to free the rich and idle from income and inheritance taxes. Economic authorities have recently spoken as a group, after investigation, against embodying the sales tax in Federal or State tax systems.

The processing taxes of almost one thousand million annually are also wrong in principle. They are sales taxes also, and wholly unjustifiable. If we must continue to raise these large amounts to keep down production, the money should be collected from those who have it.

INHERITANCE TAXES MUST BE INCREASED

One hundred and fifty years ago, under the wisdom and guidance of Thomas Jefferson, this Government abolished the law of primogeniture, which meant that the oldest son inherited all. That English custom, which had come down through the centuries, which had done much to retain and keep alive the English aristocracy, was uprooted at the very beginning of our Government by the far-sighted Jefferson. Should we not, at this time, in this hour of public distress, when no one can safely predict the future economic organization of society, limit the legal right of inheritance?

A child does not inherit from its parents by reason of any natural law. All laws of inheritance are based upon statutes, the enactment of legislative bodies. They can be repealed or modified. Inherited money often does more harm than good, especially when inherited in large sums; it creates idleness and establishes a class which assumes superiority and power above that given ordinary, struggling humanity. The child born in a hovel has just as much natural right to air, food, clothing, training, and education as the child born to luxury. There are no pockets in shrouds. I have often wondered why the rich are so anxious to hold on to their possessions to the very brink of the grave. Even if they could take their ill-gotten gold and bonds with them into the next world, it is probable they would melt or burn up.

INCOME-TAX REBATES MUST BE CURTAILED

I am pleased to know that H.R. 7835 will plug up a few of the leaks that have been so apparent in the income tax. I am sincerely hoping that the present administration will not be as liberal as past administrations have been in refunding, by some pretext, to the powerful and rich taxpayers the money paid into the National Treasury. Just think, for over 10 years, every day, counting Sundays and holidays, there was paid out of the Treasury of the United States as tax refunds or credits given one and one quarter million dollars a day, or over four and one half billion dollars in total.

HIGH INTEREST RATES ONE CAUSE OF THE BREAK

I was delighted a few days ago to read that the President had made the first and only public announcement from our economic leadership, that I have seen, in regard to the menace of interest. Interest has been one of the great causes of our trouble, and it must be generally lowered. I again suggest that the legal rate, the only rate to be recognized by law, is that rate which will most nearly represent the increase of wealth when measured through a long span of years, which will be found to be about 2 percent annually. The attempt of the capitalistic world to collect interest and fixed dividends, often from 6 to 60 percent annually, from money loaned and investments made, is largely responsible for our present collapse. Farms from George Washington's day to ours have never earned 6 percent annually. For 70 years, from 1850 to 1920, farms in America doubled in selling value every 8 years; from 1920 to 1930 values went down with a thud, and one half of the selling value disappeared. Based on earnings, most farms have no value today. In the period from 1850 to 1920 interest was largely paid out of increased land values, but it was never earned.

Perhaps the Hebrews were right when their laws required complete cancelation of debts every 50 years. If the money world decides to give the working world another chance, it must be by partially remitting interest. Money does not really earn money; it takes human effort to do that. Any attempt to collect more than the increase of wealth is usury. It should be forbidden by law and in practice. Surely the Federal Government should not perpetuate an economic injustice and a fallacy by fixing totally unjust and impossible interest rates on public funds lent its farmers. Let us not attempt to balance the Budget by charging our farmers extortionate rates for Government money and credit. Let us call from the committee and demand a vote on the Frazier bill, drawn by farmers' friends, for farmers, giving farmers the right to administer their own affairs, and fixing an interest rate farmers can afford to pay.

A REVENUE PROGRAM NEEDED

This bill will be a great disappointment to the country and will be a source of real embarrassment to the majority party. One year from today, when the Seventy-fourth Congress is in session, that body will find a national debt of perhaps thirty-two billions and another increase contemplated, if some drastic steps are not taken. When the present term of the President expires March 4, 1936, the outstanding obligations of this Nation may be crowding on toward forty billions. I beg of my friends of the majority side that we unite, before adjournment, to instruct the Ways and Means Committee to present a taxation program that will balance the Budget, including income and inheritance taxes as high, if necessary, as they have in England.

It will be most difficult to curtail expenses for the emergency program. Did you notice the storm that was raised all over the Nation when it was announced that C.W.A. work would close in May? If it does close, more and more millions must go onto the direct dole.

The revenue bills are the real test of the sincerity of this administration. We of the majority party cannot and should not attempt to escape our responsibility.

It requires no constitutional amendment to establish a system of taxation based upon ability to pay. That is fundamental. The necessity of the hour demands action. We will not be doing our full duty by the trusting, hopeful public unless we adopt measures of real significance in keeping with the spirit of the new deal to put and keep the burden of government where it belongs, upon those that have the ability to pay. And further, we must look toward a reorganization of our economic system which will give to all citizens some share of wealth which will enable them to participate in the privilege of helping to bear the costs of government. [Applause.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I will not consume all the time that has been given me to discuss briefly one section of the bill now being considered in the committee. I refer to the section having to do with the tax on coconut oil and sesame oil. I have listened with a great deal of interest, Mr. Chairman, to arguments advanced by Members on this floor, opposed to this provision. Particularly among those arguments there has been advanced one to which I will refer most directly, namely the argument that we might by this tax properly be expected to lose a part or all, if you please, of the market we now enjoy in the Philippine Islands.

I should like to call to the attention of the committee briefly some figures. First, I want to refer to the money that the United States has expended on account of the Philippine Islands and for them. Since 1898 the records show an expenditure of $1,644,770,278.80. From 1898 to 1902 the expenditure was only $190,381,457.27. From 1902 through and including 1933 we have spent $1,454,388,821.53. At this juncture I should like to include a statement of figures, compiled by the War Department, of necessity not entirely accurate, but for the purpose of generally setting up the facts with reference to this proposition.

Expenditures of the United States on account of the Philippine Islands

[Compiled in the Bureau of Insular Affairs, War Department, from best available data]

BASED ON THE ASSUMPTION THAT THE UNITED STATES' REMAINING IN THE PHILIPPINES DID NOT AFFECT THE STRENGTH OF THE REGULAR ARMY, SUBSEQUENT TO JULY 1, 1902

Department or bureau or appropriations act	May 1, 1898, to June 30, 1902	July 1, 1902, to June 30, 1929	July 1, 1929, to June 30, 1930	July 1, 1930, to June 30, 1931	July 1, 1931, to June 30, 1932	July 1, 1932, to June 30, 1933	Total
War Department	$177,321,002.71	$243,208,756.67	$7,368,976.00	$9,379,088.35	$7,662,188.26	$6,445,606.15	$451,385,618.14
Navy Department	8,000,000.00	64,284,824.93	3,177,356.13	3,172,738.35	3,119,716.46	2,821,795.54	84,576,431.41
Bureau of Insular Affairs	100,000.00	1,866,667.00	69,169.26	77,461.04	79,417.00	70,252.93	2,262,967.23
Coast and Geodetic Survey	96,573.00	4,567,203.60	186,972.00	169,360.00	224,621.00	159,956.00	5,404,685.60
Public Health Service	52,716.52	980,108.85	43,944.02	47,202.62	52,574.89	47,411.83	1,223,958.73
Philippine Commissioners on Congress		557,064.00	32,533.00	32,532.00	32,532.00	32,532.00	687,192.00
Customs duties paid to Philippine Islands Treasury (act Mar. 8, 1902)	7,716.83	3,838,466.22	11,711.49	11,581.14	13,405.40	31,509.34	3,914,390.42
Internal revenue paid to Philippine Island Treasury (Tariff Act 1909 and subsequent acts)		11,294,722.36	327,462.38	323,461.13	365,496.19	350,428.75	12,661,570.81
Department of Agriculture		64,353.00	6,900.00	4,244.00	2,500.00	1,695.00	79,692.00
Relief of distress in Philippine Islands (act of Mar. 3, 1903)		3,000,000.00					3,000,000.00
Census in Philippine Islands (act of Mar. 3, 1903)		351,925.50					351,925.50
Total	185,578,009.06	334,014,092.13	11,225,023.28	13,217,668.63	11,552,451.20	9,961,187.54	565,548,431.74

BASED ON THE ASSUMPTION THAT THE STRENGTH OF THE REGULAR ARMY WOULD HAVE BEEN REDUCED BY THE NUMBER KEPT IN THE PHILIPPINES HAD THE UNITED STATES ENTIRELY WITHDRAWN THEREFROM, BUT THAT THE NAVY OR OTHER DEPARTMENTS WOULD NOT HAVE BEEN AFFECTED BY SUCH WITHDRAWAL

Totals from above	$185,578,009.06	$334,014,092.13	$11,225,023.28	$13,217,668.63	$11,552,451.20	$9,961,187.54	$565,548,431.74
War Department	[1] 4,805,448.21	[2] 234,940,764.00	[2] 4,156,794.00	[2] 4,434,674.60	[2] 4,225,674.09	[2] 4,275,852.71	256,837,207.61
Aggregate	190,381,457.27	568,954,856.13	15,381,817.28	17,652,343.23	15,778,125.29	14,237,040.25	822,385,639.45

[1] This amount is entirely for rail transportation in moving troops to and from the Philippines.

[2] From July 1, 1902, to June 30, 1923, the amount of $210,000,000 is the estimated cost of maintenance in the United States, if the strength maintained in the Philippines had been maintained in the United States. From July 1, 1923, to June 30, 1929, only the pay of the Regular Army of $24,940,764 was excluded from the expenditures shown under War Department in above table.

[3] The amounts for the years shown comprise pay of the Regular Army.

In addition to mentioning the fact that such a large amount of American money has been spent for the Philippines, let me call attention to the Hawes-Cutting Philippine independence bill passed by this present Congress and the opportunity there given the Filipinos to acquire their independence. This they failed to do, however, during the year's life of the bill, and an extension was asked by their able and patriotic representative on the floor of the House in as fine a statement as the House has heard. I refer to the Resident Commissioner from the Philippine Islands, Mr. CAMILO OSIAS. I think it but just to concede that he fairly represents his people. I think it fair also to concede that the Philippine Islands not only would not be resentful toward us because of this particular provision of the pending bill, but also they would be glad to be given an opportunity to contribute to the maintenance of the markets of this country, which markets they have enjoyed so long.

I have here an additional compilation of figures which in part substantiate the statement that we, in effect, are now called upon not to fail to protect these markets so vital to American producers and particularly with reference to the Philippines, figures showing the trade between the United States and the Philippines, and listing the principal commodities.

Mr. Chairman, I ask unanimous consent to insert these tables in the RECORD.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

The data submitted by Mr. KLEBERG follow:

TRADE OF THE UNITED STATES WITH THE PHILIPPINES

The following tables, taken from United States trade figures (Commerce and Navigation of the United States, 1931 and 1932) show the leading commodities sold by American manufacturers in the islands and the principal raw materials imported from the Philippines:

Exports from the United States to the Philippine Islands

[From Special Circular No. 273, Division of Regional Information, Bureau of Foreign and Domestic Commerce, U.S. Department of Commerce]

	1931		1932	
	Quantity	Dollars	Quantity	Dollars
Cotton manufactures		7,325,000		9,881,000
Iron and steel semimanufactures		2,000,000		1,690,000
Iron and steel mill products		1,745,000		1,388,000
Iron and steel advanced manufactures		1,117,000		882,000
Industrial machinery		2,328,000		1,741,000
Electrical machinery and apparatus		1,748,000		1,234,000
Automotive products		2,855,000		2,810,000
Petroleum products		3,924,000		4,060,000
Gasoline and naphtha	1,000 bbl	403	1,399,000	500	1,700,000
Kerosene	do	224	712,000	241	916,000
Lubricating oil	do	66	749,000	43	469,000
Gas and fuel oil	do	977	824,000	749	658,000
Wheat flour	do	678	2,540,000	574	1,718,000
Meat products	1,000 lb	1,365	303,000	1,796	313,000
Dairy products			2,853,000		1,810,000
Milk, condensed and evaporated	1,000 lb	24,576	2,659,000	21,303	1,641,000
Sardines, canned	do	8,200	511,000	7,121	367,000
Cigarettes	million	1,075	1,862,000	971	1,672,000
Automobile tires, casings	number	91,300	945,000	81,505	634,000
All other exports from United States to Philippine Islands			16,829,000		14,670,000
Total			48,883,000		44,870,000

Imports into the United States from Philippine Islands

[From Special Circular No. 273—Division of Regional Information, Bureau of Foreign and Domestic Commerce, U.S. Dept. of Commerce]

	1931		1932	
	Quantity	Dollars	Quantity	Dollars
Sugar	1,000 lb	1,635,336	49,899,000	2,080,837	57,122,000
Coconut oil	do	325,175	15,272,000	249,117	7,619,000
Copra	do	267,471	6,574,000	198,526	3,431,000
Desiccated coconut	do	37,133	1,936,000	36,303	1,595,000
Abaca (manila hemp)	tons	30,461	2,910,000	25,552	1,606,000
Cordage of fiber	1,000 lb	5,380	547,000	4,942	445,000
Cigars	do	2,056	3,105,000	2,192	3,066,000
Sawed cabinet woods	1,000 board feet	17,965	866,000	6,936	256,000
Hats	thousands	351	449,000	399	336,000
Cotton wearing apparel			2,044,000		2,660,000
All other imports into United States from Philippine Islands			3,531,000		2,741,000
Total			87,133,000		80,877,000

In 1932 the Philippines were the best market for American cotton cloths, galvanized steel sheets, dairy products, and cigarettes. * * * Of dairy products and cigarettes, the Philippines took more than twice as much as the second markets, Panama and France, respectively.

Mr. KLEBERG. It will be noted that these figures are taken from Circular No. 273, Division of Regional Information, Bureau of Foreign and Domestic Commerce, United States Department of Commerce. In both sets of figures I am referring to the year 1932 only. They show in the matter of the value of exports from the United States to the Philippine Islands a total of $44,870,000. In the same year imports from the Philippine Islands to the United States reached the total value of $80,877,000.

Further, with reference to items mentioned in debate on the floor, I call attention to dairy products, particularly at this time to condensed and evaporated milk. We exported from the United States to the Philippine Islands, in pounds, 21,303,000. Comparing this with coconut oil and copra imported into the United States from the Philippine Islands, there were 249,117,000 pounds of coconut oil imported and 198,526,000 pounds of copra from which additional coconut oil was manufactured here.

This comparison upholds the suggestion I make that it would be a far cry to expect a people that have been represented on this floor as they have, and ably represented, to be resentful because of our attitude in calling upon them through this bill to make their proper contribution to the maintenance and protection of the markets they have so long enjoyed.

Mr. Chairman, I feel that at no time should it be considered proper for those who feel that our market is of interest to them and of value to them to entertain a sense of grievance when they are called upon merely to contribute a small pro rata share to the maintenance of the markets and the maintenance of the Government which protects those markets, particularly so in the case of the so-called "protectorates" of ours, or our insular possessions.

Continental United States and its producers, Mr. Chairman, have always contributed their share to the maintenance of those markets which the Filipinos have enjoyed, and I see no reason for any alarm concerning the effects of this bill.

Mr. LLOYD. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. LLOYD. I have a letter stating that for McNeil Island Federal Penitentiary alone a bid has been called for, to be returned March 13, on 4,500 pounds of nut margarine for the use of the United States Government at this institution during a 3 months' period.

I assume this tax is to protect the dairy farmers of the United States. If this be true what reason can there be for the United States Government's going to the very heart of the dairy-producing section of the State of Washington and calling for approximately 5,000 pounds of nut margarine?

Mr. KLEBERG. Would the gentleman like to know the quantity of coconut oil used in the manufacture of margarine in this country?

Mr. LLOYD. Yes; if the gentleman has those figures handy.

Mr. KLEBERG. There were used 134,429,830 pounds of coconut oil and 388,485 pounds of palm oil in the manufacture of nut margarine in the fiscal year 1933. About 82.4 percent of all margarine, including nut margarine, was composed of foreign oils and fats.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 2 additional minutes to the gentleman from Texas.

Mr. KLEBERG. I may say at this juncture with reference to the dairy farmers, and particularly with reference to the cotton farmers of this country, that in my candid opinion cottonseed oil will receive far more benefit from this tax than dairy products, as a direct proposition. I would call the committee's attention to the bill I have introduced with reference to further assisting the dairy industry through the proper allocation of a tax on margarine manufactured in whole or in part of foreign oils, thereby offsetting at least in part the effect of foreign oils and fats in the manufacture of oleomargarine.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. KLEBERG. I yield.

Mr. BLANCHARD. Is the tax on butter substitutes proposed in the gentleman's bill a lower tax than the one carried in this bill on coconut oil and sesame oil?

Mr. KLEBERG. It provides for a 10-cent tax on margarine made in whole or in part of imported oils, and a reduction of the tax on margarine made wholly of domestic fats and oils.

[Here the gavel fell.]

Mr. COOPER of Tennessee. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, there is very little I can add in reference to the tax on oils, the subject having been so admirably covered by my distinguished colleague, the gentleman from California, Mr. ELTSE.

I may mention, however, that the committee which brought in this bill did so without having received any report from the Department of Agriculture as to whether or not coconut oil was in actual competition with animal fats and domestic oils. In my opinion, before the committee reported this bill they should have asked for and considered a report on this subject from the Department of Agriculture.

Through the provisions of this bill Congress is actually crippling, if not in fact eliminating, the soap industry in California. The result of the application of this tax will be that foreign soap manufacturers will flood our markets with soap manufactured from coconut oil which carry only a 15-percent ad valorem tariff. As a result our rendering plants in California and our soap manufacturers will be forced either to pay lower wages or go out of business.

Not only will this excise tax penalize our soap industry but it will also react against our shipping. It follows as a natural consequence that when we divert Philippine trade to Canada or other countries that those countries will buy Philippine products, and vice versa. As a consequence, American shipping will be injured.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. HOEPPEL. I yield.

Mr. McFADDEN. I am interested in the gentleman's statement that foreign competition will deprive California of this particular industry. Does the gentleman speak of the Philippines as a foreign country?

Mr. HOEPPEL. I am speaking of the competition that will naturally come from Japan and Canada in the matter of manufactured soap if we levy this excise tax.

Mr. McFADDEN. Does the gentleman mean this soap would be manufactured in Canada or in the Philippines?

Mr. HOEPPEL. It would be manufactured in Canada, in Japan, and perhaps in other countries.

Mr. McFADDEN. Are we to understand that soaps could be manufactured in foreign countries out of coconut oil and enter the United States free of duty?

Mr. HOEPPEL. They would pay only 15 percent ad valorem.

Mr. McFADDEN. How about the Philippines; could they manufacture soap and ship it into the country free?

Mr. HOEPPEL. I presume they could. They would destroy our industry but build up a similar industry in the Philippines.

I do not blame the gentlemen from the South in their desire to protect cottonseed oil, but with all respect to them, they are looking at the situation in the wrong way. Instead of protecting a byproduct of cotton, why not put a tax on the importation of silk? Rayon is a complete competitor of silk. Rayon is made entirely of cotton. If the South wishes to protect its cotton industry, it would seem to me they should try to keep silk out of the country, on the ground that it comes into the most direct competition with rayon, rather than try to keep coconut oil out of the country on the ground that it comes in competition with cottonseed oil.

It would appear that the Ways and Means Committee is pursuing a hodge-podge method of legislation. We are seeking to tax oils produced in an American possession, notwithstanding that such oils are not produced in the United States. We have failed to adequately tax linseed oil and

because of our failure to protect the flaxseed and linseed oil industry, our production has dwindled so that in 1933 we were producing only one third of the amount we produced in 1925. In other words, we are importing flaxseed from the Argentine, which is directly competitive with American flaxseed and are not adequately taxing this product. As a result thereof, our own industry is on a rapid decline. The flaxseed industry is also being developed in California, and if adequately protected the United States would be in a position to provide for its own markets without importation, which would naturally help to relieve the agricultural situation. It is not understood why, in this legislation, we should seek to penalize the Philippines by restricting their imports to this country in oils while at the same time the administration is seeking to augment not only the exports of the Philippines, but of Cuba, as well, in sugar, which product is directly competitive to sugar production in this country.

In this and impending new-deal legislation it would appear that some of our agriculturists are in a preferred status; or is it possible that Members of Congress advance sectional interests over national interests in the furtherance of legislation, as appears to be exemplified in this bill when contrasted with the administration recommendation to grant foreign sugar manufacturers additional import quotas to the detriment of our own sugar producers?

The statement of my distinguished colleague from Nebraska [Mr. SHALLENBERGER] that the price of soap has declined less than 10 percent in the United States since 1926 appears to be entirely at variance with facts. The president of the Los Angeles Soap Co., Mr. F. H. Merrill, advises that the average price of soaps manufactured by his company has declined approximately 40 percent during this period, which would indicate that the general decline in the price of all soaps is approximate.

I personally know that the famous White King soap, which formerly sold at 45 cents per carton, was recently sold as low as 26 cents per carton, which would prove the contention of the president of the Los Angeles Soap Co.

There is no individual in this Congress who is more interested in the economic rehabilitation of the farmer than I. If this Democratic Congress, which is so free to criticize the Republicans because of the high tariff rates, would only apply some of the principles of the high tariff and prevent all importation of butter fats, animal fats, eggs, and other agricultural products which we produce in abundance, it would indeed be acting in behalf of the farmer.

The Democratic Members of Congress who appear to be so much interested in the farmers have opposed, and yet oppose, the Frazier bill, which the farmers have been clamoring for and which their representatives here are urging as the only relief the farmer is interested in. This Democratic Congress refuses to grant the farmers of America this positive relief from their economic burdens.

By analogy, it would seem that in this bill, we are attempting to pat the farmer on the back with an excise tax on oils while, at the same time, we are permitting him to literally starve by refusing him mortgage relief except through the medium of tax-exempt securities on account of which he must pay an inordinate interest rate far and above his capacity to earn a living.

While it is true this bill has some provisions which would recommend its enactment, it is palpably weak in that it fails to raise the income-tax exemptions on earned incomes for those in the lower brackets.

The income tax in itself is a huge monstrosity. It is enmeshed in a maze of intricacies which permit of evasion of tax payments, and is weighted down with other handicaps which tend to create confusion in the minds of honest men.

The income-tax exemption of $1,000 for single individuals is palpably too low. In California, in some instances under the present sales tax, the individual pays as high as 6 percent tax.

Mr. DOUGHTON. Will the gentleman yield?

Mr. HOEPPEL. I yield to the gentleman from North Carolina.

Mr. DOUGHTON. The tax which the gentleman refers to is a State sales tax and not a Federal sales tax?

Mr. HOEPPEL. That is true; but, nevertheless, the man must pay, whether he pays to the State or to the National Government.

Mr. DOUGHTON. It would be very easy for a man to transfer himself from the single role to the married status?

Mr. HOEPPEL. Answering that, I offer another objection. The exemption for a married man is only $2,500. There is no exemption or protection to the man who is supporting his sons, his daughters, and granddaughters, or any dependents over 18 years of age. This situation exists throughout the length and breadth of the country and, therefore, in this respect it is absolutely unfair.

If the income tax must be maintained on our statute books, the exemption on earned incomes in no instance should be less than $5,000. Under the present plan, those in the lower brackets must only too frequently borrow in order to pay their income tax and, if they lose their positions, they immediately fall in the bread lines.

Another feature which appears to be written in the interest of entrenched wealth is a provision whereby a single individual with an earned income of $6,000 must pay exactly double the income tax of another individual of equal income where the income is in part earned and in part derived from interest on partially tax-exempt Government bonds. In this provision, the Congress is again showing favoritism to the coupon clipper, which appears to have been, and yet is, the pet function of the Congress.

A provision in the Budget which is more or less involved in this bill and which, in my opinion, is an evidence of incompetency, is that over $750,000,000 is predicated for disbursement as a direct subsidy to the farmers and others in the basic-commodity class for the destruction or restriction of production. This subsidy to those included in the basic-commodity class (the favored class) is almost three times greater than the amount paid today to all war veterans and their dependents, which would indicate that the National Economy League, which was so interested in economy for the taxpayer in reference to veteran payments, is today, apparently, asleep to the large wastage of Government funds going into the hands of the farmers as pay merely for the sake of maintaining him in idleness or engaging his services to destroy crops. It should be borne in mind that this subsidy of over $750,000,000 to those in the basic-commodity class must be paid directly by the consumers, of whom there are over 30,000,000 in the unemployed and dependent class today, and another 30,000,000 or more who are in the partially employed class. Any legislation which seeks to increase the purchasing power of the American citizen, in my opinion, may be best directed toward the consumers rather than to the producers who are in the favored subsidy class.

It is pathetic indeed to note that Representatives in Congress on the Ways and Means Committee, which is comprised of individuals of long service, appear to have so little sympathy for the interest of the common people, while at the same time they appear to evince superhuman interest in those with unearned and entrenched wealth. Not a single line in this tax bill indicates that the Ways and Means Committee is interested in taxing the $42,000,000,000 of tax-exempt bonds now in existence and which are safely ensconced in the safety deposit boxes of the coupon clippers. Notwithstanding that the American people are paying $1,850,000,000 in interest alone on these bonds, the Ways and Means Committee gives us not one iota of hope that this unearned wealth in America will be taxed.

The press reports of yesterday state that the administration is opposed to any legislation which will restrict the further issuance of tax-exempt securities. If this report is true, it is self-evident that the new deal is the same raw deal to the American people as far as the issuance of bonds is concerned. Eventually the wealth of America will be tax-exempt unless the administration and the Ways and Means Committee make an about-face in the interest of the people.

Another evidence of the solicitude of the Ways and Means Committee for entrenched wealth is the fact that by preventing amendment, this House, elected by the people under the impression that they were to have a new deal, is absolutely powerless to offer a single amendment to increase taxes on inheritances, estates, idle lands, and patent rights. To be more specific, because of the gag rule which prevents amendment to this bill, it would appear that it is the intent of the Ways and Means Committee and those who voted for the gag, that the rich should become richer and the poor, poorer, since we are prohibited, because of the gag, from offering any amendment having for its objective the more equitable distribution of wealth.

We should bear in mind that the tax revenues predicated under this bill will aggregate $258,000,000 which is approximately one third of what the American consumers will be forced to pay, under the Agricultural Administration Act, to the favored few in the basic-commodity class. Furthermore, the tax which we hope to collect under this bill is also a fraction more than one fourth of the amount which the American people pay each year to the international coupon clippers of Wall Street who hold tax-exempt bonds.

In conclusion, it would appear that the new deal is indeed a new deal, but we are playing the same game with the same participants in the House whose past record is responsible for our present national debacle and who, under their present procedure, appear to be as inert to the interest of the people as any plutocratic oligarchy of ancient Rome.

I propose to vote for this bill, because of the fact that it has some features to commend it and, furthermore, I recognize that the United States Senate has not surrendered to absolute oligarchical control and therefore this bill will be subject to amendment in the Senate. I am hopeful that in this last citadel of democracy in America this bill will be adequately amended to protect the interest of legitimate business, the farmer, and the common man.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from Michigan [Mr. DINGELL].

Mr. DINGELL. Mr. Chairman, I hope there will be no objection raised to my discourse here this afternoon. I want to discuss a phase of the tax question in which we are particularly interested in the city of Detroit and the State of Michigan, but it is not at all a provincial matter. This is something that affects the entire United States of America and every automobile user. Incidentally this affects every prospective purchaser of an automobile and affects the welfare of every individual citizen of the United States; every constituent of every Member of the House, because of the fact that the world looks to Detroit and to the automobile industry to lead us out of the depression. The automobile industry is one which has grown in the span of a very few short years to be the greatest in the world, and certainly the most astounding from the standpoint of its phenomenal growth. We are keenly interested in fairness to this industry. May I say that my colleagues from Michigan are unanimous, irrespective of our party affiliation, in the earliest abolishment of the Federal automobile tax and we are joined in this by the Indiana delegation. It is because of their joint, specific request that I am on the floor today. It is manifestly clear that this tax is unjust, because it discriminates against a single industry and the greatest industry in the Nation, an industry that affects the North, the South, the East, and the West. It affects the steel industry and the iron mines, the copper industry, the southern cotton planter and the producer of every kind of material used in the production of automobiles. Under the circumstances, I want to touch on certain pertinent phases because there are several things the matter with American industry and not the least of these is the high cost of motor-car ownership due to excessive and inequitable taxation.

There is no major industry in the country that has stepped up the dollar value of the product as has the automobile industry, and there is no industry that is required to pay such a high penalty for giving the people their money's worth.

I was privileged to appear before the Ways and Means Committee and to discuss various phases of the tax upon automobiles, tires, and accessories, and I am confident that at least in a measure I have portrayed the real situation in which the motor-car manufacturer finds himself; and as a result of the unfortunate, handicapped condition of the industry, I have shown the detrimental effect upon the entire Nation. I am certain that the members of the Ways and Means Committee were convinced that without the earliest possible elimination of the Federal tax on automobiles, tires, and accessories the Nation cannot emerge from the depression. I might say that the chairman of the committee assured me that the taxes upon these all-important items of our everyday American use will be eliminated at the earliest possible date. With that assurance in mind, I intend to introduce a bill providing for the repeal of these bondage taxes which are holding back the progress of the Nation. In this measure I am sure every working man and every business man will be interested, because everybody has an equity in this proposed legislation. [Applause.]

The outrageous taxes imposed upon the automobile purchaser and operator are among the major factors retarding industrial and business recovery in this country.

If this great burden of unjust taxation were lightened to an appreciable extent, sales of cars would increase, employment would gain, the railroads would profit, and all of the industries that supply materials going into the manufacture of cars would show prosperous activity.

The classification of the automobile as a luxury has resulted in one of the worst tax raids on any industry in the history of the United States. It has penalized the owner of a car—used more today for business than for pleasure, in most instances—until it has driven thousands of cars off of the streets and into garages, where they will remain unless taxation bodies cease their persecution.

The sales resistance for the product of one of America's greatest industries is increased enormously by the fact that each prospective purchaser of an automobile must not only consider the original purchase price but he must figure also on how much he must have to pay in taxes for the privilege of operating his car.

When he first buys the car he must pay an excise tax to the Federal Government; and if he happens to live in certain States, he must also pay a State sales tax. For every gallon of gasoline he buys he must pay a State and Federal tax. Lubricating oil, tire replacements, and repair parts used during the life of the car are taxed in the same manner. Superimposed upon these taxes is a registration fee for the privilege of operating over highways built with gas-tax money.

A fact not generally realized is that every car that goes to the junk pile at the end of its period of usefulness has paid an aggregate tax bill closely approximating the price that the manufacturer received on the initial sale of the vehicle.

This situation exists because legislative bodies have not learned to distinguish a luxury from a necessity. Motor-car ownership is considered a luxury, regardless of the fact that those who make our tax laws, as well as the factory or office worker who uses his automobile for transportation to and from his place of employment, would find it almost impossible to get along without the particular type of transportation afforded by the motor car.

The makers of our tax laws single out the motor-car industry for special taxation treatment because it is more pleasant to ride than to walk, or use a less convenient and less efficient method of transportation. Apparently little or no thought is given to the fact that the almost unbearable tax burden placed upon the automobile industry is adding to the Nation's unemployment problem and causing further unnecessary hardship for thousands who are out of work.

The absurdity of classing the automobile as a taxable luxury is exposed not only by the fact that the automobile has become an indispensable factor in transportation but because of the purchasing power that the industry creates.

In addition to more than 3,000,000 employed in the manufacture, sale, and maintenance of motor vehicles, another million is engaged in producing materials to be used in automobile construction. Of the total United States consumption of a dozen basic commodities the automobile utilizes the following percentages:

Cotton, 7 percent; tin, 10 percent; copper, 11 percent, lumber 14 percent; mohair, 14 percent; steel, 17 percent; aluminum, 23 percent; nickel, 28 percent; lead, 33 percent; plate glass, 43 percent; upholstery leather, 53 percent; malleable iron, 54 percent; rubber, 80 percent; gasoline, 85 percent.

Raw material for your automobile comes from every State in the Union. During 1932 the industry shipped 2,500,000 carloads by rail, and paid a freight bill of $325,000,000. This tonnage was 34 percent of rail shipments of manufactured goods and 14 percent of the total rail tonnage hauled by American railroads.

There is no business in the country that distributes purchasing power as thoroughly as does the automotive industry. Every car produced in Detroit represents the employment not only of the automobile factory worker, but the worker in every industry which produces or transports any of the many basic commodities built into the vehicle. Were this purchasing power removed, unemployment would cease to be a mere problem; it would become a catastrophe.

For the last several years our Government has attempted to "break" the depression by Reconstruction Finance Corporation loans and subsidies. To get the money to grant these loans and subsidies the tax gatherers have introduced the principle of forced industrial philanthropy. The automotive industry heads the list of the unwilling donors to the Society for the Perpetuation of Overcapitalization, Overproduction, and Obsolescence.

In order to maintain this system of penalizing industrial efficiency it has been necessary to increase the special automobile taxes 300 percent since 1919. In this land of opportunity (for the tax collector in particular) the motor-car owners in 1932 paid in taxes more than $2,000 each minute of the day and night throughout the entire year. Special automobile taxes alone amounted to more than a billion dollars, or 10.7 percent of all Federal, State, and municipal taxes collected. Add to this all the income and property taxes paid by factories, garages, dealers, repair shops, terminals, truck, bus, and taxicab companies, and it will be realized that although the automobile may be a luxury to some economists it has become a necessity to our Government.

In the old days when a lot of craftsmanship was required to create goods by hand for the wealthy few, business at the top was sufficient. Today, when machinery hurls out goods for the millions, business has to be done at the bottom. Nothing could be so healthy for American business today as some good deep-breathing exercises; deep enough to reach down to the real American market afforded by increased purchasing power of the masses. This can come only by the removal of unnecessary and unwarranted costs which are added to the base price of commodities. In the case of the automobile the unwarranted addition to the base price is the inequitable taxation burden on the sale and operation of motor cars.

True recovery can come only through giving more product per dollar of price, not more empty price dollars. Inflation in whatever form it may eventually come will not have sufficient beneficial influence on the consumption of goods. Until we realize that the dollar is already devitalized, its product value too little to account for adequate consumption, our measures for recovery will be retarded.

The problem of this country is obstructed consumption, not overproduction. We cannot cure ourselves by money magic, money medicine, or artificial expansion of currency or credit while we tax to death America's greatest industry. Adding a dollar to the workingman's income, for example, must increase his outgo proportionately. The trouble is that the price that the consumer is required to pay for the goods he purchases has been progressively loaded with taxes until price paralysis and inability to consume enough commodities has resulted.

Inasmuch as most of the remedies administered by the Government to distribute purchasing power have been operated on the trial system, it might not be a bad idea to try the experiment of treating the automotive industry on a par with other industries. If the tax burden now imposed on the sale of the motor vehicles and parts, tires, accessories, gasoline, and oil were alleviated by an amount equal to the Reconstruction Finance Corporation grants, a much-desired increase in purchasing power, and consequently employment, would be spread from Maine to California in a thoroughly self-liquidating manner.

All this country needs today is employment. Millions need work. Other millions are employed and need automobiles but they cannot buy them when too great a mass of taxation is added to the price which the manufacturer gets for making the vehicle. Taxation bodies must cut the penalty of owning and operating motor cars. The automobile industry in Michigan, and the industries of other States depending upon the automobile business as the principal market for the commodities which they produce, can quickly be rehabilitated by fair taxation treatment.

First. On January 1, 1933, there were 24,136,879 motor vehicles registered in the United States. Of these, 7,297,000, or 30.23 percent, were over 7 years old.

Second. The replacement of these old cars would furnish a much desired stimulus to industrial activity throughout the country because—

(a) Of the total United States consumption of several basic commodities, the automobile industry consumed the following percentages during 1932: Cotton, 7 percent; tin, 10 percent; copper, 11 percent; lumber, 14 percent; mohair, 14 percent; steel, 17 percent; aluminum, 23 percent; nickel, 28 percent; lead, 33 percent; plate glass, 43 percent; upholstery leather, 53 percent, malleable iron, 54 percent; rubber, 80 percent; gasoline, 85 percent.

(b) Raw material for automobile construction comes from every State in the Union. During 1932 the automobile industry and allied industries shipped 2,543,833 carloads by rail, and paid a freight bill of $325,000,000. This tonnage was 34 percent of rail shipments of manufactured goods and 14 percent of the total rail tonnage hauled by American railroads.

(c) In 1932 there were 3,026,000 workers engaged either full or part time in the manufacture, sale, operation, and maintenance of motor vehicles. In addition, there were 875,000 engaged in the production and transportation of raw materials used in the construction of motor vehicles. A total of 3,901,800 depended upon the automobile industry for a livelihood. This number is approximately 10 percent of the total number normally employed in all industries in the United States.

Third. The trend of motor-car ownership is downward. In 1932 registrations in the United States decreased 6½ percent under 1931, while registrations outside the United States increased 2½ percent.

Fourth. In 1929 there were produced in this country 5,359,000 passenger cars and trucks, the wholesale value of which was $3,413,148,206. In 1932 the production was only 1,370,678 vehicles valued at $755,927,760.

Fifth. The decrease in production of motor vehicles and hence the increase in unemployment of workers depending upon the automobile industry is largely due to the following factors in the taxation systems of the Federal Government and the several States:

(a) The ratio of State motor-vehicle special taxes to total State tax receipts range from 14.2 percent in Delaware to 75.2 percent in Florida. The average is 38 percent.

(b) The Federal Government singles out a few so-called "luxury" industries for special taxation treatment. The automobile industry is included notwithstanding the fact that it produces a necessity, and the only means of conveyance in most urban communities and many rural districts.

(c) The aggregate of special, Federal, State, and municipal automobile taxes has increased 300 percent since 1919,

and in 1932 amounted to $1,076,021,597, or 10.7 percent of all Federal, State, and municipal taxes collected. This amount was $320,093,837 greater than the wholesale value of the 1932 production of the entire industry. The Federal Government collected approximately $200,000,000 of all such special taxes.

(d) The average life of a motor vehicle is 7⅓ years. At the present rate of taxation it will, during its life, pay more in taxes than the manufacturer receives on the initial sale. The elimination of recurring taxes on gasoline, oil, and tires would encourage greater use of automobiles and consequently broaden the replacement market.

(e) In States having a gasoline tax of 2 cents, the registration of motor vehicles in 1932 was 4.5 percent less than in 1931. In States having a 6-cent gas tax the decrease in registration was 13.5 percent, exactly three times as great. Taxation is a dominant deterrent to motor-car ownership.

SUMMARY OF SPECIAL TAXES ASSESSED ON THE SALE, MAINTENANCE, AND OPERATION OF MOTOR VEHICLES, OVER AND ABOVE REGULAR REAL ESTATE, PROPERTY, AND INCOME TAXES PAID BY FACTORIES, GARAGES, DEALERS, REPAIR SHOPS, TERMINALS, TRUCK, BUS, AND TAXICAB COMPANIES, ETC.

Federal excise taxes on wholesale value: Passenger cars, 3 percent; motor trucks, 2 percent; parts and accessories, 2 percent; gasoline, 1 cent a gallon; lubricating oil, 4 cents a gallon; rubber tires, 2¼ cents a pound; inner tubes, 4 cents a pound.

Special State taxes on motor-vehicle owners: Gasoline tax, from 2 cents to 7 cents a gallon; registration fees based on one or a combination of the following measures (a) horsepower, (b) weight, gross or net, (c) value, (d) seating capacity, (e) tires, solid or pneumatic; certificate of title; operators' or chauffeurs' permits; financial responsibility or compulsory insurance; gross receipts; ton-miles, gross, net, capacity or other; mileage; occupational tax; privilege tax.

General State taxes: (1) Emergency general sales tax in Connecticut, Delaware, Indiana, Louisiana, Michigan, Mississippi, Missouri, New York, North Carolina, Oklahoma, Utah, Vermont, Washington, West Virginia, and others.

(2) Personal property tax.

Special city and county taxes on motor users: Municipal and county taxes on motor vehicles in the form of registration fees, wheel tax, and operators' licenses are permitted in the following States: Arizona, Arkansas, California, Colorado, Delaware, Illinois, Indiana, Iowa, Kentucky, Mississippi, Missouri, Nebraska, Nevada, North Carolina, Oklahoma, Ohio, Oregon, Tennessee, Texas, Virginia, Washington, and Wyoming.

Municipal and county taxes on gasoline are in effect in the following places:

	Number of cities	Counties
Alabama	142	9
Florida	14	
Louisiana	1	47
Mississippi		5
Missouri	53	
New Mexico	6	

These cities and counties are known to have special gasoline taxes but there may be additional municipalities either in these same States or in other States which have not as yet come to our attention.

Mr. DOUGHTON. Mr. Chairman, I yield 10 minutes to the gentleman from New Jersey [Mr. KENNEY].

Mr. KENNEY. Mr. Chairman, there seems to be a very wide difference of opinion among the Members of the House as to whether this bill, which undertakes to raise revenue, should place a tax on coconut oil.

When there is such a wide difference among so many Members, it strikes me that an opportunity ought to be given to vote separately upon such an important proposition. In the preparation of this bill, it was designed to tax this type of oil which comes into this country not as a revenue measure, as I have gleaned it from those in favor of the tax, but, chiefly, as a protection to the farmer. I have heard very little said here about the rise in the cost of soap as a result of such a provision. I have heard little of the poor consumer. I have heard no one consider the extra cost of maintenance of our charitable hospitals throughout the Nation, which will pay a larger sum for their soap. I have heard it will benefit the farmer, but what benefits he will receive have not been made clear to me. On the other hand, although it has been kept somewhat secret, it nevertheless stands out to me as an indisputable and true fact that whatever it does, it will raise the price of soap for the farmer.

If we were to pass a sales tax here—and there is some sentiment for this—I believe we would exempt food, clothing, and medicines. I am one of those who feel that in such an event we ought to exempt also such an article as ordinary soap, which is of so wide-spread use throughout the country and something of which the poor of this country should not be deprived. We ought to keep soap at a low cost.

To maintain soap at a low cost we must depend upon the supply of oils and fats which have deteriorated from their virgin state. The manufacture of soap at reasonable prices, therefore, is contingent upon the ability of the soap industry to use oils and fats of all kinds which have so deteriorated in quality as to be unfit for food products. This country imports oils and fats for soap purposes in large volume, and they are almost entirely of the grade which is unsuitable for edible purposes or, as in the case of coconut oil, suitable for edible purposes to a limited extent.

Coconut oil can hardly be said to compete with any domestic oil or fat in the manufacture of soap, because our domestic oil or soap has the same soap-making qualities. In order to get into the soap the required properties which the consumer demands for lathering, rinsing, and thorough cleansing, coconut oil is necessary. To supply these properties it is absolutely essential to have a sufficient quantity of sodium soaps of the lower-molecular-weight fatty acids, which can be had only from the use of a generous proportion of coconut oil in the soap formula. The soap must be readily soluble in water at the ordinary temperatures to get abundant lathering. Soap of course is dissolved far more rapidly in soft water than in hard. The properties making soap readily soluble in water are the same which make the suds easily rinsed. A soap will not give proper washing satisfaction if it is not quickly soluble in water at ordinary temperature.

An appreciable amount of coconut oil must be employed in the modern white laundry soap unless we take chip or bead form in general demand by consumers. A majority of our cities and many of the farm areas in the West have water that is fairly hard, so that a soap not easily soluble in water is a poor cleaning agent. If the soap does not have an appreciable amount of coconut oil, it will be almost insoluble in hard water. Consequently there is a demand for white laundry soap which contains enough coconut oil to make it serve the purposes for which it is used.

There does not appear to be a solid basis for the claims that domestic oils and fats are easily interchangeable with the coconut oil in the manufacture of soap. The American farmer is not deliberately producing oils and fats for soap purposes, and the required lather cannot be had from oils and fats produced in this country, but is gained only by introducing into the soap generous proportions of coconut oil.

Furthermore, I do not believe coconut oil competes with farm products, even to the limited extent that it is used for edible purposes. I have failed to hear an argument on the floor of the House which has convinced me that oleomargarine is a real competitor of butter which is produced by the farmer. I do not think the House has been convinced that coconut oil is a real competitor, and so long as this is not a revenue measure, greater consideration should be given to striking this provision from the bill at some time before its final enactment into law.

We ought to protect the consumers of our country, primarily. I have had many protests from them, and I have

had letters and telegrams from those who are employed by concerns manufacturing products in which coconut oil is an ingredient in my district who now fear the loss of their positions. These are men and women who have kept their positions throughout these trying times, but who fear that upon the passage of this bill they will be thrown out of work and into the army of the unemployed. I think greater consideration ought to be given to this provision of the bill somewhere along its course so that this tax on coconut oil should be stricken out, or, if allowed to remain, should be left in the measure only after the most careful consideration of the interests of the consumers and its effect upon the employment of thousands of the people of the Nation. [Applause.]

Mr. TREADWAY. Mr. Chairman, I yield myself the balance of the time.

Mr. Chairman, all during the time this debate has been running, which we know to have been nearly 18 hours now, there seems to have been great interest expressed, both in the House and by the public in general, as to the nature of the motion that the minority is expected to make to recommit the bill to the committee.

As the Members know, there has been practical unanimity of opinion in the committee. It is true that in the course of the extended consideration of the measure we have had many debates among ourselves, but the bill as presented to the House by our distinguished chairman, by and large, meets with the approval of the minority side of the committee. However, my colleagues on the committee and I feel that there is one outstanding matter wherein the committee made a serious blunder. I was unable to follow the reasoning—and none of my colleagues did—of the representatives of the Post Office Department when they came before the committee and asked that there be a continuation of the 3-cent postage rate for at least another year. The argument, of course, was that the money is needed.

Well, we want that money, and a lot of other money is needed, but the question is, What is the fair way to get it? Now, as to the item of first-class postage at the rate of 3 cents, the report of the Post Office Department shows that the profit to the Department last year, exclusive of air mail, was $104,860,190.06.

It cannot be said that we were running behind on first-class postage rates or that this money was needed to support the cost of carrying first-class mail.

There has been a tremendous opposition to the 3-cent rate. When the first suggestion was made of a 3-cent rate so much opposition was made against it by the people that Congress was obliged to reduce the rate to 2 cents on local drop letters. That at least shows the sentiment of the people.

The Republican members of the Ways and Means Committee voted unanimously not to continue the 3-cent rate beyond the time it was to expire under the law adopted last year, section 1001 (a) of the Revenue Act of 1932 as amended by section 2 of the act to extend the gasoline tax for 1 year and modify the postage rates.

We minority members are of the unanimous opinion that section 515 of the pending bill, which continues the 3-cent postage rate until July 1, 1935, should not be approved.

Therefore, the motion I shall offer tomorrow as the ranking minority member of the committee will read as follows:

I move to recommit the bill H.R. 7835 to the committee on Ways and Means with instructions to report the same back to the House forthwith, with an amendment striking out all of section 515, so as to restore the 2-cent rate on first-class postage as of July 1, 1934.

The reason that I bring it up tonight is because we want to play fair with the other side as we always have. [Applause.]

Mr. DOUGHTON. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill H.R. 7835 and had come to no resolution thereon.

SHALL OUR PUBLIC SCHOOLS BE CLOSED?

Mr. COLLINS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of school relief.

The SPEAKER. Is there objection?

There was no objection.

Mr. COLLINS of Mississippi. Mr. Speaker, I introduced a few days ago another bill for the relief of our educational system. This bill has for its object the unimpaired maintenance of the free American public school. The mechanics of this bill depend upon the use of Federal funds to help the various States to give all children unrestricted access to the instruction, the training, and the culture that is theirs by right and by tradition. All the States will benefit by this measure. Hundreds of thousands of growing boys and girls will be able to utilize without handicap the many educational opportunities now denied them by virtue of depleted town and State revenues.

I hold no brief for those who place faith in the abilities of our States and municipalities to maintain their schools at par during the coming year. Our towns and States cannot accomplish this educational restoration alone and unaided in so short a time. I am just as confident as anyone of the continuing revival of trade and business now occurring under the broad and intelligent reconstruction policies of our President. But no matter how great the magnitude of our business revival, our States and municipalities by next fall will not have the necessary funds to maintain their school systems as they should be maintained.

The philosophy behind the introduction of this bill is neither new nor complex on my part. For the past 15 years I have strongly advocated investing a portion of our national wealth and income in State and municipal educational work under the direction of State authorities. Ever since I have been in Congress I have urged and supported legislation for this simple, profitable purpose.

For instance, only last year an attempt was made to slash 25 percent from the Federal appropriation for vocational training projects. I publicly opposed that reduction and did my bit to restore the full appropriation for that splendid work. This year when I came back to Congress I pledged myself once more to help secure adequate Federal aid for our educational system. The principle to which I adhere is this: No single school in the United States must close today because its community cannot afford to keep it open.

It is gratifying to know that many others in this administration have taken this stand, but I shall not be satisfied with any measures short of 100-percent school maintenance in all fields and in all degrees throughout the country. I am happy to commend F.E.R.A. Order No. 953 of the Federal Relief Administrator, Mr. Harry Hopkins, which states that Federal funds are available to keep open the schools in any community up to 5,000 in population. But there is nothing in the statutes to prevent Federal aid being given to any community of whatever size to prevent its educational facilities from being curtailed. All of our growing generation in every community in the land must have a complete school term next year with all educational opportunities offered to them. I was privileged to help secure F.E.R.A. Order No. 953, and Mr. Hopkins, I feel sure, will be absolutely fair in administering it.

It will be recalled that Senator GEORGE, of Georgia, in the Senate, and myself in the House, introduced a bill that requested $50,000,000 of the $950,000,000 relief appropriation to be allotted for the rehabilitation of our educational system. Many other bills for school aid have come before this Congress and many excellent gentlemen have sponsored these worthwhile measures. But Senator GEORGE and I have sought, in accordance with our principles, immediate direct Federal aid for the American public-school system. That has been a first step; more will be undertaken later.

I first said on the floor of this House what the great national women's organizations and the American Federation of Labor came to me saying: "The schools must be kept open. The local communities are broke. The children must not suffer." I am fully acquainted with the plight of the educational system in my own State, and I know that the representatives of those organizations gave me the real facts. I have studied the official figures on the condition of the American school system as compiled by the United States Bureau of Education. The RECORD shows what action I have taken in helping to secure adequate maintenance of our educational facilities. The hearings on the relief bill will show the facts and the arguments I presented for Federal aid for our schools. It is in the law that the Federal Relief Administrator has the authority to help any public agency in any State that needs help. The response to Mr. Hopkins' telegrams to all State superintendents of education telling them of the availability of Federal funds indicates that the people of this country want this aid and are eager to take advantage of all opportunities to improve their school systems.

But this is only a step in the right direction. I demand more for the growing generations of young Americans. I demand a more equitable distribution of income in our country. We must tap the sources of concentrated wealth in this Nation in order to provide for all the people economic security, free access to culture, and the opportunity for individual and group expression. We can no longer offer the rising youth of America a lukewarm world, a world of shoddy values, both material and spiritual. We must construct for these children we are educating a world in which they will not find themselves economically dispossessed at the start. We must not deal lightly with their hopes, their plans, their ambitions. We must give them definite assurance of future success and security, a fighting chance for them to exercise their talents and creative faculties. We must not damp their enthusiasm and their efforts for political and economic betterment. We must help sweep away the barriers of vested, greedy wealth and impoverished, depleted educational systems and give them a vision of the good life in an era when rugged "hoggism" will be completely dead and buried.

I have lost count of the number of times I have spoken on this floor in favor of maintaining and improving our school system. We cannot afford to move backward at this date and whittle away these parts of our educational work that have proved of immense value to our social and economic and political life. I am familiar with the people who are always wanting to do away with what they call "frills" in education. I call those people "academic chiselers." A frill in our school system means to them something they can covertly snip off in an effort to reach their miserly goal of the three "R's" taught for 2 months in unheated school houses by underpaid teachers. What strange mental reasoning these purveyors of parsimony must do to be able to advocate the elimination of such valuable educational activities as kindergartens, vocational training, health services, pre-school projects, art study, junior high schools, musical appreciation, and opportunity classes. In these times when leisure promises to increase for the people, these elements of our educational system are more than ever of paramount importance to the school and to the community.

I regard education as that form of human experience through which the individual grows; and it is my purpose that each individual must grow to be most useful to his community. These so-called "frills" which have been put into school systems in the last 2 decades are there because they do help make better citizens of our students. The child must be properly started, and the school must afford him an opportunity to develop his natural talents, whatever they may be. There was a time when we regarded classical education as the only form of education. Now, I am the last one to depreciate the beauty and the joy of a classical training, but I am also the last one to say that everyone must be alike or that everyone is qualified to pursue the same studies. The recognition of individual differences has led to the development of enriched school curricula. The uninformed call these developments "frills." Let us consider a few of these frills.

THE IMPORTANCE OF THE KINDERGARTEN

For the last 60 years the public has recognized the kindergarten as an important part of a well-organized school system. One of the most interesting discussions of the kindergarten's value—and there are many such discussions—is to be found in the convention action of the American Federation of Labor.

The men and women of this country who toil are determined that their children shall have every possible advantage. They want their children to get the right start in life. I quote from the last convention statement of that organization.

The kindergarten performs a vital educational service for the child of 4 and 5 years, which must be given at that age only.

For 60 years public opinion has recognized the worth of a systematized educational program for 4- and 5-year-old children. Since St. Louis opened the first public-school kindergarten in 1873, young children in practically all the large cities and in a quarter of the smaller cities have had an opportunity to attend kindergartens.

When a child enters school, he becomes for the first time a part of a social group outside of his immediate family. In the kindergarten the social adjustments of the young child are the primary goal. In the first grade there is a general expectancy that a child must learn to read. But it is shown by studies that a certain mental age and not a chronological age fits a child to learn to read. The kindergarten program develops that mental age and helps make the child fitted for success in his school progress.

In the kindergarten a child begins to learn how to get along with others who have similar rights and privileges. He learns how to respond to directions and to handle materials with which he can express his ideas. He develops adequate habits of personal hygiene. Children from families speaking a foreign language at home are given an English vocabulary and training in using it effectively. These young children of foreign-born parents carry back into the family a little-realized influence in true Americanism.

Physical and mental tendencies that may make difficulties in an individual's later school life are discoverable in the kindergarten and corrective treatment given.

Experiences of the kindergarten program introduce children to the beginnings of reading, arithmetic, and other subjects of the elementary school curriculum with marked success. It is difficult to apply adequate measures to the growth and development of these young children. However, within the past few years research has shown that children who have attended kindergarten have higher scores in intelligence and in achievement in the school subjects, their ratings in social habits are higher, and they have fewer promotion failures than children without kindergarten experience. The reduction of promotion failures is a saving in dollars and cents to the taxpayer and, what is more important, it saves the child's courage and self-respect.

Such a purpose sounds truly social to me; not a bit like a frill.

VOCATIONAL TRAINING

I referred earlier in this address to the fact that I was happy to have participated in the movement to secure for the several States the full amount of former appropriations for vocational training. I am in hearty sympathy with this trend of educational development. Why? Again I am practical in considering the value of educational work. Vocational training prepares the individual for efficient employment so that he can become self-supporting and contribute to the economic welfare of the country. It is an essential part of a socially balanced educational program, both for periods of national prosperity and periods of national depression.

In some ways vocational training is more important in this period of depression than it was in a period of prosperity. Changes in manufacturing processes and production methods have resulted in throwing many persons out of employment who must be retrained for some other line of work. Many skilled persons who were laid off on account of the depression will never again be able to return to their former positions. Some of these persons have moved away, some have found employment in other lines of work. In some instances methods in production work and trade practices have changed to such an extent that those who were laid off are now no longer employable unless they are retrained.

Then, too, there is that great army of youth who in normal times would be absorbed into industry but who are now either adrift, adding to the stream of the unemployed or else in school. If in school, they need vocational training that will make them employable when the doors of industry are again opened.

If adrift without anything to do, they need to be given a vocational training that will qualify them for employment at the earliest possible moment and which in the meantime will serve to maintain their morale.

As something of a forerunner for vocational training—prevocational, I believe they call it—and as a form of preliminary guidance work, our schools have been developing work in the industrial arts.

VALUE OF THE INDUSTRIAL ARTS

It is essential that educational training include opportunities for self-expression on the part of the individual, as these constitute experiences necessary for growth and development. Through design and construction in wood, wood-finishing, fiber and textile materials, metal work, electricity, drawing, and printing, pupils find opportunities for self-expression in practical materials not found in other school subjects. Planning and laying out projects on paper, making out bills for materials to be used in the projects, getting out stock, performing the necessary hand and machine operations on the materials, and assembling parts into completed projects constitute a unique and valuable kind of school experience and a learning through self-expression. Activities in the industrial arts are just as natural and just as vital a means for self-expression as are activities in reading, writing, mathematics, language, and music. Moreover, they are kinds of activities which appeal strongly to the boys and girls.

IS THE SCHOOL HEALTH SERVICE A NECESSITY?

By common consent, health is an essential objective of education. It is absurd for school officials to look upon the school health service as something to be abandoned or curtailed until the return of better times moneywise. It may be that this service can, in some instances, be carried on in a more economical manner, but to go beyond this is to abandon a fundamental principle which no one has yet hinted should be abandoned.

The preservation and improvement of the health of the child, which too often needs to be improved, is a worthy object in itself, for certainly comfort and length of days have always been considered desirable. The child who is physically below par fails to respond as he might to the means of mental development furnished through the schools, and there is a proportional waste of time and effort and money in attempting to educate him. There is economic waste again in sending into the world a child who cannot grapple with the problems of existence as he might have done had the school given adequate attention to his physical well-being.

The child's physical welfare is of prime importance. Instead of neglecting our school health activities we might better see if they can be improved. The need for this work is particularly acute now. At the hearings on the relief bill just passed it was brought out that a large percentage of the Nation's children are on relief. Tens of thousands of the citizens of tomorrow need material physical attention. School health service is the machinery to render this service. The preservation of the health of our children, I submit, is a real necessity.

IS THE JUNIOR HIGH SCHOOL A FRILL?

The entire development of the junior high school in the United States has been brought about in less than a quarter of a century. The increase in number of these schools has been especially pronounced since the World War. The following facts make it easy for anyone to draw his own conclusions.

During this period the following important changes have been brought about in the schooling of girls and boys from 12 to 15 or 16 years of age:

First. Improved retention in school: In 1918 pupils in the public schools averaged fewer than 8 years of education; in 1930 this average had been raised to 9⅔ years.

Second. Expansion in curriculum offerings: Subjects which have become prominent following the introduction of the junior high school are physical education, fine arts, manual arts, home economics, and business training.

Third. Expansion into extracurriculum offerings: The old school offered its pupils little in the form of dramatics, journalism, hobby clubs, organized drill activities, and interclass athletic games before they reached the first year of the 4-year high school. These and other extracurriculum activities are regular features of the modern junior high school.

Fourth. Extension of provisions in caring for individual differences of early-adolescent pupils, including educational and vocational guidance, exploratory courses, library service, health work, and employment of better-trained teachers.

These improvements in the education of young girls and boys have come in coexistent with the development of the junior high school, and have, in many places, been hastened by the establishment of junior high schools. The boy and girl just entering that all-trying period of life—adolescence—need attention of a special sort. Not only does the boy's voice change and his body grow rapidly, but there are other vital adjustments he must make and receive help in making if he is to be happy and successful. Here the school can help, and here the junior high school leads the way in this endeavor.

IS EDUCATION IN MUSIC A FRILL?

Education is a preparation for life and for living, and music figures in this as largely as literature and mathematics and history. True, music is a language of which we can have some knowledge without training, but this is true of English, and mathematics, and other subjects. However, without teaching, a child is not likely to learn to read music, nor to participate in the joys of its performance. Without an introduction to its expression in higher forms he is not likely to know those forms and to fully enjoy them. Not every child can be a Mozart any more than every child can become a Shakespeare, but every child can be made to have a greater appreciation of both music and literature than he would otherwise experience. If the teaching of music is a frill, then the teaching of literature is a frill, for music is incomparable as a revelation of sheer beauty and as an interpreter of human emotion.

With the advent of more leisure than our forefathers possessed and with the invention of the radio, there is more time and opportunity for the enjoyment of music than ever before. But we are not likely to be able to enjoy the finer things in this field unless we know that they exist and unless we have had our own ears tuned as far as they are tunable to the understanding of the great things of this great art. Every child, and not just a few children, should be able to feel to the full the ebb and flow of music's golden sea setting toward eternity.

IS ART INSTRUCTION AN EDUCATIONAL NEED?

The use of our abilities to read and write and cipher is but slightly out of proportion to the amount of time and money devoted to the development of these skills by the schools. They are important, but they are not relatively as important as their long and large traditional standing in the curriculum would make us think.

Education is a training for service and for appreciation. The service which most of us render society is not done by writing or figuring, nor is our appreciation confined to the enjoyment of books or of mathematical formulas. With the invention of the moving-picture machine and the radio our enjoyment of life through the printed page has even diminished.

We often forget that a nation's contribution to civilization is measured not merely by its mathematics and its literature but as much by its art, and we are likely to enjoy both past and present civilizations in the products of the pencil and brush as much as in the printed page.

Not every child can become a Raphael, but he is not likely to become an artist unless his interests are early awakened and his abilities trained. The business of awakening his possibilities becomes the province of the public schools as much as education for a scientific or a literary career. One appreciates any fine piece of work most fully when he has tried to do such work himself, and the art instruction of our schools leads to a fuller knowledge and enjoyment of great sculpture and painting and architecture. Art education rightly done is no more a frill than was, in earlier time, the teaching of the three "R's."

WHY SPECIAL EDUCATION FOR EXCEPTIONAL CHILDREN?

It is universally conceded that a major objective of education is to help the children of today to become the contented and respected citizens of tomorrow. It is also conceded that several millions of school children do not profit satisfactorily by the regular educational program because of extreme visual or auditory handicap, a crippled body, serious speech defect, mental deficiency or intellectual superiority, emotional maladjustment, or organic difficulties; and that unless education is properly adjusted to the peculiar needs of these children, they are likely to become burdens or even menaces to society.

On the other hand, it has been shown that special educational provisions planned to minimize handicaps and capitalize abilities have resulted in social and economic advantage to both the children themselves and to the community in which they live. A physician uses specialized medical treatments for special needs, even in the face of increased costs. No less should the educator be responsible for going beyond the confines of standard procedure into the realm of special classes, special methods and equipment, and clinical service for those who need them. The welfare of the child demands that he be given the opportunity of happiness and of achievement in keeping with his ability to achieve. The welfare of society demands that he be prepared to make some constructive contribution, however small, as an adult citizen. Obviously the only means by which this can be brought about is to adapt instruction to his needs. Therefore, special education for exceptional children, far from being a fad, becomes a necessity in the Nation's program of training for citizenship.

THE STATE UNIVERSITY

Here I want to indulge in a little feeling as well as in a number of facts. I go back to Thomas Jefferson. The first and one of the finest State universities of this country was founded by Thomas Jefferson. Why? Because he believed that the establishment of a well-coordinated educational system for each State was essential to the State's welfare, to its very existence. He wanted every part of an educational system established, and the State university is a most essential part.

The well-organized university prepares students for a professional career. It trains them for public service. The university of today recognizes public service as a distinct profession, and hence offers special training for it. It affords students the opportunity for original research work in the interest of human progress.

The tremendous importance of training men and women in and for research work, quite apart from the value that the training has for him who receives it, is the value of such work to society. For some time now we have recognized the necessity for research in the biological, chemical, and physical sciences. We are now demanding an exact scientific approach in other fields of human endeavor as well, particularly in the social sciences. A scientific approach, a questioning, critical-minded attitude, exact facts, obtained with exacting precision, are needed in approaching our social and economic problems. Scientific economic planning and social planning must replace the haphazard system of sentimental, destructive, laissez faire organization which has brought the world into the chaos now confounding us.

Research, intelligent, planned procedure, is the answer. The publicly supported institutions of higher learning must be reliable institutions in which our leaders may be trained for whatever field of specialized professional service will be of social value to the community. They must through their laboratories—of whatever form they may be—bring knowledge to the people. The university must be so organized that it can come to the people, wherever they are in the State, and help them train for better service to their State through an enriched experience which the university will afford them. The higher institutions of learning need money for this work; money as an investment for the State. These institutions must be preserved and maintained at a high level of usefulness. To do otherwise would be robbing the farmers and the city workers of their just share of the return on the Nation's wealth.

I have spoken, I hope, not too much at length. There is much more that should be said on adult education, training for the underprivileged, the illiterate, and the near-illiterate. Time prevents.

I said I was happy to have had the splendid support of so many of the leaders in this House in my fight to keep the schools open. I hope I shall have an even wider support in my fight to keep the public-school systems intact.

EXTENSION OF REMARKS

Mr. RANDOLPH. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein an editorial from this week's Labor, the official publication of the American Federation of Labor.

The SPEAKER. Is there objection?

Mr. TABER. Mr. Speaker, owing to the policy of excluding editorials from the RECORD, I regret that I shall have to object.

AN INVESTIGATION OF THE MILK INDUSTRY IN THE UNITED STATES FOR THE RELIEF OF THE DAIRY FARMER

Mr. CROSBY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CROSBY. Mr. Speaker, under leave to extend my remarks in the RECORD, I desire at this time to confine my words to the resolution presented by me in the House today for the investigation and regulation of the dairy industry of the United States.

In order that the importance of this industry may be appreciated by my colleagues, let me state that the dairy industry is the largest industry in the United States, doing an annual business in excess of $2,000,000,000; that it is one of the principal agricultural productions in 37 States and is the chief agricultural production in 17 States.

The administration, the Secretary of Agriculture, and various committees of the House and Senate, have been seeking every means to alleviate the conditions of the farm and restore some measure of prosperity through various regulations, processing taxes, and primarily, I may say, through loans. All these measures are having some effect and are being felt in the industry to a degree; but the greatest relief and aid which can be extended to the farmer and the dairy industry are a proper investigation of all the conditions surrounding this industry, a development of basic costs, and a free market for the sale and distribution of dairy products.

If the profits of the middleman and the distributor, now said to be largely under the control of one great combination, can be controlled and a rightful and fair price paid to the producer, almost instant relief can be had for these millions of American citizens now suffering from the vicious attacks of the Dairy Trust and also facing eviction and bankruptcy through these general effects of the world-wide depression.

At the root of the dairyman's trouble is the basic-surplus plan of milk purchase instituted by one Dr. Clyde L. King, late of the Dairy Department and under the food administration of ex-President Hoover. This plan was said at that time to be a scheme whereby production could be controlled and distribution liberalized. This plan was carried to its ultimate end by the Dairy Trust and was largely incorporated in the codes first put out by the Agricultural Adjustment Administration, whereby the distributors were able to buy at a fair price less than one third of the production, the balance being cleverly placed as surplus.

In 1923 there was organized in the city of New York a corporation known as the "National Dairy Products Corporation", with a small capital of $11,000,000, mainly organized from the Hydrox Corporation and the Rieck-McJunkin Co., of Pittsburgh. For the first 9 months of its operation in that year the net sales were $13,568,668.83, which yielded a profit of $1,371,055.68 after deducting all reserves, Federal taxes, and dividends paid on the preferred stock of subsidiaries. It will be interesting to you, my colleagues, to trace the growth of this infant industry as follows:

	Combined sales (volume of business)	Deductions (depreciation and repairs)	Net earnings
1923	$13,568,668.83		$1,371,055.68
1924	20,180,892.46		2,353,214.18
1925	105,377,151.78	$6,510,751.09	6,898,363.06
1926	134,549,919.04	8,339,886.40	9,420,451.48
1927	145,330,059.87	8,779,744.31	9,633,293.96
1928	212,632,076.59	12,912,935.12	15,175,461.18
1929	300,021,483.05	17,593,314.00	20,758,898.47
1930	374,558,411.62	20,971,041.00	25,470,942.48
1931	[1]	20,349,068.90	22,547,973.52
1932	[1]	19,403,849.38	12,537,380.36

[1] Not given.

Over a period of 9 years, 4 of them being years of the most acute depression the world has ever known, this industry had paid 233½ percent of stock dividends and net dividends of 299 percent. In addition to these enormous and excessive profits, there have been paid salaries greater than those paid any Member of the House or Senate, or even the President of the United States. The president of this company, Thomas H. McInnerney, was paid a yearly salary of $180,000, later reduced to $108,000; Mr. A. A. Stickler, treasurer, testified that the majority of the vice presidents on the pay roll receive from $20,000 to $30,000 a year.

During these lean years this corporation has acquired by stock purchase, without the expenditure of 1 cent of real money, 515 subsidiary milk plants, scattered over and through the milk sheds of the United States, including all the principal distributors.

To meet the aggression of this trust, the dairymen have endeavored to organize. They do have associations, cooperatives, and different sales and trade organizations. They do have a membership of around 260,000; but during all the milk hearings conducted in this city and elsewhere during the summer and fall of 1933, the trust control was so complete that in practically no instance was any mention made of production costs—a very vital element in determining the ultimate price of milk. In my own milk shed, now and for some years previous, the price of milk paid to the farmer is and has been around 80 cents per hundred for the whole product, netting the farmer only a trifle over 1 cent per quart; the price to consumer being held from 10 to 13 cents per quart in all distributing quarters.

Since the resignation of Dr. Clyde King from the Department of Agriculture, with which resignation I, with the able assistance of the Washington press, had something to do, the Department began to consider cost a vital factor.

The purpose of this resolution is to determine just how far and how great the tenacles of this trust are spread; to have, for the first time, a national body with authority really to determine basic cost. From examination and study of the reports made by this trust from year to year, it is very evident that a much greater price can be paid to producer. From various estimates and compilations of the Department of Agriculture, it is plain that the distributors' spread is from 6 to 9 cents per quart, and it is quite generally admitted that a spread of 4 or 5 cents should amply compensate any distributor of milk.

Not only will this investigation bring an added prosperity to the farmer if the results are attained which I contemplate, but it will also in hundreds of cases cheapen the price of milk and dairy products paid by the consumer.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mr. PARKER, for the remainder of the week, on account of official business in Georgia and because of illness in his family.

To Mr. CARPENTER of Nebraska, for 10 days, on account of business.

INTOXICATING LIQUORS IN THE VIRGIN ISLANDS AND PUERTO RICO

Mr. McDUFFIE. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 6574), to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquor, with Senate amendments thereto, disagree to the Senate amendments, and agree to the conference asked by the Senate.

The SPEAKER. Is there objection?

There was no objection.

The Chair appointed the following conferees: Mr. McDUFFIE, Mr. SMITH of West Virginia, Mr. BEEDY.

SENATE ENROLLED BILLS SIGNED

The SPEAKER announced his signature to enrolled bills of the Senate of the following titles:

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.;

S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; and

S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

ADJOURNMENT

Mr. DOUGHTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 22 minutes p.m.) the House adjourned until tomorrow, Wednesday, February 21, 1934, at 12 o'clock noon.

MOTION TO DISCHARGE COMMITTEE

APRIL 27, 1933.

To the CLERK OF THE HOUSE OF REPRESENTATIVES:

Pursuant to clause 4 of rule XXVII, I, ERNEST LUNDEEN, move to discharge the Committee on Ways and Means from the consideration of the bill H.R. 1, entitled "A bill to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates", which was referred to said committee March 9, 1933, in support of which motion the undersigned Members of the House of Representatives affix their signatures, to wit:

1. Ernest Lundeen
2. Francis H. Shoemaker
3. Gardner R. Withrow
4. Gerald J. Boileau
5. Loring M. Black, Jr.
6. Hubert H. Peavey
7. Matthew A. Dunn
8. James H. Sinclair
9. Jesse P. Wolcott
10. Magnus Johnson
11. Edgar Howard
12. William Lemke
13. Raymond J. Cannon
14. Henry Arens
15. Louis T. McFadden
16. J. Howard Swick
17. Fred C. Gilchrist
18. Will Rogers
19. Finly H. Gray
20. Harold Knutson
21. Paul J. Kvale
22. J. Will Taylor
23. W. Frank James
24. Terry M. Carpenter
25. E. W. Marland.
26. Charles V. Truax
27. Marion A. Zioncheck
28. Abe Murdock
29. Jed Johnson
30. F. B. Swank
31. Albert C. Willford
32. Martin L. Sweeney
33. Oscar De Priest
34. Knute Hill
35. Monrad C. Wallgren
36. Martin F. Smith
37. Thomas O'Malley
38. John C. Taylor
39. Frank Gillespie
40. John H. Hoeppel
41. R. T. Wood
42. George G. Sadowski
43 D. D. Glover
44. Ben Cravens
45. W. D. McFarlane
46. Benjamin K. Focht
47. Michael J. Muldowney
48. George R. Durgan
49. Clyde Kelly
50. W. P. Lambertson
51. Joe H. Eagle
52. Isaac H. Doutrich
53. Richard J. Welch
54. Carl M. Weideman
55. Fred H. Hildebrandt
56. Elmer E. Studley

57. William P. Connery, Jr.
58. Sterling P. Strong
59. George B. Terrell
60. A. J. May
61. Ray P. Chase
62. Theo. B. Werner
63. Charles A. Wolverton
64. George F. Brumm
65. Wesley E. Disney
66. Jeff Busby
67. William M. Colmer
68. Cassius C. Dowell
69. Henry E. Stubbs
70. Charles I. Faddis
71. Vincent Carter
72. George Foulkes
73. John D. Dingell
74. Harry W. Musselwhite
75. James W. Mott
76. Patrick J. Boland
77. James J. Connolly
78. Carroll Reece
79. Joachim O. Fernandez
80. Wesley Lloyd
81. N. L. Strong
82. John E. Miller
83. C. Murray Turpin
84. Harry C. Ransley
85. Randolph Carpenter
86. James Wolfenden
87. Everett M. Dirksen
88. Walter Nesbit
89. Charles Kramer
90. William T. Schulte
91. Compton I. White
92. Francis T. Maloney
93. John M. O'Connell
94. Paul H. Maloney
95. John T. Buckbee
96. Clarence J. McLeod
97. J. R. Mitchell
98. Alfred M. Waldron
99. James V. McClintic
100. Francis B. Condon
101. George W. Edmonds
102. Jennings Randolph
103. Martin J. Kennedy
104. Robert L. Ramsay
105. Frank R. Reid
106. Twing Brooks
107. Joseph P. Monaghan
108. Glenn Griswold
109. James J. Lanzetta
110. John Lesinski
111. Warren J. Duffey
112. Harry P. Beam
113. John C. Lehr
114. Wilburn Cartwright
115. Tom D. McKeown
116. Clark W. Thompson
117. George W. Blanchard
118. Walter M. Pierce
119. James G. Scrugham
120. Francis E. Walter
121. Charles N. Crosby
122. Wilbur L. Adams
123. John F. Dockweiler
124. Allard H. Gasque
125. James P. Richards
126. Edward A. Kelly
127. Michael J. Hart
128. Wright Patman
129. Thomas L. Blanton
130. Frank H. Lee
131. Carl Vinson
132. Braswell Deen
133. Homer C. Parker
134. Guy M. Gillette
135. Frank W. Hancock, Jr.
136. Charles J. Colden
137. Sam L. Collins
138. Albert E. Carter
139. P. H. Moynihan
140. Lloyd Thurston
141. George A. Dondero
142. Herman P. Kopplemann
143. Otha D. Wearin
144. Ralph F. Lozier
145. Roy E. Ayers

This motion was entered upon the Journal, entered in the CONGRESSIONAL RECORD with signatures thereto, and referred to the Calendar of Motions to Discharge Committees, February 20, 1934.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Feb. 21, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

COMMITTEE ON EDUCATION

(Wednesday, Feb. 21, 10 a.m.)

Continuation of hearing on H.R. 7802, to provide for the further development of vocational education in the several States and Territories, in the caucus room of the old House Office Building.

COMMITTEE ON PUBLIC LANDS

(Wednesday, Feb. 21, 10 a.m.)

Continuing hearings on H.R. 6462, the Taylor grazing bill, room 328 House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, Executive communications were taken from the Speaker's table and referred as follows:

357. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment, Capitol Police, for the fiscal year 1934, in the sum of $500 (H.Doc. No. 259); to the Committee on Appropriations and ordered to be printed.

358. A letter from the Secretary of War, transmitting pursuant to section 1 of the River and Harbor Act approved January 21, 1927, a letter from the Chief of Engineers, United States Army, dated February 15, 1934, submitting a report, together with accompanying papers and illustrations, on Snohomish River, Wash., for the purpose of navigation and efficient development of its water power, the control of floods, and the needs of irrigation (H.Doc. No. 258); to the Committee on Rivers and Harbors and ordered to be printed with three illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SANDLIN: Committee on Appropriations. H.R. 8134. A bill making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; without amendment (Rept. No. 820). Referred to the Committee of the Whole House on the state of the Union.

Mr. FORD: Committee on Foreign Affairs. House Joint Resolution 271. Joint resolution providing for an annual appropriation to meet the quota of the United States toward the expenses of the International Technical Committee of Aerial Legal Experts; without amendment (Rept. No. 821). Referred to the Committee of the Whole House on the state of the Union.

Mr. McREYNOLDS: Committee on Foreign Affairs. Senate Joint Resolution 80. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive; without amendent (Rept. No. 822). Referred to the Committee of the Whole House on the state of the Union.

Mr. PARKER: Committee on Flood Control. H.R. 7793. A bill authorizing a preliminary examination of the Ogeechee River in the State of Georgia, with a view to controlling of floods; without amendment (Rept. No. 824). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HENNEY: Committee on Foreign Affairs. H.R. 7916. A bill to authorize an appropriation for the reimbursement of Stelio Vassiliadis; without amendment (Rept. No. 823). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. SANDLIN: A bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes; to the Committee on Appropriations.

By Mr. STUDLEY (by request): A bill (H.R. 8135) to provide permanent legislation for air mail, etc.; to the Committee on the Post Office and Post Roads.

By Mr. VINSON of Georgia: A bill (H.R. 8136) to promote the effectiveness and economy of the national defense by simplifying and strengthening the organization, administration, control, and finance of the whole Naval Establishment; to the Committee on Naval Affairs.

By Mr. COLLINS of Mississippi: A bill (H.R. 8137) to provide for cooperation by the Federal Government with the several States and Territories and the District of Columbia in meeting the crisis in public education; to the Committee on Education.

By Mr. CROSSER of Ohio: A bill (H.R. 8138) to provide retirement insurance for railway employees, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. KENNEY: A bill (H.R. 8139) to provide for the establishment of a national monument on the site of Camp Merritt, N.J.; to the Committee on the Public Lands.

By Mr. KRAMER: A bill (H.R. 8140) to amend section 584 of the Tariff Act of 1930 relating to the penalty for falsifying or failing to produce a manifest; to the Committee on Ways and Means.

By Mr. SIROVICH: A bill (H.R. 8141) to promote the exportation, purchase, and sale of agricultural products, and for other purposes; to the Committee on Agriculture.

By Mr. McKEOWN: A bill (H.R. 8142) to provide for the appointment of an additional district judge for the eastern district of Oklahoma; to the Committee on the Judiciary.

By Mr. MILLER: A bill (H.R. 8143) to improve the navigability of the White River; to provide for the flood control of the Mississippi River and the White River; to provide for reforestation and the use of marginal lands in the White River Valley; to provide for the agricultural and industrial development of the White River Valley; to provide for the irrigation of lands in the White River Valley; to provide for the restoration and preservation of the water level in the White River Valley; to provide for the flood control of the White River and the Mississippi River; to provide for the development of electrical power in the White River Valley, and for other purposes; to the Committee on Flood Control.

By Mr. KRAMER: A bill (H.R. 8144) to amend section 584 of the act of June 17, 1930; to the Committee on Ways and Means.

By Mr. BURKE of Nebraska: A bill (H.R. 8145) creating the Florence Bridge Commission and authorizing said commission and its successors and assigns to construct, maintain, and operate a bridge across the Missouri River at or near Florence, Nebr.; to the Committee on Interstate and Foreign Commerce.

By Mr. GLOVER: A bill (H.R. 8146) for the control of floods on the Mississippi River and its tributaries, and for other purposes; to the Committee on Flood Control.

By Mr. SIROVICH: A bill (H.R. 8165) to establish the United States Civic Flying Service, to be owned and operated by the United States Government, for the purpose of developing and forwarding the arts of aeronautics and aviation by the purchase and/or building and operation of heavier-than-air and lighter-than-air aircraft; the air transport of United States air mail, and of passengers, express, and light freight; the purchase and/or building of airports on or over land or ocean or inland waters and the laying out and operation of air routes equipped with take-off and landing, lighting, beacon, and communication systems, and for other purposes, connected with aeronautics and aviation. The short title of this bill shall be "An act to establish the United States Civic Flying Service." Webster's Unabridged Dictionary, common usage, and accepted usage in aviation of the terms used in this act shall govern their interpretation; to the Committee on Interstate Commerce.

By Mr. McSWAIN: Resolution (H.Res. 275) authorizing and directing the Committee on Military Affairs to inquire into and investigate alleged profiteering in military aircraft, irregularities in the leasing of public property by the War Department, and profiteering in the purchase of property from public funds, and other matters in which the problem of national defense is involved; to the Committee on Rules.

By Mr. CROSBY: Resolution (H.Res. 276) authorizing the appointment of a special committee to investigate the sale and distribution of milk, cream, and other dairy products, and for other purposes; to the Committee on Rules.

By Mr. DIMOND: Joint resolution (H.J.Res. 280) authorizing a preliminary examination or survey of Bethel Harbor, Alaska; to the Committee on Rivers and Harbors.

By Mr. LEWIS of Maryland: Joint resolution (H.J.Res. 281) providing for the restoration of old Senate Chamber; to the Committee on the Library.

By Mr. BLAND: Joint resolution (H.J.Res. 282) requiring 50 percent of the cargo imported and exported under trade agreements between the United States and foreign nations to be carried in vessels of the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. ALLGOOD: A bill (H.R. 8147) for the relief of John Lewis; to the Committee on War Claims.

Also, a bill (H.R. 8148) granting a pension to Homer C. Alldredge; to the Committee on Pensions.

Also, a bill (H.R. 8149) granting a pension to D. M. C. Dilbeck; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8150) granting a pension to Mary F. Smith; to the Committee on Invalid Pensions.

By Mr. CANNON of Wisconsin: A bill (H.R. 8151) for the relief of Ray Markey; to the Committee on Claims.

Also, a bill (H.R. 8152) for the relief of Arthur John Ford; to the Committee on Naval Affairs.

By Mr. DISNEY. A bill (H.R. 8153) granting a pension to Elizabeth Jane Catron Mills Young; to the Committee on Pensions.

Also, a bill (H.R. 8154) granting a pension to Sarah Hammons; to the Committee on Invalid Pensions.

By Mr. FULMER. A bill (H.R. 8155) for the relief of Lona Etheredge; to the Committee on Claims.

By Mr. GLOVER. A bill (H.R. 8156) for the relief of Mrs. W. L. Carr; to the Committee on Claims.

By Mr. GOODWIN: A bill (H.R. 8157) for the relief of First Lt. Walter T. Wilsey; to the Committee on Claims.

By Mr. HOEPPEL: A bill (H.R. 8158) for the relief of the widow and five minor children of Arturo Guajardo; to the Committee on Claims.

By Mr. KNUTSON: A bill (H.R. 8159) for the relief of J. M. Lynch; to the Committee on Claims.

By Mr. LAMNECK: A bill (H.R. 8160) for the relief of Lovaura Schmidt; to the Committee on Claims.

By Mr. McFARLANE: A bill (H.R. 8161) for the relief of I. H. Martin and Sarah Jane Tilghman, legal heirs of Benjamin Martin, deceased; to the Committee on War Claims.

By Mr. SCHAEFER: A bill (H.R. 8162) granting an increase of pension to Mary E. Straube; to the Committee on Invalid Pensions.

By Mr. THOMASON: A bill (H.R. 8163) for the relief of Jessie Taylor; to the Committee on Claims.

By Mr. WOLFENDEN: A bill (H.R. 8164) for the relief of Cora G. Schrader; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2421. By Mr. AYERS of Montana: Petition of Harlon Milligan, of Billings, and sundry other citizens of Billings, Laurel, Roberts, Joliet, and Red Lodge, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2422. Also, petition of G. W. Fenton, of Laurel, and sundry other citizens of Laurel, Great Falls, Coffee Creek, and Deer Lodge, Mont., praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2423. By Mr. AYRES of Kansas: Petition of citizens of Newton and Wichita, Kans., protesting against Senate bill 2000, a measure introduced by Senator Copeland, and House bill 6110; to the Committee on Interstate and Foreign Commerce.

2424. By Mr. BACON: Petition of 32 residents of Long Island, urging prohibition, by legislation, of any interference with religious broadcasts; to the Committee on Merchant Marine, Radio, and Fisheries.

2425. By Mr. HOEPPEL: Petition of the East Whittier Friends Church, urging favorable consideration of House

bill 6097; to the Committee on Interstate and Foreign Commerce.

2426. By Mr. KENNEY: Petition in the nature of a resolution of the General Council of Parent-Teachers Association of Teaneck, N.J., petitioning the Federal Government to grant financial emergency aid to schools, such as it has by precedent granted to industry; to the Committee on Education.

2427. Also, petition in the nature of a resolution of the New Jersey Senate and House of Assembly, that the Congress of the United States be, and it hereby is, requested to appropriate sufficient funds to carry out the provisions of the National Defense Act of 1920 and its accompanying legislation so that the program of the War Department may be effectively carried out; to the Committee on Appropriations.

2428. Also, petition in the nature of a resolution of the Rotary Club of Teaneck, N.J., approving Federal emergency aid for public schools and petitioning the Congress of the United States to take such steps as possible to provide an appropriation sufficiently substantial to meet the present crisis quickly and effectively; to the Committee on Education.

2429. By Mr. KVALE: Petition of the Malta Local of the Farmers Co-operative Educational Union of America, Minnesota Division, urging passage of the Frazier bill, Thomas-Swank bill, Wheeler bill, and Patman bill; to the Committee on Agriculture.

2430. Also, petition of members of the Young Woman's Christian Association of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2431. Also, petition of 100 citizens of the agricultural section of Minnesota, urging passage of the Frazier bill; to the Committee on Agriculture.

2432. Also, petition of members of the Bethlehem Presbyterian Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2433. Also, petition of 91 citizens of Douglas County, Minn., urging passage of the Swank-Thomas bill, the Frazier bill, and the Wheeler bill; to the Committee on Agriculture.

2434. Also, petition of 178 citizens of the cities of St. Paul and Minneapolis, Minn., opposing Senate bill 885, and recommending consideration of House bills 1643 and 1659; to the Committee on Interstate and Foreign Commerce.

2435. Also, petition of 20 citizens of Alexandria, Minn., urging passage of Swank-Thomas bill, the Frazier bill, and the Wheeler bill; to the Committee on Agriculture.

2436. Also, petition of 95 citizens of Douglas County, Minn., urging passage of the Swank-Thomas bill, the Frazier bill, and the Wheeler bill; to the Committee on Agriculture.

2437. By Mr. LAMBERTSON: Petition of the Woman's Christian Temperance Union of Winchester, Kans., urging the passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

2438. Also, petition of Dr. K. W. Fielder and 27 other citizens of Leavenworth, and Mrs. Bertha O. Seal and 19 other citizens and Harry Thorpe and 30 other citizens of Topeka, all of the State of Kansas, protesting against the passage of the Tugwell-Copeland bill; to the Committee on Agriculture.

2439. By Mr. LINDSAY: Petition of Barnes Soap Co., Brooklyn, N.Y., concerning the excise tax on coconut oil; to the Committee on Ways and Means.

2440. Also, petition of Andrew J. Gonnoud, president Kings County Lighting Co., Brooklyn, N.Y., opposing the passage of the National Securities Exchange Act of 1934 in its present form; to the Committee on Interstate and Foreign Commerce.

2441. Also, petition of Brotherhood of Railway Trainmen, Albany, N.Y., urging support of House bills 7399, 7430, 10023; to the Committee on Interstate and Foreign Commerce.

2442. By Mr. McFARLANE: Petition of Texas Legislature, requesting Texas delegation in Congress to oppose any bill carrying any tax on natural gas discriminating in favor of any other fuel; to the Committee on Ways and Means.

2443. Also, petition of Texas Legislature, requesting the Members of Congress from Texas to use their influence to secure the issuance of set of commemorative stamps for Texas; to the Committee on the Post Office and Post Roads.

2444. By Mr. MALONEY of Connecticut: Resolution of the Second Congregational Church of Waterbury, Conn., relative to the trade practices of block booking and blind selling which prevails in the motion-picture industry resulting in a denial to neighborhood exhibitors and patrons of the right to select their own pictures; to the Committee on Interstate and Foreign Commerce.

2445. By Mr. POLK: Petition transmitted by Mr. A. R. Drake, secretary of the Farmers' Institute at Hamersville, Ohio, unanimously adopted by its 1,608 members, favoring a tax of at least 10 cents per pound on all oleomargarine before any processing tax be placed on milk or butter, and restrictions on importation of fats or oils of every kind; to the Committee on Agriculture.

2446. By Mr. RUDD: Petition of Andred J. Gonnould, president Kings County Lighting Co., Brooklyn, N.Y., opposing the passage of the national securities exchange bill in its present form; to the Committee on Interstate and Foreign Commerce.

2447. Also, petition of the Brotherhood of Railroad Trainmen, legislative branch, State of New York, favoring the passage of House bills 7399 and 7430; to the Committee on Labor.

2448. By Mr. SABATH: Petition of the Associated General Contractors of America, urging relief and adjustment of Federal construction contracts entered into before the adoption of the national recovery program, and for other purposes; to the Committee on Banking and Currency.

2449. Also, petition of Associated General Contractors of America, urging the passage of legislation authorizing long-term loans for various public and private constructions works; to the Committee on Banking and Currency.

2450. By Mr. SADOWSKI: Petition for the immediate payment of the soldier's bonus; to the Committee on Ways and Means.

2451. By Mr. SMITH of Washington (by request): Petition of protest signed by R. P. Taylor, of Centralia, Wash.; to the Committee on Labor.

2452. By Mr. SUTPHIN: Petition of Epsilon Sigma Phi, Alpha Xi Chapter, Rutgers University, New Brunswick, N.J., pertaining to the naming of two arches connecting the main Agricultural Building and the South Building in Washington, D.C., for Dr. Seaman A. Knapp and Hon. James Wilson; to the Committee on the Library.

2453. Also, concurrent resolution adopted by the Senate and House of Assembly of the State of New Jersey, requesting Congress to appropriate sufficient funds to carry out the provisions of the National Defense Act; to the Committee on Appropriations.

SENATE

WEDNESDAY, FEBRUARY 21, 1934

(Legislative day of Tuesday, Feb. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 6574) to make applicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors; agreed to the conference asked by the Senate on the disagreeing votes of the two Houses thereon, and that Mr.

McDUFFIE, Mr. SMITH of West Virginia, and Mr. BEEDY were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the President pro tempore:

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.;

S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; and

S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Reed
Ashurst	Costigan	Hebert	Reynolds
Austin	Couzens	Johnson	Robinson, Ark.
Bachman	Davis	Kean	Robinson, Ind.
Bailey	Dickinson	Keyes	Russell
Bankhead	Dieterich	La Follette	Schall
Barbour	Dill	Logan	Sheppard
Barkley	Duffy	Lonergan	Shipstead
Black	Erickson	Long	Smith
Bone	Fess	McAdoo	Steiwer
Borah	Fletcher	McCarran	Stephens
Brown	Frazier	McKellar	Thomas, Okla.
Bulkley	George	McNary	Thomas, Utah
Bulow	Gibson	Metcalf	Thompson
Byrd	Glass	Murphy	Townsend
Byrnes	Goldsborough	Neely	Trammell
Capper	Gore	Nye	Tydings
Caraway	Hale	O'Mahoney	Vandenberg
Carey	Harrison	Overton	Van Nuys
Clark	Hastings	Patterson	Wagner
Connally	Hatch	Pittman	Walsh
Coolidge	Hatfield	Pope	White

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Utah [Mr. KING] and the Senator from Montana [Mr. WHEELER] are detained from the Senate by severe colds, and that the Senator from Kansas [Mr. McGILL] is detained by official business. I ask that these announcements may stand for the day.

Mr. DIETERICH. I desire to announce that my colleague the senior Senator from Illinois [Mr. LEWIS] is detained on official business. I ask that this announcement may stand for the day.

Mr. HEBERT. I desire to announce the necessary absence of the Senator from South Dakota [Mr. NORBECK], the Senator from Nebraska [Mr. NORRIS], the Senator from Connecticut [Mr. WALCOTT], and the Senator from New Mexico [Mr. CUTTING].

The PRESIDENT pro tempore. Eighty-eight Senators having answered to their names, a quorum is present.

NOMINATION OF ROBERT H. JACKSON—RECONSIDERATION

Mr. ROBINSON of Arkansas. Mr. President, yesterday in executive session the nomination of Robert H. Jackson to be General Counsel, Bureau of Internal Revenue, was confirmed. It now appears that there had been an informal understanding that the nomination was not to be taken up without further notice. I therefore, as in executive session, ask unanimous consent that the vote by which the nomination was confirmed be reconsidered and that the nomination be restored to the Executive Calendar.

The PRESIDENT pro tempore. Without objection, it is so ordered.

DISPOSITION OF USELESS PAPERS

The PRESIDENT pro tempore laid before the Senate a letter from the Secretary of War, reporting, pursuant to law, relative to an accumulation of documents and papers on the files of the Department which are not needed nor useful in the transaction of current business and have no permanent value or historical interest, and asking for action looking toward their disposition, which, with the accompanying papers, was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments.

The PRESIDENT pro tempore appointed Mr. SHEPPARD and Mr. REED the committee on the part of the Senate.

PETITIONS AND MEMORIALS

The PRESIDENT pro tempore laid before the Senate a resolution adopted by Local Union No. 6369, United Mine Workers of America, of Seanor, Pa., favoring the passage of legislation making the National Industrial Recovery Act permanent in all its phases, which was referred to the Committee on Finance.

Mr. CAPPER presented memorials, numerously signed, of sundry citizens of Baldwin, Ellinwood, Eureka, Fort Scott, Garnett, Hutchinson, Kinsley, La Crosse, Lakin, Leoti, Leavenworth, Liberal, Manhattan, Newton, Osborne, Pratt, Sharon Springs, Smith Center, Scott City, Topeka, Wamego, Wichita, Winfield, Wellington, and Waldo, all in the State of Kansas, remonstrating against the passage of the so-called "Tugwell bill", to prevent the manufacture, shipment, or sale of adulterated or misbranded food and drugs, and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

Mr. TYDINGS presented resolutions adopted by the Adolph Ullman Aid Society, of New York City, N.Y.; the Long Beach B'nai B'rith Lodge, of Long Beach, Calif.; Zacharias Frankel Lodge, No. 242, B'nai B'rith, of Galveston, Tex.; and Denver Lodge, No. 171, B'nai B'rith, of Denver, Colo., favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. BARBOUR presented a resolution of the Woman's Christian Temperance Union of Maplewood, N.J., favoring the passage of legislation to regulate the motion-picture industry, so as to require higher moral standards for films, which was referred to the Committee on Interstate Commerce.

APPROPRIATION FOR THE ORGANIZED RESERVE

Mr. BARBOUR. Mr. President, I ask unanimous consent to have printed in full in the RECORD and appropriately referred a concurrent resolution adopted by the New Jersey Legislature, requesting the appropriation of sufficient funds to carry out the provisions of the National Defense Act of 1920.

There being no objection, the concurrent resolution was referred to the Committee on Appropriations, as follows:

Concurrent resolution adopted by the senate and house of assembly February 5, 1934

Whereas the platforms of the two great political parties of this Nation advocate the maintenance of an adequate system of national defense; and

Whereas the people of New Jersey have ever been in the front rank when the safety of this Nation has been endangered; and

Whereas the Organized Reserve will, in case of a national emergency, constitute by far the largest component of the Army of the United States and should, therefore, receive proper training and equipment; and

Whereas the Reserve Officers' Association of the United States, a patriotic body of citizens of whom the great majority have had active service in the Army of the United States during the late war, have requested the Committee on Appropriations of the House of Representatives and the Senate of the Congress of the United States to appropriate sufficient funds to carry out the training of the Organized Reserve for the fiscal year 1935: Then be it

Resolved by the Senate of the State of New Jersey (the house of assembly concurring), That the Congress be and it hereby is requested to appropriate sufficient funds to carry out the provisions of the National Defense Act of 1920 and its accompanying legislation, so that the program of the War Department may be effectively carried out; and be it further

Resolved, That the secretary of the senate is hereby instructed to forward certified copies of this resolution, signed by the president and secretary of the senate and the speaker and clerk of the

house to the following: The President of the United States, and United States Senate, the House of Representatives, the Senators and Members of Congress from the State of New Jersey.

CLIFFORD R. POWELL,
President of the Senate.

Attest:

OLIVER F. VAN CAMP,
Secretary of the Senate.
JOSEPH ARONSON,
Speaker of the House of Assembly.

Attest:

FREDERICK A. BOWMAN,
Clerk of the House of Assembly.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. COPELAND presented a resolution adopted by the Buffalo (N.Y.) Section, American Society of Civil Engineers, which was ordered to lie on the table and to be printed in the RECORD, as follows:

Proposed resolution relative to the Barge Canal and the St. Lawrence River improvement by a special committee appointed February 6, 1934, by President George F. Unger and voted on February 14, 1934, favorably by 43 out of a membership of 45

Whereas transportation by water between the interior of the United States and the Atlantic seaboard is via the Great Lakes and the New York Barge Canal or by the Great Lakes and the St. Lawrence River, thereby compelling the consideration of both of these routes in any general study of the said transportation question; and

Whereas the necessity of maintaining and/or improving either or both of the said routes is one, primarily, of economics; and

Whereas the cost of improving the Barge Canal from Albany (by way of Three Rivers) to Oswego, on Lake Ontario, and from Albany (by way of Three Rivers) to Tonawanda, on Niagara River, to accommodate barges loaded to the capacity of existing locks has been estimated at approximately $50,000,000, and the cost of the proposed St. Lawrence improvement to the United States and to various States and cities along the Great Lakes has been estimated to cost not less than $300,000,000; and

Whereas the savings in the cost of transportation via the said proposed St. Lawrence improvement has been greatly exaggerated, and this said saving will not nearly equal the interest on the difference in cost of the improvement of the St. Lawrence and the Barge Canal, and the cost of hydroelectric power obtained on the St. Lawrence has not been proved of value except when used at the point of generation; and

Whereas all the aforementioned estimates are of years' standing and economic conditions in both transportation and power development and marketing have radically changed in the last few years: Therefore it is

Resolved by the Buffalo Section of the American Society of Civil Engineers, That the pending treaty between the United States and Canada be not ratified at this time, and that further study be given to both phases of this water-transportation problem and to the power-development problem, and that these studies be immediately begun by the Federal Government, the State of New York, and the municipalities of New York State which would be directly affected by the proposed improvements.

THERON M. RIPLEY,
NATHAN H. STURDY,
ROBERT L. ALLEN,
Committee.

BUFFALO, N.Y., *February 14, 1934.*

NOTE.—This is not a statement of the parent society.

TAX ON CIGARETTES

Mr. DAVIS. Mr. President, I submit for printing in the RECORD a letter received from Mr. J. F. Kauffman, of Johnstown, Pa., together with a brief analysis of the cigarette tax as contemplated in the pending revenue bill. With the readjustment of the tax burden which is now in prospect growing out of the increasing needs of the Government, I believe that a thorough consideration should be given to all taxable items. I ask that the letter and analysis be referred to the Finance Committee.

There being no objection, the letter and analysis were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

JOHNSTOWN, PA., *February 15, 1934.*

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

DEAR MR. DAVIS: The writer understands there has been scheduled a meeting in Washington at which the tax on cigarettes will be considered.

Inasmuch as cigars retailing up to 5 cents carry a tax of $2 per thousand, and over 5 cents and not more than 10-cent cigars carry $3 per thousand, etc., the writer believes it is only equitable that a similar graduated tax should be placed on cigarettes.

For this reason the writer is soliciting your support in behalf of the latter, and is pleased to enclose herewith a brief, which you will doubtless find most interesting.

Any support you may be in position to give we believe will prove equitable, as compared to other internal-revenue charges, and be highly appreciated by

Yours very truly,

J. F. KAUFFMAN.

In 1933 many manufacturers gave the cigarette smokers a new deal in cigarettes at 10 cents by not asking them to pay for frills, fancy wrappers, and expensive advertising. Ten-cent cigarettes were put on the market notwithstanding the unfair and discriminatory tax on these cigarettes whereby they pay a higher rate of tax than higher-priced cigarettes. The reception with which the brands met show that millions of people appreciated this move and still think that thrift is a sign of intelligence.

There is no reason why a perfectly good cigarette cannot be made and sold to retail at 10 cents, but to do so no money can be spent in unnecessaries and the manufacturer must be satisfied with a very small profit. We hope that 1934 is going to see a new deal for the 10-cent cigarette, and it will with your assistance.

Do you consider taxation equitable where the United States internal revenue tax is the same on 10-cent cigarettes; that is, 6 cents per package of 20, as it is on all others, regardless of the price at which they retail? Do you think that is a fair way to base taxes? It is contrary to all the bases of taxation. It is not done on cigars—a 5-cent cigar pays a 0.2 of a cent tax; an 8-cent cigar, 0.3 of a cent tax; a 15-cent cigar, 0.5 of a cent tax; and so on. Before the introduction of the 10-cent cigarette in 1932, there was practically only one class of cigarettes, hence there was no reason why the basis of taxation was not fair. However, the 10-cent cigarette is here to stay, and the only fair and just method of applying taxes seems to us to be as they are applied in cigars. Six cents per package means 252 percent of the manufacturer's net selling price on 10-cent cigarettes, but only 126 percent in the case of the so-called "15-cent cigarettes." Is this fair?

A classification of cigarettes according to price, with the tax graduated for the several classes as is done in the case of cigars, is obviously a fair method of taxation. A proposal has been presented to Congress for a graduated tax, instead of the present method of tax, with three classes and tax rates as follows:

SCHEDULE	*Rates per 1,000*
Cigarettes imported or manufactured to retail at the rate of not more than 10 cents per package of 20, and for which the manufacturer's net selling price, including tax, is not in excess of $4.10 per thousand	$2.70
Cigarettes imported or manufactured to retail at the rate of more than 10 cents and not more than 15 cents per package of 20 and for which the manufacturer's net selling price, including tax, is in excess of $4.10 per thousand and not in excess of $6 per thousand	3.00
Cigarettes imported or manufactured to retail at the rate of more than 15 cents per package of 20 and for which the manufacturer's net selling price, including tax, is in excess of $6 per thousand	3.30

("Manufacturer's net selling price" means manufacturer's list price after all regular discounts, being generally trade discount of 10 percent and cash discount of 2 percent.)

A graduated tax helps everybody.

First. The farmer, because when the 10-cent cigarette was introduced, it increased the consumption of cigarettes, with the result that the farmer sold more tobacco and got better prices for it.

Second. The Government benefited by this same increase in the consumption of cigarettes, as millions of smokers who were rolling their own cigarettes from granulated and other tobaccos (on which the Government receives 18 cents per pound tax only) switched to the 10-cent cigarette (on which the Government receives about $1 per pound tax—and even with a graduated tax on cigarettes, under which the Government would get slightly less than $1 per pound, this favorable revenue situation will continue).

Third. The smoker, because smokers paid $150,000,000 less for their cigarettes in the United States in the fiscal year ending June 30, 1933, than they did in the previous year because of the 10-cent cigarette and the reduction in the prices of the others which it brought about.

The manufacturers of the 10-cent cigarettes have absorbed, without increasing their prices, all of the extra burdens placed on them on account of codes, processing taxes, increased wages, and what not. These additional costs have brought the profits of these manufacturers to the vanishing point and on account of them it becomes necessary that they have relief from the grossly unfair method of tax to which they are now subject. Unless they have this relief the existence of the 10-cent cigarette on the market is gravely endangered.

We are safe in saying that the profits which dealers and jobbers have gotten on 10-cent cigarettes in the last year have exceeded the profits which they made in handling other brands of cigarettes. Notwithstanding this, we think that the trade is entitled not only on other cigarettes but on 10-cent cigarettes to a larger margin of profit. Therefore the schedule which will require a reduction of 9 cents in the net selling price and, for your information, if the fair method of taxation proposed is adopted by Congress the 10 cents per package of 20 cigarette manufacturers propose to cut the price still further.

The proposed method of taxation therefore is for two purposes:

1. To keep the 10-cent cigarette on the market; and

2. To give jobbers and dealers more profit on it.

This matter has become one of the greatest importance to our business and we want you to talk to every consumer and dealer with whom you come in contact in regard to the same. Point out to them the advantages of this method of taxation and have them write their Congressman and Senators at Washington urging that this method of taxation be adopted. All they need say is that they "want a new deal and a fair deal for smokers of 10-cent cigarettes", and urge that a graduated tax for different classes of cigarettes be adopted.

As the hearing on this proposal will take place almost immediately it is important that no time be lost in enlisting your support and cooperation for consumers, dealers, and others interested in a fair deal for the 10-cent cigarette smoker.

A few brands of 20-for-10-cents cigarettes now sold are:

Bright Star: Manufactured by Penn Tobacco Co., Wilkes-Barre, Pa.

Paul Jones: Manufactured by Continental Tobacco Co., 119 Fifth Avenue, New York, N.Y.

Sunshine: Manufactured by the Pinkerton Tobacco Co., Toledo, Ohio.

Twenty Grand: Manufactured by the Axton-Fisher Tobacco Co., Louisville, Ky.

Wings: Manufactured by Brown & Williamson Tobacco Corporation, 1600 West Hill Street, Louisville, Ky.

Domino: Manufactured by Reed Tobacco Co., Richmond, Va.

White Rolls: Manufactured by Reed Tobacco Co., Richmond, Va.

LOANS TO CHURCHES AND SCHOOLS

Mr. DAVIS. Mr. President, I ask permission to have printed in the RECORD and referred to the Committee on Banking and Currency a brief letter received from Dr. McLeod M. Pearce, president of Geneva College, Beaver Falls, Pa., who endorses Senate bill 2753, which was recently introduced. I introduced a similar bill, being Senate bill 2350.

This bill relates to the needs of our churches and schools for loans from the Government at rates of interest not to exceed 1 percent. Thus these worthy and needy cultural institutions which should now be engaged in building-construction programs will receive the encouragement of the Government and yet will not be hampered by excessive interest charges, which they can ill afford. Long economic experience has shown that prosperity follows the intelligent use of our natural resources for construction purposes. This is especially true if the construction work does not create poverty for one group in order to make money for others, as is often the case with much of our commercial building. The field of construction work to which my bill relates would not impoverish any group, but would make for the improvement of all. As I stated when I presented the bill, the possibilities for institutional building are so numerous and the need so urgent that if the Government should make the money available employment would be provided for from three to five hundred thousand workers in a branch of industry which is now less than 30 percent active.

There being no objection, the letter was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

GENEVA COLLEGE,
Beaver Falls, Pa., February 19, 1934.

Hon. JAMES J. DAVIS,
United States Senate, Washington, D.C.

DEAR MR. DAVIS: I am writing to recommend most heartily your Senate bill No. 2753, for the refinancing of accumulated financial obligations incurred by colleges. Two considerations in favor of this bill are important: The first is that it will be the very greatest help to colleges now handicapped by the fact of contracted credit; the second, which greatly tends to justify the bill, is that colleges universally have revenue-producing endowments much in excess of their needed borrowings, which may be used to make the loans perfectly secure.

As the colleges are rendering a needed service to the young men and women of this country, they may well be considered as entitled to this help. I recommend this bill to your most favorable consideration.

Yours very sincerely,

McLEOD M. PEARCE.

REGULATION OF STOCK EXCHANGES

Mr. DAVIS. Mr. President, I send to the desk an editorial appearing in the Pittsburgh Post-Gazette Monday, February 19, and signed by Mr. Paul Block, and ask that it be printed in the RECORD and referred to the proper committee.

The editorial treats of the pending securities bill and is, indeed, enlightening. Mr. Block is one of the Nation's outstanding publishers.

There being no objection, the editorial was referred to the Committee on Banking and Currency and ordered to be printed in the RECORD, as follows:

[Reprinted from the Block Newspapers, Monday, Feb. 19, 1934]

THE SECURITIES LAW AND THE EXCHANGE BILL

For years this newspaper has fought for regulation of trading on the country's stock exchanges to safeguard the investing public against artificial markets, pools, short selling, and unsound securities. We endorsed heartily the proposal for a securities act to protect investors against deliberate fraud, and we believe in the fundamentals of the proposed National Securities Exchange Act; but, sympathetic as we are to the intentions of both measures, we believe that together these acts, one supplementing the other, are in some respects so harsh in their requirements on individuals, so drastic in their regulations of companies, and so harmful in their potential effects on business in general, that they should both be amended for the benefit of the country.

The furnishing of long-time capital is an essential cog in our economic system. It is necessary for the refunding of existing issues, for the furnishing of capital to new businesses and for those who desire to enlarge their present business. Without it, our entire industrial system would be jeopardized and this is especially true during a period like this, when we are endeavoring to get out of a depression.

To drive out of business the only existing channel of long-term credit, means that the Government must take over this function. It seems unlikely that this was the purpose of the administration.

If it was the desire of Congress to protect the public with the least possible interference to honest business, the act should be amended promptly, not so as to change its fundamental principles, but to make it consistent.

The new liabilities imposed upon directors of a company are so serious that few honorable business or professional men would be willing to lend their names to any corporate business enterprise, no matter how excellent a record the established concern may have.

Everyone can appreciate that the only persons who can know all about the business of any company are the officers who devote their entire time to its affairs. Even then, in the case of a large concern, no single officer can know all the details of the business. If he has relied upon honest and competent executives, carefully selected, if he has employed expert accountants and counsel of integrity and standing, it would seem that he has fully discharged his duty.

The eminent attorney, Mr. Eustace Seligman, who as far back as 1925 publicly urged many changes in the old securities law which would better protect the investor, has, in an article in the Atlantic Monthly, made a very sound suggestion in regard to the changes definitely necessary to make the securities act workable.

Mr. Seligman proposes the elimination of certain objectionable features for a period of 6 months or a year and that, during this period, a committee be appointed by President Roosevelt, consisting of men of such unimpeachable standing that it will command public confidence. "Such a committee", he states, "might properly include in its membership an industrialist, an investment banker, a corporation lawyer, an economist, a professor of law, a legislative drafting expert, an accountant, one of the draftsmen of the present act, and a member of the Federal Trade Commission. Such a committee should be instructed to make a thorough study of the act and of possible amendments and be required to hold full public hearings, at which all points of view may be presented, and to report its recommendations within a period of 6 to 12 months, so as to enable Congress, at its next session, to enact well-considered and permanent legislation upon this subject."

In this security act there is also a clause which does not allow an investment banking house to have any affiliation with the brokerage business, meaning the selling or buying of securities for their clients, either on a cash or part-cash basis. This law, if carried out, will force out of business the great majority of the bond and brokerage houses, in large and medium-size cities, which in the aggregate number 6,000 firms, employing many thousands of people. Merely to handle new investment issues would not bring them enough income to keep their businesses going.

As for the national securities exchange act, which is now before Congress, it is not necessary to repeat that everything in this bill which contributes toward checking dishonesty in securities selling, must be retained. The dishonest promoter, the dishonest specialist, and the dishonest high-pressure salesman must be eliminated, but if all the clauses of the proposed exchange act remain and the bill is passed as written, it would do inestimable harm to everyone now owning or holding any securities, including, of course, the banks, the insurance companies, and other such institutions.

The measure also proposes that it shall be unlawful for any member of a national security exchange or any person doing business with such an exchange, to extend credit for margin trading an amount exceeding 80 percent of the lowest price at which the security was sold in the preceding 3 years or 40 percent of the current market price, whichever is the higher. In other words, a person would be required on the latter basis to pay in cash 60 percent of the current value of the stock.

This might, at first, seem to be fair. Possibly it would be if it applied only to new trading, and especially to the professional gambler, but the harmfulness of this provision, the viciousness

of it, is that it will apply to all securities now held by individuals, including widows and also estates. Thus, if a person has securities purchased at a high price some years ago, and there are tens of thousands of such people, and this person has deposited those securities as collateral for a loan with his bank, the bank would be compelled to sell it, unless the borrower's equity were 80 percent of the present value of the security. This might result not merely in a loss, possibly bankruptcy, to individuals, but it would inevitably create a wave of liquidation which would force down the prices of securities still further, making it necessary to liquidate stocks or bonds owned by many others, and in the end decrease the negotiable assets of banks, insurance companies, and public institutions which have their surplus funds invested in such securities.

Again the new act proposes to make it unlawful for Federal Reserve bankers or brokers, or their agents, directly or indirectly, to arrange loans for securities not registered upon a national exchange. This means that a person owning a bank stock or other unlisted securities, no matter how great its value, would not be able to borrow a single dollar on it from any Federal Reserve bank. This is a vicious proposal and should be changed.

It is every good citizen's desire to see the control of speculation, the end of misleading promotors' prospectuses, artificial markets which result in "bull movements" and "bear raids", stock-exchange specialists trading against customers' orders, and, in short, any and all practices through which the public is dishonestly or unethically deprived of a single dollar.

We feel certain that President Roosevelt and a great majority of the Members of Congress will give consideration to the proposals to amend these measures so that, while protecting the public, these acts will not ruin legitimate business and hopelessly impair economic recovery.

PAUL BLOCK, *Publisher.*

REPORTS OF COMMITTEES

Mr. ASHURST, from the Committee on the Judiciary, to which was referred the bill (S. 1164) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof, reported it without amendment and submitted a report (No. 341) thereon.

Mr. SHEPPARD, from the Committee on Commerce, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 7554. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr. (Rept. No. 342); and

H.R. 7705. An act to extend the times for commencing and completing the construction of a bridge across the Mississippi River between New Orleans and Gretna, La. (Rept. No. 343).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture, reported it with amendments and submitted a report (No. 344) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 872. An act to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce (Rept. No. 345); and

S. 1138. An act authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes (Rept. No. 346).

INFORMATION FROM NATIONAL RECOVERY ADMINISTRATION

Mr. HARRISON. Mr. President, I ask unanimous consent to submit a report from the Committee on Finance, and, if consent shall be granted, I am going to follow that by asking unanimous consent for the immediate consideration of the resolution I am about to report. It will provoke no discussion, I am quite sure. I refer to Senate Resolution 175, which was before the Senate yesterday and which seeks certain information from the N.R.A. administration. General Johnson came before the Finance Committee this morning and said that he had no objection to it. From the Committee on Finance I report the resolution back, with certain minor modifications which meet the approval of all concerned. I ask unanimous consent to submit the report, and then I shall ask unanimous consent for its immediate consideration.

Mr. SMITH. Mr. President, may I ask the Chairman of the Committee on Finance if that is the resolution we were discussing yesterday?

Mr. HARRISON. It is.

The PRESIDENT pro tempore. Without objection, the report will be received. The Chair hears none. The Senator from Mississippi asks unanimous consent for the immediate consideration of the resolution, which the clerk will state.

The Chief Clerk read the resolution (S.Res. 175) submitted by Mr. NYE, on the 6th instant, and reported by Mr. HARRISON with amendments, as follows:

Resolved, That the National Recovery Administration is requested to transmit to the Senate, at the earliest practicable date, the following information:

(1) The names of all persons who have been or are now employed by such administration, either in a regular or advisory capacity, whether or not they receive compensation, together with the residence addresses of such persons and the designation of the position held by them with the administration.

(2) The present and past business connections of all persons described in paragraph (1) who have held or are now holding positions (other than positions as stenographers, clerks, or messengers) of any National Recovery Administration department or board.

(3) A list of all industrial codes, either pending or approved, with which each person designated in paragraph (2) has been connected in any capacity, either official or advisory.

(4) The positions now held by all employees, deputies, attorneys, and advisers who have severed their connections with such administration, such information to contain particularly the statement as to whether any such employees, deputies, attorneys, or advisers are now, or have been at any time, employed as members, officers, or agents of code authorities named under approved National Recovery Administration codes.

(5) A list of all codes handled by each administrator, deputy, or assistant deputy of such administration.

(6) The names of all members of each code authority, together with the name of the firm or other business connection of each such member.

The PRESIDENT pro tempore. Is there objection to the present consideration of the resolution?

Mr. COUZENS. Let the amendments be read first.

The PRESIDENT pro tempore. The amendments reported by the committee will be stated.

The CHIEF CLERK. On page 1, line 5, after the word "employed", it is proposed to insert "in the District of Columbia"; in line 6, after the word "capacity", to strike out "whether or not they receive compensation" and insert "so far as practicable, the compensation, if any, received by them"; on page 2, line 5, after the word "capacity", to insert "so far as practicable"; and at the end of the resolution to add "(7) A list of all salaried employees and officers of the Administration in the various States", so as to make the resolution read:

Resolved, That the National Recovery Administration is requested to transmit to the Senate, at the earliest practicable date, the following information:

(1) The names of all persons who have been or are now employed in the District of Columbia by such Administration, either in a regular or advisory capacity, so far as practicable, the compensation, if any, received by them, together with the residence addresses of such persons and the designation of the positions held by them with the Administration.

(2) The present and past business connections of all persons described in paragraph (1) who have held or are now holding positions (other than positions as stenographers, clerks, or messengers) on any National Recovery Administration department or board.

(3) A list of all industrial codes, either pending or approved, with which each person designated in paragraph (2) has been connected in any capacity, so far as practicable, either official or advisory.

(4) The positions now held by all employees, deputies, attorneys, and advisers who have severed their connections with such Administration, such information to contain particularly the statement as to whether any such employees, deputies, attorneys, or advisers are now, or have been at any time, employed as members, officers, or agents of code authorities named under approved National Recovery Administration codes.

(5) A list of all codes handled by each administrator, deputy, or assistant deputy of such Administration.

(6) The names of all members of each code authority, together with the name of the firm or other business connection of each such member.

(7) A list of all salaried employees and officers of the Administration in the various States.

The PRESIDENT pro tempore. Is there objection to the consideration of the resolution? The Chair hears none, and the resolution is before the Senate. The question is on agreeing to the amendments reported by the committee.

The amendments were agreed to.

The resolution, as amended, was agreed to.

EXECUTIVE REPORTS OF COMMITTEES

As in executive session,

Mr. ASHURST, from the Committee on the Judiciary, reported favorably the nomination of Felipe Sanchez y Baca, of New Mexico, to be United States marshal, district of New Mexico, to succeed Joseph F. Tondre, term expired.

Mr. HARRISON, from the Committee on Finance, reported favorably the nomination of Daniel D. Moore, of New Orleans, La., to be collector of internal revenue for the district of Louisiana, in place of Lawrence A. Merrigan.

The PRESIDENT pro tempore. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. COPELAND:

A bill (S. 2838) to establish a confidential relationship between guidance workers and pupils or patients; to the Committee on the Judiciary.

(Mr. CAPPER introduced Senate bill 2839, which appears under a separate heading.)

(Mr. ASHURST (by request of the Attorney General) introduced Senate bills Nos. 2840 to 2845, inclusive, which appear under a separate heading.)

By Mr. SHIPSTEAD:

A bill (S. 2846) to provide for knowledge of flagging rules by certain employees of common carriers by railroad; to the Committee on Interstate Commerce.

By Mr. THOMAS of Oklahoma:

A bill (S. 2847) for the relief of Cooper E. Davis; to the Committee on Claims.

A bill (S. 2848) for the relief of Roy Chandler; to the Committee on Military Affairs.

By Mr. FLETCHER:

A bill (S. 2849) relating to bonds for the protection of banks whose deposits are insured under section 12B of the Federal Reserve Act; and

A bill (S. 2850) to amend section 13 of the Federal Reserve Act; to the Committee on Banking and Currency.

By Mr. NYE (for Mr. NORBECK):

A bill (S. 2851) granting a pension to Mabel Parker (with accompanying papers); and

A bill (S. 2852) granting a pension to William Lyons (with accompanying papers); to the Committee on Pensions.

By Mr. STEPHENS:

A bill (S. 2853) to amend section 36 of the Emergency Farm Mortgage Act of 1933 and amendments thereto; to the Committee on Banking and Currency.

By Mr. FLETCHER:

A bill (S. 2854) for the relief of the Florida National Bank & Trust Co., a national banking corporation, as successor trustee for the estate of Phillip Ullendorff, deceased; to the Committee on Claims.

By Mr. SCHALL:

A bill (S. 2855) to amend an act entitled "An act for the retirement of employees of the Panama Canal and the Panama Railroad Co., on the Isthmus of Panama, who are citizens of the United States", approved March 2, 1931; to the Committee on Interoceanic Canals.

By Mr. SMITH:

A bill (S. 2856) authorizing the adjustment of existing contracts for the sale of timber on the national forests, and for other purposes; to the Committee on Agriculture and Forestry.

By Mr. McCARRAN (by request):

A bill (S. 2857) to amend an act entitled "An act to incorporate the Mutual Fire Insurance Co. of the District of Columbia, as amended; to the Committee on the District of Columbia.

A bill (S. 2858) to prevent the adulteration, misbranding, and false advertising of food, drugs, and cosmetics in the commerce affected, for the following purposes, namely, to safeguard the public health and to protect the purchasing public from injurious deception; to the Committee on Commerce.

By Mr. BAILEY:

A bill (S. 2859) to authorize and direct the Comptroller General of the United States to allow credit in the amount of $921 to Hon. Matthew E. Hanna, former American Minister to Nicaragua; to the Committee on Claims.

OLD-AGE COMPENSATION

Mr. CAPPER. Mr. President, I wish to introduce a bill providing for old-age compensation.

The PRESIDENT pro tempore. The bill will be received and appropriately referred.

The bill (S. 2839) to provide old-age compensation for the citizens of the United States was read twice by its title and referred to the Committee on Education and Labor.

Mr. CAPPER. Mr. President, the old-age compensation bill I have introduced in the Senate carries the following essential provisions:

Every citizen of the United States who has reached the age of 65 years, has been a citizen 20 consecutive years, who is not in receipt of an income of over $360 a year shall be entitled to pension from the United States Government of $30 a month. The amount of pension paid will be ratably less where the pensioner has some sources of income.

The measure also provides a tax of one half of 1 percent upon the salaries, earnings, income, and so forth, of all persons between the ages of 21 and 45 to provide the pension or compensation fund.

My reasons, in brief, for fostering this legislation follow:

In the first place, it has become painfully evident that our present industrial system, even in prosperous times, means casting out of industry employees who have passed middle age. It is time to plan how to care for these in an orderly, humane, and economic way, instead of turning them adrift on a society not prepared to take care of them.

The foregoing situation has become a fact; it is not a theory, in my judgment; and the sooner we recognize it as a fact and deal with it as a fact the better off we will be.

I do not claim that the measure I have introduced is the best possible way of handling the situation. But I do believe the Congress should go into the matter seriously, make a thorough study of it, and enact old-age compensation legislation. This measure, I believe, meets the main requirements and is entitled to early consideration. The bill is similar to the one introduced in the House of Representatives by Mr. DISNEY.

PREVENTION OF GANGSTER ACTIVITIES

Mr. ASHURST. I now introduce sundry bills prepared by the Department of Justice known as "the antigangster bills." It is the purpose of the Committee on the Judiciary at an early date to consider this legislation, which embraces the Copeland bills.

I ask leave to have printed in the RECORD at this point a letter addressed to me by the Attorney General making brief explanation of these various so-called "antigangster bills."

The PRESIDENT pro tempore. Without objection, the letter will be printed following the notation of the bills.

The bills introduced by Mr. ASHURST (by request) were read twice by their titles and referred to the Committee on the Judiciary, as follows:

A bill (S. 2840) to provide for the taxation of manufacturers, importers, and dealers in small firearms and machine guns;

A bill (S. 2841) to provide punishment for certain offenses committed against banks, organized or operating under laws of the United States, or any member of the Federal Reserve System;

A bill (S. 2842) to make husband or wife of defendant a competent witness in all criminal prosecutions;

A bill (S. 2843) to regulate the defense of alibi in criminal cases;

A bill (S. 2844) to tax the sale or other disposal of firearms and machine guns by importers, manufacturers, and others, and to restrain the importation thereof; and

A bill (S. 2845) to extend the provisions of the National Motor Vehicle Theft Act to other stolen property.

The letter of the Attorney General ordered to be printed in the RECORD is as follows:

OFFICE OF THE ATTORNEY GENERAL,
Washington, D.C., February 15, 1934.

Hon. HENRY F. ASHURST,
United States Senate, Washington, D.C.

MY DEAR SENATOR ASHURST: I desire to call your attention to the following bills dealing with the crime problem, and to request your support for their enactment:

1. A bill to tax importers, manufacturers, and dealers in small firearms and machine guns.

1a. A bill to regulate the sale thereof.

2. A bill to extend the National Motor Vehicle Theft Act to cover all property, with certain limitations as to value.

3. A bill to provide punishment for certain offenses committed against banks operating under the laws of the United States.

4. S. 2252. A bill amending the Lindbergh Act.

5. S. 2248. A bill to protect trade and commerce against interference by violence, threats, or intimidation.

6. S. 2253. A bill making it unlawful to flee from one State to another to avoid prosecution or giving testimony.

7. A bill to regulate the defense of alibi in criminal cases.

8. S. 2254. A bill abolishing the right of appeal in certain habeas corpus proceedings.

9. S. 2256. A bill to amend the act concerning testimony by a defendant charged with a crime, removing the restriction concerning comment upon failure to testify.

10. A bill amending the act concerning testimony by the husband or wife against the other.

11. A bill granting the consent of Congress to States to enter into compacts for mutual assistance in the prevention of crime.

12. S. 2249. A bill making it a criminal offense to extort by telephone, telegraph, radio, or oral message transmitted in interstate commerce.

I would be pleased if you would introduce such of the foregoing bills as have not as yet been introduced. Copies are enclosed for that purpose. In the preparation and submission of these bills, careful consideration has been given to the manner in which the Federal Government can most effectively perform its duty in the suppression of crime, particularly the more vicious crimes of violence which have of recent years grown to extensive proportions. I have attempted to keep in mind the fundamental principle of law enforcement—that generally the suppression of crime is the obligation of the various States and local political subdivisions. It is, of course, on this theory that the structure of our form of government was erected and there is no intention to do violence to this principle. However, the recent growth of certain types of crime has brought forcefully to our attention the fact that criminals engaged therein are not under adequate control. The crimes referred to above are those perpetrated by organized groups of gangsters who do not confine their unlawful activities to any particular city, county, or State, but who, on the contrary, as a part of an organized plan, move rapidly from the scene of one crime of violence to another across State lines, often passing through several States into another section of the country. These criminals have made full use of the improved methods of transportation and communication, and have taken advantage of the limited jurisdiction possessed by State authorities in pursuing fugitive criminals, and of the want of any central coordinating agency acting on behalf of all of the States. In pursuing this class of offenders, almost inevitably breakdown of law enforcement results from this want of some coordinating and centralized law enforcement agency. Observations of officials of the Department of Justice engaged in law enforcement have caused them to conclude that although the local authorities are generally honest, alert, and efficient, the territorial limitations on their jurisdiction prevent them from adequately protecting their citizens from this type of criminal.

The Federal Government, through the Treasury Department, has been able to render marked service to the various communities in controlling the sale and possession of narcotics. As the promiscuous possession of firearms would seem to be even a more serious menace, the same method of control may likewise be utilized in an endeavor to suppress this evil. Action by individual States has not successfully met this problem, although some uniform State legislation has been advocated. This is due in a substantial measure to the fact that while one State may make the obtaining of firearms a difficult matter, its neighbor may fail to do so. As a result, criminals traveling from one State to another are able to acquire firearms to such extent that hundreds of thousands of individuals throughout the country possess firearms unlawfully and unpunished.

Criminals, observing the heavy penalties attached to unlawful use of the mails, have had recourse to the telephone, telegraph, and manual delivery of messages, indicating a desire to escape jurisdiction of the Federal Government. There would seem to be no logical reason to limit such jurisdiction to the use of the mails, since other means of communication are being employed in place thereof and for similar purposes. The commerce clause of the Constitution justifies such extension of Federal criminal jurisdiction. A precedent may be found in the National Motor Vehicle Theft Act, the constitutionality of which has been upheld by the Supreme Court.

The roving criminal exists and thrives by seizing the advantages of scientific improvements, such as those of communication, as well as the great highway extensions which provide passage for automobiles at speed that was at one time undreamt of. The time has arrived to give due consideration to the eradication of this type of crime without infringing upon the sovereignty of the States. The legislation should be limited to the functions which probably can be efficiently performed only by some central agency. It is not intended to invite the political subdivisions of our country to refer their own problems of law enforcement to the Federal Government, but rather in a cooperative manner to supplement their activities to the extent indicated.

To each of the enclosed bills I have attached certain comments thereon.

Sincerely yours,

HOMER CUMMINGS,
Attorney General.

AMENDMENT OF FEDERAL HIGHWAY ACT

Mr. HAYDEN submitted an amendment intended to be proposed by him to the bill (S. 2102) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, as amended and supplemented, and for other purposes, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. SHIPSTEAD submitted an amendment providing for the immediate payment to veterans of the face value of their adjusted-service certificates, intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

Mr. RUSSELL submitted an amendment intended to be proposed by him to House bill 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed, as follows:

On page 38, after line 14, insert the following:

"SEC. —. The fifth paragraph of section 20 of the Independent Offices Appropriation Act, 1934, is amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 25 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to veterans and their widows and/or dependents where the veteran did not serve at least 70 days during the period of hostilities in the Spanish-American War, including the Philippine insurrection and the Boxer rebellion, between April 21, 1898, and July 15, 1903; (2) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive; or (3) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.'"

TREASURY AND POST OFFICE APPROPRIATIONS—REEDSVILLE EQUIPMENT PLANT

Mr. McKELLAR. Mr. President, a day or two ago, in the consideration of the Treasury and Post Office Departments appropriation bill, a question arose about a plant at Reedsville, W.Va. The Post Office Department has written me three letters in reference to that subject, fully explaining the situation. I ask unanimous consent that the letters may be printed in the RECORD as a part of my remarks.

There being no objection, the letters were ordered to be printed in the RECORD, as follows:

POST OFFICE DEPARTMENT,
FOURTH ASSISTANT POSTMASTER GENERAL,
Washington, February 19, 1934.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and Post Roads,
United States Senate.

MY DEAR SENATOR MCKELLAR: The manufacture by the Government of articles used in the Postal Service is not a new theory at

all. For your information and for the information of the Congress, I am detailing to you a history of the development of our present very efficient mail-equipment shops, which are located in the District of Columbia.

The mail-equipment shops, established first in 1899 by an act of Congress and placed in Government-owned quarters in 1916 during the Wilson administration, today employ 340 people.

In these shops last year there were manufactured 504,276 mail sacks.

Last year there were repaired 3,900,957 mail sacks.

By fitting 354,318 old bags with new bottoms, converting 92,724 old no. 2 sacks into no. 3 sacks, 447,042 bags which otherwise would have been condemned were restored to service. It was necessary to condemn 339,440 old bags and 19,085 locks.

Last year there were manufactured:

L. A. locks	501,360
Rotary locks	17,250
Arrow locks	14,961
Locking cord fasteners	946,815

Last year there were repaired:

Locks	57,790
Bradding machines	2,000
Canceling machines	142
Motors	431

The origin of the mail equipment factory is January 1, 1798, when the then Postmaster General issued printed instructions and regulations to be observed by the postmasters, and the nineteenth section thereof reads:

"19. It sometimes happens that the mails get damaged in their carriage, especially in rainy weather. A just attention to the interest of those who commit their letters to the mail, requires that the packages be at first carefully made up, in good wrapping paper, especially when the mails are large or have far to travel. And if in their progress any of the wrappers get broken, so as to expose the letters to injury, the postmaster observing it should roll up the damaged mails in new wrappers, carefully writing upon each its original direction."

The twentieth section of the same instructions and regulations is also interesting. It reads:

"20. That portmanteaus and bags of the fittest kind might be used for the mail, they are furnished at the public expense. But this precaution will be unavailing, unless the postmaster inspect them occasionally, and cause all necessary repairs to be made. This may be most conveniently done at places where the mail stops, of course, a sufficient time to admit of such repairs. The cost thereof will form a proper charge against the general Post Office. To this matter, so essential to the safety of the mail, the postmasters are desired to be particularly attentive."

Section 21 of the same instructions and regulation is also of interest. It reads in part:

"21. Sometimes the chain of the mail portmanteau has been cut by a postmaster who has lost or mislaid his key. But this appears improper. The whole mail ought not to be exposed because one postmaster has not been careful of key. Besides, if postmasters make a practice of cutting the chain, other persons may do it with very improper views, and with the less fear of detection * * *."

The records indicate that for many years mail equipment, such as mail bags, locks, and keys were purchased and repaired under contracts, and it appears from the records examined that the Department first undertook the work of repairing mail bags in the year 1875 as indicated by the following statements published in the annual report of the Postmaster General for the year ended June 30, 1876:

"An entire reorganization of the system of repairing mail bags was effected during the last year, which has resulted in a very great reduction of that item of expense. During the preceding year, under the old system which had prevailed for many years, and under which all repairs were made on special contracts with persons outside of the Department, the cost thereof was $92,419.95. For the fiscal year, during which the repairs were all made by persons directly employed at annual salaries in the several post offices which are mail-bag depositories, the expense was reduced to $30,161.92—a saving of $62,258.03" (p. 8).

"Under a practice which was established by postal regulation, and which had prevailed for more than 30 years, damaged mail bags collected in nearly all the principal cities were given out from the post offices for repairs by special contract. The aggregate cost under that system, however, inconsiderable for a time after its inception, gradually increased with the growth of the mail service until at length it assumed such magnitude as to call for investigation and correction. This investigation was made by yourself while at the head of this bureau and the plan now in operation devised. This system abolishes entirely the old contract system and concentrates all the damaged mail bags at the several depositories in the post offices at New York, Washington, Indianapolis, St. Louis, and Chicago. In these post offices repair shops are established and the needful operatives are employed by the postmasters at fixed wages to repair, under the supervision of skilled foremen, all the mail bags of every description requiring repairs. The material of bags too old and damaged for judicious repairs is utilized to such an extent that small outlays are required for new material. The cost of tools is also comparatively small * * *" (p. 6, annual report of the Second Assistant Postmaster General to the Postmaster General, 1876).

The annual report of the Postmaster General for the year ended June 30, 1888, pages 121 and 122, includes the following information:

"These repair shops had been placed, by the regulation of the Department, under the charge of the postmasters of those respective places, who submitted monthly reports of the condition of those shops, the amount of bags received, the number repaired, and the cost of such repair.

"By an order issued by you, the repair shop in the city of Washington was placed under my immediate direction, and a general order was passed instructing that all the bags to be repaired should be sent to that office for such repair.

"The working force of the repair shop in the city of Washington was from time to time increased until it now numbers 91 persons * * *. The result has been a saving of at least $60,000 per annum.

"In view of these results, I have to recommend that a permanent repair shop be established in the city of Washington under the direction of the Chief of the Mail Equipment Division of this office, and that all the bags and sacks damaged shall be sent to the city of Washington for repair.

"I further recommend that in connection with this shop for repairing sacks and bags there shall also be established a shop for repairing mail locks and keys. The economy achieved, as above stated, by the repair of all damaged mail bags and sacks in the city of Washington justifies the opinion that a great saving will be effected to the Government by repairing its own locks and keys.

"To this end, I recommend a special appropriation of $10,000 to enable the Postmaster General to make a permanent lease of some place in the city of Washington to furnish and equip it with the tools, implements, and machinery and other material which may be necessary to repair mail bags and sacks and mail locks and keys. It is believed that a place in every way adapted for this purpose at a rent certainly not exceeding $5,000 a year can be secured."

In the 1889 annual report of the Postmaster General, pages 247 to 250, there is found interesting information concerning mail bags and locks, some of which is:

"Congress having at its last session appropriated the sum of $10,000 to enable the Postmaster General to make a permanent lease of some building in the city of Washington and to equip the same with tools, implements, machinery, and other materials necessary to repair mail bags and sacks and mail locks and keys, I have the honor to state that, with your approval, premises 479 and 481 C Street NW. have been leased for this purpose and the mail-bag repair shop removed from the Rink on E Street to the new quarters. The maximum force employed at any one time in the repair shop is 130 persons * * *. All the small repair shops, located in various offices throughout the country, have been discontinued, with the exception of a small shop at Chicago * * *. The mail-lock repair shop, which, in accordance with the terms of the appropriation for the lease of a suitable building, has its quarters in the same building on C Street with the mail-bag repair shop, has been established and equipped with machinery of the most approved character" (annual report of the Second Assistant Postmaster General to the Postmaster General, 1889). The Rink, on E Street NW., was premises nos. 611 and 613.

The digest of appropriations for the fiscal year ended June 30, 1889, shows that by public act of October 19, 1888, the Postmaster General was authorized to rent, for a term until July 1, 1889, a suitable building in the city of Washington for the purpose of being used as a mail-bag repair shop and for the storage of the supplies used by the Post Office Department in supplying post offices, at a rental not exceeding the rate of $3,000 yearly. Under the act, $6,090 was appropriated for the rent of a building and for incidental expense connected therewith.

The digest of appropriations for the fiscal year ended June 30, 1890, shows, on page 251, the following item under the heading "Office of the Second Assistant Postmaster General":

"For the purpose of enabling the Postmaster General to make a lease of a suitable place in the city of Washington, and to furnish and equip the same with the tools, implements, and machinery and other material which may be necessary to repair mail bags and sacks, and mail locks and keys, $10,000."

In the digest of appropriations for the fiscal year ended June 30, 1891, page 360, under the head of "Office of the Second Assistant Postmaster General", there is found the following item:

"For the purpose of enabling the Postmaster General to rent a building for mail-bag repair shop and lock repair shop, and for fuel, gas, watchmen, and charwomen, oil and repair of machinery for same, $6,500."

There is also found in this digest, on page 362, a joint resolution of the Congress, approved May 1, 1890, wherein it is set forth how the act making appropriation of $10,000 shall be construed as regard to certain features involved, and indicating that the appropriation is available until exhausted.

Interesting information is contained in the annual report of the Postmaster General for the year ended June 30, 1892, pages 285 to 290, and in many other annual reports of subsequent years.

In the Postmaster General's annual report for the year ended June 30, 1900, page 228, there appears the following statements:

"New building for repair shops: I desire to invite attention to the necessity for a larger building than the present one for the use of the mail-bag and mail-lock repair shops and general storehouse for mail equipment.

"Since 1888 this Department, for the purposes mentioned, has occupied the premises known as "nos. 479–481 C Street NW.", this city. This building was formerly occupied as a carriage repository. It is 5 stories in height and contains about 34,000 square feet of floor space, for which a rental of $5,000 per annum is paid, that being equivalent to the interest on $100,000 at 5 percent. * * *

"It would therefore seem to this office that it would be in the interests of good service as well as economy to cause the erection by the Government of a suitable building for the equipment shops and storehouse within reasonable distance from the railroad stations and the Department."

The annual report of the Postmaster General for the year ended June 30, 1906, indicates, on page 178, that up to April of 1906 the mail-bag and mail-lock repair shop occupied the building known as "premises nos. 479–481 C Street NW.", at which time, and owing to the reported insecurity of the building, the lock-shop section was moved to no. 1422 First Street NE.

The annual report of the Postmaster General for the year ended June 30, 1907, gives, on pages 18 and 19, the following information:

"In the current appropriation act Congress designated a sum for the leasing of suitable premises in which could be located the various divisions and shops of this Department occupying separate quarters in different parts of the city. Accordingly, a lease was executed for certain premises at the corner of First and K Streets NE., Washington, D.C., consisting of an 8-story building, well lighted and ventilated, equipped with modern plumbing, electric light and power, and a three-story office building adjoining, together containing approximately 80,000 square feet of floor space.

"The four buildings formerly rented by this Department for the mail-bag repair shop, the mail-lock repair shop, the division of supplies, and the clerical force of certain divisions of the Department have been vacated and removal made to the new premises."

The digest of appropriations for the fiscal year ended June 30, 1908, indicates that the Congress authorized the Postmaster General to rent suitable buildings for the period of 10 years and appropriated $32,000 for the purpose, the premises rented being those located at First and K Streets, as mentioned in the above paragraph.

The digest of appropriations for the fiscal year ended June 30, 1917, shows that under Public Act of July 28, 1916, the Postmaster General was authorized to contract for the construction of a building for the use of the Post Office Department equipment shops, $200,000 being appropriated.

The annual report of the Postmaster General for the fiscal year ended June 30, 1918, briefly states, on page 55, that a new fireproof factory type of building had been provided for the mail-equipment shop in Washington; but in the report for the year ended June 30, 1919, on pages 75 and 76, a somewhat detailed report concerning the building and cost thereof is to be found. Other records of the chief clerk's office show that the mail-equipment shops building, situated on the corner of Fifth and W Streets NE., was occupied by the mail-bag repair shop and the mail-lock repair shop in April of 1918; that the land cost $24,745, the building cost $175,237.44; and that the square feet of floor space was 77,690. The building is now used for the same purpose for which it was built.

Statements in the annual reports indicate that the Post Office Department has made some very large savings by manufacturing and repairing equipment in its mail-equipment shops.

Sincerely yours,

SILLIMAN EVANS,
Fourth Assistant Postmaster General.

POST OFFICE DEPARTMENT,
FOURTH ASSISTANT POSTMASTER GENERAL,
Washington, February 19, 1934.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and Post Roads,
United States Senate.

MY DEAR SENATOR MCKELLAR: The approval of Government-owned and operated factories in Government-owned buildings originated during the Wilson administration.

On January 2, 1916, the Honorable Albert Sidney Burleson, the then Postmaster General, addressed the following letter to the Honorable John A. Moon:

Hon. JOHN A. MOON,
Chairman Committee on Post Offices and Post Roads,
House of Representatives, Washington, D.C.

DEAR JUDGE MOON: I transmit herewith copy of a memorandum I handed to Senator BANKHEAD in regard to including in the Post Office bill an item for the construction of an equipment shop building under the direction of this Department. The hearings on the matter had before the Committee on Public Buildings and Grounds and attached hereto are self-explanatory.

I cannot urge too strongly the importance of securing this appropriation at this session of Congress.

Very sincerly yours,

(Signed) A. S. BURLESON,
Postmaster General.

Pursuant to this letter the following Act No. 169, Sixty-fourth Congress (H.R. 10484) was enacted and approved by President Wilson, July 28, 1916:

"The Postmaster General is hereby authorized to have prepared the necessary plans and specifications and to enter into a contract or contracts for the construction of a reinforced concrete and all-glass factory-type fireproof building for the use of the Post Office Department equipment shops, such building to contain approximately 70,000 square feet of floor space, and sufficient land in the city of Washington, D.C., may be acquired, if necessary, by the Postmaster General, by purchase or condemnation, upon which to erect such building, and for the purpose of the purchase of said land and the construction of said building $200,000 is hereby appropriated and made available out of any money in the Treasury of the United States not otherwise appropriated."

Sincerely yours,

SILLIMAN EVANS,
Fourth Assistant Postmaster General.

POST OFFICE DEPARTMENT,
FOURTH ASSISTANT POSTMASTER GENERAL,
Washington, February 17, 1934.

Hon. KENNETH MCKELLAR,
Chairman Committee on Post Offices and
Post Roads, United States Senate.

MY DEAR SENATOR MCKELLAR: With reference to the proposed factory in connection with the subsistence homestead project near Reedsville, W.Va., the following may be helpful to you in thoroughly understanding the project:

The Post Office Department was asked to cooperate with the Department of the Interior, Subsistence Homestead Division, by means of a factory to be erected and operated by the former wherein wood furniture, screen-line equipment, and lockboxes were to be manufactured for the Post Office Department, and the dwellers on the subsistence homesteads were to be employed in said factory on a part-time basis and paid standard wages under the N.R.A. code, said wages not to exceed a total of $1,000,000 per annum, which would permit the homesteaders to supplement the subsistence obtained from the 5-acre tracts, pay installments required to amortize the homes in 20 years, and provide the actual necessities of life.

The plan did not contemplate expansion which would permit the Government to manufacture up to its demand—but only sufficient quantities to provide the employment required by the homesteaders of the Reedsville project. This employment will only supply a fraction of the total equipment requirements of the Post Office Department under the present demands, and all requirements in excess of the limited output of the plant will have to be purchased in the open market in the usual manner.

Under the present plans the factory cannot be constructed to supply any of the demand for the fiscal year ending June 30, 1934. If the project is approved in the near future, in all probability it will be October 1 before the factory will be in production, and for the fiscal year 1935 will not supply over 15 percent of the requirement for the Department for that period. Persons conversant with the facts estimate that the proposed factory will only be able to supply a minor percentage of the equipment requirements of the Department for many years to come, barring severe depressions in which activities would be at a minimum.

If the plant is constructed it was proposed to begin operations by the manufacture of the simpler types of furniture, such as mailing cases, tables, chairs, and like equipment to be used principally in Federal buildings. So far as known the Keyless Lock Co., of Indianapolis, Ind., is not at the present time a successful bidder on this type of equipment. "Form 778 Treasury Department, Division of Supplies" is a schedule of special furniture for use in Federal buildings during the fiscal year 1934. It lists every available article of furniture, item price f.o.b. cars at the factory, and the successful bidders. The list of these bidders as follows:

Alma Desk Co., High Point, N.C.

The American Hardware Corporation, Corbin Cabin Lock Division, New Britain, Conn.

Art Metal Construction Co., 301 Southern Building, Washington, D.C.

Federal Equipment Co., Carlisle, Pa.

Furnas Furniture Co., Indianapolis, Ind.

Hubeny Bros., Inc., Roselle, N.J.

Lycoming Furniture Industries, Inc., Williamsport, Pa.

Myrtle Desk Co., High Point, N.C.

Nachtegall Manufacturing Co., 237 Front Avenue SW., Grand Rapids, Mich.

Original Cabinet Corporation, 901 Howard Street, Niles, Mich.

John E. Sjostrom Co., 1715 North Tenth Street, Philadelphia, Pa.

Congressman LOUIS LUDLOW has located in his district the Keyless Lock Co. The Congressman naturally desires to represent the people of his district, and many of them are opposed to the construction of this project. However, the Keyless Lock Co. will not be materially affected. It will be noted that this company does not furnish a single item under the general contract of the 211 articles of furniture and equipment furnished on regular requisition through the General Supply Committee.

As the workmen develop technique it was contemplated that the factory would manufacture for the Department screen-line equipment, including lockboxes, et al., to be used both in Federal buildings and leased quarters (but only of the wooden type). Under normal demand it would only be possible for the plant to

manufacture a percentage of the requirements if any quantity of furniture is also produced.

It is not now contemplated that the Department would manufacture steel furniture or steel screen-line equipment—on which the Keyless Lock Co., of Indianapolis, has a practical monopoly. In the first place, we have discovered such a plan requires a plant with a large equipment investment, dies, punches, and the like, and is in the realm of mass production rather than the development of the artisan and the utilization of man power. The Keyless Co. have their old woodworking machinery but have discarded same for steel because it represents a better value for lease, being readily adaptable to reconditioning and re-lease or sale.

The plans for the proposed post-office factory, as set up, calls for a woodworking plant and the manufacture of wood furniture and wood screen line exclusively. The only exception is the lockbox fronts which are erected upon a wood box structure, and these are manufactured under a new process called "precast" involving very little machinery and small foundry space.

At present the contract for the box units used in Federal buildings, which are the boxes themselves and the doors and locks thereon, is let by annual contract on a unit basis. The present contract for the fiscal year ending June 30, 1934, is awarded to the Yale & Towne Manufacturing Co., of Stamford, Conn. In the purchase of lockbox equipment the procurement division of the Treasury Department orders same by unit, i.e., so many no. 1 boxes, so many no. 2 boxes, so many no. 3 boxes, so many no. 4 drawers, etc., nested as set out in the plans, for which they pay in accordance with the awarded unit price.

It has been stated by members of the industry that the Government was going to engage in an extensive manufacturing campaign, with the erection of a number of plants, and enlisted help on that basis. All this, after the Secretary of the Interior, on November 14, 1933, advised Mr. Louis J. Borinstein, president of the chamber of commerce, Indianapolis, Ind.:

"* * * The West Virginia plant in any case will be very small, employing only about 125 men on part time. It can supply but a fraction of the total equipment requirements of the Post Office Department. All requirements in excess of the limited output of the plant will be purchased in the open market in the usual manner.

"It is not the intention to embark upon a program of erecting additional plants of this type under Government control. Establishment of the Government factory in question was decided upon only after careful inquiry had shown no private capital willing to establish a plant of any kind there. Some source of wage employment was necessary, the results of agricultural operations alone being inadequate, especially since undue competition with established agriculture also is to be avoided. The type of plant selected appeared to be the least competitive that could be chosen.

"The subsistence homesteads program is directed toward making self-supporting citizens out of families now on relief. The situation among the bituminous coal miners is desperate indeed. According to reliable reports at least 200,000 coal miners have been permanently displaced from the industry. Relief for them is costing both Federal and local agencies large sums. Continued relief is, as you know, demoralizing.

"These people must be given a new start in life and afforded an opportunity to become self-supporting once more. The West Virginia project is, therefore, directed to a very pressing human problem. * * *"

The facts are that during the fiscal year ending June 30, 1933, the Keyless Lock Co. was only the second largest successful bidder on leased-quarters equipment purchased by the Post Office Department, installing 20 out of 83 complete jobs for furniture and screen-line equipment. The amount of money involved is $22,259.25, which is approximately 23 percent of the total expenditures for such furniture and screen-line equipment. In addition they received $5,885.63 for lockboxes only in seven of the jobs, a grand total of $28,144.88. This Department made a survey of the relative percentage of labor and material, etc., in the contracts mentioned above, and it was found that approximately 35 percent was expended for labor. Of the total of $28,144.88 the Keyless Lock Co. would on that basis expend approximately $9,850.70 for labor on the equipment mentioned. Figured on the basis of $1,000 per annum per man, that would represent less than 10 men on regular employment. Granted the total remuneration to each man was only $500 a year it would represent less than 20 men employed.

The most remunerative phase of the business of the equipment companies from which naturally most of the opposition comes is the sale, lease, and rental of equipment in post offices of the second, third, and fourth class. The records of this office in the files of the Division of Post Office Quarters and Equipment and Supplies will show that we are having to pay high rentals because of the sums demanded by equipment companies, and the matter has been of such grave import that repeated attempts have been made to get Congress to allot funds for purchase of leased equipment with its resultant saving to the Department.

The following instance is quoted so that you may get an idea of the conditions which have been disclosed relative to the practice of the landlord leasing equipment. In a report dated October 3, 1933, by Post Office Inspector Hudson, covering the lease of the post-office quarters at Ely, Nev., the following statements were made:

"The equipment installed therein is furnished by the lessor, the larger portion of the equipment, however, is leased by the lessor. In leasing this equipment the lessor signed a contract which provides for payment of $482.40 per annum. The contract also contains a clause to the effect that should the lease be renewed the equipment should be continued in use for the period of the new lease at the same rate of rental * * *."

"The equipment leased by the lessor at the present time consists of 480 small boxes, 128 medium, and 32 large. In addition, most of the equipment used in the workroom also belongs to the equipment company. The screen, line units, however, were made locally out of pine lumber and belong to the lessor. It is my opinion that the rental asked by the company for this equipment is greatly excessive and if the present lessor is going to be compelled to rent this equipment for a further period it simply means that the Department is paying approximately $42.50 a month for the use of equipment which is not worth anywhere near this figure. As the present lessor at Ely has signed a contract agreeing to rent this equipment as long as his quarters are in use for post-office purposes it is likely that this company will endeavor to hold him to his contract."

In an office the size of Ely complete equipment would cost the Department approximately $2,500. The carrying charge for the Department, in the case of Government-owned equipment, on an installation the size of Ely would be approximately $200. This indicates that the amount being paid the equipment company is 141 percent in excess of a reasonable carrying charge on Government-owned equipment.

Another case that has just come to our attention is that of Stephenville, Tex., where the equipment which has been in use for the past 10 years belongs to an equipment company, being rented to the lessor of the quarters for the sum of $630 per annum. The post-office inspector assigned to the new lease case values the equipment today at $1,500. It is estimated that the equipment could have been purchased new by the Department at the beginning of the lease period for approximately $3,000. The rental of the equipment by the lessor has, of course, been taken care of by the Department throughout the 10-year period by the annual rental. It will be seen, therefore, that the Department has actually paid indirectly $6,300 for this equipment.

In negotiating for an extension of the lease an effort was made to have the equipment company reduce the rental on the equipment. That company offered a reduction of only $150 per year, claiming that it was paying approximately $270 per year in taxes. Post Office Inspector Page, in a report dated January 9, 1934, states that he was advised that the taxes on the equipment are actually only about $75 per year. Furthermore, local authorities informed the inspector that they had been trying to collect 2 or 3 years' back taxes from the equipment concern and that the company has paid no taxes since the equipment was installed 10 years ago. (It is possible that an investigation of this last feature in all your lease cases may develop some very interesting information.)

The following are typical cases indicating savings effected by purchase of complete outfits of standard furniture and screen-line equipment rather than renting same:

Lumberton, N.C.:	
Equipment purchased by lessor in 1926 cost	$5,000.00
Similar equipment purchased by Department in 1932, approximate cost	2,356.57
Noblesville, Ind.:	
Equipment purchased by lessor 1927	4,500.00
Similar equipment purchased by Department in 1932, cost approximately	1,982.93
Rossford, Ohio:	
Lessor secured proposal from Keyless Lock Co. for complete equipment	3,100.00
Same equipment purchased by Post Office Department, delivered and installed	1,685.00
Actual difference	1,415.00
Elizabethton, Tenn.:	
Furniture purchased in 1929 by lessor, cost	481.80
Lessor secured proposal from Keyless Lock Co. for same items, 1932	494.25

Abstract of bids secured by the Post Office Department for the same items:

Bidder	New equipment	Used equipment
Federal Equipment Co.	$218	$142
Corbin Cabinet Lock Co.	219	
Keyless Lock Co.	225	100
Lessor		325
Budde & Weis	405	

Last year the Department spent $112,220.08 for screen-line equipment on 83 projects (total including safes, specials, etc., $179,937.69), and from the above it is believed that we would be fully justified in concentrating upon screen lines and screen-line equipment (from a financial standpoint considering the savings involved), eliminating steel and installing wood, but even at that we would not be able to go beyond the present authorizations, and under no circumstances could we supply third-class post offices under existing legislation, and you will have to pay rentals accordingly.

These facts have a direct bearing on the amounts you have to pay for leased quarters throughout the United States, and officials of the Division of Post Office Quarters will tell you the savings that would be possible if the Government was even allowed to

purchase and own equipment. If we manufacture it, a still greater saving should be made. Nevertheless, manufacture of equipment for third-class offices has not been contemplated (so far as known) in the set-up of the factory plan because of the present legislation.

In addition to the equipment companies, furniture manufacturers have alleged dire results for that industry. I am transmitting herewith clipping from the financial section of the Sunday, January 21, copy of the Washington Star showing the report of conditions. It is very enlightening in view of the allegations made.

It is believed that much of the apprehension shown by certain interests is due to the fact that they feel that their position is subject to just criticism from the departmental standpoint and they are attempting to prevent any manufacturing efforts which would develop incontrovertible facts which would jeopardize their present practices involving very remunerative leases and rentals.

There is this further advantage in the operation of our own plant, in that the work may be spread so as to avoid undesirable peaks. In other words, whenever we approve the final plans for any structure the furniture lay-outs may be made, requisitions submitted, and the same fabricated on definite schedule well in advance of actual requirement, if necessary, and stored in the project warehouse until required. It is well within our power to control the flow, thereby permitting seasonable employment as contemplated, with agriculture a dominating factor. The Post Office Department will be the controllable factor whereby it was possible to prevent concentration upon one article or series of articles for manufacture and that by controlling the requisitions thereby make such spread as would affect industry in the least possible manner.

The selection of the site for the Reedsville undertaking was made with special reference to soil and climatic conditions that would be favorable for agriculture, proximity to the people who were to be helped, and industrial conditions which would tend to make the experiment a success. Establishment of a Government factory for furniture and screen line was decided upon only after careful inquiry had shown no private capital willing to establish a plant of any kind there. Some source of wage employment was absolutely necessary if the homes, no matter how small, were to be paid for and the amounts advanced returned to the subsistence-homestead moneys as a revolving fund. It was essential that undue competition with established agriculture be also avoided. As a matter of fact, there is scarcely any type of productive enterprise that would not compete, in some measure at least, with established industries. The type of plant selected appeared to be the least competitive that could be chosen and it had controllable factors that would prevent any appreciable losses to any one company in the field.

The Reedsville territory has good soil, and in the matter of climate is far above the average. As a matter of fact it is almost a health resort. The altitude is from 1,700 to 1,850 feet above sea level and is what you might term a mountain plateau. There is a splendid atmosphere which is conducive to maximum labor output during the summer season. The State of West Virginia maintains a large tubercular sanitarium at Terra Alta, near the project. Physical conditions are far above the average.

The factory will have a dependable supply of labor at a wage scale comparable to the wages paid by private industry; in fact, the N.R.A. will help to solve this problem.

The factory would have a good geographical location with relation to freight rates.

There is available all the necessary electric power, utilizing the waste products from the plant and coal adjacent to the property which can be purchased for $1.60 per ton, top price. Electric power will not cost over 0.01 per kilowatt-hour, and in all probability will be obtainable for at least 0.0085 per kilowatt-hour. There were two mines operated on the subsistence-homestead properties during the World War.

The plant or factory will use a large percent of West Virginia products, which will mean a very short transportation haul for raw material. Near the project large lumber companies are operating in the Cheat River section and others in the Tygart River watershed and in the vicinity of the Monongahela Forest Reserve. There is located at Rainelle, just east of Charleston, W.Va., the largest hardwood lumber plant in the world, the Meadow River Lumber Co.

In the plans there is no intention of drawing mechanics, cabinetmakers, steel workers, and other artisans to run the factory from industrial centers or from any other parts of the country. The personnel, aside from the supervisors, will be men who are members of the subsistence-homestead project and are buying homes, and who have been selected after careful consideration.

There has been no thought of indiscriminately dumping men from other walks of life into woodworking activities, but to cull men from the dormant mine and industrial areas of West Virginia who have been left without means of livelihood and who have the ability, initiative, and desire to become artisans or to continue the training already started.

The types of equipment that it is proposed to manufacture will not require years of training (it was thought to leave that type of work to the industrial concerns) but craftsmen capable of producing furniture such as has been made by mountain-craft organizations under the relief societies and exhibited at the Century of Progress Exposition in Chicago under the sponsorship of patrons from New York City and Philadelphia.

Investigation of the woodworking shops started in the dormant mine sections by the social agencies reveal men with remarkable adaptability. The shops have been started in vacant buildings and much of the machinery home-made, displaying unusual ingenuity. Men in these shops, which are purely cooperative, have shown real talent in the manufacture of furniture.

I have personally visited these shops in the Crown mine area near Arnettsville and the Berthal Hill mine area at Randall, W.Va. I have inspected their work in many sections and have visited them in their homes, talked with them, and viewed the woodworking activities practiced in the nooks and corners of their habitations. I would feel no hesitancy in recommending these people, for they have been taught in the bitter school of experience and they have a keen appreciation of values, and, if given an opportunity, would work much harder than the average individual.

There would be an advantage in Government operation in that units of furniture and screen-line equipment would be uniform, and exactly alike in color, material, workmanship, finish, etc. A saving would be made as a result of operating on a quantity-production plan, for any one article or series of articles for which there is a definite known outlet. It would eliminate practically all inspections now made by post-office inspectors at factories, thus effecting considerable saving in time of such officials for their other duties, as the factory superintendent would be qualified to sign all inspection forms.

During the fiscal year 1933 there was expended by the Post Office Department for furniture of all types used in post offices and post-office buildings the sum of $179,937.69. During the same fiscal year the Treasury Department expended for furniture and equipment in post offices and post-office buildings the sum of $1,576,539. The total of the two items is $1,756,476.69. For the fiscal year 1934 there has been appropriated $200,000 for equipment, and the furniture appropriation by Congress to the Treasury Department was $4,500,000, which included nonpostal activities as well.

The building program for 1934 contemplates the erection of 720 new post offices, and the conservative average cost of the equipment for each of said offices is $1,200, not including freight and installation charges, a total of $864,000.

We have every reason to believe that the actual cost of the plant, in its entirety, will not exceed $485,000 when completed, and the sum of $525,000 represents the outside figure for the institution as planned. Every possible effort will be made to construct the entire project as economically as possible consistent with good engineering practice, with the constant thought in mind that minimum depreciation is desirable. On the basis of an 8-percent return the project will amortize itself in less than 20 years.

The Government has attempted to forecast as accurately as possible the savings that might be made in the manufacture of their own equipment, breaking down the fabrication of each article it was proposed to build. Basing the figures upon the known costs of the mail-equipment shops we believe that at least 10-percent saving will be effected by Government operation. The mail-equipment shop is operated on a strict cost-ascertainment basis.

There is not at this time and never has been in the plans of this project any thought of eliminating private industry from the field of purchase. In the mail-equipment shops in this city, which were established in 1889, it has not been the policy of the Department to increase production to take care of all the needs of the institution, but the manufacturing activities, while representing a real saving, have served splendidly as a check or brake upon bidders from the industrial field. The same thing will be true in this case. There is no expectation of ever eliminating private industry from our markets, for they have their rightful place, and this factory project has been undertaken in the main for its humanitarian value in the rehabilitation of the hopeless people of West Virginia, and the development of a self-sustaining community in lieu of relief funds now given these people for a mere existence, next to starvation.

Trusting that this will give you the desired information, I am,

Sincerely yours,

SILLIMAN EVANS,
Fourth Assistant Postmaster General.

EXCISE TAX ON COCONUT AND SESAME OILS

Mr. SCHALL. Mr. President, I ask permission to have printed in the RECORD in connection with my remarks a letter from Representative KNUTSON relative to the proposed tax on coconut and sesame oils. Because of an apparent misunderstanding with reference to Mr. KNUTSON'S attitude on the matter, I ask to print his letter in full explanation thereof.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

CONGRESS OF THE UNITED STATES,
HOUSE OF REPRESENTATIVES,
Washington, D.C., February 21, 1934.

Hon. THOMAS D. SCHALL,
United States Senate.

MY DEAR SENATOR: I appreciate and thank you for your kind and generous reference to my efforts to place an excise tax on coconut and sesame oils for the protection of our farmers. I join with you in the hope that the provision will be enacted into law at this session.

While I have worked hard, and so far successfully, on this important matter, I want to bring to your attention the fact that my colleague, Representative SHALLENBERGER, of Nebraska, has, as to this tax, broken away from the traditional Democratic free-trade viewpoint and, as the author of the amendment, is entitled to equal credit with myself.

Will you kindly make this correction in the RECORD?

Yours very truly,

HAROLD KNUTSON.

COST OF AIR LINES

Mr. SCHALL. Mr. President, in connection with the editorial by William Randolph Hearst on Charles Lindbergh, which was printed in yesterday's RECORD at my request, I ask unanimous consent to have printed in the RECORD a statement of B. C. Forbes appearing in the Washington Herald for February 21, 1934, entitled "Huge Cost of Air Lines Stressed by Rickenbacker Flight Over United States."

It is here stated that Rickenbacker's company, for example, has invested more money than it has ever collected from the Government and from all other sources combined. It cost $300,000 to create the ship which Rickenbacker flew in 13 hours from the Pacific to the Atlantic. It cost $5,000 to install an automatic pilot on each ship. It cost $3,000 to train a pilot for blind flying, and $7,500 for the necessary instruments on each ship. No one knows better than I the extra cost of blind navigation. Again I ask that we think carefully before we allow unwarranted insults to be heaped upon the heroes of American aviation.

I hold no brief for anyone who perpetrates a fraud on the Government, for, as the Senator from Pennsylvania [Mr. DAVIS] has said, fraud vitiates anything it touches; but I do maintain that such fraud should be established by a court of competent jurisdiction before a whole industry is indicted, and not by the Postmaster General.

I ask that the article may be printed in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Washington Herald, Feb. 21, 1934]

HUGE COST OF AIR LINES STRESSED BY RICKENBACKER FLIGHT OVER UNITED STATES—COST $300,000 TO DEVELOP HIS SHIP, FORBES POINTS OUT, MAKING PLEA FOR CRIPPLED COMPANIES

By B. C. Forbes

Eddie Rickenbacker's record-breaking flight (13 hours) from the Pacific to the Atlantic wasn't a stunt, but the result of painstaking development of airplanes, aviation equipment on ships and on land, the investment of millions of dollars in new inventions, airports, amazing scientific instruments to make flying safe during the night and during fog, to make blind landings safe, to establish meteorological service far ahead of the Government's, etc.

Up-to-date commercial aviation isn't child's play. It isn't a picayune business. It savors nothing of what Wall Street calls "fly-by-night" ventures.

Rickenbacker's company, for example, has invested more money than it has ever collected from the Government for carrying air mail and from all other sources combined. It cost $300,000 to create the ship America's premier ace flew. The company, never dreaming that its air mail contract would be annulled without even opportunity to present the facts, placed orders for $3,500,000 worth of these ultramodern eagles.

One responsible aircraft executive cites these figures to me:

"It costs $5,000 to install an automatic pilot on each ship. It costs $3,000 to train a pilot for blind flying and $7,500 for the necessary instruments on each ship. Two-way radio costs $3,600 a ship, while ground radios have cost our company $140,000. It costs $5,000 for equipment to insure safe landings in a fog. Our pilots average $7,000 a year for an average of 73 hours' work a month.

"Stamps sold for mail carried by your company fell only a few thousand dollars short of the total amount paid the company by the Government. Stockholders supplied $7,900,000 capital to give the country all these aviation facilities and one half of that total has been lost to date."

This company promptly offered to continue fulfilling its post-office contracts for a month on the sporting offer that if inquiry revealed that there had been anything in the slightest measure questionable in the procuring and awarding of its contract, it wouldn't charge the Government one cent for the whole month's service, so sure was it that it had been guiltless of wrongdoing. But the ax fell on it as on every other air mail carrying company, without its getting its day in court to prove its innocence.

The tragic prospect is that heroic young Army fliers may be the chief sufferers from Washington's hasty action. Army planes, aviation experts avow, weren't built to fly at night, to fly in fog, to make blind landings, or to enjoy other advantages possessed by the most modern commercial ships. Oftener than once, it is said, Army planes have sent an SOS to mail-carrying companies to send ships to pilot them to safe landings."

From every point of view, including that of national defense, it is earnestly to be hoped that every honest aviation company will promptly be restored to the status quo, so that further progress may be made in the art, or science, of flying without undue interruption. Admittedly, commercial companies have led in raising the United States to absolute leadership in achievements in the air.

"BUREAUCRACY GONE WILD"—ADDRESS BY SENATOR ROBINSON OF INDIANA

Mr. McNARY. Mr. President, on last Saturday evening the able senior Senator from Indiana [Mr. ROBINSON] delivered over the Columbia broadcasting network a very illuminating speech on "Bureaucracy Gone Wild." I ask unanimous consent that it be inserted in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

In the last 10 months bureaucracy in the United States of unprecedented proportions has gone wild.

In frantic efforts to effect a showing toward economic recovery the administration has built up a superstructure of more than 40 new agencies with upward of 40,000 additional Government employees. And this is but the beginning. Other bureaus are being set up constantly.

This all means money—money that you and I have to pay out as taxpayers. But the bureaucrats don't care who pays the bill, so long as they can merrily go on.

If a government follows a course which seems prudent and wise and will lead to recovery, it should be supported; but when it deviates from this purpose and sets up needless agencies and unnumbered bureaus, spends the public funds with profligate extravagance, and does not give the taxpayer 100 cents in value for every dollar spent, it is subject to criticism, and justly so.

These bureaus with their 40,000 employees are not responsive to the people. They are for the most part subsidiaries to the executive branch of the Government, not subject to the will of the voters. These bureaucrats are not chosen or selected by the people. They are appointed by the Executive and in large part represent plain political plunder. Furthermore, once in, because of the political influence they wield, it is wellnigh impossible to dislodge them.

Such a tremendous bureaucracy creates a great burden on our already weary taxpayers, and with untold millions and billions to spend leads to unaccountable graft and corruption. The door has been opened to the spoilsmen to an extent hitherto undreamed of in American history.

But let us examine the record for the past few months.

No one has any thought of quarreling with the good intentions of the administration in its efforts to effect recovery; but regardless of any merit these efforts may possess, they have resulted in a virtual abdication of power by the people's Congress, and a government by Presidential edict and proclamation has come into existence. Indeed it is alarmingly reminiscent of the old Russian Government by ukase under the imperial Tzars.

Here are some of the agencies which regulate—some of the bureaus which tell us how we are to conduct our affairs:

A.A.A., C.A.B., C.C., C.C.C., another C.C.C., C.S.B., C.F.C., C.W.A., C.W.S., F.C.A., F.C.O.T., F.D.I.C., F.E.R.A., F.S.H.C., F.S.R.C., H.O.L.C., D.I.B., E.C., E.C.P.C., E.C.W., E.H.F.A., F.A.C.A., I.A.B., L.A.B., N.C.B., N.E.C., N.L.B., N.P.B., N.P.S.A.C., N.R.A., P.H.B., P.L.P.B., P.W.A., P.W.E.H.C., P.W.O.A., R.F.C., R.C.A., S.A.B., S.E.S., T.V.A., U.S.E.S., and many others too numerous to mention.

Almost every act of our daily life is influenced directly or indirectly by some of these armies of bureaucrats—the price of the breakfast food we eat in the morning; the price of the clothing we wear; the cost of operating our business; the amusements we see in the evening, the publications we read, and the fuel we burn to keep us warm.

This government by initial, and by assertion of unprecedented peace-time powers by the Executive, represents in effect a revolution—a drastic changing from one system of living to an era of regimentation, planning, supervision, and bureaucracy. Nor will all the ballyhoo from a bureaucratic machine at Washington convince the American people that changes which have come with lightninglike celerity have all been in the best interests of the citizen and taxpayer—the man who pays the bills for this great superstructure of some 40 agencies and 40,000 new employees with an addition of millions of dollars weekly to the Government pay roll.

This Government by initial was preceded by a plunder drive which foreshadowed what would happen as soon as the bureaucrats could get into the saddle and hold the reins, increasing their importance and their power by sheer force of numbers. Just before the present administration came into power the Senate adopted a resolution demanding that it be furnished with a list of the available jobs in the public service.

This list made a sizable volume of more than 400 pages and was soon characterized as the "plum book." Ironically enough, this list, setting forth potential political plunder, was issued on the anniversary of the signing of the first Civil Service Act. Needless to recount what was done with trained and efficient service employees—a literal clean sweep was made by the incoming ad-

ministration, regardless of merit or experience on the part of those so ruthlessly removed.

But the real iniquities began to occur when the civil service itself was figuratively tossed out the window and thousands of new employees hired without regard to training or qualifications. Under the lash of the Executive last March, the Congress passed the cruel and inhuman so-called "Economy Act." It reduced the Budget a few hundred million dollars but impoverished thousands of disabled veterans and their families and depleted purchasing power at a time when it was most seriously needed.

What paradoxes this administration has created!

It economizes by saving a few millions with one hand and acts the role of the profligate spender with the other. Creating thousands of new jobs here and throwing people out of work there.

A few millions were lopped from the Budget by cutting veterans' benefits and several times that amount expended on tree-planting in the C.C.C. Moreover, $148,000,000 were taken from public works allocation and from labor in the building trades to get the C.C.C. started. Thus useful projects for which money was allocated had to be delayed until the tree planter could get under way.

Able-bodied young men between 18 and 25 were given jobs, while at the same time thousands of disabled war veterans were thrown on charity and relief agencies and the local taxing units throughout the country.

The road of the spoilsmen, made smooth by wholesale discharge of faithful employees, was occasion for alarm when the National Civil Service Reform League made its annual report last June. And that was before most of the new bureaucratic units had been set up. The league said, in voicing its criticism:

"The new administration has turned its back on the only method of safeguarding these new agencies from maladministration. Without a single exception the agencies of Government thus created have been thrown open to the political spoilsmen to do with as they see fit. The excuse given when objection is made to exemption from civil-service tests has been that these agencies are a part of the emergency program and that they may prove temporary in character. A more specious excuse could not be devised to hoodwink the public."

Mark you, this comes from a distinguished nonpartisan body of citizens. That complaint was made last summer, and since that time bureaucracy has gone wild—wild with increased agencies, greater numbers of employees, and expenditures reaching into the billions.

The role of the spoilsman who has found green pastures has been eased considerably by the administration's novel "double" Budget system. We have had an "ordinary" and an "extraordinary" Budget. The former was used to include the ordinary business of operating the Government while the latter was used as a "catch-all" for the emergency expenditures in the recovery effort.

When the administration wished to make a great show of "balancing the Budget", "reducing expenditures", and "redeeming the party pledge to reduce expenditures"—when it wished to deprive needy disabled veterans of just benefits, it referred to the ordinary Budget. But when it asked Congress for an appropriation of a few million or a few billion dollars, it used the extraordinary Budget.

As a result we are faced with a Treasury deficit of upward of $10,000,000,000 and our national indebtedness will reach a new high when it hits the $32,000,000,000 mark.

The people will refuse to be deceived any longer. Either we shall see a summary breaking-down of this vast superstructure of bureaucracy with its thousands of employees and disbursing facilities which are shoveling out money running into the billions—either we must retrench and safeguard our financial standing or we shall be plunged headlong into reckless and utterly uncontrolled inflation.

At present much discussion centers on the C.W.A. Nobody in America should be permitted to starve or freeze to death. On that proposition there can be no dispute. It is asserted that the C.W.A. has employed some 4,000,000 jobless, but what of the other 6,000,000 or 8,000,000? Are they to stand on the sidelines and watch the more fortunate ones work? We should be consistent—far better to give all the unemployed something and keep down starvation rather than to exclude totally the other millions who are deserving too and unemployed through no fault of their own. We at least should be consistent.

The C.W.A. has been subjected to graft of unanticipated and unprecedented proportions. Harry L. Hopkins, Administrator, told a group of newspaper correspondents, as reported in the Baltimore Sun:

"We are spending tens of thousands of dollars just to investigate charges of graft that fairly fill the air. The lid is liable to blow off at any minute. * * * Some of our directors are incompetent; we will soon remedy that. * * * Some of our projects are lousy, and we know it. * * * The whole thing is a flop."

It is charged that political spoilsmen, who are in good financial circumstances, have had their own names placed on the pay rolls—and in some cases with duplications; that politicians have used the jobs as political spoils to build up political machines; that the poor and needy have been discriminated against, and so forth.

It is tragic indeed when our own citizens will use the sufferings and misery of their fellowmen for private and political gain. It is a pity that human suffering should be used as a plunderbund for the politician eager to garner votes and to double-deal in order to fortify himself at the ballot box.

Under Presidential demand a few days ago, the Congress passed a bill placing the vast sum of $2,000,000,000 in the hands of the youthful Secretary of the Treasury to be secretly used by him in stabilizing transactions. Though it is admitted he has had little, if any, personal experience in such matters, he has, nevertheless, been given absolute control of this enormous sum over a period of years and responsible to no one on earth but the President. It has been freely predicted that in the international monetary game much, if not all, of this fund may be lost—and at a time when misery and economic suffering exist throughout the land.

Now, another new bureau has been suggested to assist the Secretary of the Treasury in this matter. It has been rumored that he will seek authority to employ 10 financial experts, each to receive a salary of $10,000 a year. This would doubtless mean another agency filled with bureaucrats.

Just another bureau!

We should pause, reflect, and make our protest known to the Government under which we live as this staggering public debt increases. The bureaucrats hold sway, and the tax bill mounts. Only by resistance to this system and by demolition of much of the vicious structure of bureaucracy which has so suddenly grown up among us may we preserve our freedom and the Constitution of the United States, which guarantees a square deal to all men.

Let us note the lessons of history.

When France was approaching the greatest of all revolutions, the bureaucrats held sway. Bureaucracy had come to its fairest flower in that land; the bureaucrats directed everybody in daily life; and that, together with other abuses, inevitably led to the revolution which bathed Paris and all France in blood.

From France to Russia is a considerable distance perhaps, but the system of bureaucracy in Russia under the Tzars and that existing in France just preceding the French Revolution were the same.

In modern times the outstanding example of bureaucracy gone wild was found in the imperial court of the Romanoffs at St. Petersburg. There it led to revolution and to the establishment of an entirely new system of government.

We have a bureaucracy here now that would make either the bureaucracy of France or that of Russia blush with shame. Bureaucracy and dictatorship go hand in hand. We now have both in America. Bureaucracy with dictatorship has in the past inevitably led to monumental disaster.

The new system of autocracy should be curbed at once, and before it is too late the Congress should reassert the powers it has so freely abdicated to the Executive branch. Unless we do this and put an end to the bureaucracy which has sprung up so suddenly, we shall see the destruction of the Constitution, followed by events which none of us now dare forecast.

INDEPENDENT OFFICES APPROPRIATIONS

Mr. ROBINSON of Arkansas. I ask unanimous consent that the unfinished business be temporarily laid aside and that the Senate proceed with the consideration of the independent offices appropriation bill.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the unfinished business is temporarily laid aside. The Chair lays before the Senate House bill 6663, being the independent offices appropriation bill.

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The PRESIDENT pro tempore. The clerk will state the first amendment which was passed over.

The CHIEF CLERK. On page 16, at the beginning of line 18, it is proposed to strike out "$1,052,700" and insert "$526,350", so as to make the clause read:

Valuation of property of carriers: To enable the Interstate Commerce Commission to carry out the objects of the act entitled "An act to amend an act entitled 'An act to regulate commerce', approved February 4, 1887, and all acts amendatory thereof, by providing for a valuation of the several classes of property of carriers subject thereto and securing information concerning their stocks, bonds, and other securities", approved March 1, 1913, as amended by the act of June 7, 1922 (U.S.C., title 49, sec. 19a), and by the "Emergency Railroad Transportation Act, 1933" (48 Stat., p. 221), including one director of valuation at $10,000 per annum, and traveling expenses, $526,350.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

Mr. JOHNSON. Mr. President, I understand the amendment is that found on page 16, line 18, relating to the Interstate Commerce Commission and the amount appropriated for the purpose of carrying on its valuation work and the like. Nothing was done with it?

The PRESIDENT pro tempore. No action has been taken upon the amendment.

Mr. JOHNSON. I ask the question because I am under the impression it is an amendment in which the Senator from Wisconsin [Mr. LA FOLLETTE] is very deeply interested.

Mr. BYRNES. Mr. President, when the bill was under discussion on last Thursday the amendment was temporarily passed over because of the absence of the Senator from Nevada [Mr. MCCARRAN], upon whose motion the amount of the appropriation was reduced in the Committee on Appropriations. The Senator from Nevada is now in the Chamber, and I ask that the amendment be considered at this time.

Mr. JOHNSON. Does the Senator desire to proceed with the particular amendment concerning the Interstate Commerce Commission?

Mr. BYRNES. I will say to the Senator from California that that is the only remaining amendment, with the exception of one other which was passed over, that does not have relation to the so-called "economy provisions" of the bill. I will amend my request and ask that there be first taken up the amendment submitted by the Senator from Tennessee [Mr. MCKELLAR] as to the Civil Service Commission in order to give the Senator from California a little time.

Mr. JOHNSON. I am very glad to have the Senator do that.

Mr. MCKELLAR. Mr. President, I offer an amendment to come in on page 7. This is the matter which I asked to have passed over the other day when the bill was then being considered.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 7, line 8, under Civil Service Commission it is proposed to strike out "$1,421,000" and insert in lieu thereof "$1,467,816", so as to read:

Other like miscellaneous necessary expenses not hereinbefore provided for, $1,467,816, of which not to exceed $200,000 shall be immediately available.

Mr. MCKELLAR. I will say to the Senate that the amount proposed has been estimated for. It is to provide for the holding of examinations for gagers and others. I hope the Senator from South Carolina will accept the amendment.

Mr. BYRNES. Mr. President, as I understand, the Bureau of the Budget has submitted an estimate for the item of $46,816.

Mr. MCKELLAR. That is correct.

Mr. BYRNES. I have no objection to the amendment being adopted and permitting it to go to conference.

The PRESIDENT pro tempore. Without objection, the amendment is agreed to.

Mr. MCKELLAR. In view of the adoption of my amendment, it will be necessary to make a corresponding change in the total for the Civil Service Commission. Therefore I move to amend, on page 8, line 6, by striking out "$1,476,000" and inserting in lieu thereof "$1,522,816", so as to read:

Total, Civil Service Commission, $1,522,816.

The PRESIDING OFFICER. Without objection, the amendment is agreed to.

Mr. BYRNES. Mr. President, I must ask for consideration at this time of the committee amendment relating to the Interstate Commerce Commission, which was pending when the bill was laid aside last Thursday.

The PRESIDENT pro tempore. The amendment will be stated.

The CHIEF CLERK. On page 16, line 18, the committee proposes to strike out "$1,052,700" and insert "$526,350."

Mr. DILL. Mr. President, the Senator from Nevada [Mr. MCCARRAN] was not here when that amendment came up. I asked at that time what reasons caused him to submit the amendment. I should like to have a statement from him now as to his reason for advocating a reduction in the appropriation.

Mr. MCCARRAN. Mr. President, the appropriation pertains to the Physical Survey Bureau of the Interstate Commerce Commission. It will be recalled that during the special session Congress repealed what was known as section 15 (a) of the Interstate Commerce Act. The Physical Survey Bureau, or Division, of the Interstate Commerce Commission was created for the purpose of making a physical survey and valuation of the railroads as common carriers of the country in order that we might have a basis for rate-fixing and rate-making. Section 15 (a) was repealed at the special session of Congress, and therefore the survey necessary for carrying out the provisions of section 15 (a) became unnecessary thereafter.

More than that, the report from the Interstate Commerce Commission disclosed that the survey for the physical valuation of the railroads has been completed; that no further physical valuation surveys are necessary; that the data had been collected, and therefore it is unnecessary to continue that Bureau any further except to take care of, preserve, and disclose when necessary information collected throughout the United States at a cost of an enormous sum of money.

I am told in this respect that the Reconstruction Finance Corporation, in making some of their loans to the railroads, called for information as to physical worth and physical valuation; but I say in reply to that suggestion, from information I have and which I believe to be entirely authentic, that the information which the Reconstruction Finance Corporation may require is on file with the Interstate Commerce Commission and that $500,000 is all that is necessary to keep employed there those who may make available the information that has been collected through the years.

Mr. DILL. Mr. President, will the Senator yield?

Mr. MCCARRAN. Certainly.

Mr. DILL. The Senator realizes that it is not simply that the Reconstruction Finance Corporation may call for this information, but that the law compels the Commission to pass upon all securities.

Mr. MCCARRAN. That is true.

Mr. DILL. During the period since the law was enacted, 140 cases of this kind have been taken up before the Commission. Where does the Senator expect the Commission to get its forces to pass on these 140 cases and other cases that will probably be presented to them in the future?

Mr. MCCARRAN. In reply to the inquiry and suggestion of the learned Senator, I make this statement upon information which I have received and which I believe to be authentic. The Commission now maintains a bureau to furnish the very information to which the Senator has reference; but that is not the Bureau of Survey, it is the Bureau of Finance, the bureau having to do with finances within the Interstate Commerce Commission.

Further than that, all the information for the collection of which the survey bureau was created has been collected. We spent millions upon millions of dollars and twenty-odd years in collecting the information for the purpose of rate-making, for the purpose of carrying out the provisions of the section of the law which we repealed during the last special session of Congress. The necessity for it as it existed in the first instance has been done away with. The necessity for it, if it may be claimed to be a necessity under the Reconstruction Finance Corporation Act, can be cared for with a force much less expensive than has been employed in the past, because all the information has been collected. It is there. There is no necessity for further physical surveys.

Mr. DILL. I invite the Senator's attention to the fact that these valuations must be kept current, that during the period since the original valuations were begun and up to the present time more than $4,000,000,000 of railroad property has been retired and $10,000,000,000 of new property has been added. We cannot wipe out the valuation division and depend upon the records of the past to solve the problems that may arise in the future.

Mr. MCCARRAN. The report of the Commission shows that every carrier under the law must of necessity file under oath a report of every ounce and scintilla of newly acquired property of any kind. That is a requirement of law that must be complied with. That constitutes the furnishing of new information to take the place of a continuation of the physical survey. Every carrier must file each year under oath a detailed statement. If we should look into those statements, we would find that they go into detail in mi-

nutiae. Such statements must be filed under oath, for what purpose? In order that the survey for physical valuation should not continue indefinitely.

The promise was made when this Bureau was created, with an enormous appropriation behind it, that there would be an end to this work as soon as the physical valuations were completed. But like all other bureaus created, there is never an end to them until the Congress puts an end to them by the choking process. That is the only way we will put an end to this Bureau. Five hundred thousand dollars will carry it on for another year, and $500,000 is all it should have. It may be carried on with $2,000,000, but it would be only money thrown away, because the work has been completed, the record shows it has been completed, and the necessity for the Bureau no longer exists.

Mr. DILL. Mr. President, the Senator says that the Bureau of Valuation, like all other bureaus, will continue to take all the money Congress will give it, but that, since we have repealed the provision requiring valuations to be made, we ought to cut the appropriation in half.

I must remind the Senator that we did not stop merely with removing the necessity of making future valuations; we imposed on the Commission, first, the duty of determining whether or not new securities should be issued; second, the duty of determining whether or not the Reconstruction Finance Corporation should make loans; third, we provided that in all bankruptcy proceedings involving railroads, when reorganization questions were before the Commission, it must pass on those, and it depends on its Valuation Bureau to enable it to do that work.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

Mr. DILL. Certainly.

Mr. McCARRAN. Does not the Senator know that at this very time, by appropriation, there are maintained in the Interstate Commerce Commission departments, separate and distinct within themselves, for the purpose of furnishing the very information to which the Senator makes reference?

Mr. DILL. In reply to that question I must say to the Senator that my information from the Chairman of the Interstate Commerce Commission is directly the opposite. He states that the Commission depends upon the Valuation Bureau for this information. I have here a copy of a letter from the Chairman of the Interstate Commerce Commission, setting forth the fact that the Valuation Bureau is necessary to do this particular work.

There is another phase of this question which should not be overlooked. The new Coordinator of Transportation has authority to call upon the Interstate Commerce Commission and use its employees. The Chairman of the Commission in his letter states that the coordinator has been asking for a number of employees, and they have been turned over to him for use.

It seems to me, in light of the fact that there are only 380 employees in this Bureau, that it would be a serious mistake, with the many problems affecting the railroads now before the country, to reduce this appropriation. It is only a million dollars compared with former expenditures of two and three million dollars in previous years.

I do not want to take the time of the Senate other than to urge that the action approved by the Budget and by the House may be sustained by the Senate.

Mr. BYRNES. Mr. President, with reference to this amendment, I ask that the clerk read a letter which I send to the desk at this time.

The PRESIDENT pro tempore. The clerk will read.

The Chief Clerk read as follows:

FEDERAL COORDINATOR OF TRANSPORTATION,
Washington, February 2, 1934.

Hon. LEWIS DOUGLAS,
Director Bureau of the Budget, Washington, D.C.

DEAR MR. DIRECTOR: I am informed that the Senate Subcommittee on Appropriations in passing on the appropriation for the work of the Interstate Commerce Commission has recommended a cut of $500,000 in the $1,052,700 appropriation which you recommended, and which was accepted by the House of Representatives after full hearing. I am further informed that the Senate committee has accepted this reduction, which was made without any intimation to or consultation with the Commission and without a hearing.

As I stated to you over the telephone this afternoon, an appropriation of $500,000 will be insufficient during the coming fiscal year to carry on the work. The Bureau of Valuation might as well be abolished. The work is needed and ought to be done. The Commission has completed the primary valuations of the railroads, but because of the magnitude of the work of inventorying and investigating the property of all of the carriers of the country, these valuations are spread over a considerable number of years. The Commission, through the Bureau of Valuation, in conformity with the provisions of the Interstate Commerce Act, amended in the special session of last year and approved by the President on June 16, 1933, is now bringing the inventories and records of the carriers to date. This work requires the present force for the coming year. Unless brought to date, the underlying work has little value at this time.

Meeting the demands for all possible economies, the Commission submitted to you its estimate of $1,052,700, which was the same as the appropriation made for the current fiscal year. This is a reduction from $3,554,368 for the 1932 fiscal year and $2,750,000 for the 1933 fiscal year. This is a drastic enough reduction, and it is my opinion that a further cut of $500,000 would make it impossible for the Commission to meet the requirements of the law as it was amended last June. It requires that the "Commission shall * * * keep itself informed of all new construction, retirements, or other changes in the condition, quantity, use, and classification of the property of all common carriers as to which original valuations have been made, and the cost of all additions and betterments thereto, and of all changes in the investment therein"; further, that the Commission keep itself informed of current changes in costs and values of railroad properties, in order that it may have available at all times the information deemed necessary to revise and correct its previous inventories, classifications, and values. Covering all of the railroads of the country, this constitutes a large undertaking. In order to maintain the probity of the work, the reports of carriers must be policed and checked in the field; otherwise the work soon loses its integrity.

At this particular time, when all phases of the railroad problem and the future of the railroads and their rates and services are under close scrutiny, such records have special significance and value. The work and the competent staff engaged thereon should not now be disturbed.

In addition to the records collected, the technical men of the Bureau's staff are being drawn on by me and others for various studies. I stated when before your Board that the Bureau and its staff had been of great service to me as Coordinator. Again, in appearing before the subcommittee of the House Appropriation Committee, I made a similar statement, and added that "it happens that in that Bureau they have experts on almost every line of railroad work" which were being drawn on for advice on rails, ties, and other matters, including pooling of equipment. I added that the Bureau of Valuation had been called on for up-to-date valuation figures on the roads in connection with the study of consolidations and that information has been forwarded promptly and fully. A most excellent report was given to us.

Original cost, investment, depreciation, and obsolescence, as well as value, are called for by the law and enter especially at this time into the practical problems and work of the Commission and the Coordinator. This will continue to be so during the coming year.

The Reconstruction Finance Corporation calls on the Bureau for values and other data for various purposes; among them appearances in court. The Post Office Department calls on the Commission and the Bureau for assistance in ascertaining reasonable rentals of properties for post-office purposes. Other Departments call for expert advice and aid. States and their divisions call for valuation data to assist them in solving their tax problems and assessments.

A large amount of money has been spent on this work by the Government. It is particularly practical at this time. The necessity for it was fully covered before your Board and before the House committee. There was no intimation of a different situation in the Senate committee. The chairman of that committee simply asked the Commission if it desired to appear to support any changes. The House transcript contains details which I cannot cover in this communication.

I sincerely hope that you will be able to render assistance in this matter, to the end that the appropriation recommended by you and the President will be preserved. I would add a separate thought: There are enough unemployed now. Such a cut means wholesale dismissals of the remaining small valuation force. That force is composed of loyal and trained employees and is needed on an essential work.

Respectfully yours,

JOSEPH B. EASTMAN.

Mr. BYRNES. Mr. President, in connection with that letter and with reference to this amendment, I merely wish to say that in the Appropriations Committee I did not vote for the amendment cutting in half the appropriation for the Interstate Commerce Commission and for the work of the division having charge of the physical valuation of railroad property. I am still of the opinion that it is exceedingly unwise to vote for the committee amendment and make this

cut in the appropriation. I think the clear statement of Mr. Eastman which has been read at the desk gives ample justification for the action of the House in fixing this appropriation at $1,052,700 and justifies the Senate in agreeing to that figure.

The Chairman of the Interstate Commerce Commission has submitted a very strong communication, which has been heretofore read to the Senate. This letter from former Commissioner Eastman is, in my opinion, a strong statement of the necessity for this appropriation.

I would never ask that an appropriation be continued in a bill unless the necessity for the work was made clear. I think that necessity is apparent. Then I call attention to the last paragraph in the letter of Mr. Eastman, in which he says that not only is the work necessary, but that by reason of the reduction in this appropriation year after year only the most experienced men are now employed in this work; and that if the Senate approves the action of the Appropriations Committee and cuts this appropriation in half, it simply means that these men who have been in the service of the Commission for years and years will be thrown out of employment at a time when there are too many unemployed in the country.

The men who would be thrown out of employment if this amendment should be adopted are making no complaint about a 5- or 10-percent cut. So far as I know, they have made no appeal even to the Senate; but approval by the Senate of the amendment of the Senator from Nevada would simply mean that on July 1 approximately 200 men and women employed in this division would be dismissed from the Interstate Commerce Commission and be out of employment at a time when it would be exceedingly difficult for them to secure employment.

I mention that only, as I say, after having indicated to the Senate my belief that the necessity for the work has been justified by the Commission, by Mr. Eastman, and by the Bureau of the Budget.

I ask for a vote.

Mr. LA FOLLETTE. Mr. President, I wish to say a few words in opposition to the committee amendment.

It seems to me it would be a tragic mistake if the work of the valuation division of the Interstate Commerce Commission were crippled to the extent of preventing them from carrying on the necessary work to keep up to date the basic valuations which have been completed.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Wisconsin yield to the Senator from Nevada?

Mr. LA FOLLETTE. I yield.

Mr. McCARRAN. Will the Senator kindly state what necessary work now comes under this particular Bureau?

Mr. LA FOLLETTE. I intended to state that, Mr. President. First, however, I wish to point out that during the last few years the Congress has cut very drastically the appropriations for valuation work.

In 1931 the amount provided for the valuation division was $3,547,313.

In 1932 $1,000,000 was provided, or a cut of 72 percent in the appropriations for the conduct of the work of the valuation division.

If the amendment recommended by the committee shall be adopted, it proposes to cut in two in the middle the $1,000,000 provided last year, which was recommended by the Bureau of the Budget and passed by the House in this appropriation.

Mr. President, the basic valuations have been completed, but they are practically worthless unless they are kept up to date, as has been pointed out both in the letter from the chairman of the legislative committee of the Commission, and in the letter of the Coordinator of Railroads, Mr. Eastman. Activities of one kind and another now being carried on by the Federal Government make this line of information particularly important.

In the first place, loans are being made to railroads by the Reconstruction Finance Corporation. Under the law the Commission has to approve those loans. Unless the Commission is in possession of up-to-date information concerning the value of the properties, it seems to me perfectly obvious that any recommendations it may make will not be based upon the situation as it exists at the time.

As already stated by the Senator from South Carolina [Mr. BYRNES], and as stated in the letter of the chairman of the legislative committee of the Commission, under the law the Commission is directed and required to keep itself informed concerning the physical value of railroad properties.

Obviously, if this force should be nearly all discharged, as would be necessary if the amendment recommended by the committee should go into effect, it would be impossible for the Commission to comply with the law. The Commission would then be placed in the ridiculous position of being required by one section of the law to carry out certain mandates of Congress and, by reason of the failure of Congress to appropriate money, it would be in a position where it could not comply with that requirement of the statute.

Furthermore, in the activities which are being conducted under the able direction of former Commissioner Eastman, he has upon his own responsibility stated that he has found the information which is available as the result of the work of the valuation division almost indispensable to the discharge of the responsibilities which have been fixed upon him under the act which created that office.

A drastic reduction has already taken place in the force under the valuation division, made necessary by the reductions in appropriations to which I have referred. It has been reduced from some nine-hundred-odd employees to about 300. This number is absolutely necessary if the vast accumulation of information, data, and statistics obtained after the expenditure of large sums of money is not to become obsolete and the investment thereby made utterly worthless.

I sincerely hope, in view of all the reasons which have been pointed out in the course of the debate upon this amendment, that the committee amendment will be rejected.

Mr. McCARRAN. Mr. President, in view of the letter coming from the Coordinator, and in view of the statements made by the learned Senator from Wisconsin [Mr. LA FOLLETTE], I deem it entirely proper that a word should be said.

The most forceful argument in the letter coming from the Coordinator, and that which naturally appeals to us, is in the last paragraph of the letter. As to the remainder of the letter, if the Coordinator knows the organization of the Interstate Commerce Commission—and he certainly should know it—he knows that all the information that the Reconstruction Finance Corporation will require with reference to making loans has come from the Finance Division of the Interstate Commerce Commission, and not from the Physical Survey Bureau.

The Coordinator also should know, and he does know, as has been stated here and stated in print, that the physical survey of the railroads of this country has already been made and completed and filed; and all that is necessary now is to keep a sufficient force down there so that that information, correlated and collected through the years at a tremendous expense to the Government shall be available. The law has been amended year after year so that every common carrier in the country today must, under oath, file every year its detailed statement of newly acquired property and the condition of its physical property throughout the country.

So far as bonded indebtedness is concerned in which the Reconstruction Finance Corporation may be interested, they have a specific bureau down there to take care of that, and furnish the information—not the Physical Survey Bureau at all.

I go back again to the letter of the Coordinator, and I say that the most valuable information he furnishes, and the most appealing part of his letter is in the last paragraph, where he says that if this amendment shall be adopted valuable men will be put out of employment. I regret that; but that position could be taken every time we abolish a

bureau. If that argument is to prevail, every bureau created from the beginning of the history of this Government until the present time should be maintained, and there never would be a change in the form of government nor in any of the bureaus.

Mr. BARKLEY. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Kentucky?

Mr. McCARRAN. I do.

Mr. BARKLEY. I have been called from the Chamber almost constantly since this discussion began, and I did not hear the letter of the Coordinator read. I do not want to inquire about anything that has been covered. I happen, however, to have independent information to the effect that the Reconstruction Finance Corporation has been using the valuations of the Interstate Commerce Commission in determining the matter of loans to railroads; and my information is that this reduced appropriation will not enable the Interstate Commerce Commission to keep the valuation information sufficiently current to make it unnecessary for the Reconstruction Finance Corporation to conduct its own independent investigations as to physical valuation.

What has the Senator to say about that?

Mr. McCARRAN. First of all, Mr. President, the physical valuation survey, according to the reports filed, has been completed.

Mr. BARKLEY. That is true; but it was completed as of a certain date. Having been on the committees in the House and in the Senate which dealt with railroad matters, I assume, however, that there is a necessity for keeping this information current at all times.

Mr. McCARRAN. And it is kept current, pursuant to the regulations of the Interstate Commerce Commission and pursuant to the statute, by an annual report in detail filed under oath by every carrier that must be on file with the Interstate Commerce Commission and with every State railroad commission as well.

Mr. LA FOLLETTE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Wisconsin?

Mr. McCARRAN. I yield.

Mr. LA FOLLETTE. I should like to quote from a letter which I received from the Coordinator in response to a request for a statement of his position concerning this committee amendment. He says:

> In view of the financial reorganizations of important carriers, now in bankruptcy, which are certain to occur, in view of the consolidations of carriers which are probable, and in view of the possibility that Government acquisition may prove necessary, it is highly desirable that the Commission should be fully informed with respect to the properties of the carriers, including their physical condition and the extent of obsolescence or other forms of depreciation. The basic valuations of the properties have been completed—

As stated by the Senator from Nevada [Mr. McCARRAN]. The Coordinator goes on to say, however—

> but there have been extensive changes in the properties and their condition since the dates of these basic valuations, and it is impossible for the Commission to be adequately informed of these changes without the present force in the Bureau of Valuation, drastically reduced as it already is.

Mr. BARKLEY. Mr. President, that is the point that I had in mind, that although the valuation has been completed theoretically, it is really never complete. It is a current work that goes on from time to time. The information that I have from Mr. Eastman, independent of any letter, has been that if this appropriation is reduced to the amount recommended by the committee, it may then become necessary for the R.F.C. out of its own funds to carry on the same sort of investigation for the purpose of obtaining the same kind of information which they have been relying upon the Interstate Commerce Commission to furnish them when making the loans.

Mr. McCARRAN. In reply to that suggestion, I will say that it is my information—and I do not say this authoritatively, but it is my information on an authority I think sufficiently worthy to justify me in making the statement—that the Reconstruction Finance Corporation of itself does now, and has in the past in making these loans, been conducting its own surveys in order to satisfy itself, regardless of the information that is furnished by the Interstate Commerce Commission. I, however, do not want to be considered as authority for that statement.

Mr. DILL and Mr. BARKLEY addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield? If so, to whom?

Mr. McCARRAN. I yield to the Senator from Washington.

Mr. DILL. The Senator knows, Mr. President, that the law requires the Interstate Commerce Commission to pass on the question, whether the Reconstruction Finance Corporation wants it to do so or not.

Mr. McCARRAN. That is correct, and the Interstate Commerce Commission does pass on it, and it has its bureaus to pass on it. One would think from the argument that is being made here that we are about to abolish the Interstate Commerce Commission, when, as a matter of fact, we are only about to curtail a bureau in the Interstate Commerce Commission, the necessity for which ceased when we repealed section 15 (a) of the Interstate Commerce Act.

Mr. SHIPSTEAD. Mr. President, while we are on the subject of railroads, I desire to call the attention of the Senate to the wage situation on the railroads. The railroad executives have served notice of a 15-percent wage cut, effective on the 1st day of July 1934. I desire to call the attention of the Senate to what has been going on in railroad employment with respect to railroad wages.

On February 1, 1932, as the result of extended negotiations, the 21 standard railroad labor organizations, meeting as the Railway Labor Executive Association, agreed that the carriers might deduct 10 percent from the pay checks of their employees for a period of 1 year. This arrangement has been extended on two occasions, the last time at the request of the President of the United States.

The President now suggests that it be extended again for at least another 6 months.

Up to the 1st of January last this deduction from the pay roll of railroad employees has amounted to a little over $310,000,000.

By June 30, 1934, the date when the present arrangement expires, $78,000,000 more will have been deducted.

If the President's suggestion is accepted and the arrangement extended for at least 6 months more, or until January 1, 1935, about $80,000,000 more will be added to that sum.

In other words, the railroad workers have been contributing to the wages of capital about $160,000,000 a year for more than 2 years.

When the agreement was first made, in January of 1932, leaders of the railroad labor organizations called the carriers' attention to the appalling unemployment among the railroad employees, showing that about 800,000 men and women were walking the streets, and tens of thousands of railroad employees were working part time. The reduction of 10 percent in the salary of a man who is working part time sometimes amounts to 30 or 40 percent of his monthly pay. It was pointed out that practically every railroad worker employed was assisting in the support of railroad workers who were unemployed.

It was suggested that at least a part of the money that the railroads would save as a result of the 10-percent deduction should be used to aid unemployed railroad men in getting back to work.

As a result of these representations, the following was written into the agreement:

> That the participating railroads, without attaching any limitation upon the use of funds derived from the pay-roll deduction herein agreed to, will make an earnest and sympathetic effort to maintain and increase railroad employment.
>
> It is agreed that whatever may be practicable should be done to remove the feeling of uncertainty as to employment which may exist at the present time in the minds of many who are now employed, either upon a whole-time or part-time basis; and the varying conditions make it necessary to deal with this question by local negotiation on each railroad between each participating railroad and its employees.

Within 4 weeks following the execution of this agreement, I am informed many of the railroads began reducing their

personnel and committees of the various organizations have been unable to prevail upon the carriers to comply with the stabilization features of the agreement.

The decrease in railroad employment continued until April 1933, when it reached the lowest point in recent history—a "low" of less than 1,000,000 men. Notwithstanding the reduction in hours, increases in wages, and increase in employment in other industries, railroad employment today, I am informed, is nearly as low as it was in the spring of 1933.

While the railroad workers are being subjected to this kind of treatment, what have we done for the bondholders of the railroads so that they could collect their interest?

First, the Interstate Commerce Commission granted the railroads a large increase in freight rates. I do not know what the sum of money collected under the increase amounted to, but it must have amounted to an immense sum.

Then the Reconstruction Finance Corporation has advanced to the railroads over $400,000,000.

Then the Congress repealed the recapture clause of the Transportation Act, thus giving to the railroads $355,000,000 more. That money belonged to the Federal Treasury.

The Government then has increased the railroads' compensation for carrying the mails by $40,000,000 a year.

We have here a total taken out of the employees of the railroads, out of the Federal Treasury, and the taxpayers of the country amounting to almost $1,000,000,000, for the benefit of the bondholders of the railroads.

Mr. BORAH. Mr. President, has the Senator figures showing the increased income or earnings of the railroads?

Mr. SHIPSTEAD. I only have an estimate. It was estimated about 2 months ago that the increased earnings out of the regular business, not counting what was received as a result of the abolishment of the recapture clause and a few other items, amounted to about $500,000,000 this year.

Mr. BORAH. How much is the reduction proposed in wages?

Mr. SHIPSTEAD. Fifteen percent. A 10-percent reduction has already been made.

Mr. BORAH. Perhaps the railroads are following the example of the Government, which reduced the pay of employees of the Government 15 percent.

Mr. SHIPSTEAD. I presume they are. Many people took their cue from the action of the Government when the Government reduced the salaries and wages of employees.

The bondholders and the railroads themselves have contributed nothing to this increase; they collect the increase of income. The bondholders still get their interest. If they have to go to the taxpayers' pocket and get it, they get their interest. If they have to take it out of the poor employee, they get their interest. Everyone is sacrificed in order that those who hold the bonds of an overcapitalized debt structure shall get their interest. That is the wage of capital. It is evidently carrying out the theory that the wages of capital are sacred and must not be interfered with but must be paid whether earned or not. It is the old theory that the poor shall support the rich, and that they shall not only support the rich but the poor shall furnish the moneys out of their earnings to pay for the mistakes of the rich. This is not redistribution of wealth but further concentration in the hands of the few.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment. [Putting the question.] The "noes" seem to have it.

Mr. McCARRAN. I ask for the yeas and nays.

The yeas and nays were not ordered.

Mr. McCARRAN. I ask for a division.

On a division the amendment was rejected.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had disagreed to the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes; agreed to the conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ARNOLD, Mr. LUDLOW, Mr. BOYLAN, Mr. TABER, and Mr. McLEOD were appointed managers on the part of the House at the conference.

ENROLLED BILLS SIGNED

The message also announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 890. An act for the relief of Henry M. Burns;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama;

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr.;

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.;

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.;

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; and

H.R. 7928. An act to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes.

The PRESIDING OFFICER. The clerk will state the next amendment of the committee.

The next amendment was, on page 16, line 20, after the word "Commission", to strike out "$5,305,970" and insert "$4,779,620", so as to make the clause read:

In all, salaries and expenses, Interstate Commerce Commission, $4,779,620.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. BYRNES. Mr. President, I did not catch what the clerk read. My understanding was that all the committee amendments had been adopted on Thursday last with the exception of the two amendments now disposed of; that is, all of the committee amendments down to the so-called "economy provisions" of the bill.

The PRESIDING OFFICER. The Chair will state to the Senator from South Carolina that all committee amendments have been disposed of at this time up to the economy provisions of title II, with the exception of one committee amendment on page 17, lines 9 and 10, which has not as yet been acted upon. The amendment will be stated.

The CHIEF CLERK. On Page 17, line 9, after the word "Commission", it is proposed to strike out "$5,430,970" and insert "$4,904,620", so as to read:

Total, Interstate Commerce Commission, $4,904,620.

The PRESIDING OFFICER. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

Mr. LOGAN. Mr. President, I want to make an inquiry concerning the amendments just adopted. We have agreed to two amendments I believe that ought to have been rejected in view of the fact that we rejected the amendment that was argued by the Senator from Nevada, which proposed to reduce the amount appropriated for the valuation of the railroads from $1,052,700 to $526,350. The next amendment reduced the total for salaries and expenses by $500,000, and the amendment which has just been adopted reduced the grand total for the Interstate Commerce Commission by $500,000. So it seems to me, if we desire to act consistently we ought to reject these two amendments.

Mr. McKELLAR. Mr. President, of course, the amendments should be rejected, as stated by the Senator from Kentucky. There was a misapprehension on the part of the Senate, I am sure, and I trust the action may be reconsidered.

The PRESIDING OFFICER. Without objection, the votes by which the amendments on page 16, line 20, and on page 17, lines 9 and 10, were agreed to will be reconsidered, and, without objection, the amendments are rejected. That completes the committee amendments up to the economy provisions.

Mr. McCARRAN. Mr. President, I have an amendment at the desk which I desire to call up at this time.

Mr. BYRNES. Mr. President, under the unanimous-consent agreement, committee amendments, as I understood, were to be considered first.

The PRESIDING OFFICER. The Chair understands the Senator from Nevada desires to offer an amendment to the committee amendment. Is the Chair in error as to that?

Mr. McCARRAN. My amendment goes to the paragraph pertaining to the 15-percent salary reduction, and not to the portion of the bill affecting the veterans.

The PRESIDING OFFICER. Then, the Chair will state that under the order under which the Senate is now proceeding committee amendments are to be first considered.

Mr. McCARRAN. The committee amendment deals with the very subject of my proposed amendment.

The PRESIDING OFFICER. After the committee amendment shall have been reported, it will be in order for the Senator to offer his amendment as an amendment to the committee amendment or as a substitute for the committee amendment.

Mr. McCARRAN. Very well.

The PRESIDING OFFICER. The Chair will state to the Senator from Nevada that his amendment will be in order after the disposition of the perfecting amendment which is now pending.

Mr. McCARRAN. If the committee amendment printed in italics on page 31 should be adopted, my amendment would have no place whatever. My amendment should either come in as a substitute for the committee amendment at this place or be otherwise dealt with as an individual amendment.

The PRESIDING OFFICER. The Chair will state to the Senator from Nevada that his amendment, as the Chair understands, proposes to strike out a considerable portion of the House text beginning on page 30, line 20, and continuing through two successive pages. That amendment would not be in order until the perfecting amendment reported by the committee shall have been disposed of, but would then be in order even if the committee amendment should be adopted.

Mr. McCARRAN. If I understand the Chair's ruling correctly, I am entirely content with it, but it does seem, perhaps, just a little inconsistent. The Chair will bear with me, due to my lack of knowledge of the technical rules, but it seems to me if the amendment reported by the committee should be adopted that my proposed amendment would be out of order entirely, because it would not then be applicable at the point indicated; but, if the Chair rules——

The PRESIDING OFFICER. To what committee amendment is the Senator from Nevada referring?

Mr. McCARRAN. I am referring to the committee amendment on page 31, commencing in line 5 and extending to line 10. If that amendment should be adopted, it seems to me that would dispose of my amendment entirely.

Mr. HATFIELD. Mr. President——

Mr. McCARRAN. I yield to the Senator from West Virginia.

Mr. HATFIELD. Will the Senator be kind enough to restate the page and number?

Mr. McCARRAN. The amendment comes in title II on page 31.

Mr. HATFIELD. And the Senator's amendment has for its purpose doing away with the 15-percent cut in the salaries of Federal employees?

Mr. McCARRAN. Yes, sir; as of July 1.

Mr. HATFIELD. I will say to the Senator that I have a like amendment which is embodied in an amendment offered respecting the veterans; but I am quite willing to forego my amendment and support the amendment of the Senator from Nevada if it proposes to accomplish the same purpose. I have no special pride in championing my amendment save and except to do justice to the Federal employees and correct an injustice brought about by the passage of the Economy Act.

The PRESIDING OFFICER. The Chair will state that confusion has arisen because of the fact that the amendment of the Senator from Nevada is not at the desk. Will the Senator send up his amendment?

Mr. McCARRAN. Certainly, I will; but it is my recollection that I filed it with the clerk, although I may be in error.

Mr. DICKINSON. Mr. President, may I inquire whether or not there is before the Senate now the amendment on page 31 of the economy provisions of the bill?

The PRESIDING OFFICER. The amendment has not been reported as yet, the Chair will say to the Senator from Iowa. The amendment will now be stated.

The CHIEF CLERK. At the top of page 31 it is proposed to strike out:

(2) Section 3 (b) is amended by inserting before the period at the end thereof the following: "during the fiscal year ending June 30, 1934, and shall not exceed 10 percent during the fiscal year ending June 30, 1935."

And insert:

(2) Section 3 (b) is amended by striking out "15 percent" and inserting in lieu thereof the following: "10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, and shall not exceed 5 percent during the fiscal year ending June 30, 1935."

Mr. DICKINSON. Mr. President, my understanding is that this is a perfecting amendment and that the proposal to strike out the entire provision will come after the committee amendments shall have been considered?

The PRESIDING OFFICER. That is the understanding of the Chair.

Mr. McCARRAN. That is my understanding.

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

The next amendment of the committee was, on page 31, line 23, after the figures "1935", to strike out "(but not with respect to the fiscal year ending June 30, 1934)", and on page 32, line 1, after the word "thereof", to strike out "10 percent", and at the end of such subsection, before the period, by inserting the following: *"Provided,* That during such portion of the fiscal year 1935 as the percentage of reduction applicable to officers and employees of the Government generally is lower than 10, such lower percentage shall be applicable in lieu of the percentage specifically named herein", and in lieu thereof to insert: "the percentage of reduction applicable to officers and employees of the Federal Government generally. In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally", so as to read:

(b) Section 105 (relating to the salaries of the Vice President, Speaker of the House, Senators, Representatives, Delegates, Resident

Commissioners, and persons on the rolls of the Senate or House of Representatives) of the legislative appropriation act, fiscal year 1933 (except subsections (d) and (e) thereof), as continued and amended by section 4 of title II of such act of March 20, 1933, is hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such section, in the application of such section with respect to the fiscal year ending June 30, 1935, the figures "1933" shall be read as "1935"; except that in the application of such section with respect to the fiscal year ending June 30, 1935, subsection (a) is amended by striking out "15 percent" wherever it appears and inserting in lieu thereof "the percentage of reduction applicable to officers and employees of the Federal Government generally." In the application of such section with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on agreeing to the committee amendment.

The amendment was agreed to.

The next amendment was, on page 33, line 10, after the figures "1935", to strike out "(but not with respect to the fiscal year ending June 30, 1934)", and in line 13, after the word "generally" and the period, to insert "in the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally", so as to read:

(c) Section 107 (except par. (5) of subsec. (a) thereof and subsec. (b) thereof) of part II of the Legislative Appropriation Act, fiscal year 1933 (relating to certain special salary reductions); section 12 (relating to compensation reductions of officers and employees of insular possessions), section 13 (relating to the retired pay of certain judges, section 14 (relating to reduction in compensation benefits to certain civilian employees), and section 15 (relating to reductions in certain private pensions) of the Independent Offices Appropriation Act, 1934; and section 18 (relating to pensions for military service prior to the Spanish-American War) of title I of such act of March 20, 1933, are hereby continued in full force and effect for the fiscal year ending June 30, 1935, and for the purpose of continuing such sections with respect to the fiscal year ending June 30, 1935, the figures "1933" (except in such secs. 13, 14, and 15) shall be read as "1935" and the figures "1934" shall be read as "1935"; except that in the application of such sections 12, 13, and 18 with respect to the fiscal year ending June 30, 1935, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally. In the application of such sections 12, 13, and 18 with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

The amendment was agreed to.

The next amendment was, on page 34, after line 12, to insert:

(e) There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this subsection. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years.

The amendment was agreed to.

The next amendment was, on page 36, after line 18, to strike out lines 19 to 25, both inclusive, and, on page 37, to strike out lines 1 to 11, both inclusive.

Mr. McCARRAN. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Brown	Copeland	Fletcher
Ashurst	Bulkley	Costigan	Frazier
Austin	Bulow	Couzens	George
Bachman	Byrd	Cutting	Gibson
Bailey	Byrnes	Davis	Glass
Bankhead	Capper	Dickinson	Goldsborough
Barbour	Caraway	Dieterich	Gore
Barkley	Carey	Dill	Hale
Black	Clark	Duffy	Harrison
Bone	Connally	Ericksen	Hastings
Borah	Coolidge	Fess	Hatch
Hatfield	McKellar	Reed	Thomas, Okla.
Hayden	McNary	Reynolds	Thomas, Utah
Hebert	Metcalf	Robinson, Ark.	Thompson
Kean	Murphy	Robinson, Ind.	Townsend
Keyes	Neely	Russell	Trammell
La Follette	Nye	Schall	Tydings
Logan	O'Mahoney	Sheppard	Vandenberg
Lonergan	Overton	Shipstead	Van Nuys
Long	Patterson	Smith	Wagner
McAdoo	Pittman	Steiwer	Walsh
McCarran	Pope	Stephens	White

The PRESIDING OFFICER. Eighty-eight Senators having answered to their names, a quorum is present. The question is on agreeing to the committee amendment.

Mr. BORAH. Mr. President, may I ask what is the pending amendment?

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. The amendment of the committee is, on page 36, after line 18, to strike out:

(1) Section 201 (suspending automatic increases in compensation) of part II of the Legislative Appropriation Act, fiscal year 1933, is amended by inserting at the end thereof the following: "During the fiscal year ending June 30, 1935, in the case of the commissioned and warrant personnel of the services mentioned in the Pay Adjustment Act of 1922, the compensation to which the reduction of compensation under section 2 of title II of the act of March 20, 1933, as continued for the fiscal year ending June 30, 1935, shall be applied shall include pay and allowances which would have accrued by reason of promotion in rank but for the suspension of automatic increases in compensation by reason of promotion under this section, if such promotion occurred after June 30, 1932, but before July 1, 1935, but in calculating pay and allowances of the rank to which promoted service after June 30, 1932, and before July 1, 1935, shall not be included. This amendatory provision shall not authorize the payment of back compensation."

And in lieu thereof to insert:

(1) Section 201 (suspending automatic increases in compensation of part II of the Legislative Appropriation Act, fiscal year 1933, is amended by inserting at the end thereof the following: "This section shall not apply during the fiscal year ending June 30, 1935, except to the extent that it suspends the longevity increases provided for in the tenth paragraph of section 1 of the Pay Adjustment Act of 1922. This amendment shall not authorize the payment of back compensation."

The PRESIDING OFFICER. The question is on agreeing to the committee amendment.

The amendment was agreed to.

The PRESIDING OFFICER. That completes the committee amendments.

Mr. BYRNES. Mr. President, I offer the amendment which I send to the desk and ask to have read.

Mr. O'MAHONEY. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Wyoming?

Mr. BYRNES. I do.

Mr. O'MAHONEY. May I ask the parliamentary status of this amendment? It is my purpose to offer an amendment to be added at the conclusion of the amendment which has just been adopted. Would it be in order at this time, or after the amendment of the Senator from South Carolina shall have been acted upon?

Mr. BYRNES. Mr. President, if the Senator will permit my amendment to be read at the desk, I think I can then explain to him the situation. I hope it will be agreed to by the Senate.

The PRESIDING OFFICER. The amendment offered by the Senator from South Carolina will be stated.

The CHIEF CLERK. On page 38, after line 14, it is proposed to insert:

SEC. 24. Notwithstanding the provisions of Public Laws Nos. 2 and 78, Seventy-third Congress, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, shall be payable from the date of passage of this act to the date of decision by the Board of Veterans' Appeals in all cases disallowed by the Special Boards of Review authorized under section 20 of Public Law No. 78, Seventy-third Congress: *Provided*, That the Board of Veterans' Appeals is hereby authorized and directed to review all such cases at the earliest practicable date: *Provided further*, That the Administrator of Veterans' Affairs is hereby authorized and directed to develop such cases by correspondence and investigation to the end that all available material evidence shall be secured and made a part of the claim before decision by the Board of Veterans' Appeals is rendered: *Pro-*

vided further, That in those cases where, as a result of the review, service connection is granted by the Board of Veterans' Appeals, pension shall be payable, effective July 1, 1933, at the war-time service-connected rates under Public Laws Nos. 2 and 78, Seventy-third Congress, subject to deduction of the amount of pension paid for any period subsequent to June 30, 1933.

SEC. 25. That section 6 of Public Law No. 2, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"SEC. 6. The Administrator of Veterans' Affairs is hereby authorized within the limits of Veterans' Administration facilities to furnish medical and hospital treatment for diseases or injuries and domiciliary care for permanent disabilities, in the following order of preference and subject to the following requirements:

"(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection, who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and to any other person entitled to pension for disease or injury incurred in line of duty during the World War when in need of hospital treatment for such injury or disease;

"(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living."

Mr. BYRNES. Mr. President, I advised the members of the Appropriations Committee that I should make a motion to suspend the rules when the bill was reported to the Senate. I now make that motion and ask unanimous consent that the motion be temporarily laid aside in order that other amendments to the economy provisions of the bill my be considered.

Mr. McNARY. Mr. President, is that conformable to the action of the committee?

Mr. BYRNES. No, Mr. President; it is not. As an individual member of the committee, I advised the committee that I should move to suspend the rules, and in accordance with that statement to the committee I have made the motion. I think, however, that it really would be more in order if we should consider amendments to the economy title in the order in which the sections appear. The first provisions refer to the matter of clerk hire, and I know that there are a number of Members of the Senate who desire to offer amendments of that nature. I therefore ask unanimous consent that my motion to suspend the rules be temporarily laid aside.

Mr. McNARY. As I understand the situation, the Senator from South Carolina asks unanimous consent to suspend the rules, to which I have no objection.

Mr. BYRNES. No, Mr. President; I did not ask unanimous consent. In accordance with the notice of the motion to suspend the rules, I had it read; but I ask that that motion be not acted upon at this time in order that we may consider amendments that are to be offered to the other provisions of the bill, and, when we are through, that we then take up the veterans' proposals.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

Mr. HATFIELD. Mr. President, will the Senator from South Carolina yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from West Virginia?

Mr. BYRNES. I do.

Mr. HATFIELD. What is the purpose of the Senator's amendment that has just been read at the desk? Is it in keeping with the promulgations made by the President in the last regulations?

Mr. BYRNES. Mr. President, I should prefer not to go into an explanation of the amendment at this time, because it would be a lengthy one. On the contrary, I ask unanimous consent that we may lay aside my motion, in order that amendments to the other sections of the bill may be first considered; and then, in an orderly way, we may take up the veterans' proposals and consider them.

The PRESIDING OFFICER. There being no objection, the unanimous-consent agreement requested by the Senator from South Carolina is entered into.

Mr. DICKINSON. Mr. President, in compliance with the suggestion of the Senator from South Carolina, I offer an amendment to the first section of the economy provisions.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. On page 30, beginning with line 20, it is proposed to strike out through line 14 on page 38, and to insert in lieu thereof the following:

SEC. 21. Section 3 (b) of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: "except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934."

Mr. DICKINSON. Mr. President, this brings into the open the entire pay of Federal employees. It repeals the provisions of the Economy Act effective July 1, 1934. It reduces the discount from 15 percent to 10 percent between February 1 and July 1 of 1934. Following that time the provisions of the Economy Act, so far as they affect Federal employees, are repealed.

I think there are very good reasons for that.

In the first place, we have the cost of living. It is on the increase. We are admitting that it is already on the increase by saying that we ought to decrease the percentage discount by 5 percent between now and July 1, and then the committee provision says that we ought to reduce the discount another 5 percent, which leaves only 5 percent effective after July 1.

The other provisions have to do with other phases of the work of civil-service employees of the Government. What are they? Automatic promotions, administrative promotions, the leave, and all the other privileges that were taken away from the Federal employees under the Economy Act that was passed sometime ago.

Why is this proposal made? If there is one system of employment in the United States that is being wrecked it is the Government employment service. As a matter of fact, what is happening is that the Civil Service employees do not know what their status is going to be. They do not know what the future has in store for them. If we are going to ask every industry in the United States to increase wages and to shorten hours, why should we continue to say to the Federal employees, "You can work overtime, and we are still going to reduce your pay."

In other words, the greatest violator of the N.R.A. at the present time is the Federal Government itself. The Federal Government is the employer of labor that has not complied with the N.R.A. in any way, shape, or form.

There is another reason why we ought to restore this pay. Our dollar is not buying as much as it has bought heretofore. So we have, first, the reason that we are accepting for the Federal Government a rule that is contrary to what we are asking industry to do. In the second place, we have the increased cost of living. In the third place, we have the decrease in the purchasing power of the dollar under the new fiscal system under which we are now operating.

I do not believe we can afford to be put in the position of asking the private interests of this country to do one thing and then of having the Government follow another practice so far as it is concerned.

This amendment has to do only with Federal employment. It looks as though we are striking out a great deal of the

bill. Practically all of the provisions that are stricken out are carried in the bill for the purpose of making effective the 5-percent discount and the other provisions of the Economy Act that we are attempting to carry on beyond July 1.

What would this amendment do, Mr. President? It simply provides that the reduction after February 1 shall be only 10 percent. It provides that after July 1 all the provisions of the Economy Act, as that act affects Federal employees shall be repealed.

Senators know the facts just as we do. I believe that the time has come when we ought again to reassure the civil-service employees of this Government that we are no longer going to subject them to hardships which we do not impose upon any other industry in the country. In fact, we are asking them to operate under rules which are absolutely the reverse of the things we are asking private industry to do.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. HATFIELD. In other words, the Senator's amendment would fully carry out the effect of the amendment I offered on January 11. The only difference between the two is that my amendment would take effect soon after its adoption; the Senator's amendment would take effect fully on July 1.

Mr. DICKINSON. That is correct, with this exception, that my amendment would provide for a 5-percent restoration February 1, and the entire restoration July 1.

Mr. HATFIELD. The Senator's amendment would further take care of the status of the Federal employees as they enjoyed it before the adoption of the Economy Act?

Mr. DICKINSON. That is exactly correct.

Mr. HATFIELD. I thank the Senator.

Mr. DICKINSON. I want to suggest one or two things regarding automatic promotions and administrative promotions. In the first place, automatic promotions in the Army, in the Navy, and in the other Federal services, have been something which the Federal employees and the enlisted personnel of the Army and Navy thought was an assured guarantee, so that they could make their plans for the future, so that they could go into the service and expect that, at the end of faithful service for a certain length of time, they would get certain advances in salary.

The provisions of the Economy Act just deadlocked that whole provision of the law. We said to a man, "You can serve the length of time prescribed, but you cannot have your increase of pay." We said to the Federal employees, "You may serve efficiently and have splendid efficiency ratings, but you are not going to have the automatic promotions which the basic law has guaranteed since its enactment some years since."

The result has been that we are no longer encouraging the Federal employee to be efficient. He says, "I have simply to carry along in the status in which I find myself. I am deadlocked by the provisions of the law."

We have also said, "You cannot have any administrative promotions." So a man may go into the service in one grade and be just as effective and efficient as he possibly could be, rendering the Government wonderful service, but at the end of the period when he should be entitled to an administrative promotion he must remain absolutely in the status in which he is.

We cannot fill vacancies; we cannot adjust our personnel; we cannot make any administrative promotions, and there are no automatic promotions. So that we have absolutely taken the very heart and soul out of the Federal service; so far as efficiency and effectiveness are concerned.

If it were not for the fact that we are asking industry to adopt just the other type of program, if it were not for the fact that the Federal Government is the greatest employer of labor in the world, we might justify ourselves in continuing the present program. I do not believe that under present conditions we can justify it; and the manly thing for us to do is to repeal these provisions and say to the Federal employee that on July 1 we are going to restore him to the status he had before the Economy Act was passed.

It may seem that my amendment would result in striking out a good deal of the bill. All these provisions simply have to do with carrying on from July 1 the provisions of the Economy Act to which I have referred. Therefore, when we strike them out we take nothing from the bill that is effective, but we simply say to the Federal Government employee, and to the Army personnel and to the Navy personnel, and to all the other personnel in the Government where the automatic promotion was deadlocked by the economy act, "You are restored to your original status." For that reason I believe this amendment should be agreed to.

Mr. President, it is admitted by the amendments already adopted on the floor of the Senate that all of the pay cuts should be restored except 5 percent. Under the type of financing in vogue in our country today, it seems to me that is mere pocket change. Why should we be standing out in the name of economy on a 5-percent reduction, when, on the other hand, money is being used for practically every purpose on earth and is being furnished by the Government at the expense of the taxpayer?

It is my thought that the thing to do is to restore the status of the Federal worker so that he may have the assurance, if this amendment shall be agreed to, that on July 1 he will be restored to his original status and that he will draw his pay according to the basic law. If we shall do that, we will begin, I believe, to restore some morale in the personnel of the Government employment.

Let me make one more suggestion. We have found that many activities have been curtailed on account of lack of funds. Civil Service employees were thrown out of employment. They were even given extensive furloughs or indefinite furloughs and were compelled to go on the outside and obtain additional employment in order to make a livelihood. On the other hand, we find that in all the new bureaus which have been set up a civil-service status has not been required. What has been the result? Ten or twelve thousand faithful employees are out of jobs, not able to get employment, are separated from the Federal roll, while we find all these emergency bureaus are being personneled with people having no civil-service eligibility. That is another thing that is destroying the morale of the Federal employment at the present time.

Mr. President, I hope the amendment will be agreed to. It would not mean a great additional sum. I find that automatic promotions save the Government only some $3,000,000. Why should we be deliberating here long on an item of that kind, at the expense of both the efficiency and morale of the Federal service? I contend that the only equitable thing to do is to restore the Federal employee to his original status, and do it on July 1.

The question of whether or not additional appropriations will be required can be determined in the framing of a deficiency bill. We need not pay any attention to that at the present time. As a matter of fact, the different bureaus can run along for a while, if necessary, without any restoration of funds. Therefore, there is no reason why the policy should not be determined now as to whether the Senate of the United States is in a frame of mind where it wants to do justice and equity to those who have dedicated their lives to public service and want to be treated the same as the other personnel and other employees are now being treated in the United States.

Mr. VANDENBERG. Mr. President, might it be said, in a word, that the Senator's amendment has a Blue Eagle on it?

Mr. DICKINSON. It is a little embarrassing for me to be advocating anything which involves endorsing the Blue Eagle. On the other hand, the amendment carries out the very policies of the Blue Eagle which have been advocated here, which have been denied Federal employees, although it has been insisted that the Blue Eagle policies be carried out in private industry.

Mr. LONG. Mr. President, I think the Senator is highly in error there. He is not proposing to put a Blue Eagle on this amendment.

Mr. DICKINSON. I would not put a Blue Eagle on anything. I would take the Blue Eagle off everything that now has it on, if I had my way.

Mr. LONG. As I understand, the Senator is trying to restore Government employees to the status in which they were supposed to be before the Government started out with the Blue Eagle.

Mr. DICKINSON. That is exactly correct.

Mr. LONG. In other words, I might say that what we first did was to reduce the salaries of Government employees, and then we cut the value of the dollar they were getting to 59 cents.

Mr. DICKINSON. Then we increased the cost of living 23 percent.

Mr. LONG. When we get this pay restoration in effect, they will still be out 41 cents on the dollar.

Mr. DICKINSON. That is correct.

Mr. LONG. In other words, we will have to restore this 15 percent so that the employee will still have 41 cents less.

Mr. DICKINSON. That is correct.

Mr. LONG. That is my understanding. Of course I cannot figure as fast as these things go. [Laughter.]

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. HATCH in the chair). Does the Senator from Iowa yield to the Senator from West Virginia?

Mr. DICKINSON. I yield.

Mr. HATFIELD. The increase in the cost of living in the industrial section of West Virginia is 64 percent, I may say to the Senator.

Mr. DICKINSON. That is the highest percentage I have heard of, but I read some figures the other day to the effect that the general cost of living was about 23 percent in advance of what it had previously been. I think it varies in different localities. The percentage stated by the Senator is the highest of which I have heard.

Mr. HATFIELD. I think it is correct, however. That is truly an industrial section of this country, of course.

Mr. LONG. Mr. President, one further matter. We have not cut the hours of labor of the Government employees, have we?

Mr. DICKINSON. Not at all.

Mr. LONG. In other words, we not only did not raise their pay, but we cut their pay, we cut 41 cents out of their dollar, and we did not shorten their hours, so I think we ought to put the Blue Eagle on this thing. I differ from my friend. I think we ought to put the Blue Eagle on the Postal Service.

Mr. DICKINSON. The only trouble is that if the Senator from Louisiana insists on putting the Blue Eagle on this amendment I shall have to desert the amendment in order to be consistent.

Mr. President, I think I have said about all I want to say. This is a clean-cut proposition as to whether the Senate wants to restore the Federal employees to their original status or not. It is a clean-cut proposition as to whether or not the Government wants to do with its employees as it is asking every industry in this country to do with their employees. I believe that the Federal employee is entitled to that privilege. I believe we ought to adopt this amendment and give him a restoration of his pay and give him his original status.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. O'MAHONEY. I suggest the absense of a quorum, and ask for a roll call.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bailey	Black	Bulkley
Ashurst	Bankhead	Bone	Bulow
Austin	Barbour	Borah	Byrd
Bachman	Barkley	Brown	Byrnes
Capper	Frazier	Long	Sheppard
Caraway	George	McAdoo	Shipstead
Carey	Gibson	McCarran	Smith
Clark	Glass	McKellar	Steiwer
Connally	Goldsborough	McNary	Stephens
Coolidge	Gore	Murphy	Thomas, Okla.
Copeland	Hale	Neely	Thomas, Utah
Costigan	Harrison	Nye	Thompson
Couzens	Hatch	O'Mahoney	Townsend
Cutting	Hatfield	Overton	Trammell
Davis	Hayden	Patterson	Tydings
Dickinson	Hebert	Pittman	Vandenberg
Dieterich	Johnson	Pope	Van Nuys
Dill	Kean	Reynolds	Wagner
Duffy	Keyes	Robinson, Ark.	Walsh
Erickson	La Follette	Robinson, Ind.	White
Fess	Logan	Russell	
Fletcher	Lonergan	Schall	

The PRESIDING OFFICER. Eighty-six Senators have answered to their names. A quorum is present.

Mr. ROBINSON of Indiana. Mr. President, I desire to address an inquiry to the Senator from Iowa [Mr. DICKINSON] with reference to the amendment. I am wondering why we could not restore the entire 15-percent slash from the Federal employees immediately, instead of waiting for July 1.

Mr. DICKINSON. Of course, the fiscal year ends July 1. The appropriations are made with 15-percent reductions, with the result that the deductions are automatically covered into the Treasury, and although I would not say it could not be done, it would be a complicated process to return the entire 15 percent before the end of the fiscal year.

Mr. ROBINSON of Indiana. Mr. President, does the Senator's proposal now make provision for restoring 5 percent immediately?

Mr. DICKINSON. It restores 5 percent starting February 1 and ending July 1. Then it restores the whole 15 percent July 1, and in addition to that removes all the restrictions against automatic promotions, administrative promotions, filling of vacancies, leave, and the other restrictions imposed upon the Federal employees by the Economy Act. In other words, it repeals the economy act effective July 1.

Mr. ROBINSON of Indiana. I thank the Senator.

Mr. McCARRAN. Mr. President, I have an amendment at the desk which in the regular order should precede the amendment of the Senator from Iowa. I offer it at this time and ask to have it read.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. On page 30, beginning with line 20, it is proposed to strike out through line 2 on page 35 and insert in lieu thereof the following:

SEC. 21. (a) Section 3 (b) of title II of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, is amended by inserting before the period at the end thereof a comma and the following: "except that such percentage shall not exceed 10 percent during the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934".

(b) In the application of section 105 (a) (relating to the salaries of the Vice President, the Speaker of the House, Senators, Representatives, Delegates, and Resident Commissioners) of the Legislative Appropriation Act, fiscal year 1933, and sections 12 (relating to compensation reductions of officers and employees of insular possessions) and 13 (relating to the retired pay of certain judges) of the Independent Offices Appropriation Act, 1934, with respect to the portion of the fiscal year 1934 beginning February 1, 1934, and ending June 30, 1934, the percentage of reduction shall be the percentage applicable to officers and employees of the Federal Government generally.

SEC. 22. There is hereby appropriated so much as may be necessary for the payment of sums due, and payable out of the Treasury of the United States, by reason of the diminution under this title in the percentage of reduction of compensation, and other amendments to existing laws made hereby; and limitations on amounts for personal services are hereby respectively increased in proportion to the increase in appropriations for personal services made in this section. In the case of officers and employees of the municipal government of the District of Columbia, such sums shall be paid out of the revenues of the District of Columbia and the Treasury of the United States in the manner prescribed by the District of Columbia appropriation acts for the respective fiscal years.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Nevada [Mr. McCARRAN].

Mr. McCARRAN. Mr. President, I offer the amendment at this time. Being a perfecting amendment and being

within and of lesser extent than that offered by the learned Senator from Iowa, it should have precedence, as I understand the rule of procedure.

The PRESIDING OFFICER. The Chair rules that it is in the nature of a perfecting amendment and has precedence at this time. The question is on the amendment of the Senator from Nevada.

Mr. BYRNES and Mr. BORAH addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield; and if so, to whom?

Mr. McCARRAN. I yield first to the Senator from South Carolina.

Mr. BYRNES. I thought the Senator had yielded the floor. I wanted the floor in my own right.

Mr. BORAH. Mr. President——

Mr. McCARRAN. I yield to the Senator from Idaho.

Mr. BORAH. Is the Senator going to explain the effect of his amendment?

Mr. McCARRAN. I am going to do so as best I can.

Mr. BORAH. May I ask the Senator a question?

Mr. McCARRAN. Yes.

Mr. BORAH. As I understand, paragraph (b) of the Senator's amendment provides the same increase in the salaries of Senators, Representatives, and Delegates in Congress as it does in the case of Government employees?

Mr. McCARRAN. Yes, sir.

Mr. BORAH. At the proper time I shall move to strike out——

Mr. ROBINSON of Indiana. That is to say, if the Senator's amendment should be accepted——

Mr. McCARRAN. If I may explain, I will say that all those who bore the cut in any capacity will have their salaries restored in accordance with the restoration in the case of the lesser employees who bore the cut, if that is plain.

Mr. BORAH. Mr. President, will the Senator accept an amendment to strike out paragraph (b)?

Mr. McCARRAN. I should like to have the Senator suggest the object he has in mind by the motion to strike out.

Mr. BORAH. I desire to exempt the salaries of the officers named in the section from the operation of the amendment providing the increase.

Mr. McCARRAN. That is, Members of the Congress?

Mr. BORAH. Yes; those who are drawing the higher salaries.

Mr. McCARRAN. I regret that it is impossible for me to hear the Senator from Idaho.

The PRESIDING OFFICER. The Senate will be in order.

Mr. BORAH. In other words, I desire to limit the restoration of the percentage to those drawing the small salaries.

Mr. McCARRAN. I will be willing to modify my amendment to the extent of eliminating Members of the Congress so that they shall not enjoy the increase.

Mr. ROBINSON of Indiana. The Vice President and the Speaker of the House should also be included, if the Senator will permit me to interrupt him.

Mr. McCARRAN. Yes; I will be willing to accept such an amendment at any time, so far as I am concerned.

Mr. BORAH. That is to say, as to the persons covered by that paragraph (b)?

Mr. McCARRAN. I am willing to accept the amendment so that the Members of Congress shall not receive the benefit. I am entirely content with that, although my object in offering the amendment in its present form was that the restoration should be uniform throughout as the reduction was made uniform when it was applied. I am entirely content, however, to accept an amendment that will eliminate the Members of Congress from enjoying the benefits of the increase and make it apply only to those who are not Members of Congress, including the Vice President and the Speaker of the House.

Mr. DICKINSON. Mr. President, will the Senator yield?

Mr. McCARRAN. I yield.

Mr. DICKINSON. When the Senator eliminates the first paragraph of section 2 there is nothing left of my amendment with the exception of the adjustment of the appropriation.

Mr. McCARRAN. If I understand the Senator's amendment correctly, it practically repeals the economy law?

Mr. DICKINSON. Only so far as Federal employees are concerned.

Mr. McCARRAN. To that full extent it does repeal it, because the Senator's amendment deals with promotions; it deals with the scales of salaries that run with promotions, while my amendment deals squarely with the 15-percent reduction.

I wish to dwell upon that exclusively and entirely, and if the Senator from Iowa, following action on my amendment, desires to have the matter in his amendment considered, in my judgment, he will then have a place. The Chair has ruled on the question, and, if I may discuss the amendment, I will gladly do so at this time.

Mr. President, a nation lives by the contentment of its people. Whenever any number of the people are discontented by reason of the burdens that are imposed upon them, then, to that extent, the security of the nation is threatened. What can be more conducive to contentment than that the laboring class, those who toil, may have the wherewith to meet the obligations that come to them in everyday life? Whenever and wherever those employed find themselves unable to meet the ordinary obligations of life, then there is discontent in the very sources from which the Government must derive its greatest security.

Today one class of the great private employers of the country, the common carriers, are asking to reduce the wages of their employees to the extent of 15 percent, and from the Executive Mansion there comes, if we may believe the columns of the press, the advice and request that such a reduction shall not prevail. Why? Because the millions employed in transporting the commerce of the Nation would be discontented, because there would be greater hardship where hardship already prevails. But where can there be a greater hardship or a greater lack of contentment than in the walks of life where are to be found those who toil for the Government itself?

Let us go into those avenues for just a moment. What pay cut does the Federal employee suffer today? You and I, Mr. President, whose basic salary is $10,000 a year, have sustained a pay cut of 15 percent, but that is the limit of our pay cut. How about the employee who, together with a 15-percent pay cut, receives an enforced furlough of anywhere from 2 to 9 days a month without salary? What are we going to say as to the cut that prevails with reference to the employee who is forced out of work although willing to work?

Mr. President, it has been estimated that the average cut of the Federal employee today is approximately 23 percent. While the average cut in the upper brackets may be somewhat less, and as to Members of Congress it is only 15 percent, how about the employee who suffers a reduction of from 23 to 25 percent? In the first place, Mr. President, when you and I and the world at large were enjoying increases of income until October 1929, when money was flowing our way, when those who enjoyed prosperity and employment with private concerns were receiving the benefits of increased incomes, the Federal employee was receiving no such benefits. He had merely the hope of working on and receiving his stated emolument, and on that program he builded and laid the foundation for his life.

What followed? If he had laid aside a percentage for life insurance out of a monthly budget, if he had laid aside a percentage to send his child to school out of a monthly budget, if he had laid aside a percentage to enjoy some of the good things that other men enjoy, he found himself, when the 15-percent pay cut was enforced, without anything to carry out his program. Then there came to him more hardships. Not alone was his pay reduced 15 percent—and that was a mere trifle, proportionately—but an enforced furlough was placed upon him, so that he could not even earn his salary less the 15 percent.

Mr. President, we are dealing not with those who have great income-tax reports to make about this time of year; we are not dealing with men and women whose earnings are in the upper brackets; we are dealing with those in the lowly walks of life. We are dealing with the man who carries the mail sacks through the snowdrifts when the average citizen will not even sweep off his own sidewalk. We are dealing with the man who has to meet pet dogs at the front door and deliver mail to citizens day in and day out, year in and year out.

We are dealing with the men who work in the navy yards. Let me say something about them. The enforced furlough was placed upon their shoulders, and then what happened? Not only the 15-percent cut came as regards that group of Federal employees, but along with that cut came the enforced furloughs, and following them came what? When there were vacancies in the navy yards and shipbuilding yards of the country, the authorities brought in Civil Works employees to take the place of men who had been off on furlough. What happened then? Inexperience stepped in; men who had never seen the inside of a navy yard before, who did not know a war vessel from a side of sole leather, but who were to be taken care of through the Civil Works Administration, were placed at work at salaries and emoluments in excess of those received by others who had served faithfully for years.

More than that—and the record bears me out in this statement—those who took the place of experienced, trained laborers, who had given the best years of their life to toil for their Government, had had no experience, and those who had no experience became victims of accidents. Accident followed accident. We find today that an amendment is offered by the learned Senator from Arizona [Mr. ASHURST], and fought for here valiantly by him, providing that those injured in civil works may be taken care of by compensation. Those are some of the conditions that have followed in the wake of the economy bill.

Mr. BORAH rose.

Mr. McCARRAN. Does the Senator from Idaho want to interrupt me?

Mr. BORAH. I am not sure that I understand the effect of the Senator's amendment. What part of the 15-percent cut does the Senator's amendment propose to restore?

Mr. McCARRAN. It restores 5 percent as of February 1, and all as of July 1.

Mr. BORAH. That is true with regard to all employees of the Government, whatever their salary may be, except such as the Vice President, the Speaker of the House, and Members of Congress. Does not the Senator think it would be wise to limit the restoration of the 15-percent cut to those whose salaries are not in excess, say, of $5,000?

Mr. McCARRAN. I answer the suggestion of the learned Senator from Idaho with this thought. It is not novel to me. I have pondered for some time whether the restoration should apply to the lower brackets only, as I choose to term them, which expression the Senator will understand. If I may answer the Senator with some thoughts that I hope will be entirely cogent to his query, let me say that each individual lives in a sphere of his own. The man who earns $1,200 a year creates his own sphere of life. He limits his expenditures within his earnings. The man who earns $2,400 a year creates his own sphere of life, and his contentment is encompassed by the things that come within that sphere as he creates it, knowing his earning capacity. The man who earns $5,000 a year likewise creates his own sphere.

With that condition in mind, contentment of those who labor is the uppermost thing. The Senator and I, perchance, we might say, create our own sphere of life, but we live, perhaps, in a different atmosphere and under different conditions. I am entirely content when the time comes, if the Senator sees fit to offer it, to accept an amendment to my proposal to the extent that it shall not affect those who serve in the Halls of Congress. But after a long study of the question, and as best my lights would guide me, it seems to me it would be a mistake to say that we will limit it to any particular bracket of earnings. Rather it belongs to every one of those who labor and toil and serve the Government.

In regard to raising our own salaries, I say eliminate them entirely. That would be entirely satisfactory to me.

Mr. BORAH. I want to ask the Senator another question. The argument of the Senator is very persuasive, but at the same time what we are trying to do is to effectuate as much economy as we can without doing an actual injury to the employees of the Government. Any employee of the Government receiving $1,800, $2,000, or $2,200 a year and having a 15-percent cut in pay, has a real definite situation confronting him. It deprives him and his family of something which they ought to have. But as to the person receiving $5,000 or $6,000, while it may be an inconvenience to have a cut in salary, in all probability it does not deprive him of any of the necessaries of life or any of the things which he actually ought to have.

In view of the fact that we are trying to deal with the subject of economy and effectuate as much economy as possible, it seems to me we ought to adopt the rule of limiting the cut to the higher brackets.

Mr. FESS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Ohio?

Mr. McCARRAN. I yield.

Mr. FESS. If the Senator will permit me, I think he has made a very persuasive statement about each individual creating the sphere in which he lives and which very largely takes up all his income; but I wish the Senator would consider this phase of the question: Frequently expenses are created not by the person who pays the bills but by conditions in which he finds himself where he could not do otherwise. That is especially true of the great professional classes such as teachers and people in similar categories. Instead of the individual being responsible, very largely the cost is made for him rather than by him.

I have sympathy with what the Senator from Idaho [Mr. BORAH] is trying to do and with what the Senator from Nevada has presented, but I think the situation I have suggested ought to be kept in mind.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield?

Mr. McCARRAN. Certainly.

Mr. ROBINSON of Indiana. I find myself agreeing entirely with the Senator from Nevada, if I understand his position. He would be willing to accept an amendment that would continue at the present rate the cut in the pay of Members of Congress, including Members of both Houses, the Vice President, and the Speaker; but all other Government employees would have their pay restored, 5 percent as of February 1 and 15 percent as of July 1.

Mr. McCARRAN. That is my proposal.

Mr. ROBINSON of Indiana. I assume the Senator would also be willing to include members of the Cabinet among those who should continue to suffer the cut the same as Members of Congress, the Vice President, and the Speaker of the House.

Mr. McCARRAN. In that regard I have a peculiar feeling. I do not know very much about the life of a Cabinet officer, but from my limited observation of it I take it that there is nothing in the way of money to be saved out of a Cabinet officer's salary. I do not believe a Cabinet officer ever comes into office expecting to break even with the world at all. I do not see how he could do so. The same thing may be true with reference to Members of Congress. So far as I am concerned, it is true; but I still have hope. A Cabinet officer is tied up by the duties of his office, and, by reason of the everlasting demands that are made upon him, it seems to me he should be classed with those who should have a full restoration of pay.

Mr. ROBINSON of Indiana. After all, the cut is only 15 percent and applies no more to a Cabinet officer than to a Member of the House or a Member of the Senate or the Vice President or the Speaker. It seems to me that they should

all be excluded from the amendment and that all other Government employees should receive the full restoration in pay that is provided for by the Senator's amendment.

Mr. McCARRAN. Perhaps I did not understand the Senator's question. Perhaps he wanted me to except Cabinet officers.

Mr. ROBINSON of Indiana. No, Mr. President. My position was that I have no desire at all to restore the pay of Members of Congress or those named in the Senator's amendment. I think the Cabinet officers also should be added to that list.

Mr. McCARRAN. In other words, that their pay should be restored?

Mr. ROBINSON of Indiana. That their pay should not be restored. If that should be provided, I think the Senator's amendment would be complete.

Mr. BORAH and Mr. DICKINSON addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Nevada yield; and if so, to whom?

Mr. McCARRAN. I yield first to the Senator from Idaho, who was first on his feet.

Mr. BORAH. Mr. President, there is no reason and no justice in taking 15 percent off the salaries of Senators and Representatives if we are going to have members of commissions drawing the same salary left without any cut. In other words, it is a question of salary, not a question of position.

Mr. McCARRAN. Mr. President, may I interrupt the Senator? Is it not a question now of necessity rather than salary?

Mr. BORAH. Mr. President, there are two necessities. In the first place, we are seeking to effectuate some economy. I am thoroughly in sympathy with that; and I want to have salaries cut until we reach the point where any further cut would really deprive the employees of the Government of the necessities of life. Beyond that, regardless of what position the employees are in, they ought to be willing to take the cut. In other words, the high-salaried employees can afford the cut, the low-salaried cannot afford it.

Mr. DICKINSON. Mr. President——

Mr. McCARRAN. I yield to the Senator from Iowa.

Mr. DICKINSON. I desire to ask the Senator if he will yield in order that I may suggest an amendment to his amendment.

The only difference between the amendment of the Senator from Nevada and my own is with reference to automatic promotions, administrative promotions, filling of vacancies, and so forth. In order to get the matter clearly before the Senate, I move to amend the amendment of the Senator from Nevada by striking out the figure "2", in line 6, on the first page of the amendment and inserting in lieu thereof "14", and striking out the figures "35" and inserting in lieu thereof the figures "38."

What that does is to get clearly before the Senate the question of whether or not we are going to restore automatic promotions and restore administrative promotions, travel allowances, and the various other curtailments that were imposed upon Federal employees by the Economy Act. In view of the fact that the Chair has held that the McCarran amendment takes precedence over mine, I am offering this amendment, so that the issue will come clearly before the Senate.

Mr. McCARRAN. Mr. President, I wish now to return to the discussion in which I attempted to engage before the questions were propounded to me.

In contemplation of the object I have in view in this amendment, it is not a question of those who toil within the District of Columbia alone, although they may constitute the great body of Federal employees; but throughout the length and breadth of America today and tonight, if you please, there are those who serve their Government. While the average man in the ordinary walks of life, even though his salary today may be limited, has nevertheless before him the everlasting hope that on tomorrow the business in which he is engaged will present a different aspect, out of which a better salary may come, the Federal employee, from the time he enters under civil-service regulations until he closes his career, knows that his salary is limited by law, and he must lay aside as best he can.

But what is the condition today throughout the length and breadth of the body of our Federal employees? If, before we imposed the 15-percent cut, the little family of a Federal employee had a program laid out, perchance by the good wife, who remained at home to study and work and save while the earner of the bread was out toiling; if, perchance, her budget was entirely destroyed by the 15-percent cut plus the furloughs that came along, they find themselves now in a condition where they live from hand to mouth—not figuratively but literally—and the morning the doctor walks into the home to minister to an afflicted one, that morning they know that a debt must be assumed that they do not know how to meet.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from West Virginia?

Mr. McCARRAN. I yield.

Mr. HATFIELD. The Senator is absolutely correct. In fact, statistics show that a great many Federal employees have lost the investment they had in homes, and a great many of them have been forced to cancel their life-insurance policies on account of the Economy Act.

Mr. McCARRAN. What the Senator says is exactly true. The record shows that homes have been taken away from those who were paying on them by the month or by the quarter. The record shows the cancelation of life-insurance policies by those who had carried them for years. The record shows that many have been entirely deprived of the things that every man and every woman wants, of the nice things of life in keeping with the walks in which they travel.

I said at the beginning that a nation lives by the contentment of its citizenry. We cannot create discontentment in the citizenry of a nation and have a happy citizenry. As soon as we destroy happiness, we destroy the security on which a government rests.

More than that, there is nothing so conducive to governmental welfare as that the toiling classes shall have a fair compensation for a fair service. The Government of this country prescribes the service. The Government of this country should be willing to restore to those who serve that which it believed was a fair compensation in the days of the past.

It will not do to say that because we are passing through a period of trial we must place the whole burden upon the shoulders of those who toil for governmental welfare. It will not do to say that out of the pockets of the earning class of Government employees all the economy of government shall come, and then turn around and take not millions but billions, if you please, and invest them in various projects—projects never thought of before; projects conjured up, and a way found for them, during this period of economy.

Three billion three hundred million dollars have been turned loose into various channels. What for? To afford employment. Out of that sum $400,000,000 have been applied to Civil Works. What for? To afford employment; and it did the work. We are happy that the Civil Works Administration came into existence, because we want those who desire to toil to have the opportunity to toil. But what about the rate of pay of those who toil under Civil Works? If we examine the record, we find that the rate of pay established under Civil Works was in excess of the rate of pay fixed for Federal employees even before we took off the 15 percent.

Mr. President, this is not a question of politics; this is not a question of party lines; this is a question of rendering justice unto those who ask only for a pittance of justice. It is only a question of bringing back into the minds of those who toil a fair degree of security and confidence in their own Government and in themselves.

Mr. DICKINSON. Mr. President, I want to explain my amendment to the amendment of the Senator from Nevada.

The morale of the civil-service employees and of the personnel of the Army and the Navy depends largely upon the restrictions under which they are compelled to work. My amendment would strike out pages 35, 36, 37, and 38. The purpose of the provisions on all those pages is to continue the Economy Act—continue to impose these restrictions against automatic promotions, administrative promotions, leaves, the filling of vacancies, and so forth.

The morale of the civil-service personnel is the result largely of the privileges they enjoy. They live off their salaries, but if they are appointed and denied promotions, and it is impossible to fill vacancies when vacancies exist, so that the employees can be promoted, the incentive the employees have to render real service is destroyed.

The same thing is true of a young lieutenant who graduates from West Point, who comes out of the academy, and has every reason to believe that if he serves 3 years or 5 years he shall have the advancement in pay which the Army pay scale would give him. Under the provisions of the Economy Act he cannot receive that advancement in pay. The result is that he must continue to serve with his old pay until something is done with reference to the Economy Act.

The same thing is true with reference to travel allowances and various other provisions of the Economy Act. If we are to restore the pay in order that employees may have something to live on, let us restore their privileges under the law, so as to give them some inspiration to render real service, and continue in the service, and not be discouraged to such a point that they will resign.

The only distinction between the amendment offered by the Senator from Nevada and my amendment is that I want to include those three or four pages in the bill which contain provisions continuing the restrictions of the Economy Act, so that they may all be repealed and the civil-service employees restored to their original status under the law.

Mr. TYDINGS. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. TYDINGS. Is it the intention of the Senator from Iowa to have one vote on both the restoration of the privileges and the right of promotion, together with the pay restoration, or does he intend to offer his amendment in such a way that a separate vote may be had on each proposition?

Mr. DICKINSON. There will be two votes. First, the Senator from Nevada has offered his amendment, which would restore the pay. I have offered an amendment to his amendment which would remove the restrictions. Therefore, there will be a separate vote on each proposition.

Mr. TYDINGS. It would be possible, then, as I understand, to vote for or against either one of the separate amendments. One would not be called upon to vote on the question as a whole. My idea in asking the Senator the question is this: There may be some in the Senate who feel disposed to favor the amendment of the Senator from Nevada who would be opposed to the amendment of the Senator from Iowa, or vice versa. I did not want to see the proposal maneuvered into such a position that the friends or the opponents of one amendment or the other would have to cast a vote with which they were not fully in accord.

Mr. DICKINSON. Of course, the vote on my amendment would be a straight vote on the automatic promotions and the removal of the restrictions. If that amendment should be added to the amendment of the Senator from Nevada, then, of course, Senators would vote at the same time on the question of the restoration of pay, and also the restrictions.

The PRESIDING OFFICER. It is the opinion of the Chair that the amendment proposed by the Senator from Iowa would not be in order, because it would merely put back his original proposal, to which the amendment offered by the Senator from Nevada is a limitation, by striking out, as the Chair understands the Senator, line 2, page 35, and inserting line 14, page 38, restoring the Senator's original proposal.

Mr. DICKINSON. Oh, no; not at all. Certainly if we have a right to strike out page 35, we have a right to strike out page 38, and the question is whether or not we will add to the provisions of the Senator's amendment the conditions I am asking to have imposed. Otherwise we will never get clearly before the Senate the distinction between the two questions.

The PRESIDING OFFICER. The reason why the amendment offered by the Senator from Nevada is a perfecting amendment is that it is a limitation upon the proposal the Senator from Iowa has made. In effect, by striking out those two, the Senator would get back his original proposal, as the Chair sees it. Is the Chair correct in that?

Mr. DICKINSON. If the Chair so holds, I shall make my motion to strike out the remainder of this part of the bill after the other amendment shall have been disposed of.

The PRESIDING OFFICER. The Chair thinks that would be the proper procedure.

Mr. TYDINGS. Mr. President, as I understand it, then, we are to have a separate vote on each of these proposals. As the matter stood before the Chair ruled, it seemed to me it would have been impossible properly to vote on both proposals.

Mr. BYRNES obtained the floor.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Reynolds
Ashurst	Costigan	Hebert	Robinson, Ark.
Austin	Couzens	Johnson	Robinson, Ind.
Bachman	Cutting	Kean	Russell
Bailey	Davis	Keyes	Schall
Bankhead	Dickinson	La Follette	Sheppard
Barbour	Dieterich	Logan	Shipstead
Barkley	Dill	Lonergan	Smith
Black	Duffy	Long	Steiwer
Bone	Erickson	McAdoo	Stephens
Borah	Fess	McCarran	Thomas, Okla.
Brown	Fletcher	McKellar	Thomas, Utah
Bulkley	Frazier	McNary	Thompson
Bulow	George	Metcalf	Townsend
Byrd	Gibson	Murphy	Trammell
Byrnes	Glass	Neely	Tydings
Capper	Goldsborough	Nye	Vandenberg
Caraway	Gore	O'Mahoney	Van Nuys
Carey	Hale	Overton	Wagner
Clark	Harrison	Patterson	Walsh
Connally	Hatch	Pittman	White
Coolidge	Hatfield	Pope	

The PRESIDING OFFICER. Eighty-seven Senators having answered to their names, a quorum is present.

Mr. RUSSELL. Mr. President, I send to the desk an amendment I intend to offer to the pending bill, which I ask to have printed and lie on the table.

The PRESIDING OFFICER. The amendment will be printed and lie on the table.

Mr. BYRNES. Mr. President, I desire to explain the action of the committee with reference to the pending proposal.

The provision of the bill as reported by the committee is that, effective February 1, there is to be restored to the Government employees 5 percent of their pay. The provision of the bill is, further, that after July 1 the cut in the compensation of employees shall not exceed 5 per cent. It will continue in effect the authority and the direction to the President to have a survey made of living costs each 6 months, and when it is determined that the cost of living as of July 1, compared with the cost of living for the 6-month period from January 1 to July 1, 1928, is the same, then the President must restore the 5 percent. If, however, as the result of the survey it is disclosed that the cost of living has not increased to a point within 5 percent of the cost of living in the period I have named in 1928, then the 5-percent cut would continue. So that under the provisions of the bill there will be an immediate restoration to all employees of 5 percent, and after July 1 there will be a restoration of 10

percent, unless the President shall find as of that date that the cost of living justifies the restoration of the full 15 percent.

So, after all, the only question at issue as to that particular matter is whether we shall restore on July 1 the entire 15 percent or whether we shall restore 10 percent and leave to the President the power to determine whether the other 5 percent shall be restored, based upon the survey made at that time of the cost of living.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Idaho?

Mr. BYRNES. I yield.

Mr. BORAH. As I understand, there is to be a 10-percent restoration on the 1st of July; that is to say, 5 percent on the 1st of February and 5 percent on the 1st of July. That takes place in any event.

Mr. BYRNES. In any event.

Mr. BORAH. The Senator spoke of the employees of the Government. Who are included by the Senator in that statement?

Mr. BYRNES. I shall go on with that because of the question heretofore raised. I know that the Senator from Idaho has heretofore asked the same question of the Senator from Nevada [Mr. McCARRAN] and the Senator from Iowa [Mr. DICKINSON] concerning their amendments, and I respond to that question by saying that the committee in taking this action looked to the history of the question. The history is simply this: In 1928 Congress passed what was known in the House as the "Welch bill" and in the Senate as the "Brookhart bill." There was an investigation, though not a very complete one. The cost of living had increased, and by reason of the increase in the cost of living there was a demand for an increase and a reclassification of the salaries of employees.

In May 1928 the so-called "Welch" or "Brookhart" bill was enacted into law. When the so-called "Economy Act" was enacted into law in March 1933, it provided, inasmuch as the salaries of the employees of the Government had been fixed in 1928, at a time when admittedly the cost of living was high, and the cost of living had decreased in 1932 and 1933 to a point where the salary that was fixed in 1928 could purchase so much more than it could purchase in 1928, that there should be a reduction in the salary of the employees of the Government based upon the reduction in the cost of living. But there was put in the act a protective provision that in no case should the reduction exceed 15 percent, and provision was made for a survey by the President each 6 months, and the direction was given to him to reduce the salary cut as the cost of living increased.

When January 1, 1934, arrived, such a survey was made. I know that many of us were deceived at that time as to the situation that existed. Inevitably our minds reverted to March 1933. We knew that in January 1934 the cost of living had increased above the figures of March 1933. We thought the increase in the cost of living would justify a reduction in the salary cut.

The President, however, received a report from the Department of Labor. That report was prepared by employees of the Government, themselves interested in the restoration of the pay cut. They had to act, however, in the light of the law, which did not provide that there should be a restoration based upon the cost of living in March 1933, but that the restoration should be based upon the index that prevailed in 1928, when the salaries were fixed, as compared with the cost of living on January 1, 1934.

When that survey was made, two or three departments of the Government cooperating, it was found that, while in the city of Washington the cost of living had declined and was 14.6 percent less than the cost of living in 1928, throughout the country, as the result of a survey in 32 cities, the reduction in the cost of living on January 1, 1934, as compared with the cost of living in 1928, was 21 percent, and therefore the President could not make any reduction in the 15-percent cut, in view of the fact that there was a reduction throughout the country of 21 percent in the cost of living, as compared with the cost of living in the first 6 months of 1928, when the salaries of Government employees were fixed.

I discussed the matter with the gentleman who was in charge of that survey. He told me of the method by which it was made. I am satisfied that it was most complete. I have here in my hands the questionnaires that were sent to some thousands of employees. More than 2,000 were personally visited, their budgets inquired into, and every item was taken into consideration. The question of education, the question of medical attendance, the keeping of an automobile, every question that one could conceive of in a proper survey of the cost of living was gone into. However, that gentleman told me, while the cost of living did not reflect an increase that would justify a reduction of the cut, taking the price levels in the retail stores, that there was such an increase in wholesale prices that, in his opinion, before July 1 there would be a justification for an increase in salaries and wages.

The law did not provide for any survey between January 1 and July 1. Therefore I prepared this amendment giving to the employees as of February 1, 5 percent, or in other words, restoring that much immediately upon the passage of this bill, dating it back to February 1, 5 percent.

On the same theory I concluded that, if there was an increase in the cost of living, such as we hoped for, by July 1 we could be justified in increasing that restoration by an addition of 5 percent, so that on July 1 there could be no reduction in excess of 5 percent. That would still leave the provision in the law giving to the President the power to further adjust salaries if it was justified.

I know that some Senators may say, "That is true, the President can do it, but we do not want to give him that power to do it; we do not want to vest that discretion in him. We want the increase now, and we want to take away from him the power to say anything as to this matter. We want to repeal every line in the economy law of 1933."

With gentlemen who feel that way I have no quarrel. I will say, though, that I offered the amendment only after consulting the members of the subcommittee, who made an honest effort to arrive at a conclusion in this matter that would do justice to the employees and be apt to secure the approval of the House and the President of the United States.

We did not believe in an idle gesture that might please some people but would accomplish no good. We believed, if we did the practical thing which would give some hope of being enacted into law, that we would render a service to the employees of the Federal Government, rather than to please them temporarily by speeches that might tickle their ears but put no money into their pockets.

As the result of that conclusion the committee adopted this provision. If the Senate shall agree to it, we may well believe that the House will agree to it. It can be enacted into law only when the House and Senate agree and when the President approves. We can hope that the President will approve it. If he shall approve it, employees will receive 5 percent immediately and an additional 5 percent July 1, whereas, if we undertake to say that we will restore everything now, regardless of the views of others, it may result in accomplishing absolutely nothing for the relief of those for whom relief is sought.

Mr. McCARRAN. Mr. President, does the Senator from South Carolina realize that the amendment I offered proposed 5-percent restoration now and 10-percent restoration on the 1st of July, and did not propose that it all should be restored at this time?

Mr. BYRNES. Certainly I do, Mr. President. That is what I am talking about. I have been endeavoring to explain that the difference between the amendments of the Senator from Nevada [Mr. McCARRAN] and the Senator from Iowa [Mr. DICKINSON] and that of the committee is that under the language of the committee amendment, after July 1 there cannot be a cut in excess of 5 percent, and whether that cut will exist will depend upon the action of the President, while under the amendment of the Senator

from Nevada and the amendment of the Senator from Iowa the President's discretion is taken from him, and automatically on July 1 the 15 percent is restored. I think that is a correct statement of the amendment.

Mr. COUZENS. Does the committee's amendment take care of the other proposition proposed by the Senator from Iowa concerning automatic promotions, and so forth?

Mr. BYRNES. I desire to make a statement concerning those points.

Mr. SCHALL. Mr President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Minnesota?

Mr. BYRNES. Mr. President, I prefer first to answer the Senator from Michigan, because I might forget to answer his question.

Should the amendment of the Senator from Iowa which proposes to strike out five pages of the bill be adopted, it would strike out of the bill the committee amendment which restores automatic promotions. The committee amendment does provide for the restoration of the automatic promotions at a subsequent place. What I have heretofore said has been directed solely to that question.

Now, as to the question of the Senator from Idaho. The committee was of the opinion that the very purpose, according to the history of the matter as I have recited it, was to restore compensation if there was any increase in the cost of living to justify such restoration. I think we all agree that when Congress acted upon the reduction of the compensation of Senators and Members of the other House it was done for the reason that when we were given power to reduce the compensation of other employees of the Government certainly we should similarly reduce the compensation of the Members of the other House and of the Senate. By this bill we are proposing to restore partially, at least, the compensation of all the other employees of the Government, and we saw no reason, if we were following logically the course that has been heretofore pursued, why we should not likewise restore the cuts in the salaries of all officers and employees of the Government.

The Senator from Idaho has suggested that he could not see any justification for leaving the cut in the salaries of Senators and Members of the other House and restoring the full salaries of the employees of the Government who receive more than $5,000 a year. I know that is the viewpoint the Senator has heretofore expressed. We took the position, however, and I believe it to be sound, that if we were proceeding to restore the compensation of the employees of the Government on the ground and on the theory that the justification for the reduction no longer existed to a greater extent that we should make no exception, but that all employees of the Government would be similarly treated, so that there could be no complaint made by any individual or by any group.

I have heard Members of the Senate refer to the action of the railroad executives. I do not think that case is analogous at all, because, as a matter of fact, when we stop to think about it that action of the railroad executives was not taken until after the House of Representatives had by the bill which had passed that body restored 5 percent of Federal salary reductions instead of making another reduction. It was not taken until after it had been heralded to the world that the Appropriations Committee of the Senate intended to restore 5 percent now and to restore all but 5 percent on July 1 next; and in the face of that action of the Congress of the United States, putting itself on record not as favoring an increased cut at this time but, instead, restoring the cut that had been heretofore made, in the light of that, the railway executives of the country made their announcement that they would not restore the wages of their employees, but would seek to reduce by an additional 5 percent the cut previously made. The previous reduction in the case of railway workers was 10 percent, and the railroad executives were going to impose an additional 5-percent reduction, which would make 15 percent. That action was directly opposite to and in conflict with the policy of the Government, as shown by the action of the other House and of the Appropriations Committee, which action was not to take a further cut but to restore the cut which had been made—5 percent now and all but 5 percent after July 1, and giving to the President the power to make full restoration after that date.

Mr. BORAH. Mr. President——

Mr. BYRNES. I yield to the Senator from Idaho.

Mr. BORAH. After July 1 next, salaries will be restored in full with the exception of 5 percent?

Mr. BYRNES. That is correct.

Mr. BORAH. What does that 5 percent mean by way of a saving to the Government?

Mr. BYRNES. I will endeavor to give the figures to the Senator. I have not those figures separately, but I will give the Senator all the figures. The complete restoration of the 15-percent cut would cost $189,000,000; the restoration of 10 percent, a 5-percent cut still remaining in force, would cost $126,000,000; so that approximately $63,000,000 would be saved to the Government by retaining the 5-percent cut, dependent upon the action of the President as to whether he shall restore subsequently the entire 15 percent.

Mr. SHIPSTEAD. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. SHIPSTEAD. I am very much interested in the Senator's discussion of the cost of living. I assume we have a right to say that the cost of living is the cost of what, in other terms, is called the "living wage". A living wage is usually considered to be a wage sufficient to furnish food, shelter, clothing, and medicine for an individual who labors. It seems to me, if we are going to proceed on the theory and under a program by which we are to distribute more equitably the national income, if the worker is entitled only to a living wage and a bare existence—something to eat, shelter, medicine, clothing, what are generally called the necessities of life—then we leave the rest of the national income to be collected by some other people.

If we are going to have a program for the redistribution of wealth, to restore purchasing power, and to redistribute national income on a more equitable basis, it cannot be done by limiting those who labor and toil merely to a living wage. We give a living wage to a horse even in wintertime when we are not working him. If he gets sick we give him medicine; we give him shelter to protect him from the cold; we feed him to keep him in good condition until we may work him again. On the theory of the cost of living or a living wage, if we are going to go on that basis, we are not treating human beings on a different plane or a different basis than a good husbandman treats a horse that he wants to work.

I think wages should include more than that. We have 70,000,000 people in the United States producing the wealth of the country, and out of the national income they ought to be entitled to more than a living wage.

Mr. BYRNES. Mr. President, I did not discuss that question at all. I simply referred incidentally to the fact that under the law the President is required to make a survey to ascertain the cost of living and compare it with wages paid. Of course, it is true, in my judgment, that no wages should be based upon the cost of living, for that is only one factor; it has always been one factor. If my recollection serves me aright, during the World War, when the cost of living had increased, we recognized conditions and provided a bonus. Certainly, in 1928, when the salaries of Government employees were fixed, they were fixed in the light of the fact, recognized by all of us, that there had been an increase in the cost of living; and a recognition of the increased cost of living was the reason for an increase in wages. However, it was only one factor, because the value of the service rendered must always be the criterion.

I will say that before one passes upon the wisdom of the survey that it was made by direction of the President he ought to know that not merely food and clothing were considered in ascertaining the cost of living but that allowance for recreation, insurance, gifts, and contributions and other items were included, recognizing the obligations of the average human being according to his sphere in life. It in-

cluded everything with the exception of investments. I think if the Senator will read one of these questionnaires [indicating] he will be satisfied that everything he would have included was included in the cost-of-living survey.

Mr. SHIPSTEAD. Mr. President, will the Senator yield at that point?

Mr. BYRNES. Yes.

Mr. SHIPSTEAD. I did not mean to limit my statement to merely food and shelter. The Senator enumerates what are usually called the "necessities of life", and in that category are included insurance, rent, food, shelter, medicine, and so forth. A horse gets food, shelter, and medicine even when we do not work him.

Mr. BYRNES. The Department of Agriculture, by the best qualified people, made a most complete survey.

Mr. President, I have nothing more to say on the subject.

Mr. DICKINSON. Mr. President, before the vote is taken I want to suggest that I hope the amendment of the Senator from Nevada will be adopted. Then I will be able to offer such perfecting amendments to the remainder of the bill as I think will carry out the purposes of my original amendment.

Mr. McCARRAN. Mr. President, I think the remarks of the Senator in charge of the bill [Mr. BYRNES] deserves some consideration. I take it—and I think perchance I am justified in the assumption—that the remarks of the Senator from South Carolina wherein he referred to accomplishing something rather than making fine speeches might indeed apply to the learned Senator. I always knew that he was capable of making a fine speech, but I want to accomplish something; I want to accomplish something for those who need an accomplishment at this hour, and not to put it off in the future with a promise, a promise that will hinge upon the judgment of a single individual, however highly we may regard that individual, and I regard him very highly, indeed. I say let us bring back tonight the ray of hope to those who toil; let us bring back to a nation, through its toiling masses, an understanding that the Nation stands squarely, because there is a faith imbedded in those who toil for its welfare.

When we quibble over 5 percent and as to whether or not that 5 percent shall be given by the President on the 1st of July, it seems to me we are quibbling over mere trifles. As a matter of fact the cost of living in the country has increased by leaps and bounds. No one within the sound of my voice, Mr. President, will say that a restoration of 5 percent now would come anywhere near meeting the increased cost of living that has come upon us in the last 90 days. Neither is there anyone who has studied the situation who will say that in the next 90 days the cost of living will not further increase.

If it shall not increase, then the price of commodities will not increase and then the aim and object of the administration will have been destroyed, because that is the aim and object of the administration. The policy and end for which we are working is to raise the price of commodities. When we raise the price of commodities we must of necessity raise the cost of living.

When we raise the cost of living against one whose income is fixed by law, what are we doing with that individual save and except to put him into moral bankruptcy, where he sees no hope, no horizon, nothing save to toil and die and leave behind him those who will have not even a pittance?

Mr. President, it is not a question of fine speech. It is a question of humane consideration for humanity. It is a question of restoring justice where justice belongs. It is a question of a Nation of 125,000,000 human beings, with an unbounded wealth that no one dares to estimate, bringing back to those who maintain the Nation the rights that belong to them, the right to live as other human beings live, and to look into the future with a hope and realization that they belong to an organization that leads the world.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada [Mr. McCARRAN].

Mr. DICKINSON. Let us have the yeas and nays.

The yeas and nays were ordered.

Mr. BORAH. Mr. President, as I understand, the amendment upon which we are about to vote is the amendment offered by the Senator from Nevada [Mr. McCARRAN] as he offered it. He does not withdraw the second paragraph.

I understand, also, that the same provision is found in the bill which was reported by the committee—that it includes all employees of the Government.

Mr. BYRNES. That is true.

Mr. BORAH. It is true also of the amendment of the Senator from Iowa [Mr. DICKINSON]. I have always thought that the reduction of salaries ought to be based upon the amount of income received by the employee—that is to say, that the low salaries should be exempt from reduction, while the higher salaries might well be reduced. But it seems that a different theory prevails not only in the Senate but with the committee. It would be futile, doubtless, to endeavor to change the policy, since the committee and those seeking to amend the bill all agree in treating all alike.

While we are discussing the question of prices and the question of the cost of living, I invite attention to the fact that we ought to take into consideration that the prices are now being fixed by large combinations or monopolies to a very marked degree. They are being fixed without regard to the amount of salary or income of the employees of the Government or the employees of the different companies in the United States.

I read a single paragraph from a statement by a member of the N.R.A., and I assume therefore that it is based upon actual investigation and actual facts:

> Mr. Henderson offered photostatic copies of price lists to show that when, on January 29, the more than 50 members of that industry filed their first price list under the open-price provision of their code, the prices turned out to be identical, although they covered a wide range of products and many different types of discounts.

I might cite scores of just such instances.

Mr. President, it will be found that the prices which the employees of the Government are now compelled to pay are not based upon any principle which we are invoking with regard to those employees. They are based upon the fact that those who control the prices are permitted to fix the prices and inevitably they will fix them at the highest rate they can—in other words, the highest rate that the traffic will bear. I venture to say that if we should restore the entire 15 percent, the employee of the Government would not be in as advantageous position at this time, in view of the price-fixing power of these combines, as he was at the time we fixed his salary some years ago.

I think we cannot take into consideration as a safeguard the estimates which have been made by the questionnaires that have been sent out. All one has to do is to go into a store and price the things that are necessary for the people to have and make his own estimates. It will be found that the increase in the cost of living has far surpassed the 15-percent reduction in the salaries. I am not willing to reduce those low salaries so long as they are compelled to pay prices fixed by trusts and monopolies. These extortionate prices are taking millions from the working people of this country, and for myself, so long as these combines continue their nonrestrained extortions, I shall support any measure which raises the low salaries of the Government employees and of wages.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Nevada, on which the yeas and nays have been ordered. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). I have been requested to announce the unavoidable absence of the Senator from New Mexico [Mr. CUTTING] and to state that, if present, he would vote "yea."

Mr. LA FOLLETTE (when Mr. NORRIS' name was called). I have been requested to announce the unavoidable absence of the senior Senator from Nebraska [Mr. NORRIS] and to state that, if present, he would vote "nay."

Mr. PATTERSON (when his name was called). I have a general pair with the junior Senator from New York [Mr. WAGNER]. I understand that he is attending a conference at the White House. I therefore withhold my vote. If I were at liberty to vote, I should vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Nebraska [Mr. THOMPSON], and will vote. I vote "nay."

The roll call was concluded.

Mr. HEBERT. I desire to announce that the Senator from New Mexico [Mr. CUTTING] is paired on this question with the Senator from Utah [Mr. KING]. If the Senator from New Mexico were present he would vote "yea", and if the Senator from Utah were present he would vote "nay."

I also desire to announce that the Senator from Kansas [Mr. MCGILL] is paired with the Senator from South Dakota [Mr. NORBECK]. If present, the Senator from Kansas would vote "yea" on this question, and the Senator from South Dakota would vote "nay."

Also, the Senator from Montana [Mr. WHEELER] is paired with the Senator from Nebraska [Mr. NORRIS]. If present, the Senator from Montana would vote "yea", and the Senator from Nebraska would vote "nay."

Also, the Senator from Connecticut [Mr. WALCOTT] is paired with the Senator from California [Mr. MCADOO]. I am not advised how the Senator from California would vote on this question, though I am informed that the Senator from Connecticut would vote "yea."

I also desire to announce a general pair between the Senator from Delaware [Mr. HASTINGS] and the Senator from Illinois [Mr. LEWIS]. I am not advised as to how either Senator would vote on this question.

Further, I have been requested to announce that the following Senators are necessarily absent from the Senate: The Senator from Pennsylvania [Mr. REED], the Senator from south Dakota [Mr. NORBECK], the Senator from Nebraska [Mr. NORRIS], the Senator from Connecticut [Mr. WALCOTT], the Senator from Delaware [Mr. HASTINGS], and the Senator from New Mexico [Mr. CUTTING]. I am informed that if the Senator from Pennsylvania [Mr. REED] were present, he would vote "yea" on this question.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Utah [Mr. KING] and the Senator from Montana [Mr. WHEELER] are detained from the Senate on account of severe colds.

I also desire to announce that the Senator from Kansas [Mr. MCGILL], the Senator from California [Mr. MCADOO], the Senator from Illinois [Mr. LEWIS], the Senator from Nebraska [Mr. THOMPSON], and the Senator from Missouri [Mr. CLARK] are necessarily detained from the Senate on official business.

I desire to announce the following general pairs:

The Senator from California [Mr. MCADOO] with the Senator from Connecticut [Mr. WALCOTT]; and

The Senator from Illinois [Mr. LEWIS] with the Senator from Delaware [Mr. HASTINGS].

I also wish to announce the following special pairs:

The Senator from Kansas [Mr. MCGILL] with the Senator from South Dakota [Mr. NORBECK];

The Senator from Utah [Mr. KING] with the Senator from New Mexico [Mr. CUTTING]; and

The Senator from Montana [Mr. WHEELER] with the Senator from Nebraska [Mr. NORRIS].

I am advised that, if present, the Senator from Kansas [Mr. MCGILL], the Senator from Montana [Mr. WHEELER], and the Senator from California [Mr. MCADOO] would vote "yea" on this question, and that the Senator from Utah [Mr. KING] would vote "nay."

The result was announced—yeas, 41, nays 40, as follows:

YEAS—41

Austin	Copeland	George	Kean
Barbour	Costigan	Gibson	Keyes
Bone	Davis	Goldsborough	La Follette
Borah	Dickinson	Hale	Long
Bulow	Dill	Hatfield	McCarran
Capper	Fess	Hebert	McNary
Carey	Frazier	Johnson	Metcalf
Neely	Schall	Thomas, Okla.	Vandenberg
Nye	Shipstead	Thomas, Utah	Van Nuys
Reynolds	Steiwer	Townsend	White
Robinson, Ind.			

NAYS—40

Adams	Byrnes	Gore	Pittman
Ashurst	Caraway	Harrison	Pope
Bachman	Connally	Hatch	Robinson, Ark.
Bailey	Coolidge	Hayden	Russell
Bankhead	Couzens	Logan	Sheppard
Barkley	Dieterich	Lonergan	Smith
Black	Duffy	McKellar	Stephens
Brown	Erickson	Murphy	Trammell
Bulkley	Fletcher	O'Mahoney	Tydings
Byrd	Glass	Overton	Walsh

NOT VOTING—15

Clark	Lewis	Norris	Wagner
Cutting	McAdoo	Patterson	Walcott
Hastings	McGill	Reed	Wheeler
King	Norbeck	Thompson	

So Mr. MCCARRAN'S amendment was agreed to.

Mr. DICKINSON. Mr. President, I offer the following amendment:

On page 35, beginning with line 3, strike out all of the remainder of the page, all of page 36, page 37, and page 38 down to and including the figures "1934" in line 14.

The VICE PRESIDENT. Let the Chair understand the Senator from Iowa.

The Chair understood that the Senator from Iowa offered an amendment. The Senator from Nevada [Mr. MCCARRAN] offered a perfecting amendment in the nature of a substitute for a part of the text proposed to be stricken out. Ordinarily, the question would revert now to the amendment of the Senator from Iowa to strike out the text as amended by the amendment of the Senator from Nevada and insert in lieu thereof a substitute. Does the Senator from Iowa offer a new amendment in lieu of the one he first offered?

Mr. DICKINSON. I withdraw my previous amendment and offer this amendment, because it is simply supplemental to the one already adopted. I withdraw my original amendment.

The VICE PRESIDENT. The Senator withdraws his first amendment and offers a new amendment, which will be stated.

The CHIEF CLERK. On page 35, it is proposed to strike out lines 3 to 24, both inclusive, all of page 36, all of page 37, and down to and including line 14 on page 38.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa.

Mr. DICKINSON. Mr. President, I simply desire to make plain the situation.

We have adopted the amendment which restores full pay to Government employees. The thing that destroys the morale of the Federal employee and of the officer of the Army or the Navy is the fact that they are enlisted, either in the Federal service or in the service of the Army or the Navy, with an assurance that they are to have automatic promotions upon certain service, and obtain increase of pay accordingly. The Economy Act deadlocked that whole provision. All that is done by the pages referred to in my amendment is to continue those deadlocking provisions of the Economy Act. In view of the restoration of pay, we ought also to restore the conditions under which the employee is compelled to work, or the enlisted man of the Army or the Navy is compelled to serve.

In other words, a man goes into the service of the Army, and if he serves for a certain number of years he is entitled automatically to an increase in pay. He cannot get it under the present law. What I want to do, and what I am attempting to do here, is to offer an amendment which will do away with all of those restrictive provisions and permit the administrative promotions, the automatic promotions, and the travel allowances as they were of yore.

We have discussed this whole question; and if the employees and others are entitled to the restoration of pay, certainly we ought to restore the law and the conditions under which the person is compelled to work or to serve.

Mr. TRAMMELL. Mr. President——

The VICE PRESIDENT. Does the Senator from Iowa yield to the Senator from Florida?

Mr. DICKINSON. I do.

Mr. TRAMMELL. I desire to ask the Senator if his proposal will bring about a restoration of the automatic promotion of civilian employees?

Mr. DICKINSON. It will. That is exactly what I want to do.

Mr. TRAMMELL. And also military and naval employees?

Mr. DICKINSON. That is correct. In other words, it proposes to repeal the provisions of the Economy Act that were restrictive along all those lines.

Mr. O'MAHONEY. Mr. President, would the proposed amendment of the Senator restore administrative promotions also?

Mr. DICKINSON. Yes; it would.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. BYRNES. I ask that the amendment be stated.

The CHIEF CLERK. The Senator from Iowa proposes, on page 35, to strike out lines 3 to 24, both inclusive, all of page 36, all of page 37, and on page 38 down to and including the numerals "1934" in line 14.

Mr. WALSH. Mr. President, will not the Senator from Iowa state what it would cost to restore the automatic promotion pay, as suggested in his amendment?

Mr. DICKINSON. Mr. President, there would be various costs. I could not give the exact figures as to all of them. I think the Senator from South Carolina has a statement of that information. It will not be anywhere near as much as the amount involved in the restoration of the pay. It depends on how many officers there are. I think we would have to get a summary of the promotions which have been held up, and see what the additional cost would be all along the line.

It is estimated that the cost of the automatic promotions would amount to $3,000,000. The cost of the administrative promotions depends entirely on the number of men promoted by the different bureaus, and those in charge of the personnel. As to the Army and the Navy, I could not give the figures.

Mr. TRAMMELL. Mr. President, will the Senator yield?

Mr. DICKINSON. I yield.

Mr. TRAMMELL. If the automatic promotions will result in an additional cost of only $3,000,000, they must be rather restricted; they will not reach the great rank and file, the bulk of the civilian employees.

Mr. DICKINSON. I was speaking only of the civilian employees. The figure I gave does not include the personnel of the Army and Navy at all.

Mr. WALSH. My attention was diverted. Does the Senator's amendment include the Army and the Navy?

Mr. DICKINSON. It does not include them. I think they should be included.

Mr. TRAMMELL. What I want to know is whether a clerk, for instance, who is receiving fifteen or sixteen or eighteen hundred dollars a year would receive any automatic promotions.

Mr. DICKINSON. He would if this amendment should be agreed to.

Mr. TRAMMELL. In all classes and groups they would receive the automatic promotions?

Mr. DICKINSON. Absolutely.

Mr. TRAMMELL. I had not understood that heretofore. I thought the automatic promotion provision selected certain groups and applied only to those certain groups, and not to the general body of the personnel in the Government service.

Mr. O'MAHONEY. Mr. President, I should like to ask the Senator from Iowa a question. Is it not a fact that if the amendment of the Senator shall be agreed to it will not necessarily increase the total expenditures of the Government but that the making of administrative promotions will be controlled by the total amount appropriated?

Mr. DICKINSON. That is absolutely true. No officer of the Government can make an administrative promotion without having the necessary funds with which to do it, so that the result, so far as administrative promotions are concerned, will depend entirely on the amount appropriated.

Mr. O'MAHONEY. Then the adoption of the Senator's amendment would not cause a future deficiency appropriation?

Mr. DICKINSON. It would not.

Mr. BYRNES. Mr. President, I desire to say just a word in answer to a question propounded by the Senator from Massachusetts with reference to the cost of the amendment if it should be agreed to.

By the amendment all the provisions of the Economy Act, with the exception of the few provisions which were made permanent law, would be repealed.

Mr. WALSH. Mr. President, will not the Senator enumerate them?

Mr. BYRNES. I will enumerate some of them. They include the section as to administrative promotions; the provision prohibiting the filling of vacancies, reducing the travel allowance pay, referring to temporary assignments in the Postal Service, referring to administrative furloughs, the provision restricting the transfer of noncivilian personnel, the suspension of the reenlistment allowances, the provision as to jurors' fees, and travel allowances.

The statement I have shows that last year, by reason of these provisions of the law, there was a saving of $50,121,000. By reason of the action of the Senate on the McCarran amendment, there is an increase, in all, of $189,652,000. Roughly, the action of the Senate would restore $240,000,000 to the bill.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Iowa [Mr. DICKINSON].

Mr. DICKINSON. I ask for the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk proceeded to call the roll.

Mr. McNARY (when his name was called). On this vote I have a pair with the senior Senator from Mississippi [Mr. HARRISON]. If the Senator from Mississippi were present, he would vote "nay." If I were permitted to vote, I should vote "yea."

Mr. PATTERSON (when his name was called). Making the same announcement as on the previous vote with regard to my pair with the junior Senator from New York [Mr. WAGNER], I withhold my vote. If permitted to vote, I should vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). Making announcement of the same pair and transfer as on the previous vote, I vote "nay."

The roll call was concluded.

Mr. LA FOLLETTE. I desire to announce the unavoidable absence of the senior Senator from Nebraska [Mr. NORRIS]. I understand that if the Senator from Nebraska were present he would vote "nay."

I also desire to announce the unavoidable absence of the senior Senator from New Mexico [Mr. CUTTING] and to state that I am informed that if present he would vote "yea."

Mr. HEBERT. I am requested to announce the following general pairs:

The Senator from Delaware [Mr. HASTINGS] with the Senator from Illinois [Mr. LEWIS];

The Senator from Connecticut [Mr. WALCOTT] with the Senator from California [Mr. McADOO];

The Senator from South Dakota [Mr. NORBECK] with the Senator from Kansas [Mr. McGILL]; and

The Senator from New Mexico [Mr. CUTTING] with the Senator from Utah [Mr. KING].

I also wish to announce that the Senator from Pennsylvania [Mr. REED] is necessarily absent from the Senate. If present, he would vote "yea" on this question.

Mr. ROBINSON of Arkansas. I wish to announce that the Senator from Montana [Mr. WHEELER] and the Senator from Utah [Mr. KING] are detained from the Senate by severe colds.

I desire to announce that the Senator from Montana [Mr. WHEELER] has a general pair with the Senator from Nebraska [Mr. NORRIS].

I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from California [Mr. MCADOO], the Senator from Illinois [Mr. LEWIS], the Senator from Kansas [Mr. MCGILL], the Senator from Missouri [Mr. CLARK], the senior Senator from Mississippi [Mr. HARRISON], the junior Senator from Mississippi [Mr. STEPHENS], and the Senator from Nebraska [Mr. THOMPSON].

The result was announced—yeas 38, nays 40, as follows:

YEAS—38

Austin	Frazier	Keyes	Shipstead
Barbour	George	La Follette	Steiwer
Borah	Gibson	Lonergan	Thomas, Utah.
Capper	Goldsborough	Long	Townsend
Carey	Hale	McCarran	Vandenberg
Copeland	Hatch	Metcalf	Van Nuys
Couzens	Hatfield	Nye	Walsh
Davis	Hebert	O'Mahoney	White
Dickinson	Johnson	Robinson, Ind.	
Fess	Kean	Schall	

NAYS—40

Adams	Bulow	Erickson	Pittman
Ashurst	Byrd	Fletcher	Pope
Bachman	Byrnes	Glass	Reynolds
Bailey	Caraway	Gore	Robinson, Ark.
Bankhead	Connally	Hayden	Russell
Barkley	Coolidge	Logan	Sheppard
Black	Costigan	McKellar	Smith
Bone	Dieterich	Murphy	Thomas, Okla.
Brown	Dill	Neely	Trammell
Bulkley	Duffy	Overton	Tydings

NOT VOTING—18

Clark	Lewis	Norris	Wagner
Cutting	McAdoo	Patterson	Walcott
Harrison	McGill	Reed	Wheeler
Hastings	McNary	Stephens	
King	Norbeck	Thompson	

So Mr. DICKINSON's amendment was rejected.

Mr. MCCARRAN. Mr. President, in furtherance of the matters that have been before the Senate this afternoon, I ask unanimous consent to have printed in the RECORD various articles from the pen of an outstanding authority on the subject, Richard W. Hogue.

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the American Federationist, February 1933]

CAMPAIGNING AGAINST GOVERNMENT WORKERS

(By Richard W. Hogue, Director Independent Legislative Bureau)

Government service offers no opportunity for getting rich. To the large majority it offers only a modest livelihood, while requiring the capable performance of continuous, important, and exacting duties. It would be difficult to parallel in the business world the record of honest, faithful, and competent service that characterizes the carrying on of the business of the Government as a whole. This is true despite the fact that such service carries no such hope of financial reward as exists in the business world.

These facts should be given their just weight in considering the fairness, as well as the effects, of further reductions in the salaries and wages of Federal workers. They serve to emphasize the warning of competent economists and others who share the position taken by the president of the University of Wisconsin. Said President Glenn Frank in an address to 3,000 farm men and women:

"There is much blindness, blundering, and sheer insincerity in the almost hysterical campaign against public expenditures now sweeping the Nation. * * * Real economy will mean national salvation; bogus economy will mean national suicide. Indiscriminate Budget slashing may set us back socially for a generation."

Let us examine the facts about taxes, Government expenses, and Federal wages and salaries.

Eighty percent of all Federal workers are civil-service employees. This means that they come to their jobs prepared by training, tested by examination, and free from the fears and the rewards of political patronage. Of these, 20 percent received less than $1,000 a year, while 55 percent received less than $1,500, even before the pay cut of last year. The average salary of all the Federal workers amounts to less than $1,400 a year.

The period of war-time prosperity created 20,000 new millionaires in the business world. How did it affect Federal Government workers? While commodity prices advanced 125 percent from 1914 to 1920, Federal employees salaries remained at the 1914 level (salary level base not altered by the 1917–20 bonus). This tremendous drop in the purchasing power of their salaries lasted through 6 years. During much of this period they did almost double duty. The cumulative loss to them and their families in these years has never been made up and never will be.

Two thirds of all the Government workers (including State and local) in the country are in the service and on the pay rolls of city, county, and State governments. Of the total cost of government, 70 percent consists of the cost of local and State governments. In addition, about 9 percent of the Federal Budget should be charged to the State, since it is spent on roads, harbors, buildings, flood control, and in other ways directly beneficial to States, counties, and towns. This leaves only 27 percent to be charged to the Federal Government, of which less than one fourth goes to salaries and wages.

Only 10 percent of Federal employees live in Washington. The salaries and wages of 90 percent are spent in local and State communities. They are also taxed for the support of these communities.

The Government alone stands today between the American people and complete ruin. Loss of confidence in its work, its workers, and its protective and service agencies is fraught with grave danger. To be willing to lose this confidence without attempting to know the facts is inexcusable. It is far worse to seek to destroy the confidence of others through misrepresenting the facts deliberately and for selfish ends.

The attack on Federal workers is being led by such arch anti-labor reactionaries as Merle Thorpe, of the Nation's Business, and Colonel McCormick, of the Chicago Tribune. The latter has published a book under the alarming title "The Sacking of America", in which Federal employees are denounced as "weasels" and office-holding tyrants."

If they succeed, they can, and will, say to the workers of the country, "You can't expect industry to go beyond the example set by the United States Government. You can't accuse private business of exploitation when it is paying as much (no matter how little that is) as the Government itself is paying." They are trying to force the Government to set a lower standard in order to justify the lower standard they intend to impose. To this end they are seeking to use pressure on Congress by every group whom they can influence.

In normal times 80 percent of the purchasing power that sustains the flow of trade comes from those with incomes of $5,000 or less. So long as this purchasing power remains in its present depleted state the depression will continue.

Nor would it be a wise or helpful thing to curtail Government services that are vital to the well-being of the people. To lower the efficiency of the Government at such a time as this would be false economy. With business and industry crippled and the resources of millions of people either completely exhausted or greatly reduced, the ability of the Government to serve the public should be maintained at its highest.

We fully recognize the need of wise economy. Duplication, waste, and inefficiency should be eliminated. We also recognize the dangers of a false economy. Its effects are always injurious. They are particularly so at a time like the present. If a community is suffering because the purchasing power of a majority of its members is very low, it is no help to that community and its merchants to reduce the purchasing power of the remaining minority. Such a process is justified only as applied to abnormally high incomes, whose reduction would bring a more general distribution and circulation of money. This cannot apply to the salaries and wages of Federal employees, which are, as a whole, very low.

Mr. GOLDSBOROUGH. Mr. President, I have heretofore given written notice of my intention to move to suspend rule XVI for the purpose of submitting an amendment to the pending bill. I now move the suspension of that rule.

The purpose of the amendment is to restore the compensation received by World War veterans who were blinded in both eyes, and who had service connections. My understanding is that under the original act they received $150 per month compensation and $50 per month for an attendant. By the regulations subsequently promulgated under the Economy Act such veterans' compensation was cut $25. The purpose of the amendment is to restore that cut, so as to restore the compensation to that which was originally received.

I hardly think it is necessary for me to present any argument to the Senators sitting in this body. I do not desire even to make any appeal in this case. It speaks for itself. Men totally blind in both eyes, simply asking that the compensation originally granted shall be restored. It means but the additional amount of $25 per month.

I am told further that there are only 400 of these blinded veterans in all America, and 25 of them happen to be in my own State of Maryland, hence my direct personal interest. There is such a large number in that State due to the fact that during and after the war we had the Evergreen Hospital for the Blind in our State.

I submit to the Senators sitting upon this floor the justice of the amendment, and I trust it may receive their approval.

Mr. BYRNES. Mr. President——

The VICE PRESIDENT. Does the Senator from Maryland yield to the Senator from South Carolina?

Mr. GOLDSBOROUGH. I yield the floor to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I do not ask the Senator to yield to me. I wanted to make the statement that several hours ago, by unanimous consent, the order was agreed to that we should first dispose of amendments to the provisions of the bill, as reported by the committee. I then had read at the desk the notice of a motion filed by me to suspend the rules. It is my belief that if that motion is adopted, then a motion such as that made by the Senator from Maryland would be in order. It is not in order unless the rules are suspended, and under the order of business which has been agreed to by unanimous consent, amendments to the bill are first to be disposed of before the motion to suspend the rules and take up the veterans' matter is considered.

Mr. GOLDSBOROUGH. I will say, Mr. President, to the Senator from South Carolina, that I am quite content to follow the suggestion made by him, notwithstanding my motion for suspension was made a couple of days ago, and I thought I was in order when I offered my amendment, but I feel absolutely convinced that when the time does come the Senator from South Carolina certainly will not oppose this amendment.

Mr. BYRNES. When the time comes we will consider it, but at this time I only wish to ask if the Senate will first dispose of amendments to the bill as reported by the committee, and then when we have finished the consideration of the bill we can consider the several motions to suspend the rules, and consider then the amendment proposed by the Senator from Maryland.

Mr. STEIWER. A parliamentary inquiry.

The VICE PRESIDENT. The Senator from Oregon will state it.

Mr. STEIWER. Are there other committee amendments?

The VICE PRESIDENT. Have all the committee amendments been disposed of?

Mr. BYRNES. All the committee amendments have been disposed of. I happen to know there are a number of other amendments to be offered.

Mr. BANKHEAD. Mr. President, I offer an amendment, which I send to the desk and ask to have read.

The VICE PRESIDENT. The Chair understands that there was an agreement that the Senate should dispose of all committee amendments and other amendments proposed to the bill, and then take up the motions to suspend the rules.

The Senator from Alabama [Mr. BANKHEAD] offers an amendment, which the clerk will read.

The CHIEF CLERK. On page 4, line 13, it is proposed to insert before the period a comma and the following:

including the sum of $4,250, which shall be immediately available, shall be paid in equal portions to the following-named persons, heirs at law of Frank P. Glass, late a member of the board, who served without compensation as such member from July 14, 1933, to January 10, 1934, the date of his death: Frank P. Glass, Jr., J. Purnell Glass, Christine Glass, Louise Glass Marzoni, Evelyn Byrd Glass McCoy, and H. Boyson Glass.

Mr. BANKHEAD. Mr. President, I wish to make just a brief statement concerning this amendment. Frank P. Glass, of Alabama, was appointed a member of the United States Board of Mediation after Congress had adjourned at the last session. He was appointed and took the oath of office and entered upon the discharge of his duties on the 10th day of last July. He served without pay continuously until the 10th day of January, when he died. The appointment had been sent to the Senate, had been referred to the Committee on Interstate Commerce, and had been favorably reported to the Senate. On the morning the favorable report was to go on the calendar information came of Mr. Glass' death. Had he lived 1 day longer he would have been confirmed.

The amendment merely proposes to pay the regular salary during the time of his actual service under a recess appointment to Mr. Glass' heirs. I have submitted the amendment to the Senator from South Carolina [Mr. BYRNES], and I understand it is agreeable to him. I hope the amendment will be adopted.

Mr. BYRNES. I wish to ask a question, Mr. President. I think the amendment is subject to a point of order. Do I understand it is to compensate the heirs of Mr. Glass for services rendered, and only for such time as he did render services, and at the rate of salary fixed by law for that position?

Mr. BANKHEAD. That is correct.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama [Mr. BANKHEAD].

The amendment was agreed to.

Mr. HATFIELD. Mr. President, I send to the desk an amendment which I ask to have read, and I ask the attention of the Senator from South Carolina [Mr. BYRNES].

The VICE PRESIDENT. The clerk will read the amendment.

The CHIEF CLERK. On page 35, line 21, after the word "promotions", it is proposed to insert the following:

Provided, That adjustments of charges for quarters, subsistence or laundry, or other similar charges, shall not be interpreted as constituting administrative promotions.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. O'MAHONEY. Mr. President, I offer an amendment.

The VICE PRESIDENT. The Senator from Wyoming offers an amendment which the clerk will state.

The CHIEF CLERK. On page 37, after line 20, it is proposed to insert:

(2) Section 7 (prohibiting administrative promotions) of the Treasury-Post Office Appropriation Act, fiscal year 1934, is amended by adding after the first proviso thereof a colon and the following:

"*Provided further*, That administrative promotions may be made during the fiscal year 1935 to the extent that funds are available therefor, on an annual basis, from savings made in the amounts apportioned for personal services from the applicable appropriations for the fiscal year 1935."

And on page 36, line 18, it is proposed to strike out "amendment" and insert in lieu thereof "amendments."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming.

Mr. McCARRAN. Mr. President, I should like to have the Senator from Wyoming explain the amendment.

Mr. O'MAHONEY. Mr. President, the amendment of the Senator from Iowa [Mr. DICKINSON], which I understand was disagreed to, opens the door to all kinds of promotions, including automatic promotions, and to the restoration of all travel pay and allowances. My amendment is in the nature of a substitute for that, but is limited exclusively to administrative promotions. Under the language here proposed such promotions may be made only to the extent that funds may be available, so that there will be no possible opportunity of creating any deficiencies.

The purpose of the amendment is to correct what seems to be a perfectly obvious injustice in the present act. Section 7 of the act making appropriations for the Treasury and Post Office Departments for the present fiscal year, which is continued by the independent offices appropriation bill now before us, contains this exception to the ban on administrative promotions:

Provided, That the filling of a vacancy, when authorized by the President, by the appointment of an employee of a lower grade, shall not be construed as an administrative promotion, but no such appointment shall increase the compensation of such employee to a rate in excess of the minimum rate of the grade to which such employee is appointed.

Under that language it is possible for the head of a department to promote an employee, let us say, from grade 4 to grade 5, and when that promotion is made the employee receives an additional salary; he receives the minimum salary provided for the higher grade; but there are frequently occasions when it becomes necessary for the head of a department to fill a vacancy by the appointment of an employee of the same grade. In such an instance,

even though the vacancy carries with it increased responsibility and increased duties, it is not within the power of the head of the department to give the new appointee any increase in salary.

The result of that circumstance is that there are innumerable instances throughout the country, particularly in the Post Office Department, wherein persons who have been appointed to positions of larger responsibility, involving more onerous duties, have not been permitted to receive an increase of salary, but are carrying on the new work at the old salary, although men in the same grade serving under them are receiving more salary.

Mr. BYRNES. Mr. President, will the Senator from Wyoming yield to me?

The VICE PRESIDENT. Does the Senator from Wyoming yield to the Senator from South Carolina?

Mr. O'MAHONEY. I yield.

Mr. BYRNES. The proviso to the amendment is to the effect that such promotions shall be possible only to the extent of the funds appropriated for the personnel of the respective departments.

Mr. O'MAHONEY. That is correct.

Mr. BYRNES. So that it does not involve any additional appropriation.

Mr. O'MAHONEY. The amendment does not involve any additional appropriation.

Mr. BYRNES. I will not object to the amendment, but will let it go to conference, and it may be considered there.

Mr. WALSH. Mr. President, was the injustice to which the Senator from Wyoming referred corrected by the amendment offered by the Senator from Iowa?

Mr. O'MAHONEY. It would have been; yes.

Mr. WALSH. But that amendment was much larger and broader in scope than is the amendment of the Senator from Wyoming.

Mr. O'MAHONEY. Yes.

Mr. WALSH. I voted for the amendment of the Senator from Iowa because I wanted the correction to be made, although his amendment was more extensive than I wanted it to be, but I thought it could be limited in conference. I now favor the amendment of the Senator from Wyoming.

Mr. BYRNES. Mr. President, I do not want any misunderstanding. The amendment of the Senator from Iowa confers this authority without any restriction upon appropriations, while the amendment of the Senator from Wyoming restricts the amount that may be available for such promotions to the appropriations for the respective departments, and such promotions can be possible only to that extent.

Mr. O'MAHONEY. That is correct.

Mr. TRAMMELL. Mr. President, I am not positive as to the operation of this amendment, but on account of incidents of which I have heretofore heard occurring in the different departments I am of the impression that the amendment can be so administered as to work detrimentally to the general rank and file of a particular department and in favor of certain higher officers. The fact that it limits promotions to the funds available in nowise cures that situation. In the administration of the departments there may be carried on the rolls a large group or a number of employees for whom a certain fixed sum is appropriated, but that sum can be arranged so that there may be available sufficient to allow a number of promotions in administrative offices. I personally think that is a bad policy. Any policy that will permit discrimination or that will permit any opportunity for building up a special class of Government employees to the detriment of another class is not, in my opinion, a fair and just policy, and I believe that, under the provisions of this amendment, that practice could and perhaps would grow up in any particular department to which the amendment applies. I am not referring to the Post Office Department, for I know nothing of the inner workings of that Department. We know, however, what a tragedy was perpetrated upon the average everyday employee and generally to the group of employees receiving small salaries a few years ago when we enacted legislation for the purpose of providing promotions in the different units and branches of the public service. By gerrymandering the particular high-class and higher-paid officers, the employee with a small salary receives practically no promotion at all; the person who is receiving a salary of fifteen hundred or sixteen hundred dollars per annum receives a promotion carrying an increase in compensation of from forty to sixty dollars per annum, while under the operation of that law an employee receiving a salary of five or six thousand dollars per annum is usually promoted to the extent of six or eight or nine hundred dollars a year. The operation and administration were directed contrary to the policy and the intention of Congress. I am hopeful we will not again enact any legislation of that character. I do not know that my criticism applies to the amendment offered by the Senator from Wyoming.

Mr. O'MAHONEY. Mr. President, I think the Senator misapprehends the purpose of the amendment. It will not create any opportunity for favoritism that does not now exist. As a matter of fact, the adoption of this amendment will enable the departments to afford greater justice to the employees with small salaries.

Mr. TRAMMELL. I very much regret that there is now an opportunity of favoritism. A wise and righteous policy would be to strike from the law any provision that now exists which allows favoritism.

Mr. O'MAHONEY. I agree with the Senator that there should not be opportunity for favoritism.

Mr. TRAMMELL. I do not know how that may be in connection with this amendment, but I merely wanted to make these general observations, because I have observed instances where, although there was a good purpose in view on the part of the author of a bill or an amendment, instead of being so administered, it was administered in a manner contrary to what the author of the amendment probably intended.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Wyoming.

The amendment was agreed to.

Mr. COPELAND. Mr. President, I rise to ask the Senator in charge of the bill what he understands to be the effect of the bill regarding the low-grade officers in the Army and other military services. As I understand, the effect of the bill as it now stands is to wipe out all the economies effected under the original section 201 of the Economy Act, except one provision which has to do with the longevity pay provided for officers mentioned in that act.

I am sure, from our discussions in the committee, that we had no thought of discriminating in any way against any officers in the military services, but if the bill shall be left in the form that we now have it, as I understand it, captains and lieutenants of the Army and officers of corresponding low ranks in other military services will be greatly discriminated against. The entire saving to the Government will not be very much, but practically all of it will come out of lieutenants and captains. The pay increases for civilian employees are in no way automatic. They depend upon opportunity and the conditions emphasized a moment ago by the adoption of the amendment of the Senator from Wyoming [Mr. O'MAHONEY]. Unless we make provision for them it will be found, I am sure, that the captains and lieutenants and other officers of low grade in the military services will be discriminated against in a way that we did not anticipate.

May I ask the Senator from South Carolina if he has given thought to that?

Mr. BYRNES. Mr. President, the provision as to automatic promotions was prepared by the committee as a result of a proposal submitted by the Army and the Navy. When it was submitted to the committee it was stated that if it was adopted it would give to them everything they wanted. It is seldom in life that a man can get everything he wants. It was stated to the committee that there was a certain provision with reference to longevity, but that they did not ask for it.

The proposal of the Senator from New York is to give to them not only all they asked for, but that which they specifically said they would not ask for. The Senator, I think, has been perhaps misinformed. The provision which he has in mind applies alike to all officers. If the Senator will look into the record he will find a specific statement by General Coleman that if that provision were written into the bill it was all they would ask for, and he specifically referred to the proposal the Senator has in mind and said he would not ask for it.

Mr. COPELAND. I may say to the Senator that those who have been 30 years in the service are not affected at all by the provisions of law I am talking about. It is the young man whom longevity pay affects, so in spite of anything that may have been said to the committee or anything that was discussed there, the fact remains that the younger officers are discriminated against. They are the only ones left who are so treated by action of the Senate.

Mr. BYRNES. The time will never come when individuals or groups will not believe that by the action of the Congress they are not discriminated against. That is inevitable. When the committee acted upon the request of the representatives of the Army and the Navy and they were given all they asked for, and the committee heard them specifically say they would not ask for more, I knew they were mistaken. I knew they would be back, and I stated to the committee at the time that, regardless of their statement, before the bill was considered they would return to us, not stating that they had not been treated right, not that they had not been given everything that they asked for, but that somebody else had been given something, as a result of which they felt they had not received as much as they might have received had they asked for more. I was not mistaken, because thereafter it seems that they did take exactly that position.

I say to the Senator from New York that if we comply with the request of the officers who now present that proposal I will guarantee that by tomorrow there will be other groups who will come and say that they were perfectly satisfied today, but by reason of the action brought about by the Senator from New York they are now discriminated against, and something must be done to relieve them of the discrimination visited upon them.

If the Senator wants the law, I shall be glad to read it to him:

> Every officer paid under the provisions of the first five sections of this title shall receive an increase of 5 percent in the base pay of his grade for each 3-year period of his service up to 30 years.

It is very complicated, but by reason of the action of the Senate the officer who has been complaining, and justly so in many instances, has restored to him the right to promotion by reason of going into a higher pay period. In addition to that the action of the Senate restores to him every bit of the cut. I think it is a good day for the officers of the Army and Navy.

Mr. COPELAND. I am much impressed by the recital of the experiences of the Senator from South Carolina, but I am not moved by his philosophy. I have no doubt, of course, that there will be many to come here and say we have not done the right thing. But I want the RECORD to show, in spite of all that has been stated by the Senator from South Carolina, that if I am correctly advised there is a distinct discrimination against the captains and lieutenants in the Army and the corresponding grades in the Marine Corps and the Navy.

What the Senator has said does not impress me. The philosophy is not one I can accept. I know it was the intent of the committee to take away all discrimination against the military service. Upon my own motion in the committee the civilian employees were placed upon the same basis. But it now develops that there is a discrimination against the officers mentioned, and I want the RECORD to show it. I am sure that the Senator from South Carolina, when he recovers from the ill effects of a fatiguing day, will be disposed to give consideration to the matter and perhaps in conference to wipe out this discrimination against the officers of the lower grades.

Mr. TRAMMELL. Mr. President, may I ask the Senator from New York a question?

The PRESIDING OFFICER (Mr. MCKELLAR in the chair). Does the Senator from New York yield to the Senator from Florida?

Mr. COPELAND. Certainly.

Mr. TRAMMELL. Did the Senator from New York propose an amendment?

Mr. COPELAND. No; I did not.

Mr. TRAMMELL. To what particular paragraph did the Senator's remarks refer?

Mr. COPELAND. We have wiped out everything we had previously provided in section 201 excepting those things having to do with longevity pay. We ought to put all officers in the military service upon exactly the same plane. That can be done by repealing the remaining parts of section 201. But I do not offer any amendment because I have no amendment prepared.

Mr. TRAMMELL. Mr President, I have been informed that the bill does work a discrimination against the lower ranking officers. Of course, I am not familiar with the details of the measure or the many acts to which it makes reference, but I could not knowingly give my approval to legislation that discriminates against the captains and the lieutenants. If there is such discrimination in the legislation, I hope it will be cured either now or in conference.

Mr. COPELAND. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Florida yield to the Senator from New York?

Mr. TRAMMELL. I yield.

Mr. COPELAND. If the Senator will look at page 35 of the bill he will find that it reads:

> The following sections, as amended, * * * are hereby continued in full force and effect.

Then in line 10 it reads:

> Section 201, suspending automatic increases in compensation.

Those words apply only to officers of the lower grades. We dispose of everything in section 201 except that one thing. If those words in lines 10 and 11 were stricken out, the object I have in mind would be accomplished.

Mr. TRAMMELL. Mr. President, I offer an amendment on page 35, beginning in line 10, to strike out the words "Section 201 (suspending automatic increases in compensation)."

The PRESIDING OFFICER. The Senator from Florida offers an amendment which the clerk will report.

The CHIEF CLERK. On page 35, lines 10 and 11, the Senator from Florida proposes to strike out the words "Section 201 (suspending automatic increases in compensation)."

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida.

Mr. COPELAND. Mr. President, I ask the Senator from South Carolina [Mr. BYRNES] to accept the amendment and take it to conference, because if conditions are as stated, there exists this injustice to those in the lower grades. If it is found by the Senator and the conferees that we are mistaken, then I shall be perfectly content to have the correction made.

Mr. BYRNES. Mr. President, the Senator is offering his amendment because of statements made to him by the officers, I judge, who have written him the communication he holds in his hand. I say again that I think the Senator is misinformed because the law provides as follows:

> Every officer paid under the provisions of the first five sections of this title shall receive an increase of 5 percent of the base pay of his grade for each 3-year period of his service up to 30 years.

It is not discrimination against the captain or the lieutenant. It applies to every officer in the Army, and I say again that General Coleman, appearing before the committee and explaining the proposal in which the Army was interested, and not for certain officers but for the entire service, and Captain Bloch, of the Navy, presented the

proposal which appears in section 37 and which gives to them everything for which they asked. The amendment that is offered should not be adopted.

Mr. COPELAND. May I ask the Senator a question? If there is such a discrimination against these officers of lower rank, does the Senator desire to have that discrimination continued?

Mr. BYRNES. Mr. President, I can understand plain English when it is written into the law. I have read the law, and I have now read it to the Senator. There is no discrimination as to any individual; but it applies alike to all officers in the various services, Army, Navy, Marine Corps, Coast Guard, and Public Health Service.

Mr. COPELAND. The Senator knows that the longevity pay does not affect those who have been in the service 30 years.

Mr. BYRNES. The language says "up to 30 years."

Mr. COPELAND. The discrimination is against those officers up to 30 years, just as the Senator says.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. TRAMMELL].

The amendment was rejected.

Mr. HATFIELD. Mr. President, I offer an amendment which I send to the desk and ask to have stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 35, line 12, it is proposed to strike out "subsection (a)" and insert in lieu thereof "subsections (a) and (c)."

Mr. BYRNES. Mr. President, there was so much confusion in the Chamber that I could not understand the amendment.

Mr. HATFIELD. Mr. President, for the information of the Senate and particularly of the Senator from South Carolina, if he will give me his attention for just a moment, I will make a statement regarding the amendment.

The purpose of this amendment is to restore to the railway postal clerks the subsistence allowance of $3 per day which was reduced to $2 per day by Public Law 212, Seventy-second Congress, approved June 30, 1932, known as the "Legislative Appropriation Act for the fiscal year 1932." No postal clerk who is required to stay away from home some 2 or 3 days, or at least 24 hours, on his run before he can return, can live on $2 a day. The purpose of this amendment is to reinstate the basic allowance of $3 per day for food and quarters that heretofore the railway postal clerk was granted for the purpose of supporting himself while away from his home on official duties.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from West Virginia.

The amendment was rejected.

Mr. THOMAS of Oklahoma. Mr. President, there is pending upon the desk an amendment which at this time I call up and ask to have read.

The VICE PRESIDENT. The Senator from Oklahoma offers an amendment, which will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following new section:

SEC. —. The weekly compensation, minus any general percentage reduction which may be prescribed by act of Congress, for the several trades and occupations, which is set by wage boards or other wage-fixing authorities, shall be reestablished and maintained at rates not lower than necessary to restore the full weekly earnings of such employees in accordance with the full-time weekly earnings under the respective wage schedules in effect on June 1, 1932: *Provided*, That the regular hours of labor shall not be more than 40 per week; and all overtime shall be compensated for at the rate of not less than time and one half.

Mr. THOMAS of Oklahoma. Mr. President, this amendment is offered to help the employees in the navy yards, the arsenals, the Panama Canal Zone, the Government Printing Office, and the Bureau of Engraving and Printing. It simply proposes to put them back on the same status they occupied in July of 1932.

I hope the chairman of the subcommittee will not object to this amendment, but will let it go to conference. If it is there found, for good and sufficient reasons, that the amendment should not be adopted, of course I could not complain; but I think these people should have a chance to be heard before the conference committee.

Mr. BYRNES. Mr. President, I must say that I do not understand exactly what the amendment seeks to accomplish. It provides for the restoration of the wage schedules in effect on June 1, 1932. The wages of all employees would be affected by a general restoration, and I do not see the necessity for adopting legislation which would establish a wage schedule as of a certain date in the absence of information as to what effect it would have. The restoration of any pay cut would come to these employees, as I understand, just the same as it would to all other employees. Is that correct?

Mr. THOMAS of Oklahoma. Mr. President, the amendment adopted this afternoon restores their pay cut, it is true, provided that amendment remains in the law. This amendment proposes to give the employees of these several bureaus an increase in their pay even though they do not have to work an increased number of hours. At the present time they work 40 hours and get 44 hours' pay. Under the amendment it is possible that the board that has control of these employees will let them work 40 hours and they will possibly get 48 hours' pay, provided they get an increase of their hourly pay.

Mr. BYRNES. Mr. President, because I do not understand the effect of the amendment, and because if it should be adopted we know that other groups of employees would take the position that it was a discrimination against them, inasmuch as it affects only a limited number, I must say that I hope the amendment will be rejected, for I can see that it would give a preference to some employees as against other employees.

I think before the Congress shall adjourn some legislation affecting hours will be considered. It ought to apply to all, however, and not to a single group. I cannot see any good reason why it should apply only to one group.

Mr. THOMAS of Oklahoma. Would the chairman of the committee object to having the amendment adopted and taking it to conference and getting more information later?

Mr. BYRNES. Mr. President, I have no objection to the amendment going to conference.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oklahoma.

The amendment was agreed to.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina [Mr. BYRNES] to suspend the rules.

Mr. STEIWER. Mr. President, I ask the attention of the Senator from South Carolina at this point. I understand that the question now recurs on the motion to suspend the rules made earlier in the day by the Senator from South Carolina.

I am advised that there are numerous motions, all for the purpose of suspending the rules. One is made by the junior Senator from Maine [Mr. WHITE]; one by the junior Senator from Washington [Mr. BONE]; another, to which our attention has been attracted this afternoon, is the motion of the junior Senator from Maryland [Mr. GOLDSBOROUGH]. On behalf of the Senator from Nevada [Mr. MCCARRAN] and myself I, some days ago, gave notice in writing of a desire and purpose to make a motion to suspend the rules. There may be still others.

I am not at all sure that under the rules of the Senate these various proposals would be in order if they should be presented under the motion now pending, made by the Senator from South Carolina. I am wondering if we are not more or less in agreement upon the proposition of suspending the rules for all the purposes that have been indicated. If so, possibly the Senator from South Carolina will ask unanimous consent that the rules be suspended for the purpose of considering all the proposals that lie on the desk.

Mr. BYRNES. Mr. President, I do not know the various proposals. As the Senator knows, I have been away from the Senate for a number of days until today. I have no doubt that if my motion to suspend the rules should be agreed to, the proposals which have been offered by the

Senator from Oregon would be in order. It was my purpose, instead of making a motion to suspend the rules, to ask unanimous consent that the rules might be suspended for the consideration of the two amendments which I had offered; and, as I say, it is my understanding that the Senator's amendments would then be in order.

Mr. STEIWER. I know that is the Senator's purpose, but I did not want to have a complicated parliamentary situation. To illustrate one thing that is in my mind, in the notice given by the Senator from Nevada and myself is a provision granting certain additional benefits to the veterans of the War with Spain. They are not alluded to at all in the proposal of the Senator from South Carolina.

Mr. BYRNES. That is true.

Mr. STEIWER. And I am not sure that proposal would be held to be germane to the Senator's proposal, nor am I sure that the proposal made by the Senator from West Virginia [Mr. HATFIELD] would be germane to the Senator's proposal.

Mr. BYRNES. I will say to the Senator from Oregon—of course this matter was discussed by us in the committee—that if any motion to suspend the rules shall be made by the Senator, I shall certainly join him in the motion that the rules be suspended in order that the amendment may be considered. I do not know that it could be done in any other way; but to the extent that I can aid the Senator in securing the suspension of the rules I shall do so.

Mr. STEIWER. I know that the Senator will proceed in the best of faith in the world. I am not worrying about that; but there are a number of different proposals here, and it occurred to me that if unanimous consent could be had for the suspension of the rules for all of these purposes it would obviate the possibility of any technical difficulty in connection with the matter.

Mr. BYRNES. I should not hesitate as to the amendment to which the Senator refers, and which I know about; but I do not know what the other amendments are, and I do not want to commit myself as to some things of which I have no knowledge. I know about the Senator's amendment, because he has advised me about it.

Mr. STEIWER. I am referring only to the amendments that have been sent to the desk and are printed and lie upon the table.

Mr. BYRNES. As I say to the Senator, I have not seen them, because, as the Senator knows, I have not been in the Chamber for 4 or 5 days. I am not familiar with any amendments to be offered except those proposed by the Senator from Oregon and the Senator from Nevada.

The VICE PRESIDENT. The question is, Shall the rules be suspended? [Putting the question.] In the opinion of the Chair, two thirds of the Senators present having voted in the affirmative, the rules are suspended.

The Senator from South Carolina offers an amendment, which will be stated.

Mr. HATFIELD. Mr. President, as I have had an amendment at the desk since January 11, and it has to do with the repeal of the Economy Act so far as it applies to the veterans, I think possibly it should be offered first or considered first by the Senate.

Mr. BYRNES. Mr. President, my motion to suspend the rules was made today and was temporarily laid aside in order that under the unanimous-consent agreement we might dispose of the economy provisions of the bill. I do not know what amendment the Senator has in mind. I ask at least to have the amendment which I have offered read by the clerk.

The VICE PRESIDENT. The amendment offered by the Senator from South Carolina will be stated.

The CHIEF CLERK. On page 38, after line 14, it is proposed to insert two new sections, as follows:

SEC. 23. Notwithstanding the provisions of Public Laws Nos. 2 and 78, Seventy-third Congress, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, shall be payable from the date of passage of this act to the date of decision by the Board of Veterans' Appeals in all cases disallowed by the special boards of review authorized under section 20 of Public Law No. 78, Seventy-third Congress: *Provided*, That the Board of Veterans' Appeals is hereby authorized and directed to review all such cases at the earliest practicable date: *Provided further*, That the Administrator of Veterans' Affairs is hereby authorized and directed to develop such cases by correspondence and investigation to the end that all available material evidence shall be secured and made a part of the claim before decision by the Board of Veterans' Appeals is rendered: *Provided further*, That in those cases where, as a result of the review, service connection is granted by the Board of Veterans' Appeals, pension shall be payable, effective July 1, 1933, at the war-time service-connected rates under Public Laws Nos. 2 and 78, Seventy-third Congress, subject to deduction of the amount of pension paid for any period subsequent to June 30, 1933.

"SEC. 24. That section 6 of Public Law No. 2, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'SEC. 6. The Administrator of Veterans' Affairs is hereby authorized within the limits of Veterans' Administration facilities to furnish medical and hospital treatment for diseases or injuries and domiciliary care for permanent disabilities, in the following order of preference and subject to the following requirements:

"'(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and to any other person entitled to pension for disease or injury incurred in line of duty during the World War when in need of hospital treatment for such injury or disease;

"'(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"'(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"'(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living.'"

Mr. TYDINGS. Mr. President, I sympathize greatly with the desire of the employees and others who have had their compensation or salaries cut, as I have had my own cut during this emergency, to have them restored. It occurs to me, however, that we may be doing the whole country an inestimable amount of damage by not looking at the national picture which we are creating by the expenditure of money.

Shortly the Government will have a debt of $32,000,000,000 which it must pay, and that means that everybody, including the Government employees, the soldiers, the Members of Congress, the farmers, and everybody else, will have to pay in taxes and money which will be necessary to amortize and to meet the interest upon the $32,000,000,000 debt.

Suppose we agreed to pay it off at the rate of 2 percent a year over a period of 50 years—and we cannot wait much longer than that. That would mean that we would have to create a sinking fund of $640,000,000 a year. The interest on $32,000,000,000 at 3 percent is $960,000,000 a year. So that the interest, plus the sinking-fund requirement of 50 years' duration, would mean that $1,600,000,000 would have to be collected in taxes from the people of the United States each and every year in order to amortize the debt and keep the interest on it paid.

We are now collecting in revenue only about two and a half million dollars a year. So there would be left only $900,000,000 to pay all the veterans, the Army, the Navy, to build up the Navy, and to carry on all the other activities of this Government. It strikes me that nobody is thinking of the day when the burden of this taxation will be piled onto the backs of the hard-working people of the United States.

Certainly, if we build up a load of taxation, there is not going to be any recovery in this country worthy of the name. We are appropriating money right and left, oblivious of the fact that 12,000,000 people are now out of employment, and

have been out of employment for 3, and, perhaps 4 years, hunting for jobs.

There are more Government employees living in my State, because of its proximity to the District of Columbia, and in the State represented by the Senators from Virginia, than in any other of the States represented in this body. Those people in Maryland are my friends; they have supported me in no small numbers, and by virtue of that suffrage, I have the privilege and the honor to be here today, and I would be the first one in the world who would want to repay, in any way I rightfully could, the political and personal obligation I feel. But would we do them a favor, would we do the ex-service men a favor, would we do the unemployed a favor, would we do the farmer a favor, would we do the industrialists a favor, if we piled up such a burden of debt as to defeat the recovery which we all hope is now beginning to show itself? What of the taxpayers? What of the people who are going to bear this burden of taxation?

When the time comes to vote on the sales tax, what are we to say? A sales tax is going to be forced on this country; let us make no mistake about that. This country is going to be put in such a position that a sales tax will be as inevitable as tomorrow morning's sunrise.

Mr. President, I hold in my hand a package of cigarettes. The tax on that package of cigarettes is 6 cents. There is a 15-cent package of cigarettes, with a Government tax of 6 cents on it, 40 percent of its sales price. Suppose a man is a carpenter and smokes one package of cigarettes a day, let us say 300 packages a year. He will pay $18 of his hard-earned money in order to pay into the National Treasury the cigarette tax alone. If he earns $4.50 a day, he has to work 4 days just in order to pay his cigarette tax to the Treasury of the United States. I might illustrate the point by referring to other taxes.

We cannot spend money here without providing for it sometime in the future, and everybody knows, the way the national debt is mounting by leaps and bounds, that the day is not far distant when closing up the loopholes in the income-tax laws will not furnish enough money to finance the Government and to balance its Budget.

I do not deny for a moment that in this emergency many of these unusual expenditures are absolutely necessary. The Government could not and should not have seen misery and want continue over a long period of time without moving to alleviate the suffering and distress, but the cold fact is that we cannot go on forever expending money without facing the inevitable result of increased taxation on all the people.

When we put increased taxation on all the people, to that extent we take from them what they have earned, whether it be a rich man or a poor man, and we make the processes of recovery more difficult.

I could stand here and offer amendments that would tear the heartstrings of any Senator. I served in the war, on the battle front, where men were killed and wounded; and it is mighty hard for me to vote against any amendment for the benefit of the veterans, not only because of my association with them but because I realize the splendid service they rendered and the sacrifices they made for their country. But I know that it would not be serving them at all for me to vote for measures that would result in putting the National Treasury in such a condition that its finances would not rest upon a sound base. I know that on the 3d of last March, less than a year ago, every bank in this country was tottering on the verge of a national bank holiday. I know that on the 3d of last March this Government wanted to borrow $75,000,000, a very small sum, comparatively, and it wanted that money for 90 days only; not for 4 years, but for 90 days it asked the investors of the United States to lend it $75,000,000. Did they do it? Yes; they did. But think of this. Only $90,000,000 was subscribed to that invitation for loan. There was barely enough money coming in so that the Government could pay its employees and pay the veterans who were on the rolls at that time. And even then the Government paid, if I recall rightly, 4½ percent in order to get that money. That was the condition in which the Federal finances were on the 3d of last March, because that was the day on which this loan was made.

It is all well and good, and it is easy, and it is what every man would like to do, to vote money down each one of the avenues where there are large masses of people. I do not like my salary to be cut any more than any other man does, and I perhaps need the full salary more than most people do; but I think we are still in the period of sacrifice. With 12,000,000 of our fellow citizens out of employment, I think we ought to think about getting them back to work, and we should think about leaving the processes of Government in such shape that they can get back to work at the first opportunity, rather than to pile up an unnecessary burden of debt which will have to be met sooner or later through the imposition of onerous taxes.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Nevada?

Mr. TYDINGS. I yield.

Mr. McCARRAN. Does the Senator realize that within a short time we will be asked to appropriate $200,000,000 for the purpose of buying up shelly cattle, to be distributed from the North to the South, in order to promulgate a code that is now being proposed to stabilize the dairy industry of the country? And does the Senator realize that all the new demands that are being made by new institutions of our Government are creating new indebtednesses, and that at the same time we are failing to take care of those things that belong to the normal institutions of the Government?

Mr. TYDINGS. Of course, Mr. President, we are expending money, spending it at a rate of speed never before witnessed in any other government in the world. The very suggestion the Senator makes shows that there is a tremendous, driving need from people who have no guaranteed monthly income, who are faced with the loss of their homes, for which condition this Congress has provided; who are faced with the loss of their farms, for which condition this Congress has provided; who are faced with the lack of enough to eat, for which condition this Congress has provided; who have not enough clothes, for which condition this Congress has provided; whose boys and girls are being taken out of school, for which condition also this Congress has provided. And if, as the Senator says, all these extraordinary appropriations are necessary, is that not all the more reason, in the face of the prevailing great want and distress and disaster, why we should go a little slow in adding to the income of those who at least have enough to live upon until we can lift the unfortunates to a level where they, too, may earn a living?

Mr. McCARRAN. Mr. President, will the Senator further yield?

Mr. TYDINGS. I yield to the Senator from Nevada.

Mr. McCARRAN. Does the Senator realize that the Department of Labor has established a rule of health and decency according to which it has declared that the present earning under the 15-percent cut does not meet the standard of health and decency?

Mr. TYDINGS. If the rule established by the Department of Labor as to a decent living could only be made to apply to the 10,000,000 or 12,000,000 people in America who have no income whatsoever, I should think the Department of Labor would be doing a pretty good thing; but when the Department of Labor cannot do a damn thing for those 12,000,000 people, what good does such a rule do?

Mr. McCARRAN. Mr. President, will the Senator further yield?

Mr. TYDINGS. I yield.

Mr. McCARRAN. Of course, naturally I regret that I should have inspired profanity from the lips of the learned Senator from Maryland.

Mr. TYDINGS. "Damn" is not profanity. The Senator has been living out in a country where that word is used even in the church.

Mr. McCARRAN. I suppose it was used in the church in Maryland before my State came into existence.

Mr. TYDINGS. Even the Bible says certain people shall be "damned", and I speak then what has been inspired to be written through the minds of saints. I am certain I can speak it here without being called a sinner.

Mr. McCARRAN. Certainly the word must come from the lips of a saint when it comes from the lips of the learned Senator from Maryland.

Mr. TYDINGS. Mr. President, I am not taking issue with the Senator in his desire to raise those who labor to higher levels, but what I am trying to bring out is that each one of these things that we do, in my humble judgment, makes it more difficult for us to afford help to the 12 millions of people who have absolutely no income whatsoever, except what they receive from the hands of charity. We cannot spend this money on ourselves by raising our own salaries without diminishing the amount of money which would be available to go to those who have no salaries whatsoever. Two people cannot own the same dollar at one and the same time, and every dollar of money that we appropriate and expend for those who already have an income means that there is that much less money for those who have no income whatsoever.

Talk about the standard of living? If the Senator from Nevada will go to my office at 11 o'clock any morning, he will find a hundred people there who are anxious and begging and glad to get a chance to enjoy some of this "living" which the Government hands out, because there are at least that many there nearly every morning trying to get on the Federal pay roll, and what touches the heart of any man is that many of them have been out of work for months and months, and some have been out of work for years.

Mr. McCARRAN. Mr. President, will the Senator further yield?

Mr. TYDINGS. I yield.

Mr. McCARRAN. I just wish to say that if the Senator will come to my office at 8 o'clock in the morning, he will find the same condition.

Mr. TYDINGS. I will say to the Senator that if he will go to my office at 11 o'clock at night, he will find the lights burning there; and if he works until 11 o'clock at night, he will not be in his office at 8 o'clock in the morning.

Mr. McCARRAN. Mr. President, if the Senator will yield again, I will say that if he should come to my office at 11:30 or at midnight he will find me there.

Mr. TYDINGS. That is fine. I admire the Senator from Nevada. I know he is industrious.

Mr. CONNALLY. Mr. President, I think it is very unbecoming for Senators to reveal on the floor of the Senate that they are not working under the N.R.A. [Laughter.]

Mr. TYDINGS. I am sorry to say I do not. I wish I could do so. The N.R.A. does not apply at this time to Senators. Parenthetically I will say I have seven young ladies working in my office. I am only allowed four. Some of them have been working and paid with funds that do not come to them from the Government. Even then we are obliged to work 12 or 14 hours a day many times to keep up with the work. Our mail is a month behind. I feel sorry for these women because of the fact that I have to impose on them, by asking them to stay there when they are in a nervous condition from overwork. Already two of them have had a nervous break-down during the last year, and I have had to let them go away to get a rest.

However, Mr. President, that is beside the point. The point is that the taxpayer is the last man this Congress is thinking about. That is the truth, and every man knows it. All we are thinking about is expending money, as if the poor people themselves were not going to be called upon to pay off the debt. And we are spending money when 12,000,000 of our people are without the means of earning bread and butter for themselves, their wives, and their families.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Oklahoma?

Mr. TYDINGS. I yield.

Mr. GORE. We hear a great deal these days about the forgotten man. I appreciate what the Senator has just said with reference to the taxpayer. The taxpayer is the forgotten man. And worse still, the taxpayer, judged by the record of this Congress, is the forsaken man.

Mr. TYDINGS. I agree with what the Senator has said; and if it were possible, may I say to my friend from Oklahoma, forever to appropriate money without thinking of paying it back, I should be delighted to make additional appropriations to every one who came here with an application; but the naked fact still stands out that there has not been a time or place in all history when a legislative body has appropriated money that it did not have to put the burden of that appropriation on the backs of the people.

Talk about cutting down purchasing power! What greater avenue for cutting down purchasing power is there than the avenue of taxation? If a man makes a $100 a month and we take half of it away in taxes, he only has $50 to spend with which to promote the production, the transportation, and use of products. If we take $75 of his earnings in taxation out of his $100 he only has $25 to spend. What we are doing is cutting down purchasing power. We are going to make a sales tax inevitable. Let us not fool ourselves. With $2,500,000,000 of income and $1,600,000,000 needed for sinking fund and interest on our national debt, we have only $900,000,000 a year left over. We are going to need three and one half billion dollars a year to run this Government very shortly; and the way we are now piling up appropriations, there is no way that I see whereby we are actually going to get that money short of a mass tax on the people.

Mr. McCARRAN. Mr. President, will the Senator yield?

Mr. TYDINGS. I yield.

Mr. McCARRAN. I just wish to state that the Senator has an apostle and a cooperator with him in the position he takes, as revealed in his last expression, that eventually we must come to that which to my mind is the most scientific method of taxation, the sales tax.

Mr. TYDINGS. I agree with the Senator from Nevada. I think food and clothing and medicinal supplies should be excepted. I voted for the sales tax on three occasions. It stands to reason that the man who has the most money to spend will probably pay the most tax. If we exempt food and clothing and medicinal supplies, the burden of that form of taxation does not rest, as a rule, on the poor man who needs his income for the bare necessities of life, and I am in favor of such a tax. But the point I make is this, I will say to the Senator from Nevada that many Senators are opposed to it; and I am simply issuing a warning that if they do not want it, nothing is more calculated to bring it about than what we are doing here in this session of Congress.

Mr. BONE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Maryland yield to the Senator from Washington?

Mr. TYDINGS. I yield.

Mr. BONE. I do not wish the Senator from Maryland to digress from his remarks, and I know that the discussion concerning taxation probably was merely a side issue.

Mr. TYDINGS. I think it is very apropos, let me say to the Senator from Washington.

Mr. BONE. Assuming it is, I wonder if the Senator from Maryland feels that if a sales tax were adopted, we should then eliminate the income tax, or whether we should rather screw income taxes higher?

Mr. TYDINGS. No; we will need all the income taxes and all the sales taxes, and the Senator and I will be here pulling out of our heads the few hairs we have left while we are endeavoring to find something else we can tax in order to get money enough to balance the Budget. He need not worry. We will need them all, every one of them, and then some.

Mr. President, I am not going to take the time of the Senate further except to make this concluding remark:

What we are doing today in the last analysis, as a matter of common honesty, is not calculated to help the people whom we claim we are helping. It is delaying recovery. It is making more taxes necessary. It is hurting the country as a whole. In my humble judgment, though I may be wrong, instead of helping those for whom we are appropriating this money we will find, as the situation unravels and time goes on, that we have done them and, what is worse, the 12,000,000 who are looking for work, a degree of harm which we might have avoided if, as it seems to me, we had been a little more thoughtful.

Mr. BONE. The Senator has painted such a gloomy picture that perhaps I might bring one little gleam of sunshine to this dark vale.

Mr. TYDINGS. I should be grateful for even a fraction of a gleam.

Mr. BONE. While reading the current issue of the Washington Herald I noticed a statement that a United States note issue was overbought by investors, that a $800,000,000 issue was oversubscribed four times.

Mr. TYDINGS. I am very glad the Senator brought that up.

Mr. BONE. There is a little gleam of hope left. I am sure the Senator does not want us utterly to lose hope.

Mr. TYDINGS. I am glad the Senator brought up that matter, because nothing I could have thought of would have more aptly given point to the argument I have made. If the Senator will take the statement of any bank in the country, and particularly any of the large banks, he will find that nearly all the assets of those banks are invested in Government securities. He will find that, instead of money going into the channels of trade and commerce and what not, the banks are pouring all they can get into the buying of Government securities. What does that mean? It means that there is no capital there to lend to industry as would be done if the times were normal.

Further than that, it means that the bankers have to buy every new issue of Government bonds for a very obvious reason. They buy the bonds at par or nearly par. Frequently the bonds have depreciated in price. If they were to depreciate far enough, the banks' capital would become impaired, and then the banks would have to close their doors; so that the bankers are forced, for the protection of their own institutions, to buy bonds which they might not have bought otherwise, in order to keep their banks open. We are thus tying up the capital of the country and putting it all into Government obligations.

Mr. BONE. Of course it is a fact that the banks can translate those bonds into currency if they so desire.

Mr. TYDINGS. Yes; I believe to the extent of 90 percent.

Mr. BONE. In other words, they can make liquid, in the form of currency, the bonds they have bought, so they can make loans if they find they desire to do so.

Mr. TYDINGS. Let us suppose that bonds continue to drop and the bankers become scared; that they take to the Federal Reserve all the $22,000,000,000 of bonds which are in the country and through open-market transactions get currency for them. Is the Senator in favor of that?

Mr. BONE. The only reason I asked the question was because the Senator said the banks have bought up the bonds and that they could not make loans. I was suggesting that they could readily translate those bonds into currency and make loans.

Mr. TYDINGS. I asked if they could do it, if they took the $22,000,000,000 of bonds to the Federal Reserve and asked for currency, whether the Senator would favor that or not?

Mr. BONE. I cannot answer a mere moot question.

Mr. TYDINGS. The Senator is backing away from his own proposition. I thought he was going to maintain that they could always get the money, but I find when the Senator is up against his own interrogation that he himself does not care to answer it.

Mr. BONE. I have no doubt that they could translate those bonds into money if they cared to do so, because when they cannot do that, then the Federal Reserve System falls of its own weight.

Mr. TYDINGS. When the entire $22,000,000,000 of bonds are translated into money, I wonder what that money will be worth?

Mr. BONE. The Senator may suggest what it would be worth.

Mr. TYDINGS. I do not think it would be worth very much, but at the rate we are going now the process of which the Senator speaks will have to be followed in order for some of the banks to get money. I know that my mail contains many complaints that industrialists and business men cannot now get loans from their banks. Certainly a bank does not know what to do in times like these. Certainly the best thing it can do, as it sees it, is to put its money into Government bonds.

Mr. President, I simply rose to say a word for the taxpayers. I have supported them by my votes, and I intend to continue to support them. In doing this I am not voting against anybody who would be benefited by the bill. In the last analysis, I am voting for them, because a man is not always a friend who purports to vote public money to some group of people. He may in the last analysis prove to be an enemy, not only to that group but to other citizens who are not represented in the legislation.

GREAT LAKES-ST. LAWRENCE WATERWAY

Mr. LA FOLLETTE. Mr. President, some days ago the junior Senator from Missouri [Mr. CLARK] placed in the RECORD a large number of editorials relating to the Great Lakes-St. Lawrence Treaty. I recognize that the Senate of the United States is not going to determine its decision upon this important project upon editorial opinion. Nevertheless the impression has been created, by the insertion of the editorials referred to, that the treaty is without editorial support in the country. I have had prepared copies of a number of editorials supporting the treaty, and I ask unanimous consent that they may be inserted in the RECORD.

There being no objection, the editorials were ordered to be printed in the RECORD, as follows:

The Chicago Daily News, February 14, 1934:

"A vote against the treaty by a Republican or a Democratic Senator is a vote against the binding effect of political pledges. In times like these such a vote is sabotage of the principles of popular government, because it weakens public respect for such government.

"Democratic Senators, of course, are under another sort of obligation to support the treaty—the obligation of loyalty to their party chief. But Republican Senators are under an even more compelling obligation to support the treaty, from the standpoint of American governmental tradition. * * *

"Opposition to the treaty is inspired by special and sectional interests. The spirit of the Republican Party from its birth has been national. Sacrifice of national objectives and the greater welfare of the Union to selfish sectionalism is abhorrent to the principles from which the Republican Party derives its reasons for existence.

"In the light of the historic and present facts, a vote against the treaty by a Republican Senator would be an even greater breach of political duty than a vote against it by a Senator on the Democratic side of the Chamber. To vote against a Republican measure on the excuse that it is supported by a Democratic President would be stupid and un-American at any time. In view of the present position of the Republican Party as the champion of the American tradition of government through the ordered processes of Constitution, laws, and party organization, a vote against the treaty by a Republican Senator would be a vote against the Republican Party."

Editorial of January 16, 1934, in Hearst newspapers:

"The St. Lawrence Waterway Treaty should be ratified.

"The President's message to the Senate admirably summarized the arguments for ratification and effectively answered the main objections urged against the treaty.

"It can freely be admitted that some of the opposition to the treaty is conscientious and sincere. The project involves a great expenditure. A considerable period must elapse before the beneficial effects of this great highway to the sea will be felt, and perhaps a longer period before it will yield returns upon its cost.

"But for the most part the forces seeking to defeat ratification are local and selfish.

"They should not prevail against a great national work of enlightened development, clearly indicated to be so natural and inevitable that it must be regarded as a part of the destined progress of a great people.

"The President makes the point that every great improvement directed to better commercial communications had been opposed

by local interests which, to use his words, 'conjure up imaginary fears and fail to realize that improved transportation results in increased commerce, benefiting directly or indirectly all sections.'

"This has certainly been true of the railroads pushing into new territory. Every project for the deepening of our rivers or the building of canals has encountered the same resistance, and even the Panama Canal—which has so amply vindicated the vision of those who early foresaw its importance, both as a contribution to our defense and security and the narrowing of the distances separating us from the friendly nations of South America—had the same opposition to overcome.

"Of course, the Power Trust sees in this great project only a threat against its monopoly of the electric utilities and its undisputed control of rates to the consuming public. As a matter of instinct and habit, this swollen trust opposes anything which threatens its long-enjoyed right to exploit the people and to hold the great consumer class in bondage and subjection to its greed.

"Opposition from this source is always adroit and sometimes hard to overcome. Its full force was exerted against the Tennessee Valley development, the Boulder Dam on the Colorado River, and the Columbia River projects in the Northwest.

"The Power Trust now sees in the St. Lawrence development a source of cheap power, located in proximity to a great industrial and rural market and within transmission distance of millions of domestic consumers.

"Such a fact is enough for the Power Trust. All its influence, both open and covert, its command of friendly columns in the press, and the eager service by its minions in public positions can be counted against ratification.

"But the people will not be deceived by arguments coming from such sources.

"They will take a national viewpoint of the matter. They will see that sectional objections are not to be weighed against the interests of all the people of the country on the broad principle of reducing the cost of transportation, upon which so directly depends the revival of trade and the well-being of the workers.

"The St. Lawrence waterway is a noble conception. Its appreciation requires vision—the vision to see not only its immediate advantages, which are sufficient to justify it, but its immeasurable significance to the future greatness of the country and the business of its people.

"The President has the right to ask for the ratification of this treaty. He is seconded by intelligent opinion throughout the country."

(New York American, Los Angeles Examiner, Albany Times-Union, Oakland Post-Inquirer, Washington Herald, Chicago Herald-Examiner, San Francisco Examiner, Seattle Post-Intelligencer, and Omaha News Bee.)

Wisconsin Rapids (Wis.) Tribune, January 11, 1934:

"In making his choice for the benefit of the country at large over the spurious claims of the sectionalists, the President has again demonstrated his great breadth of mind.

"The Middle West is vitally interested in the proposed seaway."

Rock County (Minn.) Herald, January 19, 1934:

"President Roosevelt's special message to the Senate urging immediate ratification of the Great Lakes-St. Lawrence Seaway Treaty is all that the friends of this great project could ask in the statement of facts.

"Selfish interests are undaunted by statements of facts and unmoved by the justice in the things they oppose.

"It is doubtful if any other great project, either national or international, has ever been subjected to the broad study, the thorough examination, and the careful assembly of informative data that have accompanied the proposed development of the St. Lawrence.

"In not a single instance have the findings of these various agencies been successfully attacked or refuted. On the contrary, they have stood up under repeated resurveys and reexaminations, even to small details involving the cost.

"In his message to the Senate President Roosevelt rightly rebukes these selfish interests and calls upon the Senators to ratify the treaty from a broad sense of national welfare."

Hornell (N.Y.) Evening Tribune-Times, January 12, 1934:

"It cannot be denied that development of this outlet from the Great Lakes to the sea would be a progressive step. Its realization would unquestionably aid shipping and create cheap power. It would do away with round-about transportation and would make available inexpensive electric power for transmission to a great mass of domestic consumers. The thing will be done sooner or later, the President says, and so it may as well be done now by Canada and the United States together."

Columbus (Ohio) Dispatch, January 12, 1934:

"That political considerations are subordinate is demonstrated by the fact that it was the Republican Hoover who, after prolonged and ardent espousal of the St. Lawrence project, signed the consummating treaty in 1932; it is Democratic Roosevelt who, urging the Senate to confirm the treaty, gives it his benediction.

"That the seaway will help her farmers and shippers and make ocean ports of her Lake Erie cities is pleasant food for Ohio thought."

Clinton (Ind.) Clintonia, January 13, 1934:

"Most Americans are in favor of the project.

"Its present failure would be a blow to our best foreign friend and closest neighbor—Canada—resulting in less cooperation about many things of mutual interest."

Detroit (Mich.) News, January 8, 1934:

"If the seaway were completed tomorrow, it might carry a thousand ships a day, and for every one of those thousand ships the railroad workers along the route could afford to give three rousing cheers. For it is a simple and obvious fact that, however far a ship travels, it finally has to touch port and transfer its cargo to the railroads.

"If the distribution of this region's goods can be multiplied, the region will be more prosperous, and if the region is more prosperous there will be more employment, for railroad men as for others."

Rochester Times-Union, January 19, 1934:

"Scratch an ardent opponent of the St. Lawrence seaway, and you'll generally find he has some plan up his sleeve for spending Uncle Sam's money on a waterway of far less assured merit.

"The St. Lawrence project is for a deep waterway. It will remove the last barrier between the Great Lakes and the Atlantic. It involves only a few miles on constricted channel and dovetails with development of a great power source.

"No shallow waterway or canalized river offers the same advantages as using this majestic stream for deep navigation and abundant power."

Lansing (Mich.) State Journal, January 22, 1934:

"Enemies of the St. Lawrence waterway are now stressing the alleged expenditure of half a million dollars in promotion of support for the project. In view of the length of time effort has been organized in behalf of the project the expense appears rather moderate.

"Newspapers have given the project a cool billion dollars worth of publicity free, and have been glad to do it. The moderate expenditure in behalf of the project is the truly amazing aspect of the matter."

East Troy (Wis.) News, January 31, 1934:

"That the St. Lawrence-Great Lakes waterway would encounter opposition was expected.

"New York desires to retain its position as the one big harbor and is not desirous of letting Great Lakes ports come into prominence as seaports, but it ought to go through."

Duluth (Minn.) News Tribune, January 31, 1934:

"Much support for the project undoubtedly has been won by the decisive stand of President Roosevelt in favor of ratification. His message, backed by favorable reports and data, asking that the treaty be ratified without delay, left little room for argument, and this has been supplemented from time to time by further information from the White House. Both Canada and the United States are ready to start the work as soon as the treaty is ratified."

Shenandoah (Iowa) Evening Sentinel, February 1, 1934:

"If the Senate of the United States refuses to confirm the seaway treaty with Canada for the construction of a canal around the rapids of the St. Lawrence River it will be a direct slap at all the Midwest section of our country, and will indicate that New York City is still supreme in its dictation to Congress.

"Three influences oppose it, all of them selfish. One is New York City, which wishes to be the western terminus of ocean traffic in the United States, where vessels must load and unload and all pay tribute to that city. The second influence is Montreal, which wishes to remain the western terminus of ocean traffic in Canada. The third influence is the railroads with terminals in New York City.

"That canal would, in fact, move the Atlantic Ocean a thousand miles inland and save the freight on that thousand miles, for the ocean freight from Liverpool to Duluth, and vice versa, costs only a little more than from Liverpool to New York or New York to Liverpool. It would reduce the cost of shipping Iowa corn or Minnesota wheat several cents per bushel."

Detroit (Mich.) News, February 1, 1934:

"Senator ROBERT M. LA FOLLETTE made the charge Tuesday in the Senate that the chief source of opposition to the St. Lawrence Seaway Treaty is J. P. Morgan & Co. and similar financial interests controlling eastern railways and power companies. He said that these interests are not fighting in the open, but are hiding behind chambers of commerce, newspapers, public-school textbooks, ministers of the gospel, and other innocent and respectable agencies in order to prevent public competition and thus to maintain exorbitant rates.

"Such a belief is reasonable enough. The estimates show that the seaway will save enormous amounts in freight rates and in the cost of power, the benefit going to producers and consumers rather than to existing vested interests. The seaway movement was started by neither the bankers nor the utilities but by the people. The people, through the American and Canadian Governments, forced the surveys and caused the plans to be perfected. It was popular demand that brought about the draft treaty. They have worked and fought for a quarter of a century; and now, with victory in sight, they are suddenly confronted by a powerful opposition with a reckless and truthless propaganda of impressive volume.

"Let us have a showdown in the Senate. Let us see whether the Morgan-railway-power interests are running this country. A vote on the treaty will tell the story."

Muncie (Ind.) Morning Star, January 12, 1934:

"President Roosevelt's appeal to the Senate to ratify the St. Lawrence Waterway Treaty with Canada should mean an early and satisfactory disposal of that very important and long-disputed issue."

Ellendale (Minn.) Eagle, January 31, 1934:

"One of the most effective opponents of the St. Lawrence seaway is the city of Chicago, which is apparently being compelled to forego its chances of becoming the greatest trans-

portation center in the world because the influence of the railways centered there is so great as to dominate its policies.

"While the opposition to the seaway treaty is said to spring from the railways, it, in fact, goes beyond them to the financial gangsters of New York City who have their fingers in so many luscious industrial pies with industry itself as the dummy behind which they are concealed.

"But regardless of the fact that it is contrary to their own interests, most of the western railways have either been forced to join the hue and cry or remain silent in the matter of supporting ratification. And this has been accomplished by the financial influences of New York, from whose incompetent dictation hardly an honest business concern in this whole country has failed to suffer.

"The prospect of cheap power, which the St. Lawrence locks and dams would make possible, seems to have had a favorable influence in New York State and much of the opposition there has faded. Some in the Middle West feared the St. Lawrence route would be a detriment to the fulfillment of their dreams for a waterway from Lake Michigan to the Gulf of Mexico by way of the Mississippi River. The President says that fear is groundless. He urges early completion of the St. Lawrence project, confident that it would injure no interest, not even the railways, and would be of lasting benefit to the people in a vast area in both this country and Canada."

Milwaukee (Wis.) Journal, January 24, 1934:

"It has ever been puzzling to the man on the street that railroad interests could be hurt by any new avenue for shipping. The railroads, after all, are the major carriers of freight to and from the ports. Vessels, for the most, are not loaded with goods produced in the port cities themselves; rather they are loaded with the goods assembled in those ports by railway shipments. Nor do ships usually bring their cargoes for port consumption; instead the cargoes are distributed into the hinterland by railroads.

"Many more ships on the Great Lakes should mean many more cars of railway freight to be carried to or moved from the docks. But if every ton of that freight were to bear a waterway toll imposed by Canada then it well might be that neither the railroads, their employees, nor the consumers generally would profit much."

Minneapolis (Minn.) Journal, January 12, 1934:

"Theodore Roosevelt's name is imperishably bound into the record of the greatest construction project of his time, the Panama Canal. Now Franklin D. Roosevelt, by his Senate message, links his name to the great St. Lawrence seaway.

"He believes in the plan, as do millions of others. Navigation and power will be the two great products. Benefits will be far-reaching. The Northwest and the Middle West are intimately interested in getting direct access to the sea. The President brought out these points effectively.

"What New York loses in shipping trade she will make up many times over in the enormous water powers to be developed. She would make a good bargain were her Senators to vote for confirmation of the treaty with Canada."

Janesville (Wis.) Gazette, January 11, 1934:

"President Roosevelt, in his message to the United States Senate, made clear his belief in the St. Lawrence seaway and recommended that the treaty be ratified. His reasons are cogent. His argument can hardly be contraverted.

"Let us hope the Senate will support the President in the ratification of the waterway treaty with Canada at its earliest convenience. It is the biggest and most valuable of all the Public Works plans so far presented."

Creston (Iowa) Advertiser, February 1, 1934:

"The estimate of a $70,000,000 saving on transportation costs does not mean that the Atlantic seaboard would lose all shipping business now enjoyed by the seaports that are protesting against the St. Lawrence seaway project, or that transcontinental railroads would be bankrupt as a result. There still would be millions of tons of goods finding their way to New York and other coast cities to be reshipped in export trade.—Sioux City Journal."

Madison (Minn.) Press, January 19, 1934:

"Surprising though it may be, Congressman SNELL, Republican leader in the House, and also a representative from New York State, backs President Roosevelt in the St. Lawrence waterway pact. Mr. SNELL stated that the Republican Senators should stand by the pledge of their party during the 1932 campaign. The railroads, public utilities, and seaboard port interests have constantly opposed this pact ever since its inception and they have had, until the present time, the support of the Government.

"While we are surprised at Mr. SNELL's announcement, we are also pleased to know that he is big enough to throw aside party prejudice and back the greatest piece of legislation that has been devised for the prosperity of the Northwest."

St. Paul (Minn.) Pioneer Press, January 12, 1934:

"The necessity for the St. Lawrence waterway has become urgent since completion of the Panama Canal. The effect of the Panama Canal on Middle Western industry was foreseen. It was known to the representatives of this territory that the opening of a cheap water route between the east and west coasts would isolate the Middle West commercially from the Pacific ports and strangulate its industry by giving a rate advantage in those markets to eastern competitors.

"This point was frankly conceded by advocates of the canal, and the promise was made that once the canal was completed competitive rail rates would be allowed from the Middle West to those points through so-called "long- and short-haul relief." All these things have happened as anticipated, except the relief on transcontinental rail rates. The Interstate Commerce Commission has always refused to grant this relief, over protests of interested sections, and those interests have been strong enough to threaten congressional action to deprive the Commission of its authority should it ever be exercised in this case.

"The only remedy, therefore, is to open the Middle West to the same benefits of a cheap water route. If the Senate refuses, it will be one of the most infamous legislative crimes in the national history."

St. James (Minn.) Plaindealer, January 18, 1934:

"People here in the Middle West may be thankful that President Roosevelt stands firmly for the Great Lakes-St. Lawrence seaway, and he a New Yorker, too.

"He also says that the waterway will be completed by Canada alone, if the United States fails to cooperate. This will lose to the United States an opportunity for immense benefits by refusing to join with Canada on the project.

"His message proves that the President thoroughly understands the waterway project, its difficulties and its benefits. As Governor of New York State he also understands the opposition of the East, and considers it subordinate to the interest of the whole Nation."

Fargo (N.Dak.) Forum, January 12, 1934:

"Mr. Roosevelt declares that this waterway will 'greatly serve the economic and transportation needs of a vast area of the United States.' In this, of course, he is correct. It would not only be of tremendous benefit to the Middle West economically for it would release this section from the land-locked situation it has found itself in since the completion of the Panama Canal, but it would be a source of cheap power which would mean a great deal to certain sections of the country."

Honesdale (Pa.) Citizen Weekly, January 18, 1934:

"Navigation through the Great Lakes was always a plausible, practical matter."

St. Paul (Minn.) News, January 11, 1934:

"Proponents of the St. Lawrence seaway could not have a better advocate than President Roosevelt.

"His message to the Senate urging ratification of the treaty with Canada puts the case simply, effectively, and without equivocation. It certainly answers the fears of those who, during the last presidential campaign, were concerned lest a New Yorker in the White House would let local interests influence him against the seaway.

"The great land-locked Midwest could not get a better champion for this highly important project than Franklin D. Roosevelt.

"The President answers the objections of those who oppose the project from selfish motives by pointing out that ultimately its benefits will be reflected on all.

"It remains to be seen now whether these interests can summon enough strength to prevent ratification by the Senate."

Hales Corners (Wis.) News, January 25, 1934:

"Roosevelt is for the St. Lawrence waterway and Senator WAGNER, of New York, is against it. New York would like to be the only harbor but Milwaukee wants to be a seaport, even if Chicago does have to build a sewage plant."

Superior (Wis.) Telegram, January 11, 1934:

"The President's message on the waterway leaves little unsaid.

"Surely, no one can bring any substantial charge that the President is not demanding ratification upon the arguments upon which a President, by virtue of his high office, should stand—those arguments which represent the welfare of all the people as opposed to sectional protest. The people of the land-locked Middle West have pointed out that they gave their support to other similar projects—the Panama Canal, for instance—to receive in return, the opposition of other regions when the St. Lawrence waterway came up for national approval.

"The President does not lose sight of the main issues. He speaks with the voice of a national citizen, rather than as an ex-Governor of New York, and, incidentally, his governorship of New York now seems to have been the very best kind of preparation for understanding of the waterway need, especially as it is related to power development. His clearly worded call to the Senate for action brushes aside all petty politics. He sees this project opening up a great avenue of commerce into the heart of the United States, not solely into the heart of the Middle West.

"Mr. Roosevelt has set the waterway up to the Senate strictly in its national implications.

"The waterway message emphasizes the belief, expressed in these columns before, that a tremendously capable and statesmanlike man is in charge of things 'down t' Washington.'"

Ashland (Wis.) Press, January 23, 1934:

"With many of the activities of the President, such as currency control and foreign affairs, this region has only a remote, though a vital, concern.

"But when the President talks waterway, he is talking about the future of Ashland, Washburn, Bayfield, and the Chequamegon region.

"Our earnest hopes and prayers should be with him in his effort to make the St. Lawrence waterway a reality.

Howell (Nebr.) Journal, January 19, 1934:

"There is every indication that the present session of Congress will ratify the St. Lawrence Waterway Treaty being so urgently advocated by President Roosevelt. It is one of the great projects of the day. Any delay in its construction is detrimental to the progress of the country."

Portland (Oreg.) Oregonian, January 19, 1934:

"In urging the Senate to ratify the St. Lawrence Waterway Treaty between the United States and Canada, President Roosevelt

sets broad national interests above the provincial views of his own and adjoining States.

"Prejudice against the St. Lawrence waterway has been fostered because most of its course is through Canada. In fact, it is the boundary between the United States and Canada for a considerable distance. It is an extension of the Great Lakes, which are international waters, to the ocean, and by treaty it is open to free navigation by both Nations."

Britton (S.Dak.) Sentinel, January 18, 1934:

"If ratification of the St. Lawrence Treaty should fail at this session, we believe that it will injure the Democratic vote in the Northwest at next fall's election. The Northwest is vitally interested in the opening of the Great Lakes-St. Lawrence waterway which should greatly reduce the cost of shipping wheat, livestock, etc., from this region to Europe and practically all over the world."

Duluth (Minn.) News-Tribune, January 26, 1934:

"The 27-foot Duluth-St. Lawrence Canal will, in a few years, take its place with the Suez and Panama Canals as one of the three great canals of the earth. The Suez Canal connects the Atlantic and Indian Oceans. The Panama unites the Atlantic and the Pacific. The Duluth-St. Lawrence Canal will connect all seas with the interior of a continent.

"No more patriotic nationalist than President Roosevelt has ever held the Presidency. He favors the project. He does that in opposition to many in his native State. He was born and has always lived on the lordly Hudson, a fact that does not and will not prevent him from being just to the marooned millions in both countries who ask for the enlargement of the mighty St. Lawrence."

Lamberton (Minn.) News, February 1, 1934:

"Recently the President made it clear to leading members of the Democratic Party that he was not merely formally presenting the treaty. He thinks it contains advantages to commerce and users of electricity and the people of the country as a whole. Moreover, since it was endorsed in the Republican platform for 1932, he hopes that the Republican members will vote for it."

Chester (Pa.) Times, January 11, 1934:

"Interest in this St. Lawrence project is reviving and its eligibility to be considered with regard to the money to be spent on public works. Both our Government and that of Canada are committed to the project by a treaty signed in July 1932. It is now a question only when the work shall be begun and how it shall be financed.

"Similar objections were made to the Panama Canal when it was under consideration and are likely to be urged against any great national improvement project. If their validity were to be accepted, we should never be able to undertake any advance step of real consequence."

Chico (Calif.) Record, January 30, 1934:

"The first Roosevelt, as he himself said, 'Took Panama and built the Canal.' The second Roosevelt, equally interested in a corresponding waterway on our northern border, cannot act with such simple directness. We don't have to coerce Canada and grab a canal zone on the St. Lawrence. Canada is cooperating, as usual. She has already built half her share of the improvement, and is going ahead with the rest without waiting for us."

Ashland (Wis.) Press, January 11, 1934:

"In the Presidential message we have a direct, four-square demand for the St. Lawrence waterway. We have the assurance that it will not penalize railroad men. So far as Ashland and the Middle West Lakes ports are concerned, it will, on the other hand greatly stimulate railroading. The transshipment of produce from boat to train and from train to boat will call for bigger switching crews, more locomotive engineers, more railroad employees in every classification.

"And as an unemployment project, the waterway is ideal. As the President says, it will put thousands of men to work, and the work will be upon a project that will in turn vastly stimulate the economic life of the Middle West—a permanent benefit of great magnitude.

"In his recovery program the President has had wholehearted support. The waterway, now definitely made a part of that recovery program by the President himself, thus has an excellent opportunity of passage despite rumblings of opposition.

"If the waterway treaty is promptly ratified and actual construction gets under way, it will live in history as one of the greatest achievements of the Roosevelt administration."

Grand Rapids (Mich.) Herald, January 12, 1934:

"President Roosevelt has presented his endorsement of the St. Lawrence waterway project to the Senate unequivocally. He has not trimmed his sails or cursed the measure with faint praise. The impression of earnestness pervades his message.

"Mr. Roosevelt speaks, as becomes his office, from the broad viewpoint of the Nation as a whole. And, thus speaking, he gives the Nation's endorsement to the seaway, brushing aside the small interests of petty men who would put sectionalism above nationalism.

"The Power Trust, fearing the competition of electricity produced along the St. Lawrence, and the short-sighted railroads will leave no stone unturned in their hunt for opposing votes.

"Many big things have been done in this administration, but Mr. Roosevelt can leave no finer monument for posterity than a seaway from the Great Lakes to the Atlantic, authorized and begun under his leadership."

Muskegon (Mich.) Chronicle, January 12, 1934:

"Canada is not dependent on the United States for the completion of the deep waterway to the sea from the Great Lakes. The most striking evidence of that fact is, as the President pointed out, the fact that she has it partly completed already.

"If Canada builds the waterway throughout, it will be for Canadian commerce. And that will mean that she will go ahead on her own. The evidence is the distance she has gone already. Although her land-bound middle western agricultural region is much younger than ours, she is far in advance of us in her progress toward releasing it. It is a humiliating spectacle—the evidence of enterprise on the other side of the boundary as compared with our own.

"Chicago has succeeded in convincing the Mississippi Valley that its barge waterway is menaced, despite the findings of the Army engineers and the assurances of the last two Presidents of the United States. And for that, Chicago is willing to betray the vast inland empire of which it is the economic capital."

Ogdensburg (N.Y.) Journal, January 31, 1934:

"From some of the arguments made against the St. Lawrence treaty one might imagine that because the route runs for a considerable distance through the Province of Quebec the United States should have nothing to do with the job.

"As to the economic aspects, it should be noted: First, that power development bears a large share of the cost; and, second, that this is the type of waterway which has proved a success.

"We feel strongly that selfish interests should be set aside for the good of the Nation."

Davenport (Iowa) Times, January 11, 1934:

"Powerful interests have lined up against the St. Lawrence waterway and power development. Shipping, railroad, and utility interests have made common cause in obstructing the seaway, which they insist is a futility despite the fact that they have been fighting it because of their fear of its effects.

"New York and the eastern seaboard have opposed canalization of the upper Mississippi River for the same reason. They see in it a partial removal of the tremendous advantage accruing to them in the construction of the Panama Canal.

"The tenor of the opposition is itself anomalous proof that the construction of this waterway is just as legitimate a national economic improvement as was the Panama Canal, with its special benefits to the seaboard States. If the treaty fails it will simply be because groups of greedy and narrow interests were powerful enough arbitrarily to put a blockade around Middle West States which for many years have been demanding cheaper transportation for their products."

Springfield (Mass.) News, January 10, 1934:

"Present objection to the treaty is inspired by the utility interests in the Empire State, but they are cautious enough to hide behind the skirts of commerce this time. When the treaty was first made up under the Hoover regime the plan was to give the power rights to the all-powerful Mellon interests for private development. Utility operators favored that plan. This was changed rather suddenly when it was revealed in the negotiations with Canada. The present scheme calls for New York State operation of any power derived.

"Regardless of the opposition to the treaty, the underlying question is one of electric power and power control. The objections raised against the treaty are minor when the welfare of citizens is at stake. For the most part they cover sectional objections similar to those raised against Muscle Shoals and Boulder Dam.

"The waterway treaty deserves the quickest possible favorable action by the Senate, together with whatever advice they may constitutionally desire to give. It does not admit of silly objections raised by private monopolies."

Leadville (Colo.) Herald-Democrat, January 16, 1934:

"The St. Lawrence project foes are of Uncle Sam's own household. They are nearly all special or sectional interests, representing railroading, lake shipping, eastern seaports, and electric power; and a midcontinent group headed by Chicago, jealous of any Great Lakes exit except the Mississippi barge channel."

Foley (Minn.) Independent, January 24, 1934:

"The Senate is now debating the treaty with all the eastern interests endeavoring to block the passage of the law. The support of all the people in the Middle West should be given to the efforts in creating a new seacoast for the United States which would furnish cheaper rates to farmers in this territory."

Selby (S.Dak.) Record, January 18, 1934:

"When the channel is deepened so that ocean-going vessels can dock at Duluth and Chicago, these and other Great Lakes cities virtually become seaports, and while the rates between them and foreign ports will be higher than from Philadelphia and New York, they will be much lower than is the combined rail and ocean rate of the present.

"The opposition to the project comes, of course, from interests that will lose money because of it."

Milwaukee (Wis.) Journal, January 8, 1934:

"The merits and demerits of the St. Lawrence project have been intensively studied since 1919 and casually studied for a longer period.

The Middle West expects its Senators to lead in the coming fight. It will be intolerant indeed if there is further pigeonholing of a treaty that long ago should have been ratified."

Detroit (Mich.) Free Press, January 12, 1934:

"The St. Lawrence seaway project has been carefully studied for years and has been considered minutely from every possible angle. Of all the great national projects now under way or being contemplated, it is the least speculative.

"Construction of the St. Lawrence route to the Atlantic will be, as the President indicates, a part of a great countrywide program of development. It will give employment to thousands that need work. But back of this it stands on its own merits as a sound business undertaking.

"The advisability of building the seaway has, in fact, never been seriously questioned except by special interests with perfectly obvious motives. These have worked either directly or by frightening others into action by making them believe in bugaboos.

"The President protests against any reversal of the policy of cooperation which the United States and Canada have continuously maintained for generations.

"The aftermath would be a most unfortunate change in the relations between two nations which at present are closer together than any other two nations of the earth."

South Bend (Ind.) News-Times, January 31, 1934:

"The 2,000-mile Great Lakes-St. Lawrence waterway is one of the largest public projects every planned by two nations. It takes a great vision to look into the future to assay the results of its construction. It has been history that large public improvements in national expansion have met opposition from public men who could not see far enough ahead to estimate accurately the benefits. Along with short-sightedness, they have suffered from timidity. They feared the things they could not comprehend.

"Sectionalism probably is the deterrent that erects most opposition to vast public improvements. But if such sectionalism had been allowed to block our national progress, Boulder Dam and Muscle Shoals never would have been built. Neither one could profit the entire country; it is too vast in its extent. By the very nature of things, we must improve our big country a section at a time. It is a mighty narrow viewpoint that will deny such a method of progress.

"The Senate has considered the St. Lawrence issue at length. The President has expressed himself clearly. The national press has viewed the pros and cons to infinity. But in the end, the determination will be between vision and localized interest."

Lawton (Okla.) Constitution, January 18, 1934:

"The St. Lawrence seaway, biggest waterway project since the Panama Canal, and possibly as important in the long run, has powerful enemies. These enemies are three big groups.

"The first consists of interests in Chicago and the Mississippi Valley which fear that the deepening of the Great Lakes and St. Lawrence channels would divert traffic from the Mississippi waterway.

"The third consists of electric-power interests, which are not satisfied with St. Lawrence power prospects under Federal control."

Duluth (Minn.) Herald, December 19, 1933:

"Several Atlantic coast cities, led by powerful and unscrupulous financial, railroad, and electric-power interests, are determined that if unlimited money and misrepresentation can do it, they will prevent the farmers and businessmen of the Middle West from getting the St. Lawrence seaway.

"Of course, it is well understood here that the enemies of the seaway care nothing about the merits of the project, and, like the railroads, are fighting it because they fear it will interfere with their business, but their unfair attacks should rouse the West to a new appreciation of the character of the opposition."

Newark (Ohio) Advocate, January 26, 1934:

"Opposition to the St. Lawrence project seems to be animated by selfish interests. The chief opponents are the Mississippi Valley Association, the Atlantic ports, and the big power corporations.

"Should this work be accomplished, it is claimed that it will make it possible to deliver current in New York City, in combination with steam-generated power, at 4.81 mills per kilowatt-hour. And Newark is not nearly so far away from this source as is New York."

Lincoln (Nebr.) Star, January 19, 1934:

"Even if the 'enemy' ships were able to reach Lake Ontario, they would still have to pass through the Welland Canal at its west end, under direct bombardment of American batteries and plane squadrons, to enter Lake Erie. After that, they would have 1,500 miles farther to go and subject themselves to attack at Detroit and the Strait of Mackinac before Chicago would be in any danger."

Mount Vernon (Wash.) Herald, January 27, 1934:

"President Roosevelt urges ratification of the St. Lawrence Treaty with Canada in order to give the Middle West farmers ocean transportation and the northeastern section of the country cheaper power. Senator WAGNER, of New York, opposes on the ground that the farmers will not be helped and the railroad greatly injured. Meanwhile the 2,000-mile route is already functioning despite handicaps. During 1933 the United States used it to send out 64 cargoes and to bring in 134 cargoes; Canada's figures were 54 and 56. Eastern shipping ports, the railroads, the power plants are opposed. It will be no easy victory, but progress cannot be stopped."

Red Wing (Minn.) Eagle, February 3, 1934:

"During the last campaign how sober were the warnings against the election of Roosevelt because of his New York affiliations that might stand in the way of the St. Lawrence waterway. Up to date the chief booster for the waterway—which is expected to do much for the Middle West—has been none other than President Roosevelt, former Governor of New York."

Nortonville (Minn.) Independent, February 1, 1934:

"President Roosevelt, living up to his campaign pledge, has called upon the Senate to ratify the treaty, and is apparently going to demand definite action before the end of the session. He realizes, as the obstructing Senators apparently do not, that the proposed waterway is of ultimate importance and value to the entire Nation."

Belfield (N.Dak.) Review, February 2, 1934:

"Ocean liners could navigate the St. Lawrence River through the Great Lakes to Duluth, saving Northwest agriculture and industry millions of dollars in overland freight rates.

"The Northwest has fought for the St. Lawrence waterway for more than a generation."

Indianapolis (Ind.) News, February 5, 1934:

"The weakness of the opposition to the St. Lawrence project is that it cannot command the support which its argument should have. It carries the intimation that the President is unfaithful to the best interest of his home State. The people of New York will hardly believe that. They will credit the President with doing what he believes to be best for the entire country.

"The President demolished the opposition thesis with his message declaration that the treaty opens shipping on one side of a square, while the Lake-Gulf route takes it around the other three sides. The vote should be delayed no longer than necessary to afford the opposition its day in court."

Columbia (Mo.) Missourian, January 31, 1934:

"Roosevelt urges ratification of the St. Lawrence Treaty with Canada, which the Missourian has repeatedly explained.

"Reason, it seems to us, supports the President in his view that the treaty proposes an economic and transportation benefit to the country."

Mitchell (S.Dak.) Gazette, January 18, 1934:

"There was one issue in which Republican and Democratic platforms were in agreement: The Great Lakes-St. Lawrence seaway project. The project was negotiated by President Hoover, it was adopted by President Roosevelt, and he has reason to expect the backing of both Republicans and Democrats in his continued espousal of it.

"The President looks on this project as one of the major developments, and believes that the United States should immediately participate instead of leaving a monopoly for Canada."

Clarksdale (Miss.) News, February 6, 1934:

"There is considerable opposition to the St. Lawrence Canal which will open up a way from the Great Lakes to the Atlantic for ocean-going ships. We find the railroads ready to crush it in any way they can.

"Some Mississippi River towns fight it as they want all the transportation from the Great Lakes to come down through the Mississippi River.

"If they could only understand that it is a great economic move and that everything that helps the country in general will help business.

"As to our own individual case, we can feed the Mississippi River from both ends; our transportation will increase many many times."

Detroit News, February 10, 1934:

"Among the saddening but inevitable phases accompanying any important public improvement is the belated misinformation which seizes and excites thoroughly good and well-meaning citizens. The St. Lawrence seaway is no exception chiefly because there are large and selfish interests whose private profit impels them to keep old falsehoods in circulation.

"There is no argument whatever against completion of this world-dimension project other than the greed of short-sighted railroad operators and the avarice of New York bankers."

The Sheboygan (Wis.) Press, January 18, 1934:

"From the day that men started pioneering for the St. Lawrence Deep Waterway in order that we might move the ocean in a thousand miles, figuratively speaking, the Chicago Tribune has fought this plan.

"'The World's Greatest Newspaper' thinks in terms of Chicago. It has but one motive in view, that of seeing how much water can be diverted for the sole purpose of cleansing the Chicago River. It was never intended that we should become the laundrymen for Chicago, and the President of the United States makes it clear that an engineering report clearly indicates that no injustice will result upon any territory.

"The whole project will be financed over a period of years from the electrical energy that will be released, and we will be joining in a partnership affair of good will between two Nations. On the other hand, are we going to let Canada, our neighbor on the north, have the advantage of all of this by building a seaway project where we will be at a disadvantage?

"We are going to build this St. Lawrence waterway, because the heart and the soul of the Nation demand it, and selfish interests will have to give way under the momentum released by that great chieftain, the President of the United States."

Sidney (Mont.) Herald, January 25, 1934:

"We have always felt that the proposed Great Lakes-St. Lawrence deep waterway was a project of the first importance to the Northwest. We heard a group of Northwest railroad officials comment when the question was put as to what they thought, as affecting their interests, of the Great Lakes-St. Lawrence waterway project. Our recollection is that they did not hesitate to declare themselves as heartily for it. The burdens of foreign commerce would be delivered to them at their westernmost Great Lakes ports terminals for haul westward for distribution, and their freight cars would be loaded with the products of the West and western seaboard deliveries of the Orient on the return trip."

St. James (Minn.) Plaindealer, February 1, 1934:

"President Roosevelt asks the Senate to look at the waterway in a broad and national way. It is a mighty project and one dear to his heart. It has been described as a project that would 'create a new seacoast of the United States.' By that route ocean-going vessels could steam from the Atlantic, through the St. Lawrence, on through the five Great Lakes to Duluth, a distance of more than 5,000 miles."

Grand Rapids (Mich.) Herald, January 26, 1934:

"Joining the railroads in their opposition is the Power Trust, which sees the threat of 1,100,000 horsepower of hydroelectric energy that is to be the United States' share.

"With Rail Coordinator Eastman recommending eventual Government ownership of the railroads, and Senator NORRIS and others advocating a similar course as regards power sources, the short-sightedness of the opposition is manifest."

Duluth (Minn.) News-Tribune, January 24, 1934:

"No open-minded observer, whether or not he agrees with President Roosevelt, can believe him to be anything but honest and sincere. His message to the Senate asking ratification of the St. Lawrence Treaty was plain and emphatic.

"The President has made the seaway an integral part of his plan, and Senators who oppose it will be on record as not supporting the administration's national recovery and development program. The St. Lawrence Treaty is more than a straw man. It is a sleeping giant which may accomplish great good if awakened, furnished with tools, and authorized to go to work."

Elmira (N.Y.) Star Gazette, January 27, 1934:

"'Judging by the experience of the western roads in connection with the Panama Canal', says the Federal report, 'there is no sound basis for anticipating that the development of the St. Lawrence seaway will in any material degree affect adversely either the traffic or the property of the eastern trunk lines.'

"Between 1920 and 1929, the report adds, when Panama Canal traffic was rapidly increasing, the railroads showed the 'best consecutive record of dividends and interest payments in their history.'

"The comparison is reasonable, since the St. Lawrence seaway is to carry large vessels, handling bulk traffic cheaply and stimulating commerce in a way which should bring new higher-grade business to the railroads.

"Cheap bulk transportation of raw material and commodities is a mighty factor in all trade and industrial growth."

Moorhead (Minn.) News, January 25, 1934:

"The crux of the opposition to the Great Lakes-St. Lawrence project will be found in the eastern financial interests, which control the railroads of the country, to such an extent that they have muzzled the mouths of western railroad executives. Before the Senate, SHIPSTEAD, of Minnesota, after quoting from executives of practically all the western roads, who favored the waterway during the 1920's, showed that paid lobbyists of security interests who control these railroads recently reported before the Senate subcommittee that these executives had 'changed their minds.'

"President Roosevelt, backing SHIPSTEAD's arguments, pointed out Wednesday the fallacy of the argument that railroads, even those of the East, would be hurt by the waterway—no more than were the western railroads by the opening of the Panama Canal. America needs all the transportation facilities that it can get, and the land-locked Middle West particularly should be solidly behind the St. Lawrence project."

Jackson (Mich.) Tribune, January 10, 1934:

"It has been mentioned that powerful railroad and New York City and New York State lobbies were working with the Chicago Drainage Canal district to bring about defeat of the St. Lawrence project. To this was added, of course, the resistance of the so-called "all-American" ship canal proposal, backed principally by the port of New York and the Mississippi Valley Association, which would have the Lakes-to-Gulf route substituted by the Government as the oceanway.

"Many other reasons will be offered for the stand against the waterway, but none will be based on fundamental economic truths, and none will be without inspiration furnished by private or regional interests of purely selfish nature."

Milwaukee (Wis.) Sentinel, January 8, 1934:

"The adoption of a resolution by the Minnesota House of Representatives by a vote of 71 to 0 asking Congress to ratify the St. Lawrence Waterway Treaty is an indication of the strong sentiment in this State in favor of the improvement. The Minnesota Senate had previously adopted a similar resolution.

"Congress will indeed be blind if it cannot see the urgent need and the justice of completing the St. Lawrence project and giving the Great Lakes an outlet to the ocean. President Roosevelt and the United States Senate have it in their power to end delay and place this project among the urgent measures for the rehabilitation of the Nation."

St. Peter (Minn.) Herald, January 26, 1934:

"There is no public works of such outstanding importance as this. The development does not put more acres into production as so many projects under consideration will do, but opens up to economic parity the great farming sections of the Middle West."

Iron River (Mich.) Reporter, January 26, 1934:

"The treaty's opponents have resorted to figure juggling. They have informed the Senate the project would cost $1,400,000,000. This sum might have gained some credence had not Senator VANDENBERG wired its author for additional information and found it was based on an entirely different project and on price scales which are now far out of proportion.

"The St. Lawrence waterway issue has been kicking around the senatorial halls for years. In its present form it has seen 2 administrations and 3 congressional sessions. It is time something is done about it. It is time, too, that its opponents declared their real points of disagreement and showed the Nation the sectional interests which are blocking the seaway."

Rock County (Minn.) Herald, January 20, 1934:

"It will be found that the money for the fight against the St. Lawrence seaway has come from private electric-utility interests, from Great Lakes shipping lines, from the railroads, and from the various North Atlantic port corporations and groups.

"The seaway advocates would like nothing better than to have a sweeping investigation made by the Senate of all activities connected with the promotion of the St. Lawrence waterway, were it not for the fact that this would very probably delay ratification of the treaty for another year. This is too high a price to pay, even for the good it would do in exposing to the people of the Midwest the predatory interests and influences which would deny them their rights of equity with our seacoasts in transportation opportunities."

St. Paul (Minn.) Pioneer Press, January 11, 1934:

"President Roosevelt's message to the Senate and the accompanying data present unanswerable reasons for ratification now of the Great Lakes-St. Lawrence Waterway Treaty with Canada. The message is a clear call to a national viewpoint on a matter which for nearly 15 years has been bedeviled by an opposition compounded partly out of narrow sectionalism and partly out of sheer commercial self-interest parading under various false colors. President Roosevelt asks the Senate to rise above that pettiness and consider the great future advantages to the country and the benefits which the seaway will confer on the United States as a whole.

"The St. Lawrence improvement will create a fourth great power area along with Boulder Dam, Muscle Shoals, and the Columbia River projects. From this viewpoint, and because of the large share of the total cost to be repaid out of electric generation, the power features are also national in importance and not restricted to New York State.

"It is a splendid message and irrefutable."

St. Paul (Minn.) Dispatch, January 11, 1934:

"It is untrue that the St. Lawrence project is merely a sectional improvement. President Roosevelt has shown it to be of national character. Have these Senators forgotten the Panama Canal, Boulder Dam, the Tennessee Valley project, the Columbia River improvement? Have they forgotten that the Middle West supported the Panama Canal on the promise that it would be allowed competitive rail rates to Pacific-coast points against the new shipping advantage of the East, and that this promise has been broken?"

Detroit Lakes (Minn.) Tribune, January 25, 1934:

"President Roosevelt has definitely spiked all effort to use the Great Lakes-St. Lawrence waterway as an issue in the next campaign by coming out strongly for the seaway. Incidently, he has created many new votes for himself. If the seaway should be defeated in Congress, it will not be because of lack of support on the part of the President."

Rochester (N.Y.) Journal, January 12, 1934:

"President Franklin D. Roosevelt, asking the Senate to consider ratifying the treaty with Canada for building the St. Lawrence seaway, may be opening the way for fulfillment of a local prophecy.

"Roger W. Babson, noted statistician, forecast, when visiting Rochester a few years ago, that the region between Buffalo and Utica will some day be the 'greatest industrial section in the world.'

"It must be remembered that the forecast was based on the expectation that St. Lawrence River electric power will be developed for cheap distribution, bringing new industries."

Wausau (Wis.) Record-Herald, February 1, 1934:

"One of the matters which opponents of the seaway conveniently overlook is the probability that if the Senate rejects the treaty, and thereby prevents joint construction of the seaway by the United States and Canada, the Dominion will proceed to build its own seaway, financed exclusively by Canada and owned by it. If this happens, American shipping through the seaway would have to pay 'through the nose', and this country will lose for all time the advantages to shipping which it will gain if it takes the lead in the project.

"Opponents of the treaty also claim, in one breath, that the seaway, when constructed, will not bring any material increase in shipments by water, and in the next breath they claim great seaports, like New York, will be ruined because of the great amount of traffic diverted from them by the seaway. The arguments are all interesting, but they are too contradictory to be convincing."

Mapleton (Minn.) Enterprise, January 19, 1934:

"For years the farmers of the Middle West have been told how the building of the St. Lawrence waterway would benefit them in freight rates. If they ever needed the savings of better freight rates, it is right now, and the vote on the treaty will indicate just who is for the farmer and who is against him."

Duluth (Minn.) News-Tribune, January 10, 1934:

"Senators are elected by the people to represent the people, not special interests. They must be made to see that the people of the great interior region want the St. Lawrence waterway and that they are entitled to it."

Indianapolis (Ind.) Star, January 11, 1934:

"President Roosevelt's appeal to the Senate to ratify the St. Lawrence Waterway Treaty with Canada should mean an early

and satisfactory disposal of that very important and long-disputed issue.

"The development of that waterway will mean an immense supply of electric power to be distributed to the people of this country and Canada.

"The prospect of cheap power, which the St. Lawrence locks and dams would make possible, seems to have had a favorable influence in New York State, and much of the opposition there has faded. Some in the Middle West feared the St. Lawrence route would be a detriment to the fulfillment of their dreams for a waterway from Lake Michigan to the Gulf of Mexico by way of the Mississippi River. The President says that fear is groundless. He urges early completion of the St. Lawrence project, confident that it would injure no interest, not even the railways, and would be of lasting benefit to the people in a vast area."

Sheboygan (Wis.) Press, January 11, 1934:

"On the subject of power, the President points to the St. Lawrence waterway as one of the four great power areas that he has advocated, and he truthfully states that great amounts of cheap power could be generated in the waterway area near an industrial and rural market where its utility would be appreciated.

"A masterful message in its entirety and one in which we believe not a word has been wasted.

"The United States Senate will do well to bear in mind the advantages that will accrue to this country and the danger of losing all those advantages should Canada get tired or red tape and decide to handle the project by itself and without benefit of treaty.

"As the President has said, our relations with Canada have always been most cooperative, and Canada is still in that frame of mind. Should delay cause a different attitude to develop and this Nation be left in the lurch, the United States Senate will have only itself to blame, and posterity will inherit a lot of regrets."

Waynesburg (Pa.) Democrat-Messenger, January 26, 1934:

"In his special message to the Senate requesting approval of the St. Lawrence Waterway Treaty with Canada, President Roosevelt made the following significant statement:

"'I want to make it very clear that this great international highway for shipping is without any question going to be completed in the very near future, and that this completion should be carried out by both nations instead of by one.'

"This statement is a warning that the Canadians will canalize the St. Lawrence alone if we do not join with them, in which case Canada would reap whatever benefits would be derived from ownership.

"Disregarding the commercial advantages and benefits of ownership of which there are bound to be many, the United States cannot view with any degree of complacency the possibilty of a seaway wholly controlled by Canada."

Tulsa (Okla.) World, January 12, 1934:

"The President is viewing the St. Lawrence project in terms of national and international development along geographical lines and as a water-power enterprise. The opposition views the matter as one of domestic self-interest.

"Its object is to run a deep waterway from the Lakes to the Atlantic Ocean. A great deal of the work has been done, either by nature or by man. A few more links of canal must be constructed to make the way available for big boats. The project has been shaping up for centuries.

"The power interests and railroads oppose it. The great ocean ports of New York and New Orleans are violently against the seaway."

Fond du Lac (Wis.) Commercial Republican, January 11, 1934:

"In his message pleading for Senate ratification of the St. Lawrence Treaty President Roosevelt has placed his finger directly on the chief obstacle to the completion of the international waterway.

"That obstacle is selfishness as represented by various communities or private interests.

"The President's call for ratification of the treaty has brought the sea situation to a crisis. The Middle West is a unit for the new route to the sea; the remainder of the country should react likewise when it takes the broad national view the President urges."

Ashland (Wis.) Press, December 27, 1933:

"We are almost on the eve of the opening of a Congress which may prove to be the most momentous, so far as our own region is concerned, of any that has yet been held."

The Herald-Times, of Manitowoc, says:

"The issue before the United States Senate will be that of the general national good against regional and local obstructionists. If the Senators can be prevailed upon to act as national statesmen rather than petty local politicians, the desirable treaty will be ratified."

La Crosse (Wis.) Tribune, January 20, 1934:

"Sectional prejudices, selfish interests, and ungrounded fears form the basis of the opposition throughout. It is paradoxical that Senators argue, on the one hand, that the seaway will not amount to much if constructed, and, on the other, that it will take away trade and business from their section.

"The country is appreciative of the Roosevelt stand that what is good for one section is, in the broader view, good for the Nation as a whole."

Morris (Minn.) Tribune, January 19, 1934:

"The only opposition is sectional obstruction, yet the entire country would benefit by the prosperity which the seaway would bring to the Middle West much more than it would gain by strangling the Middle West."

Milwaukee (Wis.) Journal, January 12, 1934:

"President Roosevelt explains that he has advocated four great power areas in the United States and that three of these now are being formed. One is in the Tennessee Valley, another at Boulder Dam, the third on the Columbia River. It is time to set up the fourth, for the benefit of the most densely populated area of them all, New York and the New England States.

"The message is simple, clear, and adequate. It disposes of the Chicago and other opposition arguments so obviously based not merely on imaginary fears but on provincial selfishness and the itch for alternative local benefits and 'pork.'"

Kalamazoo (Mich.) Gazette, January 21, 1934:

"It would be much better in every way if the Senate were to consider and approve the St. Lawrence program strictly on its merits as a great transportation project designed to benefit the entire Nation.

"The advocates of the seaway program may indeed be gratified by the evidence of extreme Presidential earnestness in pressing for ratification."

Reno (Nev.) Evening Gazette, January 21, 1934:

"Once finished, the St. Lawrence will permit ocean-going steamships to touch at the Great Lakes ports to carry their cargoes to Europe and elsewhere. In the end its advocates believe the very cities now opposing it will reap great advantages because of the better markets which they will obtain in the interior States that will be benefited.

"The project is far different from the Tennessee Valley, the Columbia River, and similar developments. The latter in most respects are local. The St. Lawrence is truly national and international in scope."

St. Paul (Minn.) Pioneer Press, January 25, 1934:

DIGEST OF THE MINNESOTA PRESS

Watonwan County Plaindealer: "People here in the Middle West may be thankful that President Roosevelt stands firmly for the Great Lakes-St. Lawrence seaway, and he is a New Yorker, too.

"His message proves that the President thoroughly understands the waterway project, its difficulties, and its benefits. He understands the opposition of the East and considers it subordinate to the interest of the whole Nation. He urges that this project is in keeping with that of Boulder Dam, Muscle Shoals, and the Mississippi-Missouri Rivers waterway system."

Blue Earth County Enterprise: "At this time, when Federal money is being poured out right and left, it would seem that it is the proper time to build the St. Lawrence waterway. President Roosevelt evidently believes this also, and, in keeping with promises made in the campaign, presented to Congress a message telling in plain terms just why the treaty should be ratified."

The Rock County Herald:

"President Roosevelt's special message to the Senate urging immediate ratification of the Great Lakes-St. Lawrence Seaway Treaty is all that friends of this great project could ask. Mr. Roosevelt stated the need of the seaway very clearly, and accompanied his message with interdepartmental engineering reports and surveys which definitely and officially should dispel all the fog created by misrepresentations spread by selfish interests which would kill the treaty."

Browns Valley Inter-Lake Tribune:

"President Roosevelt is to be commended for his message to Congress recommending ratification of the St. Lawrence Treaty, in view of the fact that his own State of New York is strenuously opposing it. The President said that the Port of New York should not be allowed to stand in the way of better developments of the vast territory comprising many States in the land-locked Middle West, and in that he has taken the statesmanship view. Nevertheless, New York, aided by other eastern interests, will put up a strong fight against ratification, and a battle royal may be expected."

Hobson (Mont.) Star, January 25, 1934:

"Powerful interests are now organized to defeat the ratification of the treaty negotiated between the United States and Canada making possible the St. Lawrence waterway project.

"The eastern railroads are opposed to the St. Lawrence waterway plan, as they fear it would divert shipments from their lines. But more than all, the New York Power Trust is against it because of the immense electrical power it would develop and which would be at the disposal of State and Federal Governments."

Havre (Mont.) Journal, January 25, 1934:

"For years the Northwest has hoped for the construction of the Great Lakes-St. Lawrence waterway to give us the advantages of water transportation which the coast States have enjoyed via the Panama Canal but which have been denied to the far interior States of the Nation.

"President Roosevelt has taken the same favorable view of the waterway as did his predecessor, President Hoover. He has submitted the treaty with Canada to the Senate for ratification with an urgent plea that the waterway be approved. Although he is from New York, the center of the opposition to the St. Lawrence waterway, he has kept his word to the country that he would push the project.

"The Central States have felt the industrial blight which the Panama Canal placed on the interior cities of the Nation. But they have not the vision right now to join with the Northwest and the Lake States in the movement to open the interior to real water transport on a scale that never will be possible with the proposed barge lines on the troublesome Mississippi."

Grand Rapids (Mich.) Herald, February 6, 1934:

"The whole discussion concerning the seaway has been befogged by self-serving specious argument on the part of powerful interests."

Milwaukee (Wis.) Leader, January 27, 1934:

"The arguments urged against the waterway at this stage of the proceedings seem essentially trivial or belated.

"The power possibilities of the waterway are not less important than its navigational advantages. As we pointed out on December 27, it is proposed to develop more power from the St. Lawrence rapids along the international boundary—to be divided equally between Canada and the United States—than is at present contemplated at Muscle Shoals and Boulder Dam combined. This, of course, is the reason for the secret utility campaign against the waterway."

Indianapolis (Ind.) Star, February 3, 1934:

"It is likely, however, that the railways exaggerate the effect of the waterway on operating revenues. They were even more vehement in battling against the Panama Canal, although that project failed to provide the expected competition.

"New York's battle is purely selfish, the State fearing the diminished importance of its shipping trade. The public is not disposed to weep over the supposed plight of power utilities which fear the operating results of hydroelectric projects included in the waterway plans. The opportunity for direct shipment of farm projects from Midwestern States outweighs any of the arguments advanced against the waterway or the treaty, which will make it possible."

Milwaukee (Wis.) Journal, January 29, 1934:

"The Federal Power Commission report on the St. Lawrence development, transmitted to Congress by President Roosevelt, shows conclusively that the seaway agreement could profitably be ratified by the United States for its power product alone.

"In other words, forget for a moment all the benefits the seaway would confer on the Middle West by establishing tidewater commerce on the Great Lakes and consider only the picture of power drawn from one of the largest, steadiest reservoirs that exists anywhere in the world. Here is what the Commission engineers find the hydroelectric development would do:

"Make possible an annual output of 5,000,000,000 kilowatt-hours of primary power and about 7,000,000,000 kilowatts more of secondary power, to be marketed in the greatest industrial and population center of the United States at rates that would mean a real reduction for householder, farmer, and manufacturer. The power could be transmitted and marketed in New York City, a distance of 300 miles, at a great saving to consumers of St. Lawrence electricity and with a direct influence on the price charged by private companies.

"The benefit to New York State would be untold. It would mean complete electrification of millions of homes, electrification of the countryside, and lower rates for factories which in 1929 used 10,000,000 horsepower of electricity at a cost of $422,000,000. It would mean the solution of New York's regulatory problems, which admittedly are baffling without the aid of competition.

"Certain influences cry that the trade of the port of New York would be damaged by the creation of the seaway. That is not likely. Instead, they would gain by the stimulation of trade. Yet even if it were true that the port of New York would lose some of its total tonnage, New York State would still be ahead economically because of the power benefits from the St. Lawrence.

"The Middle West, getting rid of its land-locked status, need not be moved by any tears shed in New York City over its port. The power that would be handed that great population center would be equivalent to a gold mine."

Sandstone (Minn.) Courier, January 25, 1934:

"President Roosevelt heartily endorsed the Great Lakes deep waterway in a special message. The whole Northwest is vitally interested in this project, and hope that actual work will soon be started."

Chicago (Ill.) Daily News, February 7, 1934:

"Opposition to ratification of the St. Lawrence Seaway Treaty presents an unusually clear picture of the tactics employed by confederated special interests fighting a project conceived in the public interest. It simply reverses the political technique of the pork barrel.

"Instead of a logrolling combination in favor of a grab bag of public expenditures for works primarily of local or private interest, we see in the leagued lobbies arrayed against the St. Lawrence Treaty with Canada bands of logrollers united against the execution of a public improvement which each confederate deems inimical to his special interest. The porcine motive is there, even when the pork hides behind the plea of economy. The fight against the treaty is a fight to save the bacon of vested interests that levy tribute upon the incomes of the people through capitalizing natural transportation handicaps which the ship channel would eliminate.

"In the main the interests that combat the St. Lawrence seaway fall under the following heads: (1) The seaport cities from Montreal to the Virginia Capes. (2) The trunk-line railroads connecting those ports with the production and market centers of the Middle West and the Great Plains. (3) Certain heavy industries located at ship side on the Atlantic seaboard and the Lakes, which foresee competition in their present markets when the seaway gives a cheap water haul from and to all Lakes cities and the coastal cities of both North America and Europe. (4) Electric-power interests exposed to the potential competition of power to be generated along the seaway.

"In addition to those well-defined economic interests there are other elements in the combination opposing the seaway. The historic opposition of St. Louis to east-west trade routes, first manifested years ago in the fight against railway bridges across the Mississippi, reasserts itself in the seaway fight. Other opponents are influenced mainly by their belief that ratification of the treaty would forever determine the amount of water to be diverted from the Lakes to the Mississippi watershed, thus limiting the navigability of the Lakes-to-Gulf waterway cutting down the amount of condensing water available for the generation of electric power in steam plants, and otherwise curtailing the economic employment of water diverted from Lake Michigan at Chicago. They cannot reconcile themselves to the fact that diversion is practically a separate matter from the seaway, a matter that has already been dealt with by the United States Supreme Court.

"In this class of vain hopes and emotional resentments is the flag-waving nonsense about the surrender of American sovereignty over Lake Michigan, as if Canada's vested rights in lake levels had not long ago been recognized under the law of nations and by treaty conforming to international law.

"The special interests trying to block the treaty and stop the seaway, as is the custom of short-sighted interests influenced by their own lobbying henchmen, ignore the long-run gains likely to accrue to them, as well as to North America as a whole. The seaway is a continental betterment designed to link the productive heart of the continent to the seven seas. By making the entire continent a more efficient productive and transport mechanism, the seaway is bound to benefit practically every useful industry now contributing to the incomes or goods and services available to the American and Canadian peoples.

"All the world shared the benefits of Suez and Panama. Even those parts of the world from which some special traffic was diverted. The St. Lawrence seaway, designed to link the West to blue water, is of the order of world-helping works."

Wausau, (Wis.) Record-Herald, December 28, 1933:

"Some of the opponents of the St. Lawrence seaway are still using the possible hardships to railroads as an argument against the construction of the all-water shipping route from the Great Lakes to the Atlantic Ocean. Complaint is made of the unfair competition which will ensue, because the Federal Government will have to use several hundreds of millions of dollars in building the seaway, if it is constructed. No well informed railway magnate will ever use that argument against the St. Lawrence waterway—if he pauses to recollect the manner in which railroads were subsidized by the Government in an earlier era, through huge land grants and in other ways.

"It is not so certain that the St. Lawrence seaway will harm the railroads. Shipping will be stimulated, and the Middle West, which has suffered tremendously through the competition of the Panama Canal, making all-water shipments from Pacific and Atlantic seaports possible, will profit by the cheaper water rates, if and when the St. Lawrence route is completed. But there will still be a huge amount of business for the railroads, in hauling freight and passengers to the Great Lakes ports for transshipment to all parts of the world through the water route from the Lakes to the ocean. Instead of joining the enemies of the St. Lawrence route and fighting the plan, the railroads should unite for its support, and continue to devote their efforts toward improving the service they furnish the public."

Atlanta (Ga.) Journal, January 12, 1934:

"The St. Lawrence Waterway Treaty comes before the Senate after 15 years of discussion by business and political leaders as well as careful surveys by economists and engineers. In 1932 both the Democratic and Republican platforms approved the project for the commercial conveniences and advantages it would afford and, particularly, for its benefits in the way of cheaper transportation to the grain-growing West. The question thus has been explored so thoroughly in all its bearings that no great time should be needed for action on the pending treaty.

"In his recent message asking ratification, President Roosevelt struck to a vital point of the matter when he said that Canada alone could build the locks at the Lachine Rapids and at the international sector and thus provide a seaway wholly within Canadian control, without treaty participation by the United States.

"The immediate value of the project in providing employment for thousands of men is too obvious to argue. Its long-range and lasting benefits to the common country offer the decisive reason for the treaty's ratification."

Slayton (Minn.) Herald, January 25, 1934:

"As the Northwest had hoped, President Roosevelt early in the session asked Congress for approval of the treaty with Canada to complete the proposed St. Lawrence-Great Lakes waterways project, proving that his leadership is willing to include this vital development in the program of national recovery.

"A vast undertaking such as this would provide new employment possibilities that are greatly needed now and a permanent improvement that would be a public benefit for generations to come."

Oshkosh (Wis.) Northwestern, January 10, 1934:

"The St. Lawrence project would unlock the great interior country and give it a direct connection with the Atlantic seaboard by way of the Great Lakes and the St. Lawrence River.

"There appears to be majority sentiment in the Senate either definitely for the St. Lawrence River Canal and power project or favorably leaning in that direction."

Watertown (N.Y.) Times, January 12, 1934:

"All America would benefit if the seaway is built and its rich benefits will come in generous measure to northern New York.

"The delay was occasioned by the activities of powerful groups of corporate interests which were seeking monopolistic control of the resources. These same interests are now fighting the ratification of a treaty which would make possible the public development of the tremendous hydroelectric resources of the St. Lawrence. It is well for the people of the West to know what is behind the propaganda in this State against the seaway treaty."

Great Falls (Mont.) Leader, January 29, 1934:

"It seems almost too good to be true that after all these years a possible Senate ratification of the St. Lawrence Seaway Treaty with Canada looms in the present session of Congress, with President Roosevelt, with all his power, urging it.

"The seaway probably would mean more to the development of this State than anything else that can be conceived."

Montgomery (Ala.) Journal, December 29, 1933:

"President Roosevelt is said to be as earnest as ever in his advocacy of the St. Lawrence Treaty, but the opposition to it is formidable. This opposition takes various forms, but it can usually be traced to the influence and encouragement of private power interests which do not want to see such a large Government-controlled electric project.

"President Roosevelt has studied this subject for years and knows perhaps better than anyone the effects the development will have both upon navigation and upon the electric-power situation in the Northeast."

Milwaukee (Wis.) Leader, January 11, 1934:

"The St. Lawrence Treaty ought to be ratified, and it ought to be ratified at once, so that the work could begin as soon as possible. Speedy action would afford employment to many of the unemployed, and it would bring nearer the realization of the ocean-port dream of the cities of the Great Lakes."

Minneapolis (Minn.) Evening Tribune, January 11, 1934:

"While the Middle West thinks of the seaway chiefly in terms of cheaper transportation costs, the President points out that the St. Lawrence is a source of incomparably cheap power which may be made available to a great industrial and rural market. While some may oppose the seaway for sectional reasons, he is convinced that its completion is so important to the country as a whole that it must be considered solely from the national point of view.

"The Middle West, it need hardly be said, will be gratified by Mr. Roosevelt's stand. Because he had served two terms as Governor of New York State, which was traditionally hostile to the St. Lawrence project, it was urged that Mr. Roosevelt could never bring himself to support it with any real enthusiasm. In the light of the President's message of Tuesday, some opinions of Mr. Roosevelt will have to be revised. The President is not only for the seaway, but he has urged its ratification in one of his first messages, and in terms that are open to only one interpretation. It can hardly be said of Mr. Roosevelt then, as he urges a national point of view on Members of the Senate, that he has refused to take that point of view himself."

Plattsburg (N.Y.) Republican, February 3, 1934:

"Much of the opposition engendered by sectional interests and certain large corporations against ratification of the St. Lawrence Treaty with Canada seems to have been overcome in the United States Senate, where a vote on it is to be taken before long.

"The double-barreled project, as some term it, is not of interest to Canada chiefly, as the critics would have you believe. It is of vital interest to a huge section of the United States as well. As a source of electric power it is of particular interest to the East, while the Middle West farmers and beyond see in the consummation of the St. Lawrence seaway their one great chance to gain economic independence, in other words, prosperity.

"As for our interest in the projects, we are of course profoundly anxious to see the hydroelectric development phase begun as soon as possible, if and when the treaty is ratified. Construction operations on dams and powerhouses at the projected sites would be the spur to business recovery that we need. And after that completion of these our hopes of cheap electric energy would be realized. Critics say existing private facilities for electric power are adequate. We question their stand when domestic consumers are made to pay at the rate of 12 cents a kilowatt-hour, in this territory, at any rate.

"Abundance of cheap power, to use the language of the man in the street, would be the makings of this north country. It would bring to our area great industrial plants, for industry settles where electric power is cheap. Our farmers, also, would benefit from the development, it is readily apparent."

Britton (S.Dak.) Sentinel, January 25, 1934:

"President Roosevelt is putting the influence of the administration behind the St. Lawrence Waterway Treaty. We certainly hope he is able to secure approval by the Senate. The waterway will be a distinct advantage to this region."

Pukwana (S.Dak.) Press-Reporter, January 25, 1934:

"King Canute ordered the tides to stand still, but failed. Kings of American railroads have had far greater success in ordering world shipping to stop at the coastline, where the Atlantic Ocean laps the shores of North America.

"Navigation through the Great Lakes was always a plausible matter. Now, it is coming, even though it is a half century later."

Duluth (Minn.) Free Press, February 2, 1934:

"Only selfish interests have been able to think of any reason why the St. Lawrence seaway should not be launched. Every unprejudiced person who has given this matter any thought recognizes that it is a meritorious project of vital importance to one of the richest inland empires on the face of the earth. President Roosevelt recognizes it and is throwing the weight of his high office squarely behind it.

"What's the Senate hesitating about? It has already authorized the administration to spend billions of public money to provide jobs for the unemployed everywhere in the country. Why not make it possible to put a few thousand of these men to work on this very necessary improvement right away? Is the country to be given to understand that the United States Senate is taking orders from Chicago and the eastern railroads?"

Muncie (Ind.) Morning Star, February 4, 1934:

"President Roosevelt has recommended Senate approval of the St. Lawrence Waterway Pact. The proposal has received general support from a major portion of the country. A few selfish interests in the Midwest, the State of New York, railway and power corporations are the opposition to the seaway. Senators combating ratification lack the courage to oppose the President, but feel that their defection may be condoned in part by appearing to endorse the plan with reservations. The proposed changes are unnecessary and undesirable. Instead of pretending to safeguard American interests, they are designed solely to effect Canadian rejection.

"The public is not disposed to weep over the supposed plight of power utilities which fear the operating results of hydroelectric projects included in the waterway plans. The opportunity for direct shipment of farm products from Midwestern States outweighs any of the arguments advanced against the waterway or the treaty which will make it possible."

Defiance (Ohio) Crescent News, January 23, 1934:

"Northwestern Ohio has a tremendous stake in the proposal before Congress for ratification of the St. Lawrence waterway. We are a part of the Great Lakes tributary area which will be particularly benefited by opening the inland seas to ocean shipping.

"This project has been favored by Wilson, Harding, and Coolidge, planned and negotiated by Hoover, and approved in its present state by Roosevelt. It is now of paramount importance as a public works project to defeat the depression, in addition to its permanent benefit for industry and agriculture. President Roosevelt should have the unanimous and untiring support of Ohio's representatives in the United States Senate in the effort to ratify the St. Lawrence Treaty at this session of Congress."

St. Paul (Minn.) Dispatch, February 5, 1934:

"It may be too much to expect, but, for whatever it may be worth, the American Farm Bureau Federation calls on Democratic and Republican Senators to respect their party pledges and vote for the St. Lawrence Seaway Treaty.

"Once every 4 years the great political parties rise up to national size. During the presidential campaigns they achieve great nobility of principle, a broadness of outlook that does them credit. They are then appealing for the united national support.

"But in between national elections they tend to break up into their sectional parts. More to the point, therefore, is the appeal of the Farm Bureau Federation to Senators from antagonistic sections to rise above the local selfish and petty opposition and see the large benefits to the country as a whole."

Rutland (Vt.) Herald, February 3, 1934:

"Our neighbor, Mr. John B. Candon, of Pittsford, has done the State and county a service in bringing home to Vermont the interest of the farmer and consumer in the proposed St. Lawrence waterway. Most of us had considered this a matter of remote and detached interest, notwithstanding the importance placed upon it by at least two administrations in Washington.

"The Detroit Free Press, commenting on it, says:

"'The advisability of building the seaway has, in fact, never been seriously questioned except by special interests with perfectly obvious motives.'"

"It also calls attention to the President's own statements, responsibly made, in which he assures the Congress that the waterway 'will injure neither the railroads nor throw their employees out of work;' nor will it interfere with other waterway and navigation plans."

Duluth (Minn.) News-Tribune, February 3, 1934:

"President Roosevelt is not accustomed to backing losing ventures. He has the national view point, free from narrow sectionalism. He first informs himself thoroughly on the matter under consideration, decides what is best for the Nation and the people, and then asks approval of his measures.

"His messages and reports to the Senate on the St. Lawrence project have covered the subject thoroughly, leaving little room for effective opposing arguments."

Duluth (Minn.) Herald, February 3, 1934:

"The opposition of the two Illinois Senators and certain Chicago newspapers to the ratification of the St. Lawrence Treaty has led many to believe that all Chicago was a unit in fighting the seaway. Fortunately, there is more noise than reality in that big city's opposition.

"This is shown by the attitude of Chicago's two greatest newspapers—the Daily News and the Herald-Examiner. Both are advocates of the waterway and both have editorially urged the ratification of the treaty now pending in the Senate."

Antigo (Wis.) Daily Journal, January 29, 1934:

"Canada can build the St. Lawrence waterway without the help of the United States. She can construct an all-Canadian route and thereafter collect tolls from vessels entering the Great Lakes. And, make no mistake about it, American shipping would use that Canadian lane and American consumers would pay the tolls.

"President Roosevelt made this clear in his recent special address on the St. Lawrence Treaty and he has emphasized it again in discussions with railroad labor leaders. These leaders, and the general membership of railroad labor, are said to be wavering in their opposition to the seaway and well they may. There will be no gain to railroads or to their employees if the projected water route connecting the Great Lakes and the Atlantic becomes a solely Canadian-controlled undertaking.

"Neither will there be gain in all-Canadian waterway for the American people. It is conceivable that they would lose in tolls paid to Canada much of what they may gain in reduced freight rates, less cumbersome commodity handling, and easier entrance to the markets of the world. Any waterway through the St. Lawrence River should be international."

Grand Rapids (Mich.) Press, February 6, 1934:

"President Roosevelt's straightforward message calling for ratification of the St. Lawrence Seaway Treaty was a long step into the waterway campaign. It did not compromise, it called a spade a spade, and it told the truth without effort to appease the selfish interests which have resorted to misrepresentation and calumny in their effort to block this great project."

Duluth (Minn.) News-Tribune, December 28, 1933:

"President Roosevelt, whose attitude has shown that he is able to vision the whole national picture of needs and opportunities, has declared in favor of completing the Great Lakes-St. Lawrence seaway. Behind him are about 40 States to whose prosperity the seaway will in some measure contribute, including the Lakes States to whose future the project is vital."

Rochester (N.Y.) Times Union, January 11, 1934:

"Some political observers thought the new Democratic administration not especially interested in a treaty submitted by a Republican Executive, but President Roosevelt has now shown he favors this development as strongly as did President Hoover.

"In his message the President recalls that all important projects have been subjected to short-sighted objections.

"Construction of this seaway, which would connect by a deep and easily navigable channel the most important of oceans and the greatest of inland waterways, goes hand in hand with extensive power development, which will bear a large share of the cost.

"It is this power development which carries the project forward almost of its own momentum and makes its final accomplishment wellnigh inevitable.

"The treaty should be ratified and actual removal of the last barrier between the Great Lakes and the Atlantic undertaken."

Indianapolis (Ind.) News, January 12, 1934:

"President Roosevelt's insistence on immediate ratification is based on practically the same reasons given by Mr. Hoover. He believes that exporters of the Middle West will save in freight to their overseas markets by shipping in a direct line from the Lakes to Europe, instead of around three sides of a square—via Texas ports or the Mississippi, thence through the Gulf of Mexico, and thence from the southern end of the north Atlantic to the northern end.'

"As to the Lakes water diversion, he called the War Department reports on which Mr. Hoover relied. Army engineers believe that the project will not take enough water from the Lakes to destroy the canal links in the water route from the Lakes to the Gulf. The power yield will benefit the northeast section of the country, according to the President, who feels that the treaty amply safeguards American interests. He speaks with authority on the question, for it was much in his mind during his service as Governor of New York."

Mount Vernon (Ohio) Banner, January 13, 1934:

"We don't have to coerce Canada and grab a canal zone on the St. Lawrence. Canada is cooperating, as usual. She has already built half her share of the improvement, while we have talked about it, and is going ahead with the rest without waiting for us."

Toledo (Ohio) Blade, January 3, 1934:

"The opposition is centered chiefly in Atlantic coast and lower Mississippi Valley ports. The eastern railroads and the city of Chicago also are lined up definitely against it, the railroads because they may lose some business and Chicago because it wants more water for its drainage canal.

"In order that this concentrated selfish, sectional opposition may be overcome, the people of the Western, Middle Western, and Northwestern States should let their Senators know that they demand ratification of the waterway treaty."

Poughkeepsie (N.Y.) Eagle-News, January 23, 1934:

"So far as the St. Lawrence power project is concerned, it seems to us that it is foolish for private corporations or their security holders to attempt to block it. Private development of the St. Lawrence is not feasible, and it assuredly is an economic crime that vast sources of cheap power owned by the public should not be made available for the public's use. In such a matter the public interest is and must be paramount."

Cleveland (Ohio) Plain Dealer, January 12, 1934:

"Opposition to the treaty is a compound of elements, each hostile for its own particular reason.

"Against this heterogeneous opposition appears a compact body of economic and engineering opinion that the opening of this great new trade route will confer a lasting benefit on the whole country, and particularly on the industrial-agricultural Midwest. The proposal has been submitted to every conceivable test and been approved unanimously by every Government group that ever studied it.

"Twenty-three States centering at the Great Lakes but extending as far west as Oregon and as far south as Kentucky comprise the council of States working for the waterway. Any Senator from any of these States now voting to reject the treaty will be setting up his own judgment against that of his own people back home. Ohio has long been a member of this council.

"The treaty allows Chicago a larger diversion of water than, in the opinion of Government engineers, often repeated, is needed for the adequate and efficient operation of the Illinois bargeway. Chicago's insistence on a still more generous diversion indicates a purpose ultimately to override the will of the Supreme Court. Chicago wants the excess of water not for navigation nor primarily for sewage disposal, but for power she hopes to develop for her own profit from water that belongs to two nations.

"Midwest taxpayers have cheerfully supported such projects as the Panama Canal and many large expenditures of Federal money along the Atlantic coast, of no direct or apparent advantage to the interior States. If the St. Lawrence were put on a purely sectional basis the Lakes States could rightfully insist that the East and the far South should, in mere fairness, reciprocate now by sustaining the great waterway.

"No such argument need be made. The St. Lawrence is a national, not a sectional, improvement whose benefits will be widely scattered. It is a major element in the Roosevelt new deal."

Milwaukee (Wis.) Sentinel, January 12, 1934:

"No clearer or more definite exposition of the St. Lawrence seaway project has been presented than that contained in President Roosevelt's message to the Senate urging ratification of the treaty with Canada which will enable the work to be put under way.

"Tersely the President deals with the local objections that have been lodged against the treaty, pointing out that every great improvement directed to better commercial communications has been subjected to opposition on the part of local interests which conjure up imaginary fears and fail to realize that improved transportation results in increased commerce benefiting directly or indirectly all sections.

"In an especially significant paragraph, the President calls attention to the simple fact that Canada is able to provide a seaway entirely within Canadian control. Canada can develop large power resources without American participation, while the United States cannot do this without Canada. These are points which the Senate will do well to consider at least as carefully as it considers the selfish sectional and local objections which will be brought forward in the debate."

Milwaukee (Wis.) Leader, January 27, 1934:

"There is evidence that the opposition to the St. Lawrence project—nominally against the waterway as a navigational project—is actually a covert attack upon the power development contemplated in the scheme, made by utilities interests of New York and neighboring States which see their monopoly and their oppressive rates threatened by Government-produced electric current. This is not to say, of course, that men have not been led into the opposition for honest reasons, but the suddenness and force with which the storm gathered out of an almost clear sky are not explainable as a spontaneous change in public sentiment. New facilities create new business, and, far from hurting the railroads and ports of the northern Atlantic States, the waterway is likely to help them. The argument of Senator Wagner of New York that our wheat trade is diminishing and that therefore we should not increase facilities for it would be sound if the waterway were intended only for wheat. The fact is that the waterway will further all kind of commerce. Virtually it will bring the Atlantic Ocean 1,000 miles inland, making seaports of cities in the Mississippi Valley and putting a new empire in touch by water with the world at large. Not only should it help the much-needed revival of our foreign trade but it will be of vast service in domestic intercommunication."—(From the New York Nation).

Toledo (Ohio) Blade, January 18, 1934:

"Since their other objections to Senate ratification of the St. Lawrence Waterway Treaty have been met by President Roosevelt's message in favor of the development, the persistent opponents of the project now cower in simulated fear.

"Fear is written in shaky characters on the wrapper of the whole bundle of so-called "arguments" against ratification—fear of the cost, fear of possible loss of a little business at Atlantic ports, fear of Canada's possible objection to diversion of water from Lake Michigan at Chicago, and now fear of foreign warships. The latter is the silliest of all fears, but actually no more unreasonable than the others. In the first place, the enemy battleships would be met at the St. Lawrence entrance by our own battleships and war planes. If it ever succeeded in getting into the river, it would offer a magnificent close-range broadside target; and the blockading of any one of numerous locks would make either progress or retreat impossible. The canal would be a one-way trap for hostile invaders."

Detroit (Mich.) News, January 12, 1934:

"With characteristic clarity and forthrightness, the President strips the St. Lawrence seaway of all the humbug with which its opponents have sought to envelop it and compels the United States Senate to face and answer the facts.

"It will take more than a padded pamphlet of lying propaganda to persuade the American people that the President of the United States doesn't know whereof he speaks.

"What the President advocates is a fair deal as between the United States and Canada, and that, as he makes incisively clear, is to be found in the treaty now before the Senate.

"His vision of the seaway and its part in a national plan for utilization of all available resources is the vision for which every

American should strive if this Nation is to go forward and the new philosophy of general economic security is to be built into the everyday life and welfare of the average man.

"If the wishes and interests and labors of more than 42,000,000 inhabitants of this country mean anything, then the treaty must be ratified. Let the Senate hear from them."

New York Evening Post, January 12, 1934:

"Congress should heed the President's request for approval of the St. Lawrence Waterway Treaty.

"It should do so for the very broad, national reasons Mr. Roosevelt cites.

"The Evening Post might find it politic to oppose the treaty, as Senator WAGNER has done. Eastern interests may be adversely affected by this seaway, and the Evening Post most certainly is concerned with the future interests of its immediate neighbors.

"But just as the Original Thirteen States had to put aside their provincial hopes and concerns to create the Nation so must the Nation face this great project without the bias of sectionalism.

"What benefits one section of the land, in the long run, benefits all sections.

"This St. Lawrence seaway will be completed about the time our national needs will have expanded to provide it with ample business—and with gain rather than loss to the Atlantic seaboard.

"One other factor must be considered. Canada can, and probably will, build this seaway on her own if we do not ratify the treaty.

"In that event this great natural artery of water commerce would be in foreign control instead of in joint control, and the benefit of that control would all go to Canada.

"As for the cost, estimated at $272,453,000, it is negligible in relation to the anticipated benefits—which include not only commercial development but the creation of huge new publicly owned reservoirs of hydroelectric power.

"In presenting the St. Lawrence project to Congress the President not only fulfills a campaign pledge; he also lends his support to a development which, in years to come, we may regard as even more useful and indispensable than the Panama Canal."

Lamberton (Minn.) News, January 25, 1934:

"The St. Lawrence seaway begins to look like a possibility. It has an economic importance to the Northwest because of the great saving in transportation it will effect both incoming and outgoing traffic. If President Roosevelt has his way, and he usually does, the waterway will become a reality."

Milwaukee (Wis.) Leader, January 13, 1934:

"Stirring up feeling against Canada is a part of the tactics of the Chicago Tribune and other opponents of the St. Lawrence Treaty. For lack of real arguments against the treaty, this nationalistic bunk is pressed into service.

"Canada is a country with a far smaller population than the United States. It has a border of several thousand miles, contiguous to that of our country. It hasn't a soldier or a fortification on the border. It is a peaceful country which trusts the United States not to harm it.

"What if the treaty does contemplate that some Canadian workers will get jobs, and some of the materials will be purchased in Canada; it is an international project. As such, it cannot be one-sided, or, at least, it should not be."

Webster (Iowa) Freeman, January 29, 1934:

"Senator LEWIS says that if the Great Lakes-St. Lawrence waterway is built England can and will in the event of war send her warships right up to the gates of Chicago and every other city located on the Great Lakes. If Great Britain should do such a thing as that, she would never get her ships out of the trap, as it would be so easy for the United States to bottle them up."

Detroit (Mich.) News, January 19, 1934:

"Most people who talk of the St. Lawrence waterway are thinking of it as something that may come into existence in the future. That is quite incorrect. It exists; it is working; 2,000 miles of it carrying traffic both ways between American and Canadian ports, and it had an especially good year in the not too prosperous season of 1933.

"While navigation was open the past year freight came to the Great Lakes from Europe, from the Atlantic seaboard, from Cuba, Newfoundland, and elsewhere. One hundred and thirty-four cargoes came in for ports of the United States upon the Great Lakes and 55 came for Canadian lake ports. Canada sent out 56 cargoes and the United States 64.

"That was the commerce that made its way through the present shallow, incomplete channels. It seems an encouraging outlook for the waterway when the international treaty is adopted and the entire length of the route is completed to a minimum depth of that of the splendid Welland Canal."

Martins Ferry (Ohio) Times, January 18, 1934:

"The President asks approval of a pact with Canada which provides for joint action on the undertaking.

"In his message pleading for cooperation, the Chief Executive decried sectionalism which opposed the treaty, saying thousands of jobs would be created, millions in transportation costs saved, and cheap hydroelectric power generated.

"The St. Lawrence project, like the Erie Canal and the Panama Canal, would be a monument to the era of its construction. It would bear testimony that some of the billions spent to give aid in one of the Nation's most serious emergencies were not frittered away on improvements of temporary value."

Mason City (Iowa) Globe Gazette, January 23, 1934:

"Mason City and north Iowa are vitally interested in the ratification of the St. Lawrence Waterway Treaty by the United States Senate, primarily because of the benefits the completed project is expected to bring the Middle West.

"The opening of a seaway to the Great Lakes amounts to bringing Mason City to within 300 miles of the ocean with all the advantages resulting from water transportation to all parts of the world, including the coast cities of the United States. It becomes possible for Middle Western States, heretofore land-locked 1,000 miles or more from the sea, to compete more advantageously in the world markets. This applies to agricultural products as well as to manufacturing."

Watertown (N.Y.) Times, December 20, 1933:

"Opponents of the St. Lawrence seaway are making a desperate effort to block the ratification of the seaway treaty in the Senate.

"The St. Lawrence seaway has powerful foes. The railroads are against it. Private power interests are against it, and professional barge canal men are against it. But this opposition is founded entirely upon selfishness. Over and against it can be placed the benefits which would accrue from the seaway to the great mass of the people in cheap power and cheap transportation."

Ogdensburg (N.Y.) Journal, February 5, 1934:

"Now that the St. Lawrence Seaway Treaty has a very good chance of ratification in the United States Senate, the power interests who have so vigorously fought its progress tooth and nail, are turning, as expected, to New York State in an effort to block State legislation which might handcuff the power barons in the future.

"One finds the same crowd fighting the New York power bills and the St. Lawrence seaway.

"On the verge of losing out at Washington, the power barons are swinging their guns into range at Albany."

Watertown (N.Y.) Times, February 3, 1934:

"The press dispatches from Washington indicate that some Republican Senators are holding out against the St. Lawrence Treaty. This is particularly regrettable. The Republican national platform endorsed the seaway development in no uncertain terms. It is a party policy, accepted by the leadership as represented in convention, and we believe accepted enthusiastically by Republicans generally. Why should a Republican Senator be found in opposition to the ratification? We are still of the opinion that as the time approaches for the vote, there will be a unification and solidification of Republican support to the end that Republican Senators will be found carrying out the Republican-platform provision and by so doing meet the wishes of constituents generally.

"It would be regrettable if the Republican Party as such were compelled in the future years to carry the burden of odium in connection with the defeat of this treaty."

Sioux City (Iowa) Journal, January 25, 1934:

"As debates are heard in the Senate for and against ratification of the St. Lawrence Seaway Pact between the United States and Canada, it is easy to determine the motivating influences of the easterners. It is a direct alinement of the easterners against those who come from the Middle West. It also is discernible that the opposition is influenced by selfish interest in continuance of the long rail hauls from the Middle West to the Atlantic seaboard.

"The eastern Senators are not deceiving anybody as they attempt to defeat the seaway project and protect capital interests in the East invested in railroads and ocean shipping."

Leadville (Colo.) Chronicle, January 22, 1934:

"In order not to be confused by minor issues, it is well to keep these main facts in mind:

"First, the Great Lakes-St. Lawrence seaway is intended to supplement the Panama Canal, serving a vast interior population not benefitted by that project.

"Second, it is not a new project, but the final step in completing an interior waterway which is already the greatest and most useful in the world, having more traffic than the Panama Canal.

"Third, the deepening of channels between the Great Lakes and the sea may be completed by Canada alone if we stop cooperating, and Canada will then dominate our natural outlet from the Lakes to the sea.

"Fourth, it should supplement, not hurt, the Mississippi waterway, feeding traffic through Chicago in both directions."

Marquette (Mich.) Journal, January 10, 1934:

"The fact cannot be questioned that powerful interests are behind a determined move to defeat the waterway project, and the situation in Washington is somewhat novel in that President Roosevelt, despite bitter opposition to the plan from his own State of New York, is on record strongly in favor of it."

Green Bay (Wis.) Press Gazette, February 7, 1934:

"No sensible person in America today can be unconcerned about the railroads. But it is a mistake to jump immediately to the conclusion that the waterways will take from them, denude them, and bring nothing in return.

"Aside from abnormal times there has been a steady and constant growth in the business of the railroads even if there has been an unhealthy condition of their finances.

"Is it not a fact that the railroads east of Detroit in normal times have been choked with traffic? Is it a wise thing for the future of the country to practically center all ocean-going services from one city?

"It is natural that we should support the waterways because of the extended advantages which apparently would accrue to Wisconsin, among other States, but it is easier to support it as a matter of national, instead of sectional, merit."

Burlington (Vt.) Free Press and Times, February 10, 1934:

"Walter Lippmann, whose special articles appear in the New York Herald Tribune, Chicago Daily News, Boston Globe, and other papers, has an interesting way of putting involved subjects so that they are clarified for many people.

"In discussing the St. Lawrence waterway this week, Lippmann pointed out that both Canada and the United States people have been talking about this proposed waterway for more than 200 years, and working slowly but gradually toward the achievement of their goal. They have built locks, dredged channels, dug canals around rapids and waterfalls in this struggle to connect the Great Lakes with the Atlantic Ocean.

"Thus much of the work which would make up the completed project of the St. Lawrence waterway is already done.

"The other side of the picture was presented by the Merchants Association of New York, representing 4,500 corporations and individuals doing business in New York City.

"Much the same sort of arguments were raised when President Theodore Roosevelt was urging the construction of the Panama Canal. Many undoubtedly believe it would mean ruin to established transportation agencies. But man's conquest of continents has never been stopped by fears of what establishing new and cheaper forms of transportation might do to those already established.

"The farm interests of the Nation, and those sympathetic with them, are for the waterway because western farmers believe it means greater markets for their projects, while eastern farmers believe it will mean cheaper grain.

"Whether the Senate will ratify the St. Lawrence Treaty at this time we do not know. Senator COPELAND, of New York, says it will have not more than 47 votes, 17 less than the two thirds necessary for ratification. But the waterway will be completed, now or later, because the demand for it has been growing through the years and will not be denied."

Editorials favoring the treaty have also been published in the following newspapers:

Fargo (N.Dak.) Forum, January 27, 1934.
Kansas City Kansan, January 31, 1934.
Grand Rapids (Mich.) Herald, January 5, 1934.
Monroe (Mich.) News, January 20, 1934.
Wahpeton (N.Dak.) Globe, January 19, 1934.
Palm Beach (Fla.) News, January 15, 1934.
Ames (Iowa) Tribune, January 20, 1934.
Moorhead (Minn.) News, January 27, 1934.
Miami (Okla.) News-Record, January 14, 1934.
Albuquerque (N.Mex.) Journal, January 20, 1934.
Appleton (Wis.) Post-Crescent, January 22, 1934.
Beloit (Wis.) News, January 24, 1934.
Grand Forks (N.Dak.) Herald, January 21, 1934.
Duluth (Minn.) Herald, January 27, 1934.
Wells (Minn.) Mirror, January 25, 1934.
Newkirk (Okla.) Reporter, January 22, 1934.
Mandan (N.Dak.) Pioneer, January 20, 1934.
Evansville (Wis.) Review, February 1, 1934.
Steele (N.Dak.) Ozone, January 25, 1934.
Billings (Mont.) Gazette, January 24, 1934.
Gonvick (Minn.) Banner, January 26, 1934.
Marinette (Wis.) Eagle-Star, February 7, 1934.
Beloit (Wis.) News, February 5, 1934.
Manchester (Vt.) Journal, February 1, 1934.
Brattleboro (Vt.) Reformer, January 30, 1934.
Appleton (Wis.) Post-Crescent, February 7, 1934.
Madison (Wis.) Capital-Times, February 5, 1934.
Kansas City (Mo.) Journal-Post, February 12, 1934:

"Senator BENNETT CLARK, of Missouri, is one of the leading opponents of the treaty with Canada for completion of the St. Lawrence waterway. To Missourians who have given little attention to the matter this attitude on the part of the Senator may seem puzzling. Why should a middle westerner join New Yorkers who want traffic to go across their State to New York City instead of through the St. Lawrence River?

"The answer is found in the fear that the treaty will injure the Lakes-to-Gulf waterway. * * * But if a choice must be made between the St. Lawrence project and the Lakes-to-Gulf waterway, the former would seem to be preferable. American commerce is making an extensive use of the Lakes and the St. Lawrence River now. It would make greater use of them if the river would admit ships of deeper draft. It would do this without subsidies."

PRICES AND MARKETING OF SUGAR

Mr. COSTIGAN. Mr. President, yesterday the Senator from Michigan [Mr. VANDENBERG] and I discussed at some length on the floor of the Senate the significance of certain testimony given this week by Mr. A. J. S. Weaver before the House Committee on Agriculture on the administration's sugar bill.

Following that discussion and confirming the conclusions expressed by me in that interchange of views, there was issued from the White House yesterday afternoon a statement, authorized by President Roosevelt. It was given publicity by the Senator from Colorado [Mr. ADAMS], the Senator from Wyoming [Mr. O'MAHONEY], Representative TAYLOR of Colorado, and Representative ROBINSON, of Utah.

In order to complete the recital, I ask leave to place in the RECORD, as part of my remarks, the Associated Press report concerning that statement, published in the Washington Post this morning.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

[From the Washington Post of Feb. 21, 1934]

PRESIDENT NOT HOSTILE TO BEET-SUGAR INDUSTRY, CONGRESSMEN TOLD

President Roosevelt assured a group of western Congressmen last night that the administration is sympathetic toward problems of sugar-producing States and was not inimical to the beet-sugar industry.

Suggestions for modification of pending sugar legislation were placed before Secretary of Agriculture Wallace by the President, the Congressmen reported.

Senators O'MAHONEY, Wyoming, and ADAMS, Colorado, and Representatives TAYLOR, Colorado, and J. W. ROBINSON, Utah, issued the following statement:

"The President made it clear to us that any inferences that might have been drawn from the testimony of Mr. A. J. S. Weaver, of the Department of Agriculture, before the House Committee on Agriculture, that the administration was hostile to the beet-sugar industry were without foundation. He assured us that Mr. Weaver did not express his sentiment and that only he, the President, and the Secretary of Agriculture were authorized to define administration policies.

"The President displayed a sympathetic attitude toward sugar States and, at the conclusion of our conference, personally telephoned to the Department of Agriculture suggestions for modifications of the pending legislation designed to meet some of the conditions which he described."

THE NEWSPAPER CODE

Mr. ROBINSON of Arkansas. Mr. President, yesterday there was inserted in the RECORD by the Senator from Iowa [Mr. DICKINSON] an editorial appearing in the New York Herald Tribune of February 20, 1934. The editorial is entitled "Smear America." It severely condemns the President for the language he used in his Executive order approving the so-called "newspaper code."

In my judgment, the editorial writer is not justified in declaring, as he did, that the President had insulted the newspapers of America, and that he had "smeared" America.

Usually the Herald Tribune is very fair in its editorials. This editorial does not quote or make direct reference to the language employed by the President, of which it complains, but simply characterizes it as a gross insult and as wholly unwarranted by the facts.

In all probability the editorial was prompted by that portion of the President's message which had relation to the insertion in the newspaper code of a provision reaffirming the freedom of the press. The portion of the language which I assume, from the context of the editorial, was in mind is:

> The freedom guaranteed by the Constitution is freedom of expression and that will be scrupulously respected—but it is not freedom to work children, or do business in a firetrap, or violate the laws against obscenity, libel, and lewdness.

The President in his Executive order attached two conditions: First, that the determination of hours and wages for news-department workers shall be made not later than 60 days hence; second, that the Government members of the code authority shall give particular attention to the provisions authorizing minors to deliver and sell newspapers, and shall report to the President not later than 60 days hence.

In order that those who read the CONGRESSIONAL RECORD may have the opportunity of passing judgment for themselves on the question as to whether the criticism of the Herald Tribune in the editorial referred to is unjust and overdrawn, I ask unanimous consent to insert as a part of my remarks the Executive order of the President, the press report in the Herald Tribune pertaining to the Executive order, and the press report in the New York Times having relationship to the President's views on the press code.

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

THE PRESIDENT'S EXECUTIVE ORDER

WASHINGTON, February 10.—The text of President Roosevelt's order approving the code of the daily newspaper publishing business follows:

"An application having been duly made, pursuant to and in full compliance with the provisions of title I of the National Industrial Recovery Act, approved June 16, 1933, for my approval of a code of fair competition for the daily newspaper publishing business, and hearings having been held thereon and the administrator having rendered his report containing an analysis of the said code of fair competition, together with his recommendations and findings with respect thereto, and the administrator having found that the said code of fair competition complies in all respects with the pertinent provisions of title I of said act and that the requirements of clauses (1) and (2) of subsection (A) of section 3 of said act have been met;

"Now, therefore, I, Franklin D. Roosevelt, President of the United States, pursuant to the authority vested in me by title I of the National Industrial Recovery Act, approved June 16, 1933, and otherwise, do hereby adopt and approve the report, recommendations, and findings of the administrator and do order that the said code of fair competition be, and it is hereby, approved, subject to the following conditions:

"(1) The determination of hours and wages for news department workers shall be made not later than 60 days hence.

"(2) The Government members of the code authority shall give particular attention to the provisions authorizing minors to deliver and sell newspapers and shall report to the President not later than 60 days hence.

"(3) Insofar as article VII is not required by the act, it is pure surplusage. While it has no meaning it is permitted to stand merely because it has been requested and because it could have no such legal effects as would bar its inclusion.

"Of course, a man does not consent to what he does not consent to. But if the President should find it necessary to modify this code the circumstance that the modification was not consented to would not affect whatever obligations the nonconsenter would have under section 3 (d) of the National Industrial Recovery Act.

"Of course, also, nobody waives any constitutional right by assenting to a code. The recitation of the freedom of the press clause in the code has no more place here than would the recitation of the whole Constitution or of the Ten Commandments.

"The freedom guaranteed by the Constitution is freedom of expression and that will be scrupulously respected—but it is not freedom to work children, or do business in a firetrap, or violate the laws against obscenity, libel, and lewdness."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 17, 1934.*

Approval recommended:

HUGH S. JOHNSON, *Administrator.*

[From the New York Herald Tribune]

PRESIDENT SIGNS CODE FOR PRESS WITH CONDITIONS—INSTALLATION OF 5-DAY WEEK REQUESTED—ISSUE OF NEWSBOY LABOR IS EMPHASIZED—BASIC LIBERTIES DISCUSSED—PUBLISHERS TO MEET HERE ON FEBRUARY 22 TO WEIGH ACTION

The Daily Newspaper Code Committee of 24, representing the American Newspaper Publishers Association, the New England Daily Newspaper Association, the Southern Newspaper Publishers' Association, the Delaware-Maryland-Virginia Association, the Inland Daily Press Association, and the Pacific Northwest Newspaper Publishers Association, will meet in New York Thursday, February 22, to consider the conditions in connection with the newspaper code as set forth in President Roosevelt's Executive order approving the code announced yesterday from the White House.

CODE APPROVED WITH "CONDITIONS"

WASHINGTON, February 19.—President Roosevelt has approved the code covering newspaper publishing with a request that a review of the code's labor sections be made by the National Recovery Administration.

The Executive order accepting the code, signed Saturday but not made public until today, requires reports within 60 days on newsboy employment and on provisions to establish maximum hours and minimum wages for reporters and editorial workers.

5-DAY WEEK URGED IN BIG CITIES

The President accompanied this with a request that large metropolitan dailies, specifically those in cities of 750,000 or more which have circulation of 75,000 or more, immediately establish the 5-day, 40-hour week in their news departments.

This would affect papers in 9 cities if census figures are used as a base, and in 6 more if suburban trade areas are counted. New York, Philadelphia, Boston, Detroit, Baltimore, Cleveland, Chicago, St. Louis, and Los Angeles are the only ones having the stipulated population within their corporate boundaries. Pittsburgh, Buffalo, Cincinnati, Minneapolis, St. Paul, and San Francisco would come within the 750,000 mark if suburban municipalities were counted.

Mr. Roosevelt expressed dissatisfaction with the provisions of the code which relate to newsboys and coupled his assurance of freedom of the press with criticism of the declaration insisted upon by many publishers as a part of the code.

"The recitation of the freedom of the press clause in the code", he said, "has no more place here than would the recitation of the whole Constitution or of the Ten Commandments. The freedom guaranteed by the Constitution is freedom of expression, and that will be scrupulously respected—but it is not freedom to work children, or do business in a firetrap, or violate the laws against obscenity, libel, and lewdness."

The President also termed "pure surplusage" a provision whereby the publishers asserted that while the Chief Executive has power under the industrial law to cancel or modify his approval of the code, subscribing papers "do not thereby consent to any modification thereof, except as each may thereto subsequently agree, nor do they thereby waive any constitutional right or consent to the imposition of any requirement that might restrict or interfere with the constitutional guaranty of the freedom of the press."

"While it has no meaning", said the President in respect to this, "it is permitted to stand merely because it has been requested and because it could have no such legal effects as would bar its inclusion.

"Of course, a man does not consent to what he does not consent to. But if the President should find it necessary to modify this code, the circumstance that the modification was not consented to would not affect whatever obligations the nonconsenter would have under section 3 (d) of the National Industrial Recovery Act."

That section permits the Executive to impose a code or conditions if "abuses inimical to the public interest" are found by him to exist in any industry. Such imposed requirements are made by the law mandatory on those covered.

BASIC 40-HOUR WEEK SET UP

The code itself establishes a basic 40-hour work week for all employees, except the reporters, professionals, executives, maintenance men, and special cases, with the provision that in cities under 50,000 but over 25,000 clerical help may work not more than 44 hours and in cities under 25,000 as much as 48 hours.

Maj. Gen. Hugh Johnson, Administrator of National Industrial Recovery Act codes, presenting the Chief Executive's order to newsmen today, explained that, while all newspapers were free to come under the A.N.P.A. code without any requirement that they should become members of that association, all those who did not specifically subscribe to it would be under the National Editorial Association section of the graphic-arts codes, which was approved on Saturday. The two codes, he explained, however, would be made substantially identical as to labor provisions, wages, and hours for all departments.

A detailed report on the code made to the President by Johnson dealt extensively with both freedom of the press and the newsboy question. Johnson called the first a "straw-man issue", observing that "the proponents knew that so far as the N.R.A. was concerned there was no issue in respect to the freedom of the press and that the controversy had been stimulated almost entirely by those who had only second- or third-hand information of the progress of the negotiations."

Flexibility was provided in the mechanical department to allow a longer work week where there is a shortage of skilled help, and a shorter one in places where there is a surplus of mechanical labor, with provision for an arbitration board to review complaints under this arrangement. Minimum wages follow the usual 40 cents an hour and $11 to $15 weekly figures.

NEWSBOYS' HOURS LIMITED

Newsboys under 16 may sell papers between 7 a.m. and 7 p.m. from October 1 to March 31 and between 7 a.m. and 8 p.m. the rest of the year, but it must be "without impairment of health or interference with hours of day school." They may deliver papers to homes, etc., without restriction on hours except for the school-time reservation.

This part of the code did not satisfy the Chief Executive, he said in a separate letter to General Johnson with instructions that a special report and recommendations in regard to the carrying out of the provisions be made at the end of 60 days.

The request for immediate adoption of the 5-day week by big papers was contained in the same letter, and this also is to be reported on at the end of the 60-day period.

The code becomes effective next Monday, February 26.

[From the New York Times]

PRESIDENT'S VIEWS ON THE PRESS CODE—CONSENTS TO FREEDOM-OF-PRESS CLAUSE, BUT HE DECLARES IT IS UNNECESSARY—CHILD LABOR STUDY ASKED—5-DAY WEEK IS REQUESTED FOR "REPORTERS AND WRITERS" IN THE LARGER CITIES

By Louis Stark

WASHINGTON, February 19.—The code of fair competition for daily newspapers signed by President Roosevelt Saturday and made public today, safeguards the freedom of the press, includes a child-labor provision substantially the same as that requested by the publishers, provides for a standard maximum 40-hour week for clerical and mechanical employees with some exceptions, and sets up a Newspaper Industrial Board to deal with certain labor controversies and disputes under the code.

In a letter to General Johnson, the Recovery Administrator, the President said he was not satisfied with the child-labor provisions, and asked for a special report and recommendation on that subject in 60 days.

At the same time he requested that publishers of newspapers with a circulation of 75,000 or more in cities of 750,000 or more, institute a 5-day 40-hour week for "their staff of reporters and writers" in order to increase employment. He directed that a report on the 5-day week be made to him in 60 days. General Johnson, who will make the study, said that he understood that this request applied to all writers, meaning deskmen, headline writers, and editorial writers.

ORDER DEFINES CONDITIONS

The conditions attached to the signing of the code by the President, as embodied in the Executive order of approval, were:

"The determination of hours and wages for news department workers shall be made not later than 60 days hence.

"The Government members of the code authority shall give particular attention to the provisions authorizing minors to deliver and sell newspapers and shall report to the President not later than 60 days hence."

President Roosevelt, in the Executive order, and General Johnson, in his letter transmitting and approving the code, referred to the publishers' request for the inclusion of a provision safeguarding the freedom of the press as unnecessary.

The President held that the clause on liberty of the press was "pure surplusage." He declared that nobody assenting to a code waived any constitutional rights.

"The recitation of the freedom of the press clause in the code has no more place than would the recitation of the whole Constitution or the Ten Commandments," he said.

"The freedom guaranteed by the Constitution is freedom of expression, and that will be scrupulously respected—but it is not freedom to work children, or do business in a firetrap, or violate the laws against obscenity, libel, and lewdness."

FREEDOM OF THE PRESS CLAUSE

The freedom of the press provision, article 7, states:

"Those submitting this code recognize that, pursuant to section 10 (b) of the act, the President may, from time to time, cancel or modify any order approving this code, but in submitting or subscribing to this code the publishers do not thereby consent to any modification thereof, except as each may thereto subsequently agree, nor do they thereby waive any constitutional rights or consent to the imposition of any requirements that might restrict or interfere with the constitutional guaranty of the freedom of the press."

The child-labor provisions, which were attacked by social welfare workers and opposed by the Department of Labor, allow publishers to engage children of 16 years of age who are able "without impairment of health or interference with hours of day school" to deliver newspapers and to sell newspapers: "*Provided*, That no such person shall be employed in street sales between 7 p.m. and 7 a.m. from October 1 to March 31, or between 8 p.m. and 7 a.m. from April 1 to September 30."

Children of 14 may be employed part time for not more than 3 hours a day between 7 a.m. and 7 p.m. in other services, but not in the manufacturing and mechanical departments.

SETS 40-HOUR WEEK AS STANDARD

The code, which goes into effect February 27, fixes a standard work week of 40 hours of 5 days, with a maximum of 8 hours a day for mechanics. Employees may, if they wish, share work with unemployed mechanics.

The 40-hour week is also provided for office, accounting, and clerical employees in cities of more than 50,000 population; not more than 44 hours in any city between 25,000 and 50,000, nor more than 48 hours a week in any city of less than 25,000.

In disposing of his mechanical forces, the publisher is permitted to divide an employee's work week into as many as six shifts of such length, not exceeding 8 hours, as he may determine, "and shall have the right to designate the shifts, schedule of hours, and starting time of each employee."

Minimum wages of clerical employees are fixed at $11 to $15 a week, according to geographical area.

The minimum rate for mechanical employees is to be 40 cents an hour, "with the understanding that existing hourly differentials above said minimum shall be maintained and that payments for work on a piecework basis will maintain their customary relationship to the payments on a time basis." Overtime is to be paid for at the rates prevailing in the department.

Those whose earning capacity is limited because of age or physical handicap may be employed at a wage of not more than 20 percent below the minimum fixed in the code.

UNION CONTRACTS SAFEGUARDED

Union contracts are safeguarded in a clause which waives the wage and hour provisions of the code, "where compliance would violate a contract now in full force and effect, which contract cannot be revised except by mutual consent."

The code authority will consist of 10 members from the publishing business and 3 members without vote to be appointed by the President.

Five of the industry members are to be appointed by the American Newspaper Publishers Association and one each from the New England Daily Newspaper Association, the Southern Newspaper Publishers Association, the Del-Mar-Va Association, the Inland Daily Press Association, and the Pacific Northwest Newspaper Association.

The code sets up a newspaper industrial board to deal with controversies arising under the code and to act as an appeal body for labor disputes that are not settled locally. The board is to consist of 8 members, 4 publishers and 4 representing the employees. In case of a deadlock the two sides will select an impartial chairman. The latter is to be chosen from a panel of five candidates agreed upon by the board.

RECESS

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The PRESIDING OFFICER (Mr. GEORGE in the chair). The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 16 minutes p.m.) the Senate took a recess until tomorrow, Thursday, February 22, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 21, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, he conquers self who bows to Thee. We pray in the name of Him of whom it was said, "The poor heard Him gladly." In His eyes their grief was sacred and their helplessness an appeal to His sympathy. We thank Thee for Him; He blest aching hearts and gave lost men and women a chance in life, and baptized the whole world with His tears. Oh, it was divine love touched with pity, and looking up it smiled. Heavenly Father, chasten our hearts, and may we whisper His holy words and lisp His sacred name. Gracious Lord, remember all our fellow citizens who are in the wind-swept desert of need, sorrow, and loneliness. May we work for them, believe in them, hope for them, and trust them for Thy glory, for our country's good, and for our souls' sake. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate had passed without amendment bills of the House of the following titles:

H.R. 890. An act for the relief of Henry M. Burns;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama;

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr.;

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.;

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.;

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; and

H.R. 7928. An act to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934.

The message also announced that the Senate had passed bills and a joint resolution of the following titles, in which the concurrence of the House is requested:

S. 90. An act for the relief of Mick C. Cooper;

S. 176. An act for the relief of Harry Harsin;

S. 254. An act for the relief of Fred H. Cotter;

S. 305. An act for the relief of William T. J. Ryan;

S. 405. An act for the relief of Anna W. Ayer, widow of Capt. Asa G. Ayer, deceased;

S. 489. An act for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y.;

S. 620. An act for the relief of Catherine Wright;

S. 828. An act to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes;

S. 1184. An act for the relief of Amos D. Carver, S. E. Turner, Clifford N. Carver, Scott Blanchard, P. B. Blanchard, James B. Parse, A. N. Blanchard, and W. A. Blanchard;

S. 1401. An act to pay a gratuity to Emma Ferguson Starrett;

S. 1430. An act for the relief of M. Thomas Petroy;

S. 1484. An act for the relief of Miles Thomas Barrett;

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon;

S. 1516. An act for the relief of Michael Bello;

S. 1568. An act to repeal certain provisions of the act of February 25, 1929, entitled "An act to authorize appropriations for construction at military posts, and for other purposes", and the act of July 3, 1930, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes";

S. 1731. An act for the relief of Marion Von Bruning (nee Marion Hubbard Treat);

S. 1750. An act to authorize loans by regional agricultural credit corporations to apiarists;

S. 1982. An act to add certain lands to the Mount Hood National Forest in the State of Oregon;

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon;

S. 1994. An act for the relief of Estelle Johnson;

S. 1997. An act to compensate Harriet C. Holaday;

S. 2023. An act for the relief of Claudia L. Polski;

S. 2041. An act to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended;

S. 2042. An act to establish a department of physics at the United States Military Academy at West Point, N.Y.;

S. 2050. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department;

S. 2051. An act to authorize settlement, allowance, and payment of certain claims;

S. 2054. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department;

S. 2138. An act for the relief of Charles J. Webb Sons Co., Inc.;

S. 2201. An act for the relief of the Neill Grocery Co.;

S. 2295. An act for the relief of Robert E. Masters;

S. 2377. An act for the relief of A. E. Shelley;

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932;

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.;

S. 2546. An act to amend the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930;

S. 2561. An act for the relief of Robert R. Prann;

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.;

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.;

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.;

S. 2660. An act to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162);

S. 2686. An act to provide a penalty for the presentation of a false written instrument relating to any matter within the jurisdiction of any department or agency of the Federal Government;

S. 2750. An act for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown; and

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon.

The message also announced that the Senate agrees to the amendments of the House to the bill (S. 1759), entitled "An act to extend the time for the construction of dams and dikes in Lincoln County, Oreg., to prevent the flow of waters of Yaquina Bay and River into Nutes Slough, Boones Slough, and sloughs connected therewith."

The message also announced that the Vice President had appointed Mr. SHEPPARD and Mr. REED members of the joint select committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the Executive Departments", for the disposition of useless papers in the War Department.

TREASURY AND POST OFFICE DEPARTMENT APPROPRIATION BILL—FISCAL YEAR 1935

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, with Senate amendments, disagree to the Senate amendments, and consent to the conference asked by the Senate.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

Mr. PETTENGILL. Reserving the right to object, Mr. Speaker, this involves the question of the furniture factory at Reedsville, W.Va., which was, as far as the House was able, voted out by the House in the Post Office appropriation bill, on an amendment offered by my colleague from Indiana [Mr. LUDLOW], and then put back in by the Senate. I would like to ask the chairman of the subcommittee if the Senate does not agree to the position taken by the House, if it will be reported back to the House and the House be given an opportunity to vote again on the Ludlow amendment?

Mr. ARNOLD. May I say to the gentleman there is an entire misunderstanding as to the effect of the Ludlow amendment. As I understand the language the way it was reported to the House and the way it was amended in the House and the way it was again amended in the Senate, it does not affect in any way the so-called "Reedsville furniture factory."

Mr. PETTENGILL. Not directly, I agree.

Mr. ARNOLD. Because the paragraph where the amendment appears has nothing whatever to do with the manufacture of furniture; not a thing. None of the funds provided for in that paragraph can be used for the manufacture of furniture. I think that neither of the amendments adopted by the House or by the Senate accomplish what the gentleman is seeking.

Mr. PETTENGILL. But the bill as now passed by the Senate reads "or such other equipment", which certainly would include furniture. Further, the P.W.A. publicly announced that it was to manufacture post-office lockboxes, and so forth, which is, of course, post-office furniture.

Mr. ARNOLD. I do not understand the word "equipment" to include furniture.

Mr. PETTENGILL. I understand the Ludlow amendment cannot prohibit the Government putting up a factory under the Public Works Administration, but it was an expression

of the views of this House that it should not be done, and we want the opportunity to restate our position before our conferees yield to the Senate conferees on the matter.

Mr. ARNOLD. Of course, I will endeavor, as far as possible, to uphold the wishes of the House in conference. I do not know what conditions may arise there. As far as I am personally concerned, I would have no particular objection to letting the House express its views on that amendment should the Senate not recede.

Mr. LUDLOW. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. LUDLOW. My colleague the gentleman from Indiana [Mr. PETTENGILL] has undoubtedly correctly stated the effect of the amendment. It is simply an expression of the House of Representatives on the merit of the United States Government going into the manufacture of articles in competition with private industry. As such an expression, I think it is vitally important, and I hope that my friend, the gentleman from Illinois, chairman of the subcommittee, will see that so far as he can influence the situation, at least, he will agree to bring the proposition back for a separate vote, if that becomes necessary. While on its face my amendment merely places a limitation on an appropriation by requiring it to be expended in the District of Columbia, in its broader meaning and implication it states a great and vital principle which this House should be zealous to maintain.

Mr. ARNOLD. May I say to the gentleman that I think he wholly misconstrues the effect of his amendment. Of course, I have no objection to allowing the House to pass on that feature if it wants to. I know the object sought, but we do not get it by the gentleman's amendment, in my opinion.

Mr. UMSTEAD. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. UMSTEAD. I would like to ask the chairman of the subcommittee if, regardless of the interpretation which may be placed upon the Ludlow amendment or which may be hereafter placed upon it, he will now assure us that the House will have an opportunity to vote on this as a separate amendment, before the conferees agree to the Senate amendment, due to the large number in this House who are interested in this question?

Mr. ARNOLD. As I said a few moments ago, I have no objection to permitting the House to pass on the matter.

Mr. UMSTEAD. Will the gentleman assure us that that will be done?

Mr. TABER. Will the gentleman yield to me?

Mr. ARNOLD. I yield to the gentleman from New York.

Mr. TABER. I wish to say to the House that if I should happen to be appointed as a conferee upon that bill I shall refuse to sign a conference report unless that amendment is brought back to the House, or an amendment which will accomplish the purpose that the House was led to believe that amendment would accomplish. I shall oppose a conference report unless it does meet the situation which the House expected was meant.

Mr. PETTENGILL. Will the gentleman yield further?

Mr. ARNOLD. I yield.

Mr. PETTENGILL. Regardless of the interpretation which the gentleman personally places upon the Ludlow amendment, it is plain by reading the debate that took place in the Senate on Monday that the Senate considered it in the nature of a bar to proceeding with the erection of a factory.

Mr. ARNOLD. I think there is a misconception as to the effect of the amendment.

Mr. PETTENGILL. With the assurances that have been made, Mr. Speaker, that the House will be given an opportunity to again adhere to the position it has already taken on the Ludlow amendment, I will withdraw my reservation of objection. And may I say that the position we are taking in this matter is in strict conformity with Democratic doctrine, both historically and as recently as in 1932, at which time the party in its national platform declared for—

> The removal of government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

A factory is neither a "public work" nor a "natural resource."

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]? [After a pause.] The Chair hears none, and appoints the following conferees: Messrs. ARNOLD, LUDLOW, BOYLAN, TABER, and MCLEOD.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that business in order on Calendar Wednesday be dispensed with today.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee [Mr. BYRNS]?

There was no objection.

AIR MAIL SERVICE

Mr. MEAD. Mr. Speaker, I ask unanimous consent that the bill (H.R. 7978) to amend the Air Mail Act of February 2, 1925, as amended, for the purpose of further encouraging commercial aviation, be re-referred to the Committee on the Post Office and Post Roads. It was originally referred to the Committee on Interstate and Foreign Commerce. I have taken the matter up with the chairman of the latter committee. Both of us are in favor of the re-reference of the bill.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. MEAD. Mr. Speaker, I ask unanimous consent for the immediate consideration of the bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes.

The Clerk read the title of the bill.

Mr. SNELL. Mr. Speaker, the gentleman from Pennsylvania [Mr. KELLY] is not in the Chamber. I hope the gentleman from New York will withhold the matter until the gentleman from Pennsylvania [Mr. KELLY] arrives.

I looked over the bill and the amendments the gentleman from New York proposes to offer. So far as I know, personally, I do not think there will be any opposition on this side; but I would like to have the matter delayed just a minute until the gentleman from Pennsylvania arrives in the Chamber.

Mr. MEAD. Mr. Speaker, if the gentleman will permit, I have three amendments which I would like to have read for the information of the House while we are waiting.

Mr. SNELL. Mr. Speaker, I have no objection. I am simply anxious that consideration of the bill be delayed until the gentleman from Pennsylvania arrives.

The SPEAKER. Is there objection to the request of the gentleman from New York that the amendments be read?

There was no objection.

The Clerk read as follows:

> Amendment no. 1: Page 2, line 6, delete the comma following the word "thereof" at the end of the line and add the following: "incurred from and after February 10, 1932."
>
> Amendment no. 2: Page 2, line 8, change the period after the word "hereof" to a semicolon and add the following: "*Provided*, That officers, warrant officers, and enlisted men of the Army on duty hereunder while away from their permanent posts of duty shall be paid the same per diem as is payable to civilian employees of the United States under the Subsistence Expense Act of 1926 as amended."
>
> Amendment no. 3: Add a new section, 3, reading as follows: "The performance of the military personnel on duty hereunder shall in no way disturb or change the military status under their respective commissions, warrants, or enlistments in the Army, or any right, privilege, benefit, or responsibility growing out of said military status."

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. SABATH. Mr. Speaker, reserving the right to object, will the gentleman from New York explain these amendments?

Mr. MEAD. I may say to the gentleman from Illinois that this bill was presented to our committee by the Post Office Department.

Mr. BANKHEAD. Mr. Speaker, I call attention to the fact that the gentleman from Pennsylvania [Mr. KELLY] is now on the floor. I think we should take the bill up in the regular way and have it read.

Mr. BLANTON. Reserving the right to object, Mr. Speaker, before this bill comes up we should understand something about it. We have not had time to look it over, as it is not on the calendar. I wish to ask the gentleman a few questions.

This bill limits the operation of the air mail by the Army, under the supervision of the Post Office Department, to 1 year?

Mr. MEAD. Yes.

Mr. BLANTON. For just 1 year?

Mr. MEAD. Just 1 year.

Mr. BLANTON. It transfers this money from the Post Office Department to the Army for pay of the service?

Mr. MEAD. Yes.

Mr. BLANTON. In what way does it change the pay of the Army flyers when they become postal pilots? Does it give them the same pay that postal pilots receive, or do they continue to draw their Regular Army pay? This is a matter about which I would like to know all the facts.

Mr. MEAD. I shall be very glad to explain the nature of the amendments contained in the bill.

The War Department, beginning the day after the issuance of Executive Order No. 6591 of February 9, 1934, began the taking of steps to prepare for this important task and in connection therewith necessarily made commitments and incurred expenses. The measure in question now before the House should accordingly be amended to make its terms retroactive as to such expenses to February 10, 1934. The War Department believes such an amendment to be highly desirable, if not imperatively necessary, to insure the efficient performance of this carriage of air mail by the Army.

And in explanation of the second amendment the War Department has this to say: It is obvious that in carrying on the work in question much of the Army personnel must of necessity be on temporary duty at points along the air route, and elsewhere, and thus away from their permanent posts of duty in many instances. Civilian personnel of the Government, so circumstanced, will receive per diem allowances under the provisions of the Subsistence Expense Act of 1926, as amended. Unless military personnel is to be unjustly discriminated against to their great financial harm it is necessary that some provision be made for a per diem for them also. Being engaged, as they will, on a civil duty when carrying the mails by air, it is thought that the provisions of the Subsistence Expense Act, above referred to, might appropriately be applied to such military personnel. It might be stated that unless some provision is made for a per diem allowance for military personnel while on such temporary duty to cover additional expense to them while away from their homes, it will become necessary to arrange for a change of permanent duty stations of such personnel with increased cost to the Government on account of the movement of their dependents and household furniture at Government expense.

Mr. BLANTON. Then, in addition to their Army pay, the only extra remuneration they will receive is this per diem allowance for subsistence?

Mr. MEAD. Yes. Under the act as explained.

Mr. BLANTON. Suppose one of them is injured. Two of them have been killed already. If they are injured or killed, are they or their heirs to be compensated under the Employees Compensation Act or under the Army Rules and Regulations?

Mr. MEAD. There is nothing in this bill that covers that question.

Mr. BLANTON. They still retain their rights and privileges under the United States Army?

Mr. MEAD. Yes; that is right.

Mr. BLANTON. Can the gentleman at this time give us any inkling as to the policy of the administration with respect to this being a temporary emergency matter or whether it is contemplated that eventually the Army will be carrying the mail continually and as a permanent matter?

Mr. MEAD. The administration, in my judgment, is anxious to turn this work back to private companies.

Mr. BLANTON. As soon as we can get some honest contracts; is that right?

Mr. MEAD. Yes.

Mr. BLANTON. I have no objection and withdraw my reservation.

Mr. O'CONNOR. Mr. Speaker, will the gentleman yield?

Mr. MEAD. I yield.

Mr. O'CONNOR. In that connection, the bill provides for operation by the Army for 1 year.

Mr. MEAD. Yes; that is correct.

Mr. O'CONNOR. Is the bill mandatory with respect to the time or may the whole situation be changed at any time within the 1-year period?

Mr. MEAD. It may be stopped at any time within the year; it is limited to 1 year.

Mr. O'CONNOR. That is made clear by the terms of the bill?

Mr. MEAD. Yes; that is clear.

Mr. KELLY of Pennsylvania. Mr. Speaker, will the gentleman yield?

Mr. MEAD. I yield.

Mr. KELLY of Pennsylvania. This is an emergency matter and should be considered at once by the House. Is the bill to be taken up under the general rules of the House so it may be considered and amendments offered?

Mr. MEAD. Yes; that is my intention.

Mr. SNELL. It is to be considered under the general rules of the House?

Mr. MEAD. Yes; as I understand it.

Mr. TABER. In the Committee of the Whole?

Mr. MEAD. Well, there are only two sections to the bill. I do not know whether that will be necessary or not.

Mr. TABER. It seems to me we should go into the Committee of the Whole.

Mr. SNELL. It is quite an important matter.

Mr. MEAD. I favor considering it under the general rules of the House.

Mr. BLANTON. There could be a request to consider it in the House as in Committee of the Whole.

Mr. MEAD. Mr. Speaker, I ask unanimous consent that the bill be considered in the House as in Committee of the Whole.

Mr. FISH. Mr. Speaker, reserving the right to object, I want to know how much time will be given to debate on this important piece of legislation?

Mr. MEAD. I may say to the gentleman that this is a simple emergency bill. This permits what is being done, namely, the use of Army equipment and payment for the work.

Mr. FISH. I know how simple it is, and I know what it does.

Mr. MEAD. There are no involved questions in this bill.

Mr. FISH. There is a good deal that might be said about the use of the Army at this time for the carrying of mail.

Mr. MEAD. Under the rules of the House, of course, there would be an hour for debate, if that is necessary.

Mr. FISH. I will have to object unless there is at least an hour's debate.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Alabama.

Mr. BANKHEAD. An hour's debate is permitted under the general rules of the House, I will say to the gentleman from New York.

The SPEAKER. Is there objection to the present consideration of the bill?

Mr. FISH. Mr. Speaker, I am forced to object.

PERMISSION FOR COMMITTEES TO SIT DURING SESSIONS OF THE HOUSE

Mr. JONES. Mr. Speaker, I ask unanimous consent that the Committee on Agriculture may have the privilege of sitting during sessions of the House this week and next week.

The SPEAKER. Is there any objection to the request of the gentleman from Texas?

There was no objection.

Mr. HOWARD. Mr. Speaker, I ask unanimous consent that the Committee on Indian Affairs be permitted to sit during the sessions of the House for the next 2 weeks.

The SPEAKER. Is there any objection to the request of the gentleman from Nebraska?

There was no objection.

PERMISSION TO ADDRESS HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 5 minutes on Lincoln's Prophecy on Money.

Mr. TABER. Mr. Speaker, reserving the right to object, may I ask if the Chairman of the Ways and Means Committee is not going to protect his calendar?

Mr. MARTIN of Massachusetts. Mr. Speaker, we have a tax bill before us, and we ought to act on it today, therefore, I object.

REVENUE BILL FOR 1934

Mr. DOUGHTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. CANNON of Missouri in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill, of which the Clerk will read the title.

The Clerk read the title of the bill.

Mr. DOUGHTON. Mr. Chairman, I yield myself 15 minutes.

Mr. Chairman, we will soon be called upon to record our votes upon the pending revenue bill, a bill that has had perhaps more careful thought and consideration than any revenue bill that has been reported to this House in the last 10 years. The able subcommittee of the Committee on Ways and Means, appointed by me as a result of a resolution passed by this House, spent many months in the consideration and preparation of this bill. Then the full committee, after report of the subcommittee, spent weeks in a diligent, careful, and thorough study of all the proposed provisions of the bill as recommended by the subcommittee. The subcommittee and the full committee had the assistance of the Legislative Counsel and the Joint Committee on Internal Revenue Taxation, representatives of the Treasury Department, headed by Dr. Magill, one of the ablest men who has ever appeared before our committee, and, as a result, this measure has been presented to the House by the Committee on Ways and Means.

The bill, of course, is not perfect. It is not what would have been written by any one member of the committee, but the bill does represent more nearly the united judgment of the full committee than perhaps any revenue bill that has come before the Congress since the World War. The bill, Mr. Chairman, also has the whole-hearted support of the Secretary of the Treasury and of the administration. We have had about 18 hours of general debate, during which every provision of the bill has been thoroughly and fully explained. Moreover, there has been available to each member of the committee the report submitted with the bill which gives in detail full explanation of the measure.

The ranking minority member, the gentleman from Massachusetts [Mr. TREADWAY], is a man of decided ability and always courteous.

I do not know what kind of a shooter the gentleman is, but I do know that he is a square actor. I know the gentleman cooperated in the preparation of this bill, and through his able leadership the minority members have joined with the majority members in the preparation of this bill. However, it is regrettable that the ranking minority member on the committee could not go all of the way with us in this bill, but will offer an amendment to recommit, striking out the provision of the bill extending for 1 year the 3-cent rate on first-class mail matter. Each and every member of the Ways and Means Committee, if the condition of the Treasury would permit, I am sure, would be anxious to discontinue the 3-cent rate if it could be consistently done. In order to keep the record straight it should be remembered that the 3-cent letter postage on first-class mail matter and the necessity for the same is a legacy inherited by this administration from the previous Republican administration.

In 1932 the representatives of the Treasury Department, in fact, the Secretary of the Treasury, Mr. Mellon, made it known to the committee that the Budget was out of balance and that it was necessary to impose additional taxes in order to preserve and protect the credit of the Government. The Secretary of the Treasury, Mr. Mellon, and the Under Secretary of the Treasury, Mr. Mills, appeared before the Committee on Ways and Means and urged the imposition of a 3-cent rate on first-class mail matter, or an increase from 2 to 3 cents, in order to aid in the balancing of the Budget.

Mr. SNELL. Will the gentleman yield for a short question?

Mr. DOUGHTON. I yield to the gentleman from New York.

Mr. SNELL. What was the information before the committee that determined them to reduce the second-class mail rate?

Mr. DOUGHTON. I yield to the gentleman from Kentucky [Mr. VINSON].

Mr. VINSON of Kentucky. The second-class mail matter has not been reduced as a class. It is the rate on advertising matter in newspapers and magazines that goes back to the rate in existence prior to the 1932 act.

Mr. SNELL. But the return will be less under the present bill than under the old bill, as I understand the situation.

Mr. VINSON of Kentucky. If we have the same volume, there would be a loss of $2,500,000, but any pick-up at all, of course, cuts this loss appreciably. There will be a pick-up not only in the revenues that come from additional advertising matter but also revenues that come from additional newspapers and publications going through the mails instead of shipment by truck, baggage, express, and freight.

Mr. SNELL. If we have a pick-up in the first-class mail, it would accomplish the same result? In other words, if there was an increase in the first-class mail on account of the 2-cent postage, you would get the same pick-up that the gentleman expects to get on second-class mail matter?

Mr. VINSON of Kentucky. They are not comparable at all. The second-class mail matter is not comparable. The comparable figures would be the drop-letter figures. In 1933, when we reduced the drop-letter or local-delivery rate, it was estimated that there would be a loss of $17,000,000 upon the same volume of mail. However, it was hoped that the volume would increase and that the loss would not exceed $9,000,000. Now, as a matter of fact, there will be a loss this year of $15,000,000 from the reduction in the drop-letter rate from 3 cents to 2 cents.

Mr. SNELL. The Chairman of the Post Office Committee yesterday said that in his judgment when the matter regulated itself we would get just as much from a 2-cent postage rate as we would from a 3-cent rate, and I cannot understand why the same application should not be made to first-class mail, which is producing a profit, that you are making with respect to second-class mail matter, which is carried at a loss.

Mr. VINSON of Kentucky. In my judgment the classes are not comparable.

Mr. DOUGHTON. Mr. Chairman, I cannot yield further.

It will be recalled that the Chairman of the Committee on the Post Office and Post Roads, Mr. MEAD, referred to by the gentleman from New York [Mr. SNELL] in his able statement yesterday, said that for the present there would be a loss of revenue if present rate was not extended, and that is what we are now dealing with. We are dealing with the present and with an emergency and not with a matter of permanent legislation.

So far as reduction in second-class mail matter is concerned, if there is any reduction at all, it is so negligible that it is not worthy of consideration. There may be a slight increase or there may be a slight decrease.

I wish to call your attention to a statement made by Secretary Mellon on January 13, 1932, when he appeared before the Ways and Means Committee and asked for increased revenues in order to balance the Budget and preserve and maintain the credit of the Government.

I may say in this connection that at this time the House was Democratic and the Senate was Republican, and the Democratic members of the Ways and Means Committee and a Democratic House did not hesitate to respond to the call of a Republican administration and impose this burdensome and unpopular tax, and I hope our friends on the minority will now exhibit similar patriotism and respond to the call of a Democratic administration, when the exigencies are even greater than they were at that time.

Secretary Mellon, in appearing before the Ways and Means Committee on the date mentioned, made this statement:

In recent years the failure of postal revenues to cover expenditures has resulted in increasing postal deficits which have been met from the general revenues of the Federal Government.

Then he goes on to say—

It is recommended that postal rates be increased to cover such deficiencies by a reasonable margin; that is, to provide additional revenues in the amount of not less than $150,000,000 on an annual basis.

Moreover, Secretary Mellon recommended this increase on first-class mail matter not as an emergency matter but as a permanent policy. The recommendation of the Secretary of the Tresaury was not for a limited period but for subsequent years; in other words, he put no limitation on it whatever.

I have stated that the Secretary of the Treasury and the administration are squarely behind this bill. They have stated that to lose this amount of revenue now would mean a loss of about $75,000,000 a year and would upset the financial program of the administration; and let me call this to the attention of my friends on this side of the House. If this item should be stricken from the bill and we should decline to continue this tax, there will be a deficit that we will be called upon by the administration to make up of $75,000,000. If you do not want to be called upon to levy other taxes that perhaps will be more burdensome and more objectionable and more unpopular than this tax, you had better leave this tax as it is.

You may be called upon to increase the tax on gasoline or you may be called upon, as many Members on the other side would like, to impose a sales tax. If you take this item out of the bill, which is reckoned as a part of the amount necessary to finance the Government during the next fiscal year, you will certainly be called upon to replace it with additional revenue, which will have to be raised by the imposition of other taxes.

I am going to read a brief letter from the Postmaster General, Mr. Farley, on this subject, which I received this morning:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D.C., February 21, 1934.

Hon. ROBERT L. DOUGHTON,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. DOUGHTON: Under existing law, Revenue Act of June 6, 1932, the increases in the rates of postage on first-class matter and on the advertising portions of publications of the second-class, subject to zone rates as prescribed by that act, will expire July 1, 1934, and, unless there be legislation to the contrary, the former rates will automatically be restored on that date. A provision for this purpose is embodied in the Revenue Act of 1934 (H.R. 7835), section 515.

The rate of first-class local matter at letter-carrier offices was restored to 2 cents an ounce or fraction thereof by the act of June 16, 1933, effective July 1, 1933. Such reduction was recommended by the Department in the hope that it would result in the return to the mails of local first-class matter diverted therefrom when the rate was increased to 3 cents, and that the additional volume would offset in a material way the loss of revenue resulting from the restoration of the lower rate. However, the anticipated increase of volume did not materialize and, consequently, the restoration of the 2-cent rate for local first-class matter has resulted in a considerable loss of revenue.

While the Department is heartily in favor of complete restoration at the earliest practicable date, in view of the present state of the postal finances it would be unwise to do this on July 1, as prescribed under the existing law. Should the 2-cent rate be restored the Department would suffer a loss of revenue amounting to approximately $75,000,000. The Department feels that the continuation of the 3-cent rate is vitally necessary and we will be pleased to have your full cooperation in order that such rates may be continued for the fiscal year ending June 30, 1935.

Very truly yours,

JAMES A. FARLEY,
Postmaster General.

Now, my friends, thus spoke the Postmaster General. In conclusion, let me say to my colleagues on the majority side of the aisle that the paramount responsibility for raising the taxes called for by the administration rests primarily upon us, and while neither the Democratic Congress nor the Democratic President is responsible for the present almost tragic economic condition of the country, we are responsible for meeting and dealing in a patriotic and statesmanlike manner with the situation as it is today.

Franklin D. Roosevelt, our great Commander in Chief, is making a superhuman effort to adopt measures and pursue policies that will rescue and redeem this country from the economic plight in which it was found when he was inducted into office. No President in the life of our Nation has had so many difficult, perplexing, and distracting problems with which to deal, and the sublime courage and exalted statesmanship with which he has approached and is dealing with these grave problems has encouraged and inspired the whole country. He is our only hope. The people have implicit faith and confidence in him, and if his leadership is followed, and if he receives the support from Congress which he is receiving from the country without regard to party, he will ultimately lead us out of the wilderness of economic distress and despair. May we not hope, in fact do we not have a right to expect, that in his great warfare on bankruptcy, poverty, misery, distress, and destitution at least every soldier in his own army will stand up and support him, regardless of what might be the temporary political effect or what might seem most expedient from the viewpoint of any man's individual political fortune.

This day to your tents, you Democratic hosts of Israel, and if there should be any who fail and falter, let it be those who prefer to serve the hour rather than conscientiously meet the exigencies of the hour.

Mr. TREADWAY. Mr. Chairman, I yield back the balance of my time.

Mr. DOUGHTON. Mr. Chairman, I yield the remainder of my time to the gentleman from Tennessee [Mr. BYRNS].

The CHAIRMAN. The gentleman from Tennessee is recognized for 13 minutes.

Mr. BYRNS. Mr. Chairman, we have about concluded consideration of this very important bill. Members of the Committee have had 18 hours of general debate, in which I am sure every Member of the House who desired it has had an opportunity to express his views upon the various and different features of the bill.

Mr. BLANTON. Mr. Chairman, this is very important, and I make the point of order that no quorum is present.

Mr. BRITTEN. Oh, I hope the gentleman will not do that. It will take 45 minutes to call the roll.

Mr. BLANTON. It will take only a minute to count, and then I will withdraw it.

Mr. BYRNS. I think there is a quorum present now.

Mr. BLANTON. Mr. Chairman, now that we have a quorum, I will withdraw the point of order.

Mr. BYRNS. I know that we are all very much gratified at the expressions on the floor of the House that this bill meets with the entire approval of the whole committee, and that in its preparation the committee has had the cooperation of the members of both the majority and minority. Experts have told me that, in their judgment, this is the best tax bill that has ever been proposed to Congress.

I want to take this opportunity to congratulate the chairman and every member of the committee on the preparation and presentation of this bill, which has consumed months of careful and arduous study and work.

The gentleman from Massachusetts on yesterday gave notice that he would offer a motion to recommit with instructions for a return of 2-cent letter postage.

I recall that in 1932, when the 3-cent rate was first adopted, it was done under the recommendation and earnest insistence of the then Secretary of the Treasury, Mr. Mellon, and Under Secretary of the Treasury, Mr. Ogden Mills, and Postmaster General, Mr. Brown. It was recommended and urged by those gentlemen in charge of the finances of the Government at that time for the purpose of taking care of the deficit.

The House was Democratic. The Senate was Republican. The Democrats, having charge and control of the House at the time, responded to the requests of those gentlemen in charge of our finances and raised the rate to 3 cents on letter postage.

Evidently the Democrats had more regard for the necessity of balancing the Budget and eliminating the deficit created under a Republican administration than my friend from Massachusetts [Mr. TREADWAY] and those who will follow him on his motion to recommit, has at this time. This motion involves over $75,000,000. If this motion prevails, as the gentleman from North Carolina has told you, it will be necessary to raise that fund from some other source and possibly create a greater hardship than that which is created by the retention, temporary only, of the 3-cent letter postage.

Mr. SABATH. Mr. Chairman, will the gentleman yield?

Mr. BYRNS. I yield for a short question.

Mr. SABATH. Is it not true that the demand for the reduction from 3 cents to 2 cents comes from the mail-order houses of the United States?

Mr. BYRNS. That may be true, possibly is. It was not a popular thing to raise the letter postage from 2 cents to 3 cents, but I repeat that a Democratic House took action in an effort to relieve the administration of Mr. Hoover from the deficit which exceeded the deficit predicted for the next fiscal year, because the deficit for 1932 amounted to over $3,000,000,000; and now, when the Democratic Secretary of the Treasury, Mr. Morgenthau, and a Democratic Postmaster General, Mr. Farley, come to Congress and make the same request in effect, asking that the 3-cent postage be retained for 1 more year, I am somewhat surprised that my good friend from Massachusetts [Mr. TREADWAY] should forget that in 1932 he was one of those upon the floor of this House who responded to the appeal of Mr. Mellon and Mr. Mills and insisted that this increase should be imposed. I regret that my Republican friends have not shown the same spirit of nonpartisanship and the same desire to relieve the financial situation of the Treasury at this time as was shown by the Democratic majority under the administration of Mr. Hoover when he and his Secretary of the Treasury made an appeal to have the postal rate increased in 1932. It is only proposed here to continue it for another year as was done on the former occasion. I do not know how many of the minority are going to vote for the motion to recommit. I assume from the fact that the gentleman from Massachusetts has offered it, that he expects the most, if not all of them, to vote for it; but I say this to my Democratic friends: You, as Members of this House, are responsible for the legislation that passes here, you are responsible to the people, and what are we going to say to the country if, disregarding the recommendations of the Secretary of the Treasury who is in charge of the finances; if, in disregard of the recommendations of the Postmaster General, Mr. Farley, we reduce this letter postage at this time, when there is no particular demand for it, and thus deprive the Treasury of $75,000,000 of revenue which they say is essential under all the circumstances?

The President of the United States, in his Budget message, used the following language, and that message, as you know, was sent to Congress on January 3. He said:

> The estimates for the Post Office Department are predicated upon a continuation of the 3-cent postal rate for nonlocal mail. It is highly important that this rate be continued. I recommend its continuance.

I appeal to both sides of the House, and particularly you gentlemen on the Democratic side of the House who, with a Democratic Senate and a Democratic President, are responsible to the people for the legislation enacted here, not to be misled by this effort to reduce this postage. Let us not reject the recommendations of the financial adviser, Mr. Morgenthau, and the Postmaster General, approved as they are by the President himself. We are told that next year there will possibly be a deficit of $2,000,000,000, as compared with a deficit of over $3,000,000,000 in 1932 under the Republican administration, where there were no emergency appropriations. Cut this out and there is going to come to you and to me a proposition to raise this revenue from some other source. Where they will get it I do not know and you do not know. The gentleman from North Carolina said that there might arise the necessity of even increasing the gasoline tax. If that is not done, then perhaps it will be necessary to restore the tax upon bank checks, which to my mind is one of the most unpopular of all these taxes. Regardless of where the taxes are laid, the money will have to be raised, and upon you Democrats will devolve the responsibility of raising it. Upon you will rest the responsibility of providing the revenue necessary to take care of it. This is not a partisan measure, and it should not be. It should not be so regarded, because this bill, we have been told, is the product not only of the Democratic members of the committee but of the Republican members of the committee, who have labored with their colleagues in an effort to present a tax bill here which, as I have said, has been pronounced by experts to be the very best bill of its kind that was ever presented to the Congress. Are you going to tear down that structure built here after months of hard study, after months of incessant work? I do not believe it; and I ask you, when the time comes, to vote down this motion to recommit. [Applause on the Democratic side.]

The CHAIRMAN. The time of the gentleman from Tennessee has expired. All time has expired. Under the special order of the House, the bill is considered as having been read for amendment, and amendments proposed by the direction of the Committee on Ways and Means are now in order to any section of the bill.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

> Committee amendment: Page 27, strike out lines 3 to 5 and insert "(5) Any amount otherwise allowable as a deduction which is allocable to one or more classes of income (whether or not any amount of income of that class or classes is received or accrued) wholly exempt to the taxpayer from the taxes imposed by this title; or"

Mr. SAMUEL B. HILL. Mr. Chairman, the Committee on Ways and Means will offer 10 clarifying amendments. This is the first of the 10. This amendment and all of those that will follow simply clarify the text of the bill as now written, with a view to making certain the meaning of the language to effectuate the purpose of the provisions to which the particular amendments apply. This particular amendment has reference to the question of deductions from gross income. It makes very certain the text of the bill disallowing deduction of expenses incurred in the production of nontaxable income.

Mr. TREADWAY. Will the gentleman yield?

Mr. SAMUEL B. HILL. I yield.

Mr. TREADWAY. Mr. Chairman, in behalf of the minority, I desire to say that these clarifying amendments that have been adopted by the committee and are now being offered by the gentleman from Washington are agreeable to the minority members.

Mr. SAMUEL B. HILL. I thank the gentleman from Massachusetts.

Mr. CROWTHER. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, due to illness the last 3 or 4 days, it was impossible for me to participate, as I had desired, in the discussion of this bill. Associated as I have been with the subcommittee from early last summer, in June, after the

adjournment of the House, and continuing into July and then from October up until the bill was presented to the House, I had a splendid opportunity to find out just exactly what was in the existing law and what changes were necessary to prevent the losses in revenue which came to light following the investigations which had been conducted by the Senate committee. We went even further than that. We made many other changes, and while I do not court the task that any man will have who serves in that capacity, I do think that perhaps that committee or a similar committee ought to be continued over a considerable period of time for further study of these tax problems.

It is quite certain that this tax bill is not a perfect measure. We are quite sure that many of the things to which we gave consideration during the studies of the subcommittee and were in our report to the full committee are not found in this bill. I think of the inheritance tax of which the gentleman from Maryland [Mr. LEWIS] spoke so convincingly. That deserves a great deal of consideration and study, as compared with the estate tax. For instance, our estate tax is levied at the time of the death of the decedent. That is the date that we take for the value of the property. We have many cases pending before the Board of Tax Appeals and before the courts where the death occurred in 1929, and if the entire estate were turned in now it would not be of sufficient value to pay the tax levied on the value at that time. The inheritance tax value is based upon the date of distribution, which is eminently more fair. Matters of that kind certainly deserve more study. The community property tax, for instance, should be given more careful consideration. While I have no quarrel with the gentlemen who represent those eight States whose community property statutes permit the making of separate returns by husband and wife, still it seems eminently unfair to the other 40 States and results in a loss of between forty and fifty million dollars annually in revenue to the United States Treasury. It seems to me that subject certainly requires more careful consideration, especially in view of the Treasury recommendation.

There are many other matters for further study. For instance, whether or not we shall look into the question of a gross-income tax. In the State of New York we are considering a 2-percent sales tax, 80 percent of which is to be returned to the municipalities to offset their bonded indebtedness. That is being given very careful consideration in the State of New York today. Whether we should pursue a study of the gross-income tax, whether we should pursue the study of a sales tax, are matters that should be given further consideration. I wanted to make a report on the sales-tax question. Let me say that I have been an advocate of the sales tax. Formerly I was opposed to it, but I became rather enthusiastic about it under the leadership of the former leader on this floor, now Speaker of this House, Mr. RAINEY, and Mr. CRISP, and it was a part of the bill that my friends on the Democratic side advanced in the House in 1932, and for which the Speaker of the House, Mr. Garner, was a hearty advocate at the time. I believe that with a license system which would prevent pyramiding, which is always an objectionable feature in a sales tax, that it would at least merit the consideration of this House. I have never advocated it as a substitute for the income tax, and no man who is sane will suggest it. If the old rule of "ability to pay" is held good, then the income tax is here to stay, and it is an integral part of our taxing system. There is no question about that. Just as long as the various editors and newspaper writers of the country keep pounding the income tax and demanding its repeal, and calling it vicious and unfair, just so long shall we be unable to pass a sales tax. It ought not to be substituted for the income tax. Why not use them both?

In general terms I approve H.R. 7835, which is probably the best compromise that we can secure at this time. If we are to make a real effort to balance the Budget in view of the tremendous drain upon the Federal Treasury, it is evident that the income-tax rates should be raised all along the line. The rates suggested, together with the closing of loopholes that have hitherto aided in loss of revenue by "legal avoidance" rather than "illegal evasion", will probably raise sufficient revenue to offset the loss sustained by the repeal of the special taxes enacted in the 1933 act for amortization of the bond issue of $3,300,000,000 for the promulgation of National Recovery Administration activities. These taxes were repealed automatically upon the issuance of the President's proclamation on the adoption of the twenty-first amendment repealing the eighteenth amendment.

SALES TAX VERSUS NUISANCE TAXES

The people of this country were advised by public speakers addressing audiences in person and by radio that when the eighteenth amendment was repealed the nuisance taxes could also be repealed as the revenue from beer and hard liquor would be ample to balance the Budget.

In my opinion, these taxes will be extremely disappointing so far as revenue is concerned. I regret that the committee declined to accept the manufacturers' excise tax as a substitute for the nuisance taxes collected under present law and continued in this proposed measure. A manufacturers' excise tax of 2½ percent, with the evil of pyramiding guarded against by the licensing system and with all food and clothing and all medicine exempt, would raise some $450,000,000 under present conditions.

The chief objection against this plan is not that it is a bad tax but that it is so good a tax that it probably would be substituted for the income tax and the rates raised from time to time to effectuate that purpose.

The income tax is recognized as an integral part of our taxing system and if "ability to pay" is still the test, then it is sheer nonsense to recommend or expect that it will be discontinued either now or at any other time. Why should the following industries be singled out to carry the burden of taxation under the title in the present law of "manufacturers' excise taxes" and thousands of other industries escape? Here is the list of those who now are singled out to carry this load: Auto trucks; automobiles; motorcycles; automobile parts and accessories; cameras and lenses; clocks, and so forth; candy and chewing gum; brewers' wort; furs (articles made of); firearms, shells, and cartridges; electrical energy; gasoline; lubricating oils; jewelry, watches; phonographs; mechanical refrigeration; matches, pistols and revolvers; soft drinks; radio sets; sporting goods; tires and inner tubes; and toilet preparations.

In addition we have the tax on admissions and a host of miscellaneous taxes. The list is comparable to the taxes enacted during the World War period which we finally succeeded in repealing.

Just so long as we lay these excise taxes on a specified group of our industries, just so long will it constitute an element of unfairness in our tax program. May I call attention to the fact that the nuisance taxes have not been repealed in spite of the frequent promises that were made during the campaign for repeal of the eighteenth amendment.

Mr. CROWTHER. Mr. Chairman, under leave to extend my remarks in the RECORD, I include the following radio address delivered by myself Friday night, February 16:

I desire to express my appreciation to the National Broadcasting Co. for the privilege of presenting this short résumé of the pending revenue bill, known as "the revenue bill of 1934."

The purpose of this revision of existing law is to plug the leaks that have been taken advantage of by a host of taxpayers in order that they might, by so-called "legal avoidance", reduce materially their tax obligations to the Government.

There is another method of escape from taxes that is termed "illegal evasion", but that need not be considered here, as it is a matter of investigation by the administrative force in the Treasury and in the last analysis may be carried to the courts.

PERSONAL HOLDING COMPANIES

The offenders who avail themselves of the legal-avoidance method seem to take comfort and relieve the pressure on their consciences by declaring that they were within the law. During a recent investigation by a Senate committee, shocking revelations were made as to avoidance of taxes, but it was found that the parties involved had with the aid of clever legal talent discovered various loopholes of escape. The organization of personal holding companies, which has been defined as "incorporating the pocketbook", has been a favorite indoor sport of this gentry.

The plan was to exchange all the taxpayers' holdings in stocks, bonds, and other income-producing property for the stock of the corporation; and as a result of not distributing the income, he paid only the corporation tax and avoided the surtax levy entirely. Let me give you a practical illustration: A man has $1,000,000 annual income from taxable bonds; his tax under the existing law is $571,000. However, if he forms a holding company to take title to the bonds and to receive the income therefrom, the only tax he will pay the Treasury of the United States if there is no distribution of dividends will amount to $137,500, this being at the corporate rate of 13¾ percent.

By this innocent little expedient the taxpayer saved $433,600, and Uncle Sam was that much poorer. By tightening up the definition of personal holding companies as to limitation of membership by direct kinship, and by providing a tax of 35 percent on the undistributed net income of such corporations, we have devised a method that will not injure a bona fide corporation and will inflict a penalty tax on such corporations as are formed for the sole purpose of avoiding the surtax that should be paid by the stockholders.

EXCHANGES AND REORGANIZATIONS

Another method of tax avoidance was the abuse of the privileges governing exchanges and reorganizations. Section 112 (g) is now omitted from the bill, thus preventing distribution of stock and securities to shareholders in another corporation which is a party to the reorganization without the payment of the surtax by the shareholders. Legitimate reorganizations for the purpose of strengthening the financial standing of a corporation will be permitted.

CONSOLIDATED RETURNS

Whether large industrial organizations should be permitted to make consolidated returns rather than individual returns for each subsidiary has been the subject of heated discussion in the Congress for many years. That there is some benefit to be derived from the use of the consolidated return, especially in the lean years, is not denied. The opportunity to take the losses of a few of the subsidiaries and use them to offset gains of others and thus reduce materially the taxable income of the parent company is clearly apparent.

After careful examination it was determined that as the consolidated return had been in use for 16 years and that it contributed to the general plan of simplification and had been accepted as the best method for ordinary business purposes, and enabled the Treasury to deal with a single taxpayer instead of innumerable subsidiaries, the policy should be continued. However, as it was manifest from the evidence submitted that there was some degree of advantage in its use, the committee decided to place an additional tax of 2 percent if corporations elected to avail themselves of this method.

PARTNERSHIP PROVISIONS

Loopholes in the partnership provisions were found to be responsible for a considerable loss of revenue, principally because the partnerships had in many cases realized losses from the sale of securities which the individual partners had been able under existing law to charge against their income from other sources.

These revenues will be safeguarded in the future by the application of the new capital gain-and-loss provision to partnerships. Under section 117 (d) the partnership will be allowed to deduct losses on the sale of capital assets only to the extent of gains from such sales. Thus the partnership can have no capital net loss and therefore the partner can have no deduction on account of any capital loss of the partnership. It is hoped that with this change in law there will be no recurrence of tax avoidance by the banking and security partnerships such as have been discovered by recent investigations.

MARCH 1, 1913, DIVIDENDS

It has been customary to exempt from the tax the dividends out of earnings or profits accumulated prior to March 1, 1913. It is now provided that these dividends shall be subjected to the surtax in the hands of the stockholder as in the case of any other type of dividends received. The provision was made necessary originally because that was the effective date of the first income tax, but 20 years having elapsed, the committee felt that the provision was no longer necessary.

FOREIGN-TAX CREDITS

Foreign-tax credits are given a new set-up in the proposed law. Under the Revenue Acts of 1913, 1916, and 1917 a taxpayer was not entitled to any credit for taxes paid to a foreign country. These early acts permitted taxes paid to a foreign country to be deducted only from gross income, which was also the rule applied in the case of State, county, and municipal taxes.

Our subcommittee recommended the elimination of the foreign-tax credit and a return to the deduction system permitted under the early revenue acts, which systems, of course, returns substantially greater revenue than the present method. The Treasury Department, however, was of the opinion that the present method was fair and should be continued, pointing out that "the United States, to avoid burdensome double taxation and to encourage foreign trade, should therefore allow an offsetting credit against its own income tax."

On further consideration of the matter, the committee came to the conclusion that the Federal Government should receive some tax on income earned abroad. On the other hand, realizing that much of this foreign income arises from the sale of American products, it also reached the conclusion that such foreign income should not be taxed in full where the income had already been subjected to a foreign income tax.

The practical result of this plan is to secure for the Federal Government a tax on one half of the foreign income earned in countries where the income-tax rates are not less than one half of our rates. In other cases the Federal Government will secure a tax on a still greater proportion of the foreign income. The committee believes the change proposed in existing law is fair to both Government and taxpayer and will return a substantial amount of added revenue.

CAPITAL GAINS AND LOSSES

Capital gains and losses have been subjected to radical but constructive treatment. The measure of gain or loss from the sale of property by an individual is to be based on the length of time he has held the property, and a percentage table has been devised for use in the computation of recognized loss or gain for tax purposes. One hundred percent, if the capital asset has been held for not more than 1 year; 80 percent, if for more than 1 but not more than 2 years; 60 percent, if the capital asset has been held for more than 2 but not more than 5 years; and 40 percent, if it has been held for a period in excess of 5 years. In cases where the losses taken into account under this procedure exceed the gains figured on the same basis, then the excess of losses is entirely disallowed. It is believed that the adoption of this plan will result in greater stability in revenue, will give all taxpayers equality, will encourage normal business transactions, and will yield a substantial increase in revenue.

TAX-RATE STRUCTURE

The tax rate structure as to normal and surtax rates has been subjected to a material change. The salient features are the adoption of a single normal rate of 4 percent and starting the first surtax bracket at $4,000 instead of $6,000 as in the present law. The net result is a slight reduction in tax on incomes up to $8,000, simplified procedure, and a slightly increased tax on dividends and on partially tax-exempt interest.

PERSONAL EXEMPTIONS

Personal exemptions are not disturbed and remain at $2,500 for a married man and $1,000 for a single man. Credit for dependents is unchanged and remains at $400 for each person (other than husband or wife), with certain limitations.

These are but a few of the important changes that are recommended to the Congress, and my time limit will not permit further presentation of the numerous changes advocated by the committee in their report.

The new rates suggested in this bill, together with the closing of loopholes that have hitherto aided in loss of revenue by legal avoidance rather than illegal evasion will probably raise sufficient revenue to offset the loss sustained by the repeal of the special taxes enacted in the 1933 act for amortization of the bond issue of $3,300,000,000 for the promulgation of N.R.A. activities. These taxes were repealed automatically upon the issuance of the President's proclamation on the adoption of the twenty-first amendment repealing the eighteenth amendment.

NUISANCE TAXES—SALES TAX

The people of this country were advised by public speakers addressing audiences in person and by radio that when the eighteenth amendment was repealed, the nuisance taxes could also be repealed as the revenue from beer and hard liquor would be ample to balance the Budget.

In my opinion these taxes will be extremely disappointing so far as revenue is concerned. I regret that the committee declined to accept the manufacturers' excise tax as a substitute for the nuisance taxes collected under present law and continued in this proposed measure. A manufacturers' excise tax of 2½ percent with the evil of pyramiding guarded against by the licensing system and with all food and clothing and all medicine exempt, would raise some $450,000,000 under present conditions.

The chief objection against this plan is, not that it is a bad tax, but that it is so good a tax that it probably would be substituted for the income tax and the rates raised from time to time to effectuate that purpose.

The income tax is recognized as an integral part of our taxing system; and if "ability to pay" is still the test, then it is sheer nonsense to recommend or expect that it will be discontinued, either now or at any other time. Why should the following industries be singled out to carry the burden of taxation under the title in the present law of manufacturers' excise taxes and thousands of other industries escape? Here is the list of those who now are singled out to carry this load: Auto trucks, automobiles, motorcycles, automobile parts and accessories, cameras and lenses, clocks, etc., candy and chewing gum, brewers' wort, furs (articles made of), firearms, shells, and cartridges, electrical energy, gasoline, lubricating oils, jewelry, watches, phonographs, mechanical refrigeration, matches, pistols and revolvers, soft drinks, radio sets, sporting goods, tires and inner tubes, and toilet preparations.

In addition, we have the tax on admissions and a host of miscellaneous taxes. The list is comparable to the taxes enacted during the World War period, which we finally succeeded in repealing.

Just so long as we lay these excise taxes on a specified group of our industries, just so long will it constitute an element of unfairness in our tax program.

May I again call attention to the fact that the nuisance taxes have not been repealed in spite of the frequent promises that

were made during the campaign for repeal of the eighteenth amendment.

Heretofore the primary purpose of a tax revision was to balance the Budget; but balancing the Budget in fact has been relegated to the realms of innocuous desuetude made famous by President Cleveland many years ago. We have employed the surgeon's scalpel and divided the poor old Budget into two separate entities, the ordinary and the extraordinary, and frequent references have been made during the past few months suggesting that even the Constitution is somewhat threadbare, and that we have outgrown its limitations. Have my Democratic colleagues forgotten the stirring appeal that was made by Speaker Garner in the Seventy-second Congress when he called upon all those that were in favor of balancing the Budget to rise in their places? In view of the tremendous drain upon the Treasury made necessary by the new-deal program, I trust that there will be a speedy recognition of the necessity of getting back to first principles and discarding such subterfuges as twin Budgets. With interest charges rapidly mounting to an annual sum close to a billion dollars, we are faced with the problem of maintaining our revenues in even greater sums. I think you will all agree that neither old deal nor new deal has ever found the magic wand that can be waved over debt and cause it to disappear. The Government has but one source of revenue, and its name is taxes.

Taxes have always been a troublous problem. The citizen who, 2,000 years ago, asked the Savior, "What shall we render unto Caesar?" was presenting a tax question. All down the ages it has continued to harass our people and embroil them in endless discussion. We are still asking the question in these modern days, "What shall we render unto Caesar?"

The CHAIRMAN. The time of the gentleman from New York [Mr. CROWTHER] has expired.

Mr. CROWTHER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks and to include an address that I delivered on Lincoln Day at Amsterdam, N.Y.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. CROWTHER. Mr. Chairman, under leave to extend my remarks in the RECORD I include the following address I made before the Montgomery County Republican Club, Amsterdam, N.Y., on February 12, 1934:

In December 1862 the great Lincoln made the following statement: "The dogmas of the quiet past are inadequate to the stormy present. The occasion is piled high with difficulty, and we must rise to the occasion." This statement is as applicable to the situation today as it was to conditions existing 72 years ago.

With perfect candor we must admit that the present occasion is piled high with difficulty, but as real Americans we are looking forward, letting the dead past bury its dead, and making an earnest effort to pave the way for a successful future. Who would have believed or even suggested 10 years ago that we should be faced with so serious a group of problems as confront us today? The average man would have considered such a suggestion as ridiculous and would have declared it impossible. But in spite of that manifestation of optimistic confidence we now find ourselves face to face with a series of problems that demand constructive action rather than carping criticism.

DEMANDS COURAGE AND ABILITY

It will take all the courage we can muster and all the executive ability we can commandeer to work our way out. As members of the party of Lincoln, we owe allegiance to the fundamentals of Republican faith and a continuing loyalty to the policies that have contributed to the success of the country over a long period of years. We are now the minority party, for the people of this Nation decided in November 1932 that they would intrust their interests, temporarily at least, to the Democratic Party under the leadership of Franklin D. Roosevelt.

For 12 years the Republican Party under the leadership of Presidents Harding, Coolidge, and Hoover was the majority party charged with the responsibilities of government. In 1921 the Nation suffered from a depression due primarily to the difficulty of making the necessary readjustments following the World War. This was of short duration, however, and was followed by 8 years of unprecedented prosperity under Presidents Coolidge and Hoover. Then came the lean years following the crash, not only of the stock market but of world markets as well, in the fateful year 1929.

PRAISE FOR HOOVER

From that hour conditions grew rapidly worse in spite of the splendid efforts of President Hoover to stem the tide. He was handicapped by the opposition of an unfriendly House and Senate and was subjected to bitter attacks by an organization that was specially set up and financed for that purpose. If our friends in the Democratic Party had extended to him a fraction of the support that we as Republicans have given to Mr. Roosevelt, conditions might have been materially improved.

Outstanding among President Hoover's efforts to relieve the situation was his plan for organizing the Reconstruction Finance Corporation, and though this met with a considerable degree of criticism from the Democratic Congress, they have made excellent use of it and have found that it has proven to be a most useful governmental agency in the development of President Roosevelt's new-deal program.

This is no time to look backward. If our financial and economic policies have proved inadequate, then let us accept for the time being the new plan and as loyal citizens, irrespective of party affiliation, give it our unqualified support. In doing so, however, no citizen should be denied the privilege of honest criticism. If I understand the President's frequent references to this subject, they mean that he invites that type of criticism. Such a course as I have urged will not be easy for those of us who have been raised in the Republican faith and have advocated its policies and principles.

STATES HIS POSITION

Our Democratic friends are quite willing to admit that many of the proposals contained in the new-deal program are in a sense revolutionary, and the conservatives of that party have expressed their doubts as to its wisdom even more strenuously than have the Republicans. If I have a proper conception of my duty as your Representative in Congress, it is that I shall support all constructive policies made necessary in this emergency that have for their objective the gradual return of normal conditions for labor and industry. I specifically state for the gradual return, for there is no royal or speedy road to recovery. It will be a long, steady pull, and it will require our united cooperation and will test the fiber of our patience and the integrity of our purpose.

Ever since the formation of our Government it has been urged that the surest method of securing legislation that would be fair to all our people was by maintaining an aggressive and militant minority party. Your Republican members at Washington constitute that minority, and we realize that a full measure of responsibility rests upon us insofar as constructive criticism of national policies is concerned and our action on measures that will vitally affect the entire citizenship of the country. Let us not forget that more than 16,000,000 voters rallied to the Republican call in 1932. That constitutes a tremendous national minority, and recent elections demonstrate that they have not lost faith in their party or its leaders. In national affairs the Republican Party has been temporarily set aside. From Mr. Hoover down the line to the humblest citizen-voter we accepted our defeat gracefully and we are ready to take our turn at the oar to help win this contest against the depression and its consequent unemployment.

The traditions of the Republican Party will still live, and its accomplishments are an integral part of modern history. Our preferment as leaders of this great Nation will again be indicated in the near future. The party of Lincoln shall again serve the Nation.

The CHAIRMAN. The question is on agreeing to the committee amendment.

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 53, line 6, before the semicolon, insert "and if, under such act, as amended and supplemented, such corporations are exempt from Federal income taxes."

Mr. SAMUEL B. HILL. Mr. Chairman, the purpose of this amendment is to make certain that the only corporations exempt from Federal income-tax payments are those corporations which are granted that exemption under the act of Congress creating them. I understand there is no opposition to the amendment.

The CHAIRMAN. The question is on the committee amendment.

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 54, lines 17 and 18, strike out "on the last day of the taxable year" and insert "at any time during the last half of the taxable year."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 54, lines 18 and 19, strike out "of its voting" and insert "in value of its outstanding."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 54, lines 20 and 21, strike out "this paragraph" and insert "determining the ownership of stock in a personal holding company."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 55, line 5, strike out "of the voting" and insert "in value of the outstanding."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 55, line 8. At the end of the line insert new sentence, as follows: "For the purpose of clause (A) of this paragraph the term 'gross income' includes the amount of interest upon obligations of the United States issued after September 1, 1917, which would be subject to tax in whole or in part in the hands of an individual owner."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: On page 67, line 15, page 69, line 20, page 72, line 5, and page 72, line 12, after "acquired", insert a comma and the following: "after February 28, 1913."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 73, line 4, after "adjusted", insert "(for the period prior to March 1, 1913)."

The committee amendment was agreed to.

Mr. SAMUEL B. HILL. Mr. Chairman, I offer a committee amendment.

The Clerk read as follows:

Committee amendment offered by Mr. SAMUEL B. HILL: Page 102, lines 9 and 10, strike out "(not deductible under section 23 (p))."

The committee amendment was agreed to.

The CHAIRMAN. Consideration of the bill having been concluded, under the rule the Committee rises automatically and reports to the House.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. CANNON of Missouri, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having concluded consideration of the bill H.R. 7835, the revenue bill, under the rule he reported the same back to the House with sundry amendments.

The SPEAKER. Under the rule the previous question is ordered on the bill and all amendments to final passage. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The committee amendments were agreed to.

The bill was ordered to be engrossed and read a third time, and was read the third time.

Mr. TREADWAY. Mr. Speaker, I offer a motion to recommit, and on that I move the previous question.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. TREADWAY. I am opposed to the bill in its present form.

The Clerk read as follows:

Mr. TREADWAY moves to recommit the bill H.R. 7835 to the Committee on Ways and Means with instructions to report the same back forthwith with an amendment striking out all of section 515.

The SPEAKER. The question is on the motion to recommit.

Mr. TREADWAY. Mr. Speaker, I ask for the yeas and nays.

The SPEAKER. Those in favor of taking this vote by the yeas and nays will stand. [After counting.] Fifty-seven Members have risen, a sufficient number.

Mr. BLANTON. Mr. Speaker, I make the point of order that not a sufficient number of Members have risen. The 57 Members rising on the other side do not constitute one fifth of the Members present. There are apparently 300 Members in the Chamber, hence I ask for the other side.

Mr. GOSS. Mr. Speaker, I make the point of order there is no other side. The Speaker has already counted the House.

Mr. BLANTON. Mr. Speaker, I make the point of order that 57 is not one fifth of the Membership present, as required by the rule.

The SPEAKER. The Chair counted 230 Members present a while ago. Therefore, a sufficient number have risen.

The regular order was demanded.

The SPEAKER. The question is on the motion to recommit.

The question was taken; and there were—yeas 133, nays 271, not voting 29, as follows:

[Roll No. 89]

YEAS—133

Allen	Dondero	Kinzer	Rogers, Mass.
Andrew, Mass.	Douglass	Knutson	Secrest
Arens	Doutrich	Kurtz	Seger
Ayers, Mont.	Dowell	Kvale	Simpson
Bacharach	Dunn	Lambertson	Sinclair
Bacon	Eaton	Lehlbach	Snell
Bakewell	Edmonds	Lemke	Stalker
Beedy	Eltse, Calif.	Luce	Stokes
Blanchard	Englebright	Lundeen	Strong, Pa.
Boileau	Evans	McFadden	Sweeney
Bolton	Fish	McGugin	Swick
Britten	Focht	McLean	Taber
Brumm	Foss	McLeod	Taylor, Tenn.
Buckbee	Frear	Mapes	Thomas
Burnham	Gifford	Marshall	Thurston
Carter, Calif.	Gilchrist	Martin, Mass.	Tinkham
Carter, Wyo.	Gillespie	Mead	Tobey
Cavicchia	Goodwin	Merritt	Traeger
Chase	Goss	Millard	Treadway
Christianson	Guyer	Monaghan, Mont.	Truax
Clarke, N.Y.	Hancock, N.Y.	Morehead	Turpin
Cochran, Pa.	Hartley	Mott	Wadsworth
Collins, Calif.	Higgins	Moynihan, Ill.	Waldron
Condon	Hildebrandt	Muldowney	Welch
Connery	Hoeppel	Peavey	Whitley
Connolly	Hollister	Perkins	Wigglesworth
Cooper, Ohio	Holmes	Plumley	Withrow
Crosser, Ohio	Hooper	Powers	Wolcott
Crowther	Hope	Rankin	Wolverton
Culkin	James	Ransley	Woodruff
Darrow	Jenkins, Ohio	Reece	Young
De Priest	Johnson, Minn.	Reed, N.Y.	
Dirksen	Kahn	Reid, Ill.	
Ditter	Kelly, Pa.	Rich	

NAYS—271

Adair	Cochran, Mo.	Foulkes	Kramer
Adams	Coffin	Frey	Lambeth
Allgood	Colden	Fuller	Lamneck
Arnold	Cole	Gambrill	Lanham
Ayres, Kans.	Colmer	Gasque	Lanzetta
Bailey	Cooper, Tenn.	Gavagan	Larrabee
Bankhead	Corning	Gillette	Lea, Calif.
Beiter	Cox	Glover	Lee, Mo.
Berlin	Cravens	Goldsborough	Lehr
Biermann	Crosby	Granfield	Lesinski
Black	Cross, Tex.	Gray	Lewis, Colo.
Bland	Crowe	Green	Lindsay
Blanton	Cullen	Greenwood	Lloyd
Bloom	Cummings	Gregory	Lozier
Boehne	Darden	Griffin	Ludlow
Boland	Dear	Griswold	McCarthy
Boylan	Deen	Haines	McClintic
Brennan	Delaney	Hancock, N.C.	McCormack
Brown, Ga.	DeRouen	Hastings	McDuffie
Brown, Ky	Dickinson	Healey	McFarlane
Brown, Mich.	Dies	Henney	McGrath
Browning	Dingell	Hill, Ala.	McKeown
Brunner	Disney	Hill, Knute	McMillan
Buchanan	Dobbins	Hill, Samuel B.	McReynolds
Buck	Dockweiler	Hoidale	McSwain
Bulwinkle	Doughton	Huddleston	Maloney, Conn.
Burch	Doxey	Hughes	Maloney, La.
Burke, Nebr.	Drewry	Imhoff	Mansfield
Busby	Driver	Jacobsen	Marland
Byrns	Duffey	Jeffers	Martin, Colo.
Cady	Duncan, Mo.	Jenckes, Ind.	Martin, Oreg.
Caldwell	Durgan, Ind.	Johnson, Okla.	May
Cannon, Mo.	Eagle	Johnson, Tex.	Meeks
Cannon, Wis.	Edmiston	Johnson, W.Va.	Miller
Carden, Ky.	Eicher	Jones	Milligan
Carmichael	Ellenbogen	Kee	Mitchell
Carpenter, Kans.	Ellzey, Miss.	Keller	Montague
Cartwright	Faddis	Kelly, Ill.	Montet
Cary	Farley	Kennedy, N.Y.	Moran
Castellow	Fernandez	Kenney	Murdock
Celler	Fiesinger	Kerr	Musselwhite
Chapman	Fitzgibbons	Kleberg	Nesbit
Chavez	Fitzpatrick	Kloeb	O'Brien
Church	Flannagan	Kniffin	O'Connell
Claiborne	Fletcher	Kocialkowski	O'Connor
Clark, N.C.	Ford	Kopplemann	O'Malley

Oliver, Ala.	Robinson	Snyder	Utterback
Oliver, N.Y.	Rogers, N.H.	Somers, N.Y.	Vinson, Ga.
Owen	Rogers, Okla.	Spence	Vinson, Ky.
Palmisano	Romjue	Steagall	Wallgren
Parker	Rudd	Strong, Tex.	Walter
Parks	Ruffin	Stubbs	Wearin
Parsons	Sabath	Studley	Weideman
Patman	Sadowski	Sullivan	Werner
Peterson	Sanders	Sutphin	West, Ohio
Pettengill	Sandlin	Swank	West, Tex.
Peyser	Schaefer	Tarver	White
Pierce	Schuetz	Taylor, Colo.	Whittington
Polk	Schulte	Taylor, S.C.	Wilcox
Prall	Scrugham	Terrell, Tex.	Willford
Ramsay	Sears	Terry, Ark.	Williams
Ramspeck	Shallenberger	Thom	Wilson
Randolph	Shannon	Thomason	Wood, Ga.
Rayburn	Sirovich	Thompson, Ill.	Wood, Mo.
Reilly	Sisson	Thompson, Tex.	Woodrum
Richards	Smith, Va.	Turner	Zioncheck
Richardson	Smith, Wash.	Umstead	The Speaker
Robertson	Smith, W.Va.	Underwood	

NOT VOTING—29

Abernethy	Carpenter, Nebr.	Hart	Shoemaker
Andrews, N.Y.	Collins, Miss.	Harter	Sumners, Tex.
Auf der Heide	Crump	Hess	Warren
Beam	Dickstein	Howard	Weaver
Beck	Fulmer	Kennedy, Md.	Wolfenden
Brooks	Greenway	Lewis, Md.	
Burke, Calif.	Hamilton	Norton	
Carley, N.Y.	Harlan	Pou	

The SPEAKER. The Clerk will call my name.

The Clerk called Mr. RAINEY's name, and he voted "nay."

So the motion to recommit was rejected.

The Clerk announced the following pairs:

Mr. Andrews of New York (for) with Mr. Pou (against).
Mr. Beck (for) with Mrs. Greenway (against).
Mr. Wolfenden (for) with Mr. Warren (against).
Mr. Hess (for) with Mr. Auf der Heide (against).

General pairs:

Mr. Howard with Mr. Beam.
Mr. Collins of Mississippi with Mr. Burke of California.
Mr. Sumners of Texas with Mr. Brooks.
Mr. Hart with Mr. Fulmer.
Mr. Lewis of Maryland with Mr. Carpenter of Nebraska.
Mr. Kennedy of Maryland with Mr. Carley of New York.

Mr. CULLEN. Mr. Speaker, Mr. DICKSTEIN and Mr. CARLEY are unavoidably detained. If they were present, they would vote "nay" on the motion to recommit and "yea" on the passage of the bill.

Mr. BYRNS. Mr. Speaker, the gentleman from Ohio, Mr. HARLAN, and the gentleman from Kentucky, Mr. HAMILTON, are absent on account of very important business. The gentleman from Ohio, Mr. HARTER, is absent because of a very important hearing before the Public Works Committee, and the lady from New Jersey, Mrs. NORTON, is absent on account of illness in her family. If present, all of these Members would vote "nay" on the motion to recommit and "yea" on the passage of the bill. Also, Mr. Speaker, my colleague the gentleman from Tennessee, Mr. CRUMP, is absent on account of illness. If he were present, he would vote "nay" on the motion to recommit and "yea" on the passage of the bill.

Mr. KERR. Mr. Speaker, my colleagues the gentlemen from North Carolina, Mr. ABERNETHY, Mr. WARREN, and Mr. WEAVER, are unavoidably absent. If they were present, they would vote "nay" on the motion to recommit and "yea" on the passage of the bill.

The result of the vote was announced as above recorded.

The SPEAKER. The question is on the passage of the bill.

Mr. DOUGHTON. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 390, nays 7, not voting 36, as follows:

[Roll No. 90]

YEAS—390

Adair	Bacharach	Black	Boylan
Adams	Bacon	Blanchard	Brennan
Allen	Bailey	Bland	Brown, Ga.
Allgood	Bakewell	Blanton	Brown, Ky.
Andrew, Mass.	Bankhead	Bloom	Brown, Mich.
Arens	Beedy	Boehne	Browning
Arnold	Beiter	Boileau	Brumm
Ayers, Mont.	Berlin	Boland	Brunner
Ayres, Kans.	Biermann	Bolton	Buchanan
Buck	Fernandez	Lemke	Sabath
Bulwinkle	Fiesinger	Lesinski	Sadowski
Burch	Fish	Lewis, Colo.	Sanders
Burke, Nebr.	Fitzgibbons	Lindsay	Sandlin
Burnham	Fitzpatrick	Lloyd	Schaefer
Busby	Flannagan	Lozier	Schuetz
Byrns	Fletcher	Luce	Schulte
Cady	Focht	Ludlow	Scrugham
Caldwell	Ford	Lundeen	Sears
Cannon, Mo.	Frear	McCarthy	Secrest
Cannon, Wis.	Frey	McClintic	Seger
Carden, Ky.	Fuller	McCormack	Shallenberger
Carmichael	Gambrill	McDuffie	Shannon
Carpenter, Kans.	Gasque	McFarlane	Shoemaker
Carter, Calif.	Gavagan	McGrath	Sinclair
Carter, Wyo.	Gifford	McGugin	Sirovich
Cartwright	Gilchrist	McKeown	Sisson
Cary	Gillespie	McLean	Smith, Va.
Castellow	Gillette	McLeod	Smith, Wash.
Cavicchia	Glover	McMillan	Smith, W.Va.
Celler	Goldsborough	McReynolds	Snell
Chapman	Goodwin	McSwain	Snyder
Chase	Goss	Maloney, Conn.	Somers, N.Y.
Chavez	Granfield	Maloney, La.	Spence
Christianson	Gray	Mansfield	Stalker
Church	Green	Mapes	Steagall
Claiborne	Greenwood	Marland	Stokes
Clark, N.C.	Gregory	Marshall	Strong, Tex.
Clarke, N.Y.	Griffin	Martin, Colo.	Stubbs
Cochran, Mo.	Griswold	Martin, Mass.	Studley
Cochran, Pa.	Guyer	May	Sullivan
Coffin	Haines	Mead	Sutphin
Colden	Hancock, N.C.	Meeks	Swank
Cole	Hancock, N.Y.	Merritt	Sweeney
Collins, Calif.	Hartley	Millard	Swick
Collins, Miss.	Hastings	Milligan	Taber
Colmer	Healey	Mitchell	Tarver
Condon	Henney	Monaghan, Mont.	Taylor, Colo.
Connery	Higgins	Montague	Taylor, S.C.
Connolly	Hildebrandt	Montet	Taylor, Tenn.
Cooper, Ohio	Hill, Ala.	Moran	Terrell, Tex.
Cooper, Tenn.	Hill, Knute	Morehead	Terry, Ark.
Corning	Hill, Samuel B.	Mott	Thom
Cox	Hoeppel	Muldowney	Thomas
Cravens	Hoidale	Murdock	Thomason
Crosby	Hollister	Musselwhite	Thompson, Ill.
Cross, Tex.	Holmes	Nesbit	Thompson, Tex.
Crosser, Ohio	Hooper	O'Brien	Thurston
Crowe	Hope	O'Connell	Tinkham
Crowther	Howard	O'Connor	Tobey
Culkin	Huddleston	O'Malley	Traeger
Cullen	Hughes	Oliver, Ala.	Treadway
Darden	Imhoff	Oliver, N.Y.	Truax
Darrow	Jacobsen	Owen	Turner
Dear	James	Palmisano	Turpin
Deen	Jeffers	Parker	Umstead
Delaney	Jenckes, Ind.	Parks	Underwood
De Priest	Jenkins, Ohio	Parsons	Utterback
DeRouen	Johnson, Minn.	Patman	Vinson, Ga.
Dickinson	Johnson, Okla.	Peavey	Vinson, Ky.
Dies	Johnson, Tex.	Perkins	Wadsworth
Dingell	Jones	Peterson	Waldron
Disney	Kee	Pettengill	Wallgren
Ditter	Keller	Peyser	Walter
Dobbins	Kelly, Ill.	Pierce	Wearin
Dockweiler	Kelly, Pa.	Plumley	Weideman
Dondero	Kennedy, N.Y.	Polk	Werner
Doughton	Kenney	Powers	West, Ohio
Douglass	Kerr	Prall	West, Tex.
Doutrich	Kinzer	Ramsay	White
Dowell	Kleberg	Ramspeck	Whitley
Doxey	Kloeb	Randolph	Whittington
Drewry	Kniffin	Rankin	Wigglesworth
Driver	Knutson	Ransley	Wilcox
Duffey	Kocialkowski	Rayburn	Willford
Duncan, Mo.	Kopplemann	Reece	Williams
Dunn	Kramer	Reed, N.Y.	Wilson
Durgan, Ind.	Kurtz	Reilly	Withrow
Eagle	Kvale	Rich	Wolcott
Eaton	Lambertson	Richards	Wolverton
Edmiston	Lambeth	Richardson	Wood, Ga.
Edmonds	Lamneck	Robertson	Wood, Mo.
Eicher	Lanham	Robinson	Woodruff
Ellenbogen	Lanzetta	Rogers, Mass.	Woodrum
Ellzey, Miss.	Larrabee	Rogers, N.H.	Young
Englebright	Lea, Calif.	Rogers, Okla.	Zioncheck
Evans	Lee, Mo.	Romjue	The Speaker
Faddis	Lehlbach	Rudd	
Farley	Lehr	Ruffin	

NAYS—7

Britten	Eltse, Calif.	Kahn	Welch
Dirksen	Foss	McFadden	

NOT VOTING—36

Abernethy	Carpenter, Nebr.	Hart	Norton
Andrews, N.Y.	Crump	Harter	Pou
Auf der Heide	Cummings	Hess	Reid, Ill
Beam	Dickstein	Johnson, W.Va.	Simpson
Beck	Foulkes	Kennedy, Md.	Strong, Pa.
Brooks	Fulmer	Lewis, Md.	Sumners, Tex.
Buckbee	Greenway	Martin, Oreg.	Warren
Burke, Calif.	Hamilton	Miller	Weaver
Carley, N.Y.	Harlan	Moynihan, Ill.	Wolfenden

The SPEAKER. The Clerk will call my name.

The Clerk called the name of Mr. RAINEY, and he voted "aye."

So the bill was passed.

The Clerk announced the following additional pairs:

Until further notice:

Mr. Sumners of Texas with Mr. Wolfenden.
Mr. Martin of Oregon with Mr. Hess.
Mr. Fulmer with Mr. Andrews of New York.
Mr. Brooks with Mr. Beck.
Mr. Johnson of West Virginia with Mr. Moynihan of Illinois.
Mr. Kennedy of Maryland with Mr. Buckbee.
Mr. Miller with Mr. Reid of Illinois.
Mr. Carley of New York with Mr. Strong of Pennsylvania.
Mr. Cummings with Mr. Carpenter of Nebraska.
Mr. Lewis of Maryland with Mr. Foulkes.
Mr. Hart with Mr. Burke of California.

Mr. SABATH. Mr. Speaker, my colleague, the gentleman from Illinois [Mr. BEAM] is unavoidably absent. I am requested by him to announce that if present he would vote "aye."

Mr. CULLEN. Mr. Speaker, Mr. AUF DER HEIDE, Mrs. GREENWAY, Mr. HARTER, Mr. HARLAN, Mr. POU, Mr. DICKSTEIN, Mr. CRUMP, and Mr. ABERNETHY are unavoidably absent. I am requested to announce that if present they would vote "aye."

Mr. UMSTEAD. Mr. Speaker, my colleagues, the gentlemen from North Carolina [Mr. WARREN and Mr. WEAVER] are both necessarily absent today. If present they would vote "aye."

Mr. CHAPMAN. Mr. Speaker, my colleague, the gentleman from Kentucky [Mr. HAMILTON] is unavoidably absent today and asked me to state that if present he would vote "aye."

The result of the vote was announced as above recorded.

On motion of Mr. DOUGHTON, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS—THE REVENUE BILL

Mrs. NORTON. Mr. Speaker, the proposed excise tax of 5 cents on coconut oil, as included in the revenue bill of 1934, H.R. 7835, has occupied my serious consideration since the measure was initiated. I have followed the progress of the bill through the hearing stage and, although confined to my apartment through illness, have managed to keep abreast of discussions on the floor of the House as reported in the RECORD. On the floor, as well as during hearings before the Ways and Means Committee, the proposed tax on coconut oil has proved to be a highly controversial item. The division seems to be a clear-cut one between agricultural interests and those who feel the tax to be not only economically unsound but in the nature of an injustice to a group of islands in the Pacific that this Nation has taken under its protection. I refer, of course, to the Philippines.

Those who champion the cause of the farming interests claim that importations of coconut oil have crowded similar domestic products off the market, that the tax will restore the buying power of the farmer, that domestic products can be utilized as efficaciously especially in the soap-making industry, and that the tax is absolutely essential to the recovery of agriculture in the United States.

It is my intention to demonstrate the fallacies of these contentions; but first, a word concerning the Philippines. At the close of the Spanish-American War this Government took over administration of the Philippine Islands. In so doing it disavowed imperialistic designs and proclaimed rather, the big-brother motive. In other words, the tiny islands in the Pacific, an important pawn in the game of international commerce, were without adequate means of self-support and needed the protection and guidance of a bigger and stronger brother in the family of nations. In assuming that role we took upon ourselves a grave responsibility. Our motives were mistrusted by some nations. Even the islanders themselves found it difficult to conceive how a nation on the other side of the world, without any kindred ties of race or otherwise, could harbor an unselfish desire to lend a helping hand in their colossal task of learning how to govern themselves. For a time the job was a thankless one; our presence was resented, and even violence resulted. But our Nation had pledged itself to the work of seeing the Filipinos through, of helping them get on their feet, of bringing them to the stage where they would be capable of shifting for themselves.

Various administrations here in Washington conscious of the responsibility so assumed have played the role of unselfish benefactor in full accordance with the original motives that prompted our entrance into the Philippine picture. Helpful legislation, wise and prudent governance, educational programs, and countless other benefactions have forged a bond of genuine affection and mutual respect that even the broad expanse of the Pacific cannot diminish. This Nation has been true to its pledges. The Filipino is now at the threshold of a brilliant future. We have supplied the foundation for his self-reliance by opening our gates to his products, by according him the benefits of free trade. And now after elevating him to the pinnacle of self-reliance, we propose by this excise tax, to tear it out from under him.

Coconut oil to the Philippines is what sugar is to Cuba and Puerto Rico, the very lifeblood of insular commercial stability. Lack of markets for it spells business stagnation and ruin. Since the occupation this Nation has come to be the biggest customer of the Philippines for this commodity. Annual shipments approximate a figure that approaches the million-and-one-half-dollar mark for American trans-Pacific steamship lines. In other words the trade is a means of revenue to our own shipping interests. So lucrative have the markets become that Philippine interests have come to rely entirely upon this Nation as an almost exclusive consumer of the commodity. And this reliance finds ample justification in our consistent policy of Philippine trade encouragement. In other words, we have said, "It is our intention to be of every assistance to you, accordingly you may ship your products to these shores and the gates will be down." And the Filipino, taking us at our word, has built for the future upon our pledges.

The proposed excise tax on coconut oil not only is completely at variance with the consistent American policy toward the Philippines since the exercise of supervision over these islands but is in fact a flagrant breach of faith. It is at variance also with the attitude of the Seventy-second and of the present sessions of Congress. To illustrate: The Hawes-Cutting Philippine independence bill, in paragraph (e) of section 6, providing for the levying of export taxes on Philippine products, contains the following:

> The Government of the commonwealth of the Philippine Islands shall place all funds received from such export taxes in a sinking fund and such fund shall, in addition to other moneys available for that purpose, be applied solely to the payment of the principal and interest on the bonded indebtedness of the Philippine Islands, its provinces, municipalities, and instrumentalities, until such indebtedness has been fully discharged.
>
> When used in this section in a geographical sense the term "United States" includes all Territories and possessions of the United States except the Philippine Islands, the Virgin Islands, American Samoa, and the island of Guam.

The Agricultural Adjustment Act, enacted by the Seventy-third Congress, contains a provision in paragraph (e) of section 15, which reads as follows:

> During any period for which a processing tax is in effect with respect to any commodity there shall be levied, assessed, collected, and paid upon any article processed or manufactured or in chief value from any commodity and imported into the United States or any possession thereof to which this title applies from any foreign country or from any possession of the United States to which this title does not apply, a compensating tax equal to the amount of the processing tax in effect with respect to domestic processing at the time of the importation: *Provided*, That all taxes collected under this subsection upon articles coming from the possessions of the United States to which this title does not apply shall not be covered into the general fund of the Treasury of the United States, but shall be held as a separate fund and paid into the treasury of the said possessions, respectively, to be used and expended by the governments thereof for the benefit of agriculture. Such tax shall be paid prior to the release of the article from customs, custody, or control.

The reference to revenues collected from the tax on coconut oil as provided in paragraph (g) of title IV of the revenue act specifying that "collections therefrom shall be covered into the general fund of the Treasury of the United States" is at complete variance with both of the above enactments, the first of which declares that taxes col-

lected from Philippine products be retained by the insular government, the second that not a penny of any processing tax collected on commodities from the same source should be covered into the general fund above mentioned. Thus in the very law that launched the present agricultural program, which proponents of the coconut-oil tax contend cannot succeed without restrictions on importations of that product is found a specific protection for Philippine commodities.

Before proceeding further in this discussion I should like to correct two inaccuracies that appear in the RECORD of February 14 last. The first appears on page 2528 and takes the form of a letter in support of the tax sent by a New Jersey company that purports to speak for the independent soap manufacturers of the country. The company to which I refer, namely, the Quaker Soap Co., does not represent the independent soap manufacturers of the Nation, nor is it, as a matter of fact in the soap-manufacturing business itself. Its business is that of collecting grease and tallow from various users thereof and trading the same to soap companies. Let me quote from the letterhead of this organization, which indicates clearly the nature of its undertakings:

Quaker Soap Co., soaps, cleaners, feeds, fertilizers.

Another statement appearing on page 2529 of the same RECORD invites attention to allegedly large profits of soap manufacturers and quotes prices that prevailed in Philadelphia during 1933. The latter soap market is 1 market out of 238 in the Nation. Five manufacturing organizations are established there. In other words, the statement to which I make reference holds up 1 of 5 manufacturers in 1 of 239 markets as basis upon which prices for the rest of the Nation may be grounded.

As a matter of fact prices of soap throughout the United States have dropped during the past 3 years to the lowest levels in the history of the industry. Colgate-Palmolive-Peet Co., the biggest dispenser of laundry soap lowered prices from $8.46 per 100 pounds in 1928 to $4.83 per 100 pounds at the present time. A check of soap manufacturers throughout the Nation will demonstrate that this is representative of prices generally.

Coconut oil has been an article of international commerce for 12 years. It has been coming to this country from the Philippines since our occupation of those islands. It is an essential ingredient of present-day soap manufacture that cannot be replaced by domestic substitutes. Any fair-minded individual who followed the testimony of experts appearing at hearings before the Ways and Means Committee can entertain no illusions on that score. Even one of the prominent witnesses for proponents of the tax grudgingly admitted its indispensability when he declared:

It has been stated that certain imported oils and fats have superior qualities for certain grades of soap. This is probably true.

Persistent efforts have been made for many years to find an adequate domestic substitute for coconut oil, without success. As one witness stated at the hearings:

They have been trying to get cottonseed oil into the soap kettle for 30 years.

Coconut oil is not interchangeable with any fat or oil used in the production of modern types of soap. Present-day varieties of white laundry soap, flakes, beads, and soap powders for washing dainty fabrics, dish washing, and other household purposes could not be produced without large proportions of this indispensable product that comes to our shores from the Philippines.

It may be of interest to note that the introduction of coconut oil in the manufacture of soap was made necessary by the installation of running water in American homes. In the days when cistern water was the rule, almost any type of soap would lather in it because that type of water is "soft." Present-day water, however, possesses various degrees of hardness and requires free-lathering soaps, such as can be produced only with coconut oil as an ingredient.

The contention is found scattered profusely through the record of hearings before the Ways and Means Committee, and in the RECORD, that large importations of coconut oils and fats have served to crowd domestic fats and oils out of home markets. This is not the fact. In 1914 6,000,000 pounds of domestic fats and oils were utilized in the manufacture of soap in the United States. In 1932 the use of the same had increased to 900,000,000 pounds—an increase of 50 percent greater than the increase in population for the same period. Industrial users of oils and fats utilize every bit of domestic matter available and only import the foreign product because there is a great deficiency in the types required for industrial uses or because the imported products fulfill necessary functions which cannot be fulfilled by the domestic variety.

The American people have been educated to the qualities inherent in good soap. The type that sells even for 5 cents enjoys universal usage in homes throughout the Nation. By the proposed excise tax on coconut oil a burden is placed upon the manufacturer of good soap that must be passed on to the consumer. The present market price of coconut oil is about 2½ cents per pound. The proposed tax of 5 cents constitutes a 200 percent increase in the price of coconut oil and will occasion a rise of 100 percent in the cost of manufacturing soap in the United States. Foreign soap manufacturers in practically all countries obtain their soap ingredients duty free and excise-tax free. Prepare then for a flood of foreign soap, if you include this excise tax in the revenue bill. And reconcile yourself also to the prospect of ruin for most of the smaller soap manufacturers.

It is my conviction that the proposed tax is unsound economically and that instead of benefitting the American farmer will work to his serious disadvantage. In 1930 the Philippines ranked as our largest export customer. Among the majority of our commodities that found their way across the Pacific to those islands were agricultural products as butter, cheese, apples, oranges, flour, tobacco, and cotton goods. Will the American farmer benefit by this proposed tax, if it means the loss of lucrative markets for his products? How will a tax of this nature revive his buying power if it destroys his largest and best foreign market? How will it make for success of the administration's agricultural program if it leaves the farmer with products of his toil that rot for want of markets. Obviously one nation cannot sell its exportable products unless it buys those of the country to which it sells its commodities. The people of the Philippines cannot help but resent this proposed embargo on their chief export to this country. They cannot refrain from the human reaction to retaliate and place a virtual boycott upon American products. And thus, not only ill-feeling will be engendered, but serious trade losses experienced.

There is another phase of this matter that to me is a most important one, namely, the serious hardship this tax will work on hospitals throughout the Nation. I have received numerous protests against the measure from institutions of this character and consider their objections as meriting serious consideration. I will quote from one of these protests received from the New Jersey Hospital Association, which read as follows:

The New Jersey Hospital Association respectfully requests that you urge the Ways and Means Committee to reconsider application of 5-cent excise tax on coconut oil, which, if it becomes a law, will effect great increase in soap costs to charitable hospitals.

This letter is one of several I have received and presents a phase of the matter not heretofore considered. Most institutions of this character are hard pressed to make both ends meet financially. Many find themselves in the "red" at the end of each fiscal year. Every additional item of expense is a serious and vital factor in the struggle these worthy institutions wage for existence. I recollect during the tariff hearings an estimate to the effect that a hospital of 100-bed capacity spends approximately $2,000 annually for soap, or $20 per bed. The laundry alone, as operated in most hospitals, is a basic necessity, due to the difficulty experienced in securing service from commercial laundries. A rise in the price of soap, therefore, will seriously hamper the activities of many hospitals throughout the Nation, and the proposed tax will bring such an increase.

I can perceive no great advantage that will accrue to any person or class of persons in the United States if this proposed excise tax on coconut oil is included in the pending revenue bill. It is my opinion that reasons set forth to justify its inclusion are unsound economically, and based in a large measure on current hysteria, to tax-exempting that will add a few dollars in revenue to the Treasury. Furthermore, I regard it as a flagrant breach of faith with inhabitants of the Philippine Islands who have been led to believe that this Nation is exerting a beneficent influence of their activities and have come to rely on us and have confidence in our efforts avowedly directed toward their betterment. In striking what may amount to a death blow at their most important and most vital export commodity, we are proceeding at variance with the policy of preceding Congresses, and even of our present body, as illustrated by the excerpt quoted from the Agricultural Adjustment Act. It is my sincere hope, therefore, that Members will accord their most serious consideration to this dangerous and most mischievous measure before voting on it.

Mr. GRISWOLD. Mr. Speaker, we are about to enact a bill to raise revenue—a bill to supply the necessary funds to meet the expenses and obligations of the Federal Government. There should be a distinction between expenses and obligations. There is a vast difference between the two. Governmental expenses are necessary. Government obligations may or may not be necessary. Yet we meet both the necessary and the unnecessary by taxes.

What does the money raised by this bill go for? It goes for the maintenance of the Army and Navy, for the conduct of the courts, for many departments of government. It goes also to pay interest on debts. Debts created for many reasons. War debts, C.W.A. debts, Public Works debts, Home Owners' Loan Corporation debts, Reconstruction Finance Corporation debts—debts many and varied—debts created by the issuance of tax-exempt, interest-bearing bonds of the Federal Government.

The claim is made that C.W.A. work must continue. That the destitute have no other way to eat and to keep warm during the cold months. I agree that I do not know of anything in the recovery program that has helped as much as the C.W.A. The small-town merchant just before Christmas was in the depths of despair. The much-talked-of prosperity had not come to him, for no one in the small town had any money to buy and no way to procure it. Then came the C.W.A. It was a Christmas gift to every small town and city. It made a bit of Santa Claus where otherwise there would have been none.

I know of no way under our present system to procure money or aid for the people at the bottom. We cannot let human beings freeze; we cannot let them starve. But when I think of our present system of procuring money for this purpose, it perplexes me. I cannot understand why to feed the poor we must pay tribute to the rich. Why must it be that every time we need money for any purpose, we can only obtain it by going hat in hand to Wall Street and agreeing to pay them a bonus to allow this Government to do its duty by its citizens?

Just a few days ago to obtain a bit of relief for our destitute we penalized every man, woman, and child in the Nation with a burden of interest. To provide funds for the C.W.A., Congress passed an act under which we, as a Government, will issue and sell $950,000,000 of tax-exempt interest-bearing bonds. The money to pay that interest is raised by taxes in this tax bill.

On the same day that Congress passed that $950,000,000 appropriation it also passed an appropriation of $35,000,000 for crop loans and $200,000,000 for the purpose of eliminating the surplus production of cattle—a grand total in one afternoon of $1,185,000,000. Now we pass a tax bill to raise the interest payment on that vast sum. If on this one day's spending we only pay an interest rate of 3 percent, it will mean an interest charge alone on the taxpayer of $35,550,000 a year. That will mean that before we can pay off the indebtedness created in 1 day, we will through the payment of interest almost double the burden on the taxpayer. We give to the man or woman with a family that is crying for warmth, shelter, and food a pittance of less than $12 a week for a few weeks and for the privilege of doing it we double the money of the holders of these tax-exempt bonds.

And the tragedy is that we will eventually, through tax legislation, force these same destitute to make the payment. They have nothing, you say. They cannot pay because they have nothing. But the holders of these bonds will find a way. They will invent a way to squeeze blood out of a turnip. They already talk of a sales tax to pay the taxes of which we have relieved the money changers by the sale of these nontaxable bonds which they have acquired.

If we continue as we are now in financing our Government activities, there will not be enough money derived from taxes to pay the interest charges. There will be no money at all left to pay the running expenses of government.

There is not a man in this Congress that can comprehend the magnitude of our spending. There is not a man who can conceive of the vastness of our interest payments today. It is a mass of figures. Those figures cannot signify dollars to the average man. They are too large. They can only signify a problem in mathematics. The human mind cannot conceive of the years of toil that must be translated into dollars before these figures can be matched with payments. And we must pay it with taxes. The taxes created by this bill are a part of the search that is unending—the annual hunt for new methods of taxation. When will the hunt end? When we quit spending. If we continue to spend, there is only one way in which to lessen the burden. That is to cease to issue tax-exempt bonds. Only in this way can the stranglehold on progress that throttles the country be broken. We revalued the gold dollar. Yet the vast majority are still destitute. They are just as destitute of dollars as they were before.

Tax-exempt bonds are an obligation of Government that is unnecessary. It is an obsolete system of financing.

This bill was introduced under a gag rule that does not permit of amendments. I opposed that rule. I voted against it. But for that gag rule an amendment could have been offered that would have made these holders of tax-exempt bonds pay their just proportion of taxes.

I shall support the bill. The Government must pay its debts to exist. But I shall continue to voice my protest against the Wall Street bonus that must be paid with taxes.

Mr. PEAVEY. Mr. Speaker and gentlemen of the House, the Revenue Act of 1934 passed the House by a vote of 390 to 7 after a motion to recommit the bill with instructions to the committee to strike out the 3-cent postal-rate amendment and reduce the rate to 2 cents was defeated by a vote of 271 to 133. The bill was considered under a gag rule adopted through the combined efforts of the old guard leaders of both parties, the rule not permitting any amendments to the bill, excepting by members of the Committee on Ways and Means.

The real purpose of a revenue bill is to raise revenue in an amount necessary, when added to all the other Government income, to pay all the Government's expenses for the ensuing year and balance the National Budget.

Measured in that manner, this bill is a dismal failure. Its most optimistic supporter will not claim that the revenues to be collected under its provisions could come within a billion dollars of balancing the Budget.

It could have been written to produce revenue sufficient to balance the Budget if the rates on incomes and inheritances in the higher brackets had been raised 25 percent. Even with a 25-percent increase taxpayers in the United States with incomes of $50,000 or more would be paying only 60 percent of the amount paid by citizens of Great Britain, France, and Germany.

SECRECY CLAUSE

The payment of income taxes under the House bill will still be secret, as they were during the Coolidge and Hoover administrations, despite the obvious need for publicity on these returns to prevent the Morgans and their kind from evading the taxes as they have done in the past. It seems to me that publicity of income-tax returns is just as much the

constitutional right of every taxpayer as to open the public record to payment of property taxes. It is just as fundamental.

In spite of these facts the present tax bill, written to correct loopholes in the law, does not permit publicity as to payment of taxes or refunds, the greatest loophole of all.

Oh, yes; I know there are those who claim that individuals and corporate concerns will learn their competitors' trade secrets, sources of income, and other business confidences. Gentlemen, those arguments against the law are weak and fallacious. I offer as positive proof that they are fallacious the experience of the people of my State. In 1911 Wisconsin adopted an income tax law with full publicity clause. It was bitterly opposed when adopted. We have had it in the law for 20 years. There is no one against it now. Republicans, Democrats, and Socialists, all support full publicity of income-tax returns in Wisconsin.

United States Treasury figures for the year 1930 show that the Federal Treasury collected that year $1,300,000,000 and refunded $127,000,000, or 9 percent of the amount collected. In 1930 Wisconsin collected $21,000,000 and refunded $140,000, or 0.7 of 1 percent of the amount collected. For the 10-year period, 1920–30, the State of Wisconsin's percentage of refunds on taxes collected was less than 1 percent, while the United States Treasury's percentage of refunds on income taxes collected was never less than 7½ percent in any one year, and in 1930 was 9 percent.

Figures from the United States Treasury itself for the years 1920–30 show the greatest instance of taxdodging known to the whole world. Under Andrew Mellon and Ogden Mills the corporations of the United States were permitted to deduct from taxation more income than that on which they paid taxes. To be specific, the corporations for the 10 years mentioned paid taxes on eighty-four billions of income and were allowed to deduct one hundred and twelve billions. Many of the owners of these one hundred and twelve billions deducted for taxation are to be found among the members of the National Economy League who sponsored the cuts in compensation and pension for the disabled soldiers, and they are just now urging adoption of a manufacturers' sales tax. They want to balance the national Budget by levying on mother's apron and putting a tax on baby's all-day sucker.

There are only two classes of taxpayers who are opposed to publicity of income-tax returns. One is the dishonest citizen who will do anything to evade paying his taxes. The second is of the same disposition, only he has not quite so much courage. This second class hires experts, accountants, and Washington lawyers, skilled in the art of tax-law evasion, to make his returns and then defend them before the United States Treasury Department.

Is there anyone who believes that if there were a provision for full publicity of income-tax returns and refunds in this bill that every employee in the United States Treasury from the janitor to the Commissioner would not be inclined to be more careful in every action having to do with the collection of the Government's revenue? Is there anyone but who believes refunds would be less and harder to get if the newspapers and the public were to have access to the public records and the facts?

There is an impression abroad in this land, gentlemen, that individuals and corporations scattered all over the several States who have received refunds ranging from a few thousand dollars up to many millions have reciprocated by making generous campaign donations. I do not know to what extent this apprehension on the part of the public is justified. I do know that in my own State there is a similarity between the lists of names of those receiving tax refunds from 1928 to 1932 and those who are heavy party contributors that is startling.

That alone, in my opinion, is sufficient to cause the general public to believe there has been gross carelessness and collusion, or both, in the making of these refunds.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that tomorrow, immediately after the reading of the Journal, such time as may be necessary may be allowed the gentleman from Virginia [Mr. SMITH] in which to read the Farewell Address of George Washington.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

Mr. GRAY. Mr. Speaker, I ask unanimous consent that I may be allowed to address the House for one half minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GRAY. Mr. Speaker, I rise to announce that I shall forego my talk on Lincoln and pay my respects to the aggregation that has objected to my request here four times. I have obtained time in general debate on the Department of Agriculture bill and will speak in the afternoon tomorrow.

C.W.A. AND FEDERAL UNEMPLOYMENT RELIEF MUST NOT BE STOPPED

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including a radio address I delivered on the continuation of the C.W.A.

Mr. TABER. The gentleman's own remarks entirely?

Mr. ELLENBOGEN. My own remarks; yes.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered by myself from Station WJAS, Pittsburgh, Sunday, February 11, 1934:

A most vital subject has occupied the attention of Congress during the week just passed. The bill that deals with the appropriation for C.W.A. and for Federal emergency relief was considered by both the House of Representatives and the United States Senate.

ELLENBOGEN OLD-AGE PENSION RESOLUTION REPORTED FAVORABLY BY HOUSE COMMITTEE

But before I speak about that bill let me digress for just one moment. I know you will be as happy as I am to learn that my old-age pensions resolution has been reported to the House of Representatives for passage by the Committee on Rules, the strongest and most influential committee of the House. We are, therefore, justified in our belief that in the next few days the House of Representatives will pass my resolution. This will mean the first step in the establishment of a permanent system of real security for all the aged people of the United States.

FEDERAL UNEMPLOYMENT RELIEF IS STILL NECESSARY

Now to come back to the C.W.A. In spite of the undoubted success which the measures taken by this Administration have had, mass unemployment is still with us. We still have millions and millions of unemployed. We still have millions and millions of men, women, and particularly children, who must be supported with public funds until their husbands and fathers can find employment and provide them with the necessities of life.

Therefore, the need which brought about Federal appropriations for unemployment relief, whether direct relief or work relief, still exists. The need for further Federal appropriations is as urgent today as it ever was. It must be filled.

In 1933 Pennsylvania spent $79,474,596 of public funds for the direct relief of unemployed, of which thirty-one millions were contributed by the Federal Government. In November of last year about one and one half million people in Pennsylvania were receiving relief.

ALMOST ONE HALF OF ALL PERSONS ON RELIEF IN PENNSYLVANIA ARE CHILDREN UNDER 18 YEARS OF AGE

It will interest you to know how many of those people were children of tender age. Here are the figures of persons on relief in Pennsylvania, exclusive of C.W.A. projects, in October 1933, according to age groups:

Under 1 year of age	24,505
From 1 to 5 years	172,068
From 6 to 13 years	306,383
From 14 to 15 years	65,567
From 16 to 17 years	60,330
Total of children up to 18 years	628,853
From 18 to 24 years	151,906
From 25 to 34 years	173,434
From 35 to 44 years	166,369
From 45 to 54 years	118,532
From 55 to 64 years	63,932
65 years and over	40,906
Unknown ages	17,237
Grand total	1,361,171

You will notice that almost one half of the people on relief in Pennsylvania were under 18 years of age.

It is clear that the unemployed must be cared for and that relief must be given. Furthermore, as far as it can be done, work relief is better than direct relief. That is the reason for the popularity of the C.W.A.

Under the splendid administration of Harry L. Hopkins in 2 months—from November to January—4,000,000 men and women in the United States were given C.W.A. jobs and thereby the opportunity to maintain themselves, their wives, husbands, children, and their dependents—not by obtaining grocery orders from welfare organizations but by working for their livelihood.

Of the emergency measures in President Roosevelt's administration the C.W.A. program, in my opinion, has been the most valuable and the most successful. I say that in spite of the charges of graft and of political favoritism—charges which, no doubt, are true to some extent. I say that, because in such a huge undertaking, carried out in such a short period of time, it was natural that political favoritism would enter by the back door, and that even graft would appear.

THE STATE GOVERNMENT AT HARRISBURG IS SOLELY RESPONSIBLE FOR POLITICAL FAVORITISM IN ASSIGNING PEOPLE TO C.W.A. JOBS

In that connection it is well to point out that the Federal Government provided only the funds. The complaints—and I say again, often justified complaints—have been caused by political favoritism which has been shown in assigning men and women to C.W.A. jobs. The assignments to those jobs in Pittsburgh, Philadelphia, and in many other parts of Pennsylvania, were exclusively under the jurisdiction of the State government at Harrisburg; and if there was any mismanagement, the blame must be laid at the door of Harrisburg and not at the door of the Federal Government.

THE C.W.A. MUST NOT BE DISCONTINUED ON MAY 15

Now it is proposed to discontinue the C.W.A. activities on May 15. With the coming of spring and the natural revival of business that comes with it, and with the measure of employment that will be created by the gradual acceleration of the Public Works Administration program, it may be justifiable to taper off the C.W.A. work during the spring and summer. But to cut C.W.A. off completely on May 15, or at any other definite date, would be a mistake.

Moreover, I believe that this program will not be carried out as proposed. Even after May 15 the continuation of the C.W.A. will be so imperative and the need for it so apparent that it will go on.

It is true that changes—in some cases fundamental and far-reaching—in the C.W.A. set-up will be made. True it is also that perhaps more definite, more permanent projects will be selected to be carried out with C.W.A. funds. But it is evident to me, as it will be to everyone who has given the problem serious study, that the C.W.A., whether under that name or by some other name, will continue.

THE HOUSE OF REPRESENTATIVES VOTES TO APPROPRIATE $950,000,000

Last Monday, February 5, a bill appropriating $950,000,000 for Federal emergency relief and for the continuation of the C.W.A. was presented in the House of Representatives and was passed, with only one vote cast against it.

This $950,000,000 is a lump-sum appropriation. While it is suggested by Mr. Hopkins that in all likelihood $500,000,000 will be used for relief and $450,000,000 to carry on C.W.A. up to May 15, as far as the law is concerned there is no specific allocation of the funds.

$2,000,000,000 SHOULD BE APPROPRIATED FOR C.W.A.

I was the first person in Washington to propose that instead of $450,000,000, two billions be set aside by the Congress for the indefinite continuation of C.W.A.

No opportunity was given in the House of Representatives to make this proposal in the form of an amendment; but in the Senate, with its more liberal rules, this was done by Senator CUTTING, of New Mexico. It was defeated by a great majority. Another amendment was proposed by Senator LA FOLLETTE for $1,500,000,000 for C.W.A. That amendment was also defeated by a large majority.

If you consider the fact that during the life of the C.W.A. from forty-five to seventy million dollars was spent every week, I believe that you will readily agree with me that an appropriation of two billions would not be too high, because it would only contemplate an average expenditure of 40 million per week, for a period of 50 weeks.

Of course, neither you nor I would urge or would tolerate the expenditure of Federal funds, whether it be for C.W.A. or for relief, unless there was a necessity to do so. If the employment situation in private industry becomes better, and if the Public Works Administration absorbs a good portion of the millions now unemployed, we could reduce the C.W.A. and the direct-relief appropriations. The fact that the money would be appropriated does not mean that we have to spend it, because as the bill now reads this appropriation is to be expended according to the President's discretion, and we can certainly rely on the President to regulate this properly. However, no one can say that we will not need this money. It should be appropriated now, and time will show whether we will have to use all of it or only a part.

ADDITIONAL APPROPRIATIONS FOR C.W.A. WILL BE NECESSARY

It is almost certain now, that the new appropriation for C.W.A. and for Federal relief will only be $950,000,000, but it is my belief, and I do not hesitate to express it publicly and to put it on record, that this appropriation will prove insufficient for the fiscal year, which means the year ending on June 30, 1935. It will be necessary, I think, either before the Congress convenes in January of next year to transfer additional funds by Executive order to the Departments under Mr. Hopkins or else to make additional appropriations at the convening of the next Congress. We may have to do both.

But whatever happens, I know that President Roosevelt will not permit a single man, woman, or child in this country to go hungry. I feel confident that when the need comes, the President of the United States will take the action required to assure for the American people at least the bare necessities of life.

DICTATORIAL CANCELATION OF AIR MAIL CONTRACTS

Mr. FISH. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following radio address delivered by myself Tuesday evening, February 20:

At the outset of my remarks, I want to make very clear that I have had no communications from or with any air mail companies or their officials, do not know any, have no business relations with any, and own no stock in any air mail or aviation company. The protest which I am making is against the arbitrary, high-handed, autocratic, and dictatorial cancelation of air mail contracts without a hearing or trial by the present administration.

I hold no brief for any air mail company officials or for any public officials who had anything to do with making any of these contracts, and take the position that if any are guilty of defrauding the Government they should be prosecuted and sent to jail. As far as I am concerned, if there are any Republicans involved in any graft or racketeering at the expense of the Treasury of the United States, I hope none will escape punishment. I am more opposed to grafters in my own party than in that of our political opponents.

Under our own American system of government, law, and order, murderers, kidnapers, and the most contemptible criminals, and even persons charged with high treason against the Government, are entitled to a fair and impartial trial before they are convicted. What kind of a trial, hearing, or deliberation do we find in the hasty action of Postmaster General Farley? Without notice of any kind to the air mail carriers, without affording them an opportunity of any kind or requesting them to appear before him to answer questions as to any matters he wished to inquire into, he issued his wholesale edict canceling the air mail contracts and forthwith stigmatized them and everybody connected with the companies as crooks.

If the Postmaster General was sure of his ground, he could have and still can show the fraud he speaks of only in general language. The Nation wants to know just what those frauds are which he refers to in such general terms. Was the Postmaster General fearful that many of the contracts were fair and honest contracts and that he could not attack them that forced him to act so hurriedly? Was he moved by political considerations as chairman of the Democratic National Committee to make political propaganda? Was his action taken to feed the public political venom and poison against the minority party? His denial of a trial or hearing to the air mail carriers and his action in refusing to allow a suit to go forward in the Federal court before a Democratic judge by raising the defense, as he did, that the Government would not consent to be sued, makes his action in canceling the contracts so hurriedly not above suspicion.

The public and the innocent stockholders of these companies desire to know the motives behind his acts, and as American citizens they have a right to know all the facts and the exact truth, no matter whom it hurts.

Postmaster General Farley has struck a grave blow at aviation—a new industry in which all peoples and all nations throughout the world are intensely interested. The stigma which it has been possible for one man to cast over aviation in this country has given us a set-back from which it will take many years to recover.

Can it be possible that the cancelation of the air mail contracts is a smoke screen to cover up the irregularities in the War Department, now under investigation by a grand jury, or the lobbying activities of a number of recent Democratic national committeemen, including one in particular, who, it is alleged in the public press, received a fee recently of $18,000 from an aviation company? If Democratic officials in the War Department are to be investigated by the grand jury, why not use the same method before canceling air mail contracts made under a Republican administration?

When there were charges of a scandal in the aircraft industry under the Wilson administration, the then Democratic President called upon Charles Evans Hughes, a Republican, to make a thorough investigation. That is exactly what should have been done by Postmaster General Farley, and this administration instead of issuing an autocratic dictatorial decree canceling all domestic air mail contracts on the ground of favoritism or collusion without proof and without a trial. There are a number of prominent Republicans well qualified to conduct an impartial investigation, including Charles Tuttle and George Medalie, both former United States district attorneys in the southern district of New York, and former Governors Charles Whitman and Nathan Miller, of New York, eminent lawyers, or George Wickersham or William Mitchell, both former Attorney Generals of the United States. If no Republican could be trusted, I am confident that an investigation by such well-known Democrats as John W. Davis, Newton Baker, or Owen D. Young, or any outstanding Democrat or Republican who was free from any connection with the air mail companies,

would have been satisfactory and reassuring to the American public.

Instead, Postmaster General Farley presumably with the sanction of the President, canceled the air mail contracts by an edict in a summary and dictatorial manner, without a hearing, which is worthy of fascism, Hitlerism, or sovietism in their most high-handed and arrogant moods.

The arbitrary ukase of the Postmaster General announcing cancelation of the domestic air mail contracts first appeared in the public press and was the first knowledge, it is said, that the air mail officials received of the abrogation of the contracts by the Government.

The now famous Lindbergh telegram to the President protesting the unfair cancelation without a hearing of the air mail contracts raises another issue, about which much has already been said and more will be before it becomes a closed incident. Believing, as I do, in the constitutional right of free speech for all American citizens, I have no quarrel with any individual Member of Congress or anyone else that does not see eye to eye with me. From my point of view the issue involved is not a personal one, but a fundamental American principle going back to the foundation of the Republic, including freedom of speech and right of petition.

I have received innumerable telegrams and letters, 97 percent of which deplore the discourteous treatment shown to Colonel Lindbergh by Secretary Stephen Early, one of the President's secretaries, and a very large percentage of the communications urge that the injustice done to the airway companies through cancelation of their contracts without hearing or trial be righted.

The disgraceful and unwarranted attack on Colonel Lindbergh because he dared in his capacity as an American citizen to protest against the blanket condemnation of 14 air mail companies is typical of the dictatorship that we are gradually slipping into. Colonel Lindbergh is enshrined in the hearts and minds of millions of Americans, and no person ever shunned or avoided publicity more than he did, even in the days of his greatest glory. It is an outrage for political purposes to drag his name through the mud and to try to make him out as a publicity seeker because he spoke with knowledge of the facts and with every indication of sincerity and conviction. It is reported in the public press today that the Federal Government was investigating his income tax. Has the flame of liberty sunk so low in these United States that a petitioner or even a critic of the administration must have his income tax immediately scrutinized? It might be well for the administration to remember the old adage that "He whom the gods would destroy they first make mad."

People who live in glass houses should not throw stones. Everyone knows that the administration has half a hundred publicity agents in the various departments and bureaus of the Government, paid out of the Treasury, to issue mass propaganda and publicity in behalf of the administration through both the press and the radio.

What are the facts in connection with the sending of the Lindbergh telegram? It was sent as a straight telegram and delivered to a messenger in New York City at 8:15 p.m. Sunday evening, February 11, and should have reached the White House not later than 9:30 that same evening. Of course, Colonel Lindbergh was entitled to release the telegram for Monday morning newspapers. It was no fault of Colonel Lindbergh's if his telegram was not delivered by White House employees until the next morning, which is the inference conveyed by Secretary Early's communique to the press.

I am willing to defend Colonel Lindbergh's action as proper, logical, and in accordance with common practice and usage, and particularly in the emergency which existed as the air mail contracts were already canceled; and if a hearing was to be granted and the facts reviewed, immediate action was necessary before the Army Air Corps took over the air mail routes. Supposing Colonel Lindbergh had not released his telegram, would it have been suppressed by the secretariat at the White House? It raises an interesting question of how long must a telegram be in the hands of the President's secretaries before the sender can release it. When does it become lese majesty to give out a telegram sent to the White House? Perhaps there should be a time table or a new book of etiquette issued by the secretariat for the guidance of American citizens seeking their constitutional right of petition. To me the whole episode of trying to raise such a petty and ridiculous issue on the part of Secretary Early, under our republican form of government, is piffle, except for the inference that we are gradually slipping into some form of dictatorship foreign to American principles, traditions, and ideals.

Let us look at the other side of the picture for a moment. The most that even the warmest supporters of the administration claim is that Colonel Lindbergh committed a slight indiscretion. And for that he was publicly rebuked by Secretary Early and his word even questioned for stating that the President had canceled the air mail contracts, when everyone knows that the President not only sanctioned but did virtually cancel the contracts. But that is not all. The President disdained to answer Lindbergh's telegram and turned it over to Postmaster General Farley, who telegraphed the greatest authority in the world on aviation that he does not know the facts, or, in effect, that he does not know what he is talking about.

Now, how easy it would have been for the President, after receiving the telegram of protest, to have invited Lindbergh to the White House, taken him in his arms, greeted him as he is entitled, as the great American pioneer and authority on aviation and said, "Let us talk this issue over for the good of aviation and for the best interests of the American people." But, unfortunately, the White House did not do that, but pursued entirely different tactics, typifying a spirit foreign to American tradition, that no criticism of the administration will be tolerated or condoned. If that is to be the policy of the White House, it is time for the American people to be aroused to the fact that a new and dangerous policy inconsistent with free institutions and the constitutional rights of free speech has been set up within our republican form of government.

The air mail companies were tried and condemned by Postmaster General Farley under the act of 1872, and the contracts canceled on the grounds of favoritism, politics, and unproved fraud, which also denies the contractor the right to bid again within 5 years.

Of all the members of the Cabinet Postmaster General Farley is the least qualified to pass judgment on such questions, involving favoritism or politics. Without in any way reflecting on his integrity or character, I would merely point out the fact that Mr. Farley is chairman of the Democratic State committee in New York and likewise chairman of the Democratic National Committee. He is dealing in favoritism and politics every day and cannot be expected to be a statesman on Monday morning and a politician and dispenser of State and Federal patronage on the same afternoon without getting his various capacities and aliases confused.

The drastic and ill-advised action of Postmaster General Farley in canceling air mail contracts made under a Republican administration without a hearing on grounds of favoritism and bringing ruin to a great and growing industry, together with his holding high political and party offices, require his resignation from one or the other immediately. It is a shame that the air mail contracts should be made a political football.

I have only time this evening to merely touch on the Pan American Airways, which has a complete monopoly on foreign air mail and is the only big air mail contract that has not been canceled. The Pan American Airways receives approximately $6,000,000 a year as a subsidy which is as much as any three of the biggest domestic air mail companies received whose contracts have been canceled. Moreover, the Pan American is paid at the rate of $2 per mile, while the 14 companies whose contracts were destroyed by edict averaged about 35 cents per mile.

The Pan American obtained its contract without bidding and actually bought up, so I am informed, some of its competitors. I have nothing against this company, or criticism of its operations, but it does seem strange that it should be the only one to escape the despotic and ruthless cancelation order of the administration. Can it be that it stands in with the administration and is being favored because its chairman of the board of directors, Cornelius Vanderbilt Whitney, was a candidate for Congress on the Democratic ticket in 1932, and together with his family contributed $20,000 to the Democratic National Committee in the last Presidential campaign? Or, could it be that Mr. Robert Lehman or Mr. David Bruce, both prominent Democrats and members of its board of directors, are persuasive enough to stay the harsh hand of the administration which claims it plays no favorites?

Whatever the reasons may be, and I do not deny its usefulness to promote trade with South America, the facts are that the Pan American Airways is in the same situation and receives a much larger subsidy than any of the air mail carriers whose contracts have been annulled. What is sauce for the goose is sauce for the gander. I have no reason to believe that the Pan American is any better operated or more honestly conducted than the Transcontinental & Western Airways, Inc., from New York to San Francisco, with which Colonel Lindbergh is likewise connected.

The administration states collusion, favoritism, and fraud were shown in the air mail contracts awarded back in 1930, because it claims there was no real competitive bidding. It might be of interest to the public and the administration to know that a contract for several air compressors at the naval fleet air base at Pearl Harbor was awarded last Saturday by the Navy Department to a Birmingham, Ala., firm, upon which six well-known contractors bid and all had exactly the same bids for all the items called for. This is the most flagrant and striking example of collusion and prearranged bidding under the N.R.A. that could be imagined possible, outside of the Fables of Aesop or Baron Munchausen's exaggerated stories. This is the most brazen case of noncompetitive bidding that has come to my attention in the 14 years that I have been a Member of Congress. It is typical of what is going on under the administration of the N.R.A., and utterly inconsistent with the noncompetitive charges hurled indiscriminately by Postmaster General Farley against the air mail contractors without producing any real proof beyond glittering generalities, and also inconsistent with the act of 1872, under which the air mail contracts were abrogated.

The only fair and proper procedure would be to continue the air mail contracts for 30 days, or for such time as is necessary to provide for public hearings, and give those not guilty of any wrongdoing a new deal and a square deal. The extension of these domestic air mail contracts for 30 days could do no harm, nor would the Federal Government lose any of its legal rights, and it might preserve the lives of Army aviators who have, without any opportunity for proper preparation, been ordered to fly mail routes and assume temporarily unfamiliar duties. This is no reflection on the efficiency and ability of Army Air Corps pilots, as even the Army must have time to prepare for new and unexpected duties. Eddie Rickenbacker, the celebrated war ace, calls the drastic action of the Government in ordering the Army Air Corps to take over the air mail routes legalized murder.

In conclusion I want to make it very clear to the American public that no Republican seeks in any way to shield grafters or those who have perpetrated fraud upon the Government. However, every American citizen, rich or poor, powerful or humble, no matter with what crime he is charged, has an inherent right to a fair and impartial trial before conviction.

Let us adhere to the Constitution of the United States, and pledge and practice a doctrine of sanctity of contracts.

COMMITTEE ON COINAGE, WEIGHTS, AND MEASURES

Mr. SNELL. Mr. Speaker, I offer a resolution for immediate consideration.

The Clerk read as follows:

House Resolution 277

Resolved, That CHARLES M. BAKEWELL, of Connecticut, be, and he is hereby, elected a member of the Committee on Coinage, Weights, and Measures.

The resolution was agreed to.

AIR MAIL SERVICE

Mr. O'CONNOR, from the Committee on Rules, submitted the following privileged report, which was referred to the House Calendar and ordered to be printed:

House Resolution 278

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7966, a bill to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

OFFICERS AND EMPLOYEES OF THE UNITED STATES IN FOREIGN COUNTRIES

Mr. BANKHEAD. Mr. Speaker, I call up the House Resolution 270, and ask for its present consideration.

The Clerk read as follows:

House Resolution 270

Resolved That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7808, a bill to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes. After general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the Chairman and ranking minority member of the Committee on Foreign Affairs, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the reading of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and the amendments thereto to final passage without intervening motion, except one motion to recommit with or without instructions.

Mr. BANKHEAD. Mr. Speaker, I yield the gentleman from Pennsylvania [Mr. RANSLEY] the usual 30 minutes.

Mr. Speaker, I shall be very brief in presenting this rule to the House. It is a very simple proposition so far as the rule itself is concerned, differing somewhat from some of the rules that we have heretofore presented at this session of the Congress.

I am very happy to report that there seems to be no dissension with reference to the resolution. My information is the measure for which it provides consideration comes before the House with a unanimous report from the Committee on Foreign Affairs. There was no objection in the Rules Committee upon the part of——

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. BANKHEAD. I yield to the gentleman from Illinois.

Mr. BRITTEN. Did I understand the gentleman to say that there was no objection to this bill?

Mr. BANKHEAD. I may be in error, but I understood it had the unanimous, or practically unanimous, support of the committee.

Mr. McREYNOLDS. It was unanimous in the committee.

Mr. BRITTEN. I understood it was unanimous in the committee, but I may say to the gentleman that there is a very sincere opposition to the bill so far as I am concerned.

Mr. BANKHEAD. Well, I am very happy that under the very liberal provisions of the rule, the gentleman from Illinois and those who are like-minded will have adequate opportunity for the expression of their views.

The resolution provides for 2 hours of general debate, to be confined to the provisions of the bill. The purposes of the bill, of course, will be explained to the House by the chairman of the committee and those who have given it consideration, and unless there is some desire upon the part of the members of the Committee on Rules on the majority side to have an opportunity to speak, this is all I desire to say about it, and I shall be very pleased to have the gentleman from Pennsylvania use his time.

Mr. RANSLEY. Mr. Speaker, I yield 5 minutes to the gentleman from New Jersey [Mr. LEHLBACH].

Mr. LEHLBACH. Mr. Speaker, I am for this rule and I am for this bill, because in a measure it does justice to a small class of employees of our Government. By reason of the devaluation of the dollar in its relationship to the currencies of the countries to which our Foreign Service men are accredited, their salaries in purchasing power have been greatly decreased.

The purpose of the bill is to equalize that decrease by putting the purchasing power of the salaries, which by law they are entitled to, back to the plane where when the law fixing the salaries was passed it was intended to be.

With that I have no quarrel, but now while the changed relative value of foreign currency in our currency is unavoidable, the major purpose, after all, of the depreciation of our currency was thereby to induce a rise in prices at home for the purpose of assisting us in recovering from the depression.

If those who engineered and put across this drastic depreciation of our money to induce a rise in prices in the United States are right, why are not the employees of the Government entitled to an equalization as well as the foreign employees?

Mr. CELLER. Because of the exchange in foreign countries when they are paid in American dollars.

Mr. LEHLBACH. The gentleman did not ask me to yield.

Mr. CELLER. I beg the gentleman's pardon. I should have asked him to yield.

Mr. LEHLBACH. And I would have yielded to the gentleman.

The fact of the matter is it makes no difference to the person whose compensation has been cut down whether it is due to the difference in exchange value abroad or whether it is due to a rise in prices at home—the result is exactly the same.

But if no such condition exists or is anticipated at home, that would make necessary as an act of justice such equalization to our domestic employees, then it would appear that in this instance at least the members of the "brain trust" were entirely mistaken and their remedy is a failure. If the law brings about what the "brain trust" that inaugurated it expected, we should take care of the domestic employees. If, on the other hand, it has been a failure, why not admit it? [Applause.]

Mr. BANKHEAD. Mr. Speaker, I yield 5 minutes to the gentleman from California [Mr. DOCKWEILER].

Mr. DOCKWEILER. Mr. Speaker, for once I happened to be vitally interested in the subject matter of this bill, because among my numerous brothers, whom you may hear me refer to from time to time, one was in the Diplomatic Service for 10 years. He has retired, principally for the reason that he was unable to maintain himself in foreign countries in the Foreign Diplomatic Service on the salary that was paid him.

If that was the case with him during the time he rendered service for 10 years, how much more must be the mental travail and financial difficulty of so many men who find

themselves today in the Foreign and Consular Service, with the depreciation of their own American dollar abroad.

So I say to you, my friends, that I hope you will support this measure, because I happen to know from first hand the difficulties of foreign officers in trying to keep up their status on the plane that the United States Government and the Department of State expects them to mainain in the Foreign Service.

Especially, I commend this bill to you because I find as the result of my experience we may provide and insure for the building up of career men who are compelled to take a competitive examination in Washington, and go forth into the Diplomatic Service, and I hope we will present a picture to these young men for the future of an opportunity to devote their lives to the Foreign Service of the United States.

It is essential for our Government to begin here and now, as it began a few years ago, and to maintain the policy of developing career men in our service. Every country in the world that maintains a real diplomatic service has developed career men. That is one of the reasons why it is impossible for diplomats of our country, the first, second, and third secretaries and the consular agents, to cope with the diplomatic agents of other countries. We have not had the experience of building up career men who devote their entire life and activities to a study of the problems of their country in order to cope with international situations that arise from time to time.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. KNUTSON. Unless we give our foreign representatives relief at this time or in the near future it will mean that these places must all go to wealthy men.

Mr. DOCKWEILER. That is so.

Mr. KNUTSON. And the poor men will not have the opportunity.

Mr. DOCKWEILER. I am very happy the gentleman mentioned that point. I wanted to bring that out. The average man in this country aspires to have an opportunity to serve his Government, and if that man cannot have that opportunity then these offices in the Foreign Service, of course, must go to only such men as are rich or can afford the office without the salary, and consequently we might build up as time goes on, not a service that is representative of the philosophy of our Government; that is, the philosophy of equal opportunity to all, but a group of men who would be more-or-less rich snobs, who would not articulate the reaction of the plain people, and we cannot afford to let our Service develop into snobbery. We must choose our men from the rank and file of men, and those who come out of the universities, who have trained themselves for this Foreign Service must be helped. The salaries are entirely too low as they stand today, but without changing those salaries we should at least give them the benefit of being able to purchase with the salary we give them everything they were able to purchase before this economic catastrophe.

Mr. KNUTSON. Mr. Speaker, will the gentleman yield?

Mr. DOCKWEILER. Yes.

Mr. KNUTSON. Is the gentleman aware of the fact that a large number have already been compelled to resign because they could not live on their salaries?

Mr. DOCKWEILER. Yes; and it is regrettable that that is true, because they have devoted their lives to that, and it is difficult to get good men for these places.

The SPEAKER. The time of the gentleman from California has again expired.

Mr. RANSLEY. Mr. Speaker, I yield 12 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Speaker, of all the artificial contrivances that have been perfected under the new deal for the distribution of money, this bill is the most artificial and the most unworthy of all. It is an attempt to raise the salaries of 12,994 officers and employees who are now receiving about $13,000,000 annually. It is an attempt to raise their salaries 50 percent under the subterfuge that in order to live they have to buy currency abroad which has appreciated in value because we went off the gold standard. No man in this House, I do not care on which side, can vote for this bill in the face of the reduced salaries now being paid to every Federal employee in the United States.

Mr. BLOOM rose.

Mr. BRITTEN. Oh, I would rather not be interrupted, except by the Chairman of the Committee on Foreign Affairs [Mr. MCREYNOLDS], or by the gentleman having control of the time on this side [Mr. FISH], and then only in the event that my statement is in error. I have read every word of the hearings before the Committee on Foreign Affairs.

Mr. BLOOM rose.

Mr. BRITTEN. Mr. Speaker, I have declined to yield.

Mr. BLOOM. But the gentleman's statement was in error.

Mr. BRITTEN. Oh, I have read every word of the hearings before the Committee on Foreign Affairs, and yesterday and today I have conferred with the Budget officers who have charge of this particular legislation as far as the expenditures are concerned, and I tell you that this bill will raise the salaries of the highest paid individuals in the Federal service, by a subterfuge. The gentleman from New Jersey [Mr. LEHLBACH] was correct a moment ago when he said if this bill was aimed to equalize the purchasing power of the dollar abroad and at home, we would all be for it, but that is not what it does.

The Assistant Secretary of State appeared before the gentleman's committee and said that "the question of the cost of living does not enter into the argument at all." Those are his words. "It is not a case of the cost of living, but it is the currency purchasing power of the dollar."

All through these hearings is indicated that particular thing, the currency purchasing power of the dollar.

Mr. OLIVER of New York. Mr. Speaker, will the gentleman yield?

Mr. BRITTEN. No; I would rather not yield to anybody for the time being. It is the currency purchasing power of the dollar, and then Mr. Carr, the distinguished Assistant Secretary of State, said this in effect:

> We want this bill to pass, so that the employees and officers of the Foreign Service will get what you expected them to have in 1929 when you passed the Moses-Linthicum bill; it was your intention then that a foreign officer in Paris would be paid so many francs; it was your intention then that a foreign officer in London would be paid so many pounds sterling; it was your intention then that a foreign officer in Italy should be paid so many lire.

And mind you, Mr. Speaker, that was 5 years ago that he is speaking of. When the distinguished Secretary of State said that to the Committee on Foreign Affairs it made me smile. That was not the intention of Congress at all. Our intention was to pay them in American dollars. Outside of the members of the Committee on Foreign Affairs—and I might except a few also on the Committee on Rules, because they did not go into the matter fully—there is not a Member on the floor of this House who fully understands this bill. If there were, the Committee on Rules would not have reported out a rule for it.

I will convince you Members of the House who are open-minded that the highest-paid officers and civilians in the Federal service will by this legislation, which is purely an authorization, receive increases in salaries of 50 percent, according to the Budget officer, with whom I spoke this morning.

Now, let us see if our foreign representatives are underpaid. First, let me say to you, my friends, that I have constantly, during the 20 years I have been here, been a spokesman for higher salaries. I led the fight for higher salaries in the Army and Navy. You know I also had an exemption inserted in the Economy Act to exempt the salaries below $2,500 from the 15 percent reduction. I am not a so-called "low-salary enthusiast." On the contrary, I am just the reverse; but if we are going to increase the salaries of the best-paid employees of the Government 50 percent on a subterfuge, in the name of heaven let that same 50 percent

also go to the Federal employees who are not in Asia, who are not in Paris, living on the fat of the land. [Applause.]

Mr. BANKHEAD. Will the gentleman yield?

Mr. BRITTEN. Yes; I yield.

Mr. BANKHEAD. I think we want to get at the bottom of this business.

Mr. BRITTEN. Undoubtedly; and I am getting at the bottom of it.

Mr. BANKHEAD. The gentleman may not be getting as far toward the bottom as he thinks he is.

Mr. BRITTEN. If the gentleman will help me, I will get there quickly.

Mr. BANKHEAD. The gentleman says these employees in foreign countries are living on the fat of the land, and that this matter had nothing whatever to do with the cost of living.

Mr. BRITTEN. No; I did not say that. I said that was the testimony of the Secretary of the State Department.

Mr. BANKHEAD. I understood the gentleman to leave the impression on the Members that this so-called "legislative subterfuge" was just an effort, by some underhanded method, to increase the salaries of those employees 50 percent, and that it had no relation whatever to the burden put upon them in foreign countries because of the devaluation of the American dollar abroad in their living expenses. Does the gentleman take that position?

Mr. BRITTEN. The gentleman did not take that position at all.

Mr. BANKHEAD. Then I misunderstood him.

Mr. BRITTEN. Yes; the gentleman misunderstood me. The gentleman accepted the testimony of the Secretary of the State Department as being my language. I will read his testimony for the gentleman.

Mr. BANKHEAD. I have just read it. I should like to have the gentleman read it in his time. I will yield the gentleman 2 additional minutes if I have consumed that much of his time.

Mr. BRITTEN. I will read that part of it. It is on page 13. The gentleman from Indiana [Mr. GRAY] asked a number of very pertinent questions, and he said to Mr. Carr:

> Supposing the cost of living goes down?

He was figuring on the purchase value of the dollar, and that is not what this bill contemplates. Mr. Carr said this on page 13:

> This bill, you see, has nothing to do with the cost of living. It does not affect it; it only endeavors to give officers employed abroad the amount of the currency of the country which you intended them to have when you enacted the legislation increasing their present salaries.

Of course, that is absurd. He said, "We"—meaning the Members of Congress—"intended them to have so many pounds in Great Britain, so many francs in France, so many lire in Italy." And he now desires us to maintain the salaries on the basis of European currencies, but to pay our men in American dollars. It was the language of the Assistant Secretary of the State Department which I was quoting. If that were my language, it would have been in error. Mr. Carr was completely in error.

Now, let us see if these foreign salaries are actually low. Of the 4,220 officers and civilians employed by the State Department, practically 50 percent, according to the hearings, are foreigners. Fifty percent of them are foreigners, and we are going to increase their salaries 50 percent because their currency has gone up! That is just too bad.

Mr. FISH. Will the gentleman state how many foreigners are employed?

Mr. BRITTEN. Yes; 2,044. That is the exact figure, according to the chart presented by Mr. Carr, the Assistant Secretary of State. This is taken from the hearings.

Mr. BANKHEAD. At what page?

Mr. BRITTEN. Page 52. Of the 4,220 employees, the Department says 907 are foreign clerks and 1,137 are foreign contingent employees, a total of 2,044 foreigners, and we are going to raise their salaries 50 percent because their currencies went up when ours went down on July 15, 1933. You are not saying anything about the Federal employees in the United States, nor in the Philippines, nor in the island of Guam, nor the Hawaiian Islands, but you are going to take care of these gentlemen in China who are getting higher salaries than you and I are getting; who are living in Government-owned buildings; who are getting Government employees to take care of their buildings; many of whom get allowances for entertaining as well. The naval attachés abroad are permitted to get from the Navy Department $4,200 for entertainment purposes and so-called "extraordinary expenses." That fact is evidently news to the members of the Committee on Foreign Affairs.

Let me give some of these salaries.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BRITTEN. I always yield to the lady from Massachusetts.

Mrs. ROGERS of Massachusetts. Does the gentleman realize that in Spain our Government is paying some of its employees, true they may be foreigners, at a lower rate than the law in Spain requires the Spanish people to pay their employees? That is what our Government is doing over there, and I think it is a disgrace.

Mr. BRITTEN. I may say that if our Government is paying our foreign employees in Spain less than the Spanish people pay them, then their salaries should be increased.

In the case of the foreigners and the 125 Americans scattered throughout the world in our Foreign Service getting less than $1,200 a year, I am for increasing their salaries; but I am not for increasing the salary of an ambassador who gets $17,500 a year, a house to live in, and a number of supernumeraries paid by the Federal Government to take care of that house. I am not for increasing the pay of our 2 Ministers who get $12,000 a year, or of the 37 others who get $10,000 a year, who live in Government houses or have rent allowances. I am not for increasing their pay, and that is what this bill does.

Why, the Assistant Secretary told the committee that an ambassador getting $17,500 a year was greatly disturbed because he could not live on that $17,500 a year, even though he was living in a house owned by the Government, the Government paying the attendants necessary to keep the property in excellent repair. We pay no foreign real-estate taxes.

I will tell you more about this bill under my own time later on, and I guarantee that you men will not vote for it. [Applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 10 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Replying to the gentleman from Illinois, I will guarantee that the Members of the House will vote for this bill. [Applause.]

I believe the gentleman from Illinois cannot understand the provisions of the bill. It has absolutely nothing to do with restoring the 15-percent reduction in the salary of the foreign personnel. The proof of the justice of the bill is the action of the President in sending gold shipments abroad to alleviate the suffering he found was caused to the personnel of our Foreign Service by the depreciation of the dollar. Due to the depreciation of our own currency, that of foreign countries appreciated and our dollar would not begin to buy what it formerly bought.

In addition to the 15-percent cut in pay the personnel of our Foreign Service lost all post allowances, all representation allowance, 65 percent of rent, heat, and light allowances; was required to pay income tax on salary, although unofficial Americans living abroad were relieved of such taxes; and the personnel of our Foreign Service lost all opportunity for promotion. Further and beyond that, due to the depreciation of our currency, they lost as high in some cases as 60 percent of its purchasing power.

I cannot believe any Member of this House is willing to allow this to go on.

Does the Membership of the House realize that there have been suicides, that there have been deaths as the result of this? What I am now saying it not hearsay, it can be veri-

fied at the State Department. Do you realize that in Canada alone American citizens, members of our foreign personnel, are accepting charity from the Canadian Government? I covered this matter in my statement before the committee. Does it not make you furious to feel that our citizens, Americans on our Government business, are obliged to accept charity from any foreign government? At home our people are given relief through the C.W.A. and other relief organizations, but there is no American relief in foreign countries for the members of our Foreign Service. They must beg from ambassadors, from consuls, from ministers, or from the secretaries. Even the clerks themselves sometimes chip in to help others who are in greater need than they. Their only other recourse is to beg from foreigners.

Mr. CELLER. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. CELLER. Would the gentlewoman say that the good work accomplished as the result of the Rogers bill has been utterly destroyed by the depreciated dollar? I speak of the bill which bears the name of the gentlewoman's late lamented husband, whose bill we were very happy to vote for when it came up in the House.

Mrs. ROGERS of Massachusetts. Yes; as a result of that and of some other penalties exacted by the economy measures. The Rogers bill tried to make it possible for men to go into the Foreign Service who were not rich. Before its passage no poor man could enter the Diplomatic Service. Congressman Rogers' bill did not go quite far enough, not so far as he wished. The Moses-Linthicum bill, in which I also was very much interested, went farther and provided a little more adequate salary for secretaries and other personnel of the Foreign Service. The present measure does not in any way affect the 15-percent cut in salaries. This bill tries to take care of the depreciation of our currency abroad. It does not give the personnel of our Foreign Service any advantage over the Government employees in this country.

Mr. CELLER. It simply equalizes the exchange in the case of this group of our employees.

Mrs. ROGERS of Massachusetts. Exactly. At first the President shipped gold abroad to take care of the situation, but in some countries there arose a question as to the legality of such action. This bill rectifies some of the obvious hardship and injustice under which the personnel of our Foreign Service are working. It is a matter of simple justice. The personnel of our Foreign Service are really suffering as the result of the elimination of post allowances and other allowances also.

Mr. BLOOM. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. Yes.

Mr. BLOOM. Would the gentlewoman please make it clear that all of the members of our Foreign Service throughout the world have received the same 15-percent pay cut suffered by the Federal employees in this country?

Mrs. ROGERS of Massachusetts. That is true.

Mr. BLOOM. Besides that they now have 5 percent of their salary taken off for the retirement fund.

Mrs. ROGERS of Massachusetts. That is absolutely true.

Mr. BLOOM. So if their basic salary were $1,000 a year they would actually receive $800, and in addition they suffer the depreciation of the $800 they are supposed to receive.

Mrs. ROGERS of Massachusetts. That is the case. It varies in different countries. For instance, some of the officials in the Foreign Service, whose basic salary is $10,000, are now getting but $6,000 by reason of the depreciation in our currency and the resulting appreciation of theirs. What Member of Congress could live in Europe on such a salary, especially if occasionally he did some kindness or showed some courtesy to a Member of Congress who happened to be traveling abroad, or if he wished to help the members of his personnel, his secretaries, or his custodial force? In these times of great unrest abroad it is extremely necessary to have trained personnel in foreign posts.

Mr. MEAD. Mr. Speaker, will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield.

Mr. MEAD. I am disturbed by the inference left by the gentleman from Illinois that this bill takes care of the higher salaried personnel but does not relieve the situation with regard to the underpaid employees at all.

Mrs. ROGERS of Massachusetts. It will offer a measure of relief to the underpaid employees and the same relief proportionately that it gives to the ambassadors, ministers, and consuls. The Members may be interested to know that there is a secretary who was offered a post as consul, and he is very much needed as consul, in a country where he was accredited, but he could not accept the post on account of the depreciated currency. I can give you the man's name if desired.

Mr. CELLER. Do we not find this to be the situation, that this is only a flexible proposition, and can be stopped at any moment in the discretion of the President. There is nothing rigid about it. There is nothing in it to bind us for years to come. We simply allow the President to equalize the differences in the exchange value of the dollar and as to its purchasing power in any particular country. The President can change the situation at any time.

Mrs. ROGERS of Massachusetts. Yes; with the approval of the Director of the Budget. The situation will be different in different countries and the allowance will be made accordingly. This is just a matter of justice.

Mr. BRITTEN. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Illinois.

Mr. BRITTEN. Will the gentlewoman support an amendment providing an increase in salaries only in the lower brackets if I offer such an amendment?

Mrs. ROGERS of Massachusetts. No. The higher brackets should be taken care of, too. The gentleman would not go abroad if he had no other income and do the work over there as a representative of our country and help take care of your own personnel at these salaries. Surely the gentleman does not wish to eliminate any but the rich from entering the Foreign Service.

Mr. BRITTEN. I will say to the gentlewoman from Massachusetts that I could live better in Paris, Berlin, or Vienna on $6,000 a year than I can live on $15,000 in the District of Columbia.

Mrs. ROGERS of Massachusetts. What about Canada and other countries? The gentleman knows the situation very well. He has traveled abroad and knows perfectly well what this means.

Mr. BLOOM. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from New York.

Mr. BLOOM. This rule has nothing to do with the raising of salaries.

Mrs. ROGERS of Massachusetts. No; absolutely not. The salaries will still be cut 15 percent as are other salaries in the United States.

Mr. BLOOM. The salaries remain the same. The only thing that is sought to be taken care of is the difference in exchange, which is regulated every month. The salaries in dollars and cents are exactly the same as today.

Mrs. ROGERS of Massachusetts. Yes. This has nothing to do with the 15-percent cut.

Mr. MONTAGUE. Will the gentlewoman yield?

Mrs. ROGERS of Massachusetts. I yield to the gentleman from Virginia.

Mr. MONTAGUE. For instance, if the gentlewoman sent $1 to Paris, when she undertook to transfer the currency, she would only get 60 cents?

Mrs. ROGERS of Massachusetts. Yes; or you may get less.

Mr. MONTAGUE. I put it at 60 cents for the purpose of illustration. This bill simply says that they shall have the additional 40 cents.

Mrs. ROGERS of Massachusetts. Just the difference. That is all there is to it.

Mr. CELLER. Do I understand that when the term "officers" is used in the bill, that this embraces and covers military, commercial, and naval attachés?

Mrs. ROGERS of Massachusetts. Yes; this bill affects about 4,900 people, including employees of the State Department, Treasury Department, Commerce Department, Agriculture Department, Labor Department, Department of Justice, Tariff Commission, and Commission on Battle Monuments. It also affects employees of the Navy Department, War Department, our troops in China, and the enlisted men serving in China. Among that 4,900 people are 650 American clerks and some 70 other American employees, as well as all our American Foreign Service officers, of whom there are approximately 700. Unless this relief is afforded these people, our American clerks cannot remain in their present positions, and neither can our Foreign Service officers. The entire service will be completely disrupted.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I rise to suggest to the committee the substance of an amendment I will propose after a while so that it may be properly considered between now and that time. You will notice that the effect of the bill will be limited to officers and employees of the United States.

About 15 minutes ago I called up the Veterans' Administration and ascertained that there are several hundred disability cases in Europe, particularly in France, Germany, and England, that would be adversely affected by the depreciation in our currency to the same extent as are officers and employees of the United States Government. However, under the language of the bill, their particular condition would not be remedied. It occurs to me that in justice to these patients who are pensioned beneficiaries of this Government, they should be included, and after a while I shall offer an amendment in reference to this matter.

Mr. JOHNSON of Texas. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from Texas.

Mr. JOHNSON of Texas. Are these men officials in the Government service or just private citizens residing in foreign countries?

Mr. DIRKSEN. These are ex-soldiers.

Mr. JOHNSON of Texas. I know, but they are not in the employ of the Government, are they?

Mr. DIRKSEN. No. They are just ex-soldiers and citizens of this country who are domiciled over there.

Mr. JOHNSON of Texas. They are living over there?

Mr. DIRKSEN. Yes.

Mr. CELLER. Will the gentleman yield?

Mr. DIRKSEN. I yield to the gentleman from New York.

Mr. CELLER. They are there voluntarily. They can come home at any time they want to.

Mr. DIRKSEN. Yes. But that is just another one of the silly arguments made here. They are domiciled over there at the present time.

Mr. CELLER. There are a great many other citizens over there.

Mr. DIRKSEN. There are a lot of clerks, ambassadors, and envoys over there who can come home, too. They are not tied over there.

Mr. Speaker, I yield back the balance of my time.

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker, I am surprised that my colleague who objects and criticizes this bill does not also object to the rule. May I say that this is a very liberal rule, and my other colleague who decides to offer an amendment to the bill will have the opportunity, because after we adopt this rule there will be 2 hours' general debate and then the bill will be read under the 5-minute rule for amendment.

I recognize the fact that the gentleman from Illinois [Mr. BRITTEN] is thoroughly familiar with conditions at our various embassies in foreign lands as he has had many chances and opportunities to visit them and accept their hospitality. I have been deprived of this pleasure and opportunity. I do not know what the condition of our employees abroad are, but I understand, and it has been testified to before the Rules Committee, that this bill after a careful investigation on the part of the Foreign Affairs Committee was unanimously reported and that request for this rule was made by the entire committee.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. SABATH. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I understand also that the Appropriations Committee approved this measure and then took it out of their bill because they felt that they were usurping the right of the Foreign Affairs Committee, so we have the entire Appropriations Committee in favor of it.

Mr. SABATH. I am pleased that the gentlewoman from Massachusetts has called my attention to this fact. This was testified to before our committee.

Mr. TABER. Will the gentleman yield?

Mr. SABATH. I will yield to the gentleman a little later on.

Mr. TABER. Just along this same line.

Mr. SABATH. I yield to the gentleman from New York.

Mr. TABER. The Appropriations Committee did not approve it. It was the subcommittee that had charge of the appropriation bill for the State, Justice, Commerce, and Labor Departments that approved this bill.

Mr. SABATH. We, as a rule, recognize that committee as the one that speaks for the committee.

For years I have been interested in an efficient Foreign Service, although, originally, when I came to this House 27 years ago, I was opposed to what I then believed to be the high salaries of our ministers, ambassadors, and so on. As I obtained more information and knowledge about the facts I came to the conclusion that it is for the best interests of our Government to secure the services of men for this work who are qualified and capable to represent properly our great Nation and not send only men of means who would be willing to spend $50,000 or $100,000 of their own funds for the honor of serving the country abroad.

I am proud of the fact that in the last 12 years or so I have supported the Rogers bill and the Linthicum bill that increased the salaries of our employees in the Foreign Service. I have done this upon the recommendation of a gentleman who for years has been the Assistant Secretary of the State Department. We have a great many Republicans still in the service, and I regret exceedingly that I cannot say for them what I can say for the Assistant Secretary of State, Mr. Carr, whom I have known all the years I have been a Member of the House. I am willing to accept his recommendations and follow them because he is an honorable, honest, and efficient official. I hope we may have more men like him in the service and that we may get rid of the hundreds of inefficient Republicans now in many of the departments. [Laughter and applause.]

My colleague on the Rules Committee complained about the brain trust and my other colleague from my State complained of the tremendous cost. Let me call their attention to the fact that due to the policy which has been adopted we have gained tremendously, not only in our foreign trade but we have been benefited greatly at home. If the gentleman will consult the reports of the Commerce Department, he will find that ever since the day we adopted our present foreign policy under the splendid leadership of President Roosevelt our exports have been increasing from month to month, giving additional employment to American labor, which has suffered so much, due to Republican misrule, at least during the 8 years of the last two Republican administrations. [Applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. SABATH. I yield for a question.

Mr. HOEPPEL. Is it not true that our imports are increasing far above our exports, due to the devaluation of the dollar?

Mr. SABATH. No; they are not. If the gentleman will investigate he will find that our exports far exceed our imports; but, even more than this, the policy which we are now pursuing is beneficial. It has provided employment for at least 5,000,000 of our unemployed and I hope present

conditions will continue, notwithstanding Republican efforts to harass and embarrass the administration. If this situation prevails, I am confident that within a few short months additional millions of our people will be put to work to increase our commerce and improve our conditions generally.

Mr. KNUTSON. Will the gentleman yield? That is hardly a fair statement. In fact, the gentleman——

Mr. SABATH. One minute. I do not yield. The gentleman started with the premise that my statement is not fair.

Mr. KNUTSON. I was going to show that it is not fair.

Mr. SABATH. I want to say to the gentleman that I never make unfair statements on this floor and I can at all times prove anything and everything I say. [Applause.]

I know that the gentleman from Minnesota [Mr. KNUTSON] often votes with the Democrats now, and even in the years gone by, but, unfortunately, the gentleman has not voted with us as often as he should, for the best interests of the country.

Mr. MILLARD. Mr. Speaker, a point of order. Is the gentleman making a political speech or talking on the rule?

Mr. GIFFORD. Will the gentleman yield to me for a moment?

Mr. SABATH. I have only a little time left and I want to conclude.

Mr. GIFFORD. I want the gentleman's opinion on a very important point.

Mr. SABATH. I yield to the gentleman.

Mr. GIFFORD. Before taxing a lot of people in this country who had to make good to their employees all over the world, what would the gentleman think about allowing them to bring damage suits and pay them out of the big profit we made by the devaluation of the gold dollar? What would the gentleman think about doing this before we tax them further to pay these people?

Mr. SABATH. We are going to take care of all the big profiteers, and if the gentleman will join me and vote for a resolution to investigate all of these tax evaders, we will have plenty of money left to take care of the underpaid employees that are serving the Nation so well. [Applause.]

This bill does not increase the salaries of anyone. It only adjusts the difference between our currency value to meet the losses sustained in foreign countries due to the depreciation of our dollar during this period. The bill will not in any way affect the 15-percent cut, which is applicable to all Government employees.

[Here the gavel fell.]

Mr. BANKHEAD. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. McREYNOLDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to the appreciation of foreign currencies and their relation to the American dollar, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MONTAGUE in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill, of which the Clerk will read the title.

The Clerk read the title.

Mr. McREYNOLDS. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

There was no objection.

Mr. McREYNOLDS. Mr. Chairman, I yield myself 10 minutes. Mr. Chairman, I have been rather surprised at the—I will say extravagant—statements of my friend from Illinois, for whom I have the highest regard. I think he has a great deal of misinformation as to the purposes of this bill, which I am going to undertake to show before I get through with the discussion.

In the first place, I merely want to define the purposes of this bill. It is short and simple. It merely provides the authorization of an appropriation, if necessary, to take care of the losses occasioned by the appreciation of foreign currency in its relation to the dollar. It does not raise nor undertake to raise any man's salary, regardless of statements to the contrary. It does not interfere in any way with the 15-percent cut of all employees' compensation, which they have taken.

As before stated, the purpose of this bill is to enable, after an estimate by the Director of the Budget, after approval by the President of the United States, after approval by the committee of the House, and by the House itself, to make a sufficient appropriation to enable the foreign officers and employees to receive in purchasing power the amount of salary after the deduction that was intended for them.

Mr. BRITTEN. Will the gentleman yield?

Mr. McREYNOLDS. After I get through, I will be glad to yield.

Mr. BRITTEN. The gentleman means currency purchasing power.

Mr. McREYNOLDS. I mean currency purchasing power. This bill provides for that purpose, and it is retroactive back to July 15, 1933.

The reason for that is that after we went off the gold standard last April our currency became depreciated abroad, and it was necessary for the President in undertaking to meet that contingency, to send gold abroad where it could be used at a par value to pay the difference that existed. The President did that, but he could only reach a portion of those countries, and this retroaction is merely to take care of those employees in these countries which were not benefited by the shipments sent abroad.

Now, there is another provision, and that is to cover the deficiency in the accounts of the Treasurer of the United States, including interest arising out of the arrangement approved by the President on July 27, 1933, for the conversion into foreign currencies of checks and drafts of officers and employees for salaries and expenses.

That was a loss to the Treasury, and the Assistant Secretary of State made this explanation in reference to that matter.

The present arrangement for sending gold abroad to convert salary checks and drafts and send gold to depositories abroad to remedy the situation, the revaluation of the dollar on January 31, 1934, the revaluation up to the 31st of January came so suddenly that they were not able to protect the Treasury, and therefore the Treasury of the United States is the loser to the amount of $65,000 or $75,000.

There is another provision in this bill that perhaps should call for an explanation:

Provided further, That allowances and expenditures pursuant to this act shall not be subject to income taxes.

Suppose a man is drawing a salary of $2,000 a year. If the difference they have to send to him for the purchasing power of currency is $200 more than the $2,000 provided in the salary, then on the extra $200 he does not pay income tax, because it would be deducting that much from that which he has to have to make things even; but he still pays his income tax on his salary.

The situation abroad has grown almost desperate. As before stated, it is not the purpose of this bill to raise anybody's salary, but the purpose of it is to enable those men abroad to receive in salary that which we have voted for them. In other words, when we were on the gold standard last year you could buy in France for $1, 25½ francs; and if you were there, as you received your check you immediately had to get foreign currency in order to pay your expenses. That is what you could purchase in francs at that time. What is the rate today? With that same dollar you could purchase only about 15 francs; so, with the cut of 15 percent which these people have taken, with no post allowances appropriated, with no entertainment allowances,

these people, who are paid insignificant salaries in most cases, have not been able in many instances to live decently in the country with their families. In Tokyo today the ambassador out of his own pocket is aiding in the payment of the salaries of his employees. The same thing is occurring in Madrid. In France the situation has been dreadful. Because of this condition many men have had to send their families back to the United States, and many others have had to call on the parents of their good wives to bring the family home. You tell me that these men are being overpaid?

The gentleman from Illinois [Mr. BRITTEN] has been abroad. I know that he does not want to do these people an injustice. He knows that these Ministers and Ambassadors and consuls have not one cent for entertainment, and yet every time an American citizen approaches they feel it is their duty to entertain him and look after him. He knows in most of these cases there is a low and a high, and that you have to live in a good locality or in a bad one. It is not like it is in Washington, where you can go on Massachusetts Avenue and pay big rents or can live as well and in as good society in other places in Washington without such a large rent.

Mr. GOSS. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. Yes.

Mr. GOSS. I notice in the report that it says the bill is made retroactive to July 15, 1933. The gentleman just stated that many of these people have resigned from the service. I am wondering if it is the intention of the gentleman to pay anyone who has been separated from the service since that time for any purpose whatsoever.

Mr. McREYNOLDS. The gentleman made that suggestion to me yesterday; but, thinking of it, I think they should be for this reason: If they have been forced to leave there on account of the currency situation, then there is no reason why that should not be made up to them, if it has not been made up heretofore.

Mr. GOSS. Does the gentleman think that it is establishing a dangerous precedent in reference to those that are separated from other services under the Economy Act, for instance?

Mr. McREYNOLDS. I do not, because this does not touch the Economy Act.

Mr. GOSS. But if a man has been separated from the service, does the gentleman feel that he should be paid in full?

Mr. McREYNOLDS. I feel just like I stated.

The gentleman from Illinois [Mr. BRITTEN] certainly has different information with respect to the foreign employees from what I have.

Mr. BRITTEN. I have taken all of the figures out of the hearings before the gentleman's committee as presented to him by the Assistant Secretary of the Department of State on the request of himself and Mr. FISH, and I have used only those figures.

Mr. McREYNOLDS. How many men did the gentleman say were foreigners in the Foreign Service?

Mr. BRITTEN. Two thousand and forty-four; and I will read the gentleman the language.

Mr. McREYNOLDS. Where is that?

Mr. BRITTEN. On page 52. In a footnote to the table on page 52 there is the following language:

> In addition to the Americans there are 907 foreign clerks, all but 10 of whom receive salaries of $1,080 or less, and 1,137 foreign contingent employees.

1,137 and 907 make 2,044.

Mr. McREYNOLDS. Does the gentleman know what those 1,137 are?

Mr. BRITTEN. Yes; they are foreigners.

Mr. McREYNOLDS. Does the gentleman know what they do?

Mr. BRITTEN. Yes; they are doorkeepers and messenger boys and elevator boys and charwomen.

Mr. McREYNOLDS. And washerwomen?

Mr. BRITTEN. Yes; all sorts, but that is in the hearings before the gentleman's committee.

Mr. McREYNOLDS. But the gentleman tried to leave the impression before the House that they were high-priced employees, foreigners, in the employ of our Government.

Mr. BRITTEN. The gentleman is doing me an injustice when he says that.

Mr. McREYNOLDS. That is the impression I got. The gentleman talked about these wonderfully paid employees over there.

Mr. BRITTEN. A foreigner cannot get more than $1,200 a year under our law.

The CHAIRMAN. The time of the gentleman from Tennessee [Mr. McREYNOLDS] has again expired.

Mr. McREYNOLDS. Mr. Chairman, I yield myself 5 additional minutes.

In the Foreign Service there are only 907 foreign clerks, according to this report. They are performing a character of work that we could not have Americans perform, according to the testimony before this committee, or we would not have them there. Now, that is the condition. There are seven foreigners in that service who have been in the Service from 29 to 49 years. That embraces interpreters and that class of employees who are drawing the smaller salaries, and that is the justification for employing them. It is a minor matter to the other employees of the Government. The gentleman talks about high salaries. I am surprised at the gentleman from Chicago [Mr. BRITTEN] when he talks about these being the best paid salaries in the country. We have 17 ambassadors who receive $17,500, with the 15-percent reduction, making a net of about $14,000, and they receive no upkeep. They have to pay everything they have to live on; yet Great Britain's Embassy here has a fund of $75,330.

Mr. BRITTEN. Will the gentleman be good enough to tell the House that those Ambassadors live in buildings owned by the Federal Government?

Mr. McREYNOLDS. In answer to that, I may say in some instances they do and in others they do not. They have to pay the upkeep and they have to pay the doormen who stay around there.

In Paris and London our Ambassadors have homes. In Berlin and Rome they have none.

I say it is an outrage the small compensation that is ordinarily paid to the foreign officers. Post allowances have been passed by this House and yet there is no appropriation for it. Representation allowances are provided for under the general law, yet there has been no appropriation for such. Those people have accepted the 15-percent cut, and now we are asking the right, after approval by the President and after approval by the Appropriations Committee, to appropriate, after hearings, an amount sufficient to meet this cost of exchange, and in order that our people abroad may live decently.

The CHAIRMAN. The time of the gentleman from Tennessee has again expired.

Mr. FISH. Mr. Chairman, I yield myself 10 minutes.

Mr. GOSS. Will the gentleman yield?

Mr. FISH. I yield.

Mr. GOSS. I want to make a correction. I called on Ambassador Long in Rome in November. I do not know when he moved out of this house, but it is a lovely place. I went all through the chancery and the entire place.

Mr. McREYNOLDS. Does the gentleman doubt my word about it?

Mr. GOSS. No; but he received me there in November of last year.

Mr. McREYNOLDS. What is the gentleman talking about it for then?

Mr. BACON. But he was paying the rent for that house himself.

Mr. FISH. I do not yield further.

Mr. Chairman, I do not always follow the President of the United States. I do not always follow the distinguished Secretary of State or even the eminent chairman of my own committee, but when I find they are individually and col-

lectively right, there is nothing for an unrepentant and unreconstructed Republican to do but get on the bandwagon. [Laughter and applause.]

Anyone who had listened to the hearings before our committee, and especially to the testimony of Mr. Wilbur Carr, Assistant Secretary of State and the best-informed official on the Foreign Service in the State Department, and who heard of the shocking conditions that exist in our Foreign Service, would not hesitate to support this bill wholeheartedly. The financial condition of our Foreign Service is a national disgrace. The devaluation of the dollar to 59 cents has caused a serious loss in relation to foreign exchange, which we do not feel here, but which is felt by every foreign officer in our Service, of 40 percent of their salary, in addition to the 15-percent reduction that has already taken place, which means a total reduction of 55 percent in the salary of every American foreign official from Ambassador right down to the lowest classified clerk.

Testimony was given to our committee, substantiated and undenied, that this drastic impairment of salary has resulted in suicides, in insanity, in undernourishment, in abject poverty, and in innumerable resignations from the Diplomatic Service of the greatest country in the world. It was also stated on reliable authority that our representatives in foreign countries were not living in decent places; did not wear decent clothes, and had in some instances sent their children to foreign charitable institutions, such as hospitals, because they could not afford to pay their bills themselves.

That is why this bill comes to you with a unanimous report from the Committee on Foreign Affairs. I believe in the fullest freedom of speech. I take no exception and make no objection to the remarks of the gentleman from Illinois. I am, however, inclined to believe that if he had heard all the testimony, he might not take the attitude he does; but he has a right to his views, anyhow. The main objection he raises is with reference to foreigners in our Diplomatic Service. We have 910 clerks in our Foreign Service who are aliens. Only 8 of them receive a basic salary above $1,200.

Every one of these 8 men have been in the Service from 29 years upward to 40 years, and the maximum salary that can be paid to any foreign clerk is $2,700.

Mr. Chairman, I ask unanimous consent to place in the RECORD at this point a letter from Mr. Wilbur Carr, giving a list of the clerks in our Foreign Service, together with their salaries.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The letter referred to follows:

DEPARTMENT OF STATE,
Washington, February 21, 1934.

The Honorable HAMILTON FISH,
House of Representatives.

DEAR MR. FISH: Enclosed is a list of clerks in the Foreign Service, with their rates of compensation before and after deducting 15 percent and the loss on account of exchange. You will note that the great majority of American clerks receive salaries in excess of $1,500. In only seven cases are there foreigners receiving basic salaries above $1,200, while in 904 cases they receive less, many as low as $660 and under. The seven foreigners who receive more than $1,200 have been in the Service for from 29 to 49 years. They have each special qualifications which explain their retention in the Service and the compensation paid to them. I enclose a list of them. I may add that it is not the policy of the Department to employ foreign clerks in the higher salary brackets where there is reasonable opportunity of obtaining the services of American citizens.

Yours sincerely,

WILBUR J. CARR.

Salary rates of clerks in the Diplomatic and Consular Service, Dec. 31, 1933

Salary					
Basic rate	After 15 percent deduction	After deducting exchange losses [1]	Americans	Foreigners	Total
$4,000	$3,400	$1,700	2		2
$3,750	3,189	1,595	3		3
$3,500	2,975	1,487	8		8
$3,250	2,763	1,381	16		16
$3,000	2,550	1,275	61	1	62
$2,750	2,338	1,169	67		67
$2,500	2,125	1,062	122	1	123
$2,250	1,913	957	69	1	70
$2,000	1,700	850	93	2	95
$1,800	1,630	815	75	3	78
$1,680	1,428	714	17		17
$1,560	1,326	663	20		20
$1,440	1,224	612	6		6
$1,320	1,122	561	4		4
$1,200	1,020	510	30	2	32
$1,080	918	459	10	15	25
$960	816	408	20	341	361
$900	765	382	7	112	119
$840	714	357	8	91	99
$780	663	331	3	52	55
$720	612	306	3	89	92
$660	561	280	3	51	54
$600	530	265	1	59	60
$540	459	229		32	32
$480	408	204	1	23	24
$420	357	178	1	17	18
$360	306	153		11	11
$330	281	140		3	3
$300	255	127		1	1
$270	229	115		1	1
$240	204	102		1	1
$180	163	82	1	3	4
Total clerks, Dec. 31, 1933			651	912	1,563

[1] Exchange loss figures at 50 percent. It now (February 1934) is over 60 percent.
[2] 1 resigned.

Foreign clerks in the American Foreign Service receiving $1,800 or more per annum

Name	Salary	Nationality	Post	Date appointed	Duties
Laurence Hoile	$3,000	British	Legation, Stockholm	June 1903	Clerk and special disbursing officer.
Alfred Nutting	2,500	do	Consulate general, London	1885-88, 1894	Files and commercial reports.
Enrique Trigueras	2,250	Spanish	Embassy, Madrid	July 1899	Accounts and translations.
Harry Baverstock	2,000	British	Consulate, Southampton	May 1903	Accounts, passport inspection, shipping veterans' cases, and general.
George E. Light	1,800	do	Consulate general, Paris	July 1898	Commissions, estates, information, and welfare.
Allan MacFarlane	1,800	do	Consulate, Marseille	May 1900	Accounts, correspondence, and supplies.
Emanuel Johnson	1,800	Swedish	Consulare, Goteborg	July 1905	Accounts, economic, and crop reports.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. FISH. Certainly.

Mrs. ROGERS of Massachusetts. I want to bring out again—perhaps the gentleman has already done so, for I was called to the telephone—that this affects not only the personnel of the Foreign Service of the State Department but also the Government personnel on duty in foreign countries, also the personnel of the Treasury Department, the Commerce Department, the Department of Agriculture, and the Navy and War Departments, the Tariff Commission, and so forth.

Mr. FISH. And above all, the personnel of the Navy. Three thousand men in the Navy and Marine Corps, most of whom are on duty in China, are likewise affected. It is not merely the State Department which is concerned, but the bill seeks to equalize the pay of all those employed by the United States in foreign lands so adversely affected as the result of the passage of the gold devaluation bill over my protest at least. I was 1 of 40 who voted against it. The depreciation of the dollar has brought about this deplorable result in our Foreign Service, and these injustices must be righted without further delay.

Now, getting back to the question of these foreign clerks so there will be no misunderstanding about it, there are only eight receiving a basic salary of over $1,200 a year. This $1,200 is reduced 40 percent plus 15 percent; so it is really less than $600. The other 904 employees receive

under $1,200, which has been cut 40 percent plus 15 percent; so they are receiving considerably under $600 a year. They are performing duties which it would be almost impossible for an American citizen to fulfill if he had to live on such a salary. The aliens employed at our foreign posts, some of whom I know myself, are rendering invaluable service, because they have lived in these foreign cities all their lives; they know the people, they know all about the local industries and how to deal with them and get information. I doubt if there is a single one of these consular clerks receiving from $600 to $1,200 who does not bring in returns in trade to the amount of thousands and thousands of dollars to the United States because of the knowledge they have of the industries in their own native cities, information which could not be gotten by some American we might send over there on a salary of $1,000.

We have been asked if we would accept an amendment eliminating the application of the provision of the bill to salaries in the higher brackets; that is, the salaries of ambassadors who receive $17,500. The British Ambassador in Washington receives $75,000 a year. Of this amount I think $65,000 is for what they call a representation allowance and the balance is for salary. Our Ambassador to England receives a salary of $17,500, with a cut of 15 percent and a further reduction now of 40 percent, and no representation allowance.

The Italian Embassy was mentioned. The new Ambassador to Italy, I am informed, has to pay for his own residence, except that we allow him the munificent sum of $612 a year for rent.

If we are going to analyze any bill carefully it should not be this bill but the one which passed a few days ago providing for the rental of an Embassy in Moscow. Mind you, in Italy where we do 10 times as much business and where a hundred times as many Americans travel as in Soviet Russia we allow but $600 to our Ambassador for the rental of an Embassy in Rome. But the appropriation bill we passed the other day provided $50,000 a year for the rental of an Embassy in Moscow. In addition to that we gave our Ambassador at Moscow an airplane and 26 men where Great Britain has 8 men and does a great deal more trade with Russia than we do. I will refer to this situation more in detail when the appropriation for a new Embassy at Moscow comes before the House.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield myself 3 additional minutes.

What I want to particularly impress upon the Members of the House is that it would be unfair and undemocratic to vote against this bill, because it can only result in one thing, making the American Foreign Service available to rich men only, to men of independent means, men who can use their own money to properly support their families and live in decent places in foreign lands. Our representatives are underpaid not only in comparison with the personnel of the foreign service of Great Britain but also in comparison with the personnel of the foreign services of France, Japan, and every other foreign country, with the possible exception of Salvador and Liberia; and I am not so sure about that.

My appeal to you, therefore, is to realize that the facts were presented before the Committee on Foreign Affairs. Every member of the committee realizes this situation, that if we do not act immediately we will destroy the morale of our Foreign Service; and we will have resignation after resignation.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. McGUGIN. Why is it necessary to act today?

Mr. FISH. It is not necessary that we act this very day, but it is necessary that we take prompt action.

Mr. McGUGIN. What harm would be done if we waited until next year? Why should this be rushed through now?

Mr. FISH. I will tell the gentleman why. The gentleman was one member of the minority who voted against the gold-devaluation bill.

Mr. McGUGIN. Well, I did not.

Mr. FISH. The devaluation bill I am speaking about.

Mr. McGUGIN. That was not a devaluation bill.

Mr. FISH. That bill has resulted in the situation wherein the American dollar is worth 40 percent less on foreign exchanges all over the world. It is not only a question of purchasing power, it is a question of currency power or value.

Mr. McGUGIN. Does the gentleman from New York mean to say that the American dollar today in the money markets of the world is 40 percent below the normal value of the American dollar over a period of the last 20 years?

Mr. FISH. I do not know about the last 20 years, but I know it is 40 percent below what it was when we provided the salaries now being paid to our Foreign Service.

Mr. McGUGIN. I do not agree with the gentleman.

Mr. FISH. It is 40 percent below what it was then and what the Congress intended it to be. There is no question about it. All one has to do to prove it is to go abroad and he will find our dollar abroad is a 59-cent dollar in relation to foreign exchange. It has not affected us in this country much so far; it has only caused a 10-percent increase in the cost of living; but go abroad and immediately you find a 40-percent loss in the buying power of the American dollar. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from New Jersey [Mr. EATON].

Mr. EATON. Mr. Chairman, ever since I have been a Member of this House I have been on the Foreign Affairs Committee. And I have endeavored in every way within my power to improve the condition of our representatives in foreign fields. My reason for that is that I want these gentlemen in our Foreign Service to represent the glory, the greatness, the freedom, and the worth-whileness of the American Nation.

If one goes through the foreign embassies in this city, or in other countries, one sees that the policy of those countries is to so condition their foreign service as to represent their dignity and greatness. A comparison of the treatment of the Foreign Service between this country and that, for example, of Great Britain places us in a situation that is humiliating indeed.

The difference between $14,000 a year that our Ambassador in London now receives and the $75,000 a year that Great Britain's Ambassador in Washington receives is great.

The background of this bill must appeal to every fair-minded citizen. As stated on page 4 of the hearings, "The compensation of employees in the United States was reduced by the Economy Act 15 percent, but the employee abroad was not so fortunate. In the Foreign Service the Congress not only reduced salaries 15 percent but in addition it first abolished post allowances; second, abolished representation allowances; third, reduced rent, heat, and light allowances 65 percent; fourth, suspended all promotions within grades and by reducing appropriations made promotions between grades impossible because of lack of funds; and fifth, imposed income taxes upon official incomes of Government employees earned abroad, while exempting incomes of private individuals earned abroad."

I am as conscious as is any Member of this body of the great distress of our American people here at home. I recognize that we are in one of the tragic moments of our history when unless we can solve the problem of unemployment the very foundations of our political, economic, and social structure must be undermined. But I want to put our representatives abroad on at least a decently equal basis with those at home.

Mr. HOEPPEL. Will the gentleman yield?

Mr. EATON. I yield to the gentleman from California.

Mr. HOEPPEL. May I call the gentleman's attention to the fact that our American Ambassador to London is not earning his $14,000 per year, because if he did he would be as effective over there as the British Ambassador is here. By going off the gold standard we have helped Great Britain, which produces most of the gold of the world. I think our Ambassador to Great Britain should talk Great Britain into recognizing silver demonetization.

Mr. EATON. I suggest that the gentleman go down and see the President of the United States who, I have no doubt, will act in accordance with the gentleman's views.

Mr. HOEPPEL. If he did, the unemployment problem in this country would be solved.

Mr. EATON. As long as the gentleman votes for this bill I do not care what he induces the President to do. We have worked year after year, beginning with the Rogers bill, in an effort to put upon a decent basis our representatives who are representing this Nation as a whole; not a clique, not a class, section, or group, but 120,000,000 people who were until now the most prosperous in the world.

Mr. SNELL. Will the gentleman yield?

Mr. EATON. I yield to the gentleman from New York.

Mr. SNELL. How does the average living expense in the average foreign country compare with living expenses here in America?

Mr. EATON. This is the situation. We appoint a man over there and we pay him, let us say, $1,000 in dollars. Before the dollar depreciated he could buy, we will say, 20 francs with the dollar, but today he can only buy half as many with his dollar and, therefore, he has to buy his groceries and pay his whole living expenses with these francs.

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. JOHNSON].

Mr. JOHNSON of Texas. Mr. Chairman, this bill is not designed to raise or lower the salaries of any Government employees. It simply provides a means to make effective the payment of salaries already allowed by the Congress of the United States. It is not a discrimination in favor of those who are in the Foreign Service as against those employed in the domestic service. Its purpose is to compensate losses sustained by officers and employees of our Government in foreign countries due to the appreciation of foreign currencies in their relation to the American dollar.

To illustrate what this bill seeks to correct, may I say that when one who is employed in the Foreign Service receives his pay check, in order to expend that money he must convert it into the currency of the country in which he is then living. If his salary had been $100, with the 15 percent cut which is in effect, he receives a check for $85. When he cashes the check for $85, he has to convert it into the currency of the country in which he is residing and instead of receiving $85 he will get somewhere, at this time, between $40 and $50, the exact amount being dependent upon the rate of exchange current in that particular country with reference to our money. Our able and conscientious Secretary of State Cordell Hull is authority for the statement, and I quote his exact language:

> Since February 1 no officer or employee of the Government has been able to obtain any pay except by loss of from 40 to 50 percent of the amount of foreign currency which his salary was intended by Congress to purchase.

Under existing conditions, therefore, an employee of the United States serving in a foreign land whose salary before the Economy Act was $100 receives a check for $85, but he is compelled to cash it for a greatly reduced amount; if stationed in a country where the depreciation of our currency is 40 percent he receives $51, but if there is a 50-percent depreciation he receives $42.50, instead of $85 which Congress has prescribed that he shall receive. If anyone in this House believes that this is right then he ought to oppose this bill, but if he does not he ought to support it.

This is not a question, Mr. Chairman, of whether or not foreign employees have been paid too much or too little. The question that we are now concerned with is whether or not they should be paid the salaries that have been prescribed by law and that they have heretofore been paid. This appreciation of foreign currencies in relation to the American dollar began when we were forced to go off the gold standard on April 20, 1933, and the rate of exchange went still lower when on January 31, 1934, the American dollar was revalued. Opponents of the bill are resorting to various subterfuges to divert attention from the merit of the bill and are trying to becloud the issue. The gentleman from Illinois [Mr. BRITTEN] has sought to create a prejudice against the bill because some of those employed by our Government in other countries are foreigners. When our committee had a hearing upon this bill we went into the question of the number of foreign employees. The result of the investigation disclosed, as I now recall, that except for about 10 persons who are interpreters, these foreigners employed abroad are employees who perform a menial service and receive very small salaries; some of the salaries are as low as $40 per month. The salaries of these lower-paid employees are so low that it would not be practicable or feasible for the Government to pay the transportation expenses of Americans abroad, even if Americans could be found who would accept such employment in foreign lands.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. JOHNSON of Texas. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. I understand some of the salaries are as low as $28 per month.

Mr. JOHNSON of Texas. Some are as low as $28 a month, as the gentlewoman from Massachusetts suggests.

This bill is only an authorization bill. There are four steps necessary before any money will be expended. In the first place the bill provides that the President shall prescribe the regulations under which these payments can be made to cover losses that have occurred. Before anything is done the Director of the Budget has to recommend to the President after hearing from the Department as to what the losses are. After this is done the matter has to be brought before the Appropriations Committee of the House for their ratification, and then the House has to pass an appropriation bill. There are four hurdles that will have to be passed before one dollar will be paid out of the Treasury after this bill is passed. The fact that the bill refers to July 15, 1933, is due to the fact that President Roosevelt, on that date realizing the great injustice that had been done those in the Foreign Service up until the revaluation of the dollar on January 31, had provided for shipments of gold abroad to compensate those who had sustained these losses, and as the chairman of our committee [Mr. McREYNOLDS] stated, those losses advanced by the Treasury Department were from $75,000 to $80,000.

This simply covers losses actually sustained by employees in the Foreign Service upon the rules and regulations prescribed by the President, and will compensate them only for the difference in salary that they heretofore received in our money and in the currency of that country which they get in exchange at the time of the cashing of their checks in payment of their salaries. If no losses are sustained no payments will be made.

I do not understand, Mr. Chairman, why there should be any opposition to this bill. Every member of the Foreign Affairs Committee, both Democratic and Republican, after listening to the evidence on the hearings of the great suffering and privations inflicted upon our employees abroad, voted to report this bill to the House and recommend its immediate passage. There has been some discussion that our employees abroad are paid too little and someone has suggested that they are paid too much.

Mr. Chairman, we are not concerned now with whether or not our employees abroad are paid too much or too little. Let us keep this discussion upon the questions covered by the bill. As I said in the beginning of my remarks, the only question involved here is whether or not we shall pay them what we have already prescribed they should be paid. [Applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. McFADDEN. Mr. Chairman, I cannot see how any man who voted to go off gold and who voted to lower the gold content of the dollar, as most of you men have, can be in opposition to this bill under such circumstances. I am saying this with the thought that this bill, if I understand it, will straighten out the situation that has been caused by

this country's going off gold, and lowering the gold content of the dollar.

I am almost moved to tears when I hear some of the things that have been said here this afternoon in regard to our poor ambassadors in London, Paris, and Rome. These gentlemen, as well as many others in the Diplomatic Service whom we send abroad, are millionaires. They would take these positions eagerly without any compensation and pay the expenses of the embassy in order to have the honor which goes with the office. One of the regrettable things about our Foreign Service, to my mind, is that we continue to permit this kind of representation abroad.

I hope some of these days the Congress will have enough intestinal stamina to fix the compensation and the expenses of our representation abroad on a basis of ability and knowledge rather than on the matter of promoting someone who has contributed largely to campaign expenditures in order to get these offices.

From the brief examination I have made of this subject there is not any question in my mind but what there are many of our representatives abroad who are receiving too low salaries. I am referring to those who are in the $2,000 or less grade. They should be paid on a basis whereby they will be able to live on their salary.

I am also almost moved to tears when I hear a comparison made of our kind of ambassadors and their housing with those of Great Britain, France, and the other representatives here in the United States who live in these beautiful mansions that are built out of the money contributed by those countries, most of which owe the United States $12,000,000,000. Of course, I understand they can afford to have such buildings here.

I wish all of our representatives abroad were appointed because of their ability. I wish they were free from the influences to which they have to submit abroad, so that they would be in position to represent the interests of the people of the United States without any involvement in any international situation.

So I hope when this Committee has the matter of the salaries of these representatives up again, they will take into consideration some of the matters I have referred to, because I know there are many Members of the House who agree with me on this particular subject.

Just at this time we are being flooded with propaganda from abroad, and we should have our strongest men in the embassies and in the consulates abroad because of the deliberate attempt by the propaganda that is coming into this country to influence the kind of government we have here. These influences tend to weaken and break down our form of government.

The representatives we send abroad are our agents. Under the practice that has prevailed heretofore, practically only men who have an international mind are permitted to serve in these embassies abroad. I hope before we do set up another form of government in the United States, which I am very much opposed to, we may have men in these embassies, and in the consular offices, who will let the foreigner know that we have a constitutional government in this country, and that we have honor left, and we are not going to repudiate those things which have made this country what it is today. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. KLOEB].

Mr. KLOEB. Mr. Chairman, I want to express my approval of the statements of the gentleman from Pennsylvania [Mr. McFADDEN] to the effect that the time should not be far distant when we shall pay our representatives abroad sufficient money to insure that they be chosen from the ranks of the people in this country and that they be not limited to wealthy persons who alone can afford to engage in such service at present.

As I listened to the gentleman from Illinois [Mr. BRITTEN] make some statements here, I thought I detected a vulnerable point in his armor. The gentleman from New York [Mr. FISH], the ranking minority member on the Foreign Affairs Committee, ably and well struck that point, and since he touched it I have noticed no return, no quip, or remark from the gentleman from Illinois. His armor is my armor. It is vulnerable in the same manner that my armor is vulnerable with reference to this bill, and his vulnerable point has been reached, although unconsciously, because I feel that the gentleman does not know it.

The gentleman from Illinois is generously interested, and has been for many years, in the United States Navy. So also have I. I had the honor to serve in that Navy as a seaman, second class; a quartermaster, third; and as an ensign of the line, and when you mention the Navy of the United States and step on its toes, you step on my toes.

I am quite certain that nobody would deliberately step on the toes of the gentleman from Illinois by questioning his sincere interest in the Navy.

Now, this bill would affect favorably almost as many men and officers of the Navy of the United States as it would affect men in the Foreign Service of the State Department, the Department of Commerce, and the Army of the United States.

Mr. BRITTEN. Will the gentleman yield?

Mr. KLOEB. I yield.

Mr. BRITTEN. It affects almost twice as many. Admiral Bloch told me yesterday that it would affect 7,887 in the Navy.

Mr. KLOEB. That constitutes more officers and men of the Navy favorably affected by this bill than are in the Foreign Service of all other Departments. I think the testimony was that there are upward of 3,000 men and officers of the United States Navy serving in China alone, not to mention the attachés and other attendants in the foreign embassies and consulates outside of China.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. KLOEB. I am pleased to yield.

Mrs. ROGERS of Massachusetts. Is it not true that we have in China some 2,100 troops, marines and naval, and as a result of the hardships upon these men the Navy Department at Washington sent a dispatch to the commander in China and suggested the possibility of reducing the troops on duty there? The commander in chief communicated with the American Minister at Peiping, and he is entirely unwilling to have any of them removed.

Mr. KLOEB. That is correct. There are hundreds of men in the North China patrol and in the South China patrol, on the Yangtze River, and men distributed all through China, men of the marines and Navy. They are there, not because of choice, not because they can live there better than they can in the United States, but they are there because of duty. They are receiving today for an American dollar three Chinese silver dollars, whereas at the old rate they received five Chinese dollars for an American dollar. Now, if you will allow me I want to refer to some figures, which I am sure will not be questioned by the gentleman from Illinois.

Allow me to illustrate by concrete examples the conditions that this bill seeks to remedy.

There are 710 officers known as career men in the Department of State, who represent this Government on foreign shores. One hundred and sixty-one of these men receive base pay of $2,500 per annum. Take the case of one of these men serving in France. His pay is first subjected to the 15 percent economy cut, which leaves him a balance of $2,125 per annum. Prior to April of 1933, when we went off gold, the mint-par rate of exchange of the French franc to the American dollar was 3.92. In other words, prior to April of 1933, an American dollar in France would purchase approximately 25.5 French francs. After we went off gold, and especially since January of this year, following the passage of the so-called "gold bill", an American dollar purchased approximately 15 French francs. At the time the economy measure was adopted it was estimated that the cost of living in the United States had decreased approximately 23 percent since 1928. On the contrary, in France during that period of time, and at the present time, the

cost of living has undergone a slight increase. The American officer in France must purchase the necessities of life with French money.

Mr. BRITTEN. Will the gentleman yield?

Mr. KLOEB. I will be glad to yield.

Mr. BRITTEN. Does the gentleman think you can buy as much for an American dollar in New York or Washington as you can in Paris?

Mr. KLOEB. I am coming to that in a moment.

It is therefore necessary for him, upon receipt of his pay check, to exchange his American money for French francs. Today, instead of obtaining 25.5 French francs for $1 of American money, he receives approximately 15 francs. For the Foreign Service officer above referred to, this means that he receives in French money for his $2,125 of American money, the sum of $1,275 in actual purchasing power. In other words, he has suffered a cut not alone of 15 percent, but a cut of approximately 50 percent, from $2,500 to $1,275. It is impossible for him under existing conditions to live decently and support his family.

Let us take the case of a clerk in an American consulate in France. There are 48 American clerks in the Foreign Service who receive a salary of less than $1,000 per annum. In the office of the American Consulate General at Paris, there are 18 clerks who draw an annual salary of $960, base pay; there are three clerks who receive an annual salary of $900 per annum. The clerk who receives $960 per annum receives his 15 percent economy cut, which leaves him $816 per annum. In exchange for French francs he receives in francs the equivalent of $490, which is the sum total of his annual pay from the Government of the United States. Obviously, it is impossible for him to live and exist decently on this remuneration, not to think of supporting a family in addition.

Conversely, let us take the situation of a Member of Congress serving here in Washington. He has been subjected to a deduction of 15 percent from his base pay of $10,000. When he desires to purchase the necessities of life, his $8,500 of net pay need not be converted into the currency of some foreign nation. He purchases the necessities of life with the dollars he has received, and, assuming that the cost of living has decreased somewhat since 1928, he has an advantage, instead of being forced to take an additional depreciation of 40 to 50 percent, such as do the officers of the Foreign Service.

Let us review for a moment the history of our Foreign Service. At no time have the officers and employees representing this country abroad received pay commensurate with the positions which they occupy.

There are 16 American ambassadors who receive base salaries of $17,500 per annum, 2 ministers who receive base salaries of $12,000 per annum, and 36 ministers who receive base salaries of $10,000 per annum. Adding to these salaries a meager rent allowance, which in no case, under present conditions, can exceed $612 per annum, and after deducting the 15-percent reduction, the ambassadors receive $15,067.95 each per annum; the 2 ministers, $10,393 each per annum; and the 36 ministers, $8,693 per annum. After deducting exchange losses the ambassadors and ministers together receive an average of $6,366.72 each per annum. This may be contrasted with the remuneration received by the British Ambassador to Washington, who receives a salary in American dollars of $10,935 per annum, and a representation allowance of $64,395, in addition to his home, making a total remuneration, plus the home, of $75,330.

The Congress in 1924 undertook a reorganization through the passage of the so-called "Rogers Act." This act provided for post and representation allowances in addition to the base pay received by the American officers. A post allowance was an allowance from a fund designed to equalize living expenses of foreign officers residing in a very expensive locality as compared with those residing in localities where the cost of living was more normal. A representation allowance was designed to afford the officer expense money wherewith to maintain his position as a representative of the American Government.

Although the Rogers Act authorized these allowances, no appropriations were made by the Congress except for the years 1931 and 1932, and these appropriations have been wholly eliminated since June 30, 1932.

In 1929 the Senate made an investigation into the condition of our Foreign Service with the result that the Moses-Linthicum Act was passed, providing for automatic increases in salaries within the grades, cumulative leave of absence, more liberal retirement provisions, more liberal and more orderly personnel management.

Then came the economy legislation 2 years later, when the economic depression in the United States became acute. Congress, in order to effect savings, enacted economy legislation. The compensation of employees in the United States was reduced 15 percent and the employees abroad were not forgotten. In the Foreign Service Congress not only reduced salaries 15 percent, but in addition abolished post and representation allowances; reduced rent, heat, and light allowances 65 percent; suspended all promotions within grades, and by reducing appropriations made promotions between grades impossible because of lack of funds. There was also imposed income taxes upon official incomes of Government employees earned abroad. There was thus suddenly taken from the employees of the Foreign Service virtually all the benefits which had been provided by recent legislation, and employees were left with smaller incomes than they had in 1924 when the Rogers Act was passed.

The distress in the Foreign Service today is greater than at any time within the memory of those who have served a lifetime in the employ of the State Department. Possibly the only reason why many officers have not already left the Service is existing economic conditions at home, and as soon as improvement becomes evident undoubtedly many will sever their connections. Those who leave first will be the most valuable officers in the Service, because they will be the officers who will be employed by private enterprises. The Government spends much time, money, and effort in the education of these career officers through a period of years so as to make of them truly efficient representatives. It can ill afford to lose their services after they have arrived at the peak of efficiency.

From March 28, 1932, which was the date on which the last appointment to the Foreign Service was made, owing chiefly to the lack of funds, to June 30, 1933, there were 65 separations from the Service among the officers. That brought the personnel down to 710 as of July 1, 1933. During that period of time the Department was forced to separate 431 clerks from the Foreign Service, chiefly because of lack of funds.

During this period of time the detail work of the embassies and consulates has been vastly increased through the coordination agreement between the Departments of State and Commerce. By virtue of that agreement the commercial attachés of the Department of Commerce were taken out of the field of direct trade promotion for American exporters, and all that work was transferred to the Consular Service. The Department of Commerce, while maintaining the skeleton of its organization, has eliminated 21 foreign offices and has reduced personnel from 108 to 78 officers.

This bill would enable the President, in his discretion, and under such regulations as he may prescribe, upon recommendation of the Director of the Budget, to meet the losses sustained on and after July 15, 1933, by the officers and employees of the United States in foreign countries due to the appreciation of foreign currencies in their relation to the American dollar. Even though the President, upon recommendation of the Director of the Budget, should determine to meet such losses, it would then become necessary to petition the Appropriations Committee for the necessary funds.

I am informed that there are approximately 3,000 officers and men of the United States Navy and Marine Corps now permanently stationed in China, engaged in the North China and South China river patrols and on guard at certain centers of recent disturbances, whose losses through the depreciation of the American dollar would be covered by this bill. There are some 50 to 60 naval officers and a few Army officers

and their attendants serving as attachés in the various foreign countries who would be favorably affected by this measure.

There are, in addition, the 710 officers in the Foreign Service under the State Department, together with the clerks, messengers, and janitors who serve in the embassies and consulates abroad, who would benefit by this measure. There are also the 78 officers of the Department of Commerce stationed abroad, who would be favorably affected.

The basis upon which this pay would be regulated would be the so-called "mint-par" rate of exchange that existed prior to the time this country went off the gold standard; that is to say, the French franc would be valued, in comparison with the American dollar, at 3.92, the German mark at 23.82, the Dutch guilder at 40.20, and the English pound at $4.86.

Under date of February 8, 1934, the Secretary of the Treasury addressed a letter to the Chairman of the House Foreign Affairs Committee in which he expressed an urgent desire that this bill become law at the earliest possible moment. He said, in addition, the following:

> The bill is submitted in accordance with the desire of the President, and it has the approval of the Director of the Budget.

I might quote to you many letters from foreign officers setting forth the great distress that they and the employees of the American embassies and consulates are experiencing due to the appreciation of foreign currencies with relation to the American dollar, but I feel this would be consuming the time of the House when it will be the conclusion of this body that this bill should become law forthwith. [Applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. BAKEWELL].

Mr. BAKEWELL. Mr. Chairman, I shall not take a great deal of time, as it is not necessary, the facts and the arguments having been so clearly and so well presented. It is a pleasure to find a measure which is supported unanimously by both Republicans and Democrats, as this measure before us. I am certain that if anyone in doubt had sat in with the committee and heard the full evidence, his doubts would have been completely resolved. There was only one slight difference of opinion and that was whether this bill should not have read somewhat differently, to the effect that this is to authorize appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to the depreciation of the American dollar, instead of to the appreciation of foreign currency in terms of American dollars. This is no doubt a small matter, and yet it indicates one difficulty that we have to face in this bill, and that is that we have to contemplate the time when we are going to be in this same situation in regard to all of our Federal employees, if the prices do go up, as we are told they will, in consequence of this change in the value of the dollar.

With regard to the high salaries to which the gentleman from Illinois [Mr. BRITTEN] has referred, surely it is sufficient answer to point to the fact that no man can afford to accept an appointment as ambassador unless he has large private means. Most of the salaries that will be affected by this measure are low—less than a thousand dollars.

There are two facts which seem to me of great importance and I am going to read a few sentences characteristic of the reports that we received from all of our representatives abroad. The letter I am quoting from happens to be the one from our American Minister to Sweden. They are all of the same tenor, but this one puts the matter very well and very succinctly.

He writes:

> I desire to emphasize the importance of prompt action to avoid the complete demoralization of the morale of the Foreign Service that is bound to result from a continuation of these unintended, unjust, and harsh conditions. Many of the individuals who are the principal victims of this state of affairs have given the best years of their lives to the service of our Government. They are intensely loyal and have struggled for several months past to survive against a combination of cumulative factors that continue to threaten their very existence. I cannot urge upon the Department too strongly that the necessary steps be taken at once to relieve these conditions. The high caliber of our Foreign Service has been painstakingly built up over a long period of years. Its collapse in the face of present world conditions could but be fraught with serious menace to the best interests of the United States. Its reconstitution would take years at a cost vastly in excess of the small amount necessary to preserve the gains of the past.

That is typical of what we have in the reports from every single representative of the United States in foreign countries, and ought to be sufficient evidence.

Mr. BRITTEN. Does the gentleman realize that all of those letters from foreign ambassadors and legations were requested by the State Department and the Navy Department, where the Navy Department presented some?

Mr. BAKEWELL. I do not know whether that is correct or not, nor do I care. These are all honorable men and their statements can be depended upon. They are the men to whom the State Department would naturally turn for the facts and evidence.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BAKEWELL. Yes.

Mrs. ROGERS of Massachusetts. I know that letters that I received were not asked for by the State Department. I asked for them myself because I was interested, and I realized the hardships.

Mr. BAKEWELL. I thank the gentlewoman from Massachusetts [Mrs. ROGERS] for the information.

The CHAIRMAN. The time of the gentleman from Connecticut has expired.

Mr. FISH. Mr. Chairman, I yield 3 minutes more to the gentleman from Connecticut.

Mr. BAKEWELL. The other statement I call attention to is that of the president of the National Federation of Federal Employees. He points out the fact that most of these persons affected are not career men, that they have never received high salaries, that they have received exceedingly meager compensation prior to the Economy Act, so that their difficulties are especially aggravated at this time. Furthermore, under the Economy Act, so called, it is impossible to make any promotions in the administrative service, so that none of these wrongs can be righted in any way except through a measure such as is proposed now.

Mr. BRITTEN. But does not that apply to all of the services in the Federal Government, both here and abroad?

Mr. BAKEWELL. Of course I am entirely in agreement with the gentleman from Illinois. When the cut of 15 percent was made I believed it should not have applied to any of our employees getting less than $2,000 a year. It seems to me that we all ought to agree to support this measure, and I am quite confident that the prediction of the gentleman from Illinois [Mr. BRITTEN] will be as accurate as weather predictions generally are. [Applause.]

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Chairman, if the purpose of this legislation is to increase the salaries in the Foreign Service upon the basis that there is a need for an increase in the salaries in the Foreign Service, well and good, but if you are talking about basing this increase upon the depreciation of the dollar, then the argument falls flat. We did not depreciate the dollar in the United States until the currencies of the rest of the world had materially depreciated. When the rest of the countries began going off the gold standard in 1929, we remained on the gold standard and these foreign employees lived on the fat of the land because they took their American checks and received more foreign money for them.

The actual truth is that this very day employees in the Foreign Service in most countries are receiving more money when they exchange their checks than they did in 1928 under the normal par value of foreign exchange.

I have here the exchange quotations given in the New York Times this morning, based upon exchange rates of yesterday, in which it sets forth the exchange rate of yesterday, the exchange rate 1 year ago yesterday, and upon the par exchange value.

Mr. CELLER. Will the gentleman yield?

Mr. McGUGIN. No. I have only 5 minutes. The friends of the bill have been using all the time.

I have gone to the trouble of compiling a chart which I am going to insert in the RECORD at this point.

The statement referred to is as follows:

Comparative exchange value of American currency with foreign currency based upon the par exchange value of the currencies

[Minus sign means the percentage premium on the side of the foreign currency, and plus sign means the percentage premium on the side of the American dollar]

Foreign country	Feb. 20, 1934	Feb. 20, 1933
	Percent	*Percent*
England	−4	+30
France	+.6	+40
Germany	Par	+40
Canada	+1	+17
Argentina	+53	+64
Brazil	+60	+65
Japan	+65	+76

Figures based upon market quotations, New York Times, of today, Feb. 21, 1934.

Mr. McGUGIN. The truth is that this very day England is the only country in the world where employees in our Foreign Service are receiving less than the normal rate of money. Today in England it requires $5 of American money to buy one British pound. Under the normal rate of exchange it would have taken $4.86 to buy a British pound. Of course, a year ago when England had depreciated and we had not, $3.20 bought a British pound. As of February 20, 1934, and February 20, 1933, this is the situation:

In the case of England, the American employee suffers a 4-percent depreciation under the par value. A year ago he had a 30-percent advantage, or a 30-percent increase in his wages. In the case of France today he has six tenths of 1 percent premium over the normal par exchange value. A year ago he had 30-percent premium. In Germany today he receives the par value in exchange. In Canada he has a 1-percent advantage. In the Argentine today the American employee receives 53 percent more Argentine money than he did in 1928. That is because Argentine money has depreciated still more than ours. A year ago he had a 64-percent advantage in the Argentine. In Brazil today the foreign employee receives 60 percent more Brazilian money than he would have received for his same check in 1928. A year ago he received 65 percent more money. In Japan today the American employee in the Foreign Service actually receives 65 percent more Japanese money than he would have received under the par rate of exchange in 1928. A year ago he received 76 percent more money.

Upon the same argument which the friends of this bill have put forth, a year ago the pay of the employee in England should have been reduced 30 percent. It should have been reduced 40 percent in France, 40 percent in Germany, 17 percent in Canada, and 64 percent in the Argentine, 65 percent in Brazil, and 76 percent in Japan.

All the figures you have heard from the friends of this bill are based upon the value of the American dollar before we had depreciated our money, as compared with the moneys of the foreign countries which had already been depreciated. We have depreciated our dollar, but yet it is not depreciated in accordance with the depreciation of the moneys of the rest of the world. Pass this bill today and in most countries you are granting an outright 40 percent in pay to the employees in the Foreign Service. With the Government of the United States spending three times its present income, with millions upon millions of our citizens still out of work and without any wages, this is a poor time to increase the salaries of our Government employees in the Foreign Service. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. FISH. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, I wish to congratulate the Committee on Foreign Affairs on the very able presentation of this case. My reason for taking the floor this afternoon is because of the fact that I am a member of the Appropriations Committee, which has charge of the appropriations for the State, Justice, Commerce, and Labor Departments. During the month of January we held very extensive hearings on this very subject. The President was so concerned that he made a special request of the Committee on Appropriations to take care of this situation on the appropriation bill. However, it not only involved the Department of Labor, the Department of Commerce, and the Department of State, which we might have taken care of, but it also involved the Department of Justice, the Department of Agriculture, the Army, and the Navy. This clearly would have been subject to a point of order, so the Appropriations Committee did not attempt to bring the matter before the House at that time. I did, however, discuss this proposition at considerable length when our bill was before the committee, and I do not want to go into all of the details that I then discussed. However, for just a moment I do want to take exception to what the gentleman from Kansas [Mr. McGUGIN] has said about the question of the difference in exchange. The testimony before your Appropriations Committee, the testimony before your Committee on Foreign Affairs, has been absolutely contrary to his statements. For example, the value of the French franc, before we went off the gold standard, was 25 francs to the dollar. Today the American dollar only buys 15 francs.

Mr. O'MALLEY. Will the gentleman yield?

Mr. BACON. I only have 5 minutes.

Mr. O'MALLEY. I am trying to find out how many employees this legislation will affect. I have not heard that yet from anybody.

Mr. BACON. I will refer the gentleman to a member of the committee for that information. It affects 710 service men in the State Department. I do not know how many men it affects in the Army, the Navy, and Marine Corps, and the Department of Agriculture, the Interstate Commerce Commission, the Federal Trade Commission, the Departments of Labor, Justice, and Commerce. I do not know the total figure.

Mrs. ROGERS of Massachusetts. If the gentleman will yield, I think I have the correct figure here.

Mr. BACON. I yield.

Mrs. ROGERS of Massachusetts. The correct figure is 4,900.

Mr. BACON. Four thousand nine hundred employees are serving their country abroad. Let me say one word about the State Department, although the amount for the State Department is not one of the largest involved in this bill. The world is in a very troubled condition. Every man and woman on the floor of this House knows that. The Department of State is the department of peace. We do not hesitate to appropriate large sums for the Army and the Navy, and yet we give very little consideration to that Department of our Federal Government that looks after the interest of peace and good will among the nations of the world. We must build up our Department of State in these times of troubled world conditions, and not tear it down.

The efficiency of the Foreign Service of our Government and the very Foreign Service itself is at stake here today. It will disintegrate at a time when it is more needed than perhaps any time within the history of those present if some action is not taken. The Secretary of State and the President are engaged in complicated negotiations as a result of the Montevideo Conference with the different Central and South American countries. These negotiations require trained men to carry on in behalf of our Government. The disturbed conditions in Europe and the Far East require trained men, men of courage and knowledge, rather than men of means.

I, for one, as an unrepentant Republican, refuse to do anything to hamper the President and the Secretary of State in his negotiations with foreign countries and in his conduct of foreign affairs. [Applause.]

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield.

Mr. FISH. I call the attention of the House to the fact that the gentleman now speaking is the son of a distinguished Secretary of State of the United States. [Applause.]

Mr. BACON. I believe party politics should cease at the boundaries of the United States [applause]; and I believe that Americans should stand united behind their President in his conduct of foreign affairs, no matter to what party he may belong. [Applause.]

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I yield 2 additional minutes to the gentleman from New York.

Mr. BACON. The gentleman from New York [Mr. FISH] has kindly made a personal reference. The fact to which he refers is perhaps one of the reasons why I am so intensely interested in this bill. In 1906 and 1909, under the Presidency of Theodore Roosevelt, by an Executive order it was decreed that the Foreign Service should be a career open to all intelligent Americans, entrance to the Service being by competitive examinations. That result was brought about, it so happens, by the then Under Secretary of State, later Secretary of State, who happened to have been my father. He started the idea in this country of a permanent Foreign Service open to men of intelligence rather than to men of means [applause], and since that time no man has entered the Foreign Service except through a competitive examination. I am interested in these men who devote their lives to our Foreign Service, rather than in the rich political ambassadors and ministers. In the Foreign Service are men from every State in the Union and from most every college and university in the country. When the Rogers bill was passed, sponsored by the husband of the gentlewoman from Massachusetts, that Executive order was translated and extended into the law of the land. It was further extended and amplified by the Moses-Linthicum bill, Mr. Linthicum being the Democratic Chairman of the Foreign Affairs Committee of the House. Consistently throughout, the policy of the Foreign Affairs Committee of the House has been to treat our Foreign Service on a nonpolitical, nonpartisan basis. I am glad of it. Let us keep party politics out of our foreign affairs. [Applause.]

Mr. BLOOM. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, when I first came into this House some 11 years ago, one of the first bills with which I was confronted was the Rogers bill, sponsored by the distinguished and late-lamented husband of our distinguished Member from Massachusetts, Mrs. ROGERS. I willingly voted for that bill because it sought to do justice to our men in the Foreign Service. Some years later I was proud to vote for the Linthicum bill, subsequently styled the Moses-Linthicum bill, which again sought to do justice to our men in the Foreign Service; and I shall be proud to vote for this bill today if for no other reasons than those advanced by the gentleman from New York, the great son of a great father, my distinguished colleague, Mr. BACON.

Answering the gentleman from Kansas, I may say that the hearings indicate clearly that he was in error with regard to the value of American currency in Europe and other parts of the world. The terms of this bill are flexible. If the gentleman from Kansas will read the bill he will find that the power conferred by the bill is only to be used where there are actual losses, and then only in the discretion of the President and the Director of the Budget.

> That there are authorized to be appropriated annually such sums as may be necessary to enable the President, in his discretion and under such regulations as he may prescribe and notwithstanding the provisions of any other act and upon recommendation of the Director of the Budget, to meet losses sustained * * *.

Thus, it can be seen that the provisions of this bill are to apply only in such instances where the members of the Foreign Service have sustained losses by virtue of the appreciation of foreign currency. If, however, the exchange is favorable and no losses are sustained, the provisions of this bill will not apply.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. CELLER. The gentleman refused to yield to me. I therefore refuse to yield to him.

Mr. McGUGIN. The gentleman mentioned my name. I thought he might yield.

Mr. CELLER. Mr. Chairman, I decline to yield.

If a member of the Foreign Service finds himself the gainer as a result of the change in currencies, the President will not give him one jot or tittle, and there will be no equalization by virtue of this bill.

I am proud of our Foreign Service, our consuls and our assistants in the embassies. Our commercial, naval, military, and agricultural attachés abroad, I am quite sure, yield to the attachés of no nation in indefatigable, intelligent, and efficient service; yet they are the poorest paid of the attachés and officers of all nations. They have an unmatched esprit de corps and a glorious tradition that spurs them on despite the privations and sufferings caused by our niggardly, our picayune as it were, policy of compensation.

We want increased exports on all sides. We feel that we should encourage our exporters. We say we must get rid of our huge superabundance of exportable surpluses of cotton, corn, beef, automobiles, sewing machines, and tractors; but it is only by virtue of the efficiency of our Foreign Service that we can hope to bring this about. If we vote against this bill we impede the efforts to get rid of this huge, superabundant, exportable surplus of the articles I have mentioned.

These men in our Foreign Service might be likened to windows through which Europeans and other foreigners see and evaluate America. It is through them in great degree that foreigners get impressions of America. Therefore we must see to it that our representatives abroad are properly clothed, that they are properly housed, that they are eminently satisfied. Otherwise they cannot give the proper service, or make a profound and distinct impression upon foreigners. If we do not pass this bill we will destroy that fine esprit de corps of which I spoke.

I have observed representatives of the Foreign Service in London, Paris, Rome, Naples, Turin, Stuttgart, Edinburgh, Bordeaux, and Vienna. There is a surprisingly number of young men, vigorous, clear-eyed, and keenly intelligent. I had occasion to confer with them frequently on various matters, and they gave me and my constituents enthusiastic and helpful service. Nothing was too much for them. They went to endless pains and trouble.

In my conversation with them, I learned that as a result of depreciated currency, their circumstance of living had been greatly reduced, and that there was, in some instances, real want. Despite their suffering and privations, many have refused to leave the Service. Many could not leave the Service. Their long years of experience probably unfitted them for other callings. I know of cases where families had been separated, wives and children sent back to their parents in the United States; children taken from school; insurance policies dropped for failure to pay the premiums; dental and medical care neglected. We must help these men in the Foreign Service. Otherwise, they will approach financial chaos. See what happened in France to the franc. That will give you a fairly good idea of the difficulties of our men in the Foreign Service.

I quote from the testimony of Assistant Secretary of State Carr before the Foreign Affairs Committee:

> For example, in March they could have sold their dollars for French francs with which to pay their bills in France at the rate of $1 for each 25.5 francs. Later the dollar went down in value and would only buy 16 francs—a decrease in purchasing power of over 55 percent. An employee had thus 9 francs less for every dollar with which to pay for his food and clothing and other living expenses. And that condition was true not only of France, but of every country on the gold standard, and in countries not on the gold standard there was a similar decline in the purchasing power of the dollar below what it had theretofore been.

Our Ambassadors to Japan, Spain, Canada, and Turkey, it is alleged, are in some cases loaning to, and in other cases

supporting outright Embassy employees. This is shameful and should not be continued.

Milk, eggs, and cigarettes are now luxuries for the men in our Foreign Service. We must be just and fair. We must pass this bill.

We must do what private corporations have been doing the past year. They have increased the salaries of their employees abroad to equalize the exchange. We can do no less.

Much has been said of some of the foreign employees in our consulates and embassies. Most of them get an average of $40 a month, before the depreciation. I have been in numerous consulates where these wretchedly paid aliens, sometimes styled "clerks" and "doormen", were the only ones who could translate.

Consider this case of an officer in Belgium. He is Mr. ———, with wife and child. His compensation ordinarily is $65 a month. The exchange with the depreciation yields him $38.52 a month; a compensation scarcely more than is paid unskilled labor in Belgium.

With dollar exchange tending to go lower, rents fixed by contracts, food prices, clothing, and other necessities tending to rise, it is evident that an unfair and unjust burden rests on all our foreign employees in gold countries, especially when it is considered that their salaries rarely exceed $960 a year, thus never permitting any considerable savings by those having dependents, and that their present incomes no longer represent a living wage and, in fact, tend to grow alarmingly less each month.

Mr. McREYNOLDS. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MONTAGUE, Chairman of the Committee of the Whole House on the state of the Union, reported that the Committee having had under consideration the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE

By unanimous consent leave of absence was granted as follows:

To Mrs. NORTON (at the request of Mr. BOYLAN) indefinitely, on account of illness in family.

To Mr. McKEOWN, for the balance of the week, on account of important business.

To Mr. KEE, for 3 days, on account of important business.

To Mr. BURKE of California, for an indefinite period, on account of illness in family.

To Mr. BROOKS on account of illness in family.

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. FISH. Mr. Speaker, will the bill that we have just been discussing be the first order of business tomorrow?

The SPEAKER. It will be in order tomorrow.

PAYMENT OF ADJUSTED-COMPENSATION CERTIFICATES

Mr. PARKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD, and to include a written statement that I gave to representatives of the press today, in reference to my position on the bonus bill.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. PARKER. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following written statement that I gave to representatives of the press today in reference to my position on the bonus bill:

WASHINGTON, D.C., *February 21, 1934.*

You have asked me if I signed the petition to discharge the Ways and Means Committee of the House of Representatives from the consideration of the bonus bill, and if so, to give you my reasons for so doing.

I wish to answer your question in the affirmative. I did sign the petition to discharge the Ways and Means Committee from the consideration of the so-called "bonus bill", as you can ascertain by referring to the CONGRESSIONAL RECORD of yesterday, February 20th.

As to my reasons for signing this petition and for changing my position with respect to the bonus bill, which I voted against 2 years ago, I wish to state that in 1932 the leadership of the House on both sides of the aisle stated emphatically that if the bonus bill was passed by the Congress and an expenditure of more than two billions of dollars authorized for that purpose that such action on the part of the Congress would bankrupt the Government, wreck the Federal Treasury, and bring chaos to our people. It was also argued that it was absolutely necessary that the Government balance its Budget.

Being desirous of balancing the Budget and protecting the Treasury of the country and its credit, I agreed to vote and speak against the bonus bill. After I had taken a stand against the payment of the bonus in 1932, I was astounded to learn that a great many of the Democratic leaders in the House of Representatives, some of whom I shall refer to presently, voted for the passage of the bill.

Our leader, Mr. BYRNS, of Tennessee, voted in favor of the passage of the bill. So did Mr. BANKHEAD, of Alabama, one of the acknowledged leaders in the House. Mr. GREENWOOD, of Indiana, the Democratic whip in the House of Representatives, voted for the bonus bill. Mr. ARNOLD, of Illinois, who was chairman of the Democratic caucus at that time, also voted for the bill.

Other prominent Democrats in the House voted for the passage of the bill, as follows: Mr. DOUGHTON, of North Carolina, Chairman of the Ways and Means Committee; Mr. POU, of North Carolina, Chairman of the Rules Committee, and the man who has served longer in the House of Representatives than any other Congressman; Mr. STEAGALL, of Alabama, Chairman of the Banking and Currency Committee; Mr. BUCHANAN, of Texas, Chairman of the Appropriations Committee; Mr. JONES, of Texas, Chairman of the Committee on Agriculture; Mr. McSWAIN, of South Carolina, Chairman of the Military Affairs Committee; Mr. VINSON, of Georgia, Chairman of the Naval Affairs Committee; Mr. MEAD, of New York, Chairman of the Post Office and Post Roads Committee; Mr. MANSFIELD, of Texas, Chairman Rivers and Harbors Committee; Mr. WILSON, of Louisiana, Chairman of the Flood Control Committee; Mr. WARREN, of North Carolina, Chairman of Committee on Accounts; Mr. JEFFERS, of Alabama, Chairman of the Civil Service Committee; Mr. BLACK, of New York, Chairman of the Claims Committee; Mr. GREEN, of Florida, Chairman of the Committee on Territories; Mr. DOUGLASS, of Massachusetts, Chairman of the Committee on Education; Mr. CARLEY, of New York, Chairman of the Committee on Election of President, Vice President, and Representatives in Congress; Mr. KERR, of North Carolina, Chairman of Elections Committee No. 3; Mr. PARSONS, of Illinois, Chairman of Committee on Enrolled Bills; Mr. McREYNOLDS, of Tennessee, Chairman of Committee on Foreign Affairs; Mr. DICKSTEIN, of New York, Chairman of Committee on Immigration and Naturalization; Mr. HOWARD, of Nebraska, Chairman of Committee on Indian Affairs; Mr. RAYBURN, of Texas, Chairman of Committee on Interstate and Foreign Commerce; Mr. UNDERWOOD, of Ohio, Chairman of Committee on Invalid Pensions; Mr. CHAVEZ, of New Mexico, Chairman of Committee on Irrigation and Reclamation; Mr. CONNERY, of Massachusetts, Chairman of Committee on Labor; Mr. KELLAR, of Illinois, Chairman of Library Committee; Mr. SMITH, of West Virginia, Chairman of Committee on Mines and Mining; Mr. SISOVICH, of New York, Chairman of Committee on Patents; Mr. GASQUE, of South Carolina, Chairman of Committee on Pensions; Mr. DEROUEN, of Louisiana, Chairman of Committee on Public Lands; Mr. HARLAN, of Ohio, Chairman of Committee on Revision of the Laws; Mr. RANKIN, of Mississippi, Chairman of Committee on World War Veterans' Legislation; and Mr. CARTWRIGHT, of Oklahoma, Chairman of Committee on Roads.

Since the Democratic administration took office in March of last year, our leaders have changed their position with reference to the appropriating of large sums of money and with reference to the desirability of balancing the Federal Budget. The same leaders who said we were bankrupt in 1932 now state that an expenditure of ten or twelve billions of dollars by the Congress this year is nothing to give concern to the American people. They now point out that an expenditure of as much as ten or twelve billions of dollars is only a small percent of the normal annual income of the American people.

Large sums of money have been appropriated to banks, to railroads, to insurance companies, for a Public Works program, for relief, for Civil Works, for the Army, and right recently approximately a half billion dollars expenditure has been authorized for the Navy.

The President of the United States has indicated a desire to put money into circulation throughout the country. I know of no way in which this can be more effectively done than by paying to the ex-service men the bonus. The paying off of the adjusted-service certificates will put money into every nook and corner of the United States. I am advised that it will put approximately four millions of dollars into the hands and pockets of ex-service men who live in the First Congressional District of Georgia. The ex-service men who live in the State of Georgia alone will receive under the terms of this bill more than $35,000,000.

For the above-stated reasons, I signed the discharge petition on yesterday; and when the bill comes up for a vote in the House, I expect to vote in favor of its passage.

HOMER C. PARKER.

PERMISSION TO ADDRESS THE HOUSE

Mr. JOHNSON of West Virginia. Mr. Speaker, I ask unanimous consent to address the House for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from West Virginia?

There was no objection.

Mr. JOHNSON of West Virginia. Mr. Speaker, I was present this afternoon during the pendency of the tax measure. I was here when the motion to recommit that bill was made. I voted, as the RECORD will show, not to recommit the bill. Shortly thereafter I was called out of the House on account of some very important matters. When I returned to the floor of the House, to my great surprise I found that there had been a roll call on the passage of the bill. When I left the floor of the House it was generally thought there would be no roll call on the bill, as seemingly all, or most all, Members were favorable to its passage. I came into the House shortly after the time the bill had been passed by a yea-and-nay vote. If I had been here at roll call I most certainly would have voted for the passage of this measure, as everyone knows I have been a strong advocate of this bill.

Mr. CELLER. Mr. Speaker, I ask unanimous consent that after the reading of the Journal and disposition of matters on the Speaker's table on next Tuesday morning I may be allowed to address the House for 30 minutes.

Mr. TABER. Mr. Speaker, reserving the right to object, it has not been customary to permit Members on this side of the aisle to obtain a reservation of that character. It would seem as though the gentleman could obtain his time out of general debate on one of the bills coming along.

Mr. CELLER. I hope the gentleman will not object, because I think what I am going to speak about will be of interest to the gentleman and to the House. I have never objected to such a request in the 11 years I have been here.

Mr. TABER. The Members on this side of the aisle have not had that privilege unless it was for some memorial or something of that kind. Under the circumstances, I think it is only fair that we should let the gentleman come along and make his speech in general debate on the appropriation bills as we have to do.

Mr. CELLER. I shall be very happy to help other gentlemen to get time in the way I have sought to get it.

Mr. TABER. I must object, Mr. Speaker.

Mr. KVALE. Mr. Speaker, I ask unanimous consent to proceed for 1 minute.

The SPEAKER. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

Mr. KVALE. Mr. Speaker, I have been requested to remind the Membership of the House that this evening in the caucus room of the old House Office Building there will be a meeting to consider the general interests of agriculture. This meeting will be addressed by Senator Thomas of Oklahoma and by John Simpson, the national president of the Farmers' Union. I am very grateful of the opportunity to remind the large Membership now present in the House of this fact.

Mr. EAGLE. Mr. Speaker, I ask unanimous consent to address the House for one-half minute.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. EAGLE. Mr. Speaker, every gentleman, irrespective of whether he comes from one section of the country or the other, and irrespective of his political affiliations, if he represents a dairying district, is invited to be present with two or three hundred of us tonight at 8 o'clock in the Caucus Room of the New House Office Building for the purpose of undertaking to prevent the communizing of the milk industry of America.

Mr. KVALE. Mr. Speaker, will the gentleman yield?

Mr. EAGLE. I yield to the gentleman from Minnesota.

Mr. KVALE. May I say to the gentleman, following our conference a few minutes ago, that I earnestly wish I were twins, so that I might attend both meetings. I am deeply and actively interested in his activities and hope to be present, at least part of the time.

SENATE BILLS REFERRED

Bills of the Senate of the following titles were taken from the Speaker's table and under the rule referred as follows:

S. 2728. An act to repeal Federal liquor prohibition laws to the extent they are in force in the Territory of Hawaii; to the Committee on the Territories.

S. 2729. An act to repeal an act of Congress entitled "An act to prohibit the manufacture or sale of alcoholic liquors in the Territory of Alaska, and for other purposes", approved February 14, 1917, and for other purposes; to the Committee on the Territories.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 890. An act for the relief of Henry M. Burns;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama;

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr.;

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.;

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.;

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; and

H.R. 7928. An act to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934.

HOUSE RESOLUTION 266

Mr. MURDOCK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. MURDOCK. Mr. Speaker, the history of democracy has been the history of the power to tax. Until the common man established and asserted his right to fix the amount he would pay and the amount that could be expended in the maintenance of government, that word was the name of tyranny. The "divine right of kings" ended in England only when the House of Commons definitively affirmed its power to levy taxes. French absolutism expired when the Third Estate asserted its prerogative in the matter of taxation. The American colonial assemblies held that their most precious legacy from the British Constitution was jurisdiction over "money bills"; and so firmly were they convinced that freedom and self-taxation were inseparable that they were willing to make war on the strength of the issue. "No taxation without representation" were literally the words that heralded our independence.

Successful in the defense of their liberty, the founders of American democracy endeavored to consolidate and per-

petuate their principles by embodying them in a written constitution. And thus we find in article I, section 7, of that Constitution this fundamental provision, "All bills for raising revenue shall originate in the House of Representatives." That principle was not the result of hair-splitting legal distinctions, nor of a careless division of legislative functions between the two Houses of Congress. Rather, it was a thunderous declaration of the people's right to tax themselves. Of all the organs created for the governing of the Federation, only one was rooted in the masses. The Executive was chosen by electors remote from the people, the judiciary was appointed by the Executive; the Senate represented the respective States as legal entities and was constituted by the State legislatures. Only the House of Representatives was elected by and responsible directly to the people themselves. And to the House was given exclusive jurisdiction over the raising of revenue in order that the people themselves might exercise the power to tax. To our fathers it was evident that self-taxation was the indispensable basis of democracy; that the common man's control of taxation constituted the common man's sovereignty.

To grant power is to assign responsibility. The power to tax includes the power to destroy or to sustain. In assigning this power to the House of Representatives, the people of the United States invested that body with the primary function of sovereignty, thereby pronouncing it to be the first and foremost organ of the Government. But that distinction involves a solemn and momentous duty, which, once assumed, cannot be honorably avoided.

I am irreconcilably opposed to nullifying the Constitution and abrogating our constitutional oaths of office by the adoption of gag rules. That way lie the decay and death of democratic institutions. I have no objection to any legitimate effort to facilitate the passage of a bill. I have no desire to block or impede necessary legislation. But I am apprehensive of the ultimate effects of the adoption of a rule that is a plain surrender of the rights of the people, and a fateful evasion of responsibility on the part of those intrusted with the power of the people. Indisputably, the rule under consideration falls in that category; therefore I will vote against it.

The rule provides that " no amendment shall be in order " to the revenue bill of 1934 " except amendments offered by direction of the Committee on Ways and Means." I honor the Committee on Ways and Means and every member of it, and I desire to cooperate with that committee to the fullest extent consistent with my constitutional duties. It is charged with the responsibility of preparing the revenue bill, by authority of which all Federal taxes are levied and collected, and submitting that bill to the House for its consideration and approval or disapproval. The bill submitted by the committee is a monument to their industry and efficiency. In general, I am in full accord with its provisions. The committee has performed a commendable and enduring service to the Nation in its revision of the income tax law, and in a great many other respects. But such service is not enhanced if it be forced upon an inadequately informed and voiceless Congress.

The Committee on Ways and Means is composed of our most distinguished colleagues. It has 25 members—15 Democrats and 10 Republicans. Its members come from 20 different States; so that 20 States, or less than half of the States in the Union, are represented on the Ways and Means Committee. Twenty States have had a direct voice in framing the revenue bill of 1934. With few exceptions, the States so privileged are thickly populated and highly industrialized. Twenty-eight States are not represented on the committee which has exercised original jurisdiction over taxation. And now it is proposed that no amendment whatsoever shall be in order to the revenue bill, except such amendments as may be offered by the committee. If this rule carries, the primary prerogative of the people will thereby be surrendered to 25 Representatives from 20 States; the common man's sovereignty will have been vested in a committee. More than 40,000,000 Americans, or one third of the total population, have had no hand in the framing of the revenue bill; and if this rule prevails, they will have been denied, so far as the House is concerned, the right to protest, amend, or modify the most vital and fundamental exercise of sovereign power at the command of the greatest democracy in the world.

ADJOURNMENT

Mr. McREYNOLDS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 52 minutes p.m.) the House adjourned until tomorrow, Thursday, February 22, 1934, at 12 o'clock noon.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Feb. 22, 10 a.m.)

Continuation of the hearings on H.R. 7852, the National Securities Exchange Act, 1934.

EXECUTIVE COMMUNICATIONS, ETC.

359. Under clause 2 of rule XXIV a letter from the Secretary of War, transmitting a report on an accumulation of documents and files of papers not needed nor useful and of no permanent or historical interest was taken from the Speaker's table and referred to the Committee on Disposition of Useless Executive Papers.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. WERNER: Committee on Indian Affairs. H.R. 5075. A bill to amend section 1 of the act entitled "An act to provide for determining the heirs of deceased Indians, for the disposition and sale of allotments of deceased Indians, for the leasing of allotments, and for other purposes", approved June 25, 1910, as amended; with amendment (Rept. No. 825). Referred to the Committee of the Whole House on the state of the Union.

Mr. O'CONNOR: Committee on Rules. House Resolution 278. Resolution for the consideration of H.R. 7966, a bill to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes; without amendment (Rept. No. 826). Referred to the House Calendar.

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. House Report No. 827. Report on the relation of holding companies to operating companies in power and gas affecting control (pt. 1). Referred to the House Calendar and ordered to be printed with illustrations.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Interstate and Foreign Commerce was discharged from the consideration of the bill (H.R. 7978) to amend the Air Mail Act of February 2, 1925, as amended, for the purpose of further encouraging commercial aviation, and the same was referred to the Committee on the Post Office and Post Roads.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. KRAMER: A bill (H.R. 8166) to regulate brake equipment on freight cars, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. GASQUE: A bill (H.R. 8167) to abolish interest charges upon loans made on adjusted-service certificates; to the Committee on Ways and Means.

By Mr. ZIONCHECK: A bill (H.R. 8168) to amend section 4426 of the Revised Statutes of the United States, as amended by the act of Congress approved May 16, 1906; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. EDMONDS: A bill (H.R. 8169) to authorize the payment of Federal and local taxes on Government property utilized in competition with the private interests of citizens

of the United States; to the Committee on Public Buildings and Grounds.

By Mr. RUFFIN: A bill (H.R. 8170) to protect the United States against fraud and imposition in connection with claims for money; to prevent the exaction of extortionate fees from claimants of money owed by the United States; and to suppress improper practices in the division of fees for services in connection with such claims; to the Committee on the Judiciary.

By Mr. WALLGREN: A bill (H.R. 8171) to provide for the construction of a bridge across the Portage Canal between Marrowstone Island and the mainland, Jefferson County, State of Washington; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: A bill (H.R. 8172) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. LEA of California: A bill (H.R. 8173) authorizing the President to make rules and regulations in respect to alcoholic beverages in the Canal Zone, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. HOWARD (by departmental request): A bill (H.R. 8174) for the protection of Indians of the Five Civilized Tribes in Oklahoma, and for other purposes; to the Committee on Indian Affairs.

By Mr. STUDLEY (by request): A bill (H.R. 8175) to extend the Air Mail Service and promote its efficiency, and for other purposes; to the Committee on the Post Office and Post Roads.

By Mr. SECREST: A bill (H.R. 8176) to provide for the continuation of State, county, and local Civil Works projects until the conclusion thereof pursuant to quotas in force on January 1, 1934; to the Committee on Ways and Means.

By Mr. STUBBS: A bill (H.R. 8177) to prohibit, until the end of the calendar year 1940, the importation of crude petroleum and crude petroleum by-products into the United States of America; to the Committee on Ways and Means.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK: A bill (H.R. 8178) for the relief of the heirs of Edward P. Frank, deceased; to the Committee on Claims.

By Mr. BRITTEN: A bill (H.R. 8179) for the relief of Clarence F. Jobson; to the Committee on Military Affairs.

By Mr. CARTWRIGHT: A bill (H.R. 8180) for the relief of Mrs. Otto H. Reed; to the Committee on Claims.

By Mr. COCHRAN of Missouri: A bill (H.R. 8181) granting a pension to Fred Wellmann; to the Committee on Pensions.

By Mr. COLLINS of California: A bill (H.R. 8182) for the relief of Misner Jane Humphrey; to the Committee on Naval Affairs.

By Mr. FARLEY: A bill (H.R. 8183) granting an increase of pension to Nancy A. Bortner; to the Committee on Invalid Pensions.

By Mr. GRIFFIN: A bill (H.R. 8184) granting an increase of pension to Hattie V. Holdsworth; to the Committee on Pensions.

By Mr. GREENWOOD: A bill (H.R. 8185) granting a pension to Albert Braun; to the Committee on Invalid Pensions.

By Mr. HENNEY: A bill (H.R. 8186) for the relief of the National Cheese Producers' Federation of Plymouth, Wis.; to the Committee on Claims.

By Mr. KNUTE HILL: A bill (H.R. 8187) granting a pension to Jennie Ledford McNeill; to the Committee on Pensions.

By Mr. KLEBERG: A bill (H.R. 8188) granting a pension to Mary A. Lynch; to the Committee on Invalid Pensions.

By Mr. KLOEB: A bill (H.R. 8189) granting a pension to Chester E. Stevenson; to the Committee on Pensions.

Also, a bill (H.R. 8190) granting a pension to Jennie E. Key; to the Committee on Invalid Pensions.

By Mr. LEHLBACH: A bill (H.R. 8191) for the relief of Henry von der Heide (sometimes known as Henry Heide); to the Committee on Claims.

By Mr. McKEOWN: A bill (H.R. 8192) for the relief of E. N. Barksdale; to the Committee on Claims.

By Mr. MERRITT: A bill (H.R. 8193) for the relief of Jean Anthony King; to the Committee on Naval Affairs.

By Mr. O'CONNOR: A bill (H.R. 8194) for the relief of Raymond Nelson Hickman; to the Committee on Naval Affairs.

By Mr. REECE: A bill (H.R. 8195) granting a pension to Martin T. Atkins; to the Committee on Pensions.

By Mr. STOKES: A bill (H.R. 8196) for the relief of James H. Conlin; to the Committee on Military Affairs.

By Mr. TAYLOR of Tennessee: A bill (H.R. 8197) for the relief of the Guamoco Mining Co.; to the Committee on Ways and Means.

By Mr. THOMAS: A bill (H.R. 8198) granting a pension to Mary Keegan; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8199) for the relief of Lydia M. White; to the Committee on Claims.

By Mr. THOM: A bill (H.R. 8200) granting an increase of pension to Emma B. Korn; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8201) granting a pension to Susan Van Pelt; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8202) granting an increase of pension to Emma Wiley; to the Committee on Invalid Pensions.

By Mr. TRAEGER: A bill (H.R. 8203) granting the Distinguished Service Cross to Col. John A. Lockwood, United States Army, retired; to the Committee on Military Affairs.

By Mr. WELCH: A bill (H.R. 8204) for the relief of Donald David Foster; to the Committee on Naval Affairs.

By Mr. KENNEY: A bill (H.R. 8205) for the relief of Maj. Cris Miles Burlingame; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2454. By Mr. BACON: Petition of sundry residents of New York State, protesting against issue of Maryland commemorative stamp; to the Committee on the Post Office and Post Roads.

2455. By Mr. CARPENTER of Kansas: Petition of Bruce Thayer, John J. Trout, and several thousand others from the Fourth District of Kansas; to the Committee on Merchant Marine, Radio, and Fisheries.

2456. Also, petition of Dr. R. R. Blackwill and 47 others living in and around Wamego; to the Committee on Ways and Means.

2457. Also, petition of Dr. V. H. Saffry and 21 others living in and around Manhattan, Kans.; to the Committee on Ways and Means.

2458. Also, petition of E. P. Bawling and 70 others living in Manhattan, Kans., or its immediate vicinity; to the Committee on Ways and Means.

2459. By Mr. DARROW: Petition of members and friends of the Federation of Women's Society of the First Methodist Episcopal Church, of Germantown, Philadelphia, protesting against war and preparation for war, etc.; to the Committee on Military Affairs.

2460. By Mr. EDMONDS: Petition of the Reciprocity Club, of Philadelphia, relating to national defense; to the Committee on Military Affairs.

2461. By Mr. FOSS: Petition of Loyd H. Maxim, of Leominster, Mass., and 4,800 other residents of the Third Congressional District of Massachusetts, petitioning Congress to safeguard the rights of the American people relative to the radio; to the Committee on Merchant Marine, Radio, and Fisheries.

2462. By Mr. GOODWIN: Petition of conference of mayors and other municipal officials of the State of New York, relative to obtaining additional Federal funds for municipal improvements of a permanent nature in behalf of the cities and villages of the State of New York; to the Committee on Appropriations.

2463. By Mr. HESS: Resolution of the House of Representatives of the State of Ohio, urging the Congress of the United States to adopt an antilynching law; to the Committee on the Judiciary.

2464. By Mr. HILDEBRANDT: Resolution of the Allied Independent Railroad Labor Organizations, western district, opposing the consolidation of shops or the merging of railroads at this time; to the Committee on Labor.

2465. Also, petition of citizens of Minnehaha County, Edmunds County, Beadle County, Yankton County, and various other counties in First Congressional District of South Dakota, opposing radio discrimination; to the Committee on Merchant Marine, Radio, and Fisheries.

2466. By Mr. JAMES: Resolution of the Parent-Teacher Association of Kenton, Mich., advocating and supporting an adequate program of Federal aid for public schools of the United States; to the Committee on Education.

2467. Also, resolution of the board of supervisors, by J. E. Clements, county clerk, L'Anse, Mich., favoring the extension of the Civil Works Administration program beyond February 15, 1934; to the Committee on Appropriations.

2468. Also, petition of William McGlue Post, No. 144, L'Anse, Mich., favoring a naval armory at Hancock, Mich., for the Naval Reserve Division of Hancock, Mich.; to the Committee on Naval Affairs.

2469. By Mr. JOHNSON of Texas: Resolution passed by the House of Representatives of the State of Texas, opposing a Federal tax on natural gas; to the Committee on Ways and Means.

2470. Also, petition of J. A. Knight, publisher of Madisonville Meteor, Madisonville, Tex., opposing Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2471. Also, petition of Roy F. Perry, publisher of the Oakwood Oracle, Oakwood, Tex., opposing the Tugwell bill; to the Committee on Interstate and Foreign Commerce.

2472. By Mr. KINZER: Communication from 145 students of Immaculata College, Immaculata, Pa., protesting against the use of the mails for the dissemination of contraceptive information; to the Committee on the Judiciary.

2473. By Mr. KLOEB: Petition of 8,500 Fourth Ohio District residents, protesting against interference with radiobroadcasts; to the Committee on Merchant Marine, Radio, and Fisheries.

2474. By Mr. KVALE: Petition of the members of the Dayton's Bluff Methodist Episcopal Church of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2475. Also, petition of members of the Central Park Methodist Episcopal Church, of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2476. Also, resolution of the county board, Lake County, Minn., opposing an extension of the present national forest within that county, unless approved by the county board, and requesting an acreage tax upon national forest lands within said county; to the Committee on Agriculture.

2477. Also, resolution of Grand Portage (Minn.) Farmer-Labor Club, urging passage of laws for the payment of an acreage tax of 5 cents per acre on all lands owned by the Federal Government; to the Committee on Agriculture.

2478. Also, resolution of Grand Portage (Minn.) Farmer-Labor Club, opposing the application of an individual to build seven dams on the Pigeon River, Minn.; to the Committee on the Public Lands.

2479. Also, resolution of Grand Portage (Minn.) Farmer-Labor Club, urging completion of Highway No. 61 to the Canadian boundary, through the Grand Portage Reservation; to the Committee on Roads.

2480. Also, resolution of United States 108 Highway Association, asking the passage of Federal appropriations for highway-construction purposes, and opposing provisions requiring the matching of such funds by the several States; to the Committee on Roads.

2481. Also, resolution of employees of the United States Customs Service, stationed at Ranier, Minn., requesting the favorable consideration of recommendations of the Senate Subcommittee on Appropriations with reference to restoration of pay; to the Committee on Appropriations.

2482. Also, resolution of Minnesota State Department of Conservation, urging restoration of Mud Lake area in Marshall County, Minn., as a wild-game refuge; to the Committee on Agriculture.

2483. Also, petition of Minneapolis Central Labor Union urging that permission be granted Minneapolis to proceed with the metropolitan drainage project under the day-labor system; to the Committee on Appropriations.

2484. By Mr. LINDSAY: Petition of Henry Nias, president Lily Tulip Cup Corporation, New York City, opposing certain provisions of the National Securities Exchange Act; to the Committee on Interstate and Foreign Commerce.

2485. By Mr. MEAD: Resolution of the New York State Legislature, concerning the importation of hop roots into Oneida County; to the Committee on Agriculture.

2486. By Mr. MONAGHAN of Montana: Petition of Butte Miners Union, No. 1; to the Committee on Labor.

2487. By Mr. PLUMLEY: Petition of Carleton C. Green and 960 other citizens of Vermont, protesting against certain interference through censorship of radiobroadcasting; to the Committee on Merchant Marine, Radio, and Fisheries.

2488. By Mr. SEGER: Petition of the Legislature of New Jersey, requesting Congress to appropriate sufficient funds to carry out the provisions of the National Defense Act of 1920 and accompanying legislation; to the Committee on Military Affairs.

2489. By Mr. SUTPHIN: Petition of the Gregory School Parent-Teachers' Associations, urging that action be taken on Senate bill 1944, and endorsing the principles enunciated in the proposed revision of the present Federal Food and Drugs Act in accordance with said Senate bill 1944; to the Committee on Interstate and Foreign Commerce.

SENATE

THURSDAY, FEBRUARY 22, 1934

(Legislative day of Tuesday, Feb. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of February 20 and February 21 was dispensed with, and the Journal was approved.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Reynolds
Ashurst	Costigan	Hebert	Robinson, Ark.
Austin	Couzens	Johnson	Robinson, Ind.
Bachman	Davis	Kean	Russell
Bailey	Dickinson	Keyes	Schall
Bankhead	Dieterich	La Follette	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Steiwer
Black	Erickson	Long	Stephens
Bone	Fess	McAdoo	Thomas, Okla.
Borah	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Metcalf	Trammell
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Nye	Wagner
Caraway	Hale	O'Mahoney	Walcott
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	White
Connally	Hatch	Pittman	
Coolidge	Hatfield	Pope	

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Montana [Mr. WHEELER] and the Senator from Utah [Mr. KING] are detained from the Senate by severe colds.

I desire further to announce that the Senator from Kansas [Mr. MCGILL], the Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. LEWIS], and the Senator from South Carolina [Mr. SMITH] are necessarily detained from the Senate on official business.

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED], the Senator from Nebraska [Mr. NORRIS], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate.

The PRESIDENT pro tempore. Eighty-six Senators having answered to their names, a quorum is present.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed a bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, in which it requested the concurrence of the Senate.

HOUSE BILL REFERRED

The bill (H.R. 7835) to provide revenue, equalize taxation, and for other purposes, was read twice by its title and referred to the Committee on Finance.

READING OF WASHINGTON'S FAREWELL ADDRESS

The PRESIDENT pro tempore. On this day it is customary for the United States Senate to have read the Farewell Address of Washington. The senior Senator from Utah [Mr. KING], who had been selected to read the Farewell Address, is unable to be present on account of illness. In his absence, the junior Senator from Wyoming [Mr. O'MAHONEY] has been designated to read the Address.

Mr. O'MAHONEY read the Address, as follows:

To the people of the United States.

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States, being not far distant, and the time actually arrived, when your thoughts must be employed in designating the person, who is to be cloathed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those, out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured, that this resolution has not been taken, without a strict regard to all the considerations appertaining to the relation, which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped, that it would have been much earlier in my power, consistently with motives, which I was not at liberty to disregard, to return to that retirement, from which I had been reluctantly drawn. The strength of my inclination to do this, previous to the last election, had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign nations, and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.

I rejoice, that the state of your concerns, external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty, or propriety; and am persuaded whatever partiality may be retained for my services, that in the present circumstances of our country, you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust, were explained on the proper occasion. In the discharge of this trust, I will only say, that I have with good intentions, contributed towards the organization and administration of the government, the best exertions of which a very fallible judgment was capable. Not unconscious, in the out set, of the inferiority of my qualifications, experience in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and every day the increasing weight of years admonishes me more and more, that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services, they were temporary, I have the consolation to believe, that while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

In looking forward to the moment, which is intended to terminate the career of my public life, my feelings do not permit me to suspend the deep acknowledgement of that debt of gratitude which I owe to my beloved country, for the many honours it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering, though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise, and as an instructive example in our annals, that under circumstances in which the passions, agitated in every direction, were liable to mislead, amidst appearances sometimes dubious,—vicissitudes of fortune often discouraging,—in situations in which not unfrequently want of success has countenanced the spirit of criticism—the constancy of your support was the essential prop of the efforts, and a guarantee of the plans by which they were effected.——Profoundly penetrated with this idea, I shall carry it with me to my grave, as a strong incitement to unceasing vows that Heaven may continue to you the choicest tokens of its beneficence—that your union and brotherly affection may be perpetual—that the free constitution, which is the work of your hands, may be sacredly maintained—that its administration in every department may be stamped with wisdom and virtue—that, in fine, the happiness of the people of these States, under the auspices of liberty, may be made complete, by so careful a preservation, and so prudent a use of this blessing as will acquire to them the glory of recommending it to the applause, the affection and adoption of every nation which is yet a stranger to it.

Here, perhaps, I ought to stop. But a solicitude for your welfare, which cannot end but with my life, and the apprehension of danger, natural to that solicitude, urge me on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiment; which are the result of much reflection, of no inconsiderable observation, and which appear to me all-important to the permanency of your felicity as a People. These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parting friend, who can possibly have no personal motive to bias his counsel. Nor can I forget, as an encouragement to it, your indulgent reception of my sentiments on a former and not dissimilar occasion.

Interwoven as is the love of liberty with every ligament of your hearts, no recommendation of mine is necessary to fortify or confirm the attachment.

The unity of Government which constitutes you one people, is also now dear to you. It is justly so; for it is a main pillar in the edifice of your real independence, the support of your tranquility at home, your peace abroad; of your safety; of your prosperity; of that very Liberty which you so highly prize. But as it is easy to foresee, that from different causes and from different quarters, much pains will be taken, many artifices employed, to weaken in your minds the conviction of this truth; as this is the point in your political fortress against which the batteries of internal and external enemies will be most constantly and actively (though often covertly

and insidiously) directed, it is of infinite moment, that you should properly estimate the immense value of your national Union to your collective and individual happiness; that you should cherish a cordial, habitual and immoveable attachment to it; accustoming yourselves to think and speak of it as of the Palladium of your political safety and prosperity; watching for its preservation with jealous anxiety; discountenancing whatever may suggest even a suspicion that it can in any event be abandoned; and indignantly frowning upon the first dawning of every attempt to alienate any portion of our country from the rest, or to enfeeble the sacred ties which now link together the various parts.

For this you have every inducement of sympathy and interest. Citizens by birth or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you, in your national capacity, must always exalt the just pride of Patriotism, more than any appellation derived from local discriminations. With slight shades of difference, you have the same religion, manners, habits and political principles. You have in a common cause fought and triumphed together; the Independence and Liberty you possess are the work of joint councils, and joint efforts, of common dangers, sufferings and successes.

But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your interest.—Here every portion of our country finds the most commanding motives for carefully guarding and preserving the Union of the whole.

The *North*, in an unrestrained intercourse with the *South*, protected by the equal laws of a common government, finds in the productions of the latter, great additional resources of maritime and commercial enterprise and precious materials of manufacturing industry.—The *South* in the same intercourse, benefitting by the same Agency of the *North*, sees its agriculture grow and its commerce expand. Turning partly into its own channels the seamen of the *North*, it finds its particular navigation invigorated;—and while it contributes, in different ways, to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength, to which itself is unequally adapted.—The *East*, in a like intercourse with the *West*, already finds, and in the progressive improvement of interior communications, by land and water, will more and more find a valuable vent for the commodities which it brings from abroad, or manufactures at home.—The *West* derives from the *East* supplies requisite to its growth and comfort—and what is perhaps of still greater consequence, it must of necessity owe the *secure* enjoyment of indispensable *outlets* for its own productions, to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as *one nation*.—Any other tenure by which the *West* can hold this essential advantage, whether derived from its own separate strength, or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious.

While then every part of our country thus feels an immediate and particular interest in Union, all the parts combined cannot fail to find in the united mass of means and efforts greater strength, greater resource, proportionably greater security from external danger, a less frequent interruption of their peace by foreign nations;—and what is of inestimable value! they must derive from Union an exemption from those broils and wars between themselves, which so frequently afflict neighbouring countries, not tied together by the same government; which their own rivalships alone would be sufficient to produce, but which opposite foreign alliances, attachments and intrigues would stimulate and imbitter.—Hence likewise they will avoid the necessity of those overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to Republican Liberty; in this sense it is, that your Union ought to be considered as a main prop of your liberty, and that the love of the one ought to endear to you the preservation of the other.

These considerations speak a persuasive language to every reflecting and virtuous mind, and exhibit the continuance of the Union as a primary object of Patriotic desire.—Is there a doubt, whether a common government can embrace so large a sphere?—Let experience solve it. To listen to mere speculation in such a case were criminal. We are authorized to hope that a proper organization of the whole, with the auxiliary agency of governments for the respective subdivisions, will afford a happy issue to the experiment. 'Tis well worth a fair and full experiment. With such powerful and obvious motives to Union, affecting all parts of our country, while experience shall not have demonstrated its impractibility, there will always be reason to distrust the patriotism of those, who in any quarter may endeavour to weaken its bands.

In contemplating the causes which may disturb our Union, it occurs as matter of serious concern, that any ground should have been furnished for characterising parties by *Geographical* discriminations—*Northern* and *Southern*—*Atlantic* and *Western;* whence designing men may endeavor to excite a belief that there is a real difference of local interests and views. One of the expedients of party to acquire influence, within particular districts, is to misrepresent the opinions and aims of other districts. You cannot shield yourselves too much against the jealousies and heart burnings which spring from these misrepresentations; they tend to render alien to each other those who ought to be bound together by fraternal affection. The inhabitants of our western country have lately had a useful lesson on this head: they have seen, in the negociation by the Executive, and in the unanimous ratification by the Senate of the treaty with Spain, and in the universal satisfaction at that event, throughout the United States, a decisive proof how unfounded were the suspicions propagated among them of a policy in the General Government and in the Atlantic States unfriendly to their interests in regard to the *Mississippi:* they have been witnesses to the formation of two treaties, that with Great Britain and that with Spain, which secure to them every thing they could desire, in respect to our foreign relations, toward confirming their prosperity. Will it not be their wisdom to rely for the preservation of these advantages on the *Union* by which they were procured? Will they not henceforth be deaf to those advisers, if such there are, who would sever them from their Brethren and connect them with aliens?

To the efficacy and permanency of your Union, a Government for the whole is indispensable—No alliances, however strict, between the parts can be an adequate substitute, they must inevitably experience the infractions and interruptions which all alliances in all times have experienced. Sensible of this momentous truth, you have improved upon your first essay, by the adoption of a Constitution of Government better calculated than your former for an intimate Union, and for the efficacious management of your common concerns. This Government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true Liberty. The basis of our political systems is the right of the people to make and to alter their Constitutions of Government—But the Constitution which at any time exists, 'till changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power and the right of the people to establish Government presupposes the duty of every individual to obey the established Government.

All obstructions to the execution of the Laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the

regular deliberation and action of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency. They serve to organize faction, to give it an artificial and extraordinary force—to put in the place of the delegated will of the nation, the will of a party, often a small but artful and enterprizing minority of the community; and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils, and modified by mutual interests.

However combinations or associations of the above description may now and then answer popular ends, they are likely in the course of time and things, to become potent engines, by which cunning, ambitious and unprincipled men will be enabled to subvert the power of the people, and to usurp for themselves the reigns of government; destroying afterwards the very engines which have lifted them to unjust dominion.

Towards the preservation of your government, and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular oppositions to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles however specious the pretexts.—One method of assault may be to effect in the forms of the constitution alterations which will impair the energy of the system, and thus to undermine what cannot be directly overthrown. In all the changes to which you may be invited, remember that time and habit are at least as necessary to fix the true character of governments, as of other human institutions—that experience is the surest standard, by which to test the real tendency of the existing constitution of a country—that facility in changes upon the credit of mere hypothesis and opinion, exposes to perpetual change, from the endless variety of hypothesis and opinion; and remember, especially, that for the efficient management of your common interests, in a country so extensive as ours, a government of as much vigour as is consistent with the perfect security of liberty, is indispensable. Liberty itself will find in such a government, with powers properly distributed and adjusted, its surest guardian. It is, indeed, little else than a name, where the government is too feeble to withstand the enterprises of faction, to confine each member of the society within the limits prescribed by the laws, and to maintain all in the secure and tranquil enjoyment of the rights of person and property.

I have already intimated to you, the danger of parties in the state, with particular reference to the founding of them on geographical discriminations. Let me now take a more comprehensive view and warn you in the most solemn manner against the baneful effects of the spirit of party, generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind.—It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form, it is seen in its greatest rankness, and is truly their worst enemy.

The alternate domination of one faction over another, sharpened by the spirit of revenge, natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism.—But this leads at length to a more formal and permanent despotism.—The disorders and miseries, which result, gradually incline the minds of men to seek security and repose in the absolute power of an individual: and sooner or later the chief of some prevailing faction more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation, on the ruins of Public Liberty.

Without looking forward to an extremity of this kind (which nevertheless ought not to be entirely out of sight) the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise People to discourage and restrain it.

It serves always to distract the Public Councils and enfeeble the Public Administration. It agitates the Community with ill founded jealousies and false alarms; kindles the animosity of one part against another, forments occasionally riot and insurrection. It opens the door to foreign influence and corruption, which find a facilitated access to the government itself through the channels of party passions. Thus the policy and the will of one country are subjected to the policy and will of another.

There is an opinion that parties in free countries are useful checks upon the administration of the Government, and serve to keep alive the spirit of Liberty. This within certain limits is probably true; and in Governments of a Monarchical cast, Patriotism may look with indulgence, if not with favour, upon the spirit of party. But in those of the popular character, in Governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched; it demands a uniform vigilance to prevent its bursting into a flame, lest, instead of warming it should consume.

It is important likewise, that the habits of thinking in a free country, should inspire caution, in those entrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power, and proneness to abuse it, which predominates in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power; by dividing and distributing it into different depositories, and constituting each the Guardian of the Public Weal against invasions by the others, has been evinced by experiments ancient and modern; some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the People, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the constitution designates.—But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed.—The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Of all the dispositions and habits which lead to political prosperity, Religion and Morality are indispensable supports.—In vain would that man claim the tribute of Patriotism, who should labour to subvert these great pillars of human happiness, these firmest props of the duties of Men and Citizens.—The mere Politician, equally with the pious man ought to respect and to cherish them.—A volume could not trace all their connections with private and public felicity. Let it simply be asked where is the security for property, for reputation, for life, if the sense of religious obligation *desert* the oaths, which are the instruments of investigation in Courts of Justice? And let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure; reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle.

'Tis substantially true, that virtue or morality is a necessary spring of popular government. The rule indeed extends with more or less force to every species of free government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundation of the fabric?

Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge.—In pro-

portion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened.

As a very important source of strength and security cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expence, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burthen which we ourselves ought to bear.—The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate.—To facilitate to them the performance of their duty, it is essential that you should practically bear in mind, that towards the payment of debts there must be Revenue: that to have Revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper objects (which is always a choice of difficulties) ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiesence in the measures for obtaining Revenue which the public exigencies may at any time dictate.

Observe good faith and justice towards all Nations, cultivate peace and harmony with all; Religion and Morality enjoin this conduct; and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great Nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt that in the course of time and things the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it? Can it be, that Providence has not connected the permanent felicity of a Nation with its Virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature. Alas! is it rendered impossible by its vices?

In the execution of such a plan, nothing is more essential than that permanent, inveterate antipathies against particular Nations, and passionate attachments for others should be excluded; and that in place of them just and amicable feelings towards all should be cultivated. The Nation, which indulges towards another an habitual hatred, or an habitual fondness, is in some degree a slave. It is a slave to its animosity or to its affection, either of which is sufficient to lead it astray from its duty and its interest. Antipathy in one naion against another disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable, when accidental or trifling occasions of dispute occur. Hence frequent collisions, obstinate, envenomed and bloody contests. The Nation, prompted by ill will and resentment, sometimes impels to war the Government, contrary to the best calculations of policy. The Government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times, it makes the animosity of the nation subservient to projects of hostility instigated by pride, ambition and other sinister and pernicious motives. The peace often, sometimes perhaps the liberty, of Nations has been the victim.

So likewise, a passionate attachment of one Nation for another produces a variety of evils. Sympathy for the favourite Nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducement or justification. It leads also to concessions to the favorite Nation of privileges denied to others, which is apt doubly to injure the Nation making the concessions by unnecessarily parting with what ought to have been retained and by exciting jealousy, ill will, and a disposition to retaliate, in the parties from whom equal privileges are withheld: And it gives to ambitious, corrupted, or deluded citizens (who devote themselves to the favourite nation) facility to betray, or sacrifice the interests of their own country, without odium, sometimes even with popularity; gilding with the appearances of a virtuous sense of obligation a commendable deference for public opinion, or a laudable zeal for public good, the base or foolish compliances of ambition, corruption or infatuation.

As avenues to foreign influence in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent Patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the Public Councils! Such an attachment of a small or weak, towards a great and powerful nation, dooms the former to be the satellite of the latter.

Against the insidious wiles of foreign influence (I conjure you to believe me, fellow-citizens the jealousy of a free people ought to be *constantly* awake; since history and experience prove that foreign influence is one of the most baneful foes of Republican Government. But that jealousy to be useful must be impartial; else it becomes the instrument of the very influence to be avoided, instead of a defense against it.—Excessive partiality for one foreign nation, and excessive dislike of another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other.—Real patriots, who may resist the intrigues of the favourite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is in extending our commercial relations, to have with them as little *political* connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith.—Here let us stop.

Europe has a set of primary interests, which to us have none, or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary viscissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off, when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality, we may at any time resolve upon, to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humour, or caprice?

'Tis our true policy to steer clear of permanent alliances, with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronising infidelity to existing engagements. I hold the maxim no less applicable to public than to private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But in my opinion, it is unnecessary and would be unwise to extend them.

Taking care always to keep ourselves, by suitable establishments, on a respectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies.

Harmony, liberal intercourse with all nations, are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand; neither seeking nor granting exclusive favours or preferences; consulting the natural course of things; diffusing

and diversifying by gentle means the streams of commerce, but forcing nothing; establishing, with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the government to support them; conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary, and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view, that 'tis folly in one nation to look for disinterested favours from another; that it must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance, it may place itself in the condition of having given equivalents for nominal favours, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect, or calculate upon real favours from nation to nation. 'Tis an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our nation from running the course which has hitherto marked the destiny of nations: But if I may even flatter myself, that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism; this hope will be a full recompence for the solicitude for your welfare, by which they have been dictated.

How far in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself, the assurance of my own conscience is, that I have at least believed myself to be guided by them.

In relation to the still subsisting war in Europe, my Proclamation of the 22d of April 1793 is the index to my Plan. Sanctioned by your approving voice and by that of your Representatives in both Houses of Congress, the spirit of that measure has continually governed me; uninfluenced by any attempts to deter or divert me from it.

After deliberate examination with the aid of the best lights I could obtain, I was well satisfied that our country, under all the circumstances of the case, had a right to take, and was bound in duty and interest, to take a neutral position. Having taken it, I determined, as far as should depend upon me, to maintain it, with moderation, perseverance and firmness.

The considerations which respect the right to hold this conduct, it is not necessary on this occasion to detail. I will only observe, that according to my understanding of the matter, that right, so far from being denied by any of the Belligerent Powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without any thing more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity towards other nations.

The inducements of interests for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavour to gain time to our country to settle and mature its yet recent institutions, and to progress without interruption, to that degree of strength and consistency, which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration, I am unconscious of intentional error: I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my Country will never cease to view them with indulgence; and that after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love towards it, which is so natural to a man, who views in it the native soil of himself and his progenitors for several generations; I anticipate with pleasing expectation that retreat, in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow Citizens, the benign influence of good laws under a free government—the ever favourite object of my heart, and the happy reward, as I trust, of our mutual cares, labours, and dangers.

G. WASHINGTON.

UNITED STATES, *17th September, 1796.*

PERSONAL EXPLANATIONS—PURCHASE AND SALE OF ARMY SUPPLIES

Mr. BARBOUR. Mr. President, I rise to a point of personal privilege. It has been drawn to my attention that certain newspapers today are carrying a story in connection with the current grand jury investigation of the purchase and sale of Army supplies, to the effect that I was one of three Senators who interested themselves in the affairs of one Joseph Silverman, who, I am informed, has been barred from further negotiations with the War Department in the matter of surplus Army supplies, and whose activities in the past are now under the scrutiny of the grand jury.

I desire to place in the RECORD certain correspondence directed to Hon. Harry H. Woodring, Assistant Secretary of War, to which, so far as my files show, no reply was ever made, and such other memoranda as comprise my entire file in this whole connection. I do this that any Member of Congress, Government official, newspaperman, or citizen may read my complete file on the subject.

The facts in the case, as I recall them, are as follows: About a year ago, Mr. Silverman came to my office in the Senate Office Building, and representing himself, as was the case, as being a citizen of New Jersey and one of my constituents, said that he was interested in the sale of certain materials to the Army and Civilian Conservation Corps. I treated the incident in the same manner, and as a matter of office routine, as I have done in countless other instances where constituents have come to me as their representative in the United States Senate, to seek information of various officials, or otherwise help them in a purely routine way.

I personally had no dealings with Mr. Silverman or anyone else, nor, in the personal sense, the slightest interest, directly or indirectly, in either Mr. Silverman or his undertakings.

The following is a copy of a letter written by me, under date of January 15, 1934, to Hon. Harry H. Woodring, Assistant Secretary of War, inquiring for information with respect to the negotiations between the office of the Director of the Civilian Conservation Corps, the office of the Assistant Secretary of War, and the Breecot Co., New York City, this letter having been written upon the request of the said Joseph Silverman:

JANUARY 15, 1934.

Hon. HARRY H. WOODRING,
Assistant Secretary of War,
Washington, D.C.

MY DEAR MR. SECRETARY: I am advised that early in October of 1933 negotiations were entered into between the Office of the Director of the C.C.C., the Office of the Assistant Secretary of War, and the Breecot Co., of New York City, for the acquisition by the War Department, for the use of the C.C.C. of approximately 700,000 pieces of unused wool underwear originally purchased from the United States Government.

Numerous conferences, I am advised, were held and the Breecot Co. finally agreed to sell back the War Department the abovementioned quantity of underwear, at the price of 15¾ cents per garment, provided the War Department additionally sold the Breecot Co. other miscellaneous items of surplus, or to be made surplus, materials such as saddles, horse and mule covers, horse brushes, canteens, etc.

The Breecot Co. signed a contract early in December and since that time it states that no further action has been taken by the Government, and the company reports that it is unable to get any additional informaion.

I would be very grateful indeed, if you would advise me the present status of this deal, and the impediment existing therein, if any, particularly in view of the apparent savings to the Govern-

ment if the transaction was consummated as contemplated. I also understand that underwear has been and is being purchased by the Army for use by the C.C.C. at a cost considerably greater than that offered by the Breecot Co.

Awaiting your advices, and with kindest regards,

Most sincerely,

——— ———.

The following is a copy of a letter written by me under date of January 15, 1934, to Hon. Harry H. Woodring, Assistant Secretary of War, with reference to the announced policy by the Army in connection with the repurchase of materials previously sold by them:

JANUARY 15, 1934.

Hon. HARRY H. WOODRING,
Assistant Secretary of War,
Washington, D.C.

MY DEAR MR. SECRETARY: Last spring, in the midst of the rush for the purchase of clothing and other supplies for the Civilian Conservation Corps by the Army, a policy was announced to the effect that the Army would not repurchase materials previously sold by them for use of the C.C.C. This, apparently, in spite of the fact that similar materials still in the warehouses of the Army were being issued to troops and enrolled members of the C.C.C.

I would be grateful, indeed, if you would advise me the premise upon which this policy was instituted and why the policy should be continued, and wherein the advantage to the Government lies, through the pursuit of this policy?

With kindest regards, sincerely yours,

——— ———.

The following is a copy of a letter, left in my office, which I was informed by Mr. Silverman was sent by Hon. ROBERT R. REYNOLDS, United States Senator, to Assistant Secretary Woodring on this same subject, under date of January 11, 1934:

JANUARY 11, 1934.

Hon. HARRY H. WOODRING,
Assistant Secretary of War,
Washington, D.C.

MY DEAR MR. SECRETARY: I am advised there is a matter pending in your department with reference to a suggested purchase of wool underwear from the firm of J. Silverman in New York City. In view of the tremendous difference in price at which this lot of underwear is purchasable from the above firm, as compared to what the Army is now paying for similar materials, I would request that the War Department give to this particular matter very serious consideration.

I am informed that purchase of underwear from the Silverman Co. would save the Government at least $750,000, and if there is any reason whatsoever why this enormous saving should not be made for the Government, I should like to be advised with reasons clearly set out.

Very truly yours,

ROBERT R. REYNOLDS,
United States Senator.

The two following memoranda were left in my office by Mr. Silverman on January 15, 1934, with the suggestion by Mr. Silverman that they might be of assistance in explaining the technical points involved:

Memorandum for:

Last spring, in the midst of the precipitate rush for the purchase of clothing and other supplies for the C.C.C. by the Army, a policy was suddenly announced to the effect that the Army would not repurchase materials previously sold by them for use of the C.C.C.

This in spite of the fact that similar materials still in the warehouses of the Army were being issued to troops and enrolled members of the C.C.C.

The adoption of this policy on only four transactions in which our firm was interested has to date cost the Government a loss of at least $3,000,000. There is no reason for a continuation of this policy, which is plainly detrimental to the interest of the Government and the public policy, and I would request that proper steps be taken to cause the discontinuance thereof.

Very truly yours,

——— ———.

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Memorandum for:

Early in October 1933, negotiations were entered into between the office of the Director of the C.C.C., the office of the Assistant Secretary of War, and ourselves for the acquisition by the War Department, for use of the C.C.C., of approximately 700,000 pieces of unused wool underwear originally purchased from the United States Government.

Numerous conferences were held, and finally we agreed to sell back to the War Department the above-mentioned quantity of underwear at the price of 15¾ cents per garment, providing the War Department would additionally sell us other miscellaneous items of surplus or to be made surplus materials, such as saddles, horse and mule covers, horse brushes, canteens, etc.

We signed a contract early in December, and since that time absolutely no further action has taken place, and we are unable to get any additional information.

We would request that you ascertain from the Assistant Secretary of War, the Honorable H. H. Woodring, the present status of this deal and the impediment existing therein, if any, and if the answer is unsatisfactory we would request that this matter be made the subject of an investigation by the Senate Military Affairs Committee, in order that the full facts may be ascertained.

For your information, underwear has been and is being purchased by the Army for use of the C.C.C., and the average price for similar garments such as we are offering, but of inferior specifications, is approximately $1.15 per garment. In view of the enormous saving reflected herein (approximately $750,000), we are at a loss to understand such actions or lack of action on the part of the War Department.

We are attaching hereto copy of letter from Senator ROYAL COPELAND, written when this negotiation was originally entered into.

THE BREECOT CO.

Mr. REYNOLDS. Mr. President, I rise to a question of personal privilege.

For the past several weeks I have observed through the columns of the local newspapers, and innumerable others throughout the country, considerable publicity relative to an investigation which is now being made by the Federal grand jury of the District of Columbia relative to certain purchases or proposed purchases by the War Department.

I am informed that during the course of this investigation one official of the Government made the assertion, in connection with a gentleman by the name of Silverman, that three Members of this body had directed communications to him interceding in behalf of Mr. Silverman.

I desire to say at this time that I am one of the Members of this body who availed himself of the opportunity of directing an inquiry to an official of the War Department.

Some weeks ago I was informed that a purchase was about to be made pertaining to equipment and supplies for the War Department. At that particular time I was informed that the Government was about to be occasioned to make an expenditure of $750,000 which it should not make, because, according to the contentions of those with whom I conversed, a saving of $750,000 could be made. As a consequence thereof, being a member of the Committee on Military Affairs, I became interested, because I was desirous of being instrumental, or at least helpful, in saving the Government $750,000, if something of that sort could be accomplished.

As a result thereof, I was very pleased at the time and am now glad to be able to say that on January 11, 1934, I directed to Hon. H. H. Woodring, Assistant Secretary of War, the following letter:

JANUARY 11, 1934.

Hon. HARRY H. WOODRING,
Assistant Secretary of War, Washington, D.C.

MY DEAR MR. SECRETARY: I am advised there is a matter pending in your Department with reference to a suggested purchase of wool underwear from the firm of J. Silverman, in New York City. In view of the tremendous difference in price at which this lot of underwear is purchasable from the above firm as compared to what the Army is now paying for similar materials, I would request that the War Department give to this particular matter very serious consideration.

I am informed that purchase of underwear from the Silverman Co. would save the Government at least $750,000; and if there is any reason whatsoever why this enormous saving should not be made for the Government, I should like to be advised, with reasons clearly set out.

Very truly yours,

ROBERT R. REYNOLDS,
United States Senator.

FIELD-SERVICE POSITIONS UNDER FEDERAL HOME LOAN BANK BOARD

The VICE PRESIDENT laid before the Senate a letter from the chairman of the Federal Home Loan Bank Board, transmitting, pursuant to Senate Resolution 132 (agreed to Jan. 23, 1934), a statement showing the number of persons employed in the field service in each salary grade, segregated by States, together with the names and addresses of all persons receiving in excess of $2,000 per annum in each State, which, with the accompanying statement, was ordered to lie on the table.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of Hilda Phelps Hammond, for and on behalf of the Women's Committee of Louisiana, praying for a prompt investigation of charges preferred by her on behalf of said Women's Committee of Louisiana against Mr. LONG and Mr.

OVERTON, Senators from Louisiana, and also with reference to the employment of counsel and other matters, which, with the accompanying papers, was referred to the Committee on Privileges and Elections.

Mr. ROBINSON of Arkansas presented a letter from Herman Dierks, Kansas City, Mo., relative to section 115 of the revenue act, which was referred to the Committee on Finance.

Mr. CAPPER presented petitions, numerously signed, of sundry citizens of Tipton, Kans., praying for the passage of legislation to require packers to buy hogs through open, competitive terminal markets, which were referred to the Committee on Agriculture and Forestry.

He also presented petitions, numerously signed, of sundry citizens of Jewell County, Kans., praying for the passage of the so-called "Frazier farm refinancing bill", which were referred to the Committee on Agriculture and Forestry.

He also presented memorials, numerously signed, of sundry citizens of Hutchinson and Lyons, Kans., remonstrating against the passage of the so-called "Tugwell bill", to prevent the manufacture, shipment, or sale of adulterated or misbranded food and drugs, and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

He also presented a petition signed by patients of the Veterans' Hospital, Wichita, Kans., praying for the passage of the bill (H.R. 1) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates, which was referred to the Committee on Finance.

He also presented petitions, numerously signed, of sundry citizens of Harper County, Centerville, Garrison, and Olsburg, all in the State of Kansas, praying for the passage of the so-called "four-point" legislative program of the American Legion, which were ordered to lie on the table.

REPORTS OF COMMITTEES

Mr. LOGAN, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2139. An act for the relief of the Western Union Telegraph Co. (Rept. No. 347); and

S. 2554. An act for the relief of Cohen, Goldman & Co., Inc. (Rept. No. 348).

Mr. OVERTON, from the Committee on Commerce, to which was referred the bill (S. 2796) to authorize payments for the purchase of, or to reimburse States or local levee districts for the cost of, levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, reported it without amendment and submitted a report (No. 349) thereon.

Mr. STEPHENS, from the Committee on Commerce, to which was referred the joint resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products, reported it with amendments and submitted a report (No. 350) thereon.

He also, from the same committee, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 2835. An act to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States (Rept. No. 351); and

H.R. 7205. An act to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels (Rept. No. 352).

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. McNARY:

A bill (S. 2860) to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land; to the Committee on Indian Affairs.

By Mr. GEORGE:

A bill (S. 2861) for the relief of Eddie B. Black; to the Committee on Claims.

A bill (S. 2862) granting an increase of pension to Leonidas O. Hollis; to the Committee on Pensions.

By Mr. BAILEY:

A bill (S. 2863) for the relief of Don C. Fees; and

A bill (S. 2864) for the relief of Weymouth Kirkland and Robert N. Golding; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 2865) for the relief of certain officers of the Dental Corps of the United States Navy; to the Committee on Naval Affairs.

By Mr. BYRD:

A bill (S. 2866) granting a pension to Barbara Oertel; to the Committee on Pensions.

By Mr. REYNOLDS:

A bill (S. 2867) authorizing loans by the Reconstruction Finance Corporation direct to individuals, partnerships, associations, and corporations; to the Committee on Banking and Currency.

A bill (S. 2868) to remove inequities in the law governing eligibility for promotion to the position of chief clerk in the Railway Mail Service; to the Committee on Post Offices and Post Roads.

A bill (S. 2869) for the relief of the counties of Haywood and Swain in the State of North Carolina by reason of their loss in taxable valuation by the establishment of the Great Smoky Mountains National Park; to the Committee on Public Lands and Surveys.

By Mr. FLETCHER:

A bill (S. 2870) to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes; to the Committee on Banking and Currency.

By Mr. PATTERSON:

A bill (S. 2871) giving jurisdiction to the Court of Claims to hear and determine the claim of the Cherokee Fuel Co.; to the Committee on Claims.

By Mr. PATTERSON and Mr. CLARK:

A bill (S. 2872) for the relief of Marie Louise Belanger; and

A bill (S. 2873) for the relief of Stella D. Wickersham; to the Committee on Claims.

By Mr. WHEELER and Mr. FRAZIER:

A bill (S. 2874) authorizing the submission of an alternate budget for the Bureau of Indian Affairs; to the Committee on Indian Affairs.

By Mr. SHEPPARD:

A bill (S. 2875) for the relief of Margoth Olsen von Struve (with accompanying papers); to the Committee on Foreign Relations.

By Mr. HATCH (by request):

A bill (S. 2876) to provide for the transfer of national-forest lands to the Zuni Reservation, N.Mex., exchanges, and consolidation of holdings; to the Committee on Indian Affairs.

INCLUSION OF SUGAR BEETS AND SUGAR CANE AS BASIC AGRICULTURAL COMMODITIES—AMENDMENT

Mr. WALSH submitted an amendment intended to be proposed by him to the bill (S. 2732) to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which was referred to the Committee on Finance and ordered to be printed.

AMENDMENT TO STATE, JUSTICE, ETC., APPROPRIATION BILL

Mr. HARRISON submitted an amendment proposing to appropriate $2,750, to be immediately available, for continuing the survey of the fishes and fisheries in the State of Mississippi, heretofore undertaken by the State game and fish commission in cooperation with the Bureau of Fisheries, intended to be proposed by him to House bill 7513, the State and Justice, etc., appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On February 19, 1934:

S. 2152. An act granting certain property to the State of Michigan for institutional purposes.

On February 20, 1934:

S. 248. An act for the relief of Rolando B. Moffett;

S. 381. An act for the relief of Samson Davis;

S. 727. An act for the relief of Francis N. Dominick;

S. 1659. An act to authorize an increase in the number of directors of the Washington Home for Foundlings;

S. 2053. An act for the relief of Capt. P. L. Worrall, Finance Department, United States Army; and

S. 2552. An act for the relief of Charles C. Bennett.

On February 21, 1934:

S. 860. An act for the relief of George W. Edgerly.

FIELD-SERVICE POSITIONS UNDER FEDERAL HOME LOAN BANK BOARD

Mr. DICKINSON. Mr. President, in compliance with the provisions of Senate Resolution 132, there has been sent, and I have in my hand, a statement as to the field personnel of the Home Owners' Loan Corporation, which I ask to have printed as a public document, and in connection therewith some statistical data which I have prepared, which show that the lowest cost per single loan is $11, in the State of Washington, and that the highest cost per single loan is $368, in the State of Rhode Island.

Mr. FLETCHER. May I ask the Senator the purpose of having this matter printed as a public document?

Mr. DICKINSON. Numerous requests have been made for information as to this personnel, and the statement has been sent in compliance with a Senate resolution. Having it printed as a public document is the only way I know of by which we can get the information in such shape that it may be distributed.

Mr. FLETCHER. Why not have it referred to the Committee on Printing, and let them look into it? We have no way of knowing what it is going to cost, or anything about it.

Mr. ROBINSON of Arkansas. Mr. President, I suggest to the Senator from Iowa that he have the matter referred to the Committee on Printing.

Mr. DICKINSON. I have no objection to that being done.

The VICE PRESIDENT. The data will be referred to the Committee on Printing.

PRESERVATION OF PRESENT SUPREME COURT CHAMBER

Mr. ROBINSON of Arkansas. Mr. President, in relation to the resolution providing for the preservation in its present condition of the room now occupied by the Supreme Court of the United States, I submit a letter from Mr. Charles Warren, an eminent attorney residing in Washington, D.C., containing interesting information concerning the present Supreme Court room and the room just below it occupied by the Court prior to its entering into the room now used.

This letter also communicates to me excerpts from a speech by Vice President John C. Breckinridge, on January 4, 1859, in the old Senate Chamber, now the Supreme Court room, describing the glorious events associated with the Chamber.

This is a matter of genuine historical interest, and I ask that the letter and the excerpts from the speech referred to be printed in the RECORD.

There being no objection, the letter was referred to the Committee on Rules and ordered to be printed in the RECORD, as follows:

WASHINGTON, D.C., *February 20, 1934.*

Hon. JOSEPH T. ROBINSON,
United States Senate, Washington, D.C.

MY DEAR SENATOR ROBINSON: I am greatly interested in the passage of the resolution introduced by you relating to the preservation of the Supreme Court room. The room, as it now stands, is structurally the same as it was when the Senate occupied it from 1819 to 1859, with only two exceptions: (1) There is a false flooring now in existence which covers the old flooring of the Senate room which was arranged in tiers of seats; (2) an iron gallery which extended around the back of the room has been removed since the Senate left the room in 1859. Otherwise, the room exists practically as it was from 1819 to 1859.

From 1800 to 1809 the Senate occupied the room below the present Supreme Court room, which is occupied by the library of the Supreme Court and which room then extended up through two stories. In 1809 a flooring was constructed at the level of the present concealed flooring, and from 1809 to 1814 the Senate occupied the room now occupied by the Supreme Court, until the Capitol was burned by the British in 1814. After reconstruction it again occupied the same room from 1819 to 1859. You will find some details as to this in my the Supreme Court in United States History (1922) vol. I, pp. 456–460.

On January 4, 1859, when the Senate moved into its present Senate room in the then new wing of the Capitol, an interesting ceremony took place before the Senate left the old Chamber, at which Vice President John C. Breckinridge, of Kentucky, and the senior Senator John J. Crittenden, of Kentucky, delivered addresses strikingly portraying the historic association of the old room. I enclose extracts from these speeches, which appear in the Congressional Globe of January 4, 1859. The historical association has been increased in the 75 years which have elapsed since 1859, and make it even more desirable to preserve the room.

Cordially yours,

CHARLES WARREN.

SPEECH OF VICE PRESIDENT JOHN C. BRECKINRIDGE, JANUARY 4, 1859, IN THE OLD SENATE CHAMBER

* * * The Senate is assembled for the last time in this Chamber. Henceforth, it will be converted to other use; yet it must remain forever connected with great events, and sacred to the memories of the departed orators and statesmen who here engaged in high debates and shaped the policy of their country. Hereafter, the American and the stranger, as they wander through the Capitol, will turn with instinctive reverence to view the spot on which so many and great materials have accumulated for history. They will recall the images of the great and good, whose renown is the common property of the Union; and chiefly, perhaps, they will linger around the seats once occupied by the mighty three, whose name and fame, associated in life, death has not been able to sever; illustrious men, who in their generation sometimes divided, sometimes led, and sometimes resisted public opinion—for they were of that higher class of statesmen who seek the right and follow their convictions.

There sat Calhoun, the Senator, inflexible, austere, oppressed, but not overwhelmed by his deep sense of the importance of his public functions, seeking the truth, then fearlessly following it—a man whose unsparing intellect compelled all his emotions to harmonize with the deductions of his rigorous logic, and whose noble countenance habitually wore the expression of one engaged in the performance of high public duties.

This was Webster's seat. He, too, was every inch a Senator. Conscious of his own vast powers, he reposed with confidence in himself; and scorning the contrivances of smaller men, he stood among his peers all the greater for the simple dignity of his senatorial demeanor. Type of his northern home, he rises before the imagination, in the grand and granite outline of his form and intellect, like a great New England rock, repelling a New England wave. As a writer, his productions will be cherished by statesmen and scholars where the English tongue is spoken. As a senatorial orator, his great efforts were historically associated with this Chamber, whose very air seems yet to vibrate beneath the strokes of his deep tones and his weighty words.

On the outer circle sat Henry Clay, with his impetuous and ardent nature, untamed by age, and exhibiting in the Senate the same vehement patriotism and passionate eloquence that of yore electrified the House of Representatives and the country. His extraordinary personal endowments, his courage, all his noble qualities, invested him with an individuality and a charm of character which, in any age, would have made him a favorite of history. He loved his country above all earthly objects. He loved liberty in all countries. Illustrious man!—orator, patriot, philanthropist, whose light, at its meridian, was seen and felt in the remotest parts of the civilized world, and whose declining sun, as it hastened down the west, threw back its level beams in hues of mellowed splendor, to illuminate and cheer the land he loved and served so well.

* * * Fortunate will be the American statesman who in this age, or in succeeding times, shall contribute to invest the new hall to which we go with historic memories like these which cluster here.

SPEECH OF SENATOR JOHN J. CRITTENDEN, JANUARY 4, 1859, IN THE OLD SENATE CHAMBER

* * * We cannot quit this Chamber without some feeling of sacred sadness. This Chamber has been the scene of great events. Here questions of American constitutions and laws have been debated; questions of peace and war have been debated and decided; questions of empire have occupied the attention of this assemblage in times past; this was the grand theater upon which these things have been enacted. They give a sort of consecrated character to this Hall. Sir, great men have been the actors here. The illustrious dead that have distinguished this body in times past naturally rise to our view on such an occasion. I speak only of what I have seen, and but partially of that, when I say that here, within these walls, I have seen men whose fame is not surpassed by anything of Grecian or Roman name. I have seen Clay

and Webster, and Calhoun and Benton, and Leigh and Wright, and Clayton (last, though not least) mingling together in this body at one time, and uniting their counsels for the benefit of their country. They seem to our imagination and sensibilities, on such an occasion as this, to have left their impress on these very walls; and this majestic dome seems almost yet to echo with the voice of their eloquence. This Hall seems to be a local habitation for their names. This Hall is full of the pure odor of their justly earned fame. There are others besides those I have named, of whom I will not speak, because they have not yet closed their careers, not yet ended their services to the country; and they will receive their reward hereafter. There are a host of others I might mention—they deserve to be mentioned—but it would take too long. Their names are in no danger of being forgotten nor their services unthought of or unhonored.

* * * Because we leave this Chamber we shall not leave behind us any sentiment of patriotism, any devotion to the country which the illustrious exemplars that have gone before us have set to us. These, like our household goods, will be carried with us; and we, the representatives of the States of this mighty Union, will be found always equal, I trust, to the exigencies of any time that may come upon the country. No matter under what sky we may sit, no matter what dome may cover us, the great patriotic spirit of the Senate of the United States will be there; and I have an abiding confidence that it will never fail in the performance of its duty, sit where it may, even though it were in a desert.

WATCHTOWER RADIO PROGRAM

Mr. FESS. Mr. President, in this morning's mail there came to my office, by actual count, 270 letters on one subject in the form of a protest and petition.

After signing the attached petition, which purports to have been signed by several thousand persons and sent to Congress, each signer has, upon request, written to his Senator relative to keeping on the air what is known as "the watchtower religious program." These 270 letters, written in almost identically the same language upon the request of the watchtower program officials, have, as I say, been received in the last mail.

I simply desire to make the statement, after looking over the letters, that they apparently refer to a withdrawal of permission to certain people to continue broadcasting from certain radio stations. The signers of the letters and petition are asking for favorable consideration of some legislation that has been introduced in the House.

In lieu of answering all of these communications, I want to say publicly, for the press and for my correspondents, that I will give consideration to this proposed legislation now pending in the House when it comes to the Senate. However, at this time I do not know just what the purport of the legislation is.

ESTABLISHMENT OF SALARY LEVELS

Mr. DAVIS. Mr. President, I ask consent to have printed in the RECORD an editorial in the Government Standard of February 16, 1934, entitled "Establishment of Salary Levels." This article shows the great variation in the methods used to determine an equitable means of fixing salaries.

I have said once before on this floor that cost-of-living statistics are not a sufficient criterion upon which to base wages. While this battle for wage restorations is being carried through on many fronts, there are intolerable conditions connected with the problem which should not be endured. I refer to the 12-hour shift required of graduate nurses and male attendants in Gallinger Hospital. The employment of 10 additional graduate nurses and 30 more orderlies would remedy this condition and make possible an 8-hour shift. This is a reasonable request, and one which is in accord with every theory and ideal of good business and government. There is no just reason why these hospital workers, particularly women graduate nurses, should be required to work on a 12-hour shift at Gallinger Hospital when the 8-hour shift is in effect at St. Elizabeths Hospital. With the large number of nurses who are unemployed, and with the burdens consequent to their profession which are heavy upon nurses in line of duty, there is every reason why some immediate adjustment should be made of this matter.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Government Standard, Washington, D.C., Feb. 16, 1934]

ESTABLISHMENT OF SALARY LEVELS

Salary levels of Government personnel are fixed by four entirely different methods.

A study was made in September 1933 as to the 566,274 employees in the executive service. This study showed that the salaries of 271,095, or approximately 48 percent, are set by specifically controlling acts of Congress. This group includes positions in the Post Office Department in the field, many in the Customs Service, and many in other similar services where definite salary schedules are set up by act of Congress for specific positions.

The salaries of 47,361, or approximately 8 percent, are fixed by the Classification Act, which requires that the salaries depend on the duties performed in certain grades set up by the Classification Act applying to positions in the District of Columbia.

The salaries of 196,606, or approximately 34 percent, are fixed by administrative officers without restriction, except that they are instructed to make the salaries accord insofar as practicable with salaries fixed in the Classification Act. These are field-service positions not covered by specific legislation.

The salaries of 51,212, or approximately 9 percent, are fixed by decisions of wage or labor boards after study of prevailing wages in the vicinity. These are field positions.

All of the above methods of fixing salaries were frozen by the original economy legislation.

Two of the major objectives of this organization are to remove the salary freeze for the Classification Act group, as well as for all other groups, and to have the Classification Act extended to the third group, in which salaries were fixed by administrative action.

The second item of the program is necessitated by the fact that administrative officers in order to make good records have maintained salary levels for positions, over which they have supreme jurisdiction, at low levels and not consistent with each other. The whole problem of the extension of the Classification Act to the field service is a matter affecting the third group.

The American Federation of Government Employees does not desire to have the Classification Act extended either to the group of positions of which salaries are fixed by specific act of Congress or to the positions of which the salaries are fixed by wage and labor boards.

It may be said in general that the Classification Act salaries are lower than the salaries specifically fixed by statute or by wage boards but higher than the salaries fixed by administrative officers.

For the group 2 positions the American Federation of Government Employees demands a return to Classification Act salary levels. This requires the salary to depend on the duties performed. This will entail the repeal of section 22 (f) of the independent offices appropriation bill for 1935.

It also demands the inclusion of group 3 (salaries fixed by administrative officers), within the operations of the Classification Act, in order that these salaries may be uniform and nondiscriminatory.

NATIONAL OLD-AGE PENSIONS—ADDRESS BY SENATOR WALSH

Mr. COOLIDGE. Mr. President, I ask unanimous consent to have printed in the RECORD an address on National Old-Age Pensions delivered over the Yankee Radio Network, Wednesday, February 7, by my colleague the senior Senator from Massachusetts [Mr. WALSH].

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Ladies and gentlemen of the radio audience, I am grateful for the opportunity accorded me to present my views on one of the most humane and compelling social problems of our day.

Here in Washington we are in the process of creating new social and economic relationships and controls in recognition of the breakdown and failure of the old order of rugged individualism, unrestrained competition, and survival of the fittest.

We have embraced, under the inspiring leadership of President Roosevelt, a new social philosophy.

He has given us a new conception of government and a clearer perception of the obligations of society as a whole to its individual members.

Relief of unemployment—permanent relief—by so ordering our productive processes, industrial and agrarian, as well as provide opportunity to work for every man and woman able and willing to work, is a paramount objective of the new deal. Ways and means of attaining this end—a job at a living wage for every worker—are now being devised. Their complete success cannot yet be foretold with certainty. But if not by one means then by another, succeed we must and will.

But providing work for those able to work is not half the battle. What about those who through age and infirmity are unable to work and who are without means of support? Society owes them not mere charity but justice. Society must provide for such of its numbers as cannot provide for themselves, not as a matter of favor but as a matter of duty. The validity of such an obligation is beyond dispute. It is incontestable. And this obligation, resting upon society in the collective sense, in the final analysis rests upon the Government as the instrumentation of society.

This new conception of government, which recognizes the need for a national elimination of child labor, a national minimum wage law and regulation of working conditions, a national system of providing work for the unemployed instead of charity, and a national plan for saving the homes and the farms of the distressed toilers, must logically also recognize the need for a comprehensive plan of old-age security.

The number of aged dependents in the United States is not known with exactness. The most conservative estimates I have

seen give a figure of upward of 2,000,000 persons over 65 years of age partly or wholly dependent for support on other individuals or upon public and private agencies of relief. This number represents about one third of the aged population of the Nation.

What an anomaly—the more prosperous the country the harder becomes the lot of old age. Prosperity is for the youthful and vigorous. Twenty years ago living was far easier for men and women who had passed the age of 60 than it is today. There were more opportunities in proportion to population for the older members of the community and a stronger recognition of their value as citizens and workers. That was the era before the youth of both sexes began to dominate so many branches of industry. The ties between parents and children were stronger. The father and mother remained the heads of the family as long as they lived, and they were recognized as such. No man or woman was too old for work until he became actually incapacitated.

The rush of modern civilization and revolution in industrial and business methods changed all this. Now most young families need everything they earn to make both ends meet. Young people earning their own living consider themselves set free from family obligations. The father and mother are soon pushed into the background. Estrangement and even bitterness results in homes where old persons are forced upon the young. Business demands speed, enthusiasm, youth—not that those in advanced life are less efficient, but because this is a youthful age.

It is an ironical state of affairs when medical science and vigorous methods of enforcing proper living conditions have added 10 years to the life of the average person in the past half century, and yet, economic conditions have subtracted more than that from the working life of an able-bodied man. What good does it do to prolong the lives of men and women only to cut them off from means of livelihood? Industry tends more and more to throw them out at the age of 50, while science is busily engaged in giving them more years to live—in misery.

Our Government will soon be spending a billion dollars a year on pensions, disability pay, hospitalization, and other aid for former soldiers. No one has begrudged the expenditure of huge sums for this purpose. We are all agreed that men who enlisted for war should be taken care of if in need. But how about those who have faithfully served the Government in time of peace, by contributing through their labor to the wealth of the country, by attending to their duties as citizens and raising children to add to the man power of the Nation? Are they not entitled to consideration and to assistance? A bread line for the aged, whose only impediment is that they are the victims of faultless infirmity and poverty is unthinkable.

It has been sometimes contended that old-age pensions discourage thrift. This objection assumes that independence in old age is a matter of choice and that saving is a mere matter of will power. Dependence or independence in old age hinges upon whether or not the worker has dependents, receives a wage large enough to permit saving, and a period of employment long enough to accumulate a reserve fund, as well as the length of life after retirement from toil.

Millions of men and women in the United States do not receive a sufficient wage to allow for reasonably comfortable or even decent living, and there is no margin to cover the emergencies of sickness, accident, or periods of unemployment. Millions who do not receive a saving wage while working cannot, because of modern industry's demand for clear eyes and a steady hand to guide its machinery, lay by enough for old age before they are discarded for younger employees.

Everyone likes to think he is generous. So do nations. We Americans boast that we are the most humanitarian people in the world. Perhaps we are. At any rate, we are wont to point to our post-war relief to the starving of Europe, our quick response to foreign famine funds, our private philanthropies and benefactions, which are much larger than those of other nations, and more recently to the enormous sums poured out of the treasuries of our government—Federal, State, and municipal—for unemployment relief as evidence of our generosity and our humanitarianism. Yet in the face of all this, the United States stands today as the only industrial nation which, in a national and governmental sense, has done little or nothing to make old age more secure.

Forty-one foreign nations have old-age protection in one form or another on a national basis.

Twenty-six States of the Union now have old-age pension laws of one kind or another. An awakened social consciousness, coupled with the increasing social necessity of dealing with an increasingly acute social problem, has brought rapid progress in recent years in the direction of State aid for the aged and infirm and dependent members of society.

The objective which we are seeking is well stated in few words in the title of the California State law: "An act to provide protection, welfare, and assistance to aged persons in need."

In my advocacy of this principle there is nothing new. I have believed in it ever since I entered public life 25 years ago. I have publicly favored it at every opportunity.

The almshouse idea is 300 years old. It began in Queen Elizabeth's reign in England. It is time we put the ancient, heartless, and expensive almshouse out of business. And we are rapidly doing so. But we must do more than abolish the poorhouse, and must do more than charity—public or private. We must abolish the fear of poverty and the fear of old age, the fear of potter's field. The strong must sustain those whom our modern industrial life have made weak. The young must sustain the old, who have added through their toil to the comforts of life for those who take up the tasks they are forced through age to surrender. That means that society collectively must sustain those not able to sustain themselves. Old-age pensions established on a national basis are an indispensable agency to that end—not charity, but justice. The pension system will not remove the necessity of taking care of old people who are ill either in hospitals or homes.

Let me, from my personal experience, illustrate the need and benefits of an old-age pension system. When a schoolboy living in a factory town in Massachusetts, the first pennies I earned came to me from what now seems an humble task, but what was to me at the time a proud privilege, namely, carrying the dinner box at noon, between school sessions, to neighbors employed in one of the industrial plants in my community.

Adjoining my home lived a family of working people typical of millions of industrial builders of America. The family consisted of father, mother, and three daughters, all of whom were in the full enjoyment of robust health, with every prospect of a life of independence and comfort.

Years have rapidly passed since I first knew this family and was privileged, for a mere pittance, to carry to the mill gate every day of the year the home-prepared meal for the women family breadearners. The father and then the mother died. Sickness and one unavoidable misfortune after another visited the family. Eventually death reduced the group to two maiden ladies. A small tenement in due time was substituted for the family homestead. For more than 40 years I have seen these two women face the cold blasts of winter and the burning heat of summer, as they daily trod from home to factory and from factory to home. The bloom of youth has faded from their cheeks, and the once strong, womanly frames have become distorted and broken from the exactions of constant, unceasing bending over the machines that were grinding out dividends for their employers.

Entrance into public life removed me from intimate knowledge of their lot in recent years. Imagine my surprise in receiving a personal visit from them 2 years ago. One had now passed four score years, the other a few years younger. For years the factory gate had been closed to them. Fear of destitution had constantly shadowed them. The money which they saved and expected to care for them in the latter years of their life and to bury them had dwindled, and their purse was now empty. Their only transgression was that of having lived too long. Had death visited them 5 or 10 years earlier, the funds they possessed would have given them the respectable burial that every honest toiler merits, as the least of his compensations for a life of labor and sacrifice.

Their visit vividly portrayed to me a scene that could be duplicated 10,000 times in the lives of the toiling class of America. Words cannot describe the satisfaction and pleasure that it gave me to turn to the treasury of the Commonwealth of Massachusetts and ask, that these noble women be given the benefits of recently enacted old-age pension legislation.

Their joy in escaping the poorhouse and being relieved from a life of mendicancy was indescribable. A rebirth of hope and courage took possession of them. Tonight they are in their comfortable little home, perhaps listening to me, happy and content in the knowledge that they are not forgotten and abandoned.

I never realized before that aristocracy found lodgment with poverty, for these ladies have so providently and wisely managed their small weekly old-age allowance, that in the midst of poverty they are at heart real aristocrats.

Let me plead with you, my radio listeners, that we shall not cease from mental strife and political agitation until the episode I have described finds all self-provident, aged persons in America enjoying the realization that they will not be discarded, like obsolete machinery, after a life of toil, of service, and sacrifice.

RESPONSIBILITY OF CITIZENSHIP

Mr. HATFIELD. Mr. President, on February 14 of this year the able senior Senator from New York, Dr. ROYAL S. COPELAND, delivered a most able address to the alumni of the College of Pharmacy at the celebration of the fiftieth anniversary of the Temple University at Philadelphia, Pa.

The address of the Senator is indeed profound and timely. It was delivered before a group of scientific men whose professional efficiency and integrity have a marked bearing upon the destiny of every human being beneath our flag and who must at some time in their lives rely upon this knowledge, character, and skill.

The Senator's discourse on this occasion plainly indicated man's responsibility to his fellow men, and it pointed the way to a better present and future protective citizenship. The Senator issues a most timely warning, substantiated with facts, that should have the thoughtful deliberation of those who lead and undertake to chart a course for the destiny of mankind.

The success of the efforts of these leaders can be measured from a scientific point of view by the weakest individual in the human chain; he represents the underlying and controlling unit in their efforts to achieve progress.

The success or failure of these scientific efforts are so well portrayed in Senator COPELAND's address upon this occasion

that it is worthy of a place in the CONGRESSIONAL RECORD, there to be recorded for the perusal of those who are interested in enhancing the welfare of the human race.

I ask permission that the Senator's remarks be printed in the CONGRESSIONAL RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

One who has had a scientific education cannot regard life quite as does his neighbor whose training has been different. Both may tread the same sidewalks, attend the same church, and indulge in the same sports. It is safe to say, however, that the approach to their brains is by different routes.

It is folly to attempt any general conclusion as to which manner of thinking is preferable. Even if in the minority, you would never concede that anything short of the scientific route could possibly be correct.

It is said that science is cold, calculating, unimaginative, and even nonsocial. Even though we admit this, there can be no doubt that, in some ways certainly, scientific methods are badly needed if we are to answer the many questions pouring in upon the world today.

It is impossible to deal effectively and finally with the problems of life unless the methods proffered are logical and founded upon reasons which bear analysis. A "hunch", an intuitive impression, a guess, will never do, as we view things.

Of course, the honest scientist must admit that there are many, many problems which have never been submitted to scientific analysis. In the face of this truth, we cannot afford to hold back and refuse to have any part in a movement which, in spite of our doubts, may be a forward one. If we were to take the position of chronic opposition, we, too, would be open to criticism, and just criticism.

The long and short of it is that in public matters the scientist is in an embarrassing position. His training makes him so overwhelmingly conservative that he is in danger of becoming a "ferninster", if I may use that word.

The plea I make today is that we of the scientific world must take our full share of responsibility in the present economic crisis. There are particular reasons why. In the first place, we cannot disregard the debt each of us owes to society.

There is not one of this audience who did not receive an education, the cost of which to a considerable extent, surely, was borne by somebody entirely outside of his own circle of family and friends. There is not an educational institution in existence that does not depend upon endowment or governmental appropriations. No matter how much each one of us may have paid in the way of matriculation and annual fees, laboratory charges, and the other items incidental to college attendance, there can be no doubt that those payments fell far short of the actual cost of the educational facilities extended.

In my own case, if I may mention it, from the beginning of my formal education to its completion I attended the public schools and State institutions of higher learning. The large appropriations made for the maintenance of these schools is evidence that the contributions made by me as well as by the other students of my time fell far below the costs of operation.

The privately endowed schools depend to a great extent upon endowments established by their friends. Modern education is so technical, so complicated, and so dependent upon the quality of the faculty that it must greatly exceed the payments made by the students.

I speak of these things to prove the contention that there rests upon every school and college graduate a positive obligation to return in some worthwhile manner the cost of his education. I am not called upon to make any appeal for the splendid institution represented here tonight; indeed, I do not know what its financial needs may be, if it has any. What I am saying is in the nature of a general statement regarding the relationship of graduate or student to any institution which has helped so generously to supply his mental equipment.

No matter how appreciative one of us may be for what the colleges bestow, we may be financially helpless and unable to cancel our debts by money payments. There is one sure thing, however, and that is that each of us, no matter how poor he may be in this world's goods, can contribute to the public service and to the improvement of the civic life of the community. In that way he aids the college of his graduation by adding to its reputation.

I started out with a statement regarding the attitude of mind of the scientifically trained individual. I did this believing that, on the average, the trained man is better qualified in many ways to serve than is his brother who has not had the privileges of scientific education, or, for that matter, higher education of any type. If we truly believe the scientific approach is superior to that of the other man, there rests upon us a greater individual obligation than rests on him. The question is: Are we living up to that obligation?

During recent months I have had occasion to appreciate as I never did before, what in one of many particulars the pharmaceutical profession has contributed to the human welfare. No matter how we may differ as to details, no matter what opinions we may hold as to how the facts involved should be formulated, the truth is that the Pharmacopœia of the United States and similar publications have had a large part in the promotion of health and the extension of life.

It has been my duty, and in many ways a burdensome one, to direct the formulation of a new Federal food and drugs act. The experience has been most illuminating. Even though I spent 25 years of my life as a professor of medicine, it never came to me so strongly as it has this winter what the Pharmacopœia has done to standardize medical products and thus to guarantee the safety of the human family. Those outstanding men of this profession who from decade to decade have given of their time and ability to amplify this great storehouse of knowledge have certainly paid their debt to society and paid it many times over.

I should like to say that most of the witnesses who appeared before my committee, charged with the duty of preparing and reporting a food and drugs bill, have been entirely unselfish in their devotion of time and professional ability. This is but one example of the many professional contributions which have fallen to the lot of your profession.

But I have a larger thought in mind. I am thinking of what scientifically trained persons can contribute to the cause of better citizenship. There is great need in this direction. For example, there must be a restatement of what should be the attitude of society toward the control and prevention of crime.

It may seem strange to some of you that on this particular occasion I should make any reference to this subject. It is not alone that the matter is close to my heart at present, but it is because I have an appeal to make to you, that you will assist in the movement I have in mind. As Chairman of the Senate Committee on Crime, it has been my duty to study this problem.

There are two things which must command the thought and attention of every American citizen. It should appeal particularly to the scientifically trained person. The first of these is the necessity of giving attention to what is going on in the criminal world. Unless we can find a way to deal with things as they are, with the present-day trend, organized society is in danger.

I have no desire to be sensational in any statement I make today. Unless everything said to you is susceptible of proof, I would be flying in the face of the major premise of my thesis. But I tell you in all seriousness that there are communities in the United States which are now under the domination of the underworld. Unless the public is aroused, there can be no question that every home—which ought to be the castle of its owner—will be menaced by gangsters and other criminals.

The pathetic thing about modern-day crime is that the offenders are mere boys. The average age of the criminal in America today is 23 years. The largest age group is 19, and that is followed by 18. In short, society is menaced by what is really juvenile delinquency.

What are we going to do about this? Are we going to fold our arms and wait for any fate that may befall us? Or have we spunk enough to turn our minds to this question and find a solution for the problem?

It seems to me, as my investigations have proceeded, that there is something wrong with the church, the school, and the home. I know of no way to reach the home, except perhaps through the church and public education. I have no right to criticize any church except my own. As a citizen, however, I do have the right to find fault with the schools.

It is to educated groups like this that the appeal must be made. Through these groups the individual citizen must have his mind turned to the problem.

My purpose in mentioning this matter is to ask that you use your scientific training to grapple with the problem. It has no relationship to pharmacy, to engineering, or to other of the great sciences that might be mentioned. I do feel, however, that the habits of thought cultivated in this profession, and any other of the scientific professions, should qualify the citizen to assist effectively in the removal of the growing evil I have mentioned. I would not have a word I have said distorded into an attack upon the teachers in our schools. As a matter of fact, we owe far more to them than we can ever repay. It seems to be the American custom to turn over to the school teachers many functions which ought to be performed in the home. We pay the teachers, not only to instruct the pupils in arithmetic, reading, writing, history, and the languages, but we expect them to teach manners to our children. They show the youngsters how to enter a room and how to fry eggs. I fear that we lean heavily upon them in the teaching of morals and ethics. In short, we are imposing upon the school teacher many duties which really belong to the parents. They are carrying too heavy a burden under present conditions of school operation. In justice to the schools, if we are to demand of them the doing of all the things that should be performed in the home, we must enlarge our appropriations and extend the facilities for instruction.

Personally, I am not sure that the objectives of education are as they should be. I am referring now to the public schools. As I view it, there are three things which should be kept in mind in attempting to define the objectives. Is it not a reasonable statement that the purpose of education is to prepare for parenthood, self-support, and social responsibilities?

Certainly it should be the highest ambition of any young person to be worthy of the responsibilities and the privileges of parenthood. This ideal demands first a healthy and vigorous body. The pupil must learn the significance of practices and habits that undermine health.

If at the same time the curriculum can be made to include a training that will insure self-support after graduation, that is desirable. No one can question that the graduates of our schools should be good citizens, loyal to the flag and the American institu-

tions, ethically and morally upright, and with a full conception of their social and civic obligations.

It is not enough merely to sharpen the mind. Schools must fail miserably if they are limited to the development of tool skill or of intellectual power. Conduct and character are fundamentally essential to decent parenthood and good citizenship. It is a temptation to enlarge upon this phase of our subject, but time does not permit.

I wish to raise the question as to what we are to do with certain groups of unfortunates found in every community. Let me give you the results of a survey covering a certain number of institutions, in one more or less restricted area of our country. It was found that in these custodial establishments there were 23,000 juvenile delinquents. In round numbers, there were 100,000 blind, 100,000 deaf and dumb, 100,000 paupers in almshouses, and 100,000 criminals. There were 300,000 insane and feeble-minded persons. This survey gave reports of a little short of three quarters of a million individuals in this limited area.

Here is a startling fact about it. Two thirds of these defective persons were found to be the parents of defective children. That is a terrible commentary upon society.

I do not undertake to say how this particular problem should be solved. I do not hesitate to state, however, that the advice of the scientific world should help greatly in its solution.

There is no wonder the newspapers have so much to say about sterilization. At this time I am not venturing to express any personal opinion on that subject. I am stating the problem in order that you may be thinking about it and assisting in finding a remedy.

There is another field in which scientists have much to do. I refer to the question of what shall be done with criminals found guilty by the courts. After the trial and the determination of guilt, I ask in all respect to the courts and recognized legal procedure if it is wise to pass sentence immediately. That seems to me like deciding that the patient has typhoid fever, and then, without individualizing the case, the giving of a stated number of doses of the official drug. I cannot conceive it possible that it is scientific to fix with more or less inelasticity the sentence which must be imposed upon every criminal convicted of a certain crime. Of course, I have in mind the first offender, although I am not sure that what I am saying does not apply to every criminal case.

For the purposes of the discussion, however, let us limit the matter to the first offender. It is really a tragic thing that many a criminal—and I have told you how young most of them are—should be incarcerated in a prison with hardened characters, even though there may be extenuating circumstances and a suspicion of mental or physical inferiority.

I realize how difficult it is in a brief and general résumé such as I am giving you to make clear my position. I am pleading for a better understanding of what has made this prisoner antisocial. Is it because of some failure in the home or the school? Is it because of a certain backwardness that the youth lost heart and became a chronic truant? Is it because of this truancy and his contact with other backward boys, or possibly bad boys, that he became an amateur gangster? Through his experience in this little group he becomes perhaps a burglar or pickpocket and enters upon a course which will make him soon a dangerous underworld character, a professional gangster.

The point I am trying to make is that the roots of criminality reach back into the nonsocial attitude. That in its turn was developed by reason of the failure of society to recognize the tendency and at the right time to apply effectively preventive measures.

Anyhow, after conviction in court is had and before sentence is passed, the convicted person should be submitted to the examination of trained experts, psychiatrists, psychologists, medical men, and perhaps those trained in social welfare. Is it not in the interest of social justice and of the ultimate welfare of the community that the individual prisoner should be dealt with more scientifically and the treatment laid down by persons competent to determine how society shall be best protected and how the guilty person may be returned to social usefulness? In this work men and women trained as you have been could be most effective members of a body recognized as of equal dignity with the court. As I view it, that is what will be done ultimately; and the sooner we have an aroused opinion looking to that end, the better.

I am not making any plea for leniency. I am not governed by softness of heart. I am trying to think out how an application of scientific methods might make more effective our management of the criminal.

When we add to this the preventive measures which I have suggested in connection with the schools, and have aroused the church and home to their responsibilities, I think we may look forward to a better state of society and greater safety for every family and every citizen in our great country. It is shameful that we have to face the danger of kidnaping and other crimes of violence. But until we approach the problem along the scientific route, I fear we will make little progress toward the goal of social safety.

Perhaps I have wandered afield somewhat from the purposes of this gathering. But I could contribute nothing to your knowledge of pharmacy, pharmacology, and the many branches of your essential profession. I can see, however, how the training you have had in this fine institution not only has fitted you for the successful practice of your profession, but it has also fitted you for a public service. You are prepared to carry social responsibilities and by having them given over to you to make this world in which we live a far better one than it is today.

SPIRIT OF '76 VERSUS NEW DEAL

Mr. SCHALL. Mr. President, today is the two hundred and second anniversary of the birth of the Father of our country, and it is perhaps fitting that we, for a moment, turn our thoughts back to the founders of the Nation and renew our devotion to the spirit of '76, when George Washington, the true man of destiny, the gift of Providence, trained and preserved to win a country's freedom, moved as the master spirit. In him there was little that was romantic, less that was sensational, nothing that was dishonorable. He, the instrument of a fickle Congress, doubting its own authority, fought the infant Colonies, few in number, scanty in resources, torn by internal strife and jealousy, against the British Empire. He conducted a campaign in his own country where a blunder would have ruined his cause, directing an army poorly clad and poorly fed, from point to point of a defenseless coast 1,500 miles in extent, and marking every mile—yea, every foot of his march—with blood, not the blood spilled amid the impetuous charge, not the blood shed by shrieking bullets, but the bloody imprints of shoeless feet, torn and lacerated for a country's freedom. When we think of that army starving and poorly clothed and the conditions surrounding it, and in the conditions that confront us today, compare it with the army of the C.C.C., clothed, fed, furnished golf courses and handball courts, and compare it with the C.W.A., the members of which, as my friend from Louisiana [Mr. LONG] said, sweep the leaves from one side of the street to the other and back again and are told to be sure not to lose any leaves because of the blowing of the wind, it seems to me that the spirit of '76 should be here regenerated, and that we could have well listened with attention today to the Farewell Message of Washington; that we could well go back to those sterling characters who laid the foundation of freedom here; and that we should watch more jealously and speak more often of those who attempt to usurp the functions of government and call themselves, not like Louis XIV, "the state" but call themselves the "new deal." We should guard the spirit of '76 and compare it with the spirit of '33 and '34.

Under the constitution of the ancient Republic of Rome there was a provision that in time of exigency and danger a dictator could be invested with absolute authority for a period of 6 months. A subservient Congress has given ours 2 years. During those 6 months the dictator was free of challenge to do for the Commonwealth whatever in his judgment the emergency required. At the end of 6 months the constitution required him to resign. The most famous of the Roman dictators were Cincinnatus, Camillus, Sulla, Marius, Pompey, and Caesar, who was the last to be invested with this power. Thereafter the dictatorship, or emergency power, became permanent in the office of emperor.

The first Roman dictatorship or emergency executive was in 498 B.C. Emergency rulers are not a new deal. From 498 B.C. down to the assassination of Julius Caesar, 44 B.C., Rome had 8 emergency dictatorships in a period of 450 years. The last dictatorship usurped the functions of the legitimate government and created an empire.

In 150 years of the American Republic, this is our first experience in granting absolute power to the Executive without challenge from the legislative branch of the Federal Government.

Thus we are doing somewhat better than ancient Rome. We are not doing so well, however, as Great Britain. In the past 200 years the British House of Commons has ruled the United Kingdom without a dictator or emergency potentate.

In retaining our republican mode of government, as declared in 1776 and ratified by the Constitution of 1789, we have also done better than many of the nations of modern Europe, such as Germany, Italy, Russia, and even France. But we are behind the Swiss Republic, which today, after three centuries of independence, still has its federal assembly that bows to the command of no emergency ruler, however persuasive and benevolent. We are also behind Switzerland in recovery from this depression. After a depression lasting only 2 years, the Swiss Republic is now back to a

condition of normal business recovery and employment and still on the gold standard with a balanced budget.

I could not help thinking as I heard read the farewell message of Washington that God had, through His instrument, written that message. I could not help thinking that, just as Christ came to guide mankind, so the Government of the United States, constructed under the leadership of men like Washington, Jefferson, and Lincoln, was raised by the hand of God that it might be a beacon light to the nations of the world, so that protection might be afforded and a chance given to the human being to grow. Christ tells us that we are free—free to choose between good and evil. Without that freedom we cannot develop. It was King Solomon who said, when the Lord asked him what he most desired, "Give me a heart of understanding that I may discern between right and wrong." It is that freedom, planted in the Government of the United States, that has enabled it to be a beacon and throw its light out over the world until 42 republics have followed our example.

I think we would do well to contemplate the development and growth of this Government, consider the people who made it and realize whence they came. In those days it was worth one's life to voyage across the Atlantic. Only men and women of courage would undertake such a hazardous journey. Courage, Senators, is an attribute of God, and I think that courage is now seriously lacking in the United States, the kind of courage that should be manifest in the Senate, which should speak out and say the things we all do know, but which seems somehow to be lethargized and to prefer to wait until tomorrow for what should be said today. A lethargy has settled over the country from one end of it to the other. When this subservient Congress gave all the functions of the legislative body and a portion of the functions of the judiciary to this administration, no one seemed to say a word. They said, "Let us wait; let us see; an emergency is here."

I noted in the address which has been read to us today Washington's warning about not allowing an emergency to take away the fundamental principles on which our freedom depends and rests. So this group of men picked, as it seems, by God, because only those who had courage would venture across the sea, came here to conquer a wilderness, to carve out for themselves a future. God was their common Master, and each was the equal of his brother. These men grew and developed here for some hundreds of years. They met the forests and the wild animals of the forests and faced the things that it took men to face, and they conquered them. They grew souls because they were free to choose between good and evil.

You will remember, Mr. President, that Christ said when His disciples were quarreling among themselves as to who should be first and who should be last that, "The last shall be first and the first shall be last." Where else than in the United States has there been a government previous to this last special subservient Congress, where the last can be first and the first last; the humble man who has built a soul shall be first. One cannot build a soul without freedom; the mass of people cannot be raised by law; it is necessary for the development of mankind to have a government that guards the rights of the individual, that gives him equal opportunities and the right to choose; a chance of education, a chance of understanding, an opportunity to grow a soul, and thus come closer to God. It must have been His plan that this Government should be raised for that purpose.

And now it is all to be swept away in one way or another—the "national ruin act", the "national racketeers' association." Great combinations in restraint of trade have been given their release. The Democratic Party, built upon the principles of Jefferson, goes to the people and lays down its platform, but not one single plank of that platform has been kept; indeed, the reverse is true. Not a single plank of that platform, I repeat, has been kept. They advocated safeguarding the civil service, and they broke that pledge; they advocated strengthening the antitrust laws and enforcing them. They were much put out at the way the Republicans did not enforce them. There was some ground for their concern in that respect, and I am holding no brief for anyone; but I am trying to stand on this floor and in a humble way speak out loud, as loudly as I can, for this administration has licensed the newspapers, the press of the country, so that they dare not speak. God knows they are doing the best they can, but they dare not speak. Two weeks under the strong disciplining hand of the Government would put them out of business.

The radio is licensed. No one may speak over the radio without being censored. The former President pro tempore of this body, George Moses, who sat in yonder chair only a few months ago, tried the other day to make a speech over the radio and he was interfered with. The subject of his speech was "Back to Sanity." It could not be done. The dictatorship, through the licensed power of the radio, said, "No, you must not get the facts to the people." The avenues of information have been clogged against the people of the United States understanding what is going on in the country. Newspapers are licensed. The radio is licensed.

Oh, Mr. President, somebody somewhere must speak. Nothing is left to the United States but the United States Senate where freedom of speech still exists. Yet our country was built and its foundation laid upon freedom of speech and freedom of the press. Our schools, from whose towers the Stars and Stripes still fly, are today being infested with propaganda that tears away the Constitution and all the individual freedom that it represents.

I go back and read my history and I hear the voice of Patrick Henry. I hear him tell an assemblage that—

> The next wind from the north will bring to our ears the resounding clash of arms. Our brethren are already in the field. Why stand we here idle? What is it that the gentlemen wish? Is life so pure or peace so sweet as to be purchased at the price of chains and slavery?

Then he said:

> Forbid it, Almighty God. I know not what course others may take, but as for me give me liberty or give me death.

Oh, that we had some Patrick Henrys here today, somebody who would speak and be heard throughout the country crying "Give me liberty or give me death."

It is "the man on horseback" always with the new deal. Down through history we find him there on horseback waiting to usurp the freedom that has been built up here in 150 years. Today more power rests in the administration than ever before in any government. We have given to the President the power of legislation, the power of the judiciary, all concentrated in the White House.

I hear the voice of John Adams, and though I think the words were put in Adams' mouth by Daniel Webster, yet the words express the thought when he said:

> Sink or swim, live or die, survive or perish—I am for the Declaration. It is my living sentiment and, by the blessing of God, it shall be my dying sentiment—independence now, independence forever!

I would like to hear some of those sentiments expressed here again. Lethargy has crept over the country from one end to the other. I went out home after Congress adjourned last summer and went around among the business men to see how they viewed the national ruin act—the national racketeers' association. I inquired among the manufacturers and found that none of them wanted it, but none of them had the courage to refuse to join except Henry Ford. Thank God, he stuck to his guns and showed some independence in the heritage that belongs to the American people.

No; they did not have the courage to open their mouths. Too much softness, too much luxury, too much everything has been given to the American people, and they are soft. They are like the old Romans, who used to go into their baths and cut a vein and die before they would get up and assert themselves. They have become degenerate.

I took my old Ford over to the Northeast Garage here the other day and said, "How is business?" They said, "It is pretty good since the C.W.A. is going on. We are getting C.W.A. checks all the time in payment for fixing up the old Fords." That indicates that the C.W.A. workers have to

have cars in which to go to work. Every laboring man in the country has to have a car. That is all right; I want him to have two cars, if he can, just like Hoover's two chickens in every pot. This administration has gone Hoover one better and has furnished a blue duck for every window. [Laughter.]

We have lost something. We have lost the courage to stick. We are allowing the administration to take your money, Mr. President, and my money, the public money, the taxpayers' money, to buy a revolution in this country, to close the avenues of information, to see to it that nothing gets out except what they want to go out. Hold your investigations, and if you find any business that is doing well, kill it; get into the national racketeers' association game and kill it.

They found a great hero in the country who had dared to show the courage that we all ought to emulate in this country. He crossed the Atlantic Ocean in a little spindly airplane. The administration strikes down such courage as that. If there were 10 such men in the United States who had the privilege of speech in the House and the Senate, they would drive the President out of the dictatorship of this country.

But no; we must quell all courage. The man who dares write or say "give us a fair trial" is impudent. That is the height of impudence. He should be destroyed. I read in the morning paper that the administration is coming back to the same old thing and is going to give the mail contracts to the same old concerns; only they will be in at the killing. We have put the Army into the business of carrying the mail, and in 2 days killed seven men who were trying to get to their posts to start carrying the mail, and I understand another Army flier went to his destruction today.

The theory of the administration seems to be, "If there is anything that is doing well, let us kill it. We must get in on it. We have a good thing in the N.R.A.—the national racketeers' association. Let us get in on these other good things. If we are not in on it, let us bust it up. Let us drag some man in here and convict him and send him to jail for 10 days, and then on the strength of that one man's conduct let us destroy a great business in the country." That shows the power of the administration, but it should not be used in that way.

There was a great Roosevelt whose first name was Theodore. I remember a sentence from his pen or his voice, I am not sure which, but it sticks back in my brain somewhere, and it may be of service here if I quote it. He said:

> We here in America hold in our hands the hope of the world, the fate of the coming years, and shame and disgrace shall be ours if in our eyes the light of high resolve is dimmed and we trail in the dust the golden hopes of men. If we merely build upon this new continent another nation of great but unjustly divided material prosperity, we shall have done nothing and we shall do as little if we merely pit the greed of envy against the greed of arrogance, and thereby destroy the material well-being of us all.

That is what we are doing today. We have taken over everything under the "national ruin act" and nullified the antitrust laws, put the Government back of combinations in restraint of trade that have driven out of existence everything deserving the name of competition today in the United States. We are going on under that plan.

Then we depreciate and debase the dollar. Barney Baruch and his gang make a couple hundred million dollars by sending gold over to Europe when the price was $20 an ounce and then bring it back and sell it for $35. It makes a great campaign fund for the furtherance of dictatorships.

Then we put into existence the N.R.A. and appoint a brigadier general, the fellow who put over the draft in the last Democratic administration that took our boys to war, and then under another Democratic administration they were deprived of the compensation to which they were entitled because of injuries they had received. The administration takes them out of the hospital and puts in the C.C.C. boys. Senator HATFIELD yesterday on the floor said that Walter Reed Hospital is full of the C.C.C. boys who have taken the beds of the wounded ex-service men who were forced out of the hospital by the decrees of the present dictatorship, although this hospital and scores of others over the country were built with the peoples' money for the express purpose of taking care of the ex-service men. He says there are only four soldiers out there, though there are a thousand beds.

If one of these C.C.C. boys die under the edict of our dictatorship, the Government gives his widow $45 a month. Under the same edict a soldier's widow gets $15. It has been indicated from more than one source that the administration's idea is to militarize these C.C.C. camps.

It seems, judging from the last two Democratic administrations that it is a common thing for them to pay no attention to preelection promises. The people elected a Democrat to the Presidency because he kept us out of war. No sooner had he been assured of his reelection than he began plans, with the aid of the international bankers, to take us into the war to make the world safe for democracy.

We appropriated $42,000,000,000 for that war. We won that war, and we did not get a thing out of it. We were not even able to hold Guam as a cable station. We did not protect ourselves anywhere. England took something like a third of the world, and Japan filled her arms and her lap, and France her pockets, and we got prohibition. [Laughter.] And then the Democrats took that away from us. So, you see, we did not get anything out of the war.

Then they came last election and said, "Now, it could not be worse." You remember they said, "It could not be worse"; and so the dictator was elected, and now you can see that it can be worse; and that "worse", mind you, when you stop to think about it, was made by a Democratic administration that promised to keep us out of war, which the people wanted to have done, but they did not do it.

Think of the money that was spent and the contracts that were let. You know they did not have the national racketeers' association [Laughter] at that time, but they did have this idea of letting contracts on a percentage basis; and all you old boys will remember how that worked out. You know it made thousands of millionaires. It made them burn up lumber piles, whole lumber yards, in order to collect this percentage. They filled swamps full of cement and allowed it to spoil so as to get the percentage. They paid from $20 to $45 and $50 a day so that they could get the percentage, and they had five or six men on the same job. So it ran into percentage; and God knows, and you know, and everybody else knows, what happened.

It was that money, the waste of that war, that got us into the condition we are in today. We did not even get back the money that we loaned to the governments over there on an I O U. Although Congress definitely provided by law that the Secretary of the Treasury should take bonds for the money loaned, instead of that they just took an I O U, the same as they do when you lose at poker; you just give them an I O U. If we had had those bonds, gentlemen, we could have put them on the market over there when this depression started, and those boys would have behaved themselves. You can bet your boots they would have behaved themselves if we had had the bonds to stick on their market. They would not have stuck up their noses and told us that "that was yesterday."

We went over there and furnished the men and the money that won the war, and then they forgot us. If we had had their bonds to put on the market, they would not have been like the girl who promised to marry the fellow and he saw her a little later after she had seen somebody else that she liked better; so he said to her, "Why, you know, we are going to be married." She said, "Yes; I remember." He said, "You promised to marry me." She said, "Yes; but that was yesterday." [Laughter.]

So the tremendous amount of money we loaned to the Allies was yesterday, and it was not paid, and the calamity came. As you know, however, a new generation grows up every 15 or 20 years, and it was these young fellows that elected the Democrats. They had grown up since the last

Democratic administration, and did not remember it, and so they voted with a free hand. If they had remembered the administration that brought on the war, the administration that drafted the boys, the administration that spent the money that put us into the hole we are in today, they would not have elected the same wrecking crew to take care of us today. [Laughter.]

Yes; somebody must speak. Somewhere, somehow, a voice should be raised to let the people know the facts. My voice will not go far, because the newspapers will be criticized and frowned upon by the dictator for publishing what I am saying [laughter]. They might lose their license if they did. So all that I may do today is to hope that some spark may kindle some other soul; and somewhere, somehow perhaps, my voice will start a thought in some of the great men of this Senate, and they will get on their feet, and in the only place left to free speech in the whole United States, battle for the independence and individual liberty that Washington, Jefferson, Lincoln, and Theodore Roosevelt stood for. I hope, I pray, that it may come soon.

Out in the Middle West, not so far from my State, in the Black Hills of South Dakota, there are being carved into a great mountainside the heroic figures of George Washington, Thomas Jefferson, Abraham Lincoln, and Theodore Roosevelt. On the other side of that sheer rising mountain is to be inscribed nine important events in American history that tell the history of our inception and growth, and space is to be left for other inscriptions.

I hope that there never may be the tenth inscription to the effect that in the years 1933–34 a subservient Congress abdicated its powers to a dictatorship that was the beginning of the end of the great Republic.

The dictatorships of history have been marked by certain outstanding characteristics:

First. The temporary exercise of power has been followed by the demand that the emergency powers be made permanent. The exceptions to this rule are few. Absolute power breeds on what it feeds. When the emergency powers are made permanent, the republican form of government is overthrown and the temporary dictator becomes emperor. That is the common process of changing republics to empires. Even our own experiment, before the end of its first year, is followed by the demand that the emergency powers shall be made permanent.

Second. It is the common feature of all dictatorships that the ruler in power aspires to augment his hold on government by organizing a multiplicity of executive bureaus or a bureaucracy supported by powerful commercial interests, variously known as the "oligarchy" or the "reactionaries." Even in our first-year experiment we have seen 37 bureaus, called "administrations" or "corporations", rise up like mushrooms at the rate of about one a week in the first 9 months, and we find that all the heads of the chief industrials, or so-called "trusts", are today sitting on Federal advisory boards making price-boosting codes to plunder consumers.

Third. With only a few exceptions—and those exceptions where the dictator has had the wisdom to let go and resist the demand of his beneficiaries to make his emergency power permanent—the dictatorships and the oligarchies of history have been notable failures. It was so with Sulla, Marius, Pompey, and even the Caesars, in Rome. It was the same with Napoleon and the czars, and even with Diaz in our neighboring state of Mexico. Today there are practically no emperors, few kings left, and only a small crop of new-deal dictators. In fact, the people of a civilized world are fed up with the strong-arm class of would-be rulers. A free people, in an age of public schools and a free press, will grant a certain degree of emergency powers—but woe to the oligarchy, the reactionary gang, that seeks to make its emergency powers permanent. Coercion and dictation have no place, least of all on the soil hallowed by the traditions of '76.

Fourth. All dictatorships describe themselves as a new deal. Most dictatorships turn out to be new versions of the same old deal.

There were 2,000 years of dictatorships in the ancient world before the first Roman dictatorship, in 498 B.C. The antiquity of so-called "emergency" dictatorships runs back 4,000 years. And, according to their own versions, they were all new deals.

When the President in his message to the present Congress announces the policy to abolish old civilizations, and when his journalistic spokesman, Mr. Moley, says we are never going back to the principles of 1776, what do they mean? The American Republic is 30 centuries younger than the dictatorships of the ancient Asiatic civilization and 20 centuries younger than the heydey of dictatorships of ancient Rome and Greece.

The American Republics—North and South—are the youngest of civilizations. Are we going to abandon the new creed of freedom to take up the worn-out theories of government that cracked down humanity in the centuries before Christ?

This month of February is the anniversary month of Washington and Lincoln. Washington, who led the American forces in 1776 and presided over the Constitutional Convention of 1787. Lincoln, who at Gettysburg gave utterance to the aspiration of freemen in every land:

> That this Nation, under God, shall have a new birth of freedom and that government of the people, by the people, for the people, shall not perish from the earth.

In this same month of February the journalistic mouthpiece of the brain trust, Mr. Moley, tells the country that we are never going back to the ideas of 1776. The emergency powers of the new dealers, according to them, are already made permanent. We are never going back to the inalienable rights declared in our Declaration of Independence, so the new dealers imagine. They tell us that a revolution has taken place, though without the knowledge or consent of the American people. The suspension of the Constitution under an emergency plea is permanent, they hold. They are in the saddle permanently, they imagine, and what are we going to do about it?

They have suspended the antitrust laws and enthroned 259 code monopolies.

They have created a bureaucracy of 37 corporations and administrations with dictatorial powers over trade and industry.

They have installed as brigadier general over these 259 monopolies a Wall Street assistant stockbroker to govern all American industry and all American trade—the boldest buccaneering feat in the history of world dictatorships.

Under the National Recovery Act, which covers only interstate and foreign trade, they have assumed to control all local intrastate industry and trade down to the shoe-shine parlor and the barber shop.

Under the pretense of helping labor and the wage standard, they have set up minimum wage codes 20 percent to 30 percent below the wage scales in leading industries.

The new deal began by creating an emergency in closing all the banks of the country, both the solvent and insolvent, the large majority solvent, and thereby struck down the business of the country in March below the lowest previous level in July 1932. That was the entering wedge for disciplining and getting control of the banking system.

They then proceeded, without express authority and without public notice, to invest $900,000,000 of the Treasury deficit in the stocks of 5,200 banks. In banks, railroads, and insurance companies the new dealers have invested, loaned, or advanced upwards of $2,000,000,000 of Government debt to obtain financial control of the Nation. They are even establishing Government banks to finance Russia and China—and this under the party banner of Andrew Jackson, who abolished United States banks.

This appears to be only the beginning of the new-deal dictatorship program. The Secretary of Agriculture, in a 14,000-word memorandum, as outlined in the Washington Post of February 19, describes how the farm-reduction program requires removal of 50,000,000 to 100,000,000 acres from agricultural production, a shifting of millions of population from the cotton States, and the compulsory licensing of

farmers to enable them to plow their own land. He admits that the program is highly unpopular and hints that this program of dictatorship may require the censorship of the press and thereby the probable suspension of the first amendment of the Constitution.

Without material deliberation or debate in either House of Congress, a $2,000,000,000 bill is railroaded to the statute book making the Treasury the world's greatest central bank in financing the world gold supply—paying a premium of $14 an ounce on foreign gold—with a secrecy provision preventing a public report on operations until the next presidential election. Secrecy is the mark of all dictatorships, and power over the gold supply is essential to every war chest of the military.

Two further measures are now suggested—thrown out to the public casually to familiarize us with the idea that we are living under a Federal dictatorship—to emasculate the States. The States are to be reorganized by consolidation of towns and counties. The control of crime is to be taken from the States and placed in Federal control. Federal control of the liquor traffic was a failure, but control of the right to bear arms is to come under a Federal prohibition act.

This so-called "revolution", we are told, has already taken place, having been purchased by taxpayers' money, and we will never go back to the inalienable rights of '76, to government by and for the people as enunciated at Gettysburg. We have forgotten Washington and Lincoln, and we are now living under the one-man rule of the Pharaohs and Caesars.

The world is now saying: "We know that the British House of Commons yet functions. We know that the Swiss Republic still lives and functions as a true democracy. We know there are republics in South America—10 of them followed the plan laid down in the Constitution of the United States. What has become of that Constitution? What has become of the principles of Washington and Jefferson, Lincoln and Theodore Roosevelt, Jackson and Cleveland? What, since the session of 1933, became of the United States Congress?"

This is the issue of the hour. Has Congress abdicated? Have we made the "emergency" powers of the dictatorship permanent? Have we abandoned the preamble of our Constitution that begins—"We the people of the United States"?

Have we become "reactionaries"—gone back 20 centuries to the time when ancient Rome permitted an emergency dictatorship of 6 months, and finally a permanent dictatorship under the name of emperor? The "new dealers" tell us we have. The "revolution" from a republic to a Mussolini Fascistic program has taken place in the United States of America. For one, I do not want to believe it, and I hope when the people of the United States wake up to what is going on under their eyes in a period of dire stress they will speak. They will speak with ballots. Nor do I want to believe that this Congress will permit the temporary dictatorship of so-called "emergency" to be made permanent and enthrone reactionaries on the ruins of the Republic. I hope, I pray that the spirit of '76 will live, that the "brain trust" is not the one hundred and thirty millions, that it is a passing mirage that fools only those who seek to be fooled. My friends, Democratic Senators, let your voices be raised in behalf of the individual. Strike a blow for State rights while it is not yet too late. "Come over into Macedonia and help us."

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The PRESIDING OFFICER (Mr. ADAMS in the chair). The pending question is the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The absence of a quorum being suggested, the clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Hayden	Reynolds
Ashurst	Costigan	Hebert	Robinson, Ark.
Austin	Couzens	Johnson	Robinson, Ind.
Bachman	Davis	Kean	Russell
Bailey	Dickinson	Keyes	Schall
Bankhead	Dieterich	La Follette	Sheppard
Barbour	Dill	Logan	Shipstead
Barkley	Duffy	Lonergan	Steiwer
Black	Erickson	Long	Stephens
Bone	Fess	McAdoo	Thomas, Okla.
Borah	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Metcalf	Trammell
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Nye	Wagner
Caraway	Hale	O'Mahoney	Walcott
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	White
Connally	Hatch	Pittman	
Coolidge	Hatfield	Pope	

The PRESIDING OFFICER (Mr. COPELAND in the chair). Eighty-six Senators have answered to their names. A quorum is present. The question is on the amendment offered by the Senator from South Carolina [Mr. BYRNES].

Mr. STEIWER obtained the floor.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from West Virginia?

Mr. STEIWER. May I ask the Senator from West Virginia whether he proposes at this time to present the amendment which he sent to the desk some days ago?

Mr. HATFIELD. Mr. President, I will say to the Senator from Oregon that that is my intention.

Mr. STEIWER. The amendment which the Senator has in mind, I think, is much broader in scope than the amendment I have in contemplation. Probably, as a logical procedure, it ought, therefore, to be considered first, and I will yield the floor to the Senator.

Mr. HATFIELD. Mr. President, I present my amendment as an amendment to the amendment offered by the Senator from South Carolina [Mr. BYRNES].

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. At the end of the amendment of Mr. BYRNES it is proposed to insert the following:

TITLE III. VETERANS' PROVISIONS

SEC. —. All of the provisions of the following acts reducing or limiting or voiding the benefits, payments, care, or treatment of American veterans, their dependents, and beneficiaries—

Public Law No. 78, Seventy-third Congress, first session, approved June 16, 1933 (48 Stat., pt. 1, p. 283), entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes"; Public Law No. 2, Seventy-third Congress, first session, approved March 20, 1933 (48 Stat., pt. 1, p. 8), entitled "An act to maintain the credit of the United States Government", are hereby repealed, and all laws repealed by section 17, title I, Public, No. 2, Seventy-third Congress, are hereby reenacted; and such benefits, payments, care, or treatment are hereby restored as in effect on March 19, 1933.

SEC. —. This title shall become effective on the first day of the calendar month next following the month during which this act is enacted.

Mr. HATFIELD. Mr. President, on January 11 I offered an amendment which included provision for the restoration of the pay of Federal employees; but as that part of my amendment was dealt with yesterday, the amendment I have sent to the desk now, and which has just been read by the clerk, has been perfected so as to leave out that part of the amendment which had to do with the pay of the Federal employees.

On Monday, February 19, I went at great length into the subject matter of my amendment as it applied to the World War and Spanish-American War soldiers. I do not deem it necessary at the present time to detain the Senate upon the justification for the adoption of my amendment.

Mr. President, I think, in justice to the World War veterans and the Spanish-American War veterans, if we take into consideration the regulations which have been prescribed by a dictator and which are now in vogue, that my amendment should appeal to each and every Senator.

I cannot agree that regulations will do justice to the soldiers of the different wars. In my humble judgment, laws work out over a period of years. Skilled scientific men, skilled lawyers, skilled members of the medical profession, all are very much more capable of prescribing rules and regulations expressed in law which will do justice to the veterans of all of our wars than any regulations which may be suggested or promulgated by the President of the United States.

In a consideration of the situation which confronts the Spanish-American War soldier, only 5,421 of whom, we are told, out of the 280,000 are suffering from disabilities directly connected with the war, there is no one who knows better than the distinguished Senator who occupies the chair of this body at the present time [Mr. COPELAND] that there has been no army in the past, there can be no army in the future, subjected to communicable diseases such as those to which the Spanish-American War soldier was subjected, for the reason that science, in the great profession of medicine, has obliterated a great many of the communicable diseases which sent a great majority of those who died to untimely graves, because there was no preventive medicine known to science at that time that would have warded off or prevented the development of those diseases.

We are informed by the records that 77,000 of the 280,000 of the Spanish-American War group were subjected to that preventable disease known as typhoid fever caused by the bacillus of Eberth. We know now that it is not necessary for anyone to suffer from that communicable disease. We know that the same preventive medicine applies to many of the other tropical diseases, about which we know more at the present time than we did 36 years ago.

Mr. President, when we see the Spanish-American War soldiers crippled in body, in many instances crippled in mind, because of the ravages of the sequelae of the diseases which they contracted and from which they suffered while soldiers in the Spanish-American War, and we then are told that only 5,421 are entitled to direct service connection, I say, Mr. President—and I feel that Senators will agree with me—that to render such judgment does great injustice to the soldier of that war. I venture the assertion, Mr. President, that instead of only 5,421 of the Spanish-American War soldiers being directly connected that each and every soldier who is today disabled because of some joint involvement, because of some ear involvement, because of some heart lesion, because of some liver complication, because of some intestinal involvement, should not be presumptively considered to have contracted that disease while in the service of his Government 36 years ago but he should be directly connected because of some phelebitic condition and should be upon the same roll and given the same consideration that is given the 5,421 soldiers who are now held to be directly connected for the reason that these manifestations represent the aftermath of the communicable diseases from which the soldiers suffered while in service.

The same principle, Mr. President, applies to the World War soldiers. When I am told that 500,000 World War soldiers have been eliminated from the honor rolls of this country, and of whom it has been said that they are not entitled to the consideration of their Government for faithful service which they performed when they were called to duty and to service under their flag, I cannot be convinced, as a man of the medical profession, that that is the just and proper treatment which should be meted out to these men by the Congress of the United States or by the executive departments of our Nation.

It is for those reasons, Mr. President, which I went into thoroughly in my address of Monday, February the 19th, that I justify the offering of my amendment, in its modified and perfected form, as a substitute for, or as an amendment to, the amendment that was offered by the Senator from South Carolina [Mr. BYRNES].

In other words, Mr. President, this is a prerogative that the Congress of the United States should assume. It is a prerogative that the Congress of the United States should take back, as it gave it up in the enactment of the economy law, and until Congress reassumes its responsibility and writes upon the pages of the Federal laws of the land the principles that will prescribe the rules and regulations which will be controlling in the treatment of the World War soldier, we shall be derelict in our duty. For these reasons I offer this amendment.

I feel, Mr. President, that the Congress of the United States ought to pay the debt it owes to the soldiers of our wars. I feel that this is the opportune time to do so. If some soldier, perchance, is upon the roll who is not entitled to be there, he can be eliminated after fair and impartial consideration is given to his claim under the statutes that prevailed before the enactment of the Economy Act of March 20, 1933. It is unjust to say that of the 122,000 men suffering from tuberculosis only a part are entitled to be considered upon the rolls of the Government, should be cared for, after giving only a very brief period to the examination of their cases and to their claims. In less than 3 months 11,000 cases of tuberculosis, which at one time were on the rolls and service-connected, were examined and eliminated. The President who now occupies the chair knows as well as I that it would be an impossible task for any group of men in the profession of medicine to undertake. The results are unfair.

There might have been, Mr. President, some justification for the enactment of the economy law in the minds of those who voted for it when it came to the floor of the Senate. What has happened since the adoption of the regulations under that law, resulting in the elimination of deserving soldiers from the rolls and the experience every Senator has had in connection with efforts to get deserving veterans hospitalized and cared for, justifies the adoption of my amendment.

The soldiers throughout this land are appealing to the Congress of the United States to enact legislation which will eliminate the issuance of frequent regulations by the executive department. Due to their ever-changing character, the veterans do not know their status. Our laws should be basic in their character and upon which they can depend, and to which they can look for relief and protection. If the soldiers of the wars are not entitled to consideration, and if the Congress of the United States holds that they are not entitled to consideration, then the Congress ought to say so. The Congress ought not to pass this responsibility to someone else. The Congress should take this responsibility unto itself and deal with it as it was dealt with in the beginning of legislation upon this subject, so far as it applies to the Spanish-American War soldiers some 35 years ago.

On Monday, February 19, when I discussed the merits of my amendment, I read two or three letters into the RECORD. They were conclusive, they were convincing, Mr. President, to me as to why Congress should do something to restore the laws that had for their purpose the protection of the veterans in the past. We have legislated for every type and character of citizenship in America. We have legislated for the great banking institutions of America. We have legislated for the great railways of this country. We have legislated for the farmers of this country. We have legislated for the toilers of this country. But we have failed, Mr. President, to legislate for the men who bore the flag of this country.

I submit, Mr. President, that my amendment is justifiable; I submit it is meritorious; and if I rightly understand the sympathy of those who make up this body, as well as the body at the other end of the Capitol, I am sure they are anxious to do something to bring about relief from the injustice which the Economy Act has brought upon the rank and file of the American soldier.

With these brief remarks, which represent a conclusion to what I had to say on last Monday, I wish to submit this amendment, and I trust that I may have the courtesy of a roll call in order that we may know, Mr. President, who are the friends of the veterans.

Mr. ROBINSON of Indiana. Mr. President——

The PRESIDING OFFICER. Does the Senator from West Virginia yield to the Senator from Indiana?

Mr. HATFIELD. I yield.

Mr. ROBINSON of Indiana. As I understand the Senator's amendment, it would completely repeal the so-called "Economy Act" which was passed last March?

Mr. HATFIELD. That is true.

Mr. ROBINSON of Indiana. And would put the veterans of all the wars of the United States and their families right back where they previously were?

Mr. HATFIELD. That is true.

Mr. ROBINSON of Indiana. Mr. President, I am in hearty accord with the amendment and hope most earnestly it will be adopted.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [Mr. HATFIELD].

Mr. LONG. I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. BYRNES. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Hebert	Robinson, Ark.
Ashurst	Couzens	Johnson	Robinson, Ind.
Austin	Davis	Kean	Russell
Bachman	Dickinson	Keyes	Schall
Bailey	Dieterich	La Follette	Sheppard
Bankhead	Dill	Logan	Shipstead
Barbour	Duffy	Lonergan	Steiwer
Black	Erickson	Long	Stephens
Bone	Fess	McAdoo	Thomas, Okla.
Borah	Fletcher	McCarran	Thomas, Utah
Brown	Frazier	McKellar	Thompson
Bulkley	George	McNary	Townsend
Bulow	Gibson	Metcalf	Trammell
Byrd	Glass	Murphy	Vandenberg
Byrnes	Goldsborough	Neely	Van Nuys
Capper	Gore	Nye	Wagner
Caraway	Hale	O'Mahoney	Walcott
Carey	Harrison	Overton	Walsh
Clark	Hastings	Patterson	White
Connally	Hatch	Pittman	
Coolidge	Hatfield	Pope	
Copeland	Hayden	Reynolds	

Mr. LA FOLLETTE. I desire to announce that the senior Senator from New Mexico [Mr. CUTTING], and the senior Senator from Nebraska [Mr. NORRIS] are unavoidably absent from the Senate.

The PRESIDING OFFICER. Eighty-five Senators having answered to their names, a quorum is present.

Mr. WALSH. Mr. President, I should like to inquire of the Senator from South Carolina as to the position of the committee on the pending amendment. If he has already made such an explanation, I will not ask him to repeat it.

Mr. BYRNES. I have not referred to that. The amendment offered by the Senator from West Virginia, if adopted, would repeal all the provisions of the Economy Act with reference to veterans of all wars. That is, as I understand, a succinct statement of the object of the amendment.

Mr. HATFIELD. That is correct, Mr. President.

Mr. WALSH. In other words, it would restore what is known as "disability allowances"?

Mr. BYRNES. It would restore the name of everybody who was on the rolls because of disability allowance; it would restore misconduct cases; in fact, any kind of a case that was on the roll on the day the Economy Act was enacted.

Mr. HATFIELD. That is correct, Mr. President.

Mr. OVERTON. Mr. President, I should like to ask the Senator from West Virginia whether or not his amendment would repeal all the provisions of the Economy Act with reference to the compensation of Federal officers and employees?

Mr. HATFIELD. No, Mr. President; my amendment has been perfected, in view of the action taken yesterday, so that the provisions regarding compensation of Federal officers and employees have been eliminated, and the amendment now deals only with the veterans.

Mr. LONG. Mr. President, I ask for the yeas and nays on the amendment of the Senator from West Virginia.

The PRESIDING OFFICER. The yeas and nays have already been ordered.

Mr. ROBINSON of Indiana. Mr. President, I am glad the Senator from West Virginia [Mr. HATFIELD] has offered this amendment to the pending bill. As soon as the present session of Congress convened I introduced a bill to repeal the entire so-called "Economy Act", and I had an amendment ready to present now which would have had the same effect as the bill which I had introduced, namely, to repeal the entire Economy Act. But, Mr. President, it makes no difference to me who offers a measure having for its purpose the eradication from the statute books of the United States of this insult to every man who ever wore the uniform. I will support the amendment of my good friend from West Virginia just as whole-heartedly as if it were the one I myself had prepared. After all is said and done, what we desire is results, and we do desire results with justice to the veterans of the country.

I suppose everybody was amazed last March—I confess I was—when the new President of the United States, who had just been inaugurated into that high office, sent to the Congress the so-called "economy bill", demanding that it be passed forthwith. The entire Nation, I think, was startled that the Chief Executive could seemingly so completely forget the sacrifices made by those who had defended the country in time of war. His reason for demanding that the bill be passed was entirely materialistic. He had run for office on a platform promising the American people to reduce the Budget to the extent of $1,000,000,000 annually. He frankly said, regardless of mercy or justice, that if $400,000,000 could be taken from the veterans and their dependents it would enable him to balance the Budget, and, inferentially, keep his platform pledge.

It was a materialistic appeal. It made no difference that veterans might be kicked out of hospitals like dogs; it meant nothing to him that veterans who had been receiving benefits from the Treasury of the United States, accorded them by a grateful people, would be impoverished and sent to the bread lines all over the Nation, and that the care of the destitute should thenceforward be charged to the local taxpayers, already taxed to death from one end of the country to the other. Apparently the Congress would know neither mercy nor gratitude if it should stand behind the Presidential demand.

It was a question of balancing the Budget and keeping a campaign pledge to reduce the Budget to the extent of $1,000,000,000. I regret to say, Mr. President, that both Houses of the Congress, apparently panic stricken, driven by the lash of the Chief Executive of the Nation, in the most cruel demand that any Chief Executive ever made in the history of the country, acceded to the demand and by large majorities in both Houses passed the bill.

The story since then has been tragic. What paradoxes have been suggested by this administration! The bill was so unusual when it came from the White House that it was given three names. Ordinarily, as every lawyer in this body knows full well, one name is all that is necessary for a measure. It usually takes that name and is known by it throughout the years. But this bill came in here like a thief in the night, heavily disguised or, as we used to say overseas, deeply camouflaged. First of all it was said to be "a bill to maintain the credit of the United States"—God save the mark!—as if any nation should deserve to have any credit that deliberately turned its back on its own defenders. "To maintain the credit of the United States", when every Member of this body knows that throughout the depression, 4 years or more, there never has been a time when an issue of bonds offered by the Government of the United States was not oversubscribed time and again—as many as 25 times.

Yet that misrepresentation was deliberately made—"to maintain the credit of the United States." That was false

nomenclature. The bill, to some degree, bears the name and title to this day "to Maintain the Credit of the United States" when since then the administration has created an additional indebtedness of more than $10,000,000,000. That is the administration which took a paltry $400,000,000 from the lame, the halt, and the blind; from the old soldiers who had given their future, their careers and even their lives in the service of the American people. From them was taken a paltry $400,000,000 and since then, with a lavish hand, in the most reckless orgy of extravagance this country or any other has ever known; the administration has poured out $10,000,000,000 in less than a year's time "to maintain the credit of the United States."

But, evidently fearing that was not enough to drive the weak and timid Members of the Senate to do the bidding of the Executive, the measure was given another name. It was said to be "the economy bill." It was not an economy bill. It was false economy—false as hell itself, Mr. President! It did not put a single man back to work. Instead, it added untold thousands of additional men, women, and children to the bread lines throughout the Nation, and robbed the veterans of nearly half a billion dollars in purchasing power at a time when purchasing power was the thing needed to make the recovery machine go. It simply heightened the depression, added to the strength of the deflation, and transferred the burden of taxes from the shoulders of the big-income earners throughout the country to the shoulders of the little property owners and the farmers throughout the United States already taxed to death. It was not an economy measure in any sense of the word.

Mr. President, it was decided to give it another name, still further to mislead public opinion in the country. It was said that it was "a bill to balance the Budget." Balance the Budget! Do Senators remember last year, hardly a year ago, when the President of the United States sent his message here and said, in substance, "If you will pass this bill I will balance the Budget"? Ha! How hollow it all sounds now! What a mockery! How could the President of the United States make that statement in the light of what has taken place in the last 11 months? "Balance the Budget!" Yes, he would balance the Budget! He had just complained bitterly here and throughout his campaign because of the fact that during a period of 3 years his predecessor had been unable to balance the Budget by about $3,000,000,000 in round numbers, as I remember, and he proposed to balance the Budget forthwith "if you will just take this money away from these disabled veterans of the United States."

That was less than a year ago, hardly 10 months ago, and today by the President's own admission we face a deficit in the Treasury of more than $10,000,000,000 and a national indebtedness of approximately $32,000,000,000, the largest in all our history; and no one is to be found here or at the other end of Pennsylvania Avenue, in the Executive Mansion, even to suggest a way of paying off the indebtedness save by onerous and enormous taxes or by what the country fears, printing-press money utterly uncontrolled. Yet that appeal was made to the Members of both Houses: "Pass this cruel, unjust, utterly brutal law against the disabled veterans of the Nation, and we will balance the Budget." That, in effect, was the statement made then.

Well, of course, it was not a bill to balance the Budget. It did not balance the Budget. The Budget is not balanced today. It will not be balanced next year, nor the year after, nor in the next 10 years; and everybody here within the sound of my voice who understands that 2 and 2 are 4 knows that that is a true, correct, and conservative statement.

"Balance the Budget!" What crimes are committed in that phraseology, "Balance the Budget!"

So it was all wrong. The premise was wrong. The promises were not kept; but a cowardly Congress, driven by the lash of the Chief Executive, passed the law just the same.

There is an element of grim humor in it all, though, Mr. President. It is a sense of humor that has sustained the American soldier throughout all the conflicts in which he has engaged.

It was a sense of humor that permitted the boys in blue in the dark days of the sixties to look on the tragedy on all sides and yet find, somewhere or other, something over which they might smile, even though they were called upon to spill their blood ultimately to reconstruct the Union and let it continue to be the land that Washington had built and that Lincoln preserved.

It was a sense of humor that sustained the Spanish War veterans on many battlegrounds far from home. Nine thousand miles away they fought in the Philippines and gave an empire to the American people. I have seen their graves out there. They died in the service of their country in Puerto Rico, at San Juan Hill, in Cuba, and elsewhere. Everywhere they fought for the glory of the flag. Yet they were able to smile at the embalmed-beef scandals in connection with the profiteers of that day; the profiteers, the scavengers that hang on behind the army fighting at the front, defending them and perpetuating their fortunes, were selling rotten meat to the Government of the United States, which they knew would be fed to the defenders of the Nation out under the stars; they knew that those soldiers would die from that rotten embalmed beef—as hundreds of them did—yet in order that they might enrich themselves, they did this dastardly thing.

They were the predecessors, the antecedents of this similar organization that calls itself today the National Economy League. Yet a grim sense of humor permitted the soldiers, sailors, and marines of that conflict to smile in the midst of their troubles.

It was a sense of humor that permitted the lads some 17 years ago, over on the other side of the sea, to face death a thousand times a day and still smile, thinking of the folks back home for whom they were sacrificing. So the soldier can always appreciate a humorous incident; and there was some grim humor in the signing of this bill, when it was finally signed.

Mr. President, you are perfectly familiar with the fact that whenever an important measure passes the Congress, many Members of the Senate and many Members of the House go trooping up to the White House to claim the pen that signed the act. No great crowd went charging to the White House to get the pen that signed this law. No, Mr. President; not a Member of either body wanted to claim that pen; and among all the pens of the earth, this pen is the pariah. It still goes about unclaimed; but the act was passed.

Then what happened? Immediately those in charge of its administration began throwing disabled veterans out of the hospitals over all the United States—hospitals which a grateful people had erected for the care of their defenders. Three hundred and fifty of them almost immediately at Dayton, some in their underwear, more than 80 a day at the hospital at Leavenworth; 15,000 within the first couple of weeks were kicked out of the hospitals.

I submitted to the Senate a photograph of one lad ejected in his underwear. They let him have a suit of Government clothing to wear while he was in the hospital. Finally, when we passed this thing called a "law", which is a blot on the escutcheon of the United States of America, they threw him out and took the clothes off his back and started him down the company street clad only in his underwear, and a kindly citizen out there picked him up, took him to the nearest place where he might be outfitted, and himself bought him some decent clothing.

Do you know what it means, Mr. President, to throw a disabled veteran out of a veterans' hospital?

Here is a soldier, lying on a bed of pain in a hospital erected for him by a grateful people, and an attendant of the hospital comes up to him and says, "Get up! Get out! We cannot keep you here any longer." "But", says the soldier, "Why? I am not able to move. I am wounded. I am sick. I am sore. I did not get myself in this condition for my own advantage. I got this way out there serving the United States, maintaining its sovereignty, sacrificing

for the people of the Nation, who always have been grateful in the past."

Mr. HATFIELD. Mr. President, will the Senator yield?

The PRESIDING OFFICER (Mr. DUFFY in the chair). Does the Senator from Indiana yield to the Senator from West Virginia?

Mr. ROBINSON of Indiana. I do.

Mr. HATFIELD. Does the Senator know the number that were eliminated from the hospitals?

Mr. ROBINSON of Indiana. I have not the number here. If the Senator has it, I shall be glad to have him state it.

Mr. HATFIELD. Between eleven and thirteen thousand.

Mr. ROBINSON of Indiana. I had understood that it was around 15,000 in round numbers. That was the figure I mentioned a moment ago. I am glad to have the exact number.

"But", says the soldier on the bed of pain, "I am not able to leave, and I have nowhere to go. This is the only home I have." The hospital attendant says, "It makes no difference; you will have to get out." Some of them were carried out on stretchers. "Get out! We have got to balance the Budget. We have got to balance the Budget." That is what followed the passage of the so-called "economy law."

There were hundreds of thousands of cases of hardship. This law affected only disabled veterans, widows, and orphans—only the disabled; not the able-bodied men. It affected the old soldiers of the Civil War, whose average age now is 90. Has a grateful nation so soon forgotten and become ungrateful? Everybody here knows that a man 90 years old is thoroughly disabled by age. They have been slashed under this act to such an extent that many of them find difficulty in eking out a decent existence.

Only the other day a dear old lady from southern Indiana, a regular correspondent of mine, herself 89 years old, the widow of a distinguished Civil War veteran dead these many years, wrote me a letter and in substance said, "I have always been proud of this great Nation. I have been thrilled when the flag went by. I still am. I have worn with vast pride my button as a member of the auxiliary of the Grand Army of the Republic, the Women's Relief Corps, and still do. I am so happy that my late husband was willing to bare his own breast to the foe to preserve this Nation and the Constitution on which it rests; but", she said, "in these latter days I am wondering, 'What price glory?' They have slashed my pension now. I was receiving $20 a month. It was all in the world I had on which to live; and they have slashed that now to such an extent that it begins to look as if I shall have to wind up my days in the poorhouse."

The average age of the Spanish War veteran is 60—threescore years. They are disabled by age alone.

How could it be otherwise in a time like this, when big industry over the United States will not employ anybody over 40 years of age? Ninety-three thousand of these veterans are above the age of 62. They never received anything in the way of recognition until 1920, perhaps, 22 years after the Spanish War ended. Then they received the merest pittance, what amounted to practically nothing. Finally in 1926 we gave them substantial consideration, 28 years after the war which gave us an empire had ended. They were permitted to enjoy the benefits received then, though by no means an extravagant benefit, for about six years and a half. Then it was taken from them overnight and without the slightest warning in the world—to balance the Budget! To maintain the credit of the United States! As an expedient of economy!

Mr. President, this is what happened overnight, right here in this Chamber and in the Chamber at the other end of the Capitol. The benefits given to these men—men up in years, threescore years of age—were taken from them without the slightest warning. They were ordered, in effect, by the Government of the United States to go out and join the line of unemployed, upward of 15,000,000 walking the streets looking for jobs, with none to be found; to find jobs, when industry will employ no one above 40 years of age—and they are now 60—or else starve to death. That is the way they were sentenced.

No wonder that any number of those men have committed suicide, not knowing how they might subsist. Now, in the evening of life, they have been deprived of benefits which a grateful people had told them they might rely upon in old age. So they are disabled by age, and many of them are physically disabled as well.

Thirty-six years after the conflict ended they are now commanded, if they receive anything at all, to prove direct service connection, to prove that any disabilities from which they may suffer today are directly connected with their service when all the evidence is gone. Comrades of theirs with whom they served, major surgeons of the long ago, are dead and in their graves, and whatever small fragments of evidence may remain are in the hands of the Government, not accessible to them. Yet, under this act and its cruel administration by the "personal" government, as it is characterized, they are deprived of what had been given them. Under the personal government, regulations have been issued from time to time, and under the law and these regulations the Spanish War veterans are ordered to go out and produce evidence directly connecting their disabilities with the service they rendered 35 or 36 years ago. Service records were practically unknown in those days; so they are asked to do the impossible and are eliminated entirely from presumption, though they are all disabled.

Let me now read from the message of the President transmitting this evil thing to the Congress last year, this ill-smelling thing which now smells to high heaven, which, as enacted, has been the cause of so much tragedy in this land among men, women, and children. Let me read the President's words:

> When a great danger threatens our basic security it is my duty to advise the Congress of the way to preserve it. In so doing I must be fair not only to the few but to the many. It is in this spirit that I appeal to you. If the Congress chooses to vest me with this responsibility it will be exercised in a spirit of justice to all, of sympathy to those who are in need, and of maintaining inviolate the basic welfare of the United States.
>
> I ask that this legislation go into effect at once without even waiting for the beginning of the next fiscal year.

He was so anxious to get the money out of the pockets of these poor old disabled veterans; he wanted it on the spot, to balance the Budget, to maintain the credit of the United States.

> I give you assurance that if this is done, there is reasonable prospect that within a year the income of the Government will be sufficient to cover the expenditures of the Government.

A year has not passed, only about 10 months have gone, and now we are $10,000,000,000 worse off than we were then; but we have robbed disabled veterans and their families, and sent innumerable persons to their deaths.

The only World War veterans affected are the disabled. Their average age is 40 now. But, under the laws they had to prove physical disability, with the burden of proof on their own shoulders—10-percent disability if service connected, and 25 percent, at least, if nonservice connected.

Mr. President, this severe action was taken against only the disabled veterans of the United States—Civil War, Spanish War, World War. The able-bodied were spared. The only ones we robbed were the disabled, the lame, the sick, and the halt; those who are unable to take care of themselves or to fight for themselves.

I grant there might have been some abuses; that is possible. I never heard of any law enacted by any Congress that could not be abused by unscrupulous persons. But if there were abuses, they could easily have been remedied by proper administration, and should have been. There was no occasion to destroy the entire structure of the laws just because there might have been an abuse here and there. There is no good reason for tearing down and destroying a building just because a window pane may be broken. That is precisely what was done here.

The entire building was destroyed, the entire structure of benefits and pensions granted to veterans during the last

12 years by Congress was overturned overnight; the veteran was robbed of his vested rights, and he was placed at the mercy of an autocratic Executive, at the absolute mercy of the Chief Executive of the Nation.

We can never begin to do justice to these veterans until we restore their vested rights, give them laws backing them up in their benefits, so that they do not have to trust to the whim of one man in the United States out of 130,000,000; one man, who, if he happens to rise in the morning not feeling well, could by proclamation wipe out everything that had been given the veterans in the years gone by.

I want to restore the veterans' vested rights, give the veteran a law behind him so that he does not have to depend on any one man for justice. The Government of the United States, by legislation, has protected him. His vested rights we took away from him. It was not only unfair; it was unjust, cruel, and brutal.

The principal force behind all this was the National Economy League. In May a year ago a little group of millionaires and near-millionaires, in the very shadow of Wall Street, projected the so-called "Economy League." Look at the list, and it will be found that the names all cluster around the stock exchange. It was organized in July of that same year. It was incorporated in November of the same year. Yet in those few weeks, according to the evidence given before the Joint Congressional Committee Investigating Veterans' Affairs, of which committee I happen to be a member, they had collected together a slush fund of more than $200,000 to be used in the nefarious work of poisoning public opinion in America against the defenders of the Nation.

They employed one Major Curran to manage the work directed against the veterans. According to his own evidence before the committee, they paid him a salary of $15,000 a year and, so far as I know, they still do. He rather boasted of the salary he received, seeming to fear that some of us might think that some time or other he might have been near a bread line. He submitted a list of 17 names of individuals in this country who had contributed—just the 17—$35,100 to this slush fund; and if Senators will examine that list of 17 names, it will be found they represent the wealthiest families in the United States.

Why this hue and cry against the veteran? What was the purpose of it all? Only that this little group and those allied with them might save a little something in income tax. That is all it was done for, as shown by their own testimony.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I should like to know if the Senator does not think that those gentlemen had better be making their peace with the soldiers if conditions continue to go as they have been going in the last few years.

Mr. ROBINSON of Indiana. Why, of course, Mr. President. The Senator from Louisiana is entirely right on that subject. War is all around us. War is apt to break out any moment. One man whom this administration has tried to make unpopular is the soldier. If there is one man in the country whom they have set out to make unpopular with the American people it is the old soldier. Under those circumstances, where are we going to get our recruits; where are we going to get our soldiers, our sailors, and marines for a possible war with Japan, or if by their international bickering they drive us into war in Europe? Where are the soldiers of this country coming from when they are treated like dogs? Wars cannot be won without soldiers. Wars cannot be won without sailors and marines. How can we expect to get soldiers, sailors, and marines to fight for our country when we treat them in such brutal fashion?

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I yield.

Mr. LONG. I am wondering if the Senator from Indiana has ever thought about the fact that some 7,000,000 or 8,000,000 people, representing families of perhaps 30,000,000 to 40,000,000 people, might some day get tired of starving, at which time those rich people might need some soldiers.

Mr. ROBINSON of Indiana. Why, of course, Mr. President. They are short-sighted; there is no doubt about that. Unfortunately, however, this injustice has been done finally by the Congress and by the Chief Executive. It is up to the Congress and the Chief Executive to, so far as possible, right that great wrong that has been done before it is too late. Even now it is too late, Mr. President, to bring back from the grave those who have been slain by this cowardly thing.

Mr. President, I received a letter the other day which is characteristic of the many letters every Member of this body receives. This letter comes from the West coast and is as follows:

> Facing blindness and insanity in his penniless old age, the Reverend Harry W. Burton, 72-year-old Spanish-American War veteran, yesterday took the easiest way out—suicide.
>
> Slumped over in his little room at 2301 South Hope Street—a room he took when Government economy moves forced him to leave the veterans' hospital at Sawtelle—he was found dead by Detective Lieutenant Vern Filvy.
>
> At his side, next to an empty poison bottle, was a note. It read: "I humbly ask forgiveness for all I have done wrong. I am facing insanity and blindness as well as suffering. I wish a little flag buried with me as well as my badges."
>
> He still loves the flag.
>
> "Many thanks for the kindnesses shown. I hope the dear Lord will forgive me. There is no need for an inquest. Just a suicide."

That is his own statement. If the American people knew just how this iniquitous thing we call the "economy law" is working, they would rise up en masse and demand that Congress repeal it forthwith.

A man writes to me from Yountville, Calif.:

> But my case is no worse than thousands of others and not as bad as many others. In the San Francisco Bay region, according to records kept by the Veterans of Foreign Wars, 700,000 free meals have been given to needy veterans during this depression, and since the Economy Act 55 have brought their misery to end.
>
> Fifty-five have committed suicide right in the San Francisco district because of the Economy Act.
>
> The number of unnatural deaths is still increasing.

That is a personal letter to me. Anyone interested in it can have the name and the address of the correspondent.

I have received hundreds of such communications. I suppose every Senator has. So I shall not dwell further upon it. The facts are known to all of us.

I desire to go a little further, however, with reference to the economy law. The idea was to save income tax. Of course, someone must pay the bill, Mr. President. That is true. Finally the taxpayers must pay the bill. The only question involved in legislation of this kind is which taxpayers shall pay it.

Something like 20 years ago we adopted the Federal income-tax amendment and added it to the Constitution. During the years from then till now a great deal of the revenue of the Federal Treasury has been derived from that source. Normally it costs about $4,000,000,000 a year to run this Government—the annual Budget amounts to some $4,000,000,000. In other words, to put it in a homely phrase, it costs Uncle Sam in normal times approximately $4,000,000,000 a year to keep house. Included in the $4,000,000,000 was approximately $400,000,000 annually to the disabled veterans of the country. They were included in the Federal Budget. It was less than that, Mr. President. I think it is claimed the saving has been about $275,000,000 at the expense of the veteran. Of course, if a substantial part of this revenue comes from income taxes, then those who pay income taxes might expect considerable relief if $400,000,000 could be eliminated yearly from the Budget, if one cared not for mercy or justice.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. ROBINSON of Indiana. I yield.

Mr. GORE. I do not quite understand the Senator's figures of $400,000,000. The Senator does not mean that that

includes the payments to all veterans of all wars and their widows and dependents?

Mr. ROBINSON of Indiana. That was the amount that was undertaken to be saved through the Economy Act.

Mr. GORE. I thought the Senator from Indiana said there was a saving of $275,000,000 as a total.

Mr. ROBINSON of Indiana. The Senator from Oregon can perhaps give us the exact figures. I will give the Senator from Oklahoma my own understanding of the situation. I understand they started out to save $450,000,000 by depriving the veteran of certain benefits which had been allowed him. That in the end it amounted to only about $275,000,000, which was saved at the expense of the veteran.

Mr. GORE. I misunderstood the Senator's statement. I thought he said that the $400,000,000 was the aggregate of expenditures on veterans of all wars.

Mr. ROBINSON of Indiana. No; it is probably more than that, Mr. President; but the amount they undertook to save was $400,000,000, and that $400,000,000 was included, of course, in the Federal Budget.

Mr. GORE. As I said, I misunderstood the statement of the Senator. I thought he was limiting his statement to the aggregate expenditures, whereas he spoke of the savings that were endeavored to be made. I think the total expenditures of all kinds in connection with the veterans was something over a billion dollars.

Mr. ROBINSON of Indiana. Oh, no, Mr. President. Before this debate shall be finished I think we can put the exact figures in the RECORD. That sounds like the statement put out by the Economy League, which never had any basis in truth.

Mr. GORE. It includes the expenses of disbursement. Very well; I should like to have the exact figure in the RECORD.

Mr. ROBINSON of Indiana. I think we can secure those figures, and I am quite sure they are nowhere near the aggregate mentioned by the Senator from Oklahoma. They were given in the debate last year at the time the bill was under consideration here, and especially, as I now remember, when there was pending the so-called "Steiwer-Cutting amendment", which was adopted by the Senate, but in conference was eliminated, that question came up again, and I think the exact figures, as nearly as we could get at the exact figures, were put into the RECORD. They were very much less than the amount the Senator has just suggested, as I now recollect; but we will try to put in the RECORD the exact figures, which, of course, are available.

But, Mr. President, if the amount were $400,000,000 or $250,000,000 or $1,000,000,000, and a grateful people decided that the defenders of the Nation, now disabled and unable to gain a livelihood in the ordinary vocations, were entitled to it, then, of course, it was an unjust act to deprive them of it and throw them on charity and the local taxing units throughout the Nation.

Mr. STEIWER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oregon?

Mr. ROBINSON of Indiana. I yield.

Mr. STEIWER. If the Senator will indulge me, I can supply some of the figures in which the Senator from Oklahoma is interested. The high point of veterans' expenditures was in the independent offices bill of a year ago. That bill was passed at the close of the old administration but never became a law. It carried for pensions, including World War compensation, a total of $592,000,000 plus; it carried for administration, including hospitalization, $111,000,000 plus. That makes a total, I think, of $704,300,000 plus. Those figures, of course, do not include some additional items, such as the appropriation for the fund to retire the adjusted-compensation certificates and certain appropriations which had relation to the insurance policies under the War Risk Insurance Act.

That, I submit, is the high mark with respect to these figures. It might be interesting to note that for the fiscal year 1935, that is to say, in the pending bill now before the Senate, for pensions, including additional allowances under the regulations of January 19, there is proposed to be appropriated a total, I think, of $296,000,000 plus, for administration purposes $86,000,000 plus, or a total of $383,000,000.

I think the Senator from Indiana is quite right in his recollection that it was thought that there might be a saving of approximately $400,000,000 by virtue of the enactment of the economy bill.

Mr. GORE. Mr. President——

Mr. STEIWER. Just one more sentence, and I will conclude. I recall at the time that bill was pending before the Finance Committee of the Senate a statement was made by General Hines and an additional statement by the Director of the Budget. In those statements it was estimated that the total saving under the economy bill would be $383,000,000; but subsequently, when the regulations were promulgated, it was found that they went just a little further than had been contemplated; and it was announced in the press, and, I think, everywhere accepted, that the regulations of March 31 would have made a total saving in excess of $400,000,000. One figure that was used was $405,000,000. There were those who contended, after the cases were reviewed and the regulations were put into effect, that the saving would run somewhat higher than that; and I think some of the veterans' organizations estimated that the total savings contemplated under the regulations of March 31 would run as high as $450,000,000, affording a basis for the figures used by the Senator from Indiana a little while ago.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oklahoma?

Mr. ROBINSON of Indiana. I yield.

Mr. GORE. Did the Senator from Oregon say that the aggregate appropriations for pensions in the appropriation bill of last year which was not enacted aggregated $575,000,000? I did not quite get the figures.

Mr. STEIWER. The aggregate amount was $592,000,000 plus.

Mr. GORE. Was the proposed saving of $450,000,000 supposed to come out of that $592,000,000?

Mr. STEIWER. No; the major part of it, of course, would come out of that figure, and something like twenty-five or thirty million dollars would come out of the cost of administration, including the overhead of the Bureau and the cost of hospitalization.

Mr. GORE. I was wondering what the aggregate would be, including all items, from which the $450,000,000 should be subtracted in order to have the minuend and subtrahend correspond to items. Obviously it would not be correct to subtract $450,000,000, covering various and sundry items, from $592,000,000 which is limited to pensions alone. My point is to develop how much would have been paid after the saving had been effected.

Mr. STEIWER. It would not have been very much if the regulations of March 31 had been maintained, but the Senator will remember that on June 6 the President liberalized those regulations by raising the rates and changing the method of figuring the rates of compensation. It was supposed that that action restored to the veterans about $47,000,000, as I remember. Then, in June, Congress enacted a bill that became Public Law 78 and that restored to the veterans benefits of nearly $50,000,000. So that altogether nearly $97,000,000 in benefits were restored by those two acts. Then, subsequently, on January 19 of this year, the President made a further liberalization which it was estimated would cost about $21,000,000; so that at this time it is necessary to carry into this bill a very substantial sum of money; but as it was originally contemplated under the regulations of March 31, 1933, the cost to our Treasury for taking care of the veterans of this country was not a stupendous figure.

Mr. GORE. The background I had in mind was the statement that the expenditures for the veterans of various wars and their dependents, widows, and orphans, for hospitalization, compensation, and adjusted-service certificate sinking

fund aggregated about $1,080,000,000, or something like $3,000,000 a day, and that $2,000,000 a day were allotted to the veterans of the World War. Was that an overestimate?

Mr. ROBINSON of Indiana. That was evidently an overestimate. I have never seen the amount estimated that high. I think the correct figure—certainly much more nearly correct—is that just suggested by the Senator from Oregon, who has made a very careful study of this entire question, especially so far as costs are concerned.

Mr. BYRNES. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from South Carolina?

Mr. ROBINSON of Indiana. I yield.

Mr. BYRNES. I should like to say, if I may, in reply to the question of the Senator from Oklahoma, that the estimate of appropriations for the fiscal year ending June 30, 1934, which estimate was pending at the time of the passage of the Economy Act, was a total for veterans' activities of $945,988,634.

Mr. ROBINSON of Indiana. May I ask the Senator, in addition to the figure named by the Senator from Oregon, where does the Senator get the other three or four hundred million dollars?

Mr. BYRNES. I must say that I was unable to follow the statement made by the Senator from Oregon. The figure just given by me represents the estimated cost for the Veterans' Administration for 1934, and it contains a number of items, including compensation and pensions to veterans of the World War, Spanish-American War, Civil War, and other wars, and dependents of such veterans; compensation for peace-time, service-connected disabilities, and expenditures for administration, medical, hospital, and domiciliary services, military and naval insurance, hospital and domiciliary facilities and services, State and Territorial homes for disabled soldiers and sailors. It includes all veterans' activities.

Mr. ROBINSON of Indiana. What is the source of the Senator's information?

Mr. BYRNES. It is the estimate of cost for 1934 of the Veterans' Administration, and this is a duplicate or a photostatic copy of the estimates made at that time.

Mr. ROBINSON of Indiana. That figure is a great deal higher than the correct figure.

Mr. STEIWER. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Oregon?

Mr. ROBINSON of Indiana. I yield.

Mr. STEIWER. I think there is no basis for any controversy about a point of this kind. The figures just stated by the Senator from South Carolina are no doubt correct, but they include an item covering the war-risk insurance policies. It must be remembered that the veterans pay the premiums on such policies, and the money is put in and then appropriated. The figures read include also the retirement fund for the so-called "bonus certificates." There can be no question as to what those figures were, because the estimates just read to the Senate by the Senator from South Carolina were incorporated in the independent offices appropriation bill that was passed by the Congress, but which failed to become a law at the end of President Hoover's administration.

The figures I read a little while ago were the figures taken from the bill by one of the members of my own staff, and I have no doubt they correctly set forth the amount of money that was contemplated for expenditure at that time for the fiscal year 1934, but excluding these additional items and dealing only with the subject of pensions and compensation; that is to say, the amounts that go direct from the Treasury to the veterans in the way of benefits of one kind or another, the total was $592,000,000 plus, and the administration cost, including hospitalization, was over $111,000,000, making a total of $704,300,000. I think there will be no difficulty on that score. If any Senator cares to verify these figures he will find that the estimates which the Senator from South Carolina just read to the Senate will verify what I have said as to the amount carried in the independent offices appropriation bill.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from West Virginia?

Mr. ROBINSON of Indiana. Before I yield to the Senator from Vest Virginia, let me suggest to the Senator from South Carolina that that only shows the nefariousness of the campaign which has been carried on against the poor old disabled veteran in this country, especially by the so-called "Economy League", which used the same figures as the amount the veteran was receiving from the Government. I am not at all imputing any blame to the Senator from South Carolina, because he read the estimates as they were given to Congress. I merely suggest that included in these figures, by those concerns of the country and those individuals who are working against the veteran and against justice for the veteran, were amounts that the veteran himself has paid for his own insurance when he went forth to offer his life, the premiums that he himself has paid into the Government, and disbursements from that insurance fund. For the first time in the history of this country, the insistance by the then President of the United States was that the veteran, as he went forth to offer his life for his country, should never receive any pension, but in lieu thereof he should insure his own life and pay the premiums out of his own pocket, which he did, making allotments to the Government out of his pay; and then he made allotments for Government bonds which he had to buy. He sent those allotments to the Government. Then he made allotments to his folks back home, and when he got through making allotments the $30 a month he had been given or promised for stopping bullets had evaporated to about $2 remaining for tobacco and cigars.

All of that money has been charged against the veterans in these statements that have been published to the country against him, endeavoring to show how he was a "Treasury raider", and there have been charged in those statements his own premiums, his own money that he paid for insurance on his own life as he went forth to offer himself as a sacrifice for his country.

Mr. STEIWER. Mr. President, will the Senator yield again?

The PRESIDING OFFICER. Does the Senator from Indiana yield further to the Senator from Oregon?

Mr. ROBINSON of Indiana. I yield.

Mr. STEIWER. Unless I am entirely mistaken in my recollection of the matter, there was included also in the estimates read to the Senate by the Senator from South Carolina a considerable item for cost of retirement pay for the officers and men of the Army and Navy. That was one item the Government undertook to pay as a part of the national defense. It ought not to have been charged to the veterans for the purpose of determining the cost of maintaining the veterans of the country, but I am quite sure that the figure is in the total. It is another item used by the Economy League to endeavor to prove that we were paying too much for the care of the veterans of the war in this country.

I should be very glad, if the Senator from Indiana will permit, to have the Senator from South Carolina read that particular item or, if it is in a group, the group of items that make up the retirement allowance for the men of the Army and Navy.

Mr. ROBINSON of Indiana. Yes; I shall be very glad to have the Senator do that.

Mr. BYRNES. Mr. President, I will state that the figures I read did not include any item that I could identify in connection with the Senator's remarks. The figure I read was, in round numbers, $945,000,000. The statement of the Senator is exact as to excluding the amounts estimated to be paid by the adjusted-compensation certificate fund. That was $100,000,000. I find no item such as the Senator has referred to with reference to retirement. There is an item of $20,000,000 which is not included in the $945,000,000, but

which makes the total estimate $966,000,000. The item the Senator refers to as $20,000,000 is not included in the $945,000,000.

Mr. OVERTON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Louisiana?

Mr. ROBINSON of Indiana. I promised first to yield to the Senator from West Virginia, but if he will pardon me, I will yield to the Senator from Louisiana.

Mr. OVERTON. I should like to get this information, and I thought while the Senator from South Carolina was on his feet he might give it to me. What is the difference in cost, if the Hatfield amendment be adopted, as against the present cost under the Veterans' Administration?

Mr. BYRNES. I am unable to answer that question. The Hatfield amendment, as I understand it and as the Senator from West Virginia has confirmed, simply restores to the roll everybody who was on the roll for any benefit at all prior to March 19, 1933.

Mr. OVERTON. It restores the original status quo?

Mr. BYRNES. It restores all emergency officers, all disability-allowance cases—in fact, it restores everyone to the rolls who was on there on the date of the passage of the Economy Act on March 19, 1933.

Mr. OVERTON. How much have we saved to the Government in respect to veterans' benefits?

Mr. BYRNES. Approximately $364,000,000 less one figure, I am informed, of $20,000,000, which should not be included. It would be approximately $325,000,000 to $340,000,000.

Mr. ROBINSON of Indiana. I am glad to yield now to the Senator from West Virginia.

Mr. HATFIELD. Mr. President, the figure the Senator from South Carolina gives covers a full year and part of another year. The disbursement, as it appears in the annual report of the Administrator for the full year 1932, was $869,000,000. The bill at the present time carries $567,000,000. The difference would be $302,000,000. That takes care of all, as I understand, of the disbursements for the year 1932, which was the last full year of the administration of the veterans' law before the enactment of the Economy Act.

Mr. ROBINSON of Indiana. Mr. President, it does not make so much difference in times like these when we are spending hundreds of millions weekly, when we have more than 40 new bureaus erected, with more than 40,000 additional employees with no civil-service status required, when we are throwing money away prodigally to employ youngsters to plant trees and all that sort of thing. This amount really is not so much. But suppose it is? If my very good friend from West Virginia does not object, I would like to read a statement made by him in a very excellent speech last Monday which goes straight to the point. Said the Senator from West Virginia:

> Mr. President, as an American and in keeping with the history of our forefathers, I think it more important that we look to remedying the injustices in which this body participated rather than to quibble about the cost involved. There has not been the slightest indication of a penurious attitude on the part of those who raised this question when they have been asked blindly to place in the hands of those not elected to public office the expenditure of not millions but billions of the taxpayers' money. However, I do not hesitate to state the cost, insofar as that cost can be ascertained by inquiry at Government offices. The cost will be approximately $295,000,000.

I should like to develop a little further, if I may, the attitude of the so-called "National Economy League" and some of the reasons, perhaps, that motivate them.

In the first place, they represent the interests that made money out of the war, that always make war pay. They are the profiteers. The last war cost the American people approximately $36,000,000,000. How much of that vast sum do you suppose went to the cannon fodder, to the troops, to those who are now veterans of that conflict and to their deceased comrades? Less than four and a half billion dollars. In other words, of the tremendous sum of $36,000,000,000 that the American people dug out of their pockets and their savings with which to buy Liberty bonds and Victory Loan issues to assist in winning the war, only approximately four and a half billion dollars went to the more than 4,000,000 men engaged in the conflict. Thirty-one and a half billion dollars, practically all the rest of that vast sum, went to the profiteers, the munition makers, the cantonment contractors, all those engaged in the big business incident to the war; those, in a word, who, 4,000 miles behind the lines, were making war pay, and pay with a bang.

A most interesting disclosure came to light in the bank inquiry. As I remember, my good friend the Senator from Oregon [Mr. STEIWER] mentioned in the debate last year the names of those who were on the pet lists, the preferred lists of the House of Morgan, receiving vast gratuities from that financial institution for which they had not rendered any service whatever.

A large percentage of the names of those persons on the pet lists, as we call them here, who had received these bonuses, these gratuities from the House of Morgan for having rendered no service, were members, active members, of the so-called "Economy League", that insists on balancing the Budget with the nickels of the disabled veterans of the country. Not only that; a large percentage of them in the House of Morgan—all of the partners, as I remember—who invented the pet list, failed during 1931 and 1932 to pay any income taxes whatever toward defraying the cost of the Budget of the United States.

But we will assume that those with large incomes will have to pay considerable in the way of income taxes into the Treasury of the United States; from the Treasury, of course, comes the money to defray the cost of the Budget, which includes the veterans' benefits. These charges we have always considered before as a national obligation, a national responsibility. Of course, if now we could eliminate $400,000,000 or even $295,000,000 from the Budget, thereby doing this vast injustice to the disabled defenders of the country, we could reduce the income taxes of those who organized the National Economy League and the people they represent, and they would save a few paltry dollars. And to do so they would take the pennies from the pockets of the veterans and their dependents.

The taxpayers have it to pay. Listen: When we take $400,000,000 away from the national Budget and discharge these disabled veterans from the hospitals, they go back to the local communities whence they came. Who takes care of them? They cannot be allowed to starve, so the local citizens—the overtaxed and overburdened small property owners and farmers—have this additional burden placed on their shoulders; but it is all right with the Economy League. They have gotten out from under. They have been relieved from income taxes.

Here is a man receiving $12 a month, a disabled veteran, with which he has been supporting a wife and three children, perhaps. I know of one case where a disabled veteran was receiving $12 a month for 25-percent disability, and was supporting with the $12 himself, his wife, and seven children, and has never asked for charity. I do not know how he did it, and no one else does, but he did it. But August 1 came. The Government took the $12 away from him. What happened? The local people had to take care of him, and they are taking care of him today. The local taxing units have to bear the cost of it. By that sort of economy we just transfer the burden from Wall Street, from the big income earners, to the shoulders of the local taxpayers throughout the United States.

That is unfair. Listen, Mr. President: War is a national emergency. War is a national responsibility. When men go into war, they go into war for their country. These disabled veterans who now are unable to work at any gainful means of earning a livelihood because of their wounds, their disabilities, did not fight the war for New York City, or for Indianapolis, or for San Francisco. They fought the war for the Nation. Therefore, it is a national responsibility; and all the costs of the war, no matter how high they may be, should and must be borne by the National Treasury, and not by the local taxpayers of Columbus, Ohio, or Miami, Fla., or Detroit, Mich., or any State in the Union.

It is a national responsibility. It is a national obligation. But the Economy League is entirely satisfied. Its members have saved a few dollars in income taxes.

Mr. President, I have in my letter files hundreds of cases that have come to my personal attention, and that I should like to bring to the attention of the Senate. The only reason I forbear is because I know every Member of this body has received the same kind of communications. Everybody here knows the cruelty of this thing, and the tragedy that has followed in the wake of the Economy Act. If that be true, then everybody here should vote to correct today, as far as we can humanly do so, the injustice that has been done. The only way to do that is to repeal in its entirety the infamous thing we call a law.

We paid huge bonuses to the big interests of the country. We gave the railroads an enormous bonus as soon as the war had ended. We did not ask them to wait until 1945. We paid them cash. We gave the cantonment contractors a bonus. We did not ask them to wait until 1945, but paid them cash. Others came and received large payments; but when the veterans came in 1924 the Congress not only did not pay him cash but it told him to wait until 1945, and said that if he should then be still living it would give him something!

That was bad enough. Of course, the so-called "bonus", the adjusted-service certificates, should have been paid in cash at the time. I shall not go into that subject extensively at this time. Later during the session I hope to do so. I mention it now merely, incidentally, to show you that injustice was done the veteran. The debt was acknowledged, but not paid. It is now 16 years overdue; but in addition to that, adding insult to injury, the Congress then proceeded to take his benefits away from the veteran.

Does anyone in this body believe for a moment that any member of the Grand Army of the Republic would attempt to rob the Treasury of the United States? Yet that great organization recognizes the injustice that has been done the few survivors of the Civil War and the widows of those who have gone on.

Does anyone in this body believe for one moment that the Spanish War veterans would try to rob the Treasury of the United States, when they are organized to keep alive patriotic fervor, organized to implant patriotism in the hearts of the youth of the land, organized to see that everybody shall revere the flag and defend it whenever it be in danger?

Does anybody here believe that the members of the great American Legion would try to rob the Treasury, when that organization has been extolled on all sides, from coast to coast and from the Lakes to the Gulf, for its high sense of patriotism and patriotic duty?

Does anybody here believe that the Veterans of Foreign Wars, staunch in their fidelity to American traditions and to the Constitution of the United States, to patriotic activity on the part of all our citizens—does anybody think the Veterans of Foreign Wars would attempt to rob the Treasury?

Does anybody think that the Disabled American Veterans, men all disabled, unable to work at the ordinary vocations of life, those who have given their whole careers, their future, for this country and its institutions—does anybody believe that they would rob the Treasury?

There are other organizations of a similar kind and the auxiliaries; and they are all crying out for justice, for repeal of this infamous thing that is called a law.

Mr. President, there can be no justice with anything less than complete repeal of the so-called "Economy Act", which was forced through this body and the body at the other end of the Capitol under the lash of the Chief Executive. This was the Chief Executive who could say at a great veterans' convention in Chicago but a few months ago that a man who has worn the uniform is entitled to nothing if he be starving except charity from local units of government; and if they cannot supply it, then from State charity facilities; and if the State cannot supply it, then, and only as a last resort, may he appeal to the Federal Government, when it, through its charity, might keep him from starving to death, if he has not already starved long before he got through all those stages.

Mr. President, that, in substance, is what I heard him say. It is all wrong, and absolutely contrary to the American tradition, to the patriotic impulse of the American people. It is all wrong. Any public official who utters such a dictum and undertakes to say that that stands for American public opinion misrepresents thoroughly American public opinion, and, in my judgment, is false to his trust.

We shall have other wars and we shall need other defenders. I warn you not to make it too unpopular to wear the uniform of your country. There will be other times when men will be seen, if they may be enlisted, marching through the streets of all our cities, going out yonder, under sun by day and stars by night, to defend the people of this country, to defend the women and children. I hope you will not make it so unpopular to become a soldier that when the time comes when we require defense there will be nobody to offer himself.

Mr. President, when two nations go to war they fight to the death. One may die; both may die. We have seen great nations go to their death during the past 20 years. When two nations go to war one or the other invades its antagonist's land, the land of the adversary, and when a nation's territory is invaded who is it who suffers first and most, worse than death itself? It is the women and the children. No one ever knows which land may be invaded, and when a man puts on the uniform and goes out, therefore, to fight for the flag of his country, he fights to defend the women and children of the land against a fate far worse than death.

When two nations go to war the conqueror may undertake to enslave the vanquished. Then the citizens of the vanquished nation become slaves and vassals to the other nation. So, when a man wears the uniform and goes out to defend the flag of his country, he defends the freedom of his country, he defends the men as well as the women and children in their rights as free men and free women. He does this with his life, if need be.

This is the man, this disabled veteran, who has been crucified by this thing called law. It is necessary, if we would do any measure of justice worthy of this body, that the entire economy act be repealed, that the vested rights of the veterans of the United States of all the wars be restored to them, and that we wipe this blot off the national escutcheon, so that never again will anybody attempt to persuade this Nation to turn its back on its own defenders.

Therefore, Mr. President, I shall most cordially, most heartily, most enthusiastically support the amendment offered by my friend from West Virginia, with the hope from the depths of my heart that it may be adopted by this body, and the body at the other end of the Capitol, unanimously and with great enthusiasm.

Mr. HATFIELD. Mr. President——

The PRESIDING OFFICER (Mr. POPE in the chair). Does the Senator from Indiana yield to the Senator from West Virginia?

Mr. ROBINSON of Indiana. I yield.

Mr. HATFIELD. The Senator from Indiana is aware of the fact that 1,125,000 of these boys suffer from some chest ailment, such as influenza, pneumonia, and bronchitis?

Mr. ROBINSON of Indiana. What was the number?

Mr. HATFIELD. A million one hundred and twenty-five thousand.

Mr. ROBINSON of Indiana. I did not know that was the number, but I am glad to have that in the RECORD. The Senator is a very skillful surgeon, noted all over the country as a skillful and famous surgeon, and I would like to ask him a question. I have heard that in upward of 55 or 60 veterans' hospitals of the country up to date, of the something over 4,000,000 called to the colors in 1917, more than 1,000,000 cases have been hospitalized, so terrific is war in its devastating effects in these days of poison gas and tremendous engines for the mass destruction of human beings, and that we shall not have reached the high peak of disa-

bility until 1945, which means that in the next 11 years other hundreds of thousands, who today believe themselves to be strong and healthy, will nevertheless be forced to enter the grim portals of these institutions. I would like to ask you if that is true.

Mr. HATFIELD. The peak will not be reached until 1948, I am told.

Mr. ROBINSON of Indiana. That means 14 years yet to go before we reach the peak of disability. May I ask the Senator whether it is true that more than 1,000,000 cases have already been hospitalized?

Mr. HATFIELD. That is about the figure.

Mr. ROBINSON of Indiana. Mr. President, I yield the floor.

CONSERVATION OF OIL

Mr. CONNALLY. Mr. President, I shall not consume much of the time of the Senate, but there is rather an urgent matter to which I desire to call the attention of the Senate very briefly in connection with the tax bill which passed the House of Representatives on yesterday, and which is now before this body for consideration by the Finance Committee and the Senate.

It will be remembered that last year when the National Recovery Act was enacted, I offered and secured the adoption of an amendment known as the "Connally hot-oil amendment", providing that the President should have power to prohibit the interstate shipment of oil and its products which might be produced in violation of State law.

As Senators are no doubt advised, we have great oil fields in my State which have been prorated or controlled by law in order to limit their production and balance production and consumption. In Texas the power to prorate, as between these various fields, rests with the State regulatory body known as the Texas Railroad Commission.

After the adoption of the so-called "hot-oil amendment", the President of the United States issued orders prohibiting the interstate shipment of oil produced in violation of the orders of the State regulatory body, and Secretary Ickes was appointed Oil Administrator. I desire to say that the Secretary has been endeavoring, to the limit of his ability, to enforce Federal regulations regarding the illegal production of oil produced in violation of State laws and orders of the railroad commission. But, Mr. President, there are those who bootleg oil. Certain oil interests are violating the laws regarding the production of oil. They are surreptitiously appropriating to their own use oil that belongs to leaseholders and landowners; in familiar language, they are stealing the oil from the owners of the leases.

It has been very difficult to enforce this statute, because a Federal court has held that the agents of the Government could not go upon the oil owners' property, nor into their refineries, for the purpose of determining whether or not the oil was intended for interstate shipment and therefore was in violation of the Federal law. In order to provide additional funds to enforce the law the pending revenue bill carries a provision levying a tax of 0.1 of 1 cent per barrel upon all oil produced in order to provide a fund to enable the Secretary of the Interior to place more agents in the field to assure that the laws in behalf of the conservation of oil shall be respected and enforced.

I desire to say further, Mr. President, that when the Senate shall take up the bill for consideration I shall urge, in addition to the levying of the tax of one tenth of 1 cent, that an amendment, if it be found necessary, be adopted giving to the agents of the Secretary of the Interior power to visit refineries, authority to visit producing plants and oil properties, giving them the power to examine their books and records, in order to determine whether or not the oil is being properly accounted for, for taxation purposes, and in order to give the Government full possession of knowledge of their operations for all proper purposes.

Mr. President, there is no conflict between the State authorities and the Federal authorities. In my State the railroad commission has been acting in complete harmony with the Federal oil administrator. The railroad commission fixes the amount of oil which may be produced in Texas. It then allocates that oil to the various fields and allocates it to the various producers. So there is no question here of conflict between the Federal and the State authorities. Both of them are undertaking to prevent the violation of the laws both of the State and of the Federal Government. But there are certain criminal elements in the oil industry who, for their own selfish profit, are violating the laws, are bootlegging their products, are shipping them in interstate commerce, and yet are claiming that they are not engaged in interstate commerce.

Of course, the people of my State would like to produce all the oil which it is possible to produce from their wells, but they believe to do so at the present moment would tend to wreck a great industry; and, in behalf of conserving this tremendous natural resource and in order to balance production and consumption, the people of my State have authorized the railroad commission by statute to conserve and to control the production of oil in behalf of the people of Texas and in behalf of the landowners and lessees of lands in our State and in the interest of those who are dependent upon this great industry—the men who work in the fields and those whose resources are invested in oil properties.

Mr. President, it is necessary for the Federal Government to provide additional funds and additional agents, and it may be necessary for the Congress to give to the oil administration additional power and authority to bring those violators of the law in the oil industry within the pale of the law, in order that the laws may be enforced, and in order that the rights of the landowners and the leaseholders in these great oil fields may be protected.

So, Mr. President, I ask Senators to give attention to that particular section of the revenue bill found in section 605, appearing on page 207 and the following pages of the bill. When the measure shall come before the Senate I shall take occasion to again press this matter upon the attention of Senators, because it is of utmost importance not only to my State but to all the other oil States of the Union, and for that matter it is of importance to all the people of the United States.

Mr. President, it would be a crime to dissipate the great oil resources of the Nation. They should be preserved not only on account of national defense, on account of the needs of the Navy, but on account of the needs of industry, on account of the needs of the great automobile industry, and the users of automobiles. The reserves of oil may be permanently threatened by the dissipating of the great oil reserves. To waste the oil by profligate production unduly depresses the price and brings about actual physical waste in the field.

I am appealing to the Senate that when it takes up the revenue bill those of us who are interested in this matter may be allowed to present necessary amendments to the Senate in order that the Federal Government and the State governments may be provided with the instrumentalities for protecting the public welfare against the lawless elements in the oil fields who are defying the Government, who are defying the Secretary of the Interior, who are defying the State authorities, in order that they may for the immediate future and for their immediate profit secure larger and illegal production of their own oil to the detriment of those who are obeying the laws, to the detriment of those who are interested in conservation, to the detriment of those who want the laws administered in an orderly and proper fashion.

If Senators will bear these matters in mind, I am sure that I shall be joined at the proper time by Senators from other States who are of the same opinion with respect to these matters. The administration of this act ought to be paid for at least in part by the oil industry. Therefore we are willing that a small tax be levied upon every barrel of oil produced in order that funds may be provided whereby the Secretary of the Interior, as oil administrator, may properly and efficiently execute the Federal laws in harmony with the State authorities who are undertaking to bring about the same result.

REPEAL OF TERRITORIAL PROHIBITION LAWS—CONFERENCE REPORT

Mr. HAYDEN. Mr. President, on behalf of the Senator from Maryland [Mr. TYDINGS], the Chairman of the Committee on Territories and Insular Affairs, I submit a conference report, and ask unanimous consent for its immediate consideration. The House recedes from its disagreement to the Senate amendments.

The PRESIDING OFFICER (Mr. POPE in the chair). Is there objection? The Chair hears none, and the report will be read.

The Chief Clerk read the report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same.

M. E. TYDINGS,
HIRAM W. JOHNSON,
KEY PITTMAN,
CARL HAYDEN,
Managers on the part of the Senate.

JOHN MCDUFFIE,
JOE L. SMITH,
C. L. BEEDY,
Managers on the part of the House.

Mr. HAYDEN. I move the adoption of the conference report.

The PRESIDING OFFICER. The question is on agreeing to the conference report.

The report was agreed to.

REGULATION OF STOCK EXCHANGES

Mr. COUZENS. Mr. President, the Senator from Florida [Mr. FLETCHER], the Chairman of the Committee on Banking and Currency, some days ago introduced a bill which is called the "securities exchange regulatory bill of 1934." There has been inaugurated against that measure throughout the Nation a campaign of propaganda which has been organized by the New York Stock Exchange. The Senator from Florida, who is not now in the Chamber, has given me permission to have read to the Senate a statement which he made yesterday with respect to that propaganda. In view of the fact that so many Senators are receiving communications in reference to the subject, I should be glad to have the clerk read at the desk the statement of the Senator from Florida, because I believe that no premature decision should be reached until the committee has had an opportunity to consider the bill itself.

Mr. JOHNSON. Mr. President, in common with the Senator from Michigan, I have received probably some hundreds of telegrams upon this particular subject. Is it the view of the members of the committee, who are familiar with the matter, that the propaganda is all manufactured?

Mr. COUZENS. Mr. President, in answer to the Senator from California, let me say it was publicly announced that after this bill had been drafted and introduced by the Chairman of the Committee on Banking and Currency, Mr. Whitney, president of the New York Stock Exchange, sent out communications to some 875 industrialists and to some 1,370 brokers urging them to protest to their Members of Congress against the enactment of the bill. In other words, there is just one central organization of propaganda, and the propagandizing is carried on before any hearings have really been had upon the bill itself. I want to say in all fairness there may be some amendments necessary to the bill, but the measure was drafted hurriedly so as to have it acted upon, if possible, at the present session of Congress and so as to give the public an opportunity to understand it. It was not contemplated, however, that there would be at one point hundreds of thousands of dollars spent in propagandizing the industrialists and business interests of the Nation against a bill that had not yet been finally concluded.

The Senator from Florida, who has been an ideal and a most patient and painstaking Chairman of the Committee on Banking and Currency, issued a statement yesterday, and I think Senators and the public ought to know about it.

Mr. JOHNSON. Mr. President, I quite agree with what has been said by the Senator from Michigan; I also quite agree, indeed, with emphasis, with what he has said about the chairman of the committee; I think he has done a magnificent work. He has done it under some difficulty, and he has done it not only well but he has done it bravely. I want to add my little meed of praise for the work that has been accomplished by him and his colleagues upon the committee.

The only reason I ask the question of the Senator from Michigan was that in the mass of correspondence that comes, which with the aid of a dictaphone I am unable at the present time to answer, notwithstanding my hours probably are as long as those of any other man in this body, there are included recently hundreds of telegrams upon the subject, and so I was very greatly interested in what the Senator was saying.

Mr. COUZENS. I venture to say that those who are protesting have not a single thing on which to base their protests except the mere statements of the authors of the propaganda. I venture further to say that not one of them has read the testimony or heard even a part of the testimony which Senators upon the Banking and Currency Committee have heard. Their opposition is based on the premise that the stock exchange wants, as soon as Congress adjourns, to be permitted to regulate itself and to return to its nefarious methods. I now ask that the communication which I have sent to the desk may be read.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk read as follows:

[From the New York Times, Thursday, Feb. 22, 1934]

FLETCHER'S STATEMENT ON STOCK PROPAGANDA

WASHINGTON, February 21.—Following is the text of the statement on the New York Stock Exchange made before the Senate Banking and Currency Committee today by Chairman FLETCHER:

"I have noted with interest the country-wide propaganda which has been turned out by the New York Stock Exchange against the bill to regulate stock-market activities. The exchange has followed the same practice during the past 25 years every time that proposals have been made for its regulation.

"Fortunately, this time the American public will have the advantage of testing propaganda with facts. That test will prevent the successful use of smooth words to cover unconscionable deeds. The representatives of the New York Stock Exchange, instead of uttering glib generalities, must explain away the mass of sworn evidence showing how its facilities have been used by a relatively small group of men for their own profit at the expense of the investing public.

"The propaganda released by the exchange officials is intended to persuade the people that regulation of that exchange and the other exchanges by the Federal Government will hurt business. Whose business? Only that of brokers who have lined their pockets by disregarding the interest of their customers.

COLLAPSE OF 1933 RECALLED

"Government regulation will certainly hurt those market operators and speculators who have used the facilities of the stock exchanges of the country to mulct the public out of millions, and, in sum total, out of billions of dollars.

"But regulation will not hurt the investor or the business man. On the contrary, if we do not have regulation, the investor and the business man are going to continue to be hurt as they have been hurt in the past. The proof of that is overwhelming.

"Only last summer—in 1933—after the country had started on the road to recovery, the facilities of the New York Stock Exchange were used by a group of selfish men in such a way as to give them very large profits. Their method of doing business through the medium of pools, manipulations, options, puts, calls, and market rigging, left the public holding the bag as usual when the market collapsed in July 1933.

"It collapsed because it was run by these men as a gambling and manipulative market for insiders against outsiders. The collapse shook the confidence of business men and took away the money of investors. It is only a few months since that collapse slowed up our recovery, and it was some time before the business community was able to get into its stride again after recovering from the misleading and dangerous activities permitted on the New York Stock Exchange.

"This is not a new story. The same thing happened in 1930. Business had apparently begun its slow movement upward. At once the opportunity was seized by market riggers and market

operators to unload stocks after running prices up to absurd levels, and to fill their own pockets with the money and the savings of the American people.

"When the New York Stock Exchange sends out its propaganda and when its representatives appear before the congressional committees, those representatives should explain this constant recurrence of gambling and rigging and this constant interference by such methods with business recovery.

"The stock exchange representatives will have to explain, for example, such evidence as was produced before the Senate Banking and Currency Committee last week, showing that in the year 1933, a year of alleged penitence and reform, the manipulators ran the price of certain shares up so high that during a 3-day market collapse the market value of these shares dropped to one third of the dizzy prices at which the general public was induced to come in and buy.

"Let the New York Stock Exchange people deal with facts, not promises, with sworn testimony, not propaganda. Let them explain away the blows they have inflicted on business, on legitimate trading, and not divert attention from existing evils by broad generalizations and threats to the effect that government regulation of the very men who have caused such damage to business will in itself constitute a bar to business recovery.

PROPAGANDA CALLED CONFESSION

"As a matter of fact, the frantic elaborateness of the propaganda of the exchange is in itself a confession that the history of its activities right down to the present day puts it on the defensive. The exchange, convicted by its own laxity and negligence or impotence and by the improper activities of many of its members, now comes forward and says that it has reformed.

"But on the very day last week that its reforms were made public, the Senate Committee on Banking and Currency heard testimony of recent activities on the New York Stock Exchange which those reforms would not be adequate to eliminate.

"In other words, the financial skullduggery described in our hearings last week could be perpetrated over and over again, and is likely to be perpetrated over and over again, even under the stock exchange's new rules.

"The difficulty with the self-reform of the stock exchange is that once Congress is adjourned, the exchange can modify its rules again. But there is a worse difficulty. That difficulty was disclosed at our hearings last week. That difficulty is the laxness, if not the incompetence, of the stock exchange authorities in enforcing even the inadequate rules heretofore adopted by the exchange.

"They were not successful in preventing the manipulations and market rigging of 1933 after they claimed to have turned over a new leaf and achieved complete reform.

CRITICIZES INQUIRY BY EXCHANGE

"Apparently they did not even know that such reprehensible use of the New York Stock Exchange was being made by manipulators, among them members of the exchange itself.

"Indeed, when the Senate committee last summer asked the stock exchange to investigate the stock market collapse of 1933 and to report to the Senate committee on pools and other operations of that kind, the stock exchange authorities conducted an investigation of several months and then reported to us that nothing improper had been found.

"It was not until we continued our hearing on the subject last week that the stock exchange authorities, according to their own statement, learned of the gross improprieties, of the gambling, of the manipulation, of the rigging which took place in 1933 on the New York stock market, and which our own agents were able to uncover without the aid of and against the assurances to the contrary by the stock exchange authorities.

"Apparently these exchange authorities cannot protect the public, do not know when the public is being mulcted, are unable to find out those things even when they make an investigation, and must rely upon public authorities to bring the facts to light.

"The American public can no longer afford to depend upon such uninformed and inadequate self-regulators of these market places.

"Everyone who heard the evidence before the committee last week was struck by the lameness of the excuses advanced by the stock-exchange representative at those hearings. The representative admitted, as he was compelled to admit, that the exchange had been lax and had permitted fraudulent transactions of large size within recent months.

"But the representative claimed that the exchange had been deceived. Case after case was brought to his attention. Each time his excuse was that the exchange authorities had been misled.

"If these excuses are to be given credence, it would appear that the authorities of the exchange are a group of naive, trusting, and gullible men ready to buy the first gold brick offered to them. But they paid for these gold bricks with the money of investors, not with their own.

"It is high time that the regulation and prevention of indefensible practices and deals and of market rigging be placed in the hands of men who will not seek to excuse their failure to perform their duty by painting portraits of themselves as guileless and gullible guardians of the investing and business public.

"Certain members of the New York Stock Exchange, realizing that they have discredited themselves by their own record, have sought to wage a fight against the bill intended to regulate their activities by enlisting the support of large corporation executives. The authorities of the New York Stock Exchange have sought to warn these corporation executives that they will be damaged if the bill for regulating the exchanges becomes law.

DEMANDS WHITNEY EXPLAIN

"This propaganda is correct in one respect only. The bill will deprive those corporation executives who have dealt dishonestly with their stockholders of opportunity for such dishonest dealing in the future.

"When Mr. Whitney comes down to explain his propaganda, he must be ready to explain the testimony which was introduced before the Senate committee last week. The testimony showed that with respect to stocks listed on the New York Stock Exchange corporation executives had employed dummies to organize subsidiary corporations and to effectuate schemes by which these corporation executives deprived their own stockholders of their legal rights.

"The president of the New York Stock Exchange should explain why it was that the exchange not only did not prevent but by its actions and permission enabled those corporation executives to run pools and to make enormous personal profits at the expense of their own stockholders. Implicated in these transactions were leading members of the New York Stock Exchange.

WARNS AGAINST PROPAGANDA

"It is surprising to me that the officials of the New York Stock Exchange believe that they can induce the executives of our large corporations to act as cat's-paws for the stock exchange and to run the risk of opposing legislation aimed at dishonest corporate practices and dishonest corporation executives.

"The facts have demonstrated that the power of stock-exchange authorities to subject the interests of the Nation to the purposes and profits of stock brokers and stock-exchange officials must be ended. We shall insist, when the stock-exchange officials come down here to talk about the bill, that they deal with these facts and leave behind them the propaganda manufactured by the propaganda machines which they have built up for many years and have operated by the expenditure of hundreds of thousands of dollars taken from the American people.

"In the face of the evidence they will need something more than propaganda to satisfy the public that they furnish an open and free market for securities."

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from West Virginia [Mr. HATFIELD] to the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. STEIWER obtained the floor.

Mr. LONG. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Louisiana?

Mr. STEIWER. I want to make a statement which will not take more than 2 minutes.

Mr. LONG. I want to ask a question of the Senator from West Virginia.

Mr. STEIWER. I yield to the Senator for that purpose.

Mr. LONG. The amendment of the Senator from West Virginia, if adopted, would mean that the soldiers would get what we took away from them last March?

Mr. HATFIELD. That is very true. It will reinstate the veteran to the status he enjoyed and the protection he had before the enactment of the Economy Act.

Mr. STEIWER. Mr. President, I have no desire to detain the Senate, and shall not do so, in connection with the pending amendment. It is my purpose to vote against the amendment, and I desire that the RECORD may show my reason for so doing.

I was one of those who cooperated with the Senator from West Virginia [Mr. HATFIELD], with the Senator from Indiana [Mr. ROBINSON], and with others in opposition to the enactment of the so-called "economy law." I then regarded the law as a repudiation of the obligations which the Republic owes to its defenders who had served during the various wars in which we have engaged. I still regard the law as unduly oppressive and feel that its application in thousands of cases has been hurtful and cruel. There is nothing said in denunciation of that law to which I cannot subscribe. Nevertheless, Mr. President, I am one of those who believe that in our pension laws there were certain

legislative mistakes and in the administration of those laws certain abuses which at the time we enacted the economy law ought to have been corrected. Some of them have been dealt with under the economy law and by virtue of regulations which the President has promulgated.

Those regulations have excluded from benefits certain types of cases that ought never to have been included, except insofar as permanent and total disability cases are concerned. Those regulations have excluded benefits to those who were drawing so-called "disability allowances" in nonservice-connected cases. They have eliminated the benefits in misconduct cases; they have taken from the roll men who enlisted subsequent to the armistice and who served during the period from the armistice to the formal declaration of peace.

So, Mr. President, without further enumeration of the details, I feel that there are certain benefits that have come by reason of the economy law; repeal would reestablish all those cases of which I personally disapprove. Although I opposed the enactment of the economy law in the first place, now that we have it I prefer to deal with the condition and not with the theory, and suggest to the Senate that the proper procedure is to take up, one at a time, the injustices that resulted under that law and seek to alleviate the hardship that has come from the law's enforcement. That may be done by the consideration of proper amendments to the amendment offered by the Senator from South Carolina, and if in the consideration of those amendments we can liberalize the regulations of the Economy Act, we shall have done all I think that we want to do, and we shall have done it without a complete loss of the savings effected, and without restoring to the pension roll certain classes of disabilities that ought not in good conscience to be restored to them.

Let me say in conclusion that the repeal of the Economy Act would cost something like $300,000,000 per year. Congress can enact every proposal submitted here by the Senator from Nevada [Mr. McCARRAN] and myself at a cost which will not greatly exceed $100,000,000, which will continue in force economies resulting in savings to the Government of more than $200,000,000, and which will leave our pension rolls unencumbered by the classes of cases that none of us like to defend.

I do not urge this position with the idea of influencing the attitude of other Senators, and I do not propose to discuss it further. I make the statement merely that I may not be misunderstood, and that it will not be thought that I have abandoned the fight which I helped initiate at the time of the enactment of the law.

Mr. BYRNES. Mr. President, I desire to express the hope that the Senate will not agree to the amendment of the Senator from West Virginia [Mr. HATFIELD]. That amendment would do just exactly what the Senator this afternoon has admitted it would do. It would restore to the rolls every man or woman who was on the pension rolls prior to March 19, 1933. It would restore to the rolls the emergency officers who were retired, whether by presumption or otherwise. It would restore to the pension rolls those who enlisted after November 11, 1918, and were in the service from that time or any date subsequent to November 11, 1918, down to July 2, 1921, the date when, by law, the war was terminated.

The Senate will remember that the young man who did not volunteer to serve during the war, who was not drafted, who made no effort to serve his country while the war was on, but who after November 11, 1918, after the armistice, enlisted in the Army, was, by reason of the provisions of law, serving during the war because under the provisions of law the war continued until July 2, 1921.

Therefore, any one of those enlisted men who, between November 11, 1918, and July 2, 1921, suffered any disability, was under the law entitled to the same compensation and the same privileges as the enlisted man who suffered a disability by reason of his service on the battlefields of France. Under the action of the Veterans' Administration as a result of the Economy Act they were removed from the rolls and are now entitled only to such compensation and such benefits as all other men who served in peace time. By the amendment of the Senator from West Virginia they will be restored to the rolls, and the men who went to war to save their country will know that by our action we put on the same plane with them the men who failed to go and who claim benefits by reason of a disability incurred in 1920 or 1921.

The amendment would restore to the rolls all misconduct cases. Under the regulations adopted pursuant to the Economy Act, they were remover from the rolls. It would cost approximately $300,000,000 to the taxpayers at this time.

I believe a mere statement of what the amendment would do is sufficient to insure its defeat.

The Senator from Oregon [Mr. STEIWER] has appealed to the Senate not to adopt the amendment. I join in that appeal. In doing so I shall consume a few minutes to explain the two amendments I have offered, and which are pending—the amendments to which the amendment of the Senator from West Virginia has been offered.

In the first place, let me call to the attention of the Senate the fact that as a result of the action of the Veterans' Administration 59,000 men whose disabilities were presumptively service connected were removed from the rolls. In order to make certain that no injustice was done to these men, the President of the United States directed that there should be established throughout the country 128 appeal boards. He directed that those boards should be composed of five men each; that only two of them should come from the Veterans' Administration; that three should be entirely outside of the Veterans' Administration. Those boards were constituted. Sixty-three percent of the outside members were ex-service men. Thirty-seven percent did not indicate whether they were ex-service men or not, and, therefore, we assume that they were not. Of the members appointed by the Veterans' Administration, 85 percent were ex-service men and 15 percent nonservice men.

Pursuant to the direction, they considered throughout the country the appeals.

Mr. CLARK. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. I do.

Mr. CLARK. I do not know whether or not the Senator is familiar with this circumstance: It is undoubtedly true that in certain cases where those boards refused to follow the instructions of the local manager of the Veterans' Administration the boards were not discharged, but additional boards were created in the same district, and the business was taken away from the original board.

I happen to know about one case of that kind in the western district of Missouri in which the board was not willing to follow the dictates of Mr. Brody, manager of the Veterans' Administration at Kansas City, and two additional boards were constituted for the purpose of taking away the business of the original board, composed of as high-class citizens as there are in the State of Missouri, and turning it over to boards that would follow the dictates of the Veterans' Administration.

Mr. BYRNES. Mr. President, the committee during its consideration of the bill, had brought to its attention the matter referred to by the Senator from Missouri. As a matter of fact, the only board as to which there was on file with the Veterans' Administration any complaint was the board in Missouri to which the Senator has referred; and because the complaint seemed to be based upon fact the Director of the Veterans' Administration immediately ordered the file in every case sent to Washington, and is now proceeding with an investigation of every case that was passed upon by the board to which the Senator from Missouri has referred, because, after all, the question was more important than the action of one manager of the Veterans' Administration. The question was whether or not any injustice had been done to the ex-service man, and

without waiting for any appeal from any man, the board is considering every case that was passed upon by that board of Missouri.

Mr. CLARK. Mr. President, I agree with the Senator from South Carolina that the Director of the Veterans' Administration, General Hines, did go so far as to appeal on his own motion every case which had been decided in favor of the veterans, as well as every other case.

Mr. BYRNES. I will say to the Senator that the question was investigated most carefully, and in view of the fact that there was criticism of the board, there was direction that every case that had been passed upon by that board should be reviewed and considered on appeal.

Mr. CLARK. That is perfectly true. I read the evidence in that case very carefully, I will say to the Senator from South Carolina, and I never saw a more perfect case of a bureaucracy trying to build up a defense of its own bureaus by taking the testimony of its own agents than was contained in that file. But the letter was addressed to the Senator from South Carolina and was referred by him very courteously to the Senator from Oregon. It reminded me of a case in which I once had a client who told me that he would like to help me prepare a brief on appeal in a case I was trying for him. When I came to examine, to see what assistance he had given me, I found it consisted of taking an abstract of the evidence and writing on the margin opposite each paragraph, "lie", "lie", "lie." That was the response of the agents of the Veterans' Administration to the very serious charges made against them by Mr. John E. Cannon, who is chairman of the board at Kansas City, who was not appointed on my recommendation, who has been a political enemy of mine for a great many years, and for whom I hold no brief, but for whom I have high respect.

Mr. BYRNES. Mr. President, I may say to the Senator from Missouri that I asked that that information be furnished to me in order that it might be presented to the Senator from Missouri. I will say again that with 250 outside members who were ex-service men, and 148 who were not, selected throughout the country, selected as these men were selected, after recommendations were sought from Senators, Governors, ex-service men's organizations, chambers of commerce, and so forth, whenever we are fortunate enough to find not more than one board as to which there is serious complaint we are fortunate indeed.

Reading the testimony, I agree with the Senator from Missouri as to the complaint filed by Mr. Cannon, and I will say to him that the Veterans' Administration, in my opinion, when the case was called to their attention, did everything in their power to remedy the situation. Since that time a representative from another State has been sent into Missouri and, according to my information, is there now for the purpose of endeavoring to secure further information in order to enable the Veterans' Administration to do what is right under the circumstances in that district.

Mr. CLARK. Mr. President, will the Senator yield to me again for just a moment?

Mr. BYRNES. I yield.

Mr. CLARK. If the Senator will yield for the purpose, I should like to ask unanimous consent that there be inserted in the RECORD at the close of the Senator's remarks a letter which I received just a day or two ago from Mr. Cannon in regard to the qualifications of the man who has been sent into that district by the Veterans' Administration.

Mr. BYRNES. I have not seen the letter, but I have absolutely no objection to the request at all.

The PRESIDING OFFICER. Without objection, it is so ordered.

(The letter appears at the conclusion of the remarks of Mr. BYRNES.)

Mr. BYRNES. Mr. President, I repeat that if we can select throughout the United States 128 boards, and find complaints lodged in only one instance, it is an exceedingly fortunate thing. All that the Veterans' Administration can do is to endeavor to remedy the situation, and I think the committee, after going at some length into this matter, was satisfied that an honest effort was being made and was going to be continued to remedy the situation.

Unanimous decisions, however, were filed in 94 percent of the disallowed cases. That means that the five men, 63 percent of them outside members, ex-service men, and 37 percent of the Veterans' Administration representatives, ex-service men, 37 percent outside men who were not connected with the service, 15 percent of the administration representativs, not connected, all agree in 94.49 percent of the cases that were disallowed by these boards.

Mr. CLARK. Mr. President, I do not want to interrupt the Senator's trend, but if he will yield again, the Senator certainly does not mean to convey the impression that these unanimous decisions represented the opinion of the ex-service men on those boards that these were not meritorious cases. It simply means that they agreed that they fell outside the very rigorous and stringent rules provided by the Veterans' Administration.

Mr. BYRNES. All those decisions were to the effect that under the regulations submitted to them, and the instructions that were submitted, the cases fell without those regulations. The instructions were most liberal. The directions of the Veterans' Administration and of the President were that every doubt should be resolved in favor of the soldier.

This is the statement contained in the letter of August 3, addressed to the boards:

> The purpose of the establishment of these boards was to insure to all veterans whose disabilities had heretofore been presumptively connected with service a special review of their claims to the end that if, because of the stress of service brought about particularly by actual combat or other strenuous duty, there might reasonably be some connection between their condition and their military service that their pension should be continued.

There were some other statements, but I do not at this time want to take up more of the time of the Senate in discussing them.

I have called attention to this only for the reason that these boards were established, passed on these cases, and cost the taxpayers $602,498.

Now, by reason of the amendment I have offered, every man whose pension claim was disallowed, every man in whose case the board decided that there was no justification for the presumption of service connection, would have the right of appeal to the board which has been established in the city of Washington to hear those appeals.

Mr. WALSH. Mr. President, will the Senator yield to me?

Mr. BYRNES. I yield.

Mr. WALSH. Would that apply to veterans who have decisions rendered against them by the appeals board at the present time?

Mr. BYRNES. It would apply to every veteran in case the decision has been against him.

Mr. WALSH. So that it amounts to opening the case once more and granting another opportunity for every veteran to have his case heard before a board of appeals?

Mr. BYRNES. It does; and further, under the amendment I have proposed, the veteran would be given 1 year in which to do that, so that he will have ample opportunity to present additional evidence, to appear in person, and present his case to the board.

The board is constituted today of 15 members, 9 entirely outside of the Veterans' Administration, 6 only from the Veterans' Administration.

Mr. WALSH. Does this body of 15 men compose one board or several boards?

Mr. BYRNES. One board.

Mr. WALSH. The board of appeals is one board, composed of 15 men?

Mr. BYRNES. One board of 15 men. The men serve in groups for the consideration of the cases.

Mr. WALSH. That is what I had supposed.

Mr. BYRNES. In order to facilitate the decision of the cases and make possible more careful consideration, it is proposed to increase the number to 30, providing that there shall be 18 of the 30 entirely outside of the Veterans' Administration and only 12 from the Veterans' Administration.

Mr. WALSH. What is the number who usually sit upon veterans' cases in the appeal board?

Mr. BYRNES. Three members sit to hear each case.

Mr. WALSH. And at least two are outside the employees of the Veterans' Administration?

Mr. BYRNES. Yes. There was a statement before the committee that a case would be worked up by one of the employees of the Veterans' Administration and then the facts presented to the board. When 30 men are appointed, 12 will be outside the Administration and 18 inside of the Administration. I want to repeat that more than 75 percent of the members of the appeal board are ex-service men.

Mr. WALSH. Let me repeat, because I think it is extremely important, that, as I understand the Senator's position, if his amendment shall be agreed to, every veteran who in the past received compensation due to the presumptive law will have his case opened anew before the appeal board?

Mr. BYRNES. That is absolutely correct, and it is provided that it is to be done in every case, for the reason that I feared there might be some ex-service man, living in some isolated part of the country, who might not know of the opportunity that was presented to him, might not appeal, and therefore the only way to protect his rights was to provide that there should be an appeal in every case and that the time should be extended.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BYRNES. Let me finish this thought.

Mr. CLARK. Certainly.

Mr. BYRNES. My amendment as first drawn provided for an extension of the time for 1 year. It was called to my attention that that was unwise, for the reason that if within the year it was not possible to complete the review in every case, then there would be necessity for legislation in order to accomplish that object. Within the last few days the President has prepared an order to extend the time a year, and if at the end of the 12 months the review has not been completed, or if it is thought that more time should be had by regulation, he can extend it for an additional year, because there would not have expired the 2 years in which he can act under the original law.

Mr. WALSH. Of course, that applies to the cases now pending under existing regulations?

Mr. BYRNES. Exactly.

Mr. WALSH. And not to the review the Senator proposes?

Mr. BYRNES. No; I wanted to make sure that it would apply to all of the cases which were disallowed and claimed to be service connected by presumption. I was fearful that the review might not be completed within the year, and so provided that there would be additional time in which such reviews should be completed.

Mr. WALSH. I understand that is in the Senator's proposal, but I understood the Senator to say the President is preparing a regulation along that line to apply to the existing situation and not to the situation the Senator is dealing with in his amendment.

Mr. BYRNES. No; it does not. The Executive order has been signed, and it applies to any case in which the appeal is filed, and as the appeal is filed by the Director in every case, it would apply to these cases.

Mr. WALSH. But, of course, it would not apply to a case where there has been an appeal and an adjudication against the veteran. Those cases where there has been an appeal and an adjudication against the veteran are closed.

Mr. BYRNES. The Senator is correct in his statement.

Mr. WALSH. The Senator's amendment has given the veterans a year's opportunity to resurrect again their cases for appeal, but, of course, the President's regulation does not propose to deal with those cases.

Mr. BYRNES. No.

I should like to complete the statement, and then I will be glad to answer any questions. The amendment proposes that when a man is put back upon the rolls pending a final determination of his rights by the appeal board, he shall be paid 75 percent of the amount he was receiving March 9, 1933.

The reason that percentage was fixed is that in these cases there has been a determination by the local board that the man's disability was not service connected, that he was not entitled to the presumption; but the amendment provides that when the board shall hear that case, if the board shall determine that he was entitled to it, and that he should not have been removed from the rolls, he then will receive not 75 percent but the full amount that he would be entitled to from the day that he was removed from the rolls until the day that there is a final determination of his rights.

Mr. WALSH. And notwithstanding the decision adverse to him by the appeal board?

Mr. BYRNES. Notwithstanding the decision adverse to him that may have been rendered.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. I yield.

Mr. CLARK. I wish to say to the Senator from South Carolina that, in my opinion, the provision contained in his amendment and in the President's Executive order for extending both the privilege of appeal and the time for exercising that privilege is a most meritorious one, because one of the most vicious features of the whole situation growing out of the Economy Act has been what has unquestionably, in my opinion, been an effort on the part of the Veterans' Bureau to keep veterans from exercising their right of appeal. In other words, in the files to which the Senator and I referred there is, to my mind, conclusive proof that a direct order came from the Veterans' Bureau to members of the local board of Kansas City to refrain from advising veterans of the fact that their cases were coming up for review or to refrain from advising them of their right of appeal. I think the provision contained in the Senator's amendment is a most meritorious one in that it obviates any such situation.

Mr. ASHURST. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Arizona?

Mr. BYRNES. I yield.

Mr. ASHURST. I join with the Senator from Missouri [Mr. CLARK] in his commendations of the provision of the amendment with reference to appeal. I was interested in knowing particularly how the board of appeals will be composed. It seems to me the board, at least a majority of the board, should be composed of ex-service men. Will the Senator please enlighten us on that point?

Mr. BYRNES. Mr. President, the board of appeals is today composed of 15 men, 9 in no way connected with the Veterans' Administration, and 6 from the Veterans' Administration. It is proposed to increase the number to 30, so as to provide that 18 shall in no way be connected with the Veterans' Administration, and 12 from within the Veterans' Administration. Today of the 15 on the appeal board more than 75 percent are ex-service men.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. I yield.

Mr. CLARK. Having reference to the situation which we have discussed, at Kansas City and the western district of Missouri, with which I am very much concerned, the Senator will readily recognize that no matter what the composition of the board as set up by the Congress may be, the advantage of this composition will be wiped out if the Veterans' Bureau insists, as they did in that district, on exercising through officials of the Veterans' Bureau, control of the manner in which those boards shall operate.

Mr. BYRNES. Mr. President, I have said several times to the Senator that I heartily concurred in the opinion he had of the action of the manager of that veterans' office. There was a dispute as to what he did. I am assuming that the statement of the chairman of the board is correct, which statement is confirmed by the Senator from Missouri; but because one man in all the Veterans' Administration does wrong is no reason why it should be considered that every man is wrong, and I know the Senator will agree with me

as to that. I said that the Director of the Veterans' Administration as soon as it was called to his attention, because he feared that the manager of one office may have acted in that way, had taken steps, and is still taking steps, to do everything possible to make sure that no injustice will be done.

Mr. CLARK. Mr. President, he has still left that same manager on the job at Kansas City, and he is still addressing letters to him "personal and confidential", just the same as the one contained in the file in which he reprimanded him. The chairman of Board No. 1 at Kansas City took the trouble on his own responsibility of not advising veterans of appeals coming up.

Mr. BYRNES. But the Senator knows that in the file that I gave to him there was a difference and a controversy between members of the board; and the Director of the Veterans' Administration has, according to the information given to the Senator and to me, sent a special agent, who, I understand, is now there to investigate that particular problem and determine whether or not the board was right.

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oklahoma?

Mr. BYRNES. I yield.

Mr. GORE. My question really relates to the inquiry propounded by the Senator from Massachusetts. But I will ask the Senator from South Carolina a question. The Senator's amendment permits an appeal where there was a unanimous decision below against the soldier?

Mr. BYRNES. It does.

Mr. GORE. Even where the veteran members of the board below voted against the soldier's application?

Mr. BYRNES. It does.

Mr. GORE. He can still prosecute an appeal to the new board?

Mr. BYRNES. Yes; and it provides that that appeal shall be filed by the Director in order to insure that there will be an appeal in every case, and that no man shall suffer by reason of his lack of information as to his rights under the circumstances.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. I yield.

Mr. McCARRAN. I should like to know if the Senator from South Carolina realizes what the process of appeal is before these boards? If he has never had the experience, I want to say that I, for my own enlightenment, availed myself of the opportunity of viewing one of those appeals, and the fact of the matter is there was not a member of the board present. There was an examiner present. No one would even subject a yellow dog to the process that was resorted to in the review of that case. It was not an appeal heard by a board; the board was not there.

Mr. BYRNES. Mr. President, the information that was given to the committee by the Director of the Veterans' Administration is not in accord with the statement of the Senator from Nevada. There was a statement that in some cases an employee of the board as to certain information would hold a hearing; that then all the testimony was presented to the board, and that in every case there was no decision until the board members passed upon it. That is a positive statement upon which I certainly think we have a right to rely.

The Senator from Nevada may have appeared and presented some information to an employee of the board; but he does not say, and I do not think he would say, that there was a decision by the board at that time, nor was there a decision until all the evidence was presented. But under the amendment I have offered the Veterans' Administration would be directed to secure and prepare the evidence in order that it might be presented for the appeal.

Mr. President, the other section to the amendment I have offered is one with reference to hospitalization. I should like to call the attention of the Senate to the fact that under the regulations of January 19 the President restored the compensation to the men with service-connected disabilities, increasing it from $90 to $100. In addition to that, the President liberalized the hospitalization regulations so as to use the facilities of the veterans' hospital to their fullest extent. I have written into the pending amendment substantially the regulations of the Veterans' Administration with reference to hospitalization. Under that amendment the hospitals of the Veterans' Administration will be used to their capacity. Preference, however, will be given to the war-time service-connected disabled.

Approximately 15,000 beds are needed for the war-time service-connected disability cases. Under the regulations the administration will see, first, that that number of beds are reserved for those who are most entitled to hospitalization; second, the facilities will be available to peace-time service-connected disabled; third, to veterans with non-service-connected disease or disability; fourth, to men discharged from peace-time service for a disability which is service connected, but who thereafter seek admission to a hospital, not by reason of disability incurred in war time, but by some other non-service-connected disability.

Mr. WALSH. What is the limitation for the period of service in all these classifications?

Mr. BYRNES. Ninety days. It is the same as to non-service-connected cases. The provision is the same as in the present law.

Mr. WALSH. Is it possible, if the facilities of the hospital permit it, for a veteran struck by a street car to be given care in a veterans' hospital?

Mr. BYRNES. It is possible, with this one condition, that under the regulations he must show the necessity for seeking hospitalization. If he is worth $50,000 a year or has an income, he could not be received. The Veterans' Administration must adopt regulations under which it must be shown that it is necessary for him to seek hospitalization in the hospitals of the Veterans' Administration.

Mr. WALSH. But the point I make is that it is not necessary for him to be suffering from a disease or injury that he thinks or believes or alleges is due to war service.

Mr. BYRNES. Regardless of whether his disability was connected with war service or not, he would be admitted to a hospital to the extent of the facilities of the veterans' hospitals.

In the so-called "Legion four-point bill", as embodied in the so-called "Reed amendment", hospitalization is provided but limited to the capacity of the Veterans' Administration hospitals; but there is no limitation, there is no order of preference, and there is the danger that if non-service-connected disabled were admitted where they please and when they demand, a situation might arise that the 69,000 beds would be occupied by them and a man with a service-connected disability would be unable to secure admission to a hospital. Therefore the regulation that has prevailed, and which I seek to carry into effect by the amendment, gives preference to the service-connected cases and to insure that at all times they will be entitled to admission to a hospital, and when they are provided for, then to the extent of the hospital facilities the non-service-connected disabilities can be taken care of.

Under the other amendment and without any restriction this situation might arise: A man might apply and find the hospitals filled with non-service-connected disabled, and he would be unable to get in. He would see men inside the hospital—non-service-connected disability men, such as the one hurt by a street car, as the Senator from Massachusetts suggested. The only result would be that the Government would have to enter upon another construction program or use the Army and Navy hospitals.

Mr. CONNALLY. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Texas?

Mr. BYRNES. I yield.

Mr. CONNALLY. Is it the Senator's purpose to discuss the Spanish-American War situation?

Mr. BYRNES. I will make only this reference to it——

Mr. CONNALLY. I will not interrupt the Senator now, if he is going to discuss it later.

Mr. BYRNES. I was discussing the regulations of January 19 and what was included in the regulations issued at that time. At that time the President issued a regulation under which 9,700 Spanish-American War veterans are entitled to $15 a month, provided they are 50 percent disabled. Previously only those 55 years of age who were 50 percent disabled could secure $15 a month. The age limit was removed by the provision of January 19, and all Spanish-American War veterans who suffer a 50-percent disability are entitled to receive a pension of $15 a month, even though their disability is in no way connected with the service.

Of course, if they are 62 year of age, they are entitled to the scheduled pension that applies to Spanish War veterans of 62 years of age. That provision, according to the Veterans' Administration, would mean that 9,700 Spanish-American War veterans would be added to the roll. That is the only provision in the regulations of which I know that specifically extends the benefits to Spanish-American War veterans. They are affected by the changes relating to service-connected disabilities.

Mr. CONNALLY. Mr. President, will the Senator yield further?

Mr. BYRNES. Certainly.

Mr. CONNALLY. Service connection has never heretofore, in any law enacted by Congress, been made to apply to Spanish-American War veterans. Under the Economy Act, when that act was applied to the service-connected cases, it simply provided for Spanish-American War veterans, because they had never made their applications on that basis and there were no records preserved and there was no possibility of their proving the service connection of their disabilities except in very few cases.

Let me ask the Senator, Is it just, in the case of a Spanish-American War veteran, who is an older man than the World War veteran and 50-percent disabled, to give him only $15 a month, whereas the World War veteran is allowed $50 a month for the same 50-percent disability? The World War veteran is a younger man than the Spanish-American War veteran. I do not mean to draw any invidious comparisons, but this is a comprehensive measure, and we are trying to take care of all of them. The Spanish-American War veteran is at least 20 years older than the World War veteran and perhaps suffering the same degree of disability, and yet we give the younger man three times as much as we give the Spanish-American War veteran.

Mr. BYRNES. I did not want to go into that matter at this time. I always had the impression that the Senator from Texas had, that the Spanish-American War soldier could not show his service connection. However, the fact was that there were 23,144 Spanish-American War veterans on the roll by reason of service-connected disability prior to the passage of the service pension law.

Mr. CONNALLY. Let me interrupt the Senator there. The Spanish-American War veteran got his pension because of the general law applicable to the Regular Army and not because he was a Spanish-American War veteran.

Mr. BYRNES. That is true, but that was not the point about which the Senator inquired, and in which I was interested on my own account, to find out whether they could prove service connection. By reason of the general law they were required to prove service connection, and they proved service connection in 23,144 cases.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. I yield.

Mr. CLARK. Of course that is perfectly true. Nevertheless the fact remains that the compensation to veterans of the Spanish-American War has been in the main on the basis of a service pension which the Government of the United States has deliberately, by its policy, allowed to remain in effect while twenty-odd years have elapsed during which a man might have made proof of service connection. As to those cases which were not sufficiently acute or in which the veteran did not desire to claim compensation—as many of them did not, because they were making a good living on the side—they were, by the Government's policy, induced not to undertake to prove service connection; and now, in the vast majority of cases, it is impossible for them to prove service connection.

The Senator knows that during the Spanish-American War, service records were not kept in the same way that they were kept in the World War. I do not think anybody in this Chamber or out of it will accuse me of trying to make an invidious distinction in favor of the Spanish War veteran against the World War veteran; but I think the most cruel feature of the Economy Act in its operation as to veterans was to strike a lot of men off the rolls, most of whom were too old to find new employment, who were depending for their support in some part on the pension that the Government had granted them voluntarily over a long period of years; and I do not think any justification can possibly be made for the course of the Government with regard to the Spanish War veterans.

Mr. BYRNES. Mr. President, I said I did not want to go into that subject. I did want to answer the question, however, and it has been answered. Whether it was wise or not is a matter that can be discussed. When it comes to the question of service connection, however, 23,144 men, constituting 6.38 percent of those who served in the Spanish-American War, proved service-connected disabilities. In the case of the World War, out of a total of 4,249,614 men, 337,000, or 7.95 percent, were on the rolls for service-connected disability, and that included the presumptive cases. So when we include the presumptives, the percentage of World War veterans who proved service connection was 7.95, and the percentage of Spanish-American War veterans who proved service connection was 6.38.

The questions as to age and other factors that have entered into service pensions are entirely apart from that matter. I mentioned it only in response to the Senator's statement.

Mr. CLARK. Mr. President, will the Senator yield further?

The PRESIDING OFFICER. Does the Senator from South Carolina further yield to the Senator from Missouri?

Mr. BYRNES. I do.

Mr. CLARK. The Senator certainly must realize the difference between the number of men who have not had an opportunity for more than 20 years to bring in their proof, and men whose service records were kept, and who, even after this lapse of years, still have an opportunity of proving from the service records what their service disability was.

In the case of the Spanish War veterans, service records were not kept. Only those men got pensions because of service-connected disability who applied immediately after the war, or so closely after the war that they were able to bring in the doctors who examined them and the men with whom they served to prove it.

Mr. BYRNES. Mr. President——

Mr. CLARK. If the Senator will permit me just one moment more, in the case of the World War veteran he not only now has the opportunity, 20 years better off than the Spanish War veteran, of bringing in the doctors who examined him and the men who served with him but he also has a very much more perfect system of service records than the men who served in the Spanish-American War.

I again insist, and press it upon the attention of the Senator from South Carolina, that the Spanish War veteran had been lulled into a sense of security, as far as requiring proof of service-connected disability was concerned, by twenty-odd years of Government policy.

Mr. BYRNES. Mr. President, ordinarily the Senator from Missouri and I understand each other. This time we do not, for the reason that my sole purpose in answering the question of the Senator from Texas [Mr. CONNALLY] was to call attention to the fact that notwithstanding all the circumstances that were stated about having no records, 6 percent did prove service connection after the Spanish War as against seven and a fraction percent after the World War

through the years; and then, when the service pension came, they very wisely did what prudent men would do: They got off the service-connected pension roll in order to go on the service pension list, because the service pension list was higher; and so, like men of good common sense, they got off the service-connected roll and got on the service-pension roll.

That is all there was to the statement. Whenever the question is presented, as I understand it will be, I expect to discuss at greater length the situation with reference to the Spanish-American War veterans.

Mr. WALSH and Mr. GORE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from South Carolina yield; and if so, to whom?

Mr. BYRNES. I should like to conclude my remarks, because I had no desire except to explain the two amendments that are pending. I yield to the Senator from Massachusetts, however.

Mr. WALSH. Mr. President, the Senator from South Carolina is very ably and properly making answer to the amendment proposed by the Senator from West Virginia [Mr. HATFIELD]. He is pointing out that he and others will later offer modifying amendments to existing laws affecting veterans. We must renew all this discussion again tomorrow, because many proposals are to be made, will be made, and many amendments offered, and the able Senator from South Carolina will be called upon to make these explanations to his committee amendment again.

Is it not the sensible thing to do tonight to have a vote on the sweeping amendment of the Senator from West Virginia, go on record, and adjourn, and tomorrow take up some of these other meritorious proposals—the extension of benefits to the Spanish War veterans, the extension of hospitalization, the so-called "Legion proposals"—and discuss them separately and vote upon each?

Let us have the vote now—it is a holiday—and go home, and tomorrow come here and take up these other questions relating to the veterans.

I desire to compliment the Senator from South Carolina on his very able presentation, and my suggestion is not designed in any way to interrupt him or take him off the floor. It is to prevent repetition of the arguments on this important issue when we meet tomorrow.

Mr. BYRNES. I will say to the Senator that I understand that just as soon as we can have a vote on this amendment the Senator from Arkansas [Mr. ROBINSON] intends to propose a unanimous-consent agreement as to a recess to a future day.

Mr. WALSH. Does the Senator agree to the suggestion I make that we have a vote?

Mr. BYRNES. I hope we can.

Mr. WALSH. I call for the yeas and nays on the amendment of the Senator from West Virginia.

Mr. GORE. Mr. President, the question of the Senator from Texas [Mr. CONNALLY] and the answer of the Senator from South Carolina [Mr. BYRNES] left me in a state of uncertainty as to what the law is and what the fact is, and I believe leave the record in a state of uncertainty.

The Senator from Texas said that he could not understand why it was that a Spanish War veteran with non-service-connected disability amounting to 50 percent received only $15 a month, whereas the World War veteran in the same category, 20 years younger, received $50 per month.

Am I to understand that the facts and the law parallel each other in those two cases?

The Spanish War veteran has non-service-connected disability, yet he receives $15 per month; and, as the Senator from South Carolina answered, I understood that a World War veteran with non-service-connected disability amounting to 50 percent receives $50 per month. Is that the fact?

Mr. BYRNES. No, Mr. President; the Senator misunderstood me. I did not make any reference to the World War veteran with non-service-connected disability, because, as a matter of fact, he does not receive anything unless the disability is permanent and total.

Mr. GORE. The question propounded by the Senator from Texas, and the answer of the Senator from South Carolina, left that point in a state of uncertainty; and I desire the RECORD to show what the fact is in that regard.

Mr. BYRNES. The World War veteran receives compensation only when his disability is permanent and total.

Mr. GORE. That was my understanding.

Mr. CLARK. Mr. President, I have a letter from John S. Cannon, an attorney in Kansas City, that throws a good deal of light on the manner in which the investigation of veterans' claims under the present law are being conducted and is germane to the subject now before the Senate. I ask to have it inserted in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

KANSAS CITY, MO., *February 12, 1934.*

Hon. BENNETT C. CLARK,
Senator, Washington, D.C.

MY DEAR SENATOR: There is now in Kansas City a Mr. L. L. Montgomery, who styles himself as investigator for General Hines. Said investigator states that he has been sent out here by General Hines in investigating the charges made in my letter of November 20, 1933, concerning the matters and things which came before the special board sitting at Kansas City in September and October. Mr. Montgomery has a set of trick questions which are designed to trip the unwary, evidently prepared by a clever lawyer in the Veterans' Administration offices.

Be the foregoing as it may, I find that Mr. Montgomery's real job will be the investigation of cases and the preparation of the same in behalf of the disabled veterans who have not been given an opportunity to prepare and defend their cases. I find that Mr. Montgomery has no legal education or experience whatsoever, that his business is a traveling salesman; therefore the point I am making here is that not yet is the Veterans' Administration's attitude such as to insure justice to the veteran; that if General Hines is setting up a staff to investigate and prepare these cases for the disabled veteran the personnel should be of the highest and that personnel should not be selected by General Hines or anyone connected with the Veterans' Administration. The personnel should be independent, fearless, and fair-minded lawyers of experience and ability, preferably antagonistic to the Veterans' Administration, but certainly honestly and sincerely in sympathy with the disabled veteran, who has been crucified by Public, No. 2. Would it not be a good plan to suggest to the President that the national commanders of the Veterans of Foreign Wars, the Disabled American Veterans of the World War, and the American Legion submit names of competent, experienced lawyers to prepare these cases for the disabled veterans? This, together with a provision that adequate compensation be paid these lawyers, will, in my opinion, insure in some measure justice to the veterans of the World War.

Yours sincerely,

JNO. S. CANNON.

The VICE PRESIDENT. The question is on the amendment of the Senator from West Virginia [Mr. HATFIELD] to the amendment of the Senator from South Carolina [Mr. BYRNES]. On that question the yeas and nays have been demanded. Is the demand seconded?

The yeas and nays were ordered.

Mr. HATFIELD. Mr. President, it is not my purpose to detain the Senate. I have made the record here of the treatment that has been accorded the veteran of the Spanish-American War and the veteran of the World War.

By analyzing the reports made by the different review boards set up in the different States of the Union appointed by the President upon the recommendation of the Veterans' Administration, one can see at a glance the very great injustice that has been done the veteran.

For instance, take the set-up in New Mexico, at Albuquerque. Eight hundred and eighty cases were reviewed, 310 allowed, and 570 disallowed, or 64.7 percent. That is just an example. The differential runs between 25.3 percent and 76.9 percent, as reported by the different review boards. So, Mr. President, we can see at a glance the inconsistency of these different boards that were set up throughout the different sections of the United States that dealt with the veteran and finally eliminated him from the rolls. Here we see the strong arm of the administration dealing out injustice to the disabled veterans.

I can understand the attitude of those who do not understand the situation which confronts the Spanish-American War veterans at the present time. I can understand why they cannot get the same impression that I have as to what

the Government should do in the way of protecting the Spanish-American War soldier.

I can also understand why it is that the lay mind, or the average man, cannot understand from a medical or scientific point of view the consideration that should be afforded the World War veteran and also the Spanish-American War veteran. For 2 hours and 15 minutes on last Monday I went into great detail and demonstrated by letters received by me, reading the letters paragraph by paragraph, that the Veterans' Administration was unfair, possibly because of a lack of understanding in dealing with the veterans, the results of which are that many veterans are eliminated from the rolls by regulation and not by law.

In my humble judgment, there is no hope of relief for these veterans until new legislation shall have been enacted here to safeguard the rights of each and every veteran, whether he be a member of the group making up the Spanish-American War soldiers, or the 4,000,000-plus group who represented our flag in foreign lands. There is no regulation, there is no edict that can be issued from the White House that will properly protect and care for the fighting men of the past in an effort to rehabilitate them and put them back upon their feet as breadwinners.

Mr. President, I have done my best. The responsibility is not upon my shoulders. I pass it and the odium that may follow to some other shoulders which, possibly, will be better prepared to assume these responsibilities than I. It is they who must be responsive to the needs and the equities of the veteran.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from West Virginia [Mr. HATFIELD] to the amendment offered by the Senator from South Carolina [Mr. BYRNES]. On that question the yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. LA FOLLETTE (when Mr. CUTTING's name was called). Making the same announcement as on the previous roll calls concerning the absence of the senior Senator from New Mexico [Mr. CUTTING], I desire to state that he is paired with the senior Senator from Illinois [Mr. LEWIS]. If present, the Senator from New Mexico would vote "yea", and the Senator from Illinois would vote "nay."

Mr. DICKINSON (when his name was called). I have a pair with the senior Senator from Kentucky [Mr. BARKLEY], who is necessarily detained from the Chamber this afternoon. If I were at liberty to vote, I should vote "yea", and if the Senator from Kentucky were present he would vote "nay."

Mr. LA FOLLETTE (when Mr. NORRIS' name was called). I desire to announce the unavoidable absence of the senior Senator from Nebraska [Mr. NORRIS].

The roll call was concluded.

Mr. McKELLAR (after having voted in the negative). I have a pair with the junior Senator from Delaware [Mr. TOWNSEND]. He is not present; so I transfer the pair to the senior Senator from South Carolina [Mr. SMITH] and will allow my vote to stand.

Mr. HEBERT. I have been requested to announce that the Senator from Connecticut [Mr. WALCOTT] is paired with the Senator from California [Mr. MCADOO], and that the Senator from Maine [Mr. WHITE] is paired with the Senator from Georgia [Mr. RUSSELL]. I am not advised as to how any of these Senators would vote on this question.

I have also been requested to announce that the Senator from Pennsylvania [Mr. REED] and the Senator from Connecticut [Mr. WALCOTT] are necessarily absent, and that the Senator from Maine [Mr. WHITE] is detained on official business.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Maryland [Mr. TYDINGS], and will allow my vote to stand.

Mr. HEBERT. I desire to announce that the Senator from Minnesota [Mr. SCHALL] is detained on official business. If present, he would vote "yea."

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Montana [Mr. WHEELER], and the Senator from Utah [Mr. KING] are detained by severe colds.

I also desire to announce that the following Senators are necessarily detained from the Senate on official business: the Senator from Kansas [Mr. MCGILL], the Senator from Maryland [Mr. TYDINGS], the Senator from Illinois [Mr. LEWIS], the Senator from South Carolina [Mr. SMITH], the Senator from Kentucky [Mr. BARKLEY], the Senator from California [Mr. MCADOO], the Senator from Alabama [Mr. BLACK], the Senator from Montana [Mr. ERICKSON], the Senator from Nevada [Mr. PITTMAN], and the Senator from Georgia [Mr. RUSSELL].

The result was announced—yeas 14, nays 60, as follows:

YEAS—14

Carey	Gibson	Long	Robinson, Ind.
Clark	Hatfield	Metcalf	Shipstead
Davis	Kean	Nye	
Frazier	La Follette	Patterson	

NAYS—60

Adams	Caraway	Harrison	Overton
Ashurst	Connally	Hastings	Pope
Austin	Coolidge	Hatch	Reynolds
Bachman	Costigan	Hayden	Robinson, Ark.
Bailey	Couzens	Hebert	Sheppard
Bankhead	Dieterich	Johnson	Steiwer
Barbour	Dill	Keyes	Stephens
Bone	Duffy	Logan	Thomas, Okla.
Borah	Fess	Lonergan	Thomas, Utah
Brown	Fletcher	McCarran	Thompson
Bulkley	George	McKellar	Trammell
Bulow	Glass	McNary	Vandenberg
Byrd	Goldsborough	Murphy	Van Nuys
Byrnes	Gore	Neely	Wagner
Capper	Hale	O'Mahoney	Walsh

NOT VOTING—22

Barkley	King	Pittman	Tydings
Black	Lewis	Reed	Walcott
Copeland	McAdoo	Russell	Wheeler
Cutting	McGill	Schall	White
Dickinson	Norbeck	Smith	
Erickson	Norris	Townsend	

So Mr. HATFIELD's amendment to Mr. BYRNES' amendment was rejected.

Mr. ROBINSON of Arkansas. Mr. President, I desire to submit a request for an order touching the business of the Senate, and I ask the attention of the Senator from Oregon [Mr. MCNARY].

I ask unanimous consent that when the Senate completes its labors today it take a recess until 12 o'clock noon on Monday; and that on Monday, at the hour of 4 o'clock, the debate be limited so that thereafter no Senator shall speak more than once or longer than 10 minutes on the bill, or on any amendment that may be pending or that may be offered in order.

Mr. MCNARY. Mr. President——

Mr. ROBINSON of Arkansas. Let me add to my statement, before the Senator from Oregon makes his announcement, that a large number of Senators find themselves unable to attend upon the Senate tomorrow; and if this arrangement shall be entered into, I feel that it will assure the conclusion of the consideration of this bill either Monday or early Tuesday.

Mr. MCNARY. Mr. President, originally the plan was to hold a session tomorrow; but after conferring with my colleague [Mr. STEIWER], who, with the Senator from Nevada [Mr. MCCARRAN], has the amendment in charge, I think that will be quite agreeable.

The VICE PRESIDENT. Is there objection to the unanimous-consent agreement proposed by the Senator from Arkansas? The Chair hears none, and it is so ordered.

Mr. STEIWER. Mr. President, in order to perfect the record and to present a question for the consideration of the Senate on Monday next, I send to the desk at this time an amendment which I offer upon behalf of the Senator from Nevada [Mr. MCCARRAN] and myself. I ask to have it read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. It is proposed to insert, at the proper place in the bill, the following:

SEC. —. The fifth paragraph of section 20 of the Independent Offices Appropriation Act, 1934, is amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax."

The VICE PRESIDENT. Let the Chair inquire of the Senator from Oregon whether the amendment that he and the Senator from Nevada [Mr. McCARRAN] have offered is an amendment to the Byrnes amendment or an independent amendment?

Mr. STEIWER. It was offered as an amendment to the Byrnes amendment, and it was contemplated by the Senator from Nevada and myself that it should come at the end of the amendment. I think that is following line 12 on page 4.

The VICE PRESIDENT. The amendment to the amendment will lie on the table and be printed.

TRANSFER OF BUREAU OF MINES FROM COMMERCE DEPARTMENT TO INTERIOR DEPARTMENT (H.DOC. NO. 262)

The VICE PRESIDENT laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table and to be printed, as follows:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1489, 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith for the information of the Congress an Executive order transferring the Bureau of Mines from the Department of Commerce to the Department of the Interior.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 22, 1934.*

INTERIOR DEPARTMENT APPROPRIATIONS—CONFERENCE REPORT

Mr. HAYDEN submitted the following report:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 10, 16, 17, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 5, 6, 7, 8, 9, 11, 22, 24, 28, 29, 30, 31, 32, 33, and 35, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In line 10 of the matter inserted by said amendment strike out the sum "$500,000" and insert in lieu thereof the following: "$34,000, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$2,981,040, and in addition thereto not to exceed $75,000 of the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$112,140, and in addition thereto not to exceed $50,000 of the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$105,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$143,800"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$301,130, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$375,890"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$89,700"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$78,750"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$69,800, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$78,390; in all, $163,190"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,313,500"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 27 and 34.

CARL HAYDEN,
KENNETH MCKELLAR,
ELMER THOMAS,
GERALD P. NYE,
FREDERICK STEIWER,
Managers on the part of the Senate.

EDWARD T. TAYLOR,
W. W. HASTINGS,
B. W. JACOBSEN,
W. P. LAMBERTSON,
J. W. DITTER,
Managers on the part of the House.

Mr. HAYDEN. I ask unanimous consent for the consideration of the conference report and move its adoption.

The report was considered by unanimous consent and agreed to.

WILLIAM THOMAS DOWD

Mr. REYNOLDS. Mr. President, I ask unanimous consent, as in executive session, for immediate consideration of the nomination of William Thomas Dowd to be United States marshal for the middle district of North Carolina.

The VICE PRESIDENT. Is there objection to the request of the Senator from North Carolina?

Mr. McNARY. Mr. President, that is contrary to the usual procedure. Unless there is a very emergent situation, will the Seantor wait until we have an executive session?

Mr. REYNOLDS. I may state for the information of the Senator from Oregon that the nomination of William Thomas Dowd was reported yesterday and is printed on today's Executive Calendar. The term of the marshal who is now holding office, Mr. Gragg, expired on January 1 of this year.

Mr. McNARY. That was nearly a month ago. I suggest that the Senator wait until Monday, because no one has had an opportunity to consider the nomination or the action of the committee.

Mr. ROBINSON of Arkansas. The committee has acted on the nomination.

Mr. McNARY. But the nomination has just been reported, and was not placed on the Executive Calendar until today.

Mr. REYNOLDS. It was reported on yesterday at noon and is printed on today's Executive Calendar.

Mr. McNARY. The calendar has not been distributed among the Senators.

Mr. REYNOLDS. It was distributed this morning.

Mr. McNARY. It has been placed on the desks of Senators, but some of us have not as yet had an opportunity to examine it.

Mr. REYNOLDS. I hope the Senator will not object to the confirmation of this nominee.

Mr. ROBINSON of Arkansas. Mr. President, I think it would obviate the difficulty to have a brief executive session.

Mr. McNARY. Very well.

EXECUTIVE SESSION

Mr. ROBINSON of Arkansas. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT laid before the Senate several messages from the President of the United States submitting nominations, which were referred to the appropriate committees.

(For nominations this day received, see the end of Senate proceedings.)

EXECUTIVE REPORTS OF COMMITTEES

Mr. STEPHENS, from the Committee on the Judiciary, reported favorably the nomination of J. Howard McGrath, of Rhode Island, to be United States attorney, district of Rhode Island, to succeed Henry M. Boss, Jr., whose term expired December 16, 1933.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

The calendar is in order.

THE CALENDAR

Mr. McNARY. Mr. President, I suggest that the first nomination on the calendar, that of Robert H. Jackson to be general counsel of the Bureau of Internal Revenue at Jamestown, N.Y., be passed over until the next executive session.

The VICE PRESIDENT. Without objection, the nomination will be passed over.

THE JUDICIARY

The Chief Clerk read the nomination of William Thomas Dowd to be United States marshal for the middle district of North Carolina.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

The Chief Clerk read the nomination of Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

LAND OFFICE

The Chief Clerk read the nomination of Clarence Ogle to be register of the land office at Lakeview, Oreg.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

COLLECTOR OF INTERNAL REVENUE

The Chief Clerk read the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana.

The VICE PRESIDENT. Without objection, the nomination is confirmed.

POSTMASTERS

The Chief Clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations of postmasters be confirmed en bloc.

The VICE PRESIDENT. Without objection, it is so ordered, and the nominations are confirmed en bloc.

That completes the calendar.

RECESS TO MONDAY

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate, under the order heretofore entered, take a recess until 12 o'clock noon on Monday next.

The motion was agreed to; and (at 5 o'clock and 38 minutes p.m.) the Senate, under the order previously entered, took a recess until Monday, February 26, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 22 (legislative day of Feb. 20), 1934

MEMBER OF THE FEDERAL RADIO COMMISSION

Anning S. Prall, of New York, to be a member of the Federal Radio Commission for a term of 6 years from February 24, 1934, vice William D. L. Starbuck, term expired.

MEMBER OF THE FEDERAL HOME LOAN BANK BOARD

Fred W. Catlett, of Washington, to be a member of the Federal Home Loan Bank Board for the unexpired portion of the term of 4 years from July 22, 1932, vice Russell Hawkins, deceased.

UNITED STATES DISTRICT JUDGE

John C. Bowen, of Washington, to be United States district judge, western district of Washington, to succeed Jeremiah Neterer, retired.

UNITED STATES MARSHAL

Ardis J. Chitty, of Washington, to be United States marshal, western district of Washington, to succeed Charles E. Allen, whose term will expire June 16, 1934.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY

TO QUARTERMASTER CORPS

Capt. Herman Feldman, Field Artillery (detailed in Quartermaster Corps), with rank from July 1, 1920.

TO INFANTRY

Maj. Peter Kenrick Kelly, Ordnance Department, with rank from October 17, 1928.

PROMOTIONS IN THE REGULAR ARMY

TO BE MAJOR

Capt. Hurley Edward Fuller, Infantry, from February 16, 1934.

TO BE CAPTAIN

First Lt. James Albert Durnford, Quartermaster Corps, from February 16, 1934.

TO BE FIRST LIEUTENANT

Second Lt. Dwight Lewis Nulkey, Signal Corps, from February 16, 1934.

PROMOTIONS IN THE NAVY

Capt. Adolphus Andrews to be a rear admiral in the Navy from the 16th day of January 1934.

The following-named captains to be rear admirals in the Navy, from the 1st day of March 1934:

Manley H. Simons
William S. Pye

POSTMASTERS

ARKANSAS

Tom Morris, Jr., to be postmaster at Berryville, Ark., in place of J. E. Simpson. Incumbent's commission expired December 11, 1933.

Will H. Wardlaw to be postmaster at De Queen, Ark., in place of F. M. Carter. Incumbent's commission expired December 16, 1933.

Bess M. Nobles to be postmaster at Dierks, Ark., in place of R. D. Henry. Incumbent's commission expired December 16, 1933.

Allan M. Wilson to be postmaster at Fayetteville, Ark., in place of M. A. Stice. Incumbent's commission expired January 8, 1934.

Jo Etta Carolan to be postmaster at State Sanatorium, Arkansas, in place of G. D. Tubbs. Incumbent's commission expired March 2, 1933.

John M. Drummond to be postmaster at Stuttgart, Ark., in place of C. H. Denslow, removed.

Mildred B. Woollard to be postmaster at West Memphis, Ark., in place of Isabella Tice. Incumbent's commission expired September 18, 1933.

Richard H. Craig to be postmaster at Wilson, Ark., in place of F. F. McKinzie. Incumbent's commission expired December 16, 1933.

Don N. Matthews to be postmaster at Yellville, Ark., in place of H. A. Burnes. Incumbent's commission expired December 16, 1933.

CALIFORNIA

Owen Kenny to be postmaster at Calistoga, Calif., in place of L. B. Hopkins, removed.

Harry S. Markofer to be postmaster at Elk Grove, Calif., in place of C. D. Tribble, resigned.

Leslie A. Johnson to be postmaster at Escalon, Calif., in place of T. H. McPherson. Incumbent's commission expired December 18, 1933.

Edith A. Knudson to be postmaster at Klamath, Calif. Office became Presidential July 1, 1933.

Sidney F. Horrell to be postmaster at Moneta, Calif., in place of Mabel Winter, deceased.

Edith B. Smith to be postmaster at Patton, Calif., in place of E. B. Smith. Incumbent's commission expired February 10, 1934.

CONNECTICUT

John J. Murphy to be postmaster at Westport, Conn., in place of William Krause. Incumbent's commission expired December 12, 1932.

DELAWARE

Edwin E. Shallcross to be postmaster at Middletown, Del., in place of J. C. Davis. Incumbent's commission expired February 28, 1933.

FLORIDA

Emma A. Laird to be postmaster at Greenville, Fla., in place of S. T. Morse, deceased.

GEORGIA

Marion C. Farrar to be postmaster at Avondale Estates, Ga., in place of A. L. Ford. Incumbent's commission expired September 30, 1933.

Charles E. Benns to be postmaster at Butler, Ga., in place of C. W. Bazemore. Incumbent's commission expired May 23, 1933.

Olin L. Spence to be postmaster at Carrollton, Ga., in place of W. M. Cobb. Incumbent's commission expired February 14, 1933.

Ruth A. Redmond to be postmaster at Chatsworth, Ga., in place of J. F. Charles. Incumbent's commission expired September 30, 1933.

Lollie L. Ward to be postmaster at Commerce, Ga., in place of J. L. Dunson. Incumbent's commission expired May 23, 1933.

Osep N. Ruben to be postmaster at Davisboro, Ga., in place of L. C. Riddle. Incumbent's commission expired September 30, 1933.

Ernest L. Wilson to be postmaster at Leslie, Ga., in place of F. P. Jones. Incumbent's commission expired January 19, 1933.

Lillian G. Rambo to be postmaster at Marshallville, Ga., in place of G. E. Love, removed.

Rushin Watkins to be postmaster at Reidsville, Ga., in place of St. James B. Alexander, removed.

Blanche L. Marshall to be postmaster at Reynolds, Ga., in place of W. M. Hollis, removed.

Roy Thrasher to be postmaster at Tifton, Ga., in place of Joseph Kent. Incumbent's commission expired September 30, 1933.

James C. Pickren to be postmaster at Unadilla, Ga., in place of J. H. Beddingfield. Incumbent's commission expired June 19, 1933.

Lewis R. Powell to be postmaster at Villa Rica, Ga., in place of C. L. Roberds. Incumbent's commission expired February 9, 1933.

Aron Otis Johnson to be postmaster at Waycross, Ga., in place of W. A. Seaman, removed.

IDAHO

Lowell H. Merriam to be postmaster at Grace, Idaho, in place of L. H. Merriam. Incumbent's commission expired February 6, 1934.

ILLINOIS

Perry F. Arnold to be postmaster at Browning, Ill., in place of B. I. Bryant. Incumbent's commission expired April 10, 1932.

James M. Allen to be postmaster at Decatur, Ill., in place of J. H. Hill, removed.

Grover C. Norris to be postmaster at Effingham, Ill., in place of W. W. Austin, removed.

George E. Brown to be postmaster at Franklin, Ill., in place of R. C. Hills. Incumbent's commission expired February 28, 1933.

James R. Maher to be postmaster at Hillside, Ill., in place of Irma Walters. Incumbent's commission expired September 18, 1933.

George E. Kull to be postmaster at Strasburg, Ill., in place of William Faster. Incumbent's commission expired December 18, 1933.

Martha G. Baily to be postmaster at Table Grove, Ill., in place of R. A. Lance. Incumbent's commission expired December 20, 1932.

George A. Larimer to be postmaster at Tuscola, Ill., in place of A. L. Houk, retired.

INDIANA

Rose K. Hubers to be postmaster at St. Meinrad, Ind., in place of J. F. Ruxer. Incumbent's commission expired December 18, 1933.

Charles Lebo to be postmaster at Winamac, Ind., in place of W. F. Kahler. Incumbent's commission expired December 18, 1933.

IOWA

Opal V. Ocheltree to be postmaster at Bayard, Iowa, in place of H. C. Thompson. Incumbent's commission expired January 9, 1933.

Thomas C. Kelly to be postmaster at Charles City, Iowa, in place of L. H. Henry, removed.

James S. Walton to be postmaster at Clearfield, Iowa, in place of Harry Aitken. Incumbent's commission expired May 19, 1932.

John Miller to be postmaster at Paton, Iowa, in place of T. E. Templeton. Incumbent's commission expired December 18, 1933.

Edward Van Zante to be postmaster at Pella, Iowa, in place of L. F. Bousquet, removed.

John Batchelor to be postmaster at Thompson, Iowa, in place of C. C. Clifton, deceased.

KANSAS

Edmund W. Emery to be postmaster at Atchison, Kans., in place of W. P. Ham. Incumbent's commission expired December 19, 1931.

Beulah H. Stewart to be postmaster at Baldwin City, Kans., in place of M. W. Markham, resigned.

Irvin T. Hocker to be postmaster at Baxter Springs, Kans., in place of F. H. Bartlett. Incumbent's commission expired January 30, 1933.

Frank M. Proffitt to be postmaster at Chase, Kans., in place of W. C. McFarland. Incumbent's commission expired June 19, 1933.

Orville E. Heath to be postmaster at Chetopa, Kans., in place of J. C. Shields, removed.

Lula E. Kempin to be postmaster at Corning, Kans., in place of O. G. Hannum. Incumbent's commission expired December 19, 1931.

Charles F. Mellenbruch to be postmaster at Fairview, Kans., in place of R. C. Minneman. Incumbent's commission expired December 19, 1931.

Charles H. Ryan to be postmaster at Girard, Kans., in place of H. W. Shideler. Incumbent's commission expired January 30, 1933.

Ray T. Ingalls to be postmaster at Goff, Kans., in place of C. S. Goodrich. Incumbent's commission expired December 19, 1931.

Roger M. Williams to be postmaster at Lawrence, Kans., in place of C. B. Hosford. Incumbent's commission expired December 14, 1932.

John C. Carpenter to be postmaster at Oswego, Kans., in place of R. H. Montgomery. Incumbent's commission expired January 30, 1933.

Guietta Stark to be postmaster at Perry, Kans., in place of C. G. Hart. Incumbent's commission expired December 14, 1932.

Oscar E. Edwards to be postmaster at Robinson, Kans., in place of R. B. Terrill. Incumbent's commission expired January 18, 1931.

William L. Kauffman to be postmaster at Seneca, Kans., in place of R. G. Johnson. Incumbent's commission expired December 19, 1931.

Anne W. Vanbebber to be postmaster at Troy, Kans., in place of L. C. Sandy. Incumbent's commission expired December 16, 1933.

Margaret A. Schafer to be postmaster at Vermillion, Kans., in place of F. W. Arnold. Incumbent's commission expired December 18, 1933.

KENTUCKY

Benjamin F. Turner to be postmaster at Outwood, Ky., in place of M. M. Noel. Incumbent's commission expired January 31, 1933.

LOUISIANA

Henry M. Sample to be postmaster at Lecompte, La., in place of W. L. Brown. Incumbent's commission expired October 10, 1933.

MAINE

Milton Edes to be postmaster at Sangerville, Maine, in place of E. E. Pynes. Incumbent's commission expired December 11, 1932.

MARYLAND

Ernest Green to be postmaster at Baltimore, Md., in place of B. F. Woelper, Jr., deceased.

MASSACHUSETTS

Mary L. McParlin to be postmaster at Sandwich, Mass., in place of E. M. Small. Incumbent's commission expired May 29, 1933.

MINNESOTA

John Oberg to be postmaster at Deerwood, Minn., in place of John Oberg. Incumbent's commission expired February 14, 1934.

Nettie A. Terrell to be postmaster at Elysian, Minn., in place of N. A. Terrell. Incumbent's commission expired May 22, 1932.

MISSISSIPPI

Aaron B. Johnston to be postmaster at Enid, Miss., in place of A. B. Johnston. Incumbent's commission expires February 25, 1934.

MISSOURI

Nat M. Snider to be postmaster at Cape Girardeau, Mo., in place of H. H. Haas. Incumbent's commission expired December 18, 1933.

Elizabeth Farnan to be postmaster at Clyde, Mo., in place of M. M. Enis. Incumbent's commission expired January 19, 1933.

Ora Lee Dean to be postmaster at Dearborn, Mo., in place of S. F. Duncan, deceased.

Joseph F. Hargis to be postmaster at Downing, Mo., in place of Hobart Lewis. Incumbent's commission expired December 20, 1932.

James P. Moore to be postmaster at Liberal, Mo., in place of Zoe Morris. Incumbent's commission expired June 8, 1933.

Theodore C. Robinson to be postmaster at Maryville, Mo., in place of H. L. Raines. Incumbent's commission expired October 10, 1933.

MONTANA

Joseph P. Sternhagen to be postmaster at Glasgow, Mont., in place of O. M. Christinson, removed.

Allen S. McKenzie to be postmaster at Philipsburg, Mont., in place of A. H. Neal. Incumbent's commission expired December 18, 1933.

NEBRASKA

Albin E. Rodine to be postmaster at Stromsburg, Nebr., in place of R. L. Ericson. Incumbent's commission expired December 17, 1932.

Eric Fredrickson to be postmaster at Wakefield, Nebr., in place of G. E. Barto. Incumbent's commission expired December 20, 1932.

Richard H. Schwedhelm to be postmaster at Westpoint, Nebr., in place of L. A. Elliott. Incumbent's commission expired February 28, 1933.

NEW JERSEY

William L. Scheuerman to be postmaster at Basking Ridge, N.J., in place of W. L. Scheuerman. Incumbent's commission expired November 12, 1933.

John Netterman to be postmaster at Island Heights, N.J., in place of A. A. Ayres, resigned.

Eleanor H. White to be postmaster at Plainsboro, N.J., in place of E. H. White. Incumbent's commission expired January 16, 1934.

NEW YORK

Joseph W. Cain to be postmaster at Adams, N.Y., in place of F. P. Redfield, removed.

Leo W. Pike to be postmaster at Belmont, N.Y., in place of I. G. Howe, resigned.

John A. Holland to be postmaster at Brushton, N.Y., in place of C. H. Hamlin. Incumbent's commission expired February 28, 1933.

Bertha Sagendorph to be postmaster at Claverack, N.Y., in place of Guy Shook, resigned.

James D. George to be postmaster at Gardiner, N.Y., in place of H. C. Rosekrans. Incumbent's commission expired January 18, 1933.

Frank L. Egger to be postmaster at Larchmont, N.Y., in place of R. C. Clark, resigned.

Robert E. Purcell to be postmaster at Philadelphia, N.Y., in place of G. A. Hardy, removed.

Elmer R. Chaffer to be postmaster at Point Pleasant, N.Y., in place of Albert Pinfold. Incumbent's commission expired December 12, 1932.

Harold D. Ashline to be postmaster at Rouses Point, N.Y., in place of L. G. Ryan. Incumbent's commission expired June 19, 1933.

George O. Fountain to be postmaster at Scarborough, N.Y., in place of E. M. Doying, removed.

May A. Cupernall to be postmaster at Thousand Island Park, N.Y., in place of M. A. Cupernall. Incumbent's commission expired January 8, 1934.

Charles R. Frank to be postmaster at Yorkville, N.Y., in place of E. W. Elmore, removed.

NORTH CAROLINA

Jack Barfield to be postmaster at Mount Olive, N.C., in place of W. J. Flowers. Incumbent's commission expired December 18, 1933.

James H. Howell to be postmaster at Waynesville, N.C., in place of T. L. Green. Incumbent's commission expired February 11, 1933.

NORTH DAKOTA

Orpha B. Wells to be postmaster at Robinson, N.Dak., in place of O. B. Wells. Incumbent's commission expired February 6, 1934.

OHIO

Samuel E. Tidd to be postmaster at Columbiana, Ohio, in place of G. G. Patchen. Incumbent's commission expired December 18, 1932.

Olin B. Stahl to be postmaster at Jewett, Ohio, in place of B. F. Thompson. Incumbent's commission expired December 20, 1932.

Wallace F. Mock to be postmaster at Powhatan Point, Ohio, in place of E. G. Saner, removed.

Michael F. Mulheran to be postmaster at Salineville, Ohio, in place of Mathias Tolson, resigned.

Randle B. Hickman to be postmaster at Wilberforce, Ohio, in place of R. B. Hickman. Incumbent's commission expired January 22, 1934.

William G. Hoffer to be postmaster at Willshire, Ohio, in place of W. G. Hoffer. Incumbent's commission expired February 6, 1930.

OKLAHOMA

Earl A. Brown to be postmaster at Ardmore, Okla., in place of E. F. Harreld. Incumbent's commission expired February 4, 1931.

Monroe Burton to be postmaster at Poteau, Okla., in place of F. J. Kohr. Incumbent's commission expired January 28, 1934.

PENNSYLVANIA

Joseph C. McCormick to be postmaster at Marion Center, Pa., in place of J. C. Bovard. Incumbent's commission expired January 8, 1934.

Thomas J. Devon to be postmaster at Moylan, Pa., in place of T. J. Devon. Incumbent's commission expired October 10, 1933.

Esther F. Rivers to be postmaster at Ogontz School, Pa., in place of E. F. Rivers. Incumbent's commission expired January 8, 1934.

SOUTH CAROLINA

Marion G. Andersen to be postmaster at Conway, S.C., in place of A. T. Collins, removed.

Hattie J. Peeples to be postmaster at Varnville, S.C., in place of H. J. Peeples. Incumbent's commission expired February 20, 1934.

SOUTH DAKOTA

John E. Dunn to be postmaster at Elkton, S.Dak., in place of Fred Engelbrecht. Incumbent's commission expired January 29, 1933.

J. Russell Anderson to be postmaster at Irene, S.Dak., in place of O. D. Hansen. Incumbent's commission expired December 12, 1932.

John W. Hoven to be postmaster at Selby, S.Dak., in place of E. E. Hill. Incumbent's commission expired May 29, 1933.

Daisy E. Berther to be postmaster at Wentworth, S.Dak., in place of J. A. Gorrits. Incumbent's commission expired February 21, 1932.

TEXAS

Gertrude E. Berger to be postmaster at Boling, Tex., in place of G. E. Berger. Incumbent's commission expired January 16, 1923.

Jack B. Kerr to be postmaster at Cotulla, Tex., in place of C. H. Reynolds, removed.

Zack F. Devine to be postmaster at Groveton, Tex., in place of W. A. Reese, removed.

Mills Awbrey to be postmaster at Presidio, Tex., in place of L. L. Sample, resigned.

VERMONT

Glennie C. McIntyre to be postmaster at Danby, Vt., in place of G. C. McIntyre. Incumbent's commission expired December 16, 1933.

Albert C. Moore to be postmaster at Westminster, Vt., in place of F. E. Metcalf. Incumbent's commission expired October 2, 1933.

VIRGINIA

Harry B. Jordan to be postmaster at Bedford, Va., in place of H. M. Stowe. Incumbent's commission expired February 17, 1934.

Alfred C. Darden to be postmaster at Fortress Monroe, Va., in place of H. H. Kimberly, Jr. Incumbent's commission expired September 30, 1933.

Eddie L. Southard to be postmaster at Standardsville, Va., in place of L. G. Mitchell. Incumbent's commission expired September 30, 1933.

WASHINGTON

Orris E. Marine to be postmaster at Colton, Wash., in place of O. E. Marine. Incumbent's commission expired February 14, 1934.

Raymond A. Landgraf to be postmaster at Klickitat, Wash., in place of W. C. Hubbard. Incumbent's commission expired December 20, 1932.

Joshua E. Leander to be postmaster at White Bluffs, Wash., in place of E. J. O'Larey, transferred.

WEST VIRGINIA

James W. Penix to be postmaster at Belle, W.Va., in place of A. S. Borror. Incumbent's commission expired December 18, 1933.

Ada B. Steiner to be postmaster at Berkeley Springs, W.Va., in place of H. A. Russell, resigned.

Katherine C. Brannen to be postmaster at Cabincreek, W.Va., in place of W. O. Crawford. Incumbent's commission expired February 28, 1933.

James H. Moyer to be postmaster at Cass, W.Va., in place of S. L. Clark, deceased.

Julius W. Singleton to be postmaster at Charleston, W.Va., in place of H. R. Mathews. Incumbent's commission expired May 3, 1933.

Virgil Y. Given to be postmaster at Clendenin, W.Va., in place of M. D. Dye, deceased.

Arthur J. Duncan to be postmaster at Fayetteville, W.Va., in place of D. K. Hesse. Incumbent's commission expired September 18, 1933.

George O. Sinsel to be postmaster at Flemington, W.Va., in place of W. A. Sherwood, resigned.

Oscar W. Johnson to be postmaster at Piedmont, W.Va., in place of C. A. Wilcox, resigned.

Albert R. Bibby to be postmaster at Whitesville, W.Va., in place of J. W. Pettry. Incumbent's commission expired September 30, 1933.

WISCONSIN

Sheldon S. Chandler to be postmaster at Brooklyn, Wis., in place of Andrew Crahem, resigned.

Charles L. Haessly to be postmaster at Ellsworth, Wis., in place of F. L. Rolson. Incumbent's commission expired February 28, 1933.

Aloysius W. Fries to be postmaster at Kenosha, Wis., in place of C. L. Holderness, resigned.

Meridan D. Anderson to be postmaster at Omro, Wis., in place of S. T. Barnard. Incumbent's commission expired January 18, 1933.

Grover E. Falck to be postmaster at Seymour, Wis., in place of G. F. Fiedler. Incumbent's commission expired January 31, 1933.

Louis J. Thompson to be postmaster at Spooner, Wis., in place of W. C. Crocker. Incumbent's commission expired December 19, 1933.

John E. Arent to be postmaster at West De Pere, Wis., in place of A. J. Vansistine. Incumbent's commission expired September 30, 1933.

WYOMING

Albert E. Holliday to be postmaster at Laramie, Wyo., in place of E. T. Beltz, resigned.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 22 (legislative day of Feb. 20), 1934

UNITED STATES MARSHAL

William Thomas Dowd to be United States marshal for the middle district of North Carolina.

Felipe Sanchez y Baca to be United States marshal for the district of New Mexico.

REGISTER OF THE LAND OFFICE

Clarence Ogle to be register of the land office, Lakeview, Oreg.

COLLECTOR OF INTERNAL REVENUE

Daniel D. Moore to be collector of internal revenue, district of Louisiana.

POSTMASTERS

ALABAMA

Benjamin L. Edmonds, West Blocton.

GEORGIA

Ulmer L. Cox, Baxley.
Lewis L. Wolfe, Brunswick.
Grover C. Oliver, Clarkesville.
John A. Walker, Cochran.
Kirby A. Kemp, Cumming.
L'Bertie Rushing, Glennville.
Cora W. Rogers, Jasper.
Henry B. McCoy, Woodbury.

LOUISIANA

Ruby M. Ivey, Benton.
Joseph C. Ballay, Buras.
William C. Reynolds, Ida.
Edwin R. Ford, Jonesville.
Lucille M. Wilton, Laplace.
Albert C. Locke, Marthaville.
Annie B. Netterville, Newellton.
Mary S. Hunter, Pineville.
Ada K. Allums, Plain Dealing.
William S. Montgomery, Saline.
Elias C. Leone, Zwolle.

TEXAS

Andrew J. McDonald, Alvord.
Leslie L. Cates, Ben Wheeler.
Marvin A. Anderson, Cleveland.
Edgar W. Brooks, Eldorado.
Gladys Waters, Grandview.
Baxter Orr, Idalou.
Samuel C. Rhinehart, Iraan.
Grace McKay, Madisonville.
Jennie W. Reynolds, Mason.
Herbert Meurer, Muenster.
Mae Whitley, New Waverly.
Virginia Mansell, Overton.
Pearl B. Monke, Weinert.

HOUSE OF REPRESENTATIVES

THURSDAY, FEBRUARY 22, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

O Thou, the ever-blessed and living God, again we wait at the altar of prayer. Do Thou bless and sustain the inner harmony of our natures; allow us not to be swayed by fierce and irritable passions. Solemnize us by the thought of God; enrich us by the friendship of our Elder Brother; and guide us by the presence of the divine Spirit. Heavenly Father, we wait; the past is with us. We breathe the deep emotion of gratitude in memory of him who sleeps on the banks of the historic Potomac. Oh, may his spirit bend over us in sacred benediction. We bow the head to the blessing of the immortal Washington. He heard the tramp of coming millions, and in a vision hour he saluted our generation. Almighty God, our country, our country; there is no vale but what has been consecrated by some patriot's prayer; there is no hilltop but has been dedicated by some heroic deed. Oh, freshen and deepen the wells of patriotic devotion in every section of the Republic. Do Thou hold all our fellow citizens to the strong realization that it remains for us to guard, strengthen, and enrich the institutions which a free people have received as a heritage for generations to come. We pray in the name of the world's Redeemer and Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE PRESIDENT

A message in writing from the President of the United States was communicated to the House by Mr. Latta, one of his secretaries.

Mr. BYRNS. Mr. Speaker, I hold in my hand a very short telegram to the gentleman from Georgia [Mr. BROWN]. I think it would be of exceeding interest to all the Members here, and I ask unanimous consent that the telegram may be read from the Clerk's desk, together with Mr. BROWN's reply.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

The Clerk read as follows:

AUGUSTA, GA., *February 21, 1934.*

Congressman PAUL BROWN:
Married yesterday. Must have work. Please wire me by Western Union, care Clarendon Hotel, here, any honest work, regardless.
W. H. LYNCH.

FEBRUARY 22, 1934.

W. H. LYNCH,
Care of Clarendon Hotel, Augusta, Ga.:
My advice is to have your wife apply for divorce immediately.
PAUL BROWN.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

Mr. RAYBURN. Mr. Speaker, I ask unanimous consent that today and tomorrow the Committee on Interstate and Foreign Commerce may be allowed to sit during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

GEORGE WASHINGTON

The SPEAKER. This is Washington's Birthday. Under the special order of the House the gentleman from Virginia, Mr. SMITH, will read Washington's Farewell Address.

Mr. SMITH of Virginia. Mr. Speaker, representing, as I do, that district in Virginia where Washington, the Father of our Country, lived and died and where his remains now rest enshrined in the peaceful shades of his beloved Mount Vernon, and where his virtues and character have indelibly imprinted themselves upon the character and patriotism of the people of that section in the generations which have followed him, I am profoundly grateful to the majority leadership of this House that I have been accorded the honor and the privilege, as the Representative of that district, to read to you, my colleagues, on this occasion of his two hundredth and second birthday, the Farewell Address of Washington, delivered on September 17, 1796.

WASHINGTON'S FAREWELL ADDRESS

To the people of the United States.

FRIENDS AND FELLOW CITIZENS: The period for a new election of a citizen to administer the executive government of the United States, being not far distant, and the time actually arrived, when your thoughts must be employed in

designating the person, who is to be cloathed with that important trust, it appears to me proper, especially as it may conduce to a more distinct expression of the public voice, that I should now apprise you of the resolution I have formed, to decline being considered among the number of those, out of whom a choice is to be made.

I beg you, at the same time, to do me the justice to be assured, that this resolution has not been taken, without a strict regard to all the considerations appertaining to the relation, which binds a dutiful citizen to his country; and that, in withdrawing the tender of service which silence in my situation might imply, I am influenced by no diminution of zeal for your future interest; no deficiency of grateful respect for your past kindness; but am supported by a full conviction that the step is compatible with both.

The acceptance of, and continuance hitherto in the office to which your suffrages have twice called me, have been a uniform sacrifice of inclination to the opinion of duty, and to a deference for what appeared to be your desire. I constantly hoped, that it would have been much earlier in my power, consistently with motives, which I was not at liberty to disregard, to return to that retirement, from which I had been reluctantly drawn. The strength of my inclination to do this, previous to the last election, had even led to the preparation of an address to declare it to you; but mature reflection on the then perplexed and critical posture of our affairs with foreign nations, and the unanimous advice of persons entitled to my confidence, impelled me to abandon the idea.

I rejoice, that the state of your concerns, external as well as internal, no longer renders the pursuit of inclination incompatible with the sentiment of duty, or propriety; and am persuaded whatever partiality may be retained for my services, that in the present circumstances of our country, you will not disapprove my determination to retire.

The impressions with which I first undertook the arduous trust, were explained on the proper occasion. In the discharge of this trust, I will only say, that I have with good intentions, contributed towards the organization and administration of the government, the best exertions of which a very fallible judgment was capable. Not unconscious, in the out set, of the inferiority of my qualifications, experience in my own eyes, perhaps still more in the eyes of others, has strengthened the motives to diffidence of myself; and every day the increasing weight of years admonishes me more and more, that the shade of retirement is as necessary to me as it will be welcome. Satisfied that if any circumstances have given peculiar value to my services, they were temporary, I have the consolation to believe, that while choice and prudence invite me to quit the political scene, patriotism does not forbid it.

In looking forward to the moment, which is intended to terminate the career of my public life, my feelings do not permit me to suspend the deep acknowledgement of that debt of gratitude which I owe to my beloved country, for the many honours it has conferred upon me; still more for the steadfast confidence with which it has supported me; and for the opportunities I have thence enjoyed of manifesting my inviolable attachment, by services faithful and persevering, though in usefulness unequal to my zeal. If benefits have resulted to our country from these services, let it always be remembered to your praise, and as an instructive example in our annals, that under circumstances in which the passions, agitated in every direction, were liable to mislead, amidst appearances sometimes dubious,—vicissitudes of fortune often discouraging,—in situations in which not unfrequently want of success has countenanced the spirit of criticism—the constancy of your support was the essential prop of the efforts, and a guarantee of the plans by which they were effected.——Profoundly penetrated with this idea, I shall carry it with me to my grave, as a strong incitement to unceasing vows that Heaven may continue to you the choicest tokens of its beneficence—that your union and brotherly affection may be perpetual—that the free constitution, which is the work of your hands, may be sacredly maintained—that its administration in every department may be stamped with wisdom and virtue—that, in fine, the happiness of the people of these States, under the auspices of liberty, may be made complete, by so careful a preservation, and so prudent a use of this blessing as will acquire to them the glory of recommending it to the applause, the affection and adoption of every nation which is yet a stranger to it.

Here, perhaps, I ought to stop. But a solicitude for your welfare, which cannot end but with my life, and the apprehension of danger, natural to that solicitude, urge me on an occasion like the present, to offer to your solemn contemplation, and to recommend to your frequent review, some sentiment; which are the result of much reflection, of no inconsiderable observation, and which appear to me all-important to the permanency of your felicity as a People. These will be offered to you with the more freedom, as you can only see in them the disinterested warnings of a parting friend, who can possibly have no personal motive to bias his counsel. Nor can I forget, as an encouragement to it, your indulgent reception of my sentiments on a former and not dissimilar occasion.

Interwoven as is the love of liberty with every ligament of your hearts, no recommendation of mine is necessary to fortify or confirm the attachment.

The unity of Government which constitutes you one people, is also now dear to you. It is justly so; for it is a main pillar in the edifice of your real independence, the support of your tranquility at home, your peace abroad; of your safety; of your prosperity; of that very Liberty which you so highly prize. But as it is easy to foresee, that from different causes and from different quarters, much pains will be taken, many artifices employed, to weaken in your minds the conviction of this truth; as this is the point in your political fortress against which the batteries of internal and external enemies will be most constantly and actively (though often covertly and insidiously) directed, it is of infinite moment, that you should properly estimate the immense value of your national Union to your collective and individual happiness; that you should cherish a cordial, habitual and immoveable attachment to it; accustoming yourselves to think and speak of it as of the Palladium of your political safety and prosperity; watching for its preservation with jealous anxiety; discountenancing whatever may suggest even a suspicion that it can in any event be abandoned; and indignantly frowning upon the first dawning of every attempt to alienate any portion of our country from the rest, or to enfeeble the sacred ties which now link together the various parts.

For this you have every inducement of sympathy and interest. Citizens by birth or choice, of a common country, that country has a right to concentrate your affections. The name of American, which belongs to you, in your national capacity, must always exalt the just pride of Patriotism, more than any appellation derived from local discriminations. With slight shades of difference, you have the same religion, manners, habits and political principles. You have in a common cause fought and triumphed together; the Independence and Liberty you possess are the work of joint councils, and joint efforts, of common dangers, sufferings and successes.

But these considerations, however powerfully they address themselves to your sensibility, are greatly outweighed by those which apply more immediately to your interest.—Here every portion of our country finds the most commanding motives for carefully guarding and preserving the Union of the whole.

The *North*, in an unrestrained intercourse with the *South*, protected by the equal laws of a common government, finds in the productions of the latter, great additional resources of maritime and commercial enterprise and precious materials of manufacturing industry.—The *South* in the same intercourse, benefitting by the same Agency of the *North*, sees its agriculture grow and its commerce expand. Turning partly into its own channels the seamen of the *North*, it finds its particular navigation invigorated;—and while it contributes, in different ways, to nourish and increase the general mass of the national navigation, it looks forward to the protection of a maritime strength, to which itself is

unequally adapted.—The *East*, in a like intercourse with the *West*, already finds, and in the progressive improvement of interior communications, by land and water, will more and more find a valuable vent for the commodities which it brings from abroad, or manufactures at home.—The *West* derives from the *East* supplies requisite to its growth and comfort—and what is perhaps of still greater consequence, it must of necessity owe the *secure* enjoyment of indispensable *outlets* for its own productions, to the weight, influence, and the future maritime strength of the Atlantic side of the Union, directed by an indissoluble community of interest as *one nation*.—Any other tenure by which the *West* can hold this essential advantage, whether derived from its own separate strength, or from an apostate and unnatural connection with any foreign power, must be intrinsically precarious.

While then every part of our country thus feels an immediate and particular interest in Union, all the parts combined cannot fail to find in the united mass of means and efforts greater strength, greater resource, proportionably greater security from external danger, a less frequent interruption of their peace by foreign nations;—and what is of inestimable value! they must derive from Union an exemption from those broils and wars between themselves, which so frequently afflict neighbouring countries, not tied together by the same government; which their own rivalships alone would be sufficient to produce, but which opposite foreign alliances, attachments and intrigues would stimulate and imbitter.—Hence likewise they will avoid the necessity of those overgrown military establishments, which under any form of government are inauspicious to liberty, and which are to be regarded as particularly hostile to Republican Liberty; in this sense it is, that your Union ought to be considered as a main prop of your liberty, and that the love of the one ought to endear to you the preservation of the other.

These considerations speak a persuasive language to every reflecting and virtuous mind, and exhibit the continuance of the Union as a primary object of Patriotic desire.—Is there a doubt, whether a common government can embrace so large a sphere?—Let experience solve it. To listen to mere speculation in such a case were criminal. We are authorized to hope that a proper organization of the whole, with the auxiliary agency of governments for the respective subdivisions, will afford a happy issue to the experiment. 'Tis well worth a fair and full experiment. With such powerful and obvious motives to Union, affecting all parts of our country, while experience shall not have demonstrated its impracticability, there will always be reason to distrust the patriotism of those, who in any quarter may endeavour to weaken its bands.

In contemplating the causes which may disturb our Union, it occurs as matter of serious concern, that any ground should have been furnished for characterising parties by *Geographical* discriminations—*Northern* and *Southern*—*Atlantic* and *Western;* whence designing men may endeavor to excite a belief that there is a real difference of local interests and views. One of the expedients of party to acquire influence, within particular districts, is to misrepresent the opinions and aims of other districts. You cannot shield yourselves too much against the jealousies and heart burnings which spring from these misrepresentations; they tend to render alien to each other those who ought to be bound together by fraternal affection. The inhabitants of our western country have lately had a useful lesson on this head: they have seen, in the negociation by the Executive, and in the unanimous ratification by the Senate of the treaty with Spain, and in the universal satisfaction at that event, throughout the United States, a decisive proof how unfounded were the suspicions propagated among them of a policy in the General Government and in the Atlantic States unfriendly to their interests in regard to the *Mississippi:* they have been witnesses to the formation of two treaties, that with Great Britain and that with Spain, which secure to them every thing they could desire, in respect to our foreign relations, toward confirming their prosperity. Will it not be their wisdom to rely for the preservation of these advantages on the *Union* by which they were procured? Will they not henceforth be deaf to those advisers, if such there are, who would sever them from their Brethren and connect them with aliens?

To the efficacy and permanency of your Union, a Government for the whole is indispensable—No alliances, however strict, between the parts can be an adequate substitute, they must inevitably experience the infractions and interruptions which all alliances in all times have experienced. Sensible of this momentous truth, you have improved upon your first essay, by the adoption of a Constitution of Government better calculated than your former for an intimate Union, and for the efficacious management of your common concerns. This Government, the offspring of our own choice, uninfluenced and unawed, adopted upon full investigation and mature deliberation, completely free in its principles, in the distribution of its powers, uniting security with energy, and containing within itself a provision for its own amendment, has a just claim to your confidence and your support. Respect for its authority, compliance with its laws, acquiescence in its measures, are duties enjoined by the fundamental maxims of true Liberty. The basis of our political systems is the right of the people to make and to alter their Constitutions of Government—But the Constitution which at any time exists, 'till changed by an explicit and authentic act of the whole people, is sacredly obligatory upon all. The very idea of the power and the right of the people to establish Government presupposes the duty of every individual to obey the established Government.

All obstructions to the execution of the Laws, all combinations and associations, under whatever plausible character, with the real design to direct, control, counteract, or awe the regular deliberation and action of the constituted authorities, are destructive of this fundamental principle, and of fatal tendency. They serve to organize faction, to give it an artificial and extraordinary force—to put in the place of the delegated will of the nation, the will of a party, often a small but artful and enterprizing minority of the community; and, according to the alternate triumphs of different parties, to make the public administration the mirror of the ill concerted and incongruous projects of faction, rather than the organ of consistent and wholesome plans digested by common councils, and modified by mutual interests.

However combinations or associations of the above description may now and then answer popular ends, they are likely in the course of time and things, to become potent engines, by which cunning, ambitious and unprincipled men will be enabled to subvert the power of the people, and to usurp for themselves the reigns of government; destroying afterwards the very engines which have lifted them to unjust dominion.

Towards the preservation of your government, and the permanency of your present happy state, it is requisite, not only that you steadily discountenance irregular oppositions to its acknowledged authority, but also that you resist with care the spirit of innovation upon its principles however specious the pretexts.—One method of assault may be to effect in the forms of the constitution alterations which will impair the energy of the system, and thus to undermine what cannot be directly overthrown. In all the changes to which you may be invited, remember that time and habit are at least as necessary to fix the true character of governments, as of other human institutions—that experience is the surest standard, by which to test the real tendency of the existing constitution of a country—that facility in changes upon the credit of mere hypothesis and opinion, exposes to perpetual change, from the endless variety of hypothesis and opinion; and remember, especially, that for the efficient management of your common interests, in a country so extensive as ours, a government of as much vigour as is consistent with the perfect security of liberty, is indispensable. Liberty itself will find in such a government, with powers properly distributed and adjusted, its surest guardian. It is, indeed, little else than a name, where the government is too feeble to withstand the enterprises of faction, to confine each member of the society within the limits prescribed by the laws, and to maintain all in the secure and tranquil enjoyment of the rights of person and property.

I have already intimated to you, the danger of parties in the state, with particular reference to the founding of them on geographical discriminations. Let me now take a more comprehensive view and warn you in the most solemn manner against the baneful effects of the spirit of party, generally.

This spirit, unfortunately, is inseparable from our nature, having its root in the strongest passions of the human mind.—It exists under different shapes in all governments, more or less stifled, controlled, or repressed; but in those of the popular form, it is seen in its greatest rankness, and is truly their worst enemy.

The alternate domination of one faction over another, sharpened by the spirit of revenge, natural to party dissension, which in different ages and countries has perpetrated the most horrid enormities, is itself a frightful despotism.—But this leads at length to a more formal and permanent despotism.—The disorders and miseries, which result, gradually incline the minds of men to seek security and repose in the absolute power of an individual: and sooner or later the chief of some prevailing faction more able or more fortunate than his competitors, turns this disposition to the purposes of his own elevation, on the ruins of Public Liberty.

Without looking forward to an extremity of this kind (which nevertheless ought not to be entirely out of sight) the common and continual mischiefs of the spirit of party are sufficient to make it the interest and duty of a wise People to discourage and restrain it.

It serves always to distract the Public Councils and enfeeble the Public Administration. It agitates the Community with ill founded jealousies and false alarms; kindles the animosity of one part against another, forments occasionally riot and insurrection. It opens the door to foreign influence and corruption, which find a facilitated access to the government itself through the channels of party passions. Thus the policy and the will of one country are subjected to the policy and will of another.

There is an opinion that parties in free countries are useful checks upon the administration of the Government, and serve to keep alive the spirit of Liberty. This within certain limits is probably true; and in Governments of a Monarchical cast, Patriotism may look with indulgence, if not with favour, upon the spirit of party. But in those of the popular character, in Governments purely elective, it is a spirit not to be encouraged. From their natural tendency, it is certain there will always be enough of that spirit for every salutary purpose. And there being constant danger of excess, the effort ought to be, by force of public opinion, to mitigate and assuage it. A fire not to be quenched; it demands a uniform vigilance to prevent its bursting into a flame, lest, instead of warming it should consume.

It is important likewise, that the habits of thinking in a free country, should inspire caution, in those entrusted with its administration, to confine themselves within their respective constitutional spheres, avoiding in the exercise of the powers of one department to encroach upon another. The spirit of encroachment tends to consolidate the powers of all the departments in one, and thus to create, whatever the form of government, a real despotism. A just estimate of that love of power, and proneness to abuse it, which predominates in the human heart, is sufficient to satisfy us of the truth of this position. The necessity of reciprocal checks in the exercise of political power; by dividing and distributing it into different depositories, and constituting each the Guardian of the Public Weal against invasions by the others, has been evinced by experiments ancient and modern; some of them in our country and under our own eyes. To preserve them must be as necessary as to institute them. If, in the opinion of the People, the distribution or modification of the constitutional powers be in any particular wrong, let it be corrected by an amendment in the way which the constitution designates.—But let there be no change by usurpation; for though this, in one instance, may be the instrument of good, it is the customary weapon by which free governments are destroyed.—The precedent must always greatly overbalance in permanent evil any partial or transient benefit which the use can at any time yield.

Of all the dispositions and habits which lead to political prosperity, Religion and Morality are indispensable supports.—In vain would that man claim the tribute of Patriotism, who should labour to subvert these great pillars of human happiness, these firmest props of the duties of Men and Citizens.—The mere Politician, equally with the pious man ought to respect and to cherish them.—A volume could not trace all their connections with private and public felicity. Let it simply be asked where is the security for property, for reputation, for life, if the sense of religious obligation *desert* the oaths, which are the instruments of investigation in Courts of Justice? And let us with caution indulge the supposition, that morality can be maintained without religion. Whatever may be conceded to the influence of refined education on minds of peculiar structure; reason and experience both forbid us to expect that national morality can prevail in exclusion of religious principle.

'Tis substantially true, that virtue or morality is a necessary spring of popular government. The rule indeed extends with more or less force to every species of free government. Who that is a sincere friend to it can look with indifference upon attempts to shake the foundation of the fabric?

Promote, then, as an object of primary importance, institutions for the general diffusion of knowledge.—In proportion as the structure of a government gives force to public opinion, it is essential that public opinion should be enlightened.

As a very important source of strength and security cherish public credit. One method of preserving it is to use it as sparingly as possible; avoiding occasions of expense by cultivating peace, but remembering also that timely disbursements to prepare for danger frequently prevent much greater disbursements to repel it; avoiding likewise the accumulation of debt, not only by shunning occasions of expence, but by vigorous exertions in time of peace to discharge the debts which unavoidable wars may have occasioned, not ungenerously throwing upon posterity the burthen which we ourselves ought to bear.—The execution of these maxims belongs to your representatives, but it is necessary that public opinion should cooperate.—To facilitate to them the performance of their duty, it is essential that you should practically bear in mind, that towards the payment of debts there must be Revenue: that to have Revenue there must be taxes; that no taxes can be devised which are not more or less inconvenient and unpleasant; that the intrinsic embarrassment inseparable from the selection of the proper objects (which is always a choice of difficulties) ought to be a decisive motive for a candid construction of the conduct of the government in making it, and for a spirit of acquiesence in the measures for obtaining Revenue which the public exigencies may at any time dictate.

Observe good faith and justice towards all Nations, cultivate peace and harmony with all; Religion and Morality enjoin this conduct; and can it be that good policy does not equally enjoin it? It will be worthy of a free, enlightened, and, at no distant period, a great Nation, to give to mankind the magnanimous and too novel example of a people always guided by an exalted justice and benevolence. Who can doubt that in the course of time and things the fruits of such a plan would richly repay any temporary advantages which might be lost by a steady adherence to it? Can it be, that Providence has not connected the permanent felicity of a Nation with its Virtue? The experiment, at least, is recommended by every sentiment which ennobles human nature. Alas! is it rendered impossible by its vices?

In the execution of such a plan, nothing is more essential than that permanent, inveterate antipathies against particular Nations, and passionate attachments for others should be excluded; and that in place of them just and amicable feelings towards all should be cultivated. The Nation, which indulges towards another an habitual hatred, or an habitual fondness, is in some degree a slave. It is a slave to its animosity or to its affection, either of which is

sufficient to lead it astray from its duty and its interest. Antipathy in one naion against another disposes each more readily to offer insult and injury, to lay hold of slight causes of umbrage, and to be haughty and intractable, when accidental or trifling occasions of dispute occur. Hence frequent collisions, obstinate, envenomed and bloody contests. The Nation, prompted by ill will and resentment, sometimes impels to war the Government, contrary to the best calculations of policy. The Government sometimes participates in the national propensity, and adopts through passion what reason would reject; at other times, it makes the animosity of the nation subservient to projects of hostility instigated by pride, ambition and other sinister and pernicious motives. The peace often, sometimes perhaps the liberty, of Nations has been the victim.

So likewise, a passionate attachment of one Nation for another produces a variety of evils. Sympathy for the favourite Nation, facilitating the illusion of an imaginary common interest, in cases where no real common interest exists, and infusing into one the enmities of the other, betrays the former into a participation in the quarrels and wars of the latter, without adequate inducement or justification. It leads also to concessions to the favorite Nation of privileges denied to others, which is apt doubly to injure the Nation making the concessions by unnecessarily parting with what ought to have been retained and by exciting jealousy, ill will, and a disposition to retaliate, in the parties from whom equal privileges are withheld: And it gives to ambitious, corrupted, or deluded citizens (who devote themselves to the favourite nation) facility to betray, or sacrifice the interests of their own country, without odium, sometimes even with popularity; gilding with the appearances of a virtuous sense of obligation a commendable deference for public opinion, or a laudable zeal for public good, the base or foolish compliances of ambition, corruption or infatuation.

As avenues to foreign influence in innumerable ways, such attachments are particularly alarming to the truly enlightened and independent Patriot. How many opportunities do they afford to tamper with domestic factions, to practice the arts of seduction, to mislead public opinion, to influence or awe the Public Councils! Such an attachment of a small or weak, towards a great and powerful nation, dooms the former to be the satellite of the latter.

Against the insidious wiles of foreign influence (I conjure you to believe me, fellow-citizens the jealousy of a free people ought to be *constantly* awake; since history and experience prove that foreign influence is one of the most baneful foes of Republican Government. But that jealousy to be useful must be impartial; else it becomes the instrument of the very influence to be avoided, instead of a defense against it.—Excessive partiality for one foreign nation, and excessive dislike of another, cause those whom they actuate to see danger only on one side, and serve to veil and even second the arts of influence on the other.—Real patriots, who may resist the intrigues of the favourite, are liable to become suspected and odious; while its tools and dupes usurp the applause and confidence of the people, to surrender their interests.

The great rule of conduct for us, in regard to foreign nations, is in extending our commercial relations, to have with them as little *political* connection as possible. So far as we have already formed engagements, let them be fulfilled with perfect good faith.—Here let us stop.

Europe has a set of primary interests, which to us have none, or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns. Hence, therefore, it must be unwise in us to implicate ourselves, by artificial ties, in the ordinary viscissitudes of her politics, or the ordinary combinations and collisions of her friendships or enmities.

Our detached and distant situation invites and enables us to pursue a different course. If we remain one people, under an efficient government, the period is not far off, when we may defy material injury from external annoyance; when we may take such an attitude as will cause the neutrality, we may at any time resolve upon, to be scrupulously respected; when belligerent nations, under the impossibility of making acquisitions upon us, will not lightly hazard the giving us provocation; when we may choose peace or war, as our interest, guided by justice, shall counsel.

Why forego the advantages of so peculiar a situation? Why quit our own to stand upon foreign ground? Why, by interweaving our destiny with that of any part of Europe, entangle our peace and prosperity in the toils of European ambition, rivalship, interest, humour, or caprice?

'Tis our true policy to steer clear of permanent alliances, with any portion of the foreign world; so far, I mean, as we are now at liberty to do it; for let me not be understood as capable of patronising infidelity to existing engagements. I hold the maxim no less applicable to public than to private affairs, that honesty is always the best policy. I repeat it, therefore, let those engagements be observed in their genuine sense. But in my opinion, it is unnecessary and would be unwise to extend them.

Taking care always to keep ourselves, by suitable establishments, on a respectable defensive posture, we may safely trust to temporary alliances for extraordinary emergencies.

Harmony, liberal intercourse with all nations, are recommended by policy, humanity, and interest. But even our commercial policy should hold an equal and impartial hand; neither seeking nor granting exclusive favours or preferences; consulting the natural course of things; diffusing and diversifying by gentle means the streams of commerce, but forcing nothing; establishing, with powers so disposed, in order to give trade a stable course, to define the rights of our merchants, and to enable the government to support them; conventional rules of intercourse, the best that present circumstances and mutual opinion will permit, but temporary, and liable to be from time to time abandoned or varied as experience and circumstances shall dictate; constantly keeping in view, that 'tis folly in one nation to look for disinterested favours from another; that it must pay with a portion of its independence for whatever it may accept under that character; that by such acceptance, it may place itself in the condition of having given equivalents for nominal favours, and yet of being reproached with ingratitude for not giving more. There can be no greater error than to expect, or calculate upon real favours from nation to nation. 'Tis an illusion which experience must cure, which a just pride ought to discard.

In offering to you, my countrymen, these counsels of an old and affectionate friend, I dare not hope they will make the strong and lasting impression I could wish; that they will control the usual current of the passions, or prevent our nation from running the course which has hitherto marked the destiny of nations: But if I may even flatter myself, that they may be productive of some partial benefit, some occasional good; that they may now and then recur to moderate the fury of party spirit, to warn against the mischiefs of foreign intrigue, to guard against the impostures of pretended patriotism; this hope will be a full recompence for the solicitude for your welfare, by which they have been dictated.

How far in the discharge of my official duties, I have been guided by the principles which have been delineated, the public records and other evidences of my conduct must witness to you and to the world. To myself, the assurance of my own conscience is, that I have at least believed myself to be guided by them.

In relation to the still subsisting war in Europe, my Proclamation of the 22d of April 1793 is the index to my Plan. Sanctioned by your approving voice and by that of your Representatives in both Houses of Congress, the spirit of that measure has continually governed me; uninfluenced by any attempts to deter or divert me from it.

After deliberate examination with the aid of the best lights I could obtain, I was well satisfied that our country, under all the circumstances of the case, had a right to take, and was bound in duty and interest, to take a neutral position. Having taken it, I determined, as far as should de-

pend upon me, to maintain it, with moderation, perseverance and firmness.

The considerations which respect the right to hold this conduct, it is not necessary on this occasion to detail. I will only observe, that according to my understanding of the matter, that right, so far from being denied by any of the Belligerent Powers, has been virtually admitted by all.

The duty of holding a neutral conduct may be inferred, without any thing more, from the obligation which justice and humanity impose on every nation, in cases in which it is free to act, to maintain inviolate the relations of peace and amity towards other nations.

The inducements of interests for observing that conduct will best be referred to your own reflections and experience. With me, a predominant motive has been to endeavour to gain time to our country to settle and mature its yet recent institutions, and to progress without interruption, to that degree of strength and consistency, which is necessary to give it, humanly speaking, the command of its own fortunes.

Though in reviewing the incidents of my administration, I am unconscious of intentional error: I am nevertheless too sensible of my defects not to think it probable that I may have committed many errors. Whatever they may be I fervently beseech the Almighty to avert or mitigate the evils to which they may tend. I shall also carry with me the hope that my Country will never cease to view them with indulgence; and that after forty-five years of my life dedicated to its service, with an upright zeal, the faults of incompetent abilities will be consigned to oblivion, as myself must soon be to the mansions of rest.

Relying on its kindness in this as in other things, and actuated by that fervent love towards it, which is so natural to a man, who views in it the native soil of himself and his progenitors for several generations; I anticipate with pleasing expectation that retreat, in which I promise myself to realize, without alloy, the sweet enjoyment of partaking, in the midst of my fellow Citizens, the benign influence of good laws under a free government—the ever favourite object of my heart, and the happy reward, as I trust, of our mutual cares, labours, and dangers.

G. WASHINGTON.

UNITED STATES, *17th September, 1796.*

ORDER OF BUSINESS

Mr. KENNEY. Mr. Speaker, I ask unanimous consent to proceed for 2 minutes in order that the Clerk may read a resolution adopted by the Council of Moonachie, N.J.

Mr. TABER. Mr. Speaker, I reserve the right to object. What is the resolution?

Mr. KENNEY. It is a resolution adopted by the Council of Moonachie, N.J., a municipality.

Mr. SNELL. Mr. Speaker, if we are going to put in the RECORD all the resolutions that come to the individual Members of the Congress, let us have that understood now. If any Member is to be allowed to put in such resolution, that is all right; but, otherwise, the practice should be stopped now.

Mr. KENNEY. This is a very important resolution.

Mr. SNELL. I have some very important resolutions that came to me this morning, and I should like to have the majority leader announce what he wants done as a matter of policy. Does the gentleman want to put in the RECORD all these resolutions that the Members receive every morning?

Mr. BYRNS. Mr. Speaker, I suspect that if we adopted that as a uniform policy, it would increase the size of the RECORD enormously.

Mr. SNELL. I think it would be a bad policy; but if one Member is to be allowed to put in such resolutions, the rest of the Members will expect the same privilege. I have such matters come to me every morning.

Mr. KENNEY. May I say to the gentleman from New York that I regard this as a specially important resolution; otherwise I would not offer it in this way.

Mr. SNELL. I think most of them are regarded as important by the Member who receives them and by the community from which they come. It is a matter of policy which I think we ought to have settled now. If we are to allow them to go in, well and good; but I want the House to allow such resolutions to go in from this side, as well as the majority side.

Mr. TABER. Mr. Speaker, for the time being, I object.

Mr. KENNEY. Mr. Speaker, I withdraw the request.

I ask unanimous consent, Mr. Speaker, to proceed for 3 minutes.

Mr. SNELL. Is this for the purpose of reading the resolution referred to?

Mr. KENNEY. Referring to it and reading from it.

Mr. SNELL. I shall have to object, Mr. Speaker.

The SPEAKER. Objection is heard.

MANY QUESTIONS THAT MANY ASK ABOUT THE CONGRESS, ITS WORK, AND WAYS ARE HERE ANSWERED

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, no doubt each Member has had guests in the galleries and in the House restaurant, as well as friends back home who are desirous of knowing just what our Congress is, how it is organized, and how it functions.

During my two terms of office I have had the pleasure of explaining to my many guests many things which we take as a matter of course but are foreign to those of the laity.

I shall try, in this brief, single-handed dialogue which is to follow, to answer some of the questions which have been asked me repeatedly in the past, and which, I am sure, will be asked me and other Members in the future. Some of the things about which I shall speak are, perhaps, already understood by the majority, but it may be that I shall make mention of a few things which might never have been brought to the minds of my friends. I hope in this way to bring out a few points which will be of interest to some and at the same time be of service in bringing about a better understanding between the representatives of the people and the laity.

How often have we heard Members in the House and Senate say in speeches, "The people back home should know this and that", implying that they are not only speaking to the Congress but to the country at large. So it is with these few remarks. I am not making them for your benefit, although you may be able to get some facts from them—facts which would assist you in answering the questions of your friends back home.

For the benefit of the many who would like to know a little more of the inside workings of Congress I am putting these questions and answers in printed form. I know I have many friends in Ohio who would like to know about these matters and encourage me to talk of them in small fraternal groups and through the press. It may be that there are others who have a healthy curiosity, living in other sections of the country, who read the CONGRESSIONAL RECORD, and I hope that I may, in serving my own constituency, be of service to them.

That I may not tire you with a longer preface, I will begin this single-handed dialogue by asking and answering the following questions:

What is Congress?

Congress is the legislative body of the United States Government. The functions of the National Government are divided into three parts—executive, judicial, and legislative. States have their State legislatures. Cities have their city councils. The Nation has its Congress. Its existence, authority, and limitations are provided by the Constitution; article I, section 1, of which reads:

> All legislative powers herein granted shall be vested in a Congress of the United States, which shall consist of a Senate and House of Representatives.

How long have we had a Congress?

About 143 years. The first Congress dated from March 4, 1789, to March 3, 1791. The first Congress did not con-

vene, however, until April 6, 1789, because a quorum of Members did not show up until that date. Travel was not as easy and swift then as it is in these days.

What is the length of a Congress?

A Congress is elected for 2 years. It is officially in existence at noon on the 3d day of January. Members of the House of Representatives are all elected every 2 years, for a term of 2 years. Members of the Senate are elected for a term of 6 years, one third of that body being elected every 2 years.

What is a Congressman?

Strictly speaking, a Member of either the Senate or of the House of Representatives is a Congressman. However, in general practice we speak of a Member of the Senate as a Senator and of a Member of the House as a Congressman, although the official title of the latter is Representative in Congress.

How many Members?

There are 96 United States Senators, 2 from each of the 48 States in the Union. There are 435 Members of the House of Representatives, each State being entitled to the number its population justifies. The number of Members of the House should be apportioned to the different States after each decennial census. There was a reapportionment after the Seventy-first Congress which was based on the 1930 census, at which time some States lost a Member or two and other States gained a Member or two because of the shifting population. Ohio gained two Members. We have 22 Members and 2 Representatives at large.

What qualifications are required for membership?

The Constitution provides that a Member of the House of Representatives must have attained the age of 25, have been a citizen of the United States for 7 years, and be an inhabitant of the State in which he is elected. In practice, he is usually a resident of the district which he represents, but that is not a constitutional requirement. A United States Senator must have attained the age of 30 years, have been a citizen of the United States for 9 years, and be an inhabitant of the State which elects him.

What oath do Members take?

The oath of office taken by the Members of the House is administered by the Speaker and by the Vice President to the Senators. It reads:

> I do solemnly swear (or affirm) that I will support and defend the Constitution of the United States against all enemies, foreign and domestic; that I will bear true faith and allegiance to the same; that I take this obligation freely, without any mental reservation or purpose of evasion, and that I will well and faithfully discharge the duties of the office on which I am about to enter. So help me God.

The Constitution provides that the President of the United States, Senators, and Representatives, members of the several State legislatures, and all executive and judicial officers, both of the United States and of the several States, shall be bound by oath or affirmation to support the Constitution.

When does Congress meet?

That question is often asked, although for more than a hundred years Congress, as provided in article I, section 4, of the Constitution, has always met on the first Monday in December every year until this year, when it met on the 3d day of January because of the ratification of the twentieth amendment. This is the first change in the date of the meeting of regular sessions since 1820. The ratification of this amendment to the Constitution shortened the terms of President Franklin D. Roosevelt and Vice President John N. Garner and all Senators and Representatives. Had this amendment not been ratified, their terms would not expire until March 4, whereas the terms of the President and Vice President end at noon on the 20th day of January and the terms of the Senators and Representatives at noon on the 3d day of January.

What about extra sessions?

The President may call the Congress to meet in extraordinary session at any time he thinks the interests of the country justify it. When he does call an extra session, the Congress may transact any business it desires and stay in session as long as it wants to. There have been only about 24 extra sessions in the 143 years since the Constitution was adopted. Five of these have occurred in the past 9 years. The Senate may be called in extra session without the House to consider treaties, try impeachments, and confirm appointments, all of which are considered exclusively by the Senate. The Senate nearly always meets in extra session after a new President has been inaugurated to confirm his Cabinet and other appointments. These special sessions of the Senate usually last only a few days.

How are vacancies filled?

Members do die in office, and occasionally one resigns, usually to take what he considers to be a better office. When a Senator dies or resigns, the Governor of his State may appoint his successor to serve only until an election is held, providing his State legislature has given him the authority. If a Representative dies or resigns, his place cannot be filled by appointment. The Governor of his State may call a special election to fill the place if he wants to, or as is done in most cases, the place may be left vacant until the next general election.

What are the duties of a Member?

They are many and manifold. He should study legislation and attend the meetings of his House. He should listen to a good deal of the debates, but not all of them by any means. Many Members are kept in committee meetings many hours of many days of every session. The average Member develops a large office business. This is particularly true of western Members. Their constituency is far away from Washington, so many problems are referred to the Congressman for assistance. The Members get a vast amount of mail. This requires much study, dictation of replies, and often visits to different executive departments down town. The departments are far away and often far apart. Many ex-service men bring their problems to their Congressman, and he is always glad to help them out when and wherever he can, although he has not the power always to do as much as he would like.

A Member will get a thousand letters or maybe several thousand letters in a session from citizens advocating or opposing proposed legislation. Usually a Congressman answers every letter, though he can not tell everybody what he thinks about every bill that has been introduced. He must wait development through committee hearings and give thought to those measures that are being brought forward by favorable committee action.

Most pension claims for soldiers and their widows go through the Congressman. Many post-office, land-office, and immigration cases are referred to him.

He likes it. The ambitious Congressman brags about his large office business and his heavy work. He seeks business and craves harder committee assignments—until he gets upon the Appropriations Committee where the appetite for work of the most ambitious will be fully satisfied. Many Members find it necessary to work nights and holidays.

What are the important committees?

There are several. The two most important are probably Appropriations and Ways and Means. All bills that relate to the appropriation of money must be considered by and reported out by the Appropriations Committee of the House. This committee consists of 35 members, 21 Democrats and 14 Republicans. It reports out several bills that carry appropriations for a little over $4,000,000,000 each year. The Ways and Means Committee has to consider and report out all bills that have in any way to do with raising revenue, tariff, or any sort of taxes. This committee consists of 25 members, 15 Democrats and 10 Republicans. All revenue bills must originate in the House of Representatives and come out of the Ways and Means Committee.

There are about 44 standing committees, 4 joint standing committees, and several select committees appointed for specific purposes. The 10 principal committees are called exclusive committees in that a majority member of any one of these committees cannot serve on any other.

How do committees work?

They meet regularly or on call. They consider the bills that have been referred to them. They sometimes hold

long hearings on important bills when those interested either for or against may come in and tell the committee what they think of the bills in question. Some hearings last several days and some several weeks. The committee then considers the bill and may report it out with or without amendments or may decide not to report it out. Sometimes the committee takes up several bills of a similar character, considers all phases of the question and writes a new bill and reports that out.

Who selects members for committee assignments?

Majority Members are assigned to committees by the Committee on Ways and Means. As a rule, once on an important committee a Member stays there as long as he is in Congress. If a vacancy occurs on an important committee, a Member from another committee may be given the place by the Committee on Ways and Means if he desires it and if he has the seniority and influence to get it. New Members get the places left available. The Republican committee on committees perform this function for the minority Members. All selections must be confirmed by election in the House.

Who appoints the chairmen of committees?

They are elected by the House and theoretically the Committee on Ways and Means makes the selections of chairmen. In actual practice, however, the Member of the majority party who has served longest on any committee is selected as chairman. Here seniority plays an important part. The chairmen, of course, all come from the majority party, and the majority of the members of all committees are of the dominant party—at this time Democratic.

What is the Committee on Rules?

This is one of the most important committees, as it controls the destiny of more proposed legislation than any other. Bills from the Ways and Means and Appropriations have the right-of-way, so to speak, and can always be brought up for consideration. Other committees have only a few calendar days in any one session. So many bills reported out cannot be brought up for consideration. The Rules Committee can report a rule for consideration of a bill any day. It can bring in a rule for the consideration of any bill that has been reported out of any committee any time. In the last days of a session special rules to bring out special bills are much in demand. The Rules Committee has much power, certainly has the power of selection, but it must be fair and discriminating, selecting what the majority of Congress seems to want most, as the rule it brings in must be adopted by the House.

What is the steering committee?

This is a committee not much heard of nor mentioned in the newspapers. And I dare say that hardly two dozen Members of the House can tell the names of all the members on the steering committee. This is a little party adjunct to help promote legislation the majority is interested in, and help to iron out a program of procedure, especially in the closing days of a session. It is composed of nine of the older Democratic Members. In addition, the majority leader acts as chairman. When important matters are up for consideration the Speaker and the Chairman of the Rules Committee sit in. This committee really has a great deal of influence in helping to shape up the legislative program.

What are conferences and conferees?

The House passes a bill, for instance. It goes to the Senate and may be much amended over there, as are appropriation and tariff bills usually. The House will not accept the amendments. So the bill is sent to conference. The House appoints three or five Members as conferees and the Senate appoints an equal number. These gentlemen meet and hold a conference and discuss the points in disagreement. The conferees of the Senate give up some items and the conferees of the House agree to some. Finally they get together on a bill somewhere between the position taken by each House. Sometimes the conferees do not give up easily; sometimes the conference drags on for days or weeks, and they have run for months. Usually they get together, and usually the conference report is adopted by both Houses. Which end of the Capitol is the most stubborn? Well, the other end, of course.

How are bills introduced?

A Member writes up his bill and drops it in the basket on the Clerk's desk. It is then referred to the appropriate committee. Many bills lay in committee undisturbed and are never heard from again. In some cases they have served their purpose without further action. They have advertised the Member and the project. Many bills are introduced that have not the slightest chance of serious consideration or passage.

Stages of a bill of the House:

First. Introduction: By a Member by laying the bill on the Clerk's table informally. A Member sometimes introduces a petition only, leaving to the committee the drawing of a bill, such a petition referred to a committee having jurisdiction of the subject giving authority to report a bill. Sometimes communications addressed to the House from the executive departments or from other sources are referred to committees by the Speaker and give authority for the committees to originate bills. Messages from the President also are referred by the Speaker or the House and give jurisdiction to the committees receiving them to originate bills.

Second. Reference to a standing or select committee: Public bills are referred under direction of the Speaker; private bills are endorsed with the names of the committees to which they go under the rule and the Members introducing them. Senate bills are referred under direction of the Speaker. A bill is numbered and printed when referred.

Third. Reported from the committee: Committees having leave to report at any time make their reports from the floor; other committees make their reports by laying them on the Clerk's table informally. The bill and the report are printed when reported.

Fourth. Placed on the calendar: Occasionally a privileged bill is considered when reported; but usually it is placed with the unprivileged bills on the calendar where it belongs under the rule by direction of the Speaker.

Fifth. Consideration in Committee of the Whole: Public bills which do not raise revenue or make or authorize appropriations of money or property do not go through this stage. All other bills are considered in Committee of the Whole. The stages of consideration in Committee of the Whole are: General debate; reading for amendment under the 5-minute rule; order to lay aside with a favorable recommendation or to rise and report; reporting of to the House.

Sixth. Reading a second time in the House: Bills not requiring consideration in Committee of the Whole are read a second time in full, after which they are open to debate and amendment in any part. Bills considered in Committee of the Whole are read a second time in full in that committee and when reported out, with or without amendments, are not read in full again, but are subject to further debate or amendment in the House unless the previous question is ordered at once.

Seventh. Engrossment and third reading: The question on House bills is taken on ordering the engrossment and third reading at one vote. If decided in the affirmative, the reading a third time usually takes place at once, by title. But any Member may demand the reading in full of the engrossed copy, in which case the bill is laid aside until it can be engrossed. Senate bills come to the House in engrossed form, and the question is put on third reading alone. When the question on engrossment and third reading of a House bill or third reading of a Senate bill is decided in the negative the bill is lost as much as if defeated on the final passage. The question on engrossment and third reading is not made from the floor, but is put by the Speaker as a matter of course.

Eighth. Passage: The question on the passage of a bill is put by the Speaker as a matter of course, without awaiting a motion from the floor.

Ninth. Transmission to the Senate by message.

Tenth. Consideration by the Senate: In the Senate House bills are usually referred to committees for consideration and report, after which they have their several readings, with opportunities for debate and amendment. The same procedure takes place in the House as to bills sent from the Senate.

Eleventh. Return from the Senate without amendments: If the Senate passes a House bill without amendment, it returns it to the House, where it is at once enrolled on parchment for signature. A bill thus passed without amendment goes into possession of the Clerk, and is not laid before the House prior to enrollment. If the Senate rejects a House bill, the House is informed. Similar procedure occurs when the House passes a Senate bill without amendment.

Twelfth. Return from the Senate with amendments: House bills returned with Senate amendments go to the Speaker's table. If any Senate amendment requires consideration in Committee of the Whole, the bill is referred by the Speaker informally to the standing committee having jurisdiction; and when that committee reports the bill with recommendations, it is referred to the Committee of the Whole House on the state of the Union, to be there considered and reported to the House itself. When no Senate amendment requires consideration in Committee of the Whole, the bills come before the House directly from the Speaker's table.

Thirteenth. Consideration of Senate amendments by the House: When a bill with Senate amendments comes before the House, the House takes up each amendment by itself and may vote to agree to it, agree to it with an amendment, or disagree to it. If it disagrees, it may ask a conference with the Senate or may send notice of its disagreement, leaving it to the Senate to recede or insist and ask the conference.

Fourteenth. Settlement of differences by conference: When disagreements are referred to conference, the managers embody their settlement in a report, which is acted on by each House as a whole. When this report is agreed to, the bill is finally passed and is at once enrolled for signature.

Fifteenth. Enrollment on parchment: The House in which a bill originates enrolls it.

Sixteenth. Examination by the Committee on Enrolled Bills: While the Committee on Enrolled Bills is described as a joint committee, each branch acts independently. The chairman of each branch affixes to the bills examined a certificate that the bill has been found truly enrolled.

Seventeenth. Signing by the Speaker and President of the Senate: The enrolled bill is first laid before the House of Representatives and signed by the Speaker, whether it be a House or Senate bill, after which it is transmitted to the Senate and signed by the President of that body.

Eighteenth. Transmittal to the President of the United States: The Chairman of the Committee on Enrolled Bills for each House carries the bills from his House to the President. In the House of Representatives a report of the bills taken to the President each day is made to the House and entered on its Journal.

Nineteenth. Approval by the President: If the President approves, he does so with his signature.

Twentieth. Disapproval by the President: When the President disapproves a bill, he returns it to the House in which it originated with a message stating that he disapproves and giving his reasons therefor.

Twenty-first. Action when bill is returned disapproved: The House to which a disapproved bill is returned has the message read and spread on its Journal. It may then consider at once the question of passing the bill notwithstanding the President's objections, or may postpone to a day certain, or refer to a committee for examination. The vote on passing the bill notwithstanding the President's objections must be carried by two thirds. If the bill fails to pass in the House to which it is returned, it remains there; but if it passes, it is sent to the other House for action.

Twenty-second. Filing with the Secretary of State: When approved by the President, a bill is deposited in the Office of the Secretary of State; and when the two Houses have passed a bill notwithstanding the President's objections, the presiding officer of the House which acts on it last transmits it to the Secretary of State.

Are many bills introduced?

Yes; too many. In the Seventy-second Congress 15,875 bills and resolutions were introduced in the House and 6,392 in the Senate.

In this Congress so far—the Seventy-third—the bills introduced total approximately 8,000 in the House and 3,000 in the Senate. The Sixty-fifth Congress holds the record for number of bills, 33,015 having been introduced.

How many bills pass?

Not as many as you would probably think, considering the number introduced and the length of the session. In the Seventy-second Congress 843 bills and resolutions were passed; in the Seventy-third so far 94 bills and 14 resolutions have been enacted into law.

What is a veto?

As has been said, after a bill has passed the House and Senate it must be signed by the President to become a law. If the President does not think the measure good public policy he may refuse to sign it. He writes a veto message and sends it with the bill back to the body from which it came.

Are many bills vetoed?

Not as many as you might think. In 8 years President Wilson vetoed 33 bills; President Harding vetoed 5; President Coolidge vetoed 20; President Hoover vetoed 20; and President Roosevelt has not vetoed any to date.

How does Congress override a veto?

When a bill comes back to Congress with a veto message, it is voted upon again, as to whether it shall be passed over the President's veto. If two thirds of the Members present and voting in both House and Senate vote to pass the bill over the veto, the bill then becomes a law.

Are bills often passed over President's veto?

No; not very often. Most bills that are vetoed by Presidents are not of great concern to the general public. President Grover Cleveland made a reputation for vetoing more bills than any other President, but the bills were mostly private pension bills. Bills passed over presidential vetoes are usually of interest to a great many people over all the United States, and consequently brought prominently to the attention of many Members. For instance:

In President Wilson's administration the three bills passed over his veto were:

First. Repeal of the daylight saving law.

Second. The Volstead Act.

Third. To cease enlistments in the Army.

None were passed over President Harding's veto.

The four bills passed over President Coolidge's veto were:

First. The so-called "bonus" or adjusted-compensation bill.

Second. The emergency officers' retirement bill.

Third. The bill to provide a differential in pay for night work in the Postal Service.

Fourth. Granting allowances to fourth-class postmasters for light, rent, fuel, and equipment.

President Hoover had three bills passed over his veto:

First. Spanish-American War pension increase.

Second. Philippine independence.

Third. Increase of the loan basis of adjusted-service certificates.

What is "unanimous consent"?

Many little actions are done in and taken by the House by unanimous consent. The Member asks for unanimous consent to do this or that—to correct the RECORD, to speak for 5 minutes or more out of order, to insert remarks in the RECORD, to change an amendment he has offered, to have a letter read. If there is no objection on the part of any Member, then consent is granted. Frequently a gentleman says, "I object", and that settles that.

The leader of the majority makes many unanimous-consent requests, and usually they are granted. He may ask

consent to meet at a certain hour, to adjourn over for a day or two, to hold a night session, to have so many hours for debate on a bill, to take up specified matters on certain days out of order, to set days for the Private and Consent Calendars. The granting of the request saves the passing of motions or the making of rules.

Many bills are passed by unanimous consent. All bills of a private character go on the Private Calendar. And another character of bills go on the Consent Calendar. On days when these bills are in order, the Clerk reads the title of the bill, the Speaker asks, "Is there objection?" Any Member may say, "I object", if he desires, in which case the bill cannot be taken up; and the next title is read. If no objection is made, the bill is read and passed very quickly usually. The theory is that if no one cares to object to a bill, certainly many would not vote against it, so it ought to be passed. Both party organizations have several Members who make it their business to study all bills on the Consent Calendar and be ready to object or insist on what they think to be the proper amendments before consent is granted for the bill to be considered.

Often a Member will arise and say, "Reserving the right to object", and ask questions about the bill. This gives the author of the bill a chance to explain or defend it, and sometimes quite a little debate is stirred up even on consent days. After a while somebody may shout, "Regular order!" The Speaker says, "Regular order is demanded." Whereupon the gentleman who started the trouble by "reserving the right to object" must immediately make his objection or withdraw it. He may be just as apt to do one as the other, and on his decision rests the destiny of some anxious Member's important bill—for all bills are important to their hopeful authors. On consent days Members with bills on the calendar are most patient, polite, and persuasive in their ways toward the gentlemen who sit at the table and whose business it is to inquire into the merits of bills coming up.

How are votes taken?

Four different ways. Usually the Speaker puts the question in this form: "As many as are in favor (of the motion) say 'aye'," and then, "As many as are opposed say 'no.'" In most instances the vote taken thus is decisive enough to satisfy. But if the Speaker is in doubt, or if it sounds close, any Member may ask for a division. In this case the Speaker asks those in favor to stand up and be counted. Then those opposed to the proposition to stand up and be counted. The Speaker does the counting and announces the result. But if he is still in doubt, or if a demand is made by one fifth of a quorum—that is, 20 in the Committee of the Whole or 44 in the House—tellers are ordered. The Speaker appoints one gentleman on each side of the question to make the count. The two tellers take their place at the head of the center aisle. All Members favoring the proposition walk through between the tellers and are counted. Then those opposed walk through and are counted. This vote settles most questions.

But a roll call may be demanded by anybody on any question in the House; and if supported by one fifth of those present, it is ordered. This privilege is guaranteed by the Constitution. The Clerk reads the names of the whole Membership, and as his or her name is called the Member answers "aye" or "no." The names of those not voting the first time are read a second time, so that all Members in corridors, cloakrooms, committee rooms, or offices, who have been notified of a roll call by signal bells, may come in and vote.

Roll calls are ordered sometimes to get a full vote on a measure, because of a lack of a quorum, sometimes because Members want to be on record on a measure, and sometimes to put the other side on record against the measure for imaginary political advantage. The roll calls are published in the CONGRESSIONAL RECORD and are sometimes quoted to a Member's advantage or disadvantage, as the case may be.

Many bills of lesser importance and some of greater importance are passed without a roll call. This can be done if a quorum is present when the vote is taken and as many as one fifth of those present do not demand a roll call. This is done often to save time and sometimes to save Members the embarrassment of having to be recorded for or against a measure.

What is a quorum?

Everybody who ever attended a literary society knows that it requires a quorum to do business. In the House of Representatives a quorum is a majority of the Membership. When there are no vacancies in the Membership a quorum is 218. There are usually a few vacancies—Members who have died or have resigned and their places yet unfilled. So an actual quorum is usually a little under that figure. Much business is transacted without a quorum. But no business of any character, except to adjourn, can be transacted without a quorum present if any Member objects. All any Member has to do to get a full House is to arise, address the Speaker, and make the point of order that "no quorum is present." The Speaker says, "I will count." If he cannot count a majority present, the doors are closed, the bells are rung in the corridors and House Office Building, and the roll is called. This usually produces a quorum, and business proceeds.

When the House is in Committee of the Whole a hundred Members make a quorum.

Is legislation much influenced by oratory?

Not much. People back home may picture the House as a forum for debate upon the merits of the many bills they read about. It is in a way, but most of the debate is as potent as a sham battle. Very few bills that are brought up in the House for action under general or special rules are defeated. I think more than 95 percent of bills thus brought up are passed, despite the forensic display of oratory that may be directed against them, and usually is by the minority or the opposition. Hardly 1 amendment in 40 offered to bills on the floor is adopted unless offered or accepted by the committee reporting out the bill for consideration.

Legislation enacted by any Congress is largely that originating with or sponsored by the majority party. Important measures brought up have had thorough scrutiny and a favorable report by a well-organized committee. They have probably had strong backing from the country. Some have had the approval of the steering committee and some have been reported out by the Rules Committee. Such measures are on the program for passage and long debates and much oratory cannot defeat them. On the other hand, bills that are not slated for passage do not often get up for action in the House.

Committee responsibility is great and committee action influential. On most amendments and on most bills a majority of the Members vote most of the time with the committee—and it is difficult to break into that influence even with fine oratory.

What are the duties of the Speaker?

He presides over the House, appoints the chairman to preside over the Committee of the Whole, appoints all special or select committees, appoints conference committees, has the power of recognition of Members, makes many important rulings and decisions in the House. The Speaker may vote, but usually does not, except in case of tie. He may appoint a Speaker pro tempore but not for more than 3 days at a time without the consent of the House.

What is a party leader?

There is a majority leader and a minority leader. In talk on the floor we do not refer to Democrats and Republicans usually. It is more dignified, it seems, to refer to the majority and the minority. The majority leader now is a Democrat and the minority leader a Republican. The majority leader has the more influence, of course, since he has the majority of the Membership back of him.

The leader is all the title implies. He leads in party debate, brings forward party program and policies. His advocacy of or opposition to proposed legislation indicates the party peference. The majority leader has much control over what comes up and when, of the legislative program from week to week. When he makes a motion, it is nearly always carried. He usually makes the motion to adjourn,

and it always carries. If someone else, not authorized to do so, makes a motion to adjourn, it is nearly always defeated.

What are the Chaplain's duties?

Both the Senate and the House have a Chaplain, who offers prayer at the opening of each daily session, usually at 12 o'clock noon. Both are eloquent and godly men. The prayers are printed in the CONGRESSIONAL RECORD with the proceedings each day. The prayers offered by the House Chaplain during the Sixty-eighth and Sixty-ninth Congresses have been gathered together and printed in book form. This book of Chaplains' prayers can be purchased for 25 cents per copy by addressing the Superintendent of Documents, Government Printing Office, Washington, D.C.

What are the duties of the whip?

The whip looks after all legislation and endeavors to have all present when important measures are to be voted upon. When the vote is apt to be close, he checks up, finds out who is out of the city, and advises absentees by wire of the important measure coming up.

What is printed that best tells of the Congress?

The Constitution of the United States is the best thing printed dealing with the Congress. It provides the authority for Congress, specifies its duties, powers, privileges, and much of the procedure in both Houses of Congress. The Constitution is not very long, is easily obtainable in any city or town, and should be read occasionally by every citizen. It will surprise you how much information it contains.

How old is the Constitution?

It was adopted by the Federal Constitutional Convention in 1787, ratified by the several States, and the new Government provided for by it became fully operative with the inauguration of George Washington as President of the United States on April 30, 1789.

How can the Constitution be amended?

A proposal to amend the Constitution must be passed by the Congress by a two thirds' vote of both House and Senate. The proposed amendment then goes to the legislatures of the several States and must be ratified by three fourths of them—at the present time by 36 of the 48 States.

Have many constitutional amendments been adopted?

No; not very many, only 21 in 143 years; and this question brings out some interesting figures and dates. The first 10 amendments to the Constitution were proposed by the First Congress in 1789 and were practically agreed to before the adoption of the Constitution. The eleventh and twelfth amendments were proposed in 1794 and 1803.

Since 1804, when the twelfth amendment was ratified, over a period of 128 years only nine amendments have been adopted to the Constitution, and one was repealed.

The thirteenth, fourteenth, and fifteenth amendments relate to abolition of slavery, rights of citizenship, and the franchise, coming after the Civil War, and were proposed and ratified between 1865 and 1870.

Since the Civil War period only seven amendments have been ratified, as follows:

Sixteenth amendment: Provides power for Congress to levy a tax on incomes. Was ratified in 1913.

Seventeenth amendment: Provides that United States Senators shall be elected by popular vote. Previous to its adoption Senators had been chosen by State legislatures. Proposed in 1912 and ratified in 1913.

Eighteenth amendment: Provides for prohibition. Proposed 1917 and ratified in 1919. Subsequently ratified by all States in the Union except two.

Nineteenth amendment: Provides the right of suffrage of women. Proposed 1919 and ratified by 1920.

Twentieth amendment: Changes the commencement of terms of President, Vice President, Senators, and Representatives.

Twenty-first amendment: Repeals the eighteenth amendment.

Are amendments sometimes proposed but rejected by the States?

Yes; that has occurred several times. Amendments were proposed in 1789 (2), 1810, 1861, and 1924, that were not ratified by the States. All these except the last one are out of date, and of no use now, and time has shown the wisdom of their rejection. The one submitted to the States in 1924 was known as the child-labor amendment, and reads in part:

> The Congress shall have power to limit, regulate, and prohibit the labor of persons under 18 years of age.

A number of States have ratified this amendment.

Who pays for speeches Members mail out?

The Senator or Congressman pays for the speeches he sends out. They are printed usually at the Government Printing Office and are charged for at cost price. A Member will often send out another Member's speech on some subject he thinks will be of interest to his constituents.

In the fiscal year 1931 Members paid the Public Printer $61,257.91 for speeches, and in 1932 the sum of $47,567.73, and in 1933, $40,445.99 was paid out.

PAYMENT OF ADJUSTED-SERVICE CERTIFICATES

Mr. TRUAX. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. TRUAX. Mr. Speaker, Members of the House, it is a distinct honor and pleasure to commemorate the birthday of George Washington, the Father of our Country, by eulogizing this great statesman, soldier, and humanitarian. Just to hear his farewell address, delivered so ably today by the gentleman from Virginia, should cause every heart within the confines of these historic walls to throb with renewed patriotism and love for country and flag.

It might not be amiss at this high hour to remind Members that George Washington not only fought nobly to free his beloved country from serfdom and monarchical tyranny, but that at the conclusion of that historic fight he fought nobly also for just compensation for his comrades so that they should receive from the Government a fair remuneration and compensation.

To me, it seems that the conclusion of the signing of the petition to discharge the Committee on Ways and Means from further consideration of the Patman or so-called "bonus bill" by 145 Members of this House on February 21, the day preceding the birthday of President George Washington, might be considered also a tribute to the human sympathy and humanitarian motives that have coursed through the veins of his progeny down through the decades. To me, therefore, this is a day of rejoicing, since it means that again Congress shall have the opportunity of saying whether or not the veterans of the World War, the greatest conflict ever recorded in the annals of time, shall have their adjusted-service certificates paid now, when they need the money, rather than in 1945, when many of them will have passed away and those certificates in very truth can be called "graveyard insurance."

It is gratifying to me for another reason: In 1932, as a candidate for Congressman at large in the State of Ohio, I campaigned in every county in the State in the primaries in May, and again in every county in the fall election campaign. In every speech that I made, in every piece of publicity used in the newspapers, I stated unequivocally that I favored and would support legislation to pay the soldiers' bonus, and that I would oppose, with every effort at my command, any and every attempt to reduce the compensation of disabled, service-connected, and presumptive cases of war veterans.

To me a campaign pledge is a promissory note to be paid in full. In the special session of the Seventy-third Congress I was given the opportunity to pay in full the pledge I had given in regard to reductions of veterans' compensation. I voted "no" on the so-called "Economy Act." I voted "no" on each succeeding House compromise. I voted "yes" on the Connally amendment, which would have limited all reductions of veterans' compensation to a maximum of 25 percent.

Now, since that act was passed and I have personally observed dozens of cases, veterans 50-percent disabled or 100-percent disabled, men with no means of livelihood, men

with families to support, men with no homes of their own, men who served their country in its hour of need, whose pensions have been ruthlessly emasculated, I am more firmly convinced than ever that my vote of "no" on the Economy Act was one of the most humanitarian votes that I have or ever shall cast as a Member of Congress.

My friends, I resent the charge that I voted against the greatest President of all times, Franklin D. Roosevelt. I did not vote against my party; I did not vote against the President; I voted against the Economy League, one of the most damnable organizations ever created by the rich for the despoiling of the poor.

This league was formed to wreck the American soldier, to debauch his widow, and to ruin his orphan children. When I voted against the Economy Act I voted against John "Pirate" Morgan, who came to Washington during the senatorial investigation, with an army of lawyers, bankers, income-dodging experts, French chefs, maids, bodyguards, and flunkies. Old Morgan had to engage three floors in the Carlton Hotel to house his retinue. It is rumored that his hotel bill was $100,000, yet this modern "Captain Kidd", who admitted on the witness stand that he owned $240,000,000 worth of tax-exempt bonds, was too poor to pay income taxes to the Government that had made it possible for him to steal by legalized burglary that staggering sum.

John "Pirate" Morgan is said today to own or control $40,000,000,000 of wealth and property, practically one sixth of all the Nation's wealth, to own or control practically all of the public utilities, to control most of the utilities in Ohio, the Ohio Power Co., Columbia Gas & Electric, American Telephone & Telegraph.

At a time when the Nation's finances are such that every man, woman, and child were taxed to the utmost, yet this modern Sir Francis Drake, this modern buccaneer, had the colossal gall and effrontery to sit smilingly before the Senate Investigating Committee and admit that he and his associates had not paid one cent of income taxes during the past 3 years.

As you recall, we were compelled to vote on the Economy Act under a drastic gag rule, the same as we are now compelled to vote for the revenue bill under a drastic gag rule. My vote on that gag rule was "no." My vote on this gag rule is "no." Such tactics cannot be justified by a mere recital of the facts that Republican leaders enforced the same kind of rules during the Hoover administration. These gag rules, with the adoption of such infamous legislation as the Hawley-Smoot tariff bill, helped to wreck Herbert Hoover and the Republican Party. I hope that the zeal of our party leaders to hog tie and gag the independent Members of our side who were elected by an outraged people on the pledge of a new deal, not only in the White House but in Congress as well, will not lead our great President and our party to the same inglorious debacle.

The petition which 145 of us have signed—my signature was affixed to the petition during the first session of the Seventy-third Congress and is no. 26 on the list—gives me the opportunity to pay in full my second promissory note to the war veterans, namely, that I would support full payment of the bonus. Personally, I shall look upon this petition with the names of 145 courageous men as a roll of honor, which in generations yet to follow shall emblazon itself in the hearts and minds of men who want to see simple justice done the men who fight the country's battles, who go down into the blood-soaked trenches and fight arm to arm and shoulder to shoulder, while the yellow-bellied, silk-stockinged aristocrats of Wall Street stay at home, clip their coupons, and pile up more millions.

Many of us in our campaigns pledged inflation of the currency to our constituents. We still believe in inflation and expansion of the currency. The only question confronting us is what, in our wisdom and judgment, do we conceive to be the best plan of expanding the currency. Surely no better method can be found than that of distributing $2,400,000,000 to these World War veterans, defenders of the Nation in its hour of need—to these boys who came from the factories, from the farms, from the skyscraper office buildings, and from every walk of life, not only to make the world safe for democracy but, as it ultimately proved to be, to make Wall Street safe for plutocracy and for more legalized plunder, burglary, and rape by John "Pirate" Morgan and his bloody swashbucklers. Many of the veterans have borrowed as much as one half of the face value of their certificates. Interest is being charged against them. These men have no jobs nor earning power—no incomes. Eventually the interest will eat up the principal.

Nearly everyone admits that we need more currency. The chief objection to the issuance of new currency is that unless distributed properly to those who need it most, it will soon find its way into the hands of the capitalists, trusts, bankers, 36-percent loan sharks, and chain stores. This argument cannot be used effectively against the bonus bill, since the money will be used to pay a just debt to the boys who defended their country in its hour of need. It is not by any means a debt commensurate with the sacrifices that were made. In thousands of cases it can only ameliorate the distressed conditions and serve as a palliative rather than as a cure for the gaping wounds of disease and mental anguish caused by the savage conflict in no man's land.

Nearly all wars are commercial wars. They are wars fought by the poor for the benefit of the rich. Woodrow Wilson entertained high ideals and envisioned a modern Utopia when he sounded the war slogan, "To make the world safe for democracy." The real facts are that John "Pirate" Morgan and his fellow buccaneers from Wall Street bet on the wrong horse. They lent billions of dollars to England and her allies. So American manhood, American food, and American money jumped into the breach and saved the day for the Allies.

The melancholy note that now arises from the harp of time is proof positive that instead of fulfilling Wilson's lofty idealism, cold and pitiless realism convinces us that instead of making the world safe for democracy, we made it safe for Wall Street plutocracy.

When we entered the conflict the American wage worker, farmer, small business man, and producer were entreated and exhorted to buy bonds—Liberty bonds—to liberate free peoples from the iron-shod heel of monarchial despotism and autocracy. The $13,000,000,000 of Liberty bonds turned out to be bloody war bonds now in the hands of the capitalists, a mortgage on the earnings of the present generation which compels us to pay approximately $700,000,000 a year interest and tribute to the lustful bond grabbers.

Even now we are making huge appropriations to bring our Navy up to full treaty strength. I voted for this measure in the belief that full preparedness will prove to be the best insurance against future wars and conquests, especially in this great country of ours, which cannot be reached by a foreign enemy worthy of consideration except by bridging the foaming gap of 3,000 miles of water.

Before getting into another war, however, let us pay not only our respects but our honest debts to the boys who fought and won the last war. Let us pay the bonus now, and relieve the human misery of tens of thousands of our citizenry who but 15 years ago were the pride and flower of our youth. Let us help the aged mothers, the fathers unable to work, the veterans whose pensions were ruthlessly emasculated, who in suffering and distress now lie in cheap shacks instead of Government hospitals.

We have poured out billions to the big bankers, the railroads, the insurance companies, and the 36-percent loan sharks. The big bankers hoard the money to keep their institutions liquid. The railroads pay off the notes they owe to Morgan & Co. Insurance companies and 36-percent loan sharks foreclose and strangle to an economic death the farmers, home owners, and unemployed workmen. Payment of the soldiers' bonus now will ameliorate in some slight degree this wanton butchery, not only of war veterans and their dependents by the capitalists and privileged classes but will also relieve every individual who deals with or transacts business with the veterans. It will help immeasurably the proverbial grocer, butcher, the baker, and the candlestick maker.

GEORGE WASHINGTON, FATHER OF OUR COUNTRY

Mr. DUNN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by including therein a statement about George Washington, the Father of our Country.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. DUNN. Mr. Speaker, the 22d day of February is the birthday of George Washington, the Father of our Country and the first President of the United States. His name is immortalized not only because he was the first President of the United States but because he was a man of indomitable courage and was very humane toward his fellow man.

Every Member of Congress has an opportunity to become famous like the Father of our Country. All that we need to do is to sponsor and support legislation which will benefit the citizens of our country.

We could, without question, enact legislation which would wipe out the slum districts, put an end to chain-gang systems, and all other forms of brutal and inhuman treatment of prisoners in penal institutions. We could also abolish the poorhouses, make it possible for every man and woman who is able to work to have a job at a living wage, to provide old-age pensions and a pension for widows, blind, and others who are physically incapacitated.

GEORGE WASHINGTON, AMERICAN CITIZEN—CALM, YET DETERMINED, WASHINGTON LEADS A CHANGING WORLD AND POINTS THE WAY TO A NEW PRINCIPLE OF GOVERNMENT

Mr. CARTWRIGHT. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and include a radio address on George Washington delivered by one of my colleagues at 10 o'clock this morning.

Mr. TABER. A Member of the House?

Mr. CARTWRIGHT. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. CARTWRIGHT. Mr. Speaker, under leave to extend my remarks in the RECORD, I wish to have inserted a radio address delivered on this, the two hundred and second anniversary of the birth of George Washington, by my colleague, Mr. ROGERS, who represents the entire State of Oklahoma in the House of Representatives. Mr. ROGERS' address was broadcast to the people of Oklahoma through the facilities of Radio Station KVOO. It was part of an extensive commemoration program of George Washington and was sponsored in Oklahoma by the American Legion.

Two centuries and two years ago today marks the birth of George Washington destined to become the first citizen of a great republic then unborn.

The history of the world commits itself to a distinct, self-evident tradition that in times of great national emergency there has invariably arisen a forthright leader able to command the loyal obeisance of his countrymen by the sheer genius of his personality and the profoundness of his program. Since the birth of our Nation, tracing our progress by the landmarks of critical emergencies overcome, we can pause and reflect in the security that America has, without fail, been equal to the exigency of every occasion. Whether it has been righteous reform or crucial revolution, there has always emerged some American who, by masterful precision, patriotic compassion, and keenness of intellect, has wrested calm out of chaos and order out of confusion. Whether it has been "taxation without representation", "imperialistic infringement" of other nations, "secession from the Union", "autocracy or democracy", or war against economic bondage, as now engages our attention, America has steadfastly been able to produce on every occasion "the man of the hour."

Today, the 22nd day of February, a month outstanding for its famous birthdays, I speak to you in humble reverence of America's most illustrious and pre-eminent figure, George Washington, the Father of our Country. Let us follow our imagination to that hallowed point where the tranquil Potomac, bending gracefully in long curves, blends naturally with the silent dignity of the verdant Virginia hills to form a national shrine and a world memorial in consecration of the deeds and spirit of George Washington. Let us imagine for a moment that we are standing in the midst of life at Mount Vernon as it was in the ancestral days of our beloved first American. Lord of himself, and always the tranquil warrior for truth and right, unyielding in integrity and tireless of energy, no man could have selected a more ideal haven in which to pursue his labors. Overlooking the historic Potomac River, where ply countless ships from every nation in the world, Mount Vernon has been the inspiration for perpetual tribute. Vessels from every port in the world, plying the Potomac near Mount Vernon, dip their colors and toll their bells in reverence to the memory of George Washington. Majestic in its proportions, the mansion home, surrounded by expansive, well-groomed lawns, artistic gardens, stately trees, and productive fields, was the source of Washington's greatest joy and happiness. Mount Vernon is truly the parent of democracy. It was the brain and breast of George Washington that fathered and gave birth to the democratic form of government we now enjoy. His happiness was never more complete than during the years he spent at Mount Vernon.

Washington in his enduring greatness and simplicity is revealed in a statement once attributed to him when he said, "Agriculture has ever been the most favorite amusement of my life." He enjoyed having his neighbors speak of him as the "first farmer of America." He watched over his herds and his lands, giving attention to the smallest detail. Comparable to the celebrated Roman statesman, it is in the pastoral atmosphere that Washington reveals himself in the majestic simplicity of the Virginia farmer, the Cincinnatus of the West.

We venerate Washington for his indomitable courage and his self-sacrifice when, after repeated unwarranted insults and acts of suppression, he shouldered the responsibility of leading the Colonial forces against the powerful Crown head of England. What picture does that historical event recall? It brings to mind an epoch of cruel invasion of the rights and liberties of the Colonists. It reveals a period in our history of unwarranted oppression, when appeals were ignored and protests ridiculed; when civil rights and personal freedom were trampled in the dust by an imperialistic foreign power; when, finally, protest became remonstrance, when remonstrance became hostility, and hostility flared into open resistance. Washington discloses his true personality as a patriot and his forthright courage and spirit of determination by the first ringing statement he made presaging actual combat with Great Britain, when he dramatically proclaimed, "I will raise a thousand men at my own expense and march at their head to the relief of Boston." He spoke in the spirit of the real American, as one who holds an abiding faith in the proposition that American will remain loyal to American when our peace, liberty, and tranquillity are threatened. Whether that tranquillity of peace and liberty is invaded by a foreign nation or usurped by our own leaders, it is inevitable that American will join American in sustaining freedom.

If the spirit of George Washington had not prevailed, we could not today revel in the satisfaction that in America personal freedom is enjoyed in a measure not comparable to that in any other nation; that free speech and freedom of the press are prerogatives unquestioned; that the right to orderly redress the Government for its shortcomings is guaranteed by the Constitution; that trial by jury is irrevocable; that religious worship is dictated by individual volition; that wise conservatism embodies a watchful readiness to modify, and even to replace outmoded institutions and practices; and that intelligent liberalism incorporates a cooperative spirit in keeping with national perspective.

The eighteenth century work of George Washington, in leading the people of America boldly forward along an unfamiliar road, sets precedent for today's actions of President Roosevelt. Americans of today may ask, "Are we not departing from the wisdom of the founders of this Republic? Are we not forgetting and ignoring the philosophy of George Washington?" If we are to interpret the deeds and spirit of Washington correctly, we must conclude that his example is pointing the way for Roosevelt. The only contrast between the two lies in past and present machinery. As Roosevelt accelerates the facilities of the Government of the United States in its present form, meeting with precision the emergencies of the moment, so did Washington in the eighteenth century apply the whip and spur to the embryonic governments of the Colonial States to speed forward the establishment of the Union. Washington and his colleagues were the boldest of experimenters. He opposed the powerful and long-established Crown of Great Britain. He waged a successful campaign entailing war and bloodshed. He was foremost in overthrowing the old order of things. He burdened his shoulders with the exacting and difficult duties of formulating a new principle of government, and he assumed the responsibility of launching forth a campaign for its acceptance by the people.

Washington's age was an economic order of localism and a political system of imperialism. His every act was devoted steadfastly to a program of economic and political betterment. When it became apparent to him that the old system was inadequate to the needs of a changing world he dared to experiment with new and untried systems. He fathered a new cooperative democracy, destined to world leadership.

It is not idle illusion or presumptive fantasy to compare the present with the past. The Nation a year ago was caught in a maelstrom of devitalizing confusion and prejudice, with the forces of construction vesting their welfare in the sympathetic and responsive personality of Roosevelt. The President has launched forth in a manner comparable to Washington, to check and overthrow a political imperialism and a capitalistic oligarchy. Like Washington, he has promulgated ideas and changes that are revolutionary. The spirit of each was conceived in an ever-watchful and an ever-responsive attitude to safeguard American welfare.

In and near the National City that bears Washington's name, are many evidences of the esteem of his fellow countrymen. In the Capitol Building rests his imposing statue, in lifelike reality. His monument, in its stately dignity, paying perpetual tribute to his memory, is the loftiest of its kind in the world. In historic old Virginia, on a stately promontory in Alexandria, stands an

impressive Masonic memorial erected by the distinguished humanity-serving order of Masonry, and dedicated to the unselfish service of Washington.

Recently I visited Arlington Cemetery, where sleep the silent hosts, "who gave their lives that their country might live." Here, on the banks of the Potomac, in Virginia, directly opposite the Capital City, rests the remains of more than 25,000 of our most illustrious soldiers who fell in the war of the Union.

Near the center of the cemetery stands the Memorial Amphitheater. Across from the eastern stairway of the colonnade, is a solid block of marble, beneath which rests the body of an unknown soldier, symbolic of all the American heroes who gave their lives in the Great War.

Ladies and gentlemen, it is fitting that we have thus honored the brave men who struggled in the war of the Union, by making possible Arlington National Cemetery. It is proper that we have paid homage to those who, during the Great War, passed on to that bourn from which no traveler returns. But in thus honoring and paying homage to those who gave their all in these two great struggles, we have not forgotten our Revolutionary heroes. To me the most impressive feature of Arlington National Cemetery is the inscription on the archway above the platform of the amphitheater. Here, carved on enduring stone, in reference to his services in the Revolutionary War, are these words by George Washington, "When we assumed the soldier we did not lay aside the citizen." To me, no more important words were ever uttered.

A few days ago I visited Mount Vernon. In the mansion home I viewed the priceless relics that have been made dear to the hearts of every American citizen, because of the touch of Washington's own hands. As I stood at the door of the room where he died and gazed upon the very bed around which his loved ones gathered while his life ebbed away, I could imagine the sorrow, the grief, the woe, and the suffering that Washington might have spared his country, had he been immortal instead of man.

A moment later, with bared head, I stood beside the tomb of Washington. Above the vine-clad sepulcher, carved in stone of white marble, I read this inscription, "In this inclosure rests the remains of General George Washington," and I could imagine that had Washington been privileged to write his own inscription, he would have used these words, "In this inclosure rests the remains of Citizen George Washington."

THE INDUSTRIAL RECOVERY ACT AND ORGANIZED LABOR

Mr. MAY. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the Industrial Recovery Act and organized labor.

The SPEAKER. Is there objection to the request of the gentleman from Kentucky?

There was no objection.

Mr. MAY. Mr. Speaker, in the short time that I am privileged, by unanimous consent, to address the House, I shall deal with one of the outstanding legislative achievements of the present Congress, if not of all time—the Industrial Recovery Act, passed at the last session. I shall discuss that act in the light of its accomplishments and in its relation to organized labor with particular reference to section 7 thereof. I call attention to these objectives:

First. The act has for its purpose the encouragement and rehabilitation of industry rather than antagonizing it.

Second. It is the first act in the legislative history of America that is an outright, unequivocal recognition of the "principle of collective bargaining" between capital and labor.

Third. It provides a simple and honest method of overcoming obstacles to mutual understandings that for many decades has led to conflicts between capital and labor; and by the adoption of voluntary codes of fair competition, future strikes and disputes will be avoided if both employer and employee accept in good faith the purpose and intent of the act.

In short, labor, after many years of bitter and disappointing struggles, has come into its own, and capital has not been injured. If sober judgment and discretion with a reasonable degree of justice and fairness is permitted to prevail, I am persuaded that in American industry we are not far distant from a happy realization of the dawn of that day when "the sword shall be beaten into plowshares and the spear into pruning hooks, and the lamb and the lion shall lie down together in peace."

When the law became a living reality and was signed by a great Democratic President it was the new declaration of independence of American labor. It struck from the tired limbs of multiplied millions of American toilers the shackles of autocracy and substituted therefor codes of fair competition and the rule of reason. It led the executives of both sides to the conference table, and as the years roll by the higher concept of the new deal will prevail, and the "forgotten man" will gradually and surely come into his own. Those who toil will be permitted "to sow and to reap where he soweth." This wholesome product of legislative wisdom of many minds working toward a great objective has already achieved much in the direction of a better day, but we are now just at the threshold of responsibility in a new venture that must in the course of events be measured in terms of the new philosophy of life and not by the old order of things.

When this new charter of freedom for American labor in every trade and vocation applicable to industry was ushered in, there were in my congressional district more than 10,000 men who mined coal for a livelihood, whose hands were shackeled and tied in idleness because of a withering and blighting system of unfair and destructive competitive practices that had prevailed in the coal industry. Not only that, but some 25,000 women and children dependent upon these men who worked in the mining industry were largely in want. Their hopes and ambitions had been crushed; their wages were extremely low; working time was spasmodic and, as a result of all these destructive forces, thousands had been driven into bread lines and looked in many instances to relief rolls for means of subsistence.

Then came the United Mine Workers' organization with the provision of the Industrial Recovery Act recognizing the "principle of collective bargaining", and wage scales were raised on an average of 72 to 92 percent. The workers received more remuneration for their labor, and the operators a living return in prices of their product—all this the direct result of a single section of a great legislative act. The act applies with like effect, not merely to a single industry such as coal mining but to every form of our complex industrial system. It reaches out the hand of helpfulness to the factory girl the same as it does to skilled mechanics or the manager at the top. It is the great covenant between the employer and employee and constitutes the greatest forward step of any government in a thousand years. In it and through it is the cord of strength that will ultimately become the stay of our economic life and the hope of our social welfare. It is the one thing that has upset all our former ways of thinking and turned our eyes toward the mighty truth of economics that no small class of individuals can continue to exact exorbitant profits at the expense of the many and that the employer must recognize the just rights of his employee. It has in effect removed from our system of jurisprudence that odious old classification of "master and servant" and made the law, as it should be, the servant of all.

But, Mr. Speaker, we are not beyond our difficulties, for as in the past every law passed by the Congress that has for its object the protection of the humble and the poor, has had its opponents and they have, with few exceptions, been those of the favored classes, as against the masses and so it is in this, our day and time. The codes affecting the greatest and richest industry of our country, that of steel and iron, had been written; but the ink was not dry upon the document when the great and powerful United States Steel Corporation and its subsidiaries all down the line began to set up in the face of the law and in opposition to its spirit and purpose, unions of their own, known as "company unions." This was, no doubt, for the purpose of putting themselves and their hard-boiled executives in position to defeat the purpose of the law by retaining many of the advantages of their employees hitherto employed and which the design of the law was to correct. But to the well-informed student of history this is not new, because we find all through the passing decades the great captains of industry have been slow to grasp principles and proposals for the protection of our toiling masses, and in many instances have stood square across the road to progress in their own industries. I read that young George Westinghouse, whose alert and brilliant mind had conceived and developed a safety device in the form of an automatic air brake for railway trains many years ago, walked into the office of a

great and powerful railroad executive and proposed to develop his invention and asked an audience that he might explain how it would save thousands of human lives and multiplied thousands of human limbs and millions of dollars' worth of property for the railroads, but to be not merely ignored, but peremptorily dismissed with the rebuke that he was a mere idle dreamer. Yet history is replete with the 40 years of struggle by the Order of Railway Trainmen and other allied labor organizations for protection of their members against the hazards of the old system to which the railroads tenaciously clung for more than half a century.

The truth is that the "high command" of capitalism has always stood in the pathway of human progress, as a result of which their rewards have been measured not in mere shekels of glittering gold, but they have, as a by-product of their obstinate disposition and unreasonable opposition, sacrificed multiplied thousands of human lives and wrecked and ruined hundreds of millions of valuable property. They fought every inch of the ground against a constantly increasing demand for greater and better means of protection of their workers. The leaders of the railroad industry standing in the gloom and darkness of the old kerosene headlight, disregarding humanity, and looking ever for the shekels for their treasuries, fought the electric headlight to the steps, and on into the corridors of every State capitol in every State in the Union, and surrendered only when the patriotism and leadership of labor leaders and legislators had written upon the statute books of nearly every State in America that human life and property demanded that the fireman and engineer at the head of every train must have a means of seeing the obstructions ahead. God said, "Let there be light, and there was light", and yet the railroads continued to say "no" and stand in their own light. They not only fought that improvement, but for years they battled every inch of the ground around this historic Capitol against every effort of the Congress to enact safety appliance acts and finally succeeded in striking down in the courts the act of 1906 on a technicality in the wording of the statute wherein the courts had found it in conflict with a like statute of a particular State. They continued to fight every effort of the Congress to amend or rewrite the act of 1906, but the Employers Liability and Safety Appliance Act of 1908 was upheld, and from time to time amended until it now and for years has occupied a vitally important place in the character of legislation looking to the human side of our industrial life.

A brief statement as to the bloody trail that followed in the wake of operations under the old system, mercenary and vicious as it was, may be found in Senate report of the Judiciary Committee of the United States Senate on H.R. 17263, filed March 22, 1910, by that matchless statesman, WILLIAM E. BORAH, and I quote from the report:

> The tremendous loss of life and limb on the railroads of this country is appalling. The total casualties to trainmen of the interstate railroads of the United States for the year 1908 were 281,645.

More than a quarter of a million men either killed or injured in the course of 1 year I say, my fellow countrymen, was too much of a price for society to pay for the stupidity and stubbornness of men who had become fossilized by the power of gold. It was too severe a penalty to be inflicted upon faultless women and children at the behest of the false gods of organized greed. I have given you these facts merely to call attention to the truth that capital has always taken the narrow view; and that even now under the provisions of that modern code of business ethics set up by this Congress, "the Industrial Recovery Act" is beginning to meet the same character of stupid, short-sighted opposition.

The great steel companies are setting up what they call "company unions", when there is no such thing, nor indeed can there be any such thing so long as such recognized organizations as United Mine Workers of America and the American Federation of Labor are in existence. There can be no unity of purpose or harmony where there is division, and the very name "company union" implies company control and domination; and besides, may I ask, how is a company union under the control of an employing company going to engage in collective bargaining with itself? Who is to make the bargain? Of course, as everyone will understand, the employer in that case will negotiate with those employees most favorably inclined to him.

Just as the railroads fought such progressive and beneficial legislation as the Federal Employees' Liability and Safety Appliance Acts designed to save millions of human lives and limbs, so the capitalists are beginning to contest the administration of the Industrial Recovery Act, notwithstanding its admitted purpose is to aid both capital and labor. All these difficulties will be overcome when capital realizes that all investments in industry are valuable only when and if labor is available to utilize capital and without labor, the money of the investor would yield no return whatever. But perchance the great captains of the steel industry in their dreams of the achievements of inventive genius have concluded that by mechanization of industry they can eliminate almost entirely the necessity of the human element. In that direction they have already accomplished so much that the question of mass production by machinery has become a living issue. When the employers of labor can see back of the singing high-speed electric dynamo the hand of labor and realize that it took the strong arm of the skilled mechanic to assemble and put into action the thoughts of the inventor, they will have some notion of the importance of human labor; when they can look upon the powerful and perfectly constructed locomotive as it goes speeding over rails of steel, pulling its long trains of valuable freight on to the market place, they must know that but for the trained mind and skillful hand of the engineer in the cab as well as the fireman by his side, the great machine would stand still, commerce would become stagnant, and the investors' millions in rail stocks and bonds would be a total loss. When they can realize that it is the purchasing power of the millions of American toilers in every industry and the farmers upon the farms that creates a market for goods and produces the commerce and business of this country, they will be able to understand why Abraham Lincoln, in his annual message of December 3, 1861, said:

> It is not needed nor fitting here that a general argument should be made in favor of popular institutions; but there is one point, with its connections not so hackneyed as most others, to which I ask brief attention. It is the effort to place capital on an equal footing with, if not above, labor in the structure of government. * * * Labor is prior to, and independent of, capital. Capital is only the fruit of labor and could never have existed if labor had not first existed. Labor is the superior of capital, and deserves much the higher consideration. * * * No men living are more worthy to be trusted than those who toil up from poverty; none less inclined to take or touch aught which they have not honestly earned. Let them beware of surrendering a political power which they already possess, and which, if surrendered, will surely be used to close the door of advancement against such as they, and to fix new disabilities and burdens upon them till all of liberty shall be lost.

Again, in his inaugural address of March 4, 1865, he said:

> It may seem strange that any men should dare to ask a just God's assistance in wringing their bread from the sweat of other men's faces.

When they can take the Industrial Recovery Act and the codes of fair competition and place them beside that century-old rule, "do unto thy neighbor as ye would that he should do unto you", and the laborer can learn his obligation that "in the sweat of thy face shalt thou eat bread", the problem will be solved and all will have their daily bread. I shall, Mr. Speaker, point with pride to my vote in this House for that bill as the crowning achievement of my whole career.

MESSAGE FROM THE PRESIDENT OF THE UNITED STATES—BUREAU OF MINES (H.DOC. NO. 262)

The SPEAKER laid before the House the following message from the President of the United States, which was read, and, with the accompanying papers, referred to the Committee on Expenditures in Executive Departments and ordered printed:

To the Congress:

Pursuant to the provisions of section 16 of the act of March 3, 1933 (ch. 212, 47 Stat. 1489, 1517), as amended by title III of the act of March 20, 1933 (ch. 3, 48 Stat. 8, 16), I am transmitting herewith for the information of the Congress an Executive order transferring the Bureau of Mines from the Department of Commerce to the Department of the Interior.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 22, 1934.*

OFFICERS AND EMPLOYEES OF THE UNITED STATES IN FOREIGN COUNTRIES

Mr. McREYNOLDS. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union, with Mr. MONTAGUE in the chair.

The CHAIRMAN. The House is now in Committee of the Whole House on the state of the Union for the consideration of the bill, of which the Clerk will read the title.

The Clerk read the title.

Mr. McREYNOLDS. Mr. Chairman, I yield 5 minutes to the gentleman from California [Mr. FORD].

Mr. FORD. Mr. Chairman and gentlemen of the Committee, the bill before the House is a measure designed to rectify a condition that has arisen abroad due to the appreciation of foreign currencies as related to the American dollar. This measure has the unanimous and enthusiastic approval of every member of the committee, and Members of the House who were here yesterday heard the bill supported by the minority members just as vigorously as by the majority side.

The bill has been covered thoroughly—every member of the committee who has spoken heretofore has given facts and figures.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. FORD. I will.

Mr. BROWN of Kentucky. I am going to support the bill, but I want to ask if between 1921 and 1929, when these people were living at a time before the depreciation began, did they rebate to the United States the excess that they got by the depreciated currency in foreign countries?

Mr. FORD. No, they did not; but there is a great misapprehension as to the advantage they had at that time. When the currency was depreciated they did not get the proportion of depreciation in prices that it was supposed they got.

Mr. CARPENTER of Kansas. Will the gentleman yield?

Mr. FORD. I yield.

Mr. CARPENTER of Kansas. Does the gentleman know of any cases where employees in the Foreign Service have resigned on account of these low salaries?

Mr. FORD. I am reliably informed that there are quite a number of such cases.

Mr. CARPENTER of Kansas. Can the gentleman name them?

Mr. FORD. No; I cannot.

Mr. McREYNOLDS. The record shows that there are 410 resignations by clerks.

Mr. CARPENTER of Kansas. I have a number of people in my district who are applicants for these jobs, and I have taken some of them to the State Department. Will the gentleman give me a list of those resignations?

Mr. McGUGIN. I should like to ask the gentleman if these 410 resignations were on account of depreciated currency or as the result of administration orders which cut down the service?

Mr. McREYNOLDS. I understand that a majority were on account of appreciated foreign currency.

Mr. FORD. The purpose of this bill, as I have stated before, has been fully explained. That purpose is to protect the personnel in our Foreign Service, including those connected with the Army and Navy, from the hardships resulting from the appreciation of foreign currencies in relation to the dollar.

It has been shown that such hardships exist. It has been shown that unless the proposed action is taken, many well-trained and valuable people will be forced out of the Service. The fact has been established that a continuation of the present conditions will go far to wreck our policy of making the Foreign Service a career. It will in effect make it impossible for any but wealthy men to remain in the service.

And yet some sophists for partisan and for no other reasons are arguing that nothing should be done. I think the country has had enough of that philosophy, the philosophy of laissez faire. Freely translated into plain English, that means: "Let the country go to the dogs rather than take action to save it."

We tried this under the previous administration. Those in authority talked about cynical depressions, about natural forces making for recovery, about the law of supply and demand, and about that prosperity that hovered around the corner, to come out like the sudden sun in February if only it was not frightened away by reasoned effort and enlightened action.

The effects of such inaction have exploded the theories on which it was based.

The present administration has won the confidence and approval of the American people by taking vigorous and effective action in the face of national disaster. We believe in human will and human effort. We believe that we can and must act to right injustice and to restore fair living conditions.

This bill, as I see it, is merely an effort in line with our whole policy. It proposes to protect our personnel in the Foreign Service against the depreciation of the dollar abroad. It plays no favorites. It gives no favors or protection to one group of public servants that is not given to all. There is no suggestion of restoration of the pay cut to our people in the Foreign Service until and unless that restoration is made to all Federal employees.

The bill is in the interest of justice and common sense. It is asked for by the State Department and is predicated on well-authenticated facts as to the adverse conditions that call for action. The Secretary of State requests this action; the Foreign Affairs Committee recommends it; I am confident that the House will pass the bill. [Applause.]

Mrs. ROGERS of Massachusetts. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. TABER].

Mr. TABER. Mr. Chairman, I expect that taking the floor at this time and telling what I have found about this bill is going to make me very unpopular among those who are accustomed to taking the word of the State Department as gospel. I would not do it unless I felt, after very careful study, that the bill ought not to pass, certainly not in the form in which it is presented.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. McGUGIN. And is not the gentleman taking the position which he is now taking more on account of his responsibility as the ranking member of the Committee on Appropriations rather than merely as a Member of the House at this particular time?

Mr. TABER. That is my position at this time. I have been through this whole situation, all the hearings, and nowhere does it appear what the cost to the Treasury of the United States will be as a result of this operation.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I can imagine that the cost on the part of the State Department alone, as a result of the hearings in the State, Justice, and Labor bill, will be approximately $7,000,000. On top of that you have the Navy and the Army and half dozen other departments and representatives who must be taken care of as a result of it.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I shall yield in a moment. I would not be at all surprised if the total amount would run into $30,000,000 or $40,000,000. I do not like to see such a thing as that happen at this time. There is another feature that has not been discussed by the Committee or by anyone who favors this bill. You gentlemen know and I know that about the 1st of July 1928 all the countries were on the gold standard—or practically all. And you know that almost all of the other countries went off the gold standard before our country went off. The gentleman from Kansas [Mr. McGUGIN] took the floor here yesterday, and his analysis of the situation appears on page 3025 of the RECORD. It appears from a table there that the currency of the other countries depreciated far more than ours. Our employees in the Consular Service receive a great big boost because of that depreciation of foreign currency, and now there are only a few cases where our currency has depreciated enough so that our Foreign Service officers are really worse off as a result of the change in the conditions of the dollar and the change in the condition of other things. It is not a pleasant task to come here and oppose a bill of this kind coming from such a committee, but it is a duty that I feel that I owe to the House and the country. I do not want to be in the position of opposing that people who are in the Foreign Service receive fair compensation, but I do not think that by subterfuge we should come here and attempt to raise their salaries.

I shall offer an amendment when the proper time comes which will correct the situation and which will give any of these Foreign Service officers any relief to which they were entitled where they really have been discriminated against. I shall offer an amendment, on page 2, line 2, after the word "dollar", to insert:

Based upon the exchange rate of July 1, 1928.

Then, if they have been hurt as a result of this, they will get relief. If they have not been hurt and have actually profited as a result of it, they will not get a boost.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. FISH. Mr. Chairman, I yield the gentleman 1 minute more. The gentlewoman from Massachusetts desires to ask a question.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mrs. ROGERS of Massachusetts. Is it not true that not one penny of this money will be paid to any single person without the approval of the Director of the Budget first and then the approval of the President of the United States? I know the Director of the Budget and how difficult it is to get that "watchdog of the Treasury" to approve expenditures. He will not allow anything that is extravagant.

Mr. TABER. I do not believe that Congress should delegate any more functions or dodge any more responsibility. [Applause.]

Mr. JOHNSON of Texas. Mr. Chairman, will the gentleman yield?

Mr. TABER. Yes.

Mr. JOHNSON of Texas. The gentleman's committee will be the last hurdle that will have to be crossed before the appropriation is made.

Mr. TABER. I do not want to have any more bugbears thrown up in front of the Committee on Appropriations than we have to have.

Mr. McGUGIN. If these increases are granted, the gentleman's committee will have to make the appropriation to make up the deficiency.

Mr. TABER. Certainly.

The CHAIRMAN. The time of the gentleman from New York has again expired.

Mr. McREYNOLDS. Mr. Chairman, I yield 5 minutes to th gentleman from New York [Mr. OLIVER].

Mr. OLIVER of New York. Mr. Chairman, I shall speak briefly on this bill just to call attention to what has been regarded as perhaps the finest diplomatic achievement in the last 6 months. Our great Ambassador to Spain, Mr. Claude G. Bowers, recently succeeded in securing a pardon for four American citizens who had offended against the military laws in the island of Majorca. By most brilliant work, through his friendship with Spanish officials and the good will that he had created between America and Spain, he secured a special session of the supreme court. The Minister of State for Foreign Affairs in Spain, Mr. Rita Ramora, was the gentleman who presented to the supreme court of Spain the necessity of considering the pardoning of these citizens of the United States. The good will between Spain and the Republic of America was largely at stake. The newspapers of America were taking a tremendous interest in this case, and it was left by the State Department entirely in the discretion of Mr. Bowers as to the course that should be pursued. Mr. Bowers is the greatest living American historian. He left the employment of a great newspaper in New York and accepted the ambassadorship to Spain and now writes to this Congress that on account of the devaluation of the dollar his entire career in Spain is practically destroyed. As a token of our congratulation on his success in the Majorca incident we should vote for this bill. I support this bill because it gives an opportunity to our country to maintain in its service a man of the magnificent capacity and brilliant achievements of Mr. Bowers.

We should not let the occasion pass without heartfelt acknowledgment of our gratitude to the distinguished officials of Spain, who understood so clearly the appeal Mr. Bowers made. It was becoming to this great new Republic to act with leniency. Our citizens had offended a great arm of their military department. The punishment is traditionally severe. However, the offenders were treated in the end with a kindness unparalleled in the annals of Spain. America should be deeply grateful.

I speak for this bill because of another great historian who left these shores a short time ago to become Ambassador to Germany, Hon. William E. Dodd, of Chicago. He is another of the outstanding writers of American history. Those men know the fundamentals of America. They know the relation of America and the other countries of the world. Men such as those should not be lost to the service of the United States.

Out of their private means, which have been earned through their studies and their literary efforts, private means that are very meager, they have been compelled to pay to carry on the duties which have been imposed upon them as Ambassadors of the United States.

Mr. KOPPLEMANN. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. KOPPLEMANN. Do I understand that Mr. Bowers and Mr. Dodd both favor such a measure as is before us?

Mr. OLIVER of New York. I do intend to convey that understanding.

Mr. MOTT. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. MOTT. Do I understand it is the intention of Mr. Dodd and Mr. Bowers to resign unless such a bill as this is passed?

Mr. OLIVER of New York. I have no such information, but knowing both of them personally, I do know that their own private means are now being exhausted, and it would be impossible for those men to continue in any service which impoverishes them. They earned a great deal of money yearly in the United States. Now they are drawing on their short reserves for the purpose of carrying on the duties of American Ambassadors.

Mr. BACON. Will the gentleman yield?

Mr. OLIVER of New York. I yield.

Mr. BACON. I want to endorse everything the gentleman says about both Mr. Bowers and Mr. Dodd. I was in Berlin last summer when Mr. Dodd was there. His salary

is supposed to be $17,500. He is now getting the equivalent of about $11,000, out of which he had to pay his rent and all of his expenses. I know it was worrying him tremendously. He was very, very anxious about the situation, and I know he was contemplating the possibility of coming home. They are able men and good ambassadors.

Mr. OLIVER of New York. I am glad to hear the distinguished gentleman from New York make the statements he does. They verify in every particular the communications I have had from those gentlemen who happen to be friends of mine.

The CHAIRMAN. The time of the gentleman from New York [Mr. OLIVER] has expired.

Mr. McREYNOLDS. I yield the gentleman 2 additional minutes.

Mr. BACON. Will the gentleman yield further?

Mr. OLIVER of New York. I yield.

Mr. BACON. I do not want to have the impression go out that our Ambassador to Germany has any house given him. He does not. We do not own any house for the Ambassador in Germany.

Mr. BRITTEN. Who is talking about Germany?

Mr. BACON. The gentleman from Illinois spoke about Mr. Dodd.

Mr. BRITTEN. We were talking about the Ambassador to Spain.

Mr. BACON. He has no house either. [Laughter.]

Mr. BRITTEN. If he has no house, he has one that is leased by the Government and is paid for by the Government.

Mr. BACON. That is not true, either. He has to pay his own rent.

The CHAIRMAN. The time of the gentleman from New York [Mr. OLIVER] has again expired.

Mr. FISH. Mr. Chairman, I yield 4 minutes to the gentleman from Illinois [Mr. BRITTEN].

Mr. BRITTEN. Mr. Chairman, so much has been said about the poor, underpaid clerk and foreign officer that I think it might be well at this time to indicate very clearly just what they are getting.

According to the hearings before the Committee on Foreign Affairs, there are 4,200 officers, clerks, and employees in the Foreign Service; 2,044 of those are foreigners, practically 50 percent of them. We are going to raise their salaries 50 percent by this bill. Every clerk in our Foreign Service, everywhere on earth, either has a house furnished him, or a house that is leased by the Federal Government, or he is allowed certain compensation for rent. There are 16 ambassadors in the American service. They get $17,500 a year. There are 2 ministers who get $12,000 a year, 36 ministers who get $10,000 a year, or a total of 54. According to the hearings before the gentleman's committee, 37 of them live in houses owned or leased by the Federal Government, 17 of them have rent allowances from the Federal Government in addition to their salaries.

There are 710 Foreign Service officers whose salaries range from $2,500 minimum to $9,000, and every one of them gets an extra allowance for rent if he does not live in a building that is owned or leased by the Federal Government. It is true those rent allowances are small. They must, of necessity, be small; but they get that as additional compensation. Of those 710 foreign officers, 102 live in houses owned or leased by the Federal Government and 608 of them have rent allowances. There are 606 clerks receiving from $1,390 minimum up to $4,000. Those are good salaries, gentlemen. Every one of those 606 employees either has a house or has a rent allowance; 49 of them have houses.

The military attachés get from $1,866 to $11,400 a year. That is very good pay, my friends. The American dollar is a good piece of money any place in the world.

The naval attachés get from $6,000 to $8,000, and, in addition to that, the naval attaché is allowed to spend $4,200 for entertainment purposes—extraordinary expenses. I think that is pretty soft.

There are naval students, foreign-language students, receiving from $2,500 to $5,000, depending upon their grades. While they are not allowed extraordinary expenses the attachés and assistant attachés are. Some $50,000 is carried in the appropriation bill for the Navy for entertainment purposes and extraordinary expenses.

Each of our Ambassadors has a group of so-called "custodial employees." They are concierges in Paris; they are butlers, doormen, and otherwise.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BRITTEN. No; I cannot yield. What I do object to, Mr. Chairman, is the constant reminder that appropriations under this bill, which will probably run around $7,000,000, should not be construed as salaries to our foreign employees; that it should be called an allotment or a bonus; but the fact is we are increasing the salaries of the highest-paid employees in the Federal Government, and I think it is a shame. Let us increase all Federal salaries if we are going to pass this bill.

[Here the gavel fell.]

Mr. FISH. Mr. Chairman, I am not going to weep any crocodile tears about ambassadors or their salaries. It is perfectly true that generally ambassadors are political appointees. Whether the Republicans or the Democrats are in power, the ambassadors are generally appointed because they had something to do with campaign contributions. It is an unfortunate situation, but it is a condition and not a theory with which we are confronted.

Most of these ambassadors know in advance that their salary will be $17,500. Generally all of them are rich men and know that they will have to spend a good deal of their own money to make ends meet, so we do not have to shed any tears on the plight of our ambassadors. As compared with ambassadors of other countries, ours are very much underpaid. That is beyond dispute. Those we are concerned with primarily are the clerks in our service, some thousand or more clerks who are very much underpaid. The conditions in our Foreign Service today are disgraceful, for in it we find undernourished representatives of our country, badly clothed and badly housed, and sending their children to charitable institutions such as hospitals because they cannot pay the bills.

Mr. CONNERY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to the gentleman from Massachusetts.

Mr. CONNERY. Speaking of ambassadors, does not the gentleman think it is about time the United States Government paid decent salaries to our ambassadors, so that a poor man could have a chance to fill the office?

Mr. FISH. I am glad the gentleman has raised the question. I would have been suspected had I raised it, for, unfortunately, they think I am rich, but I am not; and they think I am representing some of these ambassadors, but I am not. Of course, they ought to have the same equivalent pay as ambassadors of other great nations. They ought at least to have enough to pay for the ordinary expenditures of running an embassy and entertaining a few foreigners once in a while. There is no question about that. But I am not going to waste any time shedding crocodile tears on ambassadors.

Mr. CONNERY. Mr. Chairman, will the gentleman yield further?

Mr. FISH. My time is very limited.

Mr. CONNERY. I merely wanted to help the gentleman. The gentleman was a good soldier. These ambassadors in many cases by their influence or lack of influence may get us into another war.

Mr. FISH. Not if the gentleman from Massachusetts can help it or if I can help it.

Mr. CONNERY. We have not much voice in Congress, but at least we would have something to say about another war.

Mr. FISH. I would like to see the Service made a democratic service, where a person of even moderate means, or even a young man of great ability but no money, could become an ambassador. I would like to see ambassadors appointed because of merit. [Applause.]

I have tried to be fair on this side, and the distinguished chairman of the committee always is fair on his side. I have let the gentleman from New York [Mr. TABER] and the gentleman from Illinois [Mr. BRITTEN] have the floor; both of them are against the bill. Now, I would like to say a few words in answer to their statements and particularly to the statement of the gentleman from Kansas [Mr. MCGUGIN], one of the most useful Members of the House. Unfortunately, he has gotten into the "brain trust" class on this particular bill and has given us a lot of statistics and figures which nobody understands but himself.

What are the facts? The facts are very simple. He tries to make out that the exchanges in these foreign countries are favorable to us instead of being unfavorable. Many Members of Congress have traveled abroad and most of them know the situation. For a number of years past the franc has averaged about 24 or 25 to the American dollar. Today you can get only 16 francs for $1. Today the pound is worth $5.07, whereas for years past it was $4.86 and less. I hold in my hand schedules for every country with which we have diplomatic relations, which show the name of the currency, the dollar allotments for salaries and living quarters in those countries, the par rate, the rate on January 10, 1934, the percentages of loss in dollars; and they average 40 percent.

Mr. Chairman, I ask unanimous consent to insert this table at this particular point in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

The matter referred to follows:

DEPARTMENT OF STATE,
February 22, 1934.

For the Honorable HAMILTON FISH:

The tables marked "A" and "B" give the par rate of exchange and the actual rate of exchange as of January 10, 1934. Those countries mentioned in table marked "A" are the countries where the mint par-payment plan was in effect but that plan was canceled the 31st of January, after the devaluation of the dollar, so that at the present time all countries are in the same situation with respect to payments; that is, they can get only the commercial selling rate of their dollar at the time they sell their checks. The rates are, of course, stated in cents; that is, take France, for instance, the par rate is $0.0392 where, as on January 10, a man converting his dollar salary into francs would have had to pay $0.610 for 1 franc.

TABLE A

Country	Name of currency	Dollar allotments for salaries and living quarters	Par rate	Rate Jan. 10, 1934	Percentage of loss in dollars	Dollar losses
GROUP I. COUNTRIES UNDER TREASURY ARRANGEMENT						
Albania	Gold franc	$24,490	19.3	30.175	56.35	$13,800
Austria	Schilling	71,709	14.07	17.67	25.59	18,350
Belgium	Belga	94,206	13.9	21.68	55.97	52,727
Bulgaria	Lev	34,283	.72	1.3433	86.57	29,679
Czechoslovakia	Koruna	70,831	2.96	4.6345	56.56	40,062
Danzig	Gulden	10,376	19.3	30.175	56.35	5,847
France (continental)	Franc	424,159	3.92	6.1076	55.80	236,680
French possessions:						
Algiers	do	13,168	3.92	6.1076	55.80	7,348
Martinique	do	4,225	3.92	6.1076	55.80	2,357
Saigon	do	10,823	3.92	6.1076	55.80	6,039
Tahiti	do	4,377	3.92	6.1076	55.80	2,442
Tunis	do	12,004	3.92	6.1076	55.80	6,698
Germany	Reichsmark	414,618	23.82	37.1092	55.79	231,315
Great Britain (Isles)	Pound	306,102	486.66	508.775	4.54	17,983
India	Rupee	84,441	36.50	38.295	4.92	4,154
Hungary	Pengo	51,813	17.49	27.80	57.80	29,947
Irish Free State	Pound	61,110	486.66	508.775	4.54	2,776
Italy	Lira	311,601	5.26	8.1787	55.49	172,907
Latvia	Lat	81,231	19.3	30.175	56.35	45,774
Lithuania	Litas	18,384	10.00	15.5	55.00	10,111
Luxemburg	Franc	5,523	3.92	6.1076	55.80	3,082
Morocco	do	40,043	3.92	6.1076	55.80	22,343
Netherlands (continental)	Florin	87,895	40.20	62.67	55.89	49,124
Netherland possessions:						
Surabaya	do	9,380	40.20	62.67	55.89	5,354
Curacao	do	8,453	40.20	62.67	55.89	4,724
Netherland possessions—Con.						
Batavia	Florin	$21,113	40.20	62.67	55.89	$11,800
Medan	do	12,350	40.20	62.67	55.89	6,902
Poland	Zloty	130,244	11.22	17.66	57.40	74,760
Portugal	Escudo	71,456	4.42	4.6552	5.32	3,801
Rumania	Leu	48,151	.60	.942	57.00	27,446
Switzerland	Gold franc	146,007	19.3	30.175	56.35	82,275
Syria	Syrian lb	31,060	78.74	81.75	3.82	1,186
Turkey	Lira	108,558	47.5	73.00	53.68	58,274
Yugoslavia	Dinar	54,605	1.76	2.16	22.73	12,412
Yunnanfu	Piaster	9,417	38.00	53.00	39.47	3,717
Total (group I)						1,304,196

TABLE A—Continued

TABLE B

Country	Name of currency	Dollar allotments for salaries and living quarters	Par rate	Rate Jan. 10, 1934	Percentage of loss (−) or gain (+) in dollars [1]	Dollar losses
GROUP II. COUNTRIES NOT UNDER TREASURY ARRANGEMENT						
Argentina	Peso	$101,484	42.45	33.2733	−21.62	−$21,940
British possessions:						
Gibraltar	Pound	9,432	486.66	508.775	+4.54	+428
Malta	do	8,119	486.66	508.775	+4.54	+368
Aden	Rupee	7,007	36.50	38.295	+4.92	+345
Colombo	do	10,835	36.50	38.295	+4.92	+533
Hong Kong	Dollar	32,462	34.12	37.6562	+1.03	+336
Penang, Straits Settlements	do	8,069	59.35	59.375	+.05	+4
Singapore, Straits Settlements	do	31,016	59.35	59.375	+.05	+12
Lagos	Pound	8,362	486.66	503.125	+3.83	+289
Nairobi	do	8,884	486.66	503.125	+3.83	+300
Australia	do	61,051	486.66	405.4166	−16.69	−10,189
New Zealand	do	28,718	486.66	406.50	−16.47	−4,730
Newfoundland	Dollar	13,116	100.00	99.8541	−1.46	−191
Barbados	do	9,224	71.00	109.00	+53.52	+4,937
Belize	do	8,405	100.00	100.00		
Hamilton, Bermuda	Pound	12,270	486.66	508.775	+4.54	+557
Kingston, Jamaica	do	12,610	486.66	508.775	+4.54	+573
Nassau	do	12,682	486.66	508.775	+4.54	+576
Trinidad	Dollar	9,219	71.00	106.00	+49.30	+4,545
Bolivia	Boliviano	31,475	36.50	21.367	−41.48	−13,056
Brazil	Milreis	144,494	11.96	8.61	−28.01	−40,472
Canada	Dollar	442,298	100.00	99.8541		
Chile	Peso	93,693	12.17	9.35	−23.17	−21,708
China	Yuan	436,349	22.5156	33.9843	+50.94	+222,276
Colombia	Peso	56,551	97.33	64.83	−33.39	−18,882
Costa Rica	Colon	36,064	46.53	21.00	−54.86	−19,784
Cuba	Peso	147,534	100.00	99.955		
Denmark	Krone	60,897	26.80	22.7158	−15.24	−9,280
Dominican Republic	Dollar	37,607	100.00	100.00		
Ecuador	Sucre	36,153	20.00	10.00	−50.00	−18,076
Egypt	Pound	72,867	486.66	508.775	+4.54	+33,110
El Salvador	Colon	31,176	50.00	35.00		
Estonia	Kroon	12,640	26.80	25.00		
Ethiopia	M.T.Dollar	22,735	21.23	28.00	+31.88	+7,248
Finland	Markka	42,287	2.52	2.26	−1.00	−227
Greece	Drachma	86,144	1.30	.882	−32.15	−27,695
Guatemala	Quetzal	33,312	100.00	100.00		
Haiti	Gourde	40,392	20.00	20.00		
Honduras	Lempira	37,947	50.00	50.00		
Iraq	Dinar	24,319	29.32	29.32		
Japan	Yen	210,402	49.85	30.32	−30.17	−82,414
Liberia	Pound	18,984	486.66	503.125	−3.38	+642
Mexico	Peso	357,993	49.85	27.736	−44.36	−158,765
Nicaragua	Cordoba	30,576	100.00	100.00		
Norway	Krone	69,859	26.80	25.5541	−4.65	−3,248
Palestine	Pound	27,332	486.66	508.775	+4.54	+1,241
Panama	Balboa	45,936	100.00	100.00		
Paraguay	Peso	20,696	1.38	1.80	+30.42	+6,294
Persia	Rail	35,606	4.87	5.68	+16.63	+5,921
Peru	Sol	64,309	28.00	20.00	−28.57	−18,373

[1] Although a number of countries still show a gain when comparing current rates with par, accurate information as to the currency which is quoted at par and the currency actually in use in the countries in question is not yet available to the Department.

TABLE B—Continued

Country	Name of currency	Dollar allotments for salaries and living quarters	Par rate	Rate Jan. 10, 1934	Percentage of loss (−) or gain (+) in dollars	Dollar losses
GROUP II. COUNTRIES NOT UNDER TREASURY ARRANGEMENT—con.						
Portuguese possessions: Lourenco Marques	Pound	$7,852	486.66	503.125	+3.38	+$265
Siam	Baht	28,432	44.24	44.24		
Spain	Peseta	167,526	19.3	12.85	(?)	(?)
Sweden	Krona	76,691	26.80	26.2336	−2.11	−1,618
Union of South Africa	Pound	70,875	486.66	503.125	+3.83	+2,397
Uruguay	Peso	45,470	103.42	74.5833	−27.89	−12,681
Venezuela	Bolivar	49,288	19.3	20.00	+3.63	+1,789
Total (group II)						+294,986
Grand total						1,599,182

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield to my friend from Kansas.

Mr. McGUGIN. Is that average loss of 40 percent based upon a comparison of the value of the dollar today with the value of foreign money as of a year ago, 3 or 4 years ago, or back in 1928, before any of these moneys had depreciated?

Mr. FISH. I understand the comparison is on the values as of a year ago.

Mr. McGUGIN. At that time these moneys had depreciated 40 percent and the employees of the Foreign Service had a 40 percent advantage on them.

Mr. FISH. I do not yield further. While I generally agree with the gentleman from Kansas I do not agree with him at all in this matter.

Let us consider the effect in the silver countries. You members of the silver bloc know something about it. The price of silver has gone way up recently. The currency of silver countries has appreciated over 100 percent in the last year, the currency of such countries as India and China; yet our currency has depreciated 40 percent. So you can see there is a great difference there. I have given you today's difference, not that of a few years ago, between our currency and the currencies of the other great countries of the world. Great Britain, France, and so forth.

Mr. HENNEY. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. HENNEY. Assuming that the currencies of foreign nations has depreciated 50 percent—which they have—and that the currency of this country has depreciated approximately 50 percent—which it has—this simply means that we are sending our employees abroad 50-cent dollars, that they are buying 50-cent dollars over there. So it follows, naturally, that they are getting but half their previous salary.

Mr. FISH. The fact is that the French, German, Italian, and other foreign currencies have depreciated but very little since 1928. The British, of course, has, but very much less than ours. Of course, the object of the bill is to provide living salaries for our foreign officials. Nobody claims that the clerks in our Foreign Service today receive living salaries. You can talk about statistics with regard to the exchanges of the various countries all you want to, but you will get nowhere, because the disgraceful conditions existing in our Foreign Service today speaks louder than statistics and unsound comparisons.

The purpose of the bill is to provide living wages for those in our Foreign Service; and we place the sole authority in the hands of the Director of the Budget to make his recommendations to the President of the United States.

If you cannot trust the Director of the Budget and your President, then vote against the bill. As a Republican I intend to vote for it and vote for living wages for those in our Foreign Service. [Applause.]

[Here the gavel fell.]

Mr. McREYNOLDS. Mr. Chairman, I yield 5 minutes to the gentleman from New York [Mr. BLOOM].

Mr. BLOOM. Mr. Chairman, I have listened to all of the arguments presented on this bill, outside of a few delivered this morning. Unfortunately, there has been a false impression created against this bill. The whole thing to me is very simple, and I know if the matter is brought to the attention of the Members of this House in the right way, they will see just what the bill does.

In line 8 of the first page of the bill it is provided: "To meet losses sustained" by these foreign representatives and the officers of the Navy. Note the language, "losses sustained" by these people.

This is merely an exchange of the salary that this Congress voted to these people and the difference that they would receive in foreign exchange. There is no advantage one way or the other. There is a stabilization fund set up in the Treasury Department or in some department of the Government that equalizes the salary of everyone. No one is going to be benefited, whether they are in China, Mexico, or any other place. Whatever benefit is received by the exchange profit goes into the stabilization fund. If a man is to receive $2,400 a year, he gets the equivalent of the $2,400 a year in the country to which he is assigned. That is all there is to this bill. There is not a profit to a representative in one part of the world and a loss to one in another part of the world. This is all regulated by the one thing, namely, the mint par of exchange. This does not raise the salary of anyone. No one gets any more than he was originally supposed to receive, but he will receive under this bill the amount of money that his salary calls for. If there is a gain in one part of the world and a loss in the other, the differential goes into this fund.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from New York.

Mr. FITZPATRICK. The gentleman spoke about a salary of $2,400. Is the purchasing power of the $2,400 less now than it was in 1928?

Mr. BLOOM. What difference does it make? I do not want to answer such a question in my favor or against myself. What difference does it make? These people were to get $2,400 or $1,200 or whatever the salary may be.

May I say to the gentleman from Illinois that this bill permits the Navy to receive $50,000 a year for expenses. The gentleman says that is all right. He does not object to this for the Navy, that he is so much concerned about, but when anyone else receives a dollar for entertaining he is very much concerned. This does not raise the salary paid to anyone in the Government service one dollar. No one gets an advantage of one single dollar by this bill.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. BLOOM. I yield to the gentlewoman from Massachusetts.

Mrs. ROGERS of Massachusetts. Is it not true that among the principal reasons living costs are found high for Americans residing abroad, and for employees of the Foreign Service in particular are, except in the countries of the Northwestern Hemisphere, a reasonable American standard of living is practically impossible of achievement; available foodstuffs are not palatable in many instances, and must be supplemented by imported canned goods, local tinned products being in many cases of inferior quality and oftentimes the canning process is inadequate and dangerous to health. Imported American, or other high quality canned stuffs, are expensive, and many times local import duties make them prohibitive. Bottled milk is the exception, and is most difficult of obtainment. Cereals and other prepared foods are exceptionally high priced, ranging in price from 4 to 75 cents per package, which retails here for 15 cents at the outside.

Clothing with but few exceptions must be imported, or an inferior grade purchased locally at prices comparable to those paid for the better-grade clothing available in the States.

It is also the exception that first-class facilities are available for medical and dental services, although the rates paid compare to those charged for high-grade professional services. Educational facilities are generally unsatisfactory and constitute a real hardship. Few local schools are conducted in English, and children must be sent either to American or European schools with consequent extraordinary expense.

Transportation facilities are oftentimes inadequate and it is incumbent upon officers to maintain automobiles to facilitate the conduct of their offices. Automobiles are invariably expensive, Fords and Chevrolets being listed at from $1,200 to $2,000 and accessories in proportion. Tires for these cars have been listed at upward of $20 each. Gasoline, except where special circumstances or privileges obtain, is expensive, being sold at upward of 40 cents per American gallon. Local taxes are also burdensome, in Great Britain the tax being a pound per unit of horsepower.

At many of the posts in the Foreign Service all amenities of civilization and living comfort must be imported at considerable expense. Housing conditions are acute at many posts. Small unfurnished or furnished apartments are only occasionally available, and oftentimes quarters that are obtained must be adapted, having no modern facilities and almost impossible to heat.

At other posts the unbearable heat and humidity necessitates trips to the hills to maintain one's health, and at others special clothing must be purchased to protect against the cold. A complete restocking of one's wardrobe is often necessitated by change of assignment, and the laundry methods available take a heavy toll. Special precautions must be taken for reasons of health to guard against cholera and typhoid, which often occur in epidemic form.

Mr. BLOOM. The gentlewoman is correct.

Mr. COX. Will the gentleman yield?

Mr. BLOOM. I yield to the gentleman from Georgia.

Mr. COX. We are paying these people engaged in the Foreign Service in gold dollars, are we not?

Mr. BRITTEN. Certainly we are.

Mr. BLOOM. The gentleman from Illinois is interrupting me.

This means at the mint par of exchange last April, when we went off the gold standard. They take this exchange rate and they pay them in the amount of money that they should receive in their respective countries.

The CHAIRMAN. The time of the gentleman from New York has expired. All time has expired. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That there are authorized to be appropriated annually such sums as may be necessary to enable the President, in his discretion and under such regulations as he may prescribe and notwithstanding the provisions of any other act and upon recommendation of the Director of the Budget, to meet losses sustained on and after July 15, 1933, by officers and employees of the United States in foreign countries due to the appreciation of foreign currencies in their relation to the American dollar, and to cover any deficiency in the accounts of the Treasurer of the United States, including interest, arising out of the arrangement approved by the President on July 27, 1933, for the conversion into foreign currencies of checks and drafts of officers and employees for salaries and expenses: *Provided*, That such action as the President may take shall be binding upon all officers of the Government: *Provided further*, That no payments authorized by this act shall be made to any officers or employees for periods during which their checks or drafts were converted into foreign currencies under the arrangement hereinbefore referred to: *Provided further*, That allowances and expenditures pursuant to this act shall not be subject to income taxes: *And provided further*, That the Director of the Budget shall report all expenditures made for this purpose to Congress annually with the Budget estimates.

Mr. McREYNOLDS. Mr. Chairman, I offer an amendment. On page 1, in line 9, after the words " United States ", insert " while in service."

The Clerk read as follows:

Amendment offered by Mr. McREYNOLDS: On page 1, in line 9, after the words " United States ", insert " while in service."

Mr. McREYNOLDS. Mr. Chairman, the purpose of this amendment and of this bill is to place every safeguard possible, so that no moneys will be spent except for the purposes intended for officers and employees actually in service in foreign countries. A gentleman a while ago asked the question whether or not this would be paid in gold dollars. Everyone knows this will not be paid in gold dollars.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. McREYNOLDS. No; I will not yield. I am sorry.

Mr. COX. The payment is in the equivalent of gold dollars, is it not?

Mr. McREYNOLDS. The rate is based upon the exchange at the time that we went off the gold standard and the difference in the exchange at that time and the exchange at the present time. At that time France was on the gold standard, and is still on the gold standard. We are seeking to authorize an appropriation merely for the difference in exchange between that date and this time. I may say that every safeguard is placed around this bill. If there is a difference, this is brought to the attention of the Director of the Budget. If he approves it, it then goes to the President, and then, if it is approved by the President, it goes to the Committee on Appropriations of the House for its consideration.

Mr. SNELL. Will the gentleman yield for a practical question?

Mr. McREYNOLDS. Gladly.

Mr. SNELL. Take, for instance, the situation at the present time of our representatives in Canada, where our exchange is at a premium of 1 percent. Would the people who are there at the present time get any additional allowances or anything of that sort?

Mr. McREYNOLDS. Absolutely not.

Mr. SNELL. That is what I wanted to know.

Mr. LANHAM. Will the gentleman yield?

Mr. McREYNOLDS. I yield.

Mr. LANHAM. Succinctly stated, is not this the situation? These representatives of ours abroad received a 15 percent cut in their salaries, the same as employees at home, and is it not the purpose of this bill, on account of the differences in the value of exchange, merely to see to it that such foreign representatives shall not have their salaries cut more than the 15-percent cut which our Government employees here sustained?

Mr. McREYNOLDS. If such conditions arise, yes; and that has to be passed on by the Committee on Appropriations and then has to come to the House for its approval before any such differences are adjusted.

Mr. CONNERY. Mr. Chairman, I rise in opposition to the pending amendment.

Mr. Chairman, I really am not opposed to the amendment of my distinguished friend, Mr. McREYNOLDS, the Chairman of the Committee on Foreign Affairs, but the gentleman from California [Mr. HOEPPEL] is going to offer an amendment, as follows:

SEC. 2. As used in this act the term "officers and employees" shall be held to include individuals now abroad who are in receipt of retired pay or pension and who, because of physical disabilities, age, or other impediments are, in the discretion of the President, unable to return to the United States.

I am in entire sympathy with the bill in general as to employees of the United States Government who are in the Foreign Service; but the disabled veteran who is abroad, who married abroad or who is now unable to get back to the United States, is going to suffer even worse than these Government employees, and there are 1,174 of such veterans in all.

Mr. Jack Connolly, the general manager of the Pathé News in the United States, who was a buddy of mine in the Twenty-sixth Division, has recently returned from Paris. He knows all about these veterans over in France, and he told me they are suffering extremely as a result of the appreciation of foreign currency and the depreciation of our currency in France. He brought up this matter several times in letters to Members of Congress.

I think if we are going to do this for the Government employees, the least we can do is to take care of these 1,174 men over there, who are disabled veterans, many of them battle casualties, and some of them blind.

I understand a point of order will be made against the amendment of the gentleman from California when he offers it. I want to say now that I am not against the amendment of the gentleman from Tennessee [Mr. McREYNOLDS], because I think this should be confined to the service and to Government workers while they are in the service, but I think in addition we should do something for the 1,174 disabled men who fought for their country in France and are over there now and cannot get back to the United States.

So I hope the body at the other end of the Capitol will take cognizance of what we are saying here today, and if this amendment is ruled out on a point of order, I hope the Senate will put this provision in the bill, because if we are going to take care of Government employees, we ought to take care of those disabled veterans to whom I have referred.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. McREYNOLDS].

The amendment was agreed to.

Mr. McREYNOLDS. Mr. Chairman, I offer a further amendment, on page 2, in line 8, after the word "all", add "executive" before the word "officers."

The Clerk read as follows:

Amendment offered by Mr. McREYNOLDS: On page 2, in line 8, after the word "all", insert the word "executive."

Mr. McGUGIN. Mr. Chairman, I move to strike out the last word for the purpose of seeking information from the Chairman of the Committee on Foreign Affairs.

Why does the gentleman include all executive officers? Is this for the purpose of tying the hands of the Comptroller General, so he will have no control over such disbursements?

Mr. McREYNOLDS. No; this amendment was suggested by the gentleman from Alabama [Mr. OLIVER], who stated the word "executive" should be placed in the bill so that there would not be any question about the Committee on Appropriations having the right to use its discretion in the matter of passing on the appropriations.

Mr. McGUGIN. Would the gentleman from Tennessee have any objection to an amendment to his amendment providing that this shall not include the Comptroller General?

Mr. McREYNOLDS. Does the gentleman want to include the Comptroller General?

Mr. McGUGIN. I refer to an amendment so that this would not apply to the Comptroller General.

Mr. McREYNOLDS. I do not want to include the Comptroller General.

Mr. McGUGIN. Mr. Chairman, I offer as an amendment to the amendment offered by the gentleman from Tennessee: "*Provided*, That the term 'executive officers' does not include the Comptroller General of the United States."

The Clerk read as follows:

Amendment offered by Mr. McGUGIN to the amendment offered by Mr. McREYNOLDS: Insert, after the word "executive", a colon and the words "*Provided*, That the term 'executive officers' does not include the Comptroller General of the United States."

Mr. LANHAM. If the gentleman will yield, is not his amendment inserted at the wrong place and, if adopted, would make the language ambiguous? Should not the gentleman's amendment be inserted after the word "Government", in line 9?

Mr. McGUGIN. The amendment of the gentleman from Tennessee is to include all executive officers, and I want to except the Comptroller General. I ask unanimous consent to change my amendment as presented.

My amendment is a simple proposition. We have a Comptroller General whose duties have been prescribed by law. His power is above that of the President or any other officer of the Government in passing on the legality of expenditures of the Government. We made one far-reaching exception in the bank bill which was passed, in which we provided that the Secretary of the Treasury in the administration of the $2,000,000,000 equalization fund should not be subjected to the orders of the Comptroller General.

If in specific bills we are going to provide that the Comptroller General shall not have jurisdiction over specific expenditures, we might as well abolish that safeguard over the expenditures of the Government. That is a bad policy to establish. [Applause.]

Mr. GRAY. Mr. Chairman, I rise in opposition to the amendment. Mr. Chairman, this bill has already been ably presented by the chairman of the committee and other well-informed Members. My one apology for speaking at this time is to correct a false impression which I fear has resulted from the statement of the gentleman from Illinois [Mr. BRITTEN].

I am one of the new members of the Committee on Foreign Relations of the House, and what I do not know about foreign affairs and relations would fill a book and perhaps several volumes, but I do know something about this bill. This bill does not change salaries; this bill does not raise salaries; this bill does not lower salaries. All this bill does is to maintain the existing salary, as fixed by law.

Now, I want to address myself to what the gentleman said about money, with a view to correcting the impression I fear he left upon the committee.

Some good people in this world are color blind; they are not able to distinguish between different colors. Some very able people in the world are judicially blind; they have no capacity for applying the law to a given state of facts. Many able people are blind to other conditions and relations. It is said that there are not 12 men in Congress, including both the Senate and the House of Representatives, who understand the money problem, and I regret to say that I cannot claim to be one of those 12.

Mrs. ROGERS of Massachusetts. Will the gentleman yield?

Mr. GRAY. Not just now, but I will at the proper time.

Now, the gentleman from Illinois said that the gold revaluation plan was brought about to restore, raise, or increase the buying power of the dollar. That statement is erroneous; it was predicated upon directly the opposite theory. It was to restore the paying power—the tax-paying power, the interest-paying power, the debt-paying power, the mortgage-paying power of labor, of commodities, the products of labor. It was brought about for the purpose of restoring the relative value relations of money and commodities, labor, and labor products.

Mr. BRITTEN. Will the gentleman yield?

Mr. GRAY. Yes.

Mr. BRITTEN. When did I ever say anything about the gold dollar?

Mr. GRAY. The gentleman referred to it yesterday. If his memory is so short as that, I suggest that he refresh his memory from the RECORD.

Mr. MOTT. Mr. Chairman, will the gentleman yield for a question?

Mr. GRAY. Not now. I want to say something with regard to money. There is no such condition as high money and high commodity values. If money is of high value, prices are low; if prices are high, money is low. There can be no such condition as high money and high prices at the same time. This gold revaluation plan was to reduce the buying power of the dollar and increase the tax, interest, debt and mortgage power of labor, and of commodities and the products of labor. People do not make or create money, they do not raise money. They have labor and products to sell, and must buy money with which to pay taxes, interests, debts, mortgages, and contracts payable in money.

Mr. McGUGIN rose.

Mr. GRAY. Briefly speaking, I am pretty close to Kansas, but not close enough to have the gentleman interfere with me at this time. [Laughter.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. GRAY. Mr. Chairman, I ask unanimous consent for a brief time to answer some of these interrogatories.

Mr. McGUGIN. I did not want to ask any questions of the gentleman.

Mr. GRAY. Then, why the interruption?

Mr. BANKHEAD. Mr. Chairman, how much time does the gentleman desire?

Mr. GRAY. Five minutes.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended 5 minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GRAY. I want to talk to the Committee now in regard to this revaluation of gold.

It is being contended that this bill discriminates against our public officials and employees here and in favor of the Foreign Service. This contention results from a failure to comprehend the gold revaluation plan and its operation under the first preliminary step taken to reduce the gold content of the dollar. The revaluation step taken, reducing the gold content of the dollar, has devalued the dollar externally, that is abroad, but not internally here in our domestic relations, trade, and exchange. The dollar paid to employees here will buy as much as ever here, but 40 percent less when paid to our foreign officials and employees and used abroad. This bill is to make up to our Foreign Service for this loss of purchasing power which our officials and employees here do not suffer. This bill is to make up to the Foreign Service what is lost to them in making exchange. There is no discrimination against our home employees in favor of employees abroad. This erroneous contention being made here results from a want of knowledge of the facts and a failure to comprehend the problem of money.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GRAY. I will yield to the lady in just a few minutes. All things come to him who waits, even to a lady. This revaluation of gold is a misnomer. It is a reduction of the gold content of the dollar rather than the appreciation of gold. This first step that has been taken has had the effect of reducing the value of the dollar abroad, but it has had no appreciable effect here and will never reduce the dollar value here appreciably or raise the value of commodities in the price level until another step is taken. We must issue an increased volume of money upon the increased value of gold before there will be a rise in values and the price level which means devaluation of the dollar.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. GRAY. Presently. The reason for this bill is that the dollar externally, abroad, will be accepted for the gold that there is in it, and as there is 40 percent less gold in the dollar, that is all they will take it for. This bill is to equalize the exchange as between our money and the money of other countries; that is, make up the difference in the dollar here and the dollar abroad.

Mr. MOTT. Mr. Chairman, a point of order.

Mr. GRAY. Oh, pardon me; I decline to yield. I desire to yield to the gentlewoman from Massachusetts.

Mr. MOTT. If the gentleman wants to yield now, I withdraw the point of order. I just wanted the gentleman to yield to the gentlewoman from Massachusetts.

Mr. GRAY. I always defer to the ladies.

Mrs. ROGERS of Massachusetts. The gentleman has spoken of the great importance of a proper understanding of money. Does not the gentleman feel it is vitally important to keep the diplomatic, commercial, and other personnel who have a proper understanding of foreign affairs in the Foreign Service. Diplomats can make or prevent wars. They are the eyes and ears, really, of our country. They are our first-line national defense. They know what is going on in foreign countries; what propaganda is being sent out. They know how to protect our rights. They speak foreign languages—they do not have to depend upon interpreters. The gentleman knows it is vitally important to give our well-trained employees over there a chance to live and stay in the Service and represent us properly.

Mr. GRAY. I think it is very important, and I thank the gentlewoman for her contribution.

Mr. MOTT. Mr. Chairman, before the gentleman gets off the question of money, will he tell us, if he knows, who are the alleged 12 people in the Congress who know something about the money question?

Mr. GRAY. I have not a very special acquaintance with the gentleman who is addressing me. He may know something about it. I do not know. I have just made the observation that it has been said that there are not 12 men in the American Congress—the House and Senate—who understand the money question and I regret that I am not one of them.

Mr. MOTT. My question is, Who are the 12 men who know something about money?

Mr. GRAY. I greatly regret that I would have to exclude the gentleman, though I am sorry. [Laughter.] Mr. Chairman, I want to say in conclusion that the dollar has been devalued externally, abroad, and that to maintain existing salaries of people abroad, according to law, we must pass this bill to make up the difference to those men engaged in foreign service. I do not know whether these salaries are right. I think probably if some of these positions were open upon the merit system I would accept one of them and probably condescend to take a smaller salary, but I am not a small-salary man. I believe in good salaries, good wages, and good prices.

Mr. MOTT. Will the gentleman answer the question as to who are the 12 men, even though he excludes me?

Mr. GRAY. I am sorry I must exclude the gentleman, though I regret it. [Laughter.]

Mr. MOTT. Oh, be a good sport, and tell us who they are.

Mr. GRAY. If there was any way in the world to include the gentleman amongst those 12, I would do it. But from the character of his remarks relative to money, I see no way to bring him in even within remote striking distance. [Laughter.]

The CHAIRMAN. The time of the gentleman from Indiana has expired.

Mr. OLIVER of Alabama. Mr. Chairman, I feel that the House may be interested in some facts that were brought to the attention of the subcommittee handling the appropriations for the State Department. Last summer, just after Congress adjourned, members of our committee were consulted by the Bureau of the Budget, with, I assume, the approval of the President, in reference to shipping gold abroad for the purpose of paying the salaries of Foreign Service officers, who, because of foreign exchange, were sustaining heavy losses in pay. It will be remembered that the President did in July last authorize the shipment of gold abroad to pay salaries in certain countries. When the committee met this year the President, we were informed, desired to discontinue the shipping of gold abroad for this purpose, and he later sent to our committee a Budget estimate for an emergency appropriation to cover the losses suffered by our representatives abroad due to the depreciation of the dollar. That recommendation of the President, in effect, was a request for an emergency appropriation, such as the terms of the pending bill seek to authorize. I will say to the gentleman from Kansas [Mr. McGUGIN] that the emergency recommendation authorized the appropriation to be expended under such regulations as the President might determine—and the Comptroller could have been excluded by such regulations, if the President desired. All of the other safeguards over the expenditure of the emergency appropriation, so recommended by the President to our committee, are found in the pending bill. The subcommittee held hearings on the emergency appropriation asked for by the President; and learning, as we were informed, of his interest in its passage, the committee tentatively approved the Budget estimate, and reported it to the full committee. We then learned that the legislative committee of the House preferred to submit first a bill authorizing the appropriation and since it was not our desire to ask for a rule to make the emergency appropriation in order on the appropriation bill, the emergency appropriation, which was clearly subject to a point of order, was not approved by the committee.

This pending bill now seeks to authorize the Committee on Appropriations to do what the President requested. Of

course, if this bill is passed, it will carry no appropriation. I think the discussion of the bill today will be very helpful to the Committee on Appropriations if the bill should pass, because it will definitely inform the Budget Director and the officials in the State and other Departments that they must submit in support of all Budget estimates a clear justification for the sums asked to be appropriated for the Foreign Service personnel.

The Committee on Appropriations will be glad to read the RECORD today in order that they may carefully check all estimates later submitted for appropriations and which the House will have full opportunity to consider and pass on before there can be any obligation imposed on the Government by the pending bill. So the legislative committee of the House in reporting this bill is only doing what the President requested the Appropriation Committee to do, and which the committee was without authority to do. This is to do away with the point of order to which the emergency recommendation submitted by the President would have been subject, had the committee reported it against the objection of the Committee on Foreign Affairs.

Mr. TERRELL of Texas. Will the gentleman yield?

Mr. OLIVER of Alabama. I yield.

Mr. TERRELL of Texas. Has the gentleman made any estimate as to how much will be necessary to carry out this provision?

Mr. OLIVER of Alabama. The President in his estimate to our committee, as I now recall, estimated a sum approximating $7,000,000.

The CHAIRMAN. The time of the gentleman from Alabama [Mr. OLIVER] has expired.

Mr. McGUGIN. Mr. Chairman, I ask unanimous consent to withdraw the amendment which I offered to the amendment offered by the gentleman from Tennessee. I will offer my amendment later at another place in the bill.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. DUNN. Mr. Chairman, I move to strike out the last two words.

Mr. Chairman, I do hope that this bill which is now before the House will be passed, because I believe it to be one of the most important pieces of legislation presented to this honorable body at this session of Congress.

The gentleman from New York [Mr. FISH] maintained that the salaries of our Federal employees abroad is insufficient to maintain them. I maintain it is the duty of the Federal Government to compensate its Federal employees adequately. Our Government has no right to send men into foreign lands and expect them to transact the business they are to transact in behalf of their country when they are not paying them sufficient compensation for the valuable services they are rendering.

I also wish to state that our Government should compensate the Federal employees of the United States, those men and women who come into this building and render valuable service in behalf of their Government. Every Member of Congress knows there are men and women working in these halls whose compensation is insufficient. The salaries paid our poor women who scrub and dust is $50 a month. The men who act as policemen receive $85 a month. Some gentleman made the statement that if those men would resign from their positions they could get hundreds of other men who are willing to take their positions. I wish to say, Mr. Chairman, that those of us who are in Congress, who were willing to discontinue our offices in Congress, could find men and women willing to come here and work for the Government for less than we are now receiving.

So, Mr. Chairman, I say we should support this bill, because the men who are abroad are entitled to more money than they are getting now; so are the Federal employees in the United States. I want to see the Federal employees of the United States get back their 15 percent. In fact, I have a bill in Congress which will increase their salaries 25 percent, especially those who receive under $3,000 a year. We Members of Congress demand a living wage. So, do unto others as you would have others do unto you.

Mr. CONNERY. Will the gentleman yield?

Mr. DUNN. I yield.

Mr. CONNERY. The gentleman says he wants to see Government employees get their full pay back. I hope the gentleman will cooperate in the movement to concur in the Senate amendments when that bill comes back to the House and not allow it to go to conference on that proposition.

Mr. DUNN. I am willing to do anything that will benefit the employees and also the Spanish-American and World War veterans 100 percent. [Applause.]

[Here the gavel fell.]

The CHAIRMAN. The question is on the amendment offered by the gentleman from Tennessee [Mr. MCREYNOLDS].

The amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment, which is now at the desk.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: On page 2, in line 9, after the word "Government", insert "except the Comptroller General of the United States."

Mr. McGUGIN. Mr. Chairman, I most assuredly had no idea when we came here today that we would be involved in any controversy over the powers of the Comptroller General. I think the bill as a whole is discrimination in favor of foreign employees and against home employees, and I think the bill itself is not justified on the proposition of the depreciation of the money; but when the gentleman from Tennessee offered his amendment, "all executive officers", it occurred to me that possibly it included the Comptroller General.

Mr. FISH. Will the gentleman yield?

Mr. McGUGIN. No; I cannot yield now.

Mr. FISH. We may be able to accept the gentleman's amendment.

Mr. McGUGIN. Mr. Chairman, I refuse to yield. My time must not be used up in this way.

Now, that which I wanted in the first instance was only a safeguard to meet a possible contingency growing out of the amendment offered by the gentleman from Tennessee. I now find, after the remarks of the gentleman from Alabama, that it is the avowed purpose to take any control away from the Comptroller General that might be involved in the expenditure of the money carried in this bill.

Certain safeguards have been built up around the expenditure of the people's money. One was the constitutional provision that appropriations should come from the Congress. We have destroyed that provision in the last few months by the making of lump-sum appropriations for the Executive Department to spend very largely as it sees fit. Then we have come along and passed authorizations without limitation, and now we find ourselves trying to destroy the statutory safeguard, the Office of the Comptroller General. If there is no necessity for the Comptroller General to demand that the moneys under this bill be expended according to law, then there is no necessity for a Comptroller General to overlook the expenditures of any moneys which are being expended by this Government.

The gentleman from Alabama says that the President asked for the provision that the Comptroller General should not have control over the expenditure of this money.

Mr. OLIVER of Alabama. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. OLIVER of Alabama. I said that in the recommendation submitted by the President the Comptroller General was excluded. Of course, the President would have the absolute right to refer all expenditures to checking by the Comptroller if he so desired. The appropriation to which the gentleman refers was an emergency appropriation to be expended under and by the direction of the President. Inasmuch as this money is to be expended under and by the direction of the President, the committee in framing the bill has followed the language governing the emergency appro-

priation which has been carried in the regular appropriation bill for years.

Mr. McGUGIN. Very well. Congress might as well today make its decision whether or not in specific bills it is going to start a policy of providing that the Comptroller General shall have no control over the expenditure of public moneys. If that is done, then Congress might just as well abdicate so far as control over the expenditure of money is concerned. Ten or fifteen years ago Congress in its wisdom saw fit to create the Office of the Comptroller General and place into his hands power which would be final, and placed him in a position independent of Congress, the President, or any other political department of this Government. We ought not now to destroy that policy bill by bill. I leave it with the Congress today whether or not it wants to dehorn the Comptroller General in the matter of supervising the expenditure of the moneys provided under this bill.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. WHITTINGTON. The recommendation referred to by the gentleman from Alabama was just for the current year, an emergency matter. This is permanent legislation, is it not?

Mr. McGUGIN. Surely.

Mr. WHITTINGTON. There is that marked difference between the two. It would therefore occur to me that the gentleman's amendment is in order and ought to be adopted.

Mr. McGUGIN. For my part, I am opposed to tearing down these safeguards which have been built up around the expenditure of the people's money. [Applause.] These expenditures should be submitted to the Comptroller General. The Constitution provides that Congress shall have power over appropriations. We should stop the destruction of these safeguards.

Mr. McREYNOLDS. Mr. Chairman, the gentleman has made a splendid speech, and, as far as I am concerned, his amendment is acceptable.

Mr. FISH. Mr. Chairman, the gentleman from Tennessee accepts the amendment. As far as I am concerned, I am willing to accept the amendment; and I want to congratulate the gentleman on his sound and logical argument.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas.

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. TABER: On page 2, line 2, after the word "dollar", insert "based upon the exchange rates July 1, 1928."

Mr. TABER. Mr. Chairman, in my opposition to this proposition I am not following tactics which sometimes are pursued, to make the bill as bad as possible; but I am trying to make the bill as good as possible.

We all know that here in the United States, in England, in France, and in the other countries of the world when there was depreciation of the currency there was not a corresponding rise in the prices people had to pay for things. When the currencies of foreign countries depreciated the prices of things there did not rise correspondingly. The result was our foreign officers received—and many of them still are receiving—a marked increase in the purchasing power of what they had to spend, their salaries.

I have gone back to a time when practically all countries of the world were on a gold standard and have fixed that date as the date to work from. I have given the people who are in the Foreign Service such advantage as would accrue to them as a result of loss of purchasing power from the time all foreign countries were on gold.

Without my amendment the bill as drawn gives the officers in our Foreign Service an increase in salary from the date we devaluated the dollar by Executive order, about the 20th of January. It takes no consideration of the depreciation that had occurred in foreign currencies from July 1, 1928.

Now, the crux of this bill has not been discussed, except as it has been touched upon by the gentleman from Kansas and by myself. Very largely the crux of the bill is not what most of the gentlemen have been talking about, to wit, the fact that our salary scale for foreign officers is too low. That is not the situation.

This bill pretends to hand them a bonus because of the depreciation of our dollar. If we are going to hand them a bonus for that reason, we ought to take into consideration the depreciation of foreign currencies that has occurred since they went off the gold standard and since we went off the gold standard; we ought to take into consideration the whole picture. That is what I am asking. You know and I know that the 15-percent reduction in the salaries about which much has been said here and which is mentioned in the report, was practically wiped out by the action of the Senate yesterday. You know and I know that that is not a factor we should take into consideration.

Now, I am sorry our foreign officers increased their scale of living when the purchasing power of their dollar was increased as a result of the depreciation of foreign currencies; but I do not think that is any reason for our failure to take account of the situation when we are passing legislation of this kind for their benefit, and I hope this amendment will be adopted; that we will do what is fair by these people but not hand them a bonus amounting to an increase in salary as a matter of favoritism to them and against the interest of the taxpayers of the United States.

Mr. WHITTINGTON. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mr. WHITTINGTON. As I understand, the purpose of the gentleman's amendment is to equalize these matters so that despite the depreciation of foreign currencies the employees of the Foreign Service will still get the benefit of the American dollar.

Mr. TABER. Yes; as they should get it, without giving them a bonus.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. TABER. I yield.

Mrs. ROGERS of Massachusetts. Does the gentleman understand that this is a fluctuating matter, that the exchange varies from month to month?

Mr. TABER. Certainly; but I do not want them to get a bonus without taking into consideration the benefits they have already had as a result of the depreciation of foreign currencies.

Mrs. ROGERS of Massachusetts. They will not receive a bonus, merely compensation for losses due to the appreciation of foreign currencies.

Mr. TABER. They will by the terms of this bill. It is a bonus; nothing but a bonus.

Mr. FISH. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I think there is some misunderstanding about the purpose of this bill. The bill merely allows the President under such regulations as he may prescribe to pay the Foreign Service officials from month to month on the basis of the fluctuation of currency in the countries to which they are assigned. That is what is in the bill, and that is all that is provided in the bill.

Furthermore, I think the gentleman from New York is under some little misapprehension. He is generally correct in his statements before the House, but when he claims that the currency in foreign countries has depreciated as compared to ours since 1928, he is not stating a fact. The French currency back in 1928, which he refers to, was such that at that time $1 would bring 24 or 25 francs. Today it will only bring 16 francs. As I pointed out a few minutes ago, in 1928 the British pound was equal to $4.88 of our money. Today the English pound is worth $5.07 in our money. All we are trying to do is to place in the hands of the Comptroller General, on recommendation to the President, the authority to rectify the changes in currency in foreign countries from month to month in connection with the salaries paid our Foreign Service officers. It is

therefore absurd to try to go back to 1928, and I hope this amendment will not prevail.

Mr. BRITTEN. Mr. Chairman, I rise in support of the amendment.

Mr. Chairman, this bill is not fair to the Federal Treasury, because it selects July 15, 1933, the date we went off the gold standard, prior to which time we were on the gold standard and our money was the topside money on earth. Many of the other countries had gone off the gold standard prior to that time. The gentlemen on the other side do not want to call this a salary increase, and they do not want to call it a bonus, but this bill provides that the Foreign Service employees or officers should be compensated, we will say. The compensation, it is estimated, will be about 50 percent. What difference does it make, Mr. Chairman, whether this is called an increase of 50 percent in salary or not? The President estimated this would amount to $7,000,000 for 1 year. Whether this is called a bonus of $7,000,000 or whether this is called an allotment of $7,000,000, the fact of the matter is that our Foreign Service officers, men already highly paid, will get $7,000,000 more for this present year than they are entitled to. This is the reason for the legislation, but the cunning of it is that a date is selected to our very great disadvantage, and when I say that, I mean to the disadvantage of the Federal Treasury and to the interest of the Federal employee.

The pending amendment selects July 1, 1928, when all countries on earth, practically, with the exception of China, India, and one or two others, were on the gold standard. That is the time to equalize your exchange money values. That is the time to give consideration to the so-called "increase", or whatever you want to call it. This is a bonus. Certainly you are not going to vote to select this date in July 1933, and then make this retroactive to boot, something we never do in connection with pay bills or private bills. The amendment of the gentleman is fair, because it takes a normal condition and accepts a normal time. The amendment provides a date when all nations of the world practically were on a normal gold standard and exchange was understood as it should be throughout the world irrespective of your country. This bill, this subterfuge, is entirely in error, because this gives the Treasury all the worst of it and gives the Federal employee all the best of it and you are giving this to an employee who is today the highest paid employee or officer in the entire Federal Government.

You are doing an injustice to the men at home. If this bill provided, and I have an amendment which may solve the matter, that because our three-, four-, five-, six-, and ten-thousand dollar men on the other side suffered because the purchasing power of the dollar is not as great today as it was a year ago, and that the Federal employees in the United States should be governed by the same fluctuations of the dollar, and we all know it has fluctuated in the United States, then this bill would be fair. But this is not what the State Department fellows want. They want to tickle the foreign officer under the chin. These foreign officers have houses, employees, special rental allowances, all of which is unimportant to the foreign officer. This bill seeks to give him more than you give to anyone at home. May I say to you that this is not fair. I have never been for small salaries. I have frequently tried to lead in the fight for more pay and would not be opposed to this increase if this was styled an increase in pay for all State Department employees. Why single out a $4,000 clerk in Berlin for a 50-percent increase, when we are not giving the same 50-percent increase to the $4,000 clerk at home and in the same Department and who may be within the next 6 months on the other side?

[Here the gavel fell.]

Mr. COCHRAN of Missouri. Mr. Chairman, I rise in opposition to the amendment.

I am going to take but a moment to answer the gentleman from Illinois [Mr. BRITTEN]. The gentleman referred to the $4,000 clerk. I would not dispute what he said if I had not read a reference to the $4,000 clerk in the hearings a moment ago. Mr. Carr, of the State Department, is on the stand. Now, here is what he said in regard to the $4,000 clerk:

Mr. CARR. Yes. Let me put it this way: Of course, say you had an officer abroad in a very expensive country with a salary of $4,000. Before the economy legislation, let us say, that officer would have had $4,000, and he might have had the rent allowance of $1,200, which would have made $5,200; he might have had a post allowance of, say, $400, which would make $5,600.

Mr. KLOEB. May I interrupt right there to ask what do you mean by "post allowance"?

Mr. CARR. By post allowance I mean an allowance made to offset the difference in the cost of living in the expensive place in which the officer is stationed and the cost of living in an average post. Now, when the economy legislation was enacted it cut off 15 percent of the $4,000 salary, all the post allowance, and 65 percent of the rent allowance, so that out of a total income of $5,600 the officer had only $3,820 remaining.

The CHAIRMAN. Of the $4,000.

Mr. CARR. Of the $5,600, the aggregate salary and allowances. Congress struck out all the post allowance of $400, 65 percent of the rent allowance of $1,200, and suspended all promotions and imposed an income tax upon the officers.

The gentleman from Illinois is generally in possession of facts when he talks; but in this instance, if Mr. CARR knows what he is talking about, the gentleman from Illinois retains his reputation for being "all wet."

Mr. McREYNOLDS. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, the gentleman from Illinois [Mr. BRITTEN] has been against this bill and has been fighting it consistently. Now he is trying to offer amendments to destroy the purpose of the bill, if possible.

The gentleman from New York [Mr. TABER] said that nobody had discussed the purpose of this bill except himself and the gentleman from Kansas [Mr. McGUGIN], and the gentleman from Illinois [Mr. BRITTEN] stated on yesterday or gave the impression that there was hardly anyone on the committee who knew anything about the bill and he was the only one outside of the committee. This reminds me of the time when I was a boy and reading Caesar. The first line was that all Gaul had been divided into three parts. From these statements I am satisfied that the gall of these two gentlemen has not been divided at all.

I ask the House to vote down the amendment. The exchange will have to be figured. This has to go through every safeguard—the President, the Director of the Budget, and the Appropriations Committee of the House—so that no injustice will be done to the Federal Government or to our foreign employees.

Mr. Chairman, I move that all debate on this amendment and all amendments thereto do now close.

The CHAIRMAN. The gentleman from Tennessee moves that all debate on the amendment and all amendments to the section do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. TABER].

The question was taken; and there were on a division (demanded by Mr. TABER and Mr. BRITTEN)—ayes 28, noes 85.

So the amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. BRITTEN: Page 1, line 8, after the word "officers", insert a comma and add the words "enlisted men."

Mr. BRITTEN and Mr. McREYNOLDS rose.

The CHAIRMAN. For what purpose does the gentleman from Tennessee rise?

Mr. McREYNOLDS. To make a point of order.

Mr. BRITTEN. The amendment is not subject to a point of order.

Mr. McREYNOLDS. We will discuss that question with the Chair. Just like the gentleman knows all about the bill, and no one else, he knows all about the point of order. I hope the gentleman will allow the Chair to pass on the point of order.

Mr. BRITTEN. I hope the gentleman will not get cross, as he did yesterday.

Mr. McREYNOLDS. I am not getting cross; I am just trying to be emphatic.

I reserve a point of order on the amendment, Mr. Chairman.

Mr. O'CONNOR. Mr. Chairman, is not this amendment offered to the section on which debate was just closed?

Mr. BRITTEN. There is only one section.

Mr. O'CONNOR. The bill has not been read since debate was closed on this section.

The CHAIRMAN. The gentleman from New York is correct.

Mr. BRITTEN. Mr. Chairman, the motion of the gentleman from Tennessee was that all debate be closed on the amendment that was pending.

The CHAIRMAN. The gentleman from Tennessee moved to close debate on the section and all amendments to the section and the motion was carried.

Mr. BRITTEN. Mr. Chairman, in fairness to the House, I will say to the gentleman that I recall his motion very distinctly and I know he will have no objection to the reporter reading what he said.

The CHAIRMAN. The Chair will state to the gentleman from Illinois that he can offer his amendment, but there can be no debate thereon.

Mr. BRITTEN. Mr. Chairman, the motion offered by the gentleman from Tennessee——

The regular order was demanded.

Mr. BRITTEN. That is not fair. It is all right to be funny, but there are a number of amendments to be offered, and will not the gentleman be good enough to have what he said read?

Mr. COCHRAN of Missouri. Mr. Chairman, I am not anxious to hear any speeches, but, in all fairness, I was sitting right here near the gentleman from Tennessee and the gentleman said, "The amendment and all amendments thereto." If this is an amendment to the amendment, debate is not in order. But if it is a new amendment debate is in order. The reporter's notes will bear out my statement.

The CHAIRMAN. The Chair has ruled that the amendment of the gentleman from Illinois is in order, but no debate thereon can be had.

The question is on the amendment offered by the gentleman from Illinois [Mr. BRITTEN].

The question was taken, and the amendment was rejected.

Mr. SHOEMAKER. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. SHOEMAKER: Page 2, line 2, after the comma, insert the following language: "And to officers and employees of the United States within this country, due to the depreciation of our domestic currency."

Mr. McREYNOLDS. Mr. Chairman, I make the point of order that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. HOEPPEL. Mr. Chairman, I offer an amendment embodying a new section.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL: Page 2, after line 8, add the following new paragraph:

"SEC. 2. As used in this act the term 'officers and employees' shall be held to include individuals now abroad and who are in receipt of retired pay or pension and who because of physical disabilities, age, or other impediments are, in the discretion of the President, unable to return to the United States."

Mr. McREYNOLDS. Mr. Chairman, I make the point of order the amendment is not germane.

The CHAIRMAN. Does the gentleman from California desire to be heard on the point of order?

Mr. HOEPPEL. Yes, Mr. Chairman; I will argue the point of order.

The CHAIRMAN. The gentleman is recognized to discuss the point of order.

Mr. HOEPPEL. Mr. Chairman, in this bill we are living up to the principles of the new deal. While I have not always followed the policies of the new deal I recognize in this bill the principle of justice, therefore, I favor the bill.

Mr. BANKHEAD. Mr. Chairman, it seems to me that out of courtesy the gentleman should direct his remarks to the Chair.

The CHAIRMAN. The gentleman from Alabama is correct. The Chair is trying to expedite matters with all due courtesy. [Laughter.]

Mr. HOEPPEL. Mr. Chairman, my amendment provides for disabled veterans who are unable to return to the United States. In this amendment I propose the same restrictions which are contained in the first paragraph of the bill, providing that the entire administration shall be in the discretion of the President of the United States. This is in accordance with the letter sent by the Secretary of State. He has included in his letter provision for various classes of individuals whom I have covered in my amendment.

I think if the Chairman, whom I highly respect, insists upon the point of germaneness of an amendment of this nature, so human in its application, an amendment which seeks to protect the interests of blind and disabled veterans, of whom 580 are battle scarred, I will say that he is, in my opinion, not following the precepts of the new deal.

There is no provision anywhere whereby these worthy individuals can be provided for. I do not wish that the Democratic Party shall be placed in the category of robbing the blind or other disabled men who served under the colors in war.

Mr. SNELL. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

Mr. HOEPPEL. Mr. Chairman, I will concede the point of order; it is only another gag by the Democratic Congress of the United States.

Mr. SNELL. Mr. Chairman, I ask unanimous consent to proceed for 2 minutes.

The CHAIRMAN. The bill specifies only one class. The amendment of the gentleman from California seeks to add another class, and under the rule where a bill provides for only one class an additional class is not germane. The Chairman therefore sustains the point of order.

Mr. SNELL. Mr. Chairman, I do not desire to challenge the statement of the Chair, but I was listening to the motion of the gentleman from Tennessee, and as I caught it, it was to close debate on the amendment and all amendments thereto, but not to any future amendment that might be offered to the bill. I should like to ask the Chairman now if he intends to cut off all debate on further amendments or any question that may be asked about the bill.

Mr. McREYNOLDS. Mr. Chairman, my motion was, "I move that all debate on this amendment and all amendments thereto now close."

Mr. SNELL. That is what I understood, and I did not oppose it.

Mr. McREYNOLDS. Mr. Chairman, I now move that all debate on this bill be now closed.

Mr. SNELL. Does the gentleman propose that we cannot ask any further questions about the bill?

Mr. BANKHEAD. Mr. Chairman, if the gentleman will yield, it is clearly within the discretion of the Chairman, after there has been rather full and free discussion of the bill, and amendments have been offered, to move to close debate.

Mr. SNELL. But there are one or two questions I should like to ask.

Mr. BANKHEAD. That is within the discretion of the Chairman.

Mr. SNELL. Oh, do not run over us too roughly all the time. The chairman himself said that he did not intend to make the motion as the Chairman of the Committee of the Whole understood him.

Mr. BANKHEAD. I am not debating that, but it is not an unusual practice for the Chairman of the Committee to move to close debate.

Mr. SNELL. I appreciate that, but here is a bill that we have been considering, and we are entitled to get information in respect to it. I should like to ask the gentleman from Tennessee why he exempts these men from the payment of income tax.

Mr. McREYNOLDS. Mr. Chairman, with the permission of the Committee, I should be very pleased to answer that I am sorry to say that evidently the gentleman was not on the floor yesterday morning.

Mr. BRITTEN. Mr. Chairman, I object to the gentleman from Tennessee using any time in debate.

Mr. McREYNOLDS. Mr. Chairman, I insist on the motion to close all debate.

Mr. CONNERY. Mr. Chairman, I ask unanimous consent that the chairman may be permitted to answer the question of the Republican leader.

Mr. BRITTEN. I object.

The CHAIRMAN. The question is on the motion of the gentleman from Tennessee.

Mr. BANKHEAD. What is the motion?

The CHAIRMAN. That all debate on this bill do now close.

The question was taken; and on a division (demanded by Mr. BRITTEN) there were—ayes 78, noes 28.

Mr. BRITTEN. Mr. Chairman, on that I demand tellers.

The CHAIRMAN. The gentleman from Illinois demands tellers. All in favor of taking the vote by tellers will rise and stand until counted. [After counting.] Two gentlemen have arisen, not a sufficient number, and tellers are refused.

Mr. BRITTEN. Mr. Chairman, I make the point of order that there is no quorum present.

Mr. McREYNOLDS. Oh, the Chair has just counted a quorum.

The CHAIRMAN. The vote just taken discloses the presence of a quorum.

Mr. BRITTEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BRITTEN: Line 8, page 1, strike out "July 15, 1933", and insert "the passage of this act."

The CHAIRMAN. The question is on the amendment.

The amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BRITTEN: Line 13, page 2, strike out "*Provided further*, That allowances and expenditures pursuant to this act shall not be subject to income taxes."

The CHAIRMAN. The question is on the amendment.

The amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BRITTEN: Line 15, page 2, strike out the word "and", and on line 18, page 2, change the period after the word "estimates" to a colon and add the following: "*And provided further*, That no part of this act shall apply to officers and/or employees of the Foreign Service whose pay and allowances are in excess of $2,500 per annum."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Line 7, page 1, after the word "Budget", strike out the following: "To meet losses sustained on and after July 15, 1933, by officers and employees of the United States in foreign countries due to the appreciation of foreign currencies in their relation to the American dollar" and insert the following: "To equalize the purchasing power of the American dollar abroad with the purchasing power of the dollar within the United States for the benefit of officers and employees of the United States who are attached to the Foreign Service of the Government."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BRITTEN. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. BRITTEN: Line 18, page 2, after the word "estimates", change the period to a colon and add the following: "*Provided further*, That when an American Ambassador or Minister or Foreign Service officer or clerk indicates to the Secretary of State that he cannot live comfortably on his annual pay and allowances, he should be forthwith transferred to duty in the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The amendment was rejected.

Mr. BRITTEN. Mr. Chairman, the "noes" appear to have it this afternoon. I have one more amendment. I move to strike out the enacting clause.

Mr. GOSS. Mr. Chairman, I rise to a point of order. The amendment is not in writing.

Mr. BRITTEN. Oh, yes, it is; and I am sending it to the desk.

The CHAIRMAN. The gentleman from Illinois offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. BRITTEN: I move to strike out the enacting clause.

Mr. GOSS. Mr. Chairman, I make the point of order that the motion is not in the correct form. It should be that the Committee do now rise and report the bill back to the House with the recommendation that the enacting clause be stricken out.

The CHAIRMAN. The Chair sustains the point of order. If there are no further amendments, the Committee will rise under the rule.

Mr. BRITTEN. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BRITTEN. Will the House have an opportunity to vote on the bill ultimately?

Mr. BANKHEAD. That is not a parliamentary inquiry.

The CHAIRMAN. The Chair rules that that is not a parliamentary inquiry. Under the rule, the Committee will rise.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. MONTAGUE, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 7808) to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes, and, pursuant to House Resolution 270, he reported the bill back to the House with sundry amendments adopted by the Committee.

The SPEAKER. Under the rule the previous question is ordered on the bill and all amendments to final passage. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and on a division (demanded by Mr. BRITTEN) there were ayes 114 and noes 11.

Mr. BRITTEN. Mr. Speaker, I question the presence of a quorum.

Mr. McGUGIN. And I challenge the vote on that ground, Mr. Speaker.

The SPEAKER. The Chair will count. [After counting.] Evidently a quorum is not present. The Doorkeeper will close the doors, the Sergeant at Arms will notify absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 297, nays 52, not voting 83, as follows:

[Roll No. 91]

YEAS—297

Adams	Bacharach	Beedy	Bloom
Allen	Bacon	Beiter	Boehne
Allgood	Bailey	Biermann	Boileau
Andrew, Mass.	Bakewell	Black	Boland
Arens	Bankhead	Bland	Bolton
Ayres, Kans.	Beam	Blanton	Boylan

Brennan	Durgan, Ind.	Lambeth	Richardson
Brown, Ky.	Eagle	Lamneck	Robertson
Brown, Mich.	Eaton	Lanham	Robinson
Browning	Edmiston	Lanzetta	Rogers, Mass.
Brumm	Ellenbogen	Larrabee	Rogers, N.H.
Brunner	Eltse, Calif.	Lea, Calif.	Rogers, Okla.
Buchanan	Englebright	Lee, Mo.	Rudd
Buck	Faddis	Lehlbach	Ruffin
Buckbee	Fernandez	Lesinski	Sabath
Bulwinkle	Flesinger	Lewis, Colo.	Sanders
Burch	Fish	Lindsay	Sandlin
Burke, Nebr.	Fitzpatrick	Lozier	Schaefer
Burnham	Flannagan	Luce	Schulte
Byrns	Fletcher	Ludlow	Sears
Cady	Ford	Lundeen	Secrest
Caldwell	Frear	McCormack	Seger
Cannon, Mo.	Fuller	McDuffie	Shallenberger
Cannon, Wis.	Fulmer	McFarlane	Shannon
Carden, Ky.	Gambrill	McGrath	Simpson
Carmichael	Gasque	McLean	Sisson
Carter, Calif.	Gavagan	McLeod	Smith, Va.
Carter, Wyo.	Gifford	McReynolds	Smith, W.Va.
Cartwright	Gillespie	Maloney, Conn.	Snell
Cary	Gillette	Maloney, La.	Snyder
Castellow	Glover	Mapes	Somers, N.Y.
Cavicchia	Goss	Mariand	Spence
Celler	Granfield	Marshall	Strong, Tex.
Chapman	Gray	Martin, Colo.	Stubbs
Chase	Green	Martin, Mass.	Studley
Chavez	Gregory	Martin, Oreg.	Sullivan
Church	Haines	May	Sutphin
Claiborne	Hancock, N.Y.	Mead	Swank
Cochran, Mo.	Hancock, N.C.	Meeks	Sweeney
Cochran, Pa.	Harlan	Merritt	Taylor, S.C.
Coffin	Harter	Millard	Terry, Ark.
Cole	Hartley	Miller	Thom
Collins, Calif.	Healey	Milligan	Thomason
Condon	Henney	Mitchell	Thompson, Tex.
Connery	Higgins	Monaghan, Mont.	Tinkham
Connolly	Hildebrandt	Montague	Traeger
Cooper, Ohio	Hill, Ala.	Montet	Truax
Cooper, Tenn.	Hill, Samuel B.	Moran	Turner
Corning	Hoidale	Mott	Turpin
Cravens	Hollister	Muldowney	Umstead
Crosby	Holmes	Musselwhite	Underwood
Cross, Tex.	Hooper	Nesbit	Vinson, Ga.
Crosser, Ohio	Hope	O'Brien	Vinson, Ky.
Crowe	Howard	O'Connell	Wearin
Crump	Huddleston	O'Connor	Weaver
Culkin	Hughes	O'Malley	Weideman
Cullen	Imhoff	Oliver, Ala.	Welch
Cummings	Jenckes, Ind.	Oliver, N.Y.	West, Ohio
Darden	Jenkins, Ohio	Parks	West, Tex.
Darrow	Johnson, Okla.	Patman	Wigglesworth
Dear	Johnson, Tex.	Peavey	Wilcox
Deen	Johnson, W. Va.	Perkins	Williford
Delaney	Kahn	Peterson	Williams
DeRouen	Keller	Pettengill	Wilson
Dickinson	Kelly, Ill.	Peyser	Withrow
Dies	Kelly, Pa.	Plumley	Wolcott
Dirksen	Kennedy, N.Y.	Polk	Wolfenden
Dobbins	Kenney	Powers	Wolverton
Dockweiler	Kinzer	Ramsay	Wood, Ga.
Dondero	Kleberg	Ramspeck	Wood, Mo.
Doughton	Kloeb	Ransley	Woodruff
Drewry	Kniffin	Reece	Young
Driver	Knutson	Reed, N.Y.	
Duncan, Mo.	Kopplemann	Reilly	
Dunn	Kramer	Richards	

NAYS—52

Adair	Duffey	Lloyd	Sinclair
Arnold	Eicher	McClintic	Smith, Wash.
Blanchard	Ellzey, Miss.	McGugin	Stokes
Britten	Focht	Morehead	Swick
Brown, Ga.	Gilchrist	Moynihan, Ill.	Taber
Busby	Guyer	Murdock	Tarver
Carpenter, Kans.	Hill, Knute	Owen	Taylor, Tenn.
Christianson	Johnson, Minn.	Parsons	Terrell, Tex.
Clark, N.C.	Jones	Pierce	Thompson, Ill.
Colden	Kocialkowski	Rich	Wallgren
Cox	Kurtz	Romjue	Walter
De Priest	Kvale	Scrugham	Whittington
Doxey	Lemke	Shoemaker	Zioncheck

NOT VOTING—83

Aberne'hy	Douglass	Hastings	Norton
Andrews, N.Y.	Doutrich	Hess	Palmisano
Auf der Heide	Dowell	Hoeppel	Parker
Ayers, Mont.	Edmonds	Jacobsen	Pou
Beck	Evans	James	Prall
Berlin	Farley	Jeffers	Randolph
Brooks	Fitzgibbons	Kee	Rankin
Burke, Calif.	Foss	Kennedy, Md.	Rayburn
Carley, N.Y.	Foulkes	Kerr	Reid, Ill.
Carpenter, Nebr.	Frey	Lambertson	Sadowski
Clarke, N.Y.	Goldsborough	Lehr	Schuetz
Collins, Miss.	Goodwin	Lewis, Md.	Sirovich
Colmer	Greenway	McCarthy	Stalker
Crowther	Greenwood	McFadden	Steagall
Dickstein	Griffin	McKeown	Strong, Pa.
Dingell	Griswold	McMillan	Sumners, Tex.
Disney	Hamilton	McSwain	Taylor, Colo.
Ditter	Hart	Mansfield	Thomas
Thurston	Utterback	Warren	Whitley
Tobey	Wadsworth	Werner	Woodrum
Treadway	Waldron	White	

So the bill was passed.

The Clerk announced the following pairs:

General pairs:

Mr. Pou with Mr. Wadsworth.
Mr. Jacobsen with Mr. Treadway.
Mr. Hastings with Mr. Beck.
Mr. Taylor of Colorado with Mr. Dowell.
Mr. Woodrum with Mr. Crowther.
Mr. Warren with Mr. James.
Mr. Sumners of Texas with Mr. McFadden.
Mr. Rayburn with Mr. Stalker.
Mr. Steagall with Mr. Ditter.
Mr. Rankin with Mrs. Clarke of New York.
Mr. Douglass with Mr. Andrews of New York.
Mr. Dickstein with Mr. Edmonds.
Mr. Collins of Mississippi with Mr. Reid of Illinois.
Mr. Goldsborough with Mr. Whitley.
Mr. Greenwood with Mr. Strong of Pennsylvania.
Mr. Jeffers with Mr. Lambertson.
Mrs. Norton with Mr. Foss.
Mr. Mansfield with Mr. Waldron.
Mr. McSwain with Mr. Thurston.
Mr. Griffin with Mr. Goodwin.
Mr. McKeown with Mr. Tobey.
Mr. Prall with Mr. Doutrich.
Mr. Schuetz with Mr. Evans.
Mr. McMillan with Mr. Thomas.
Mr. Werner with Mr. Kee.
Mr. Griswold with Mr. Randolph.
Mr. White with Mr. Carley.
Mr. Hart with Mr. Frey.
Mr. Auf der Heide with Mr. Brooks.
Mr. Disney with Mr. Foulkes.
Mr. Ayers of Montana with Mr. Hamilton.
Mr. Abernethy with Mr. Berlin.
Mr. Burke of California with Mr. Farley.
Mr. Fitzgibbons with Mr. Carpenter of Nebraska.
Mr. Kennedy of Maryland with Mr. Lehr.
Mrs. McCarthy with Mrs. Greenway.
Mr. Kerr with Mr. Lewis of Maryland.

Mr. BYRNS. Mr. Speaker, the gentleman from West Virginia, Mr. RANDOLPH, is unavoidably absent today. If present, he would vote "aye."

Mr. WEIDEMAN. Mr. Speaker, my colleague from Michigan, Mr. LEHR, is unavoidably absent. If present, he would vote "aye."

The result of the vote was announced as above recorded.

A motion to reconsider the vote by which the bill was passed was laid on the table.

TEMPORARY CONTRACTS FOR CARRYING MAIL BY AIR

Mr. O'CONNOR. Mr. Speaker, I call up House Resolution 278.

The Clerk read as follows:

Resolved, That upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H.R. 7966, a bill to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes. That after general debate, which shall be confined to the bill and shall continue not to exceed 2 hours, to be equally divided and controlled by the chairman and ranking minority member of the Committee on the Post Office and Post Roads, the bill shall be read for amendment under the 5-minute rule. At the conclusion of the consideration of the bill for amendment the Committee shall rise and report the bill to the House with such amendments as may have been adopted, and the previous question shall be considered as ordered on the bill and amendments thereto to final passage without intervening motion except one motion to recommit with or without instructions.

Mr. O'CONNOR. Does the gentleman from Pennsylvania desire some time?

Mr. RANSLEY. The usual time, and we will try to cut it as short as possible.

Mr. O'CONNOR. I will yield the gentleman 30 minutes, but I hope he does not use it all.

Mr. Speaker, this rule provides for the consideration of H.R. 7966, a bill which was discussed to some extent on the floor yesterday. We understand it is of an emergency nature, required by the recent taking over of the carrying of air mail by the War Department, and that the bill pertains chiefly, or will, when amended, to the personnel, their pay, rank, and so forth, rather than going into the merits of contracts, or devising any new plan of letting contracts for the carrying of the mails. I understand that matter will be

taken care of by future legislation and that private contractors will again be employed.

The rule is a wide-open rule, providing for 2 hours' general debate, and permitting the offering of amendments by any Member interested. The Committee on Rules, with its usual liberality [laughter], provided for 2 hours' general debate. This was at the request of the minority. Of course, while under the rule the debate must be confined to the bill, we anticipate certain subjects will be discussed relating to air mail contracts and individuals, famous and otherwise, during the course of the 2 hours of general debate.

In adopting the rule in the Committee on Rules and reporting it to the House, the committee overlooked the necessity of a provision in the rule waiving points of order. Section 2 of the bill provides for the transfer of appropriations from one department to another department, to take care of this transfer of personnel. It is thought by some of our parliamentarians that section 2 might be subject to a point of order, although other Members feel the point might not lie. In order to prevent any doubt about the subject, I am proposing an amendment to the resolution reported by the Committee on Rules, and, Mr. Speaker, I now offer that amendment.

The Clerk read as follows:

Amendment offered by Mr. O'CONNOR: On page 1, line 6, after the word "purposes", strike out the period, insert a comma, and the following language: "and all points of order against said bill are hereby waived."

Mr. SNELL. Will the gentleman yield for a question?

Mr. O'CONNOR. Yes; I yield.

Mr. SNELL. I am not opposing the gentleman's amendment, but it seems to me that under previous authority given to the President by the Congress, he has absolute right to change these commissions, change the arrangement, and also the appropriation that follows along with them.

Mr. O'CONNOR. As I recall it, the original economy bill did give the President certain authority to transfer appropriations from one department to another, within certain limitations. I think the limitation was 15 percent, if I recall correctly. That existing power has been suggested as a means of taking care of the situation.

Mr. SNELL. But where an entire service is transferred from one department to another, I understand that the appropriation for that service went with it.

Mr. O'CONNOR. I am not sufficiently familiar with that matter to discuss it, nor do I recall particularly the provisions referred to. I agree with the gentleman that there is some doubt as to the necessity of this amendment I propose, but section 2 is, in effect, a reappropriation and may change the provisions of two appropriation bills.

Mr. SNELL. To a certain extent, that is true, but it is a specific transfer. Individually I think it is all right, but I think the gentleman is protecting himself by offering the amendment.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the amendment.

The previous question was ordered.

The SPEAKER. The question is on the amendment offered by the gentleman from New York [Mr. O'CONNOR].

The amendment was agreed to.

Mr. RANSLEY. Mr. Speaker, I yield 15 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Speaker, at the outset of my remarks I want to make it very clear that I have no relations whatever with any of the air mail companies, have had no communications with them, do no business with them, and own no stock in any air mail company.

My main protest is that these air mail contracts have been canceled in an arbitrary, high-handed, dictatorial manner, without a hearing or a trial. Any American charged with crime, whether it be murder, kidnaping, high treason against the Government of the United States, or any other contemptible crime, is entitled to a hearing and trial before conviction. The Postmaster General of the United States, without in any way giving any of these 14 domestic air mail companies a hearing or a trial, canceled their contracts in a ruthless and unprecedented manner, and has already done a great deal to bring ruin to the greatest air mail and commercial airplane service in the world. He now comes before the House asking in this bill that you support in a way what he has done and authorize him to use the Army Air Corps to fly the air mail.

Eddie Rickenbacker, one of the great aces of the World War, one of the great authorities on aviation, has stated recently in the public press that this drastic action, this turning over to the Army Air Corps without preparation or warning the duty of carrying the air mail on routes with which they are not familiar, in the midst of winter, in open machines, is legalized murder.

Any of you who know anything about aviation and who want to fly the air mail in open machines in this weather across high mountains, whether in the daytime or the nighttime, may do so; that is your privilege; but to order the Army to take on this function in open machines is exactly what Eddie Rickenbacker said—legalized murder—and I am not inclined to place my stamp of approval on it without some better reasons than I have read in the press.

I have not risen, however, to oppose this legislation. I suppose the air mail has to be flown. I presume the committee that held the hearings on this bill must have determined that to their own satisfaction when they brought in the bill; and the bill is 100 percent better than the original bill which was introduced, because certain sections were stricken out by the committee. The original bill would have permitted Postmaster General Farley to make contracts with air mail companies without recourse to bidding, the very reason he gave for the cancelation of the contracts made in 1930 with domestic air mail companies, that there was no real competitive bidding and that favoritism was shown.

Mr. PERKINS. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. PERKINS. Is the gentleman aware that night before last a young Army officer flew the mail over the Allegheny Mountains in an open plane with the temperature 12 below zero?

Mr. FISH. I am not aware of that particular fact, but I imagine a great many other young Army officers, graduates of West Point, were doing the same thing and risking their lives because Postmaster General Farley canceled these contracts without a hearing.

Mr. BACON. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. BACON. This morning a young Army officer flying the mail between Chicago and Cleveland in a snowstorm found himself off his course, crashed and was killed, making the fourth officer to be killed since this venture was started.

Mr. FISH. I admit I am in a quandary. I honestly do not know how to vote. I would like to listen to the debate before I decide how I should vote on this bill. I have three alternatives: To follow the committee and vote for the bill, to vote "present", or to vote against the bill; and at the present time I am absolutely uncertain which way I should vote. I think I shall not make up my mind until I hear the members of the committee who brought in the bill. However, this additional death of a young Army officer inclines me to vote against the bill as a protest against the autocratic and high-handed action of Postmaster General Farley and also not to assume any responsibility for what Eddie Rickenbacker calls legalized murder.

Mr. WHITE. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. WHITE. Is it the contention of the gentleman that the personnel of the Army air force, trained for all the hazards of warfare, are incompetent to fly the mail?

Mr. FISH. Oh, no. The gentleman knows that is not so. Our Army Air Corps is just as good as any air corps in the world, but they cannot be sent an order from General Farley of the Post Office Department, our new air corps general, to fly routes with which they are not familiar, on which they do not know the landing places, and with which they have had no experience whatever, some of the most difficult routes in the world, and have to fly them in

open machines, in the middle of winter, with the thermometer around zero or below. That is what I mean. I want to be absolutely fair, and if I make any statements that are unfair I hope somebody will correct them.

Mr. LEE of Missouri. Mr. Speaker, will the gentleman yield?

Mr. FISH. I yield.

Mr. LEE of Missouri. What would the gentleman have to say about letting this same bunch of thieves continue to carry the mail? Would he or would he not have put them out of business?

Mr. FISH. I want to be fair, but it serves no purpose when gentlemen use such unfair language. As I understand it, the gentleman is speaking the language of the Postmaster General about fraud which is unproven and against American citizens who have had no hearing or trial.

Mr. LEE of Missouri. No; I am speaking the truth.

Mr. FISH. No; you are speaking the language of the Postmaster General, who claims there is fraud and then is unable to present an iota of evidence. I say as a Republican and speaking, I believe, for every member of my party that if there has been any wrongdoing, whether the offender be Republican or Democrat, he should be tried, condemned, and sent to jail if he has defrauded the Government of the United States. That is the attitude of my party, that no guilty man escape.

However, these charges of fraud, collusion, and favoritism have not been proved. We expected some form of proof; so did the public back home. What did we get? Glittering generalities from the Postmaster General, just the same old political stuff: Throw the rascals out; not a word of proof, not a semblance of proof. But instead he hides behind the Federal court and refuses to permit an action to be brought against the Government. I had not intended to talk on this phase of the matter, but if that is going to be the crux of it, I am willing to defend those contracts although I have not done it hitherto; but I am not defending any individual, whether he be Republican or Democrat. These contracts are defensible, and, of course, every one of these companies are entitled to a hearing and trial. The matter should have been handled the way Woodrow Wilson handled the airplane scandals that came out of the World War. What did he do? He chose an outstanding Republican, Charles Evans Hughes, and told him to dig into the matter and get the facts. That is what ought to be done here. But there was no investigation except an ex parte investigation by the Postmaster General, the man who canceled these contracts, who was unwilling to permit the air company officials to be heard. Why this undue haste; what were his motives? It begins to look like politics and an attempt to control these contracts for political purposes.

Mr. CANNON of Wisconsin. Mr. Speaker, will the gentleman yield for just one question?

Mr. FISH. I yield.

Mr. CANNON of Wisconsin. Was there any provision in these contracts between the Government and the air mail companies which gave the Government the right to cancel these contracts without a hearing?

Mr. FISH. In the contracts of 1930?

Mr. CANNON of Wisconsin. Yes.

Mr. FISH. I shall have to yield to a better authority than I.

Mr. KELLY of Pennsylvania. If the gentleman will permit, those contracts provided that in case any regulation, any ruling of the Postmaster General, were violated the Postmaster General could cancel them upon notice of cancelation and the reason therefor after a 45-day period.

Mr. FISH. That is the point, a 45-day notice; but, as I understand it, with a hearing. I may state for the gentleman's benefit that the Watres law governing the letting of air mail contracts specifically limited the bidding to those companies which had operated a scheduled daily air transport service of 250 miles in length for 6 months. That limitation was not imposed by the then existing transport companies or by the Post Office Department; it was imposed by the law which was passed only after extended consideration and on the unanimous reports of both the Senate and the House committees, which specifically declared the congressional intention to limit the bidding.

Congressman LaGuardia's statements of the intent of the law which he made during the debates in the House were clear and definite to the effect that only thoroughly experienced companies should be permitted to bid. So far as I am concerned, and I am trying to take a position that is nonpartisan, from reading the press, and that is the only information I can get, I cannot see that any fraud whatever has been substantiated upon which these contracts have been annuled or abrogated. At least we are all agreed that these companies have had no form of hearing and no trial. As I said the other day, this is typical of the most arrogant methods of a dictatorship, such as fascism, communism, or Hitlerism, taken at their worst.

Mr. O'CONNOR. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from New York.

Mr. O'CONNOR. The gentleman said they were all canceled by Postmaster General Farley arbitrarily and without hearing. Of course, the gentleman knows that a committee of the Senate has been hearing this matter for many, many months. It is information, as I understand it, obtained by the Senate committee, which was the basis of the action taken by Postmaster General Farley. Before this committee the heads of many of these companies appeared, were examined, and testified, and it was the information as to collusion, fraud, or whatnot brought out before the committee, which was a hearing and investigation of the matter, that laid the foundation upon which Postmaster General Farley canceled these contracts.

Mr. REED of New York. The hearings have not been concluded.

Mr. FISH. I was about to say to the gentleman that the hearings have not been concluded. The officials of these 14 companies have not been heard. No recommendations have been made. I have read the reports in the press, just as the gentleman has, as a result of those hearings in the other body, and I have not seen where they have proved one iota of fraud in connection with any of the air mail contracts. It has gotten down now to a question of favoritism, not fraud.

I desire to take up another phase of this situation. There was one air mail company, the Pan American Co., that carries mail to South America, whose contract was not annulled. I am not going to stand up here in the House and ask that this contract be canceled. I think that the Pan American is doing good work and helping our South American trade. I think these other companies have done splendid work and have rendered a great service in building up aviation in the United States, and I refer to the ones that have been canceled. But what is sauce for the goose is sauce for the gander.

I will make some comments, and you can draw your own conclusions. The Pan American Co., which has an absolute monopoly on the carrying of all the air mail into South and Central America and Mexico, got its contract also without competition. This company bought up its competing companies, which is contrary to law. I am not asking that the contract be annulled myself, although it receives today $2 per mile and six million a year from the Federal Government, which is as much as the three largest domestic air mail companies combined, whose contracts have all been abrogated.

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. FISH. The Pan American Co. receives $2 per mile, whereas the domestic companies, whose contracts were canceled, received an average of about 35 cents per mile. We have not only subsidized the Pan American Co. but we have actually endowed this company. They have held their contract and are continuing to receive over $6,000,000 a year from the Treasury of the United States.

The chairman of the board of the company is a very fine American citizen. He is a man who ran on the Democratic

ticket for Member of Congress 2 years ago and is a big contributor to the Democratic National Committee.

Mr. BANKHEAD. Who is he?

Mr. FISH. Everybody knows him.

Mr. BANKHEAD. Name him.

Mr. FISH. He is a very fine American citizen—Cornelius Vanderbilt Whitney. He and his family were large contributors, to the extent of $20,000. On the board is Mr. David Bruce, another contributor. Also on the board is Mr. Robert Lehman, a partner of Lehman Bros., another prominent Democrat. I am not charging that this is the reason this company's contract was not canceled. I am just making certain observations in reference to this company receiving $2 per mile and pointing out that their contract has not been canceled. This company has a complete monopoly, having bought up its competing companies. The 14 domestic companies, receiving 35 cents a mile, have had their contracts canceled. You can draw your own conclusion. So far as I am concerned, I am not advocating that this company's contract be canceled, but I venture to state that there are numerous air companies that would like to get this contract at less than half the present rate of $2 per mile.

Mr. TRUAX. Will the gentleman yield for one question?

Mr. FISH. I would rather proceed. I have only 3 or 4 minutes left.

What is the main reason given for the cancelation of these contracts? Personally, I do not believe that it is the main reason; but the main reason given for the cancelation of the domestic air mail contracts is that there was no competition. You can draw your own conclusion by reading the reports in the press of the investigation now going on in the Senate. The former Postmaster General, Walter Brown, claims that there was competition and made a very sound argument before the committee and showed that the so-called "closed conference" was held in accordance with law and referred to in the press at that time.

I hold in my hand the bidding on some motor compressors at the navy yard at Pearl Harbor and other naval stations, awarded on February 17. There were 7 bidders on 6 items and 6 of the companies had exactly the same bid on all 6 items. The names of the companies bidding are as follows: The Ingersoll-Rand Co., of Washington, D.C.; Sullivan Machinery Co., Chicago, Ill.; Hardie-Tynes Manufacturing Co., Birmingham, Ala.; Nordberg Manufacturing Co., Milwaukee, Wis.; Chicago Pneumatic Tool Co., New York City; and the Bury Compressor Co., Erie, Pa. All the bids for the air compressor for the Naval Air Fleet at Pearl Harbor were identical. There were also some other items for Mare Island, Calif., likewise the same in amount. The bids on all the items by these six companies were identical.

This is the most striking example of prevision in competitive bidding that I know anything about in my 14 years' experience in the Congress of the United States. Every single item is the same. I am not charging collusion, and I am not saying that the contract should be turned down. But it must seem a little strange to an honest Democrat. This contract was awarded to the company located at Birmingham, Ala. It must be self-evident to everyone that this does not represent honest or above-the-table competion. It represents the N.R.A. at its worst.

Mr. PERKINS. That was an accident.

Mr. FISH. Of course, there was no collusion in this. This is not an accident but a coincidence.

Mr. BANKHEAD. Will the gentleman yield?

Mr. FISH. I yield to the gentleman from Alabama.

Mr. BANKHEAD. When the gentleman talks about Birmingham, Ala., may I say that I hope they get their share of the contracts. What inference does the gentleman offer? Were these contracts let?

Mr. FISH. The inference I draw is that there is no competition when all bids are the same.

Mr. BANKHEAD. Has the Government closed a contract on these bids?

Mr. FISH. Yes; the Birmingham concern got the contract.

Mr. BANKHEAD. Did they get all of it?

Mr. FISH. I am not objecting to that. They got the whole contract.

Mr. BANKHEAD. I am not objecting, either, if that is what happened.

Mr. FISH. I am merely saying that there was no competition. I am glad to see the gentleman's city get anything they can, and I am quite sure that no southern city will be overlooked in this administration.

Mr. MOTT. May I ask the gentleman if the contract he read the bids on was canceled?

Mr. FISH. Oh, no; the gentleman from Alabama is not going to ask to have that contract canceled. For the gentleman's benefit, I shall insert the exact list of bidders and amounts bid.

Specification 7571, 2 horizontal 2-stage motor-driven air compressors at the naval fleet air base and navy yard, Pearl Harbor, Territory of Hawaii, and 1 horizontal 2-stage motor-driven compressor at the navy yard, Mare Island, Calif.

Item	Ingersoll-Rand Co., Washington, D.C.	Sullivan Machinery Co., Chicago, Ill.	Hardie-Tynes Manufacturing Co., Birmingham, Ala.
1	$49,340	$49,340	$49,340
2	30,365	30,365	30,365
3	9,895	9,895	9,895
4	9,080	9,080	9,080
5	2,125	2,125	2,125
6	20	20	20

Item	Nordberg Manufacturing Co., Milwaukee, Wis.	Chicago Pneumatic Tool Co., New York City	Bury Compressor Co., Erie, Pa.
1	$49,340	$49,340	$49,340
2	30,365	30,365	30,365
3	9,895	9,895	9,895
4	9,080	9,080	9,080
5	2,125	2,125	2,125
6	20	20	20

Item	Gardner Denver Co., Washington, D.C.	Pennsylvania Pump & Compressor Co., Easton, Pa.	Worthington Pump & Machinery Co., Washington, D.C.
1			$49,850
2			30,575
3	$9,895	$9,895	10,045
4	9,080	9,080	9,230
5			2,125
6	20	20	20

Item 1. Entire work.
Item 2. 3,270 cubic foot compressor for Pearl Harbor.
Item 3. 750 cubic foot compressor for Pearl Harbor.
Item 4. 750 cubic foot compressor for Mare Island.
Item 5. Deducted from items 1 and 2 for motor operating at 90 percent loading power factor for 3,270 cubic foot compressor.
Item 6. Price per day for erector.
The contract was awarded Feb. 17, 1934, to the Hardie-Tynes Manufacturing Co. of Birmingham, Ala.

Mr. MOTT. No; I asked if the gentleman canceled the contract.

Mr. FISH. The gentleman from Alabama is going to see to it that the Government does not cancel the contract. [Laughter and applause.]

[Here the gavel fell.]

Mr. RANSLEY. Mr. Speaker, I yield the gentleman 2 additional minutes.

Mr. HILL of Alabama. Will the gentleman yield?

Mr. FISH. For a very brief question; yes.

Mr. HILL of Alabama. Does not the gentleman know that, so far as the purchase of aircraft and aircraft material are concerned, during these latter years there has been practically no competitive bidding on any of these contracts?

Mr. FISH. This was not aircraft. I did not refer solely to aircraft.

Mr. HILL of Alabama. I understood the gentleman to refer to compressors on an airplane.

Mr. FISH. No; it was air compressors for different navy yards.

Mr. HILL of Alabama. Used for what purpose?

Mr. FISH. There was one for Mare Island and one for the naval air fleet at Pearl Harbor. There were six different items and they did not all have to do with airplanes.

Mr. HILL of Alabama. Contrary to the intent and purpose of the Congress and what the members of the Committee on Military Affairs believe to be the purpose of the act, we have been having no competitive bidding on any of our aircraft or aircraft material.

Mr. FISH. I agree with the gentleman that there should be. Mr. Speaker, I cannot yield further.

I want to conclude by saying it is a hard proposition we are facing in how to vote on this measure. I am not anxious to turn over to General Farley, the Postmaster General, the Army Air Corps and have him operate it for the next 6 months. That may be a new deal, but it is not a square deal. Without reflecting in any way upon the character or the integrity of Postmaster General Farley, whom I have known for many years, it is very difficult for him to be a statesman on Monday morning and Chairman of the Democratic National Committee on Monday afternoon, dispensing favoritism and patronage, which it is his duty to do; and he is the man who canceled these contracts, based, as he says, on favoritism. "He whom the gods would destroy they first make mad." I say to you that he should resign from one or the other position, either as Postmaster General or Chairman of the Democratic National Committee. [Applause.]

[Here the gavel fell.]

Mr. O'CONNOR. Mr. Speaker, I yield the gentleman one half minute to ask him a question.

Mr. FISH. I am very pleased to have the time.

Mr. O'CONNOR. Did the gentleman ever hear of a man named Will Hays, who held both of those jobs, and many other men who were Postmasters General under Republican administrations?

Mr. FISH. Yes; I know that, but they did not cancel contracts like these.

Mr. O'CONNOR. No; they made the contracts.

Mr. FISH. They did not cancel contracts.

[Here the gavel fell.]

INTOXICATING LIQUOR IN PUERTO RICO AND THE VIRGIN ISLANDS

Mr. McDUFFIE submitted the conference report on the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors.

THE AIR MAIL SERVICE

Mr. BANKHEAD. Mr. Speaker, I yield 10 minutes to the gentleman from Illinois [Mr. SABATH].

Mr. SABATH. Mr. Speaker and ladies and gentlemen of the House, I am satisfied that if the gentleman from New York [Mr. FISH], who preceded me, would follow closely the activities of the Postmaster General, and could be fair, he would have to admit that the Postmaster General is ably performing his duties as national Democratic chairman as well as Postmaster General. He has demonstrated that by canceling these contracts. [Applause.]

The gentleman from New York did not know, or is trying to make the country believe, that the Postmaster General acted without any information.

The gentleman should have known that 2 years ago this House passed my resolution authorizing the Post Office and Post Roads Committee to investigate the dishonest activities in the Post Office Department, to investigate the dishonest contracts in the Air Mail Service, to investigate the dishonest leases and dishonest purchases of post-office sites. That committee held hearings 2 years ago.

The hearings conducted by the committee were without the services of a special assistant or investigator. Nevertheless, the committee was able to ascertain that these contracts were let through connivance. It was on their recommendation that this House has reduced the appropriation for that service by $7,000,000.

Now, it was brought out in the evidence that these companies had been working in conjunction with one another, agreeing on routes and upon prices, which action to my mind has since that time caused the country to lose over $100,000,000, or that the Government has been defrauded by this collusion to the extent of $100,000,000.

I am thankful to the Senate committee for further investigating and to the Postmaster General for canceling the contracts. On the 24th of last month I made a speech on the floor of the House requesting that the President and Postmaster General, upon the evidence which had been produced, order the cancelation of these contracts. I feel that the Postmaster General would not have been honest or honorable and would have been lacking in courage if he had not on the evidence already presented to him canceled the contracts.

The gentleman from New York [Mr. FISH] says he is not interested in any of these companies, but he complains bitterly because they are trying to save the country and the administration millions and millions of dollars in the future. [Applause.] I know the country will not take the gentleman's statement seriously, as it is merely a political smokescreen aimed at that courageous official who, time will tell, will prove the greatest that has ever filled the office of Postmaster General. I know that in the near future when the evidence will have been submitted to him as to the Pan-American Airways or any other contracts where fraud or collusion may be shown, he will have the courage to again face his duty and order cancelation of such contracts.

The gentleman from New York gives the names of two or three men who happen to be Democrats who are interested in the Pan-American Airways. Does he not know that the House of Morgan, the Mellons, the Harrimans, the du Ponts, the Vanderbilts, and others own or control the corporation that had all the contracts that have been canceled? But the gentleman has not said a word about that.

I do know that it will not matter to the President or the Postmaster General whether two or three Democrats are interested in the Pan-American Airways; if it is shown that their contract was obtained through fraud or collusion, I am satisfied that it will be canceled. I say to the gentleman from New York that the President and the Postmaster General in the carrying out of their policies look not to the right or to the left, but go straight ahead, regardless of party affiliations, in their program to protect the Government, to eliminate abuses and to put an end to collusions, as will attain their objective, namely—honesty, efficiency, and economy in government.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. SABATH. I will yield for a brief question.

Mr. CANNON of Wisconsin. Have any findings been made by anybody in authority that fraud was committed, or was it left entirely to the Postmaster General?

Mr. SABATH. There was much evidence produced before the House committee and additional evidence before the Senate committee that clearly proved that these contracts were let by collusion, without competitive bidding, and at prices that were criminal. When this evidence was presented to the Postmaster General he was compelled and obliged to cancel these contracts regardless of who the beneficiaries were in order to protect the American people.

Mr. CANNON of Wisconsin. What I want to know is whether anyone in authority made any findings.

Mr. SABATH. I have only 10 minutes, and I wish I had enough time to answer the gentleman, but I should like to know what he means by findings? Does he mean court findings? I say no to that, but direct the attention of the gentleman to the fact that the committee of this House as well as the Senate found that these contracts were fraudulent.

Mr. BUCKBEE. Will the gentleman yield?

Mr. SABATH. I yield.

Mr. BUCKBEE. Does the gentleman mean to imply that any air mail contracts were not let in accordance with the Watres Act?

Mr. SABATH. The gentleman, who has been a member of the committee, has the facts and he knows how these contracts have been let, because he has talked with me about various matters in that Department several times before.

Mr. BUCKBEE. The gentleman has evaded my question, and well knows that air mail contracts were let in accordance with the Watres Act.

Mr. SABATH. Whether they were or not, the gentleman should know. All those who heard the testimony know that there was collusion and fraud in the giving out of these contracts.

I now call attention to the complaint of the gentleman from New York [Mr. FISH] about transferring these duties to the War Department. If the gentleman recollects, it was the War Department that originally started the Air Mail Service. It was Capt. Benjamin B. Lipsner who resigned his commission in the Aeronautical Division of the United States Regular Army to accept the position of Superintendent of the United States Aerial Mail Service, and under whose direction in the first year of operation out of 1,261 contemplated trips between New York and Washington 92 percent were completed. Out of a possible 138,092 miles, 128,037 were flown. During the Aero Mail Service of the first year 7,720,840 letters were carried, with a revenue of $159,700 and a cost of operation of $137,900.06. The inauguration of the Service was in 1918, under a Democratic administration, and during that same year we extended the Service, and there was a profit the first year under the direction of the War Department of over $21,000.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Yes.

Mr. FISH. The gentleman a moment ago referred to Mr. Harriman as one of the interested parties. I call attention to the fact that the particular Mr. Harriman, the one the gentleman had in mind, who used to be president of the aviation company, is now one of the leading officials of the N.R.A.

Mr. SABATH. We are not making exceptions or drawing the line between Democrats and Republicans. It is the aim of this administration to obtain the most experienced men in their respective lines to bring about efficiency and to give real service to the Nation. The President being a broad, liberal-minded man feels that there are some honest Republicans that could cooperate with the administration, and I regret he has appointed, in fact, too many of them to important positions, believing them honest and ready to aid him in his great efforts to reestablish or put the country back on its feet. If my advice would be taken, I would advise him not to rely too much on them because my experience has taught me that they cannot be depended upon or to be relied upon for real, honest cooperation, as was proven during the war.

But the President, being appreciative of the support given him on the part of many Republicans, is reciprocating; yet I am fearful of the old adage, "Beware of Greeks bearing gifts." In that I do not wish to be misunderstood that Mr. Harriman is not an honest man, but even many honest men have been used and utilized by those conniving aviation corporation manipulators in unloading at high prices thousands upon thousands of shares in companies that were incorporated on air and had no actual value.

Mr. BUCKBEE. Mr. Speaker, will the gentleman yield?

Mr. SABATH. Not now; but at this time I ask unanimous consent, Mr. Speaker, to insert in my remarks a letter that I have written to the Postmaster General upon this subject.

The SPEAKER. Is there objection?

Mr. MOTT. Mr. Speaker, I reserve the right to object. The gentleman from Illinois asked the gentleman a moment ago if these contracts he complains of were not all let in accordance with the Watres Act. I think it is only fair that the gentleman should answer the question "yes" or "no."

Mr. SABATH. Mr. Speaker, the gentleman is thoroughly familiar with the situation; he is a member of the committee, and he asked the question, I presume, because he expected me to answer substantiating the statements that have been made to him and to me before.

Mr. MOTT. Is that the best answer the gentleman can make.

Mr. SABATH. I do not know all of these contracts and I do not like to make a misstatement and say that they were all let under the act or not. The gentleman knows it, and it was merely a catchy question, I presume.

Mr. MOTT. Then the gentleman's answer is that he does not know whether these were let under the Watres Act or not?

Mr. SABATH. I do not.

Mr. MOTT. Mr. Speaker, I withdraw my reservation of objection.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

FEBRUARY 22, 1934.

Hon. JAMES A. FARLEY,
Postmaster General, Washington, D.C.

MY DEAR GENERAL: Early in 1929 my attention was called to the many dubious and what appeared to be fraudulent transactions in the Post Office Department in connection with the domestic air, ocean, and foreign air mail contracts, fraudulent leases and unjustifiably high prices paid for post-office sites. I demanded that the Appropriations and the Post Office and Post Roads Committees investigate, but unfortunately nothing was done. Therefore, I renewed my demand the next year for an investigation, that an end might be put to the conspiracy against the Government. Upon the failure of the committee to act, I introduced a resolution to investigate, and in January 1932 my resolution, no. 226, was adopted, as follows:

"That the Committee on the Post Office and Post Roads is authorized to investigate (1) if the contracts entered into for carrying mail, whether by air, railroad, or water, are excessive, and to what extent they should be reduced; (2) if the prices paid for land or sites acquired for post-office buildings in the last 10 years are reasonable or exorbitant and to ascertain the actual amounts paid for each site in excess of $10,000, and the names of those who have negotiated the purchases as well as the leases; (3) all contracts entered into for the construction of all post-office buildings wherever the cost of such buildings was in excess of $100,000; and to secure the names of all contractors; (4) to what extent collusive agreements have been sanctioned by the Treasury and Post Office Departments."

The committee started its investigation, but for lack of money precluded its engaging trained investigators to ferret out and properly present the mass of evidence showing many fraudulent transactions.

Therefore it was with a great deal of pleasure that I have followed the Senate committee investigating air mail and ocean mail contracts under the leadership of Senator BLACK, and I am gratified that my efforts have brought before the country and to your attention these wanton criminal machinations and practices which, unfortunately, cost the Government upward of $50,000,000 annually.

I exceedingly regret that when the House committee makes its report it will disclose additional frauds in the purchasing of sites and the hundreds of leases entered into since 1922, the total of which, I am sure, will reach the tremendous sum of more than $50,000,000 during the last 10 years. And, strange to observe, notwithstanding that fact, certain Members of the Congress and the Senate astonishingly criticize your action in canceling these unlawful, corrupt, tainted air mail contracts, most of which were identified with your two predecessors.

I feel that if these Members of the Congress and the Senate, including Mr. FISH, of New York, and Senator FESS, of Ohio, who have been criticizing you for taking this courageous step, were thoroughly familiar with the extent of these frauds, they would refrain—in fact, would be compelled to approve your action against these corrupt, vicious, profiteering, conniving plunderers.

On January 24 of this year I stated on the floor of the House, while the Post Office Department appropriation bill was under consideration, that the committee familiarize the Postmaster General and the President so as to aid in bringing about the cancelation of all these fraudulent contracts. If proper steps are taken, it will mean the saving of millions and millions of dollars to the Government, and it will not be necessary for us to reduce the salaries of the low-paid employees.

Therefore, I am deeply delighted by the position you have taken, and I congratulate you most heartily upon your courageous discharge of duty; but, dear General, though I am much pleased by your action, I will not be completely satiated until a criminal prosecution is instituted against these contemptible manipulators, who have without blush or shame defrauded the Government, as I have said, of hundreds of millions of dollars, and who largely brought about the necessity of reducing the salaries of 270,235 employees of the Post Office Department, most of whom were low-priced, deserving men and women.

Further, I venture the confident hope that none of the companies who owned, controlled, or managed any of these companies whose contracts have been justifiably and obligatorily canceled will be awarded any mail contracts in the future. And the same policy should be adopted, in my humble opinion, when dealing with all the contractors who have improperly and reprehensibly obtained contracts for supplies and for construction of post offices.

In conclusion, I most seriously urge immediate cancelation of all leases found to be fraudulently entered into from 1922 to March 4, 1933.

With continued good wishes I am, as one who for nearly 5 years has endeavored to put a stop to this ill treatment of the Government,

Sincerely yours,

A. J. SABATH.

Mr. SABATH. I feel that this letter will more thoroughly explain my views and my position.

Mr. Speaker, the gentleman from New York [Mr. FISH] questions the ability of the War Department to handle this mail. As I stated before, the Air Mail Service was organized in 1918 by Capt. Benjamin B. Lipsner, of the War Department, who supervised its maintenance and operation the first year, and which showed a profit of over $21,000. I honestly believe that if we give that cooperation and aid to the able and efficient Postmaster General that we can within a short space of time conduct that Service more efficiently to the advantage of the country and with a profit to the Service.

The SPEAKER. The time of the gentleman from Illinois has expired.

Mr. RANSLEY. Mr. Speaker, I yield 4 minutes to the gentleman from Michigan [Mr. HOOPER].

Mr. HOOPER. Mr. Speaker, I see no objection to this rule and I intend to vote for it. I presume also that I shall vote for the bill as well. I rise for two purposes. One is to say that no matter what may be the outcome of the situation which has brought this bill upon the floor of the House, nothing will tarnish or diminish the fame of America's best and most popular citizen, Charles A. Lindbergh. [Applause.]

The other thing that I rose to say is that I am glad that the committee which brought out this bill has had the good taste and the good sense to strike out of it the words "the present emergency." There is no emergency here except a manufactured emergency, manufactured deliberately for the purpose of bringing more and more power into the hands of an administration already teeming over with power which has been abjectly surrendered to it by the Congress of the United States in the short space of 11 months last past. I think that it will be a fine thing when the bills which come down from this administration no longer preface themselves by a stump speech declaring that an emergency exists upon every question upon which they seek to force the vote of this Congress. It has been under the guise of emergency that we have seen, one after another, powers delegated to the Congress of the United States by the people of the United States in their Constitution shorn away from them.

The word "emergency" has become a mere shibboleth of this administration; it has become a mere slogan for the purpose of forcing a ready Congress to enact measures amazing, extraordinary in every sense of the word, and I have been wondering month by month how much further this is to go. Perhaps when the next inauguration takes place, perhaps when once more the pageant rolls down Constitution Avenue, the name of Constitution Avenue will have been changed to Emergency Avenue. [Laughter.]

Mr. RANSLEY. Mr. Speaker, I yield 3 minutes to the gentleman from Illinois [Mr. DIRKSEN].

Mr. DIRKSEN. Mr. Speaker, I rise only for the purpose of asking the Chairman of the Committee on the Post Office and Post Roads a question. I assume that the aviators who are to carry the mail under this proposed transfer of the Air Mail Service to the Army Department will retain unimpaired their military status as a part of the military forces of the country.

Mr. MEAD. We have a committee amendment protecting their status in that connection.

Mr. DIRKSEN. My question goes to this point: Some crack-ups have been experienced thus far, and it is only fair to assume that there will be additional difficulties arising, and that some of these gentlemen who fly the mail will be disabled and in some instances killed. If they are a part of the military forces, their disabilities and death compensation will be measured by the terms of the so-called "Economy Act." Is that going to prevail, or is some special provision going to be made, because of the fact that under military order they will be projected into an extra hazardous occupation, and therefore they and their families are entitled to some special protection? I assume they are not amenable to the provisions of the Federal Compensation Act. If that matter has not been provided for, it occurs to me it would be eminently unfair to these inexperienced aviators, in some cases, flying the mail under unknown conditions, to be placed in a position of particular hazard without making proper provision for indemnity in case they are disabled or killed. I simply make the suggestion and seek information on the point.

Mr. MEAD. The War Department has sent us an amendment covering that subject, and I shall read the amendment and explain it in my time, if that will be sufficient reply to the gentleman. I may say that according to General Foulois they are to be adequately protected in their military status, and it is to be made retroactive as of February 9, 1934, so as to cover expenses and obligations that have already occurred.

Mr. DIRKSEN. With that in mind, I will hold any further questions in abeyance until the amendment is submitted.

Mr. O'CONNOR. Mr. Speaker, I move the previous question on the adoption of the resolution.

The previous question was ordered.

The resolution was agreed to.

Mr. MEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 7966, with Mr. BROWN of Kentucky in the chair.

The Clerk read the title of the bill.

Mr. MEAD. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. MEAD. Mr. Chairman I yield myself such time as I may require within the hour.

Mr. Chairman, the so-called "emergency bill" which our committee has been considering for the past week is, as you all know, for the purpose of authorizing the use of Army equipment and personnel for the flying of the mail, and also to authorize, out of the current domestic air mail appropriation, payment to the Army for that service.

The committee, in considering the bill, has stricken out sections 3, 4, and 5 of the original proposal, so that the bill, as amended, contains but two sections, one section authorizing the use of the equipment and personnel, and the second section authorizing payment for that service.

The committee also limited the time of the emergency to 1 year, there being a 2-year limitation in the Senate bill. Your committee, assuming that this was a service for an emergency period only, thought it best to define the length of the emergency and thought it wise to eliminate from the bill those sections which permitted contracting for additional service from private corporations or individuals. It is, therefore, an emergency bill to authorize the Postmaster General to carry mail by use of the Army personnel and equipment.

We are going to suggest several amendments which have been presented to us by the War Department. The first amendment, on page 2, line 6, of the bill deletes the comma following the word "thereof", at the end of the line, and adds the following: "incurred from and after February 10, 1934."

In explanation of this amendment, let me say that the War Department, the day after the issuance of Executive Order No. 6591, on February 9, 1934, began to take steps to prepare for this emergency task, and in connection therewith necessarily made commitments and incurred expenses. We believe, therefore, this bill should be amended to make its terms retroactive as to such expenses to February 10, 1934. The War Department believes such amendment to

be highly desirable, if not imperatively necessary, to insure efficient performance of the carriage of air mail by the Army.

The second amendment to be offered is on page 2, line 8. We change the period after the word "hereof" to a colon and add the following:

Provided, That officers, warrant officers, and enlisted men of the Army on duty hereunder, while away from their permanent posts of duty, shall be paid the same per diem as is payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended.

In explanation of this amendment, you will see it is obvious that in carrying on the work in question, much of the Army personnel will, of necessity, be on temporary duty at points along the air route and elsewhere, and thus away from their permanent posts of duty, in many instances. Civilian personnel of the Government so circumstanced will receive per diem allowances under the provisions of the Subsistence Expense Act of 1926. Unless the military personnel is to be unjustly discriminated against, to their great financial harm, it is necessary that some provision be made for a per diem for them also. Being engaged as they are on a civil duty, when carrying the mails by air, it is thought that the provisions of the subsistence act referred to might appropriately be applied to such military personnel.

It might be stated that unless some provision is made for an allowance of this kind for military personnel while on such temporary duty to cover additional expense to them while away from their homes, it will become necessary to arrange for a change of permanent duty stations of such personnel with increased cost to the Government on account of the movement of their dependents and household furniture at Government expense.

The third amendment is as follows:

The performance by military personnel of duty hereunder shall in no way disturb or change their military status under their respective commissions, warrants, or enlistments, in the Army, or any right, privilege, benefit, or responsibility, growing out of said military status.

In explanation of this amendment, I may say that in view of the possible application of section 1222 of the Revised Statutes, and in order that there may be no question of jeopardizing or changing the military status of the military personnel engaged on the work of carrying the mail by air, and any rights, as well as responsibilities which flow therefrom, it is believed that the pending measure should be further amended. For instance, certain designated relatives of deceased military personnel are entitled to a gratuity where the death was in the line of duty of such personnel. Again, the War Department must be sure there is no escape of such military personnel from Army discipline because of such civil duty.

These amendments were suggested to us in a letter of transmittal from the Secretary of War, and they cover various points that were developed during the committee hearing. General Foulois was in attendance and worked with the committee in preparing these amendments.

Then there is a further amendment changing the title of the bill, which the committee has authorized. This amendment reads as follows:

Amend the title of the bill so as to read: "A bill to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes."

The title in the original bill referred to the contracting for mail, advertising for bids, and for other purposes. In view of the fact that this bill restricts this operation to the Army alone it was thought well to change the title of the bill.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. MEAD. I yield.

Mr. HILL of Alabama. Is the gentleman going to offer all amendments suggested either by the War Department or by the Chief of the Air Corps, General Foulois?

Mr. MEAD. I may say to the gentleman from Alabama that all amendments which I read are amendments offered by the War Department, General Foulois, and the committee. They are one and the same amendments.

Mr. HILL of Alabama. But there is no suggested amendment of the War Department or of General Foulois that the committee is not going to offer, is there?

Mr. MEAD. No; there is not.

Mr. HILL of Alabama. In other words, the committee and the Chief of the Air Corps are in full accord?

Mr. MEAD. That is correct. Now, in connection with the history of air mail legislation, let me say that your committee was authorized nearly 2 years ago to make a complete investigation of the activities of the Post Office Department.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield further?

Mr. MEAD. I yield.

Mr. HILL of Alabama. Did the gentleman's committee have time to go into the matter of what, if anything, the private airplane companies have done for the dependents of deceased pilots killed in line of duty? Has it made any comparison between the treatment of this matter by private companies and by the Army?

Mr. MEAD. No; we have not; but our committee has certain information that pilots in the employ of private companies are not given any retirement or compensation insofar as the law is concerned. I do not believe there are any arrangements between the personnel and the companies which call for a uniform or definite allowance either for injury or death.

Mr. HILL of Alabama. Of course, though, the gentleman recognizes that the pilots of the private companies receive much larger salaries than are paid to the Air Corps officers who will operate the Air Mail Service.

Mr. MEAD. That is true with the possible exception of those in the higher ranks.

Mr. HILL of Alabama. Most of these planes, however, will be piloted by lieutenants, who receive much smaller salaries than the average private-company pilot.

Mr. MEAD. Pilots in the employ of private air transport companies are not allowed the privileges granted to pilots in the Army or the Navy; that is, they do not receive the subsistence pay, retirements, and other privileges which those in the Army and Navy enjoy, and their task is probably more difficult in that it is constant. They are away from home a great deal of the time, and they fly many, many more miles than does the average pilot in the military service. This is a hazardous occupation; there is a fatality in the flying personnel every 29 days. Further, these men devote only the very best years of their lives to this work. The average active life of a pilot is about 15 years, from the age of 25 to the age of 40. After 40 it is very hard for a pilot to secure employment with another concern. So what appears to be high pay in their case turns out to be but reasonable and warranted under the circumstances.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield further?

Mr. MEAD. Certainly.

Mr. HILL of Alabama. Did the gentleman's committee give any consideration to the matter of the replacement of planes that might be cracked up or destroyed through air mail use?

Mr. MEAD. No; we have not.

Mr. HILL of Alabama. The gentleman realizes, of course, that the Air Corps is very short of serviceable planes?

Mr. MEAD. Yes; and I favor increasing their equipment.

As I was saying a moment ago, your Committee on the Post Office and Post Roads made an investigation for the purpose of recommending legislation, and in doing so we made exhaustive study of the air mail set-up. In our report which is available to members of the committee, we recommended legislation which would have repealed the Watres Act and would have substituted for the space basis of payment contained in that act a definite fixed-pay basis for carrying the mails. Had this legislation been enacted a year ago when it was recommended, nearly 60 percent of the lines would now be on a revenue-producing basis, and

substantially 40 percent of the remainder would be at the end of a period of 5 years.

Because of the present emergency, because the Watres Act is very unsatisfactory, and for the added reason that after the passage of this bill the Army will be operating under an emergency law of limited duration, I want to suggest to the consideration of the House the air mail legislation which our committee recommended some time ago.

The reason for this emergency legislation, as you all know, is based upon the order of the Postmaster General canceling existing contracts on the ground of fraud and collusion. These charges were based on agreements growing out of a series of meetings which were held in the former Postmaster General's office, and by revelations resulting from the investigation at the other end of the Capitol.

The question has been raised on the floor as to whether or not fraud or collusion was established. Of course that is a responsibility for the Postmaster General to assume, but it must be stated also that whenever fraud or collusion has been established the Postmaster General is duty bound to cancel such contracts. When he was satisfied in his own opinion and by reason of advice given to him by the Attorney General and the solicitors of his Department, it was his duty to cancel the contracts. Once the contracts were canceled it was then his duty to consider the emergency operation of the mail, and for that reason this legislation has been suggested.

The question has been brought up on the floor of the House as to whether or not a trial has been given to the air mail contractors. The answer to that is the investigations made by the Department and the revelations made by the Senate committee may be termed a trial. The Postmaster General, I understand, has prosecuted an investigation of his own and, in his judgment, is satisfied that fraud and collusion occurred.

Another question has been discussed on the floor, as to whether or not the Army can fly the mail. I realize the efficiency of the present personnel, the wonderful flyers that have been flying the mail for the past several years. To my mind they are the most efficient transport flyers in the world. Their record stands out among the nations of the world without an equal. But the United States Army has a wonderful personnel, too. Their flyers are not trained in a correspondence school or brought up on the diet of pampered or coddled children. They are prepared for the trying experiences and hazards of warfare. They may not have the modern equipment necessary for flying the mail, but they are an efficient personnel. A crack-up may occur, but the Army, with proper equipment, in my judgment, is an efficient instrument for this work. They will give a good account of themselves and make America more proud than ever of the Army Air Corps. This experience will be beneficial to the Army pilots, just as the experiences of those in the Air Mail Service would be beneficial if as members of the Army Reserve they were taken for several weeks each year into the Army for military training.

Mr. HAINES. In that connection, will the gentleman tell the committee how the majority of the pilots in the Air Service are trained and what contribution the Army has made in the past to the training of these pilots?

Mr. MEAD. I will be glad to touch upon that subject. The majority of the pilots in the private transport service are trained by the United States Army at Army air fields. This training costs the United States Government approximately $24,000 for each pilot. Sixty percent of the pilots in the transport service are members of the military Reserve. Many of them have excellent war records. One that I know of carries a Congressional Medal of Honor. They are splendid men and a great asset to our Government. I believe in a short time all of these pilots who were flying planes for the private transport companies will be again carrying the mail; but I do not want anyone to make a statement that will in any way reflect against the personnel of our Army. They are out there now in all kinds of weather carrying the mail into every section of the United States. All they need is the proper equipment, and this legislation will help provide the things they require.

Mr. MOTT. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Oregon.

Mr. MOTT. It is not the gentleman's contention that one reason for canceling the contracts and turning this work over to the Army was to give experience to the Army flyers?

Mr. MEAD. I do not think that had anything to do with the matter.

Mr. MOTT. It is also the gentleman's idea that the carrying of the mail by the Army is only a temporary emergency. May I ask the gentleman if he thinks that the experience given the Army pilots by turning over to them the carrying of the mail and the results that have happened thus far have been justified? Let me put it in another way. Has the sacrifices which have been incurred by the Army mail flyers been justified?

Mr. MEAD. In order to answer that question we would probably have to take into consideration the pioneering adventures in every line. Human sacrifice has preceded progress which permits us to enjoy the comforts and luxuries of our day.

Accidents happened and they will continue to happen, perhaps because of the fact that this work is strange to the Army pilots, or because they have not all the devices for safety found on the private air transport lines. Again may I say that the life of an Army pilot is a hazardous one, more hazardous when called to active duty than any other occupation I know of. The experiences that they meet with in these times likewise call for courage and sacrifice. I cannot say that death in this case or any other case is justified. I would not want to be called upon to answer that question as it pertains to this particular case either in the affirmative or in the negative.

Mr. MOTT. If the gentleman has fully answered, will he permit another question?

Mr. MEAD. Yes.

Mr. MOTT. The gentleman has stated that the carrying of the mails by the Army is an emergency matter and that it is his intention to bring in permanent legislation as soon as possible which will put the carrying of air mail into the hands of private companies?

Mr. MEAD. Yes.

Mr. MOTT. Will that be done in a very short time?

Mr. MEAD. We are now reading the bill in committee.

Mr. MOTT. Let me ask the gentleman if he thinks the turning over of the air mail to the Army, entailing the sacrifices that we already know about, has been justified in view of the fact that within a very few days he is going to bring into this body legislation calling for the abandonment of air mail carrying by the Army flyers?

Mr. MEAD. I answered the gentleman's question when I said that the moment the Postmaster General was satisfied that fraud and collusion existed, there was no escape from the duty he had to perform.

Mrs. KAHN. Will the gentleman yield?

Mr. MEAD. I yield to the gentlewoman from California.

Mrs. KAHN. The gentleman casts no reflection upon the efficiency of the Army pilots. The casualties have been due to the fact that we put these men into insufficiently equipped planes and not from a spirit of pioneering, because the air pilots have done their pioneering and are now continuing to do it when we ask them to risk their lives with inefficient equipment. All of this would have been averted had the 45 days' provision, as appears in the contract, been taken advantage of by the Postmaster General and proper notice given, because by that time a bill could have been drawn up and every requirement of the law fulfilled. I heard the gentleman describe what, in his opinion, constituted a trial of these companies, and I was rather astonished at his explanation. I would hate to be on trial for my life in a procedure of that kind.

Mr. MEAD. I may say in answer to the gentlewoman from California that the Postmaster General conducted his own investigation and had the benefit of assistance from the Attorney General and the Senate committee. When he sat-

isfied himself that fraud and collusion existed in respect of these contracts, it was his responsibility and at the same time his duty to cancel the contracts.

Mrs. KAHN. It strikes me that it is a sort of star-chamber proceeding when one person out of the 120,000,000 in the United States is the one individual in the country to be satisfied whether fraud or collusion exists. I think we have gone back about 100 years.

Mr. BANKHEAD. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from Alabama.

Mr. BANKHEAD. May I ask the chairman of the committee this question? In view of the fact some of these Army fliers—I do not know whether they were directly executing orders to report for this air mail service or not—unfortunately met with disaster, and one famous flier has gone to the extent of saying that, in his opinion, it constituted legalized murder, is it the gentleman's observation that even if this order had not been made and if the contracts had not been annulled, under the rigorous and severe flying conditions we have had in the country for the last few days—is it not probable there would have been some casualties among the employees of these private companies?

Mr. MEAD. The gentleman is quite right, and, as I said a few moments ago, on the average there is one fatality every 29 days in good weather and in bad in the operation of ships by private companies. In severe weather private lines keep their ships on the ground and the Postmaster General asks the Army to follow this example.

Mr. HILL of Alabama. If the gentleman will yield, the truth is that ordinary military flying is more hazardous than ordinary air mail flying, because in military flying the fliers often have to fly in formation with many planes. Sometimes these planes have to land one right after another, with, perhaps, only a minute between the landing of the different planes. For this reason ordinary military flying is much more hazardous than ordinary air mail flying.

Mr. MEAD. Yes; I believe it is.

Mr. HILL of Alabama. Where you have the proper equipment ordinary air mail flying is not very hazardous; is not that true?

Mr. MEAD. Yes; and as the gentleman from Alabama [Mr. BANKHEAD] stated a few minutes ago, the severe storm that covered almost the entire country was in great measure responsible for crack-ups. In many instances private lines would have kept their ships out of the air. Probably the Army, eager and anxious to go through with the mail, regardless of the storm, took unnecessary chances. The Post Office Department gave no such orders.

Mr. TABER. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from New York.

Mr. TABER. The gentleman is quite familiar with the law with reference to the air mail situation. Would it not have been possible for the Postmaster General, immediately after the cancelation of these contracts, to have advertised under the Watres Act and let contracts to go on with this work?

Mr. MEAD. Yes; under the Watres Act any company with 6 months' flying experience would be eligible to bid on a contract offered by the Post Office Department on a given line after the bid was advertised for a period of 30 days. So he could not do it immediately, but he could do so after a period of 30 days.

Mr. TABER. And that would be about halfway run out if the advertisement had been entered in the newspapers immediately.

Mr. MEAD. If the advertisements were out February 9, on March 9 a number of private operators could take over the mail; but we have not very many that can qualify by reason of the limitations in the Watres Act.

I now want to discuss the situation with regard to the Pan American Co.

Mr. GOSS. Will the gentleman from New York yield?

Mr. MEAD. Yes; I yield.

Mr. GOSS. I was very much interested in the remarks of the gentleman from Alabama [Mr. HILL] with reference to damages; and if the gentleman has the bill before him, may I call his attention to line 6, on page 2, "and for the incidental expenses thereof." In fairness to the War Department, would the gentleman be willing to accept an amendment providing for loss and damage to all War Department equipment used in the transportation of the mails? We are using our bombers, as the gentleman knows, and some of our most expensive equipment. Of course, any loss of such equipment the War Department sustains, unless some such amendment is put in the bill. This would be a fair charge to the cost of carrying the mails, because I may say to the gentleman that even private companies have these mishaps, and undoubtedly the cost of carrying the mail includes the cost of the replacement of some of this equipment.

Mr. MEAD. It is my understanding that much equipment is being allowed the Army as a result of the necessary work in connection with carrying the mail.

Mr. GOSS. I may say to the gentleman that that simply refers to radio equipment, and there are only 150 ships involved, according to the testimony of the general, and that is a very infinitesimal amount compared to losing a bomber that cost $50,000 or $75,000.

Mr. MEAD. The War Department assumes the risk and has made no such request of our committee. I do not believe the committee would recommend legislation which the War Department did not see fit to request.

Mr. GOSS. The gentleman would have no objection to such an amendment if the War Department suggested it?

Mr. MEAD. If the War Department suggested it, the committee would consider the amendment; and if it was approved by the committee, I would be very pleased to advocate it.

A few moments ago the question was asked why the contract of Pan-American was not canceled.

Pan-American is a distinct organization, separate from the organizations that fly in the domestic field. It operates under an entirely separate act, and was in no way connected with the questionable conferences held at the former Postmaster General's office upon which the charges of fraud and collusion were based. Therefore the Postmaster General had no right to cancel the Pan-American contract. They are two separate and distinct cases and are not in any way related.

While I am making this observation, I may say that my distinguished colleague from New York mentioned the fact that Mr. Whitney, a prominent Democrat, is a member of the board of Pan-American and made a contribution to the Democratic Party. Not very long ago another gentleman from New York [Mr. BACON], who was the successful candidate for Congress against Mr. Whitney, made a speech in which he praised the Pan-American Air Line. So the gentleman from New York [Mr. BACON] did not take offense at the political activities of the candidate who ran against him for Congress.

Mr. BACON. I am glad to say that the Pan-American Co. is the most efficient operating air line in the world. A little while ago I had a conversation with Dr. Merkle, president of the Lufthasa Co., of Germany, and he told me that he considered the Pan-American Co. away and far ahead of anything in Europe—that it was the most efficient air company in the world.

They are doing a splendid job in carrying the goodwill of North America to South and Central America. I hope nothing will occur to cause their contract to be canceled.

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. MEAD. I will yield.

Mr. CANNON of Wisconsin. Is it true that the Pan-American received $2 a mile while these other companies only received 35 cents a mile?

Mr. MEAD. The Pan-American Co. is operating under an entirely different act and under entirely different conditions. The Post Office Committee has analyzed the cost of the domestic service, and the companies have been treated liberally. I understand Pan-American has not paid any dividends; they are not making money, but they are

doing a good job, as stated by the gentleman from New York.

Mr. CANNON of Wisconsin. Why is there such a wide difference in the cost?

Mr. MEAD. Because they have not the field, they have not the volume, they have not the opportunity to make the revenue other companies have.

Mr. CANNON of Wisconsin. But there seems to be a wide difference between $2 and 35 cents.

Mr. MEAD. The cost now is 38 or 39 cents for every mile flown in the United States. In the beginning the cost was much more than that. We are paying less in this country for our service per mile than any country in the world. Pan-American is doing more for less money each succeeding year.

Mr. FORD. Will the gentleman yield?

Mr. MEAD. I will yield to the gentleman from California.

Mr. FORD. Our Army could not carry the South American mail because the foreign country would not permit an Army plane to cross its country, would it?

Mr. MEAD. There is a delicate situation in the foreign Air Mail Service that must be ironed out by the State Department and the company negotiating the contract. It would be difficult for them to operate unless they were in a position to make concessions to municipalities and governments all along the line.

I now want to talk about the Watres Act and our former Postmaster General. Appearing before the Senate committee Mr. Brown was asked who had an interest in establishing a new air service between Buffalo, N.Y., and Detroit, Mich. Mr. Brown replied, "Chairman MEAD, of the Post Office Committee." Therefore, I am going to refer to the record. In the course of our investigation we discovered that Postmaster Brown intended to make extensions in sections of the country, and that this was to be done just before he went out of office.

Immediately we brought the matter to his attention, and he replied that he intended to do no such thing. Rumors persisted, however, and we called the Postmaster General before our committee. The Postmaster General, among other things, said that he had in mind taking care of a number of very necessary sections of the country. He said he had in mind making Buffalo the air mail hub of the country. I told him I was not interested in Buffalo's securing added air mail service from him at that time. I told him that it was not only poor sportsmanship on his part, but it was unethical for a man going out of office to make such extensions to the service, to incur added obligations which would have to be carried out by his successor, I said, "at this particular time, with the appropriation bill pending in the Congress, you are going to place the entire air mail in jeopardy, and I ask you not to do that."

The appropriation was reduced by the House and eliminated entirely in the Senate although the Postmaster General said that these extensions would make more friends for the air mail in the Congress. I had the committee adopt a resolution and I brought the resolution to the floor of the House, with a report from my committee asking that the Postmaster General be prevented from giving Buffalo or any other city added service at that time. The resolution reads in part as follows:

Whereas it has been reported that the Postmaster General in the closing days of his administration contemplates the issuing of new air mail route certificates, new air mail contracts, and the extension of existing air mail contracts, some of which will provide for service that will parallel and duplicate service now given by existing lines; and

Whereas before further contracts or extensions be made it is desirable that the Committee on the Post Office and Post Roads of the House, which has been authorized by House Resolution 226, be given an opportunity to complete and submit its report on the subject of air mail; and

Whereas this committee, after holding exhaustive hearings and making a complete survey of the air mail lines, is now about ready to transmit to the House its findings, together with such recommendations as it believes will prove beneficial: Therefore be it

Resolved, That the Postmaster General rescind such action as he has already taken in connection with issuing new air mail certificates, contracts, or extensions until such time as the committee, which has been authorized by the House of Representatives, submits its report.

I did everything within my power to stop him and yet he could not be stopped.

His actions brought on our present difficulties. They resulted from his administration of the Watres Act. Up until the enactment of the Watres Act the air mail in this country was operated under the Kelly Air Mail Act. The Kelly Act gave the air mail carriers a specific amount of money for a specific poundage of mail carried, but Postmaster General Brown, anxious as he was to develop the service, changed it from a poundage basis to a space basis.

The Watres Act was brought before our committee and hurriedly rushed through without sufficient consideration. Together with my colleague from Nebraska [Mr. MOREHEAD] I filed minority views against it, and with the support of Representative KELLY of Pennsylvania we had the bill taken from the calendar. It was amended so that limitations which would govern the administration of the act were inserted in the bill. One limitation, for illustration, prescribed that the Postmaster General should limit the payments to passenger planes to 40 cents a mile. The trouble with the administration of the law was this: We gave authority in the bill to effect consolidations, and to grant extensions, but we prescribed specifically that competitive bidding be maintained. The Postmaster General read the bill as it was finally passed and interpreted it as though it was the bill he originally sent to Congress. In my judgment he exercised to too great an extent the authority to grant extensions and effect consolidations. He forgot all about that provision that limits the amount paid to passenger-carrying ships to 40 cents per mile, or that provision pertaining to competitive bidding. True, they had conferences in the Postmaster General's office, and, while the contractors are at fault, yet the principal fault lies with the Postmaster General. He called those conferences, and if any air mail contractor defied him, he would not be allowed to carry the mail, and so, while they contributed to some extent to their present predicament, there are extenuating circumstances; they can be found all through the maladministration of Postmaster General Brown. If he agreed with our committee and sponsored the strict interpretation of the law, we would not be in the difficulty we are in today, and while Members may blame the Army or the Post Office Department, the blame, in my judgment, goes back to the former Postmaster General and to no one else.

The CHAIRMAN. For the information of the gentleman from New York, he has now consumed 45 minutes.

Mr. MEAD. Mr. Chairman, I shall consume no more time and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes.

Mr. KELLY of Pennsylvania. In view of the time, would it not be better to adjourn and continue consideration of this bill tomorrow?

Mr. MEAD. That is perfectly agreeable to me.

Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Kentucky, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, had come to no resolution thereon.

INTERNATIONAL PETROLEUM EXPOSITION

Mr. DISNEY. Mr. Speaker, I ask unanimous consent for the immediate consideration of the resolution (S.J.Res. 80) authorizing the President to invite the States of the Union and foreign countries to participate in the International

Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

The SPEAKER. Is there objection to the request of the gentleman from Oklahoma?

Mr. SNELL. Well, Mr. Speaker, I would like to know what this resolution is.

Mr. DISNEY. As in all of these general exposition resolutions, it provides that the President, by proclamation, may invite the various nations and individuals to participate in the exposition.

Mr. SNELL. And then we have said that if the President authorizes that, we have to pay a part of the expense?

Mr. DISNEY. No. This resolution provides that the Government shall not be liable for any expense.

Mr. SNELL. I would like to have a full explanation of the matter and would like to see a copy of the resolution. I think if resolutions of this importance are to be called up, we should have notice of it, and they should not be brought up just as we are closing at night. If the gentleman will hold that over until tomorrow, it is very likely there will be no objection to it.

Mr. DISNEY. I will be glad to withdraw the request at this time. The reason for the emergency is that the time is getting rather short.

Mr. SNELL. One day will not make any difference.

Mr. DISNEY. Not a bit.

Mr. Speaker, I will withdraw the request at this time.

The SPEAKER. Without objection, the request is withdrawn.

There was no objection.

BONUS—BONDS AND BONDAGE

Mr. DEEN. Mr. Speaker, I ask unanimous consent to extend my remarks by inserting in the RECORD a statement which I gave to the press today in connection with my signature on the bonus petition.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. DEEN. Mr. Speaker, under leave to extend my remarks in the RECORD, I include the following statement which I gave to the press today in connection with my signature on the bonus petition:

At the request of the press I gladly state my reasons for signing the petition to discharge the Ways and Means Committee of the House of Representatives in consideration of the bonus bill.

In the first place, I stated in my platform on which I was elected that I believed one of the best ways of putting money in circulation would be to pay the adjusted-service certificates. My action is therefore in harmony and in line with my printed platform. The bonus bill provides for the issuance of sufficient currency with which to pay the adjusted-service certificates without the issuance of bonds and without interest charges to the Federal Government.

With approximately $25,000,000,000 outstanding in Federal bonds at the present time and with the impending necessity of issuing several additional billion dollars' worth of bonds, the cash of the country is rapidly being taken out of the channels of trade and is being placed in these Government securities. The Federal Government is now contemplating that it will shortly be necessary for the Federal Government to go into the banking business in order to get money in the channels of trade. Agriculture, commerce, and industry require money as a medium of circulation, but the investment of billions of dollars in bonds in almost every county and State in the Nation is seriously handicapping the recovery of the administration's program.

Again, billions of dollars have been loaned to banks, insurance companies, railroads, and many other corporations, in addition to enormous appropriations to public works, civil works, the Army and Navy, and additional millions have been appropriated for direct doles. All of these appropriations either come out of the Treasury or are being raised by the issuance of tax-exempt securities in which the rich are placing their money and on which little or no taxes are paid. Bonds to the holders mean dividends, but to the masses and to the great majority of the people they mean bondage.

The adjusted-service certificates, if paid with new money as provided in the bill, can be placed in the Treasury as a basis for the issuance of the currency. They represent the honor and obligations of the Federal Government, and when due they can be canceled and the currency issued against them redeemed if necessary. To say that they are not bona fide security for the new currency to be issued against is to discredit the faith, honor, and credit of the American people and the Federal Government.

Still another reason why I signed the petition is that committees in the House of Representatives frequently pigeonhole, kill, and destroy bills, which are of interest to the American people. Of course, committees must necessarily consider legislation referred to them. However, the power and authority to study bills, make investigations, and hold hearings does not empower them to sit as a court of equity in their "holier-than-thou" attitude and destroy legislation by failure to report measures to the House of Representatives. A measure should stand on its merits on the floor of the House of Representatives and not be killed in committee rooms.

Another important reason which prompted my action is that something has been done for practically every class and group of people except the taxpayers. All of the billions we are now spending means multiplied and increased taxes, not only in the present but for a generation or two yet unborn. Onerous and burdensome taxes are the yoke that is tied around the neck of every citizen. If people cannot pay the present tax burdens, bond issues and other public assessments for government, how is it to be expected that they can suddenly pay these enormous increases in taxes?

Again, payment of the adjusted-service certificates will place $2,927,676.90 in my district, as follows: Appling County, $161,099.40; Atkinson County, $83,417.40; Bacon County, $85,365.40; Brantley County, $83,426.50; Coffee County, $238,841.90; Cook County, $136,863.10; Camden County, $76,689.80; Charlton County, $53,010.10; Clinch County, $84,881.50; Irwin County, $147,607.90; Jeff Davis County, $98,227.80; Lanier County, $62,799; Lowndes County, $362,927.40; Pierce County, $151,516.50; Telfair County, $181,463.70; Wayne County, $153,028.70; Ware County, $321,351.80; Glynn County, $234,740; Echols County, $33,202.40; Berrien County, $177,216.60.

The statute of limitations of Georgia's Constitution restricting bond issues to 7 percent of the assessed valuations of property has made it practically impossible for Georgia to acquire any of the Public Works funds. Also, either because of apparent discrimination against Georgia or a lack of understanding of the needs and requirements of citizens of Georgia, little consideration has been given by the Public Works Administration. Georgia will be required to pay its share of all the billions that have been spent throughout the country and from which it is receiving an infinitesimally small allocation. The payment of the adjusted-service certificates will therefore guarantee an equitable distribution of the proposed billions yet to be spent.

Following the policy and procedure of the Federal Government, counties, cities, and States have piled up enormous bond issues. The situation is so serious that there was passed at the last session of Congress the Wilcox bill, no. 5954, empowering counties, cities, and special tax districts to appear in bankruptcy courts for the purpose of scaling down and obtaining relief from their indebtedness. Two thousand and nineteen counties, cities, and special tax districts in the United States are now faced with bankruptcy. This situation is working an undue hardship on the remaining towns, cities, and counties which are solvent and which are trying to carry on. Credit is wholesome and when properly used is an asset. However, debt is a hard master, and there is a limit to the amount taxpayers will submit to. That limit has been reached in many instances.

I am supporting the administration and have done so on 99 percent of all legislation. I will continue to support the administration and to uphold the program of President Roosevelt, whose every energy and ambition are directed toward recovery and permanent perpetuity of our great Nation. If a Member of Congress is to be censured with slander for having an opinion of his own or trying to uphold his oath of office and to represent his constituency on an honest and conscientious basis, then representative government is imperiled with a threatening and impending collapse.

If the President insists that he will veto the measure should it be enacted by Congress, then I shall not be one to cause or bring about any embarrassment. If he firmly states that he will veto the measure, I will do as I have heretofore done, comply with his request and support his viewpoint, sacrificing my own official convictions, in order that his program may be given a sufficient opportunity for hopeful and successful restoration of normalcy.

It is my hope, however, that the President will permit consideration of the legislation. If he instructs the leaders of the House and Senate that he will veto the bill, then I will not vote for it. What I am hopeful for is that we shall soon emerge from the midnight of despond and shall presently come into the dawn and light of a new day, and to this end my every effort has been pledged.

SENATE BILL REFERRED

A bill of the Senate of the following title was taken from the Speaker's table and, under the rule, referred as follows:

S. 2660. An act to amend the Radio Act of 1927, approved February 23, 1927, as amended (44 Stat. 1162); to the Committee on Merchant Marine, Radio, and Fisheries.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on February 21, 1934, present to the President, for his approval, bills of the House of the following titles:

H.R. 890. An act for the relief of Henry M. Burns;

H.R. 5241. An act to authorize the settlement, allowance, and payment of certain claims, and for other purposes;

H.R. 5242. An act for the relief of William C. Campbell;

H.R. 5243. An act to provide for the reimbursement of Guillermo Medina, hydrographic surveyor, for the value of personal effects lost in the capsizing of a Navy whaleboat off Galera Island, Gulf of Panama;

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr.;

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.;

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.;

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.; and

H.R. 7928. An act to amend subsection (b) of section 12 of the act entitled "An act to provide for the establishment of a corporation to aid in the refinancing of farm debts, and for other purposes", approved January 31, 1934.

ADJOURNMENT

Mr. MEAD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 47 minutes p.m.) the House adjourned until tomorrow, Friday, February 23, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON THE PUBLIC LANDS

(Friday, Feb. 23, 10:15 a.m.)

Hearings continued on H.R. 6462 (grazing bill) in room 328, House Office Building.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Friday, Feb. 23, 10 a.m.)

Hearings on H.R. 7800 in the committee room.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Friday, February 23, 10 a.m.)

Continuation of hearings on national securities stock exchange bill, H.R. 7852.

EXECUTIVE COMMUNICATIONS, ETC.

360. Under clause 2 of rule XXIV, a letter from the chairman of the Federal Home Loan Bank Board, transmitting the First Annual Report from the Federal Home Loan Bank Board (H.Doc. No. 261) was taken from the Speaker's table, referred to the Committee on Banking and Currency, and ordered to be printed with illustrations.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SUMNERS of Texas: Committee on the Judiciary. H.R. 8046. A bill to provide a penalty for the knowing or willful presentation of any false written instrument relating to any matter within the jurisdiction of any department or agency of the Government with intent to defraud the United States; without amendment (Rept. No. 829). Referred to the House Calendar.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 5013. A bill for the relief of the Omaha Indians of Nebraska; with amendment (Rept. No. 830). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 5633. A bill to permit relinquishments and reconveyances of privately owned and State school lands for the benefit of the Indians of the Acoma Pueblo, N.Mex.; without amendment (Rept. No. 831). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. H.R. 5911. A bill to authorize the Secretary of the Interior to cancel restricted fee patents and issue trust patents in lieu thereof; without amendment (Rept. No. 832). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Afairs. H.R. 5912. A bill for the benefit of Navajo Indians in New Mexico; without amendment (Rept. No. 833). Referred to the Committee of the Whole House on the state of the Union.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. House Joint Resolution 278. A joint resolution to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land; without amendment (Rept. No. 834). Referred to the House Calendar.

Mr. ROGERS of Oklahoma: Committee on Indian Affairs. S. 1807. An act to provide for the exchange of Indian and privately owned lands, Fort Mojave Indian Reservation, Ariz.; without amendment (Rept. No. 835). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BROWNING: Committee on the Judiciary. H.R. 4398. A bill conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus; with amendment (Rept. No. 828). Referred to the Committee of the Whole House.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BULWINKLE: A bill (H.R. 8206) to resume payments in presumptive cases disallowed by special boards and to modify the provisions pertaining to eligibility for domiciliary or hospital care, including medical treatment; to the Committee on World War Veterans' Legislation.

By Mr. SCRUGHAM: A bill (H.R. 8207) to provide for the establishment of regional industrial credit corporations by the Reconstruction Finance Corporation, and for other purposes; to the Committee on Banking and Currency.

By Mr. HILL of Alabama: A bill (H.R. 8208) to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; to the Committee on Military Affairs.

By Mr. WIGGLESWORTH: A bill (H.R. 8209) to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. FERNANDEZ: A bill (H.R. 8210) for the relief of Mrs. G. A. Brannan; to the Committee on War Claims.

By Mr. FISH: A bill (H.R. 8211) granting insurance to Maybelle M. Hannan; to the Committee on Claims.

By Mr. HOEPPEL (by request): A bill (H.R. 8212) for the relief of Samuel J. Scharf; to the Committee on Claims.

By Mr. HOIDALE: A bill (H.R. 8213) granting a pension to Mrs. Leslie C. Karn; to the Committee on Pensions.

By Mr. JENKINS of Ohio: A bill (H.R. 8214) to confer jurisdiction on the Court of Claims of the United States to

hear and determine the claim of Marion L. French; to the Committee on Claims.

By Mr. LOZIER: A bill (H.R. 8215) granting an increase of pension to Mattie Banks; to the Committee on Invalid Pensions.

By Mr. MARSHALL: A bill (H.R. 8216) granting a pension to Jennie Freeman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8217) granting a pension to Irene H. Holbrook; to the Committee on Pensions.

By Mr. RAMSPECK: A bill (H.R. 8218) for the relief of Raymond John Wrinn; to the Committee on Naval Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2490. By Mr. AYRES of Kansas: Petition of citizens of Wichita and Newton, Kans., protesting against the passage of Senate bill 2000 and its companion bill in the House; to the Committee on Interstate and Foreign Commerce.

2491. By Mr. CARPENTER of Kansas: Petition of Chloe M. Willis and 19 others of Manhattan, Kans.; to the Committee on Ways and Means.

2492. Also, petition of Walter H. Flagg and 69 others living in and around Manhattan; to the Committee on Ways and Means.

2493. By Mr. CULLEN: Petition of the National Marine Cooks, Stewards, Head and Side Waiters Association, Inc., New York City, approving and urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2494. By Mr. HOWARD: Petition of members and friends of the Woman's Christian Temperance Union of Plainview, Nebr., protesting against war and preparation for war; to the Committee on Military Affairs.

2495. By Mr. KINZER: Resolution of the Woman's Christian Temperance Union of Kennett Square, Pa., petitioning for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2496. By Mr. LINDSAY: Petition of Stephanie Braun, 120 Broadway, New York City, protesting against the National Securities Exchange Act of 1934; to the Committee on Banking and Currency.

2497. Also, petition of National Marine Cooks, Stewards, Head and Side Waiters Association, Inc., New York City, urging the enactment of the Wagner-Costigan antilynching bill; to the Committee on the Judiciary.

2498. By Mr. MALONEY of Connecticut: Petition of Albert T. Pierson, president of the Railroad Employees and Taxpayers' Association of Connecticut, and 37,718 citizens of the Third District, protesting against the unjust, unreasonable, and discriminatory operation of inadequately regulated and taxed busses and trucks engaged in transportation, and against the subsidizing with public funds of any form of transportation, and further petitioning that suitable laws be enacted to prevent this unjust discrimination of agencies of transportation; to the Committee on Ways and Means.

2499. Also, resolution of the Ladies' Auxiliary of the Veterans of Foreign Wars in New Britain, demanding complete repeal of the Economy Act of March 20, 1933, and immediate cash payment of the adjusted-service certificates; to the Committee on World War Veterans' Legislation.

2500. By the SPEAKER: Petition of Construction Workers' Industrial Union, regarding labor conditions; to the Committee on Ways and Means.

2501. Also, petition of the teachers of Granite City Community High School, of Granite City, Ill., requesting immediate financial aid for the schools of Illinois; to the Committee on Education.

2502. Also, petition of the New York Typographical Union, No. 6; to the Committee on Ways and Means.

2503. Also, petition of the city of Manila, P.I., regarding Philippine independence; to the Committee on Insular Affairs.

HOUSE OF REPRESENTATIVES

FRIDAY, FEBRUARY 23, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Again, our Heavenly Father, Thou art a blessed Providence, manifesting mercy in rich abundance. May we rejoice in Thy loving kindness and thank Thee for the precious gifts of life. We bear our country to the throne of prayer. O, let that glorious day come whose recovery shall be more than the tremulous twilight upon the hilltops. May it be a radiant splendor bursting from the noonday sun, lighting up the dark, discouraged, and remotest parts of every section. Compassionate Father, again the Congress is in sorrow; a fine and splendid type of public servant has fallen. Do Thou bend down under the great burden of the afflicted loved ones; may they rest in the sublime trust that He who made us will order all things aright. Blessed be Thy holy name for all the treasures that are to be revealed in that hour when the day star shall dawn beyond the hills. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Horne, its enrolling clerk, announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors.

The message also announced that the Senate agrees to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

SENATE BILLS AND JOINT RESOLUTION REFERRED

Bills and a joint resolution of the Senate of the following titles were taken from the Speaker's table and, under the rule, referred as follows:

S. 90. An act for the relief of Mick C. Cooper; to the Committee on Claims.

S. 176. An act for the relief of Harry Harsin; to the Committee on Claims.

S. 254. An act for the relief of Fred H. Cotter; to the Committee on Claims.

S. 405. An act for the relief of Anna W. Ayer, widow of Capt. Asa G. Ayer, deceased; to the Committee on Claims.

S. 489. An act for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y.; to the Committee on Claims.

S. 620. An act for the relief of Catherine Wright; to the Committee on Claims.

S. 828. An act to prevent professional prize fighting and to authorize amateur boxing in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

S. 1401. An act to pay a gratuity to Emma Ferguson Starrett; to the Committee on Claims.

S. 1430. An act for the relief of M. Thomas Petroy; to the Committee on Claims.

S. 1506. An act to amend the United States mining laws applicable to the Mount Hood National Forest within the State of Oregon; to the Committee on the Public Lands.

S. 1516. An act for the relief of Michael Bello; to the Committee on Claims.

S. 1568. An act to repeal certain provisions of the act of February 25, 1929, entitled "An act to authorize appropriations for construction at military posts, and for other purposes", and the act of July 3, 1930, entitled "An act making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1930, and prior

fiscal years, to provide supplemental appropriations for the fiscal years ending June 30, 1930, and June 30, 1931, and for other purposes"; to the Committee on Military Affairs.

S. 1731. An act for the relief of Marion Von Bruning (nee Marion Hubbard Treat); to the Committee on Claims.

S. 1750. An act to authorize loans by regional agricultural credit corporations to apiarists; to the Committee on Ways and Means.

S. 1982. An act to add certain lands to the Mount Hood National Forest, in the State of Oregon; to the Committee on the Public Lands.

S. 1983. An act to authorize the revision of the boundaries of the Fremont National Forest, in the State of Oregon; to the Committee on the Public Lands.

S. 1994. An act for the relief of Estelle Johnson; to the Committee on Claims.

S. 2023. An act for the relief of Claudia L. Polski; to the Committee on Claims.

S. 2041. An act to amend the act of June 15, 1933, amending the National Defense Act of June 3, 1916, as amended; to the Committee on Military Affairs.

S. 2042. An act to establish a department of physics at the United States Military Academy at West Point, N.Y.; to the Committee on Military Affairs.

S. 2050. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of an individual claim approved by the War Department; to the Committee on Claims.

S. 2051. An act to authorize settlement, allowance, and payment of certain claims; to the Committee on Claims.

S. 2054. An act for the relief of certain disbursing officers of the Army of the United States and for the settlement of individual claims approved by the War Department; to the Committee on Claims.

S. 2138. An act for the relief of Charles J. Webb Sons Co., Inc.; to the Committee on Claims.

S. 2201. An act for the relief of the Neill Grocery Co.; to the Committee on Claims.

S. 2295. An act for the relief of Robert E. Masters; to the Committee on Military Affairs.

S. 2377. An act for the relief of A. E. Shelley; to the Committee on Claims.

S. 2534. An act to further extend the operation of the act entitled "An act for the temporary relief of water users on irrigation projects constructed and operated under the reclamation law", approved April 1, 1932; to the Committee on Irrigation and Reclamation.

S. 2545. An act to extend the times for commencing and completing the construction of a bridge across the Columbia River at or near Astoria, Oreg.; to the Committee on Interstate and Foreign Commerce.

S. 2546. An act to amend the act entitled "An act to authorize the construction of certain bridges and to extend the times for commencing and completing the construction of other bridges over the navigable waters of the United States", approved June 10, 1930; to the Committee on Interstate and Foreign Commerce.

S. 2592. An act granting the consent of Congress to the State of Minnesota, and Scott County and Carver County, in the State of Minnesota, to construct, maintain, and operate a bridge across the Minnesota River at or near Jordan, Minn.; to the Committee on Interstate and Foreign Commerce.

S. 2593. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the St. Louis River at or near Cloquet, Minn.; to the Committee on Interstate and Foreign Commerce.

S. 2594. An act granting the consent of Congress to the Highway Department of the State of Minnesota to construct, maintain, and operate a free highway bridge across the Mississippi River at or near the southerly end of Lake Bemidji, Minn.; to the Committee on Interstate and Foreign Commerce.

S. 2750. An act for the relief of Claude A. Brown and Ruth McCurry Brown, natural guardians of Mamie Ruth Brown; to the Committee on Claims.

S.J.Res. 74. Joint resolution authorizing necessary funds to conduct investigation regarding rates charged for electrical energy and to prepare report thereon; to the Committee on Interstate and Foreign Commerce.

COMMITTEE ON EDUCATION

Mr. DOUGLASS. Mr. Speaker, I ask unanimous consent as Chairman of the Committee on Education that that committee be allowed to sit next week during the sessions of the House on the hearings on Federal aid to education.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection.

APPOINTMENT TO COMMITTEES

Mr. DOUGHTON. Mr. Speaker, I offer the following resolution.

The Clerk read as follows:

House Resolution 279

Resolved, That the following-named Members be, and they are hereby, elected members of the standing committees of the House, as follows:

Insular Affairs: HENRY ELLENBOGEN, Pennsylvania.
Patents: CHARLES KRAMER, California.

The resolution was agreed to.

HOUR OF MEETING

Mr. BYRNS. Mr. Speaker, there is one appropriation in particular carried in the appropriation bill for the Department of Agriculture which makes it very important that that bill become law at the earliest possible moment, so I am advised by the Secretary of Agriculture and other officials of that Department. In view of the fact that the bill will not be passed as soon as it was expected, I ask unanimous consent, Mr. Speaker, that when the House adjourn today it adjourn to meet at 11 o'clock tomorrow, and that when it adjourn tomorrow it adjourn to meet at 11 o'clock on Monday.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

COMMITTEE ON INSULAR AFFAIRS

The SPEAKER laid before the House the following communication, which was read:

FEBRUARY 23, 1934.

HON. HENRY T. RAINEY,
Speaker of the House of Representatives,
United States Capitol.

MY DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Committee on Insular Affairs.

Very respectfully yours,

CHARLES KRAMER.

INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. TAYLOR of Colorado submitted the conference report on the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, for printing under the rule.

The Clerk read the title of the bill.

JOSEPH L. HOOPER

Mr. MAPES. Mr. Speaker, it is my sad duty to announce the death of our colleague from Michigan, Hon. JOSEPH L. HOOPER. He died very suddenly, alone in his office yesterday afternoon a few minutes after the adjournment of the House. As the Members of the House know, he was present at the session yesterday and participated in the debate.

In his death the House of Representatives has lost one of its most valuable Members and one who had the respect of every Member of the House and the affection of everyone who knew him well.

The State of Michigan has lost one of its most outstanding citizens.

Mr. Speaker, the death of Mr. HOOPER comes as a great personal shock to me. I shall make no attempt at this time to pronounce any eulogy of him. He was a man of spotless

character and represented the highest type of public servant. I hope at some subsequent time there will be an opportunity to pay adequate tribute to his service and to his character.

Mr. BANKHEAD. Mr. Speaker, before the gentleman from Michigan offers the usual resolution, I should like to be indulged just a moment.

I realize, of course, this is neither the time nor the place for an extended eulogy on the life and character of our late colleague, Mr. HOOPER, of Michigan, but I cannot restrain the impulse of undertaking to speak a brief word to express my personal admiration and, I am sure, the admiration of all Members on this side of the Chamber, as well as on the other, of the most admirable qualities possessed by him. I did not claim an intimate personal relationship with our departed colleague, but for 10 years I have had an opportunity to observe him; and I want to say that I have served with no Member in this House who has impressed me more with his intellectual integrity, with all the fine and gentle qualities of his nature. He was a man who never gave deliberate offense, who was always considerate of the opinions of those who differed with him upon public questions.

The State of Michigan has lost an admirable Representative in this Chamber, which he honored by his presence and by his service; and it is a matter of deep personal grief and sorrow to all of us on this side of the Chamber that he has so unfortunately gone away in his very prime.

Mr. HART. Mr. Speaker, as the senior member of the Democratic delegation from Michigan, I remember when I first came to the House I made the acquaintance of JOSEPH L. HOOPER, a member of the delegation on the Republican side. He came to me and offered his experience to assist me in my work in behalf of the common interests which we had in the State of Michigan.

I found Mr. HOOPER to be a good friend and reasonable in all matters, willing to be of assistance to the Members on this side of the House as well as the Members on the other side. I regret his passing. I am sure that all the Members from Michigan on this side of the House join with the dean of the Republican membership of the Michigan delegation in paying tribute to our departed colleague.

Mr. MUSSELWHITE. Mr. Speaker, I ask unanimous consent to have read into the RECORD a testimonial by the Michigan Democratic delegation to our late colleague and friend, Hon. JOSEPH L. HOOPER.

The SPEAKER. Is there objection to the request of the gentleman from Michigan?

There was no objection.

The Clerk read as follows:

Deeply shocked and immeasurably saddened by the death of our good colleague, Hon. JOSEPH L. HOOPER, we, the Democratic delegation in Congress from Michigan, pause today to pay tribute to his honored memory.

Although seated on opposite sides of the Chamber and differing occasionally in theories and principles of government, we have profited through the genial companionship, the cooperative spirit, and the willingness to be of service manifested by JOE HOOPER. As a veteran Member, he has been helpful to all of us, regardless of political differences.

Sincere, thoroughly honest, well versed in legislative procedure, we acknowledge with deep appreciation the courtesies and kindnesses he has shown us. We sorrow sincerely at his demise in the full flower of his useful career. With those nearest and dearest to him we feel the sorrow of his passing.

JOE HOOPER, colleague and friend, we miss you. A benison to your memory.

The Michigan Democratic delegation in Congress:

GEORGE G. SADOWSKI.	HARRY W. MUSSELWHITE.
JOHN C. LEHR.	PRENTISS M. BROWN.
GEORGE E. FOULKES.	CARL M. WEIDEMAN.
CLAUDE E. CADY.	JOHN D. DINGELL.
MICHAEL J. HART.	JOHN LESINSKI.

Mr. COX. Mr. Speaker, one of the most precious friendships I ever enjoyed was that which existed between JOE HOOPER and myself. With all who loved him, I sorrow in his untimely taking away. To me JOE HOOPER was a good and great American.

Mr. MAPES. Mr. Speaker, I offer the following resolution, which I send to the Clerk's desk.

The Clerk read as follows:

House Resolution 280

Resolved, That the House has heard with profound sorrow of the death of Hon. JOSEPH L. HOOPER, a Representative from the State of Michigan.

Resolved, That a committee of two Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provision of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Mr. O'CONNOR. Mr. Speaker, I do not rise to pronounce a eulogy on this great man who has passed away. I rise rather to call the attention of the House to one detail of this resolution now before us. I shall not say that this House has an inferiority complex, but the Members will recall, about a year or so ago, when the legislative appropriation bill came before us, I fought what I believed was pretended "economy" in reducing the size of the delegation of the House to attend funeral services to a mere membership of two. I argued then that such a gesture was an insult to the dignity of this House when the other body can appoint as many Members as it sees fit. Recently I read that before the House committee considering the legislative bill during this session it was pointed to with great pride that the huge sum of $5,000 was saved last year by reason of the reduction of this representation on funeral committees for probably a dozen Members who had died, because in nearly every Congress we lose approximately 14 Members. In my opinion, this saving is picayune. I think it is an offense to the dignity of this House that when a Member dies we appoint only two Members to attend his funeral. This kind of economy is in line with other minor, infinitesimal savings at the spigot which has brought ridicule upon us at many times.

Mr. Speaker, we used to have 15 Members representing this House on such sad occasions, and I should like now to see a proper delegation of 10 or 12 Members appointed to attend the services for this distinguished Representative who has passed from us. Why, Mr. Speaker, even if the leader on either side of this House should pass away, which God forbid, only two Representatives in Congress would be appointed to go up State in New York or down to Tennessee to pay the respects of the entire 435 Members of the House of Representatives.

I have no desire for any junket, and I know most of the Members here have no such desire, but this demagoguery about economy when such a sacred tribute is involved, in my opinion, might in the eyes of some people make us appear ridiculous.

Mr. Speaker, I should like to see a delegation of at least 12 Members appointed by the Chair to attend the funeral of our distinguished Representative who has passed away, but as the law now stands only two may be appointed. However, when the legislative appropriation bill comes before the House for consideration within a few weeks, I shall propose an amendment to the present provision, authorizing the Speaker to appoint a committee of not more than 10 or 12 to represent the House at the funeral services for our departed colleagues.

Mr. MAPES. Mr. Speaker, may I say I heartily agree with the remarks of the gentleman from New York, and I take this opportunity to say that the reason this resolution provides for the appointment of two Members only is the fact that the law at the present time expressly limits the committee to that number.

The SPEAKER. The question is on the adoption of the resolution.

The resolution was agreed to.

The SPEAKER. The Chair appoints on the committee provided for in the resolution the gentlemen from Michigan, Mr. MAPES and Mr. MUSSELWHITE.

ADJOURNMENT

The SPEAKER. The Clerk will report the further resolution.

The Clerk read as follows:

Resolved, That as a further mark of respect, this House do now adjourn.

The motion was agreed to; accordingly (at 12 o'clock and 21 minutes p.m.), in accordance with the order previously made, the House adjourned until tomorrow, Saturday, February 24, 1934, at 11 o'clock a.m.

COMMITTEE HEARING

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Saturday, Feb. 24, 10 a.m.)

Continuation of hearing on H.R. 7852, the national securities stock exchange bill.

EXECUTIVE COMMUNICATIONS, ETC.

361. Under clause 2 of rule XXIV a communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment under the Architect of the Capitol, for the fiscal year 1935, in the sum of $45,000 (H.Doc. No. 263) was taken from the Speaker's table, referred to the Committee on Appropriations, and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. CHRISTIANSON: Committee on Indian Affairs. H.R. 7549. A bill to establish the boundary lines of the Chippewa Indian territory in the State of Minnesota; with amendment (Rept. No. 837). Referred to the House Calendar.

Mr. CLARK of North Carolina: Committee on the District of Columbia. S. 2057. An act authorizing the sale of certain property no longer required for public purposes in the District of Columbia; without amendment (Rept. No. 838). Referred to the Committee of the Whole House on the state of the Union.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Claims was discharged from the consideration of the bill (S. 377) for the relief of the Fred G. Clark Co., and the same was referred to the Committee on War Claims.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. DEEN: A bill (H.R. 8219) to provide for the cooperation by the Federal Government with the several States and Territories in meeting the crisis in public education; to the Committee on Education.

By Mrs. NORTON: A bill (H.R. 8220) to regulate the practice of professional engineering; creating a Registration Board for Professional Engineers of the District of Columbia; defining its powers and duties; providing penalties; and for other purposes; to the Committee on the District of Columbia.

By Mr. MEAD: A bill (H.R. 8221) to amend section 52 of the Judicial Code, as amended; to the Committee on the Judiciary.

By Mr. SCHULTE: A bill (H.R. 8222) to establish a quota for immigration of aliens from the Republic of Mexico; to the Committee on Immigration and Naturalization.

By Mr. McFADDEN: A bill (H.R. 8223) to limit immigration from each country which, or any political subdivision of which, is in default on its governmental indebtedness to the United States or to any citizen of the United States; to the Committee on Immigration and Naturalization.

By Mr. FORD: A bill (H.R. 8224) to amend the Home Owners' Loan Act to broaden the class of loans which may be made by the Corporation; to the Committee on Banking and Currency.

By Mr. HOEPPEL: A bill (H.R. 8225) to authorize annual appropriations to meet losses sustained through gold devaluation by certain retired persons and beneficiaries of the Veterans' Administration now abroad who are unable to return to the United States; to the Committee on Expenditures in the Executive Departments.

By Mr. SHOEMAKER: Resolution (H.Res. 281) for investigation of penal institutions under the jurisdiction of the Department of Justice and District of Columbia; to the Committee on Rules.

MEMORIALS

Under clause 3 of rule XXII, memorials were presented and referred as follows:

By the SPEAKER: Memorial of the Legislature of the State of Ohio, memorializing the Congress relative to the enactment of an antilynching law; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. AYRES of Kansas: A bill (H.R. 8226) granting an increase of pension to Margaret A. Bradshaw; to the Committee on Invalid Pensions.

By Mr. FORD: A bill (H.R. 8227) for the relief of Frank Duffy; to the Committee on Military Affairs.

By Mr. REECE: A bill (H.R. 8228) granting a pension to David E. Goodwin; to the Committee on Pensions.

Also, a bill (H.R. 8229) granting an increase of pension to John T. Hyder; to the Committee on Pensions.

By Mr. WEST of Ohio: A bill (H.R. 8230) granting a pension to Parmelia J. Woodward; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2504. By Mr. AYERS of Montana: Petition of Otto Bjornstad, secretary of the Order of Railway Conductors, Black Eagle Division, No. 356, Great Falls, and sundry other citizens of Great Falls, Stryker, Missoula, Ravalli, and Deer Lodge, all of the State of Montana, praying for repeal or modification of the fourth section of the Interstate Commerce Act; to the Committee on Interstate and Foreign Commerce.

2505. By Mr. BLANCHARD: Petition of 850 citizens of Kenosha, asking for adequate appropriations for subsistence homesteads and liberalization of regulations covering these projects; to the Committee on Appropriations.

2506. By Mr. BUCKBEE: Petition of David Carlen and 200 other citizens of Rockford, Ill., calling upon Congress to pass an unemployment-insurance bill; to the Committee on Labor.

2507. By Mr. HIGGINS: Resolutions of the Ladies' Auxiliary of Walter J. Smith Post, No. 511, Veterans of Foreign Wars of the United States, of New Britain, Conn., favoring the repeal of the Economy Act (Public, No. 2, 73d Cong.) and the immediate payment of the adjusted-service certificates to the veterans of the World War; to the Committee on World War Veterans' Legislation.

2508. By Mr. KVALE: Petition of County Board, Lake County, Minn., opposing the transfer of the Coast Guard from the Treasury Department to the Navy Department; to the Committee on Naval Affairs.

2509. Also, petition of members of the Trinity Methodist Episcopal Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2510. Also, petition of members of the Pilgrim Congregational Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2511. Also, petition of members of the Epworth Methodist Episcopal Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2512. Also, petition of members of the Aldrich Avenue Presbyterian Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2513. By Mr. SADOWSKI: Petition requesting the restoration of the $1,700,000 appropriation for a post-office annex at Detroit; to the Committee on the Post Office and Post Roads.

2514. Also, petition asking that the proposed legislation on food, drugs, and cosmetics be vested in the Department of Commerce; to the Committee on Interstate and Foreign Commerce.

2515. By Mr. STRONG of Pennsylvania: Petition of the Moxham Woman's Christian Temperance Union, Johnstown, Pa., favoring the Patman motion picture bill; to the Committee on Interstate and Foreign Commerce.

2516. By the SPEAKER: Petition of the borough of Moonachie, N.J.; to the Committee on Ways and Means.

2517. Also, petition of the Winnebago County Protective Association; to the Committee on Ways and Means.

HOUSE OF REPRESENTATIVES

SATURDAY, FEBRUARY 24, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Our Father, who art in heaven, hallowed be Thy name. Thy kingdom come. Thy will be done on earth as it is in heaven. Give us this day our daily bread. And forgive us our trespasses as we forgive those who trespass against us. And lead us not into temptation, but deliver us from evil, for Thine is the kingdom and the power and the glory forever. Amen.

The Journal of the proceedings of yesterday was read and approved.

DENTAL CORPS OF THE UNITED STATES NAVY

Mr. VINSON of Georgia. Mr. Speaker, I ask unanimous consent to file a supplemental report on the bill (H.R. 6690) for the relief of certain officers of the Dental Corps of the United States Navy.

The SPEAKER. Is there objection to the request of the gentleman from Georgia?

There was no objection.

INTERNATIONAL PETROLEUM EXPOSITION, TULSA, OKLA.

Mr. DISNEY. Mr. Speaker, the other evening I submitted a unanimous-consent request, which was held in abeyance, with respect to Senate Joint Resolution No. 80, authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

The request was held in abeyance because the gentleman from New York wished to investigate the matter further. I now ask unanimous consent for the present consideration of the joint resolution.

The Clerk read the title of the Senate joint resolution.

Mr. SNELL. Mr. Speaker, the other evening when the gentleman from Oklahoma called up this joint resolution I asked the gentleman to let the matter go over until I could look it up further. There did not seem to be any of the minority members of the Foreign Affairs Committee present at that time. I have since looked into the resolution, and I find this is an exposition which they have in Oklahoma once in 4 or 5 years. It is of interest to the people there, and they have never asked for any Government contribution. The gentleman from Oklahoma informs me they do not intend to make such a request at this time; and there is no objection to the resolution, so far as I am concerned.

There being no objection, the Clerk read the Senate joint resolution, as follows:

Senate Joint Resolution 80

Resolved, etc., That the President of the United States is authorized to invite by proclamation, or in such other manner as he may deem proper, the States of the Union and all foreign countries to participate in the proposed International Petroleum Exposition, to be held at Tulsa, Okla., from May 12 to May 19, 1934, inclusive, for the purpose of exhibiting samples of fabricated and raw products of all countries used in the petroleum industry and bringing together buyers and sellers for promotion of trade and commerce in such products.

SEC. 2. All articles that shall be imported from foreign countries for the sole purpose of exhibition at the International Petroleum Exposition upon which there shall be a tariff or customs duty shall be admitted free of the payment of duty, customs, fees, or charges, under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during the exhibition to sell any goods or property imported for and actually on exhibition, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury may prescribe: *Provided*, That all such articles when sold or withdrawn for consumption or use in the United States shall be subject to the duty, if any, imposed upon such articles by the revenue laws in force at the date of withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling and necessary exposure, the duty, if paid, shall be assessed according to the appraised value at the time of withdrawal for consumption or use, and the penalties prescribed by law shall be enforced against any person guilty of any illegal sale, use, or withdrawal.

SEC. 3. That the Government of the United States is not by this resolution obligated to any expense in connection with the holding of such exposition and is not hereafter to be obligated other than for suitable representation thereat.

The joint resolution was ordered to be read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for one half of a minute.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

ANNOUNCEMENT OF SUBJECT OF ADDRESS

Mr. GRAY. Mr. Speaker, I have heretofore announced I would speak on Abraham Lincoln, but I did not make the speech. I later announced I would pay my respects to the aggregation that objected. I now wish to announce that I shall both pay my respects to the objecting aggregation and speak on Abraham Lincoln during consideration of the Department of Agriculture bill, which will come up immediately after the pending bill is disposed of; or, if the agriculture bill is not reached today, then I will speak Monday in the order of my time on that bill.

DEPARTMENT OF THE INTERIOR APPROPRIATION BILL

Mr. TAYLOR of Colorado. Mr. Speaker, I call up the conference report on the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Colorado?

There was no objection.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 10, 16, 17, and 26.

That the House recede from its disagreement to the amendments of the Senate numbered 2, 3, 5, 6, 7, 8, 9, 11, 22, 24, 28, 29, 30, 31, 32, 33, and 35, and agree to the same.

Amendment numbered 1: That the House recede from its disagreement to the amendment of the Senate numbered 1, and agree to the same with an amendment as follows: In line 10 of the matter inserted by said amendment strike out the sum "$500,000" and insert in lieu thereof the following: "$34,000, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 4: That the House recede from its disagreement to the amendment of the Senate numbered 4, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$2,981,040, and in addition thereto not to exceed $75,000 of the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 12: That the House recede from its disagreement to the amendment of the Senate numbered 12, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$112,140, and in addition thereto not to exceed $50,000 of the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 13: That the House recede from its disagreement to the amendment of the Senate numbered 13, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$105,000"; and the Senate agree to the same.

Amendment numbered 14: That the House recede from its disagreement to the amendment of the Senate numbered 14, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$143,800"; and the Senate agree to the same.

Amendment numbered 15: That the House recede from its disagreement to the amendment of the Senate numbered 15, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$301,130, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 18: That the House recede from its disagreement to the amendment of the Senate numbered 18, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$375,890"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$89,700"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$78,750"; and the Senate agree to the same.

Amendment numbered 21: That the House recede from its disagreement to the amendment of the Senate numbered 21, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$69,800, and in addition thereto the unexpended balance for this purpose for the fiscal year 1934 is continued available for the same purpose for the fiscal year 1935"; and the Senate agree to the same.

Amendment numbered 23: That the House recede from its disagreement to the amendment of the Senate numbered 23, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$78,390; in all, $163,190"; and the Senate agree to the same.

Amendment numbered 25: That the House recede from its disagreement to the amendment of the Senate numbered 25, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$1,313,500"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 27 and 34.

EDWARD T. TAYLOR,
W. W. HASTINGS,
B. M. JACOBSEN,
W. P. LAMBERTSON,
J. W. DITTER,
Managers on the part of the House.

CARL HAYDEN,
KENNETH MCKELLAR,
ELMER THOMAS,
GERALD P. NYE,
FREDERICK STEIWER,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

GENERAL LAND OFFICE

On no. 1: Appropriates $34,000 and the unexpended balance of the 1934 appropriation, for the purpose of surveying public lands, instead of $500,000, as proposed by the Senate.

BUREAU OF INDIAN AFFAIRS

On no. 2: Appropriates $6,175 additional for the employment of a statistician and two additional clerks in the Office of the Commissioner of Indian Affairs, as proposed by the Senate.

On no. 3: Strikes out the provision inserted by the House making $5,000 available from the appropriation for industrial assistance for Indians for use in cooperative marketing of Indian crops. This proposal is reinserted as a tribal fund item by amendment no. 6.

On nos. 4 and 5: Makes available for the fiscal year 1935 not exceeding $75,000 of the unexpended balance of the appropriation for conservation of health for the fiscal year 1934, in lieu of a direct appropriation of $75,000, as proposed by the Senate. This increase is for the employment of additional nurses.

On no. 6: Appropriates from tribal funds $5,000 for use in establishing a system of cooperative marketing for Indian crops, including rice, berries, fish, and furs, as proposed by the Senate.

On nos. 7 and 8: Appropriates from tribal funds $10,000 for monthly allowances to be paid old and indigent members of the Menominee Tribe, as proposed by the Senate, instead of $5,000, as proposed by the House.

On no. 9: Corrects a total.

On no. 10: Strikes out the amendment of the Senate providing that for the fiscal year 1935 Indian expenditures shall be segregated by functions of the Service and jurisdictions and that the Budget for the fiscal year 1936 shall be submitted in accordance therewith.

BUREAU OF RECLAMATION

On no. 11: Removes the restriction that not to exceed $10,000 of the unexpended balance of the appropriation for the item "Giving information to settlers" for the fiscal year 1934 shall be available for the fiscal year 1935, as proposed by the House, and makes the entire unexpended balance available, as proposed by the Senate.

GEOLOGICAL SURVEY

On nos. 12, 13, and 14, relating to topographic surveys: Provides an appropriation of $112,140, and in addition thereto not exceeding $50,000 of the unexpended balance for the fiscal year 1934 is continued available for the fiscal year 1935, instead of a straight appropriation of $112,140, as proposed by the House, and $226,340, as proposed by the Senate; provides that of this sum $105,000 shall be available for personal services in the District of Columbia, instead of $92,140, as proposed by the House, and $122,000, as proposed by the Senate; and that $143,800 shall be available only for cooperation with States or municipalities, instead of $93,800, as proposed by the House, and $208,000, as proposed by the Senate.

On nos. 15, 16, 17, and 18, relating to gaging streams: Provides $337,650, and the unexpended balance appropriated for this purpose for the fiscal year 1934, instead of a straight appropriation of $337,650, as proposed by the House, and $540,000, as proposed by the Senate; provides that of this sum $36,520 shall be available for operation and maintenance of the Lees Ferry, Ariz., gaging station and other base gaging stations in the Colorado River drainage, as proposed by the House, instead of $40,000, as proposed by the Senate; that $124,540 shall be available for personal services in the District of Columbia, as proposed by the House, instead of $125,000, as proposed by the Senate; and that $375,890 shall be available only for cooperation with States or municipalities, instead of $210,000, as proposed by the House, and $400,000, as proposed by the Senate.

On nos. 19 and 20, relating to classification of lands: Appropriates $89,700, instead of $85,950, as proposed by the House, and $93,450, as proposed by the Senate, and makes available for personal services in the District of Columbia $78,750, instead of $75,000, as proposed by the House, and $82,500, as proposed by the Senate.

On nos. 21, 22, and 23, relating to printing, binding, etc.: Appropriates $69,800 and continues available the unexpended balance for the fiscal year 1934 for printing and binding, instead of a straight appropriation of $69,800, as proposed by the House, and $110,000, as proposed by the Senate; provides $15,000 for the preparation of illustrations, instead of $13,810, as proposed by the House; and $78,390 for engraving and printing geologic and topographic maps, instead of $72,890, as proposed by the House, and $85,000, as proposed by the Senate.

On no. 24: Makes available for personal services in the District of Columbia $52,500 for mineral leasing work, as proposed by the Senate, instead of $40,000, as provided by the House.

On no. 25: Corrects a total.

OFFICE OF NATIONAL PARKS, BUILDINGS, AND RESERVATIONS

On no. 26: Restores language stricken out by the Senate permitting the employment of personnel without reference to civil-service rules in connection with the moving of various executive departments and establishments to new office space.

FEDERAL BOARD FOR VOCATIONAL EDUCATION

On nos. 28, 29, 30, 31, 32, and 33: Restores 25 percent of the appropriations for vocational education and rehabilitation in accordance with Executive Order No. 6586, dated February 6, 1934, which revoked that portion of the Executive Order No. 6166, dated June 10, 1933, which provided for such 25-percent reduction. The restoration is provided for as recommended by the Senate and set forth in a supplemental estimate from the President (S.Doc. 133).

HOWARD UNIVERSITY

On no. 35: Strikes out the provision requiring that of the appropriation for salaries not less than $20,000 shall be used only for the school of engineering, as proposed by the Senate.

AMENDMENTS IN DISAGREEMENT

The committee on conference report in disagreement the following amendments of the Senate:

On no. 27: Relating to changing the name of the Office of National Parks, Buildings, and Reservations.

On no. 34: Relating to the date Executive Order No. 6586, restoring 25 percent of the appropriations for activities abolished to that extent by Executive Order No. 6166, shall take effect.

EDWARD T. TAYLOR,
W. W. HASTINGS,
B. M. JACOBSEN,
W. P. LAMBERTSON,
J. W. DITTER,
Managers on the part of the House.

Mr. TABER. Mr. Speaker, will the gentleman from Colorado yield for a question?

Mr. TAYLOR of Colorado. Certainly.

Mr. TABER. In going over the statement, it appears there is a large number of reappropriations of the 1934 appropriations, which, as I understand it, were impounded by the Director of the Budget.

Mr. TAYLOR of Colorado. Yes.

Mr. TABER. I wonder if the gentleman would put in the RECORD a statement of the reappropriations with the amount of each one of them.

Mr. TAYLOR of Colorado. Yes; I have them all here. Does the gentleman wish me to insert them in the RECORD or read them at this time?

Mr. TABER. I think it would be well if we could have them read now.

Mr. TAYLOR of Colorado. Mr. Speaker, when the bill passed the House it was $19,370,767, under last year's appropriations. When it passed the Senate, the bill had been raised $1,273,925, and this ran it over the Budget by $857,773.

If passed in accordance with the present conference report, it will be $50,337 below the Budget.

So it seems to me the House has done a very efficient job in reducing appropriations.

I may also say that since the bill passed the House and went to the Senate the President sent in a supplemental estimate, adding $315,200 for vocational education. Of course, we agreed to this.

The reason we have been able to reduce the amount below the Budget by $50,337 is that we made a reappropriation of $75,000 for the employment of additional nurses in the Indian Service, which is an unexpended balance, and the unexpended balance in the item for surveying public lands was reappropriated, amounting to $186,000. We also reappropriated for topographic surveys $50,000 and reappropriated for gaging streams $165,890, and for printing and binding, under the Geological Survey, $35,000, making a total reappropriation of unexpended balances of $511,890.

Mr. TABER. That will make a net saving from what the Senate passed of about $400,000.

Mr. TAYLOR of Colorado. Three hundred and sixty-five thousand eight hundred and fifteen dollars, as I figure it here. The Senate receded from $908,110, and the House receded from $365,000, largely because of the President's message containing a supplemental estimate for vocational education.

I will insert at this point a comparison of figures on the bill up to and including the conference agreement:

Interior Department appropriation bill, 1935

Amount of regular and supplemental estimates	$31,524,656.00
Amount of bill as agreed to by conferees	31,474,319.00
Amount under Budget estimates	50,337.00
Amount of 1934 appropriations	50,479,271.67
Amount of 1935 appropriations	31,474,319.00
Below 1934 appropriations	19,004,952.67
Amount of 1935 bill as passed Senate	32,382,429.00
Amount of 1935 bill as passed House	31,108,504.00
Net amount added to House bill by Senate	[1] 1,273,925.00
Amount of House recessions in conference	365,815.00
Amount of Senate recessions in conference	908,110.00

[1] Includes $315,200 for the Federal Board for Vocational Education submitted by the Budget in a supplemental estimate after bill had passed House.

Mr. Speaker, I move the adoption of the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment 27: Page 74, insert "Hereafter the Office of National Parks, Buildings, and Reservations shall be known as the 'National Park Service', and appropriations herein made for the Office of National Parks, Buildings, and Reservations shall be available to the National Park Service, and the services of the Director and personnel of the Office of National Parks, Buildings, and Reservations shall be continued in the National Park Service under their present appointments."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment. I may say that the change of name to this cumbersome title was done by Executive order, and both the Senate and the House conferees felt that this unnecessary and cumbersome name should be changed and the former name—National Park Service—restored.

The SPEAKER. The question is on the motion of the gentleman from Colorado.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment 34: Page 78, insert a new paragraph, as follows:

"Pursuant to the provisions of section 407 of title IV of part II of the Legislative Appropriation Act, fiscal year 1933, as amended, Executive Order No. 6586, dated February 6, 1934, revoking section 18 of Executive Order No. 6166, dated June 10, 1933, shall take effect on the date of approval of this act."

Mr. TAYLOR of Colorado. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. TABER. I wish the gentleman would explain that amendment.

Mr. TAYLOR of Colorado. The purpose is to make effective immediately the Executive order of the President of February 6, 1934, regarding vocational education and other activities.

It involves legislation so we were compelled to bring it back here. It must be remembered that an Executive order of the President does not take effect for 60 days, and so we put in the provision that it should be made immediately effective. It affects the following activities: The agricultural experiment stations, the agricultural extension work, the college for the benefit of agriculture and the mechanic arts, and vocational education; it is quite broad. We felt that it was eminently proper and acceded to it and thought we ought to make it effective at once. It will prevent the possibility of a cut of 25 percent becoming effective between March 4 and the time this Executive order would otherwise be effective, which would be April 6, 1934.

Mr. COCHRAN of Missouri. Mr. Speaker, will the gentleman yield?

Mr. TAYLOR of Colorado. Yes.

Mr. COCHRAN of Missouri. The President promised the Senate in the last session he would not put his order in force, but in the meantime Congress adjourned. When the Congress met again the President kept his word and issued the Executive order revoking his previous order.

Mr. TAYLOR of Colorado. Yes.

Mr. COCHRAN of Missouri. And this is simply to put the Executive order in effect at once.

Mr. TAYLOR of Colorado. Yes; but his Executive order would not take effect for 60 days if we did not put in this provision. Mr. Speaker, I move that the House recede and concur in the Senate amendment.

The motion was agreed to.

EXTENSION OF REMARKS

Mr. TABER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing an address delivered by my colleague the gentleman from Kansas [Mr. MCGUGIN] over the radio yesterday afternoon.

The SPEAKER. Is there objection?

Mr. TRUAX. Mr. Speaker, reserving the right to object, what is the text of the radio address?

Mr. TABER. It is about some of the operations of the Agricultural Department under Assistant Secretary Tugwell.

Mr. RICH rose.

Mr. TRUAX. Mr. Speaker, the gentlemen on the minority side, who are now on their feet, both have objected to my inserting in the RECORD very valuable data and statistics in regard to the operation of old-age pensions. Therefore, I object to the request.

The SPEAKER. Objection is heard.

TEMPORARY CONTRACTS FOR CARRYING THE MAIL BY AIR

Mr. MEAD. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 7966, with Mr. BROWN of Kentucky in the chair.

The Clerk read the title of the bill.

Mr. MEAD. Mr. Chairman, I ask the gentleman from Pennsylvania to use some of his time.

The CHAIRMAN. For the information of the Committee, the gentleman from New York [Mr. MEAD] has 15 minutes remaining and the gentleman from Pennsylvania is now recognized.

Mr. KELLY of Pennsylvania. Mr. Chairman, as one who has been intensely interested in the United States Air Mail Service, from its inception to this present hour, I am, of course, saddened by the situation which confronts us. Acting under power which he undoubtedly has, the Postmaster General has taken the responsibility of canceling every air-mail contract. He has stricken down the entire service by one stroke of his pen, and the situation which resulted must be recognized and met.

Under the laws passed by Congress the Air Mail Service of this country amazed the world. We were carrying more mail by air than all the rest of the world together. About 6,000 persons were employed, with a pay roll of more than $11,000,000 a year. One hundred and sixty-four cities were served directly, and the investment in the industry was more than half a billion dollars.

During the depression aviation has been the only form of transportation to hold its own. The railroads and steamships have suffered a vast decrease in patronage, but the air lines made gains and reached the place of undisputed world leadership in civil and commercial flying. On February 9 the United States had more air lines and was flying more passengers in better airplanes than any of those European countries which a few years ago were far ahead of this country.

The cancelation of every contract on the grounds of fraud and collusion created an emergency of the most critical nature in considering the future of this great service. The United States Army was immediately called upon to carry the mails over that part of the air mail map regarded as most necessary. Then the Postmaster General sent to the Post Office Committees of the House and Senate the measure to authorize that action and to pay the costs out of the air-mail appropriations so far unexpended.

The bill prepared in the Post Office Department contained five sections. The first two covered the temporary authority involved in placing the task of carrying the air mail by the Army Air Service. Sections 3, 4, and 5 dealt with an entirely different matter. They gave authority to the Postmaster General to make temporary contracts with private individuals and corporations, without advertisement or competitive bidding. Blanket authority was given to fix any points be-

tween which air mail could be carried, under regulations as to pay, and so forth, prescribed by the Postmaster General up to a rate of 40 cents a mile for every mile flown.

These three sections had no place on the measure designed to meet a pressing emergency. They were most inconsistent, in view of the fact that the present Postmaster General made as the basis of his cancelation order the statement that there had not been fair competitive bidding when the contracts were let. The former law did provide for competitive bidding, but the measure as presented to the committee specifically excluded such competition.

Such power would have permitted the placing of contracts with new companies which had never had any experience in air transportation. Once in possession of the contracts they would have claimed vested rights and grave dangers would have developed.

I opposed these sections as unwarranted and I am glad to say that the House committee took the same view and struck them from the measure. We took the position that while we were willing to meet the emergency by permitting the Army to fly the mails for a temporary period, we would not be party to an unjustified attempt to set up a new private contract system on such a basis.

Now, we have the bill with the first two sections only remaining. I am supporting it as a responsible legislator who desires to preserve the Air Mail Service. We, as Members of the House, are not responsible for the emergency, but I believe we are responsible for meeting it as best we can without permitting the splendid work of 10 years to be destroyed entirely.

The Army is carrying the mail now, under orders of the President. They have assembled their equipment and their flying personnel and are on the job. The results thus far have been tragic. Six flyers have been killed and there have been crashes which resulted in the loss of planes amounting to $170,000. The bombers being used cost $50,000 each, while pursuit planes, observation planes and others are not valued so highly. We are obligated to pay the costs arising out of this operation.

I believe the obligation is there and I am supporting this emergency bill. I shall not quarrel with those who say that they cannot vote for it because that places responsibility for the whole operation upon them. As I see it, we cannot shut our eyes to the facts as they exist. The defeat of this bill would mean the destruction of the Air Mail Service.

The question back of this bill is, Why is this emergency upon us? Did the Postmaster General have before him such conclusive evidence of fraud and collusion on the part of each air-mail contractor that he was bound to cancel all contracts?

The Post Office Committee asked that question of the Department. The answer given us was the letter of the Postmaster General which was made public after the cancelation of the contracts.

I have read and reread that letter with all the care possible. Out of my knowledge of the legislation under which the contracts were let and the route certificates given, I am compelled to say that evidence of fraud and collusion is not given. There is no showing to warrant such a drastic and arbitrary act as the cancelation of all contracts without a hearing. There was no justification for destroying all these contracts without regard for the obligations which those contracts involved, not only for the contractors but for the Post Office Department. [Applause.]

I do not say that there was no wrongdoing. I do not contend that there was no contract which was tainted with collusion and fraud. I do say that it is not proven in the letter of the Postmaster General which was the basis for the cancelation. If there has been any fraud or violation of law let the guilty ones, whether contractor or representative of the Government, be charged with the crime, given a trial and, if found guilty, sent to the penitentiary. But to strike down everybody alike, without a chance of defense, and to destroy the good name and the property of American citizens in such arbitrary and hasty fashion is indefensible. No man should so use the power of judge, jury, and executioner.

Let us review the history of the Air Mail Service, which in the space of 10 years was built up into the outstanding aviation enterprise of the world. I had the honor of sponsoring the original Air Mail Act. I introduced it in 1923, and it was passed by unanimous vote in this House just 21 years to the day after the Wright brothers made their epoch-making first flight at Kitty Hawk, N.C. It was passed unanimously in the Senate and became a law February 2, 1925.

That measure established the policy of a self-sustaining Air Mail Service. There was no subsidy in the law. We believed that we could encourage commercial aviation and build up a real postal service of value to the American people and pay for it out of revenues received. The contracts were to be let in regular form to the lowest responsible bidder under the general law, and the amount paid could not exceed four fifths of the revenues received.

This original act was as follows:

[Public, No. 359, 68th Cong.]

H.R. 7064

An act to encourage commercial aviation and to authorize the Postmaster General to contract for Air Mail Service

Be it enacted, etc., That this act may be cited as the Air Mail Act.

SEC. 2. That when used in this act the term "air mail" means first-class mail prepaid at the rates of postage herein prescribed.

SEC. 3. That the rates of postage on air mail shall be not less than 10 cents for each ounce or fraction thereof.

SEC. 4. That the Postmaster General is authorized to contract with any individual, firm, or corporation for the transportation of air mail by aircraft between such points as he may designate at a rate not to exceed four fifths of the revenues derived from such air mail, and to further contract for the transportation by aircraft of first-class mail other than air mail at a rate not to exceed four fifths of the revenues derived from such first-class mail.

SEC. 5. That the Postmaster General may make such rules, regulations, and orders as may be necessary to carry out the provisions of this act: *Provided*, That nothing in this act shall be construed to interfere with the postage charged or to be charged on Government operated air-mail routes.

Approved, February 2, 1925.

Under this measure contracts were let and the carrying of air mail by aviation companies began. Experience soon showed that the mail was being delayed by the necessity of scanning every piece of mail matter in order to determine the revenues. We learned that there were 40 letters to the pound and the total revenue at 10 cents amounted to $4, of which the maximum amount which could be paid the contractor was $3.20.

Therefore, I introduced an amendment to the original act, and it became law June 3, 1926. It was as follows:

[Public, No. 331, 69th Cong.]

H.R. 11841

An act to amend section 4 of the Air Mail Act of February 2, 1925, so as to enable the Postmaster General to make contracts for the transmission of mail by aircraft at fixed rates per pound

Be it enacted, etc., That section 4 of the Air Mail Act of February 2, 1925, is amended to read as follows:

"That the Postmaster General is authorized to contract with any individual, firm, or corporation for the transportation of air mail by aircraft between such points as he may designate, and to further contract for the transportation by aircraft of first-class mail other than air mail at fixed rates per pound, including equipment, under such rates, rules, and regulations as he may prescribe, not exceeding $3 per pound for air mail for the first 1,000 miles and not to exceed 30 cents per pound additional for each additional 100 miles or fractional part thereof for routes in excess of 1,000 miles in length, and not exceeding 60 cents per pound for first-class mail other than air mail for the first 1,000 miles, and not to exceed 6 cents per pound additional for each additional 100 miles or fractional part thereof for routes in excess of 1,000 miles in length. Existing contracts may be amended by the written consent of the contractor and the Postmaster General to provide for a fixed rate per pound, including equipment, said rate to be determined by multiplying the rate hereinabove provided by a fraction, the numerator of which is the percent of revenues derived from air mail to which the contractor was previously entitled under the contract, and the denominator of which is 80."

Approved, June 3, 1926.

Under this amendment more contracts were let and the Air Mail Service expanded steadily and on a sound basis. The payment to contractors depended upon the amount of

mail carried. There was postage revenue to cover the expenses of the operation.

In 1926 the amount of air mail carried was 383,243 pounds. In 1927 it had increased to 1,032,727 pounds. In 1928 it had grown to 1,945,252 pounds. In 1929 the air mail volume had expanded to 5,635,680 pounds. This growth was on the basis of a self-sustaining service, where the users of air mail paid for the expense of its carriage.

In the meantime the 4-year period covered by the early contracts was nearing its conclusion and the problem of protecting the rights of pioneers who had built the service presented itself. It was believed just that an extension of time should be given in view of the large investments which had been made by the aviation companies in fair and efficient cooperation with the Government.

To meet this situation I presented a further amendment to the original act, which was approved May 17, 1928. It was as follows:

[Public, No. 410, 70th Cong.]
[H.R. 8337]

An act to amend the Air Mail Act of February 2, 1925, as amended by the act of June 3, 1926

Be it enacted, etc., That section 3 of the Air Mail Act of February 2, 1925 (U.S.C., title 39, sec. 463), as amended by the act of June 3, 1926, is hereby amended to read as follows:

"SEC. 3. That the rates of postage on air mail shall not be less than 5 cents for each ounce or fraction thereof."

SEC. 2. That after section 5 of said act (U.S.C., title 39, sec. 465) a new section shall be added, as follows:

"SEC. 6. That the Postmaster General may by negotiation with an air-mail contractor who has satisfactorily operated under the authority of this act for a period of 2 years or more, arrange with the consent of the surety for the contractor and the continuation of the obligation of the surety during the existence or life of the certificate provided for hereinafter, for the surrender of the contract and the substitution therefor of an air-mail route certificate, which shall be issued by the Postmaster General in the name of such air-mail contractor, and which shall provide that the holder shall have the right of carriage of air mail over the route set out in the certificate so long as he complies with such rules, regulations, and orders as shall from time to time be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting air-mail operations to the advances in the art of flying: *Provided*, That such certificate shall be for a period not exceeding 10 years from the beginning of carrying mail under the contract. Said certificate may be canceled at any time for willful neglect on the part of the holder to carry out such rules, regulations, or orders; notice of such intended cancelation to be given in writing by the Postmaster General and 60 days provided to the holder in which to answer such written notice of the Postmaster General. The rate of compensation to the holder of such an air-mail route certificate shall be determined by periodical negotiation between the certificate holder and the Postmaster General, but shall never exceed the rate of compensation provided for in the original contract of the air-mail route certificate holder."

Approved, May 17, 1928.

This measure reduced the air-mail rate from 10 cents an ounce to 5 cents an ounce. It provided that the contracts should be extended for a period not to exceed 6 years and that a route certificate should be issued in lieu of the contract. Under this certificate the rate to be paid the contractor should be largely in the hands of the Postmaster General but in no case should it go beyond the rate of the original contract.

It was our belief that with the reduction in postage rates on air mail, the volume would expand to a point where the contractors would profit even if their original rates were cut in two. In fact, every contractor who appeared before the Post Office committee freely offered to take a large reduction in the rate called for in his contract.

The results were as we expected as far as the volume of air mail was concerned. The 5-cent rate was put in force on August 1, 1928. The volume in July had been 214,575 pounds. For August, under the low rate, it was 419,049 pounds. In August 1929 it had grown to 645,653 pounds.

When Postmaster General Brown assumed office he favored an entirely different policy as to air mail. He did not issue any of the certificates provided in the amendment of May 17, 1928. This course added greatly to the cost of the Air Mail Service, since the contractors were being paid on their original rates on poundage which had grown greatly on account of lower postage rates. The revenues per pound had been cut greatly, and although the air-mail carriers had agreed to much lower rates of payment, the old rates of payment were continued in the absence of the issuance of certificates.

Postmaster General Brown had a new philosophy and he believed that if he were given absolute power he could make a new and better air-mail map. He desired to build up passenger lines through air-mail payments, much of which would be subsidy from the United States Treasury. He felt that the poundage method of payment held down the amount expended and that payment by space in the planes would offer a more elastic method of extending help to passenger-carrying lines.

This plan was formulated into a bill in the Post Office Department and later became known as the "first Watres amendment." As first introduced it was as follows:

[H.R. 9500, 71st Cong., 2d sess.]

A bill to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, and May 17, 1928, further to encourage commercial aviation by authorizing the Postmaster General to establish air-mail routes

Be it enacted, etc., That the Air Mail Act of February 2, 1925, as amended by the act of June 3, 1926, and the act of May 17, 1928 (39 U.S.C. 461, and the following), be amended to read as follows:

"SEC. 2. That mailable matter of any description may be transported by aircraft; and that the term "air mail" when used in this act means any mail upon which air-mail postage is prepaid authorized by the Postmaster General to be carried by aircraft under such regulations as he may prescribe.

"SEC. 3. The rates of postage on air mail shall be prescribed by the Postmaster General: *Provided*, That the rate on air mail of the first class shall not be less than 5 cents for each ounce or fraction thereof: *And provided further*, That whenever space contracted for as in section 4 hereof provided is not required for the transportation of air mail, the Postmaster General, under such regulations as he may prescribe, may permit the utilization of such space for the transportation of any other mail matter he may authorize to be so transported.

"SEC. 4. The Postmaster General is authorized to award contracts for the transportation of mail by aircraft between such points as he may designate to the lowest responsible bidders at fixed rates per mile for definite weight spaces, such rates not to exceed $1.25 per mile: *Provided*, That when in his opinion the public interests shall so require, he may award such contracts by negotiation and without advertising for or considering bids. In awarding air-mail contracts the Postmaster General will give proper consideration to the equities of air mail and other aircraft operators with respect to the routes which they have been operating and the territories which they have been serving.

"SEC. 5. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time by the Postmaster General: *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled.

"SEC. 6. The Postmaster General, in establishing air-mail routes under this act, may, when in his judgment the public interest will be promoted thereby, make any extensions or consolidations of routes which are now or may hereafter be established.

"SEC. 7. That the Postmaster General, in establishing routes for the transportation of mail by aircraft under this act, may provide service to Canada or Mexico over domestic routes which are now or may hereafter be established, and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929, to contract for foreign Air Mail Service to these countries."

Postmaster General Brown showed me this measure in typewritten form before its introduction. Its provisions impressed me as dangerous and unwarranted. Contracts could be given without any competition and payments could be made up to $1.25 a mile, even though not a pound of mail was carried. Any class of mail matter could be carried under regulations to be prescribed in the Post Office Depart-

ment. There was no limitation on the amount of money in the obligations against the Government.

Frankly, I told the Postmaster General that his plan was built on arbitrary power and that it nullified the work which had been done on a different basis for years. I stated that I would oppose it with every ounce of energy I possessed and that in my estimation Congress would not enact it into law.

He proceeded to have the bill introduced and endeavored to have it enacted. It came before our committee, and in company with the present chairman of the committee, I did everything I could to defeat it. It was delayed for some weeks, but the efforts of the Department increased. Finally the committee was called into special session to act upon it, with General Brown present to defend it. I offered amendments to change the plan into one more in line with past policy, but they were voted down. The bill was favorably reported and placed on the calendar of the House.

I felt it my duty to continue the effort against it and succeeded in enlisting Mr. Wood, of Indiana, Chairman of the Appropriations Committee, Mr. Guy Hardy, of Colorado, and other Members of the House. The bill was finally withdrawn from the calendar, and the House committee undertook to rewrite the measure.

That was done. The scope of the bill was reduced, and limitations and restrictions were incorporated. It should be remembered that the so-called "Watres amendment" as finally enacted was not the bill as originally introduced. It contained provisions which in many cases were very different.

As finally enacted into law, the Watres amendment was as follows:

[Public, No. 178, 71st Cong.]
H.R. 11704

An act to amend the Air Mail Act of February 2, 1925, as amended by the acts of June 3, 1926, and May 17, 1928, further to encourage commercial aviation

Be it enacted, etc., That section 4 of the Air Mail Act of February 2, 1925, as amended by the act of June 3, 1926 (44 Stat. 692; U.S.C., supp. III, title 39, sec. 464), be amended to read as follows:

"SEC. 4. The Postmaster General is authorized to award contracts for the transportation of air mail by aircraft between such points as he may designate to the lowest responsible bidder at fixed rates per mile for definite weight spaces, 1 cubic foot of space being computed as the equivalent of 9 pounds of air mail, such rates not to exceed $1.25 per mile: *Provided*, That where the air mail moving between the designated points does not exceed 25 cubic feet, or 225 pounds, per trip the Postmaster General may award to the lowest responsible bidder, who has owned and operated an air-transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement for bids, a contract at a rate not to exceed 40 cents per mile for a weight space of 25 cubic feet, or 225 pounds. Whenever sufficient air mail is not available, first-class mail matter may be added to make up the maximum load specified in such contract."

SEC. 2. That section 6 of the act of May 17, 1928 (45 Stat. 594; U.S.C., supp. III, title 39, sec. 465c), be amended to read as follows:

"SEC. 6. The Postmaster General may, if in his judgment the public interest will be promoted thereby, upon the surrender of any air-mail contract, issue in substitution therefor a route certificate for a period of not exceeding 10 years from the date service started under such contract to any contractor or subcontractor who has satisfactorily operated an air-mail route for a period of not less than 2 years, which certificate shall provide that the holder thereof shall have the right, so long as he complies with all rules, regulations, and orders that may be issued by the Postmaster General for meeting the needs of the Postal Service and adjusting mail operations to the advances in the art of flying and passenger transportation, to carry air mail over the route set out in the certificate or any modification thereof at rates of compensation to be fixed from time to time, at least annually, by the Postmaster General, and he shall publish in his annual report his reasons for the continuance or the modification of any rates: *Provided*, That such rates shall not exceed $1.25 per mile. Such certificate may be canceled at any time for willful neglect on the part of the holder to carry out any rules, regulations, or orders made for his guidance, notice of such intended cancelation to be given in writing by the Postmaster General and 45 days allowed the holder in which to show cause why the certificate should not be canceled."

SEC. 3. That after section 6 of the said act as amended, additional sections shall be added as follows:

"SEC. 7. The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established.

"SEC. 8. That the Postmaster General in establishing routes for the transportation of mail by aircraft under this act may provide service to Canada within 150 miles of the international boundary line, over domestic routes which are now or may hereafter be established and may authorize the carrying of either foreign or domestic mail, or both, to and from any points on such routes and make payment for services over such routes out of the appropriation for the domestic Air Mail Service: *Provided*, That this section shall not be construed as repealing the authority given by the act of March 2, 1929, to contract for foreign Air Mail Service.

"SEC. 9. After July 1, 1931, the Postmaster General shall not enter into contracts for the transportation of air mail between points which have not theretofore had such service unless the contract air-mail appropriation proposed to be obligated therewith is sufficient to care for such contracts, and all other obligations against such appropriation, without incurring a deficiency therein."

Approved April 29, 1930.

It will be noted that there was to be competitive bidding on new routes, but that extensions and consolidations could be made. It was also stipulated that bidders on routes must have been flying for 6 months on daily schedule over routes at least 250 miles in length. This provision was aimed to prevent stock-promotion companies which had never flown a plane from bidding on contracts. There were rumors that such companies, armed only with stock-certificate books, were ready to attempt to engage in the air-mail enterprise.

We also wrote into the bill that the Postmaster General should not make contracts which would obligate the Government for a greater amount than had been appropriated by Congress.

This amendment was enacted April 29, 1930, and immediately the question of using the certificate plan for the extension of contracts became paramount. Here was a new method of payment which changed the poundage rate to a space rate. Here was also power to extend and consolidate routes. It was imperative that a plan of action be agreed upon between the operators and the Post Office Department.

Postmaster General Farley, in his explanation of his cancelation order, lays great stress upon conferences which were held at the Post Office Department after the passage of the Watres amendment. In his letter he says:

My investigation, based on the records, books, papers, and documents in the Department, or introduced before your committee, or taken from the files of Mr. MacCracken shows that every corporation whose contracts I annulled, or its predecessor or its subsidiary corporation, had representatives in the conferences hereinbefore mentioned, which, I am convinced, was contrary to law.

Those conferences, in themselves, were not contrary to law. It was the only sensible and businesslike thing that could be done. General Farley himself, in August last year, called all the operators into conference over the division of the air-mail appropriation of $14,000,000 which had been cut down from $19,000,000.

One of two things had to be done. Either the Postmaster General in 1930 had to decide by himself, in the privacy of his own office, just what extensions and consolidations he proposed to make and what changes compelled by the space system should be made in the pay of contractors, or he had to confer with those operators who had built up the system.

It is nonsense to say that there was anything improper in the conferences in themselves. However, if at those conferences or afterward there was conspiracy or collusion as to bidding or refraining from bidding, then there was violation of law and those guilty should be punished.

I find no proof of that in the letter of the Postmaster General. If he has that proof it is his duty to proceed to bring action. But to lump all contractors together in a blanket statement and destroy them without a chance for defense is not in line with American principles of proper conduct under such circumstances.

Now, Mr. Chairman, it is my belief that when he called the conference of June 4, the Postmaster General thought the provision of the law enabling him to consolidate and extend air-mail routes gave him power without limit. He believed that he could extend a short route across the continent if he deemed it to be in the public interest.

Judging from the letter of Postmaster General Farley, he believes that this unlimited extension was actually accomplished. He says:

Postmaster General Brown proceeded to build up, by so-called "extensions" of routes, part of the system of the United Aircraft & Transport Corporation and the Transcontinental & Western Air systems. This means, in simple terms, that if one of the companies had a contract for part of a through route, a transcontinental system could be built on that short line. To illustrate, if one had a route from Boston to New York, it could be extended from city to city until it reached the Pacific coast without competitive bidding. These great systems were built in this manner.

Now, the facts are these: Postmaster General Brown did assume that he had power of unlimited extension and the conference of June 4 had that assumption before it for consideration. It is my belief that this memorandum we have heard so much about was a paper containing suggestions as to extensions in case Postmaster General Brown had the power to make them. When it was shown that he had no such power, the memorandum became worthless.

At the time that conference was held there was no secrecy about it. The papers contained items dealing with the details discussed. The statement was made that great extensions were to be made so that the country could be covered with air-carrier service, covering both mail and passengers.

Now, like Will Rogers, I read the papers and I noted that it was assumed that the provision of the Watres amendment gave power to extend lines without limit. I gave out a public statement that there was no such power in the law. I stated that extensions meant extensions, not new routes under the guise of extensions. Others familiar with the facts gave the same interpretation and the question was put up to the Comptroller General. He ruled that he had full power to pass on all extensions and that each one would stand on its own merits. He firmly declared against building up great lines by means of extensions.

This ruling was accepted by everybody concerned. The United already had a contract for the northern transcontinental from New York to San Francisco. The mid-transcontinental and the southern transcontinental were advertised for bids. The route from New York to Los Angeles was awarded to the Transcontinental & Western Air, and the route between Atlanta and Los Angeles was awarded to American Airways. Neither was an extension.

Now, the letter of Postmaster General Farley, which contains his basis for cancelation, raises another charge against the Transcontinental and Western Air, from the directly opposite point contained in his first charge. He states that this route was advertised for bids, but that T.W.A. was the highest bidder. Then he quotes the amount that would have been saved during the entire period if the low bid had been accepted.

I knew something of that procedure while it was happening. The route was advertised, and there were two bids, United Avigation and T.W.A. United Avigation was the lowest bid, and I was interested in seeing that there be fair competition with success to the lowest responsible bidder as required by the law.

These two bids were placed before the Comptroller General, and he made an exhaustive investigation. In all my experience with this officer he has fought firmly and against every pressure for the principle that the lowest bidder, who is responsible for carrying out the contract, shall be given the contract.

However, after his thorough examination of all the facts he ruled that the T.W.A. was the lowest responsible bidder. He felt that it was his duty to make such a ruling, and it was made a part of the public record. Even then I suggested to United Avigation that they attempt to prove their responsibility in court, but this was not done. Under all the facts no blame can be attached to T.W.A. for this particular procedure.

Mr. Chairman, in Postmaster General Farley's letter the contention is made that the original contracts were extended 6 months beyond their term and that this action was illegal. These original contracts, when signed, contained the agreement that they could be extended for 6 months. The contractors did not ask for this extension; they were asking for the route certificates as provided in the act of May 17, 1928.

If that 6-month extension was illegal there should be action against the Post Office Department officials responsible. It certainly should not be used as a charge against the operators who did not desire that course of action.

It is undeniable that, if his letter contains the basis for cancelation, the Postmaster General has acted upon ideas and theories which are not contained in the law itself. If he has further proof that any one of these companies conspired with others not to bid on routes; if there is any proof that any qualified air-line operator was kept from bidding, then it is his duty to proceed immediately against such contractors. If, after a fair trial, guilt is proven, the contract should be canceled and the guilty persons sent to prison.

Under present circumstances the Army should be relieved from the duty of carrying the air mail at once. The mail should be put back on the planes of those companies which were on the job February 9. Then the provision of the law for cancelation of contracts could be invoked. It is provided that 45 days' time is given contractors to show cause why their contracts should not be canceled. This is not only the specific law but it is the American principle of the square deal. Even the lowest criminal has his day in court. These Americans who have built up great service-giving enterprises at the expenditure of millions of dollars on the good faith of the Government should also have their day in court.

There is power in the law providing for the certificates now held by the operators to stipulate that no pay shall be given operators until they are declared innocent. I am confident every air-mail company would agree to this requirement and would carry the mail as usual for the period.

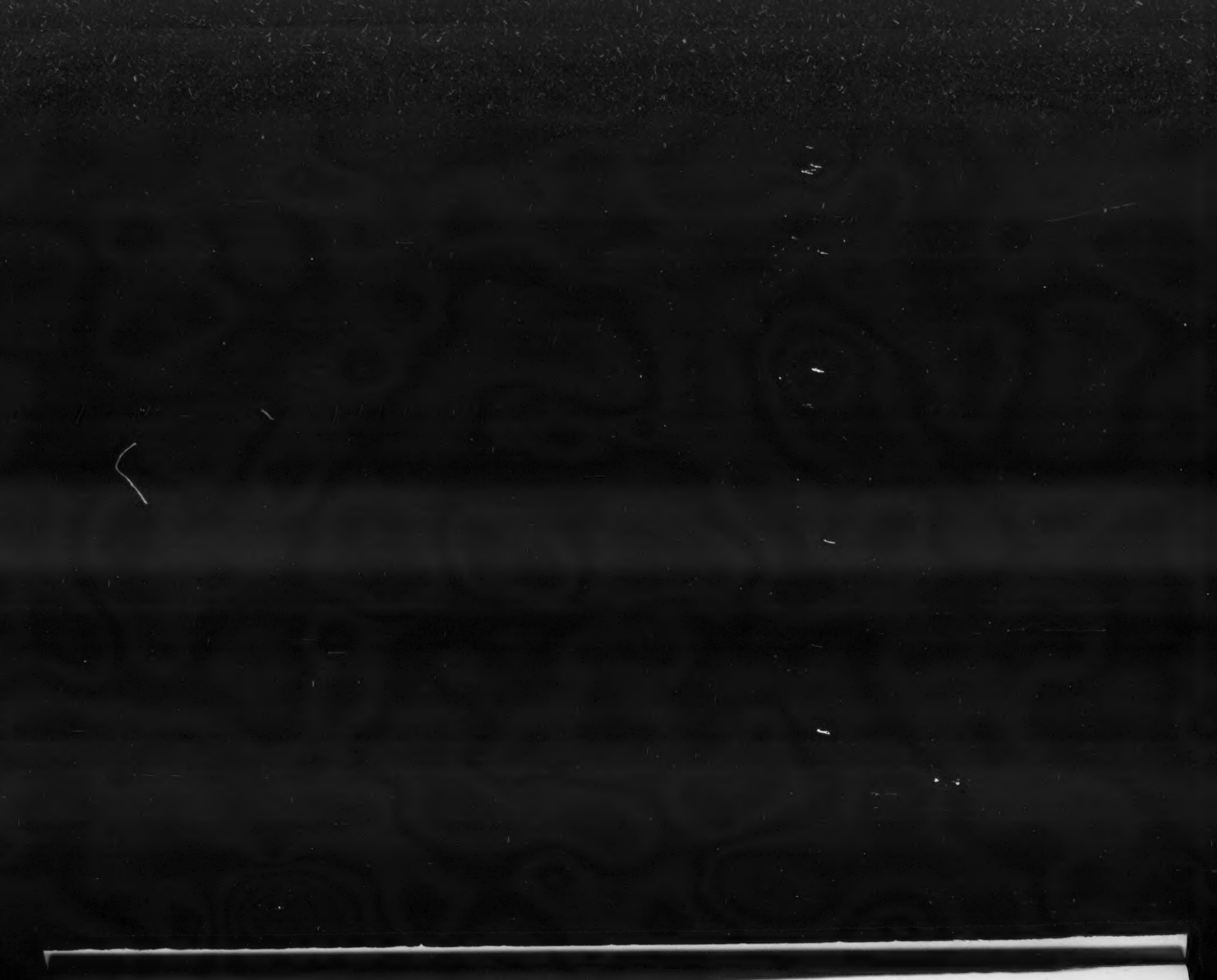
If I were Postmaster General I would take such action today and then select three outstanding Americans of integrity and character to decide the grave problem involved. I would put before them all the facts, papers, and documents in my possession and ask the air-mail operators to present their side of the case. Then I would abide by the judgment of the men I had selected.

As to the permanent organization of the Air Mail Service, that is a matter for legislation by Congress. We can find a way out of this situation without destruction. There have been so many distortions of the issue that we must clear them away and get down to fundamentals.

This talk of great profits being made by the operators who have organized the Service and built it up is a distortion of the issue. A majority of the companies have lost money consistently. They have been investing millions in new planes and equipment to keep at the very front of the art of flying. The Douglass plane in which Eddie Rickenbacker made his record-making flight from the Pacific to the Atlantic in a little over 13 hours is the result of research and investment of $300,000 by T.W.A. Other advances have been financed by other companies. They have invested in aviation and developed it in the belief that their contracts with the Government were good.

Then there is the criticism being leveled against Charles Lindbergh, a product of the Air Mail Service. He secured his experience largely as a pilot on the old Robertson Line from St. Louis to Chicago. He was on leave of absence from that job when he flew from New York to Le Bourget Field in Paris.

This lad performed his amazing achievement and came home the idol of the whole world. He brought more credit upon the United States than almost any citizen in generations. You all know how he was acclaimed as the "Lone Eagle", who proved that the oceans were no barriers to the airplane. He was offered fabulous sums for the use of his name. He could have commercialized his reputation and reaped a fortune of many millions. William Randolph Hearst has told of offering him a contract for half a million dollars to appear in a little movie sketch of his life. Lindbergh tore the contract up and stated that he proposed to devote his life to aviation and wanted to earn his money on



his own merits. It is unthinkable that this high-minded lad who scorned easy money would take a false position because of money. He took a position with the T.A.T. 2 years before any air mail contract was given its successor company. He pioneered the route and it has been known as the Lindbergh line. He invested his salary in the company, which certainly was proper and legitimate.

When the blanket order of cancelation was announced, he sent a telegram of protest to the President. It should have been delivered immediately. Hours afterward, the text of the message was published in the newspapers. He was censured for publishing the telegram before it was received when he had every reason to believe it had been delivered and read long before it appeared in the public print. To charge this lad, who has shunned publicity always, with being a publicity seeker is nonsense. It is unfortunate and most unjust that this young American, whose name is outstanding in aviation and all its activities, should be criticized because he voiced a proper protest against a destructive act which affected aviation. [Applause.]

Mr. Chairman, let us face this serious situation squarely. This measure before us, as amended by the House committee should be passed, so that the Army may be paid for the work it is actually doing. There must be a determination to stand against the inclusion in this bill later of the sections providing for the letting of private contracts. It would open a Pandora's box of troubles and dangers.

Then, we should at once enact sound, permanent legislation for the maintenance of the Air Mail Service on the original basis of a self-sustaining policy. Such a measure has been pending for almost 2 years. It is the work of the Post Office Committee of the House, acting under special House resolution of the Seventy-second Congress. The committee was charged with the duty of investigating the Air Mail Service and recommending legislation to remedy existing evils in the law.

The committee did a most efficient piece of public service. It did not seek headlines in the newspapers, but it sought to get facts for constructive, permanent legislation. Right here, I want to pay a deserved tribute to the chairman of that committee. I have served with him during the time this great Air Mail Service was being built. He has helped on the measures I have recounted here today. Always he has held steadfastly to principle—the principle of sound and honest air mail progress on a basis fair to the Government, the operators, and the public. He has done this in spite of promises of favors and in spite of threats. He has been steady as a rock for the foundation principle that favoritism and subsidy must be eliminated from the air mail. [Applause.]

I say to you that I count it an honor to serve on the Post Office Committee of this House, under the chairmanship of the gentleman from New York [JAMES M. MEAD]. [Applause.]

Now, Mr. Chairman, the investigating committee, after laborious investigation, drafted legislation, and I introduced that bill at the request of the committee. We issued a report showing the need for a permanent policy and explaining the measure. That was in the Seventy-second Congress.

At the beginning of this Congress, the measure was introduced as H.R. 3. It could not be acted upon in the extra session, although if it had been enacted this present situation would not have developed. The Department stated that they desired further time before expressing an opinion on permanent policy.

In this session the committee has been working on the bill and it is almost ready to report. Its purpose is to end the air-mail subsidy and put the whole service on a self-sustaining basis at the earliest moment possible. Our conclusion has been that a fixed rate of 2 mills per pound-mile for the mail actually carried would at present be a self-sustaining rate and that it could be lowered later if found justified.

At the present poundage and mileage there would be revenue developed to pay for all the service given at 2 mills per pound-mile. Two thirds of the entire service would be able to come within that rate tomorrow. However, some of the lines could not exist on present volume at that rate, so there is provision that for a temporary period additional payment, not to exceed 25 cents per mile, may be made.

The calculation as to costs was made on the basis of 1932 figures, and is as follows:

	Average pounds per mile carried	Pay per mail-mile at $0.002	Annual pay on $0.002 pound-mile basis
1. Boston to New York	56	$0.112	$28,534.94
2. Chicago to Memphis	31	.062	54,227.79
3. Chicago to Dallas	117	.234	411,999.35
4. Salt Lake City to San Diego	51	.102	75,726.33
5. Salt Lake City to Seattle	122	.244	363,101.92
8. Seattle to San Diego	103	.206	361,597.98
9. Chicago to Pembina	46	.092	142,629.99
11. Washington to Cleveland	51	.102	66,166.38
12. Cheyenne to Amarillo	123	.246	146,109.49
17. New York to Chicago	254	.508	1,109,769.18
18. Chicago to San Francisco	261	.522	2,360,348.28
19. New York to Miami	114	.228	795,603.04
20. New York to Fort Worth	60	.120	211,786.56
21. Dallas to Galveston	30	.060	14,258.22
22. Dallas to Brownsville	67	.134	53,246.24
23. Atlanta to New Orleans	92	.184	55,225.39
24. Chicago to Cincinnati	34	.068	24,735.20
26. Great Falls to Salt Lake City	19	.038	27,674.26
27. Bay City to Chicago	16	.032	44,334.72
29. New Orleans to Houston	53	.106	25,190.90
30. Omaha to Atlanta	57	.114	142,312.13
30. Kansas City to Denver	18	.036	16,106.22
33. Atlanta to Los Angeles	70	.140	414,210.44
34. New York to Los Angeles	314	.628	2,729,985.08
Total			9,614,870.03

Taking an average per mile payment of 15 cents for the weaker lines, the entire cost would be $2,324,332. Thus the total for both the basic rate of 2 mills per pound-mile and the additional mileage payment would be $11,938,000. The air-mail appropriation for the fiscal year 1935 as just passed by the House was $14,000,000, so it can be seen that the cost under the method we propose would be much less.

The revenues received during the year under calculation were approximately $9,000,000, after making due allowance for mail carried on more than one route. The new plan provides for a lower air-mail rate and the increased volume of mail would mean greater revenues. Also the additional mileage payment would be reduced each year.

Mr. Chairman, this program is sound. It does away with any possible collusion since Congress fixes the basic rate, just as the Interstate Commerce Commission fixes the rate of pay for mail carried on the railroads.

Also, there is provision for preventing the monopolization of air mail through holding companies, interlocking directorates and other plans. The Watres amendment permitted and encouraged such centralization, and as it was administered, it resulted in a few companies' taking control of air-mail activities. I protested vigorously against such a course while it was being taken. With the power in the hands of the Postmaster General, he could have forced operating companies to divorce themselves from connections with other companies.

Now, under the new legislation we propose, there will be specific prohibition against holding companies and against any interrelation between an air-mail carrier and any other carrier or manufacturing company engaged in supplying aviation equipment.

Mr. Chairman, we have prepared legislation to meet this present problem. It will insure protection of the honest investment made by aviation companies and by the public through municipal action and otherwise. It will help utilize the knowledge and ability of those pilots who have been trained at a cost of millions of dollars and years of time. It will make possible the elimination of subsidy and the establishment of the air mail as a postal service, whose cost is met from air-mail revenues.

I hope the House will insist upon its right and duty to formulate and adopt a permanent air-mail policy. We should learn a lesson from the unfortunate position in which we find ourselves. The only air-mail bill drafted by the

Post Office Department was the Watres amendment, which has resulted in our present troubles. It was a case of policy-making by the Executive Department which was to administer it.

All other air-mail laws were drafted by the House Post Office Committee. The legislative body took its responsibility and wrote the policy and the law. Let us follow that course in the future. It is far better for the duly elected representatives of the people to adopt fundamental policies and let these administrators perform their duty of carrying out the laws as passed by Congress. [Applause.]

It is rumored now that the Post Office Department is planning to send up a ready made air mail bill. It is said that it is to provide payments for the carriage of air mail on a cost-plus basis. That is the worst of all possible methods. It puts a premium upon waste and inefficiency and extravagance. The company with the highest cost gets the largest payment. There is a direct incentive to pyramiding costs and increasing the payments to be made from the Public Treasury. Surely we had experience enough with the cost-plus system during the World War forever to set our faces against it.

I sincerely hope the Department has no such plan in mind. What we need is a self-sustaining, steadily expanding air-mail service built on honest and sound foundations. It should be a postal service, with payment made in accordance with the mail carried. The rate of payment to contractors should be fixed by Congress and applied, without any juggling or bargaining. The air-mail-postage rate should be lowered and the volume increased and the revenues used to maintain and develop this great new industry.

Mr. Chairman, let us forget partisanship in this matter. It is not a party question as to how we shall meet this critical situation but it is an American question. A large number of splendid American workers, pilots, and others, are involved. The national defense is involved. Let us pass this emergency measure now and then immediately proceed to lay down a permanent, fundamental policy, which will eliminate the evils of the present system. That, it seems to me, is the duty confronting Congress. [Applause.]

Mr. Chairman, for the information of the House, I append herewith the history of each of the 34 air-mail contracts which have been a part of the United States Air Mail Service. That history is as follows:

A.M. 1

1925

Original contract let to Colonial Air Lines, Inc., on October 7, after advertisement by Postmaster General New on July 15.

Contract specified not more than six round trips per week between Boston, Mass., via Hartford, Conn., to New York, N.Y., a distance of 200 miles.

Bid to carry the mail for four fifths of the revenue derived therefrom accepted.

1926

Name of Colonial Air Lines, Inc., changed to Colonial Air Transport, Inc., June 15.

1930

Contract exchanged for route certificate as prescribed in act of April 29.

Certificate issued and expires April 5, 1936.

At issuance of route certificate mileage changed from 200 miles to 201 miles. Service to be rendered under the certificate as follows:

1. One flight, providing 47 cubic feet for 750 pounds, operating daily except Sundays and holidays between New York and Boston at rate of $0.88½ per mile.

2. One flight, providing 12.5 cubic feet for 200 pounds, and accommodations for 10 passengers, daily, from Boston to New York at rate of $0.69 per mile.

3. One flight, providing 25 cubic feet for 400 pounds, operating daily except Sundays and holidays, between Boston and New York at rate of $0.86½ per mile.

1931

Service of A.M. 1, extended August 1, between Boston and Bangor, Maine, a distance of 204 miles.

This extension applied only during the period August 1 to September 30.

1932

After passage of Watres Act following service added:

1. One trip daily, between Boston and New York.
2. One trip, Sundays and holidays only, Boston to New York.
3. One trip, Sundays and holidays only, New York to Boston.

Effective June 15, the entire service of Colonial Air Transport, Inc., was as follows:

1. Two daily services, Boston to New York.
2. One daily service, except Sundays and holidays, New York to Boston.
3. One service, Sundays and holidays only, New York to Boston.

Effective August 6, Providence, R.I., was embraced as a stopping point and the schedules, as of that date, were as follows:

1. One daily trip, Boston to New York.
2. One daily trip, Providence to New York.
3. One trip, daily except Sundays, Boston to New York.
4. One trip, Sundays only, Boston to New York.
5. One trip, daily except Sundays and holidays, New York to Boston.
6. One trip, Sundays and holidays only, New York to Boston.

Effective September 25, service which was formerly daily except Sundays was changed to daily, and service formerly operated on Sundays only, between Boston and New York, eliminated.

One trip which, as of August 6, operated daily except Sundays and holidays, New York to Boston, changed to operate daily except Sunday, Monday, and holidays.

The trip which, as of the same date, operating New York to Boston, Sundays and holidays only, changed to daily service.

As of September 25, the service of Colonial Air Transport was as follows:

1. Two trips daily, Boston to New York.
2. One trip daily, Providence to New York.
3. One trip daily, New York to Boston (stopping at Providence).
4. One trip daily, except Sunday, Monday, and holidays, New York to Boston (also stopping at Providence).

Effective November 20, minor changes in schedules.

1933

April 10. Minor change in one schedule.

July 1. Schedule of trip from Providence to New York changed and type of service changed from daily to daily except Sundays and holidays.

July 30. Trip between Providence and New York, daily except Sundays and holidays, discontinued. Minor schedule change in other service.

December 1. Service rendered by A.M. 1 as follows:

1. Two daily trips Boston to New York.
2. Two daily trips New York to Boston.
3. One trip, daily except Sundays and holidays, New York to Boston.

A.M. 2

1925

Advertisement by Postmaster General New, July 15—covering 1 round trip Chicago to St. Louis, 523 miles, not to exceed six round trips per week—rate $0.0675 out of each 10 cents revenue derived by the Post Office Department.

Contract let October 7 to Robertson Aircraft Corporation.

1926

Rate of pay changed to $2.53 per pound July 1.

1930

Contract exchanged for route certificate May 3.

Certificate read for one round trip, 540 miles, 270 each way.

1. One trip to provide 12.5 cubic feet for 200 pounds and accommodations for six passengers, Chicago to St. Louis; rate, 59½ cents per mile.

2. One trip to provide 12.5 cubic feet for 200 pounds and accommodations for 10 passengers, Chicago to St. Louis; rate, 67 cents per mile.

3. One trip to provide 12.5 cubic feet for 200 pounds and accommodations for 10 passengers, St. Louis to Chicago; rate, 67 cents per mile.

4. One trip to provide 12.5 cubic feet for 200 pounds and accommodations for six passengers, St. Louis to Chicago; rate, 63½ cents per mile.

1931

Contract subject to American Airways, Inc., April 20.

Extension St. Louis to Memphis, July 20, 269 miles, one round trip.

1932

September 21. A.M. 2 extended in connection with A.M. 33 between Memphis and New Orleans, giving one round trip daily between Chicago and New Orleans.

November 21. Minor changes in schedule.

December 10. Peoria, Ill., made air-mail stop on one daily round trip between Chicago and St. Louis.

1933

February 10. Minor changes in schedule.

July 9. Minor changes in schedule.

September 20, minor changes in schedule.

October 27, service of A.M. 2 as follows:

1. One daily trip, Chicago to Memphis.
2. One daily trip, Chicago to St. Louis.
3. One daily trip, Memphis to Chicago.
4. One daily trip, St. Louis to Chicago.

December 1. Service of A.M. 2 as follows:

1. One daily round trip Chicago to Memphis.
2. Two daily round trips Chicago to St. Louis.

A.M. 3

1925

Advertisement by Postmaster General New, July 15, for service Chicago to Dallas and Fort Worth, Tex., via Moline, St. Joseph, Kansas City, Wichita, and Oklahoma City. No more than six round trips per week.

October 7. Contract awarded to National Air Transport, Inc., at rate of 80 percent of revenues derived from such air mail.

1926

Rate of pay changed to $3 per pound on June 20.

1927

Ponca City, Okla., added as stop April 4.

1928

Line extended to Tulsa, Okla., July 5.

1930

May 3. Contract exchanged for route certificate which expires April 5, 1936. Distance between terminal points 1,072 miles. Service of A.M. 3 at time certificate issued as follows:

1. One trip, providing 47 cubic feet for 750 pounds, Chicago to Dallas, at rate of 80½ cents per mile, service daily.
2. One trip, providing 47 cubic feet for 750 pounds, Dallas to Chicago, at rate of 80½ cents per mile, service daily.
3. One trip, providing 47 cubic feet for 750 pounds, Dallas to Chicago, at rate of 95½ cents per mile, service daily.
4. One trip, providing 47 cubic feet for 750 pounds, Chicago to Dallas, at rate of 95½ cents per mile, service daily.

St. Joseph discontinued as stop January 1.

1931

Additional daily schedule added between Chicago and Kansas City (after passage of Watres Act).

1932

Schedule changes, May 15.

Schedule changes, October 1.

1933

Schedule changes, June 11.

Schedules and trip numbers changed August 15. Complete schedules as of that date as follows:

1. Two daily trips, Chicago to Dallas.
2. One daily trip, Chicago to Kansas City.
3. One daily trip, Ponca City to Tulsa.
4. Two daily trips, Dallas to Chicago.
5. One daily trip, Kansas City to Chicago.
6. One daily trip, Tulsa to Ponca City.

September 15. Moline omitted from A.M. 3 and embraced for service by A.M. 18.

December 17. Change in schedule of Kansas City to Chicago local service.

1934

January 31. Trips between Tulsa and Ponca City discontinued.

A.M. 4

1925

Advertisement by Postmaster General New, July 15, covering service Salt Lake via Las Vegas, N.Mex., to Los Angeles; no more than six round trips per week.

Contract awarded Western Air Express, Inc., October 7, at rate of 80% of revenue derived.

1926

Rate changed to $3 per pound July 1.

1930

Contract exchanged for route certificate May 3, expires April 5, 1936; mileage between terminal points 670, service as follows:

1. One trip, providing 62.5 cubic feet for 1,000 pounds and eight passengers, daily except Monday, Los Angeles to Salt Lake at rate of $1.07½ per mile.
2. One trip, providing 125 cubic feet for 2,000 pounds and three passengers, daily; Salt Lake to Los Angeles at rate of $1.17½ per mile.
3. One trip, providing 78 cubic feet for 1,250 pounds daily, Los Angeles to Salt Lake at rate of $1.14½ per mile.
4. One trip, providing 80 cubic feet for 1,600 pounds, daily except Monday, Salt Lake to Los Angeles at rate of $1.17 per mile.

Line extended to San Diego, June 1.

1932

August 15. One round trip between Los Angeles and San Diego discontinued.

Service as of that date as follows:

1. One daily trip, Salt Lake to Los Angeles.
2. One daily trip, Salt Lake to San Diego.
3. One daily trip, San Diego to Salt Lake.
4. One daily trip, Los Angeles to Salt Lake.

Minor changes in schedule between San Diego and Salt Lake, November 1.

1933

August 31. Service between Los Angeles and San Diego was to be suspended, effective September 4, but order canceled and service retained.

December 17. Changes in schedule on service between Salt Lake and Los Angeles and Salt Lake and San Diego.

A.M. 5

1925

Advertisement by Postmaster General New, July 15, covering service, Elko, Nev., via Boise, to Pasco, Wash., no more than six round trips per week.

Contract let to Walter T. Varney, October 7, at 80 percent of revenue derived.

1926

Rate of pay changed to $3 per pound, July 9.

Terminal points changed from Elko to Salt Lake, October 1.

1930

Contract changed for route certificate, May 3, expires April 5, 1936. Mileage between terminal points, 560 miles. Service as follows:

1. One trip, providing 47 cubic feet for 750 pounds and two passengers, daily, Salt Lake to Pasco at rate of 83 cents per mile.
2. One trip, providing 47 cubic feet for 750 pounds and two passengers, daily, Pasco to Salt Lake, at rate of 83 cents per mile.
3. One trip, providing 47 cubic feet for 750 pounds and two passengers, daily, Pasco to Salt Lake at rate of 98 cents per mile.
4. One trip, providing 47 cubic feet for 750 pounds and two passengers, daily, Salt Lake to Pasco at rate of 98 cents per mile.

A.M. 5 and A.M. 32 consolidated, July 1, and known hereafter as A.M. 5.

Permission granted by Post Office Department May 27 to sublet consolidated lines to Varney Air Lines, Inc., effective July 1.

One round trip added Salt Lake to Portland, Oreg. (after passage of Watres Act).

1932

Service of A.M. 5 as of June 11 and 12 as follows:

1. One daily round trip between Salt Lake and Seattle.
2. One daily round trip between Salt Lake and Portland.
3. One daily round trip between Pasco and Spokane.

1933

August 15: All service between Portland, Oreg., and Seattle discontinued and service performed by A.M. 8.

A.M. 5 known hereafter only between Salt Lake and Portland and service as follows as of August 15:

1. Two daily round trips, Salt Lake to Portland.
2. One daily round trip, Pasco to Spokane.

A.M. 6

1925

Advertisement by Postmaster General New, September 21, covering service Detroit to Cleveland, no more than six round trips per week.

Contract awarded Ford Motor Co., at rate of 6¾ cents per ounce, service one round trip per day.

1928

Contractor served notice he desired to be relieved of contract effective July 19.

A.M. 7

1925

Advertisement by Postmaster General New, September 21, for service Detroit to Chicago, one round trip per day, no more than six per week.

Awarded to Ford Motor Co. at 6¾ cents per ounce, November 25.

1928

Contractor served notice he desired to be relieved of contract effective July 16.

A.M. 8

1925

Advertisement by Postmaster General New for service, July 15, from Seattle, Wash., via Portland and Medford, Oreg., Sacramento, San Francisco, Fresno, and Bakersfield to Los Angeles, one round trip per day, no more than six per week.

December 31. Contract awarded to Vern C. Gorst at rate of 75 percent of the postage revenue.

1926

Contract sublet to Pacific Air Transport, Inc., March 6.

Sacramento omitted from route, September 15.

1927

Tacoma, Wash., included as a stop, September 27.

1928

San Jose, Calif., included as a stop, October 15.

1930

Contract exchanged for route certificate, May 27, expires April 5, 1936, mileage 1,130 miles, service as follows:

1. One trip, providing 25 cubic feet for 400 pounds, and two passengers, daily, Portland to Los Angeles at rate of 77 cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, and two passengers, daily, Los Angeles to Portland, rate 92 cents for night flying and 77 cents for day flying.

Line extended to San Diego, Calif, July 1.

1932

Changes in schedule, December 27, no change in number of trips.

1933

February 27. Sacramento embraced for service.
June 11. Schedule change of San Francisco to San Jose service.
June 15. Schedule change of San Diego to San Francisco service.
July 1. Change in schedules, Seattle to San Diego on trip which had been added prior to that date.
August 15. Two round trips Seattle to San Diego discontinued and following service in effect:
1. One trip daily, Seattle to San Francisco.
2. One trip daily, Seattle to San Diego.

A.M. 8

1933

3. One trip daily, Oakland to Los Angeles.
4. One trip daily, Los Angeles to San Diego.
5. Two trips daily, San Diego to Seattle.
August 31. Service between Oakland and San Jose discontinued.
September 1. Service on A.M. 8 as follows:
1. Two trips daily, Seattle to San Diego (one stopping at Fresno and Bakersfield).
2. One trip daily, Oakland to Los Angeles.
3. Two trips, daily, San Diego to Seattle (one stopping at Fresno and Bakersfield).
December 17. One trip added Los Angeles to Oakland and one trip added Portland to Seattle.

A.M 9

1925

Advertisement by Postmaster General New, October 29, for service, Chicago to Milwaukee, La Crosse, Wis., to St. Paul and Minneapolis, one round trip per day, no more than six per week.

1926

Contract awarded Charles Dickinson, January 11, rate of pay 48 percent of revenue derived.
Contract canceled September 30 after due notice.
Contract readvertised August 16.
Contract awarded Northwest Airways, Inc., September 16 and service commenced October 1, rate of pay $2.75 per pound.

1927

Madison, Wis. embraced for service November 22.

1928

Line extended to Fond du Lac, Oshkosh, Appleton, and Green Bay, December 15.

1930

Line extended to Elgin, Rockford, and Janesville March 8.
Contract exchanged for route certificate, August 30, expires April 5, 1936, mileage between terminals 407 miles, service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, and six passengers, daily, departing from Chicago at rate of 71½ cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, daily, departing from Chicago at rate of 60½ cents per mile.
3. One trip, providing 25 cubic feet for 400 pounds, no passengers, daily, departing from Chicago at rate of 83½ cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers, daily, departing from Milwaukee at rate of 59 cents per mile.
5. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers, daily, departing from Chicago at rate of 56½ cents per mile.
6. One trip, providing 25 cubic feet for 400 pounds, and six passengers, daily, departing from St. Paul at rate of 71½ cents per mile.
7. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, daily, departing from St. Paul at rate of 60½ cents per mile.
8. One trip, providing 25 cubic feet for 400 pounds, no passengers, daily, departing from St. Paul at rate of 83½ cents per mile.
9. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers, daily, departing from Green Bay at rate of 59 cents per mile.
10. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers, daily, departing from Madison at rate of 56½ cents per mile.

1931

Line extended to Fargo, Grand Forks, and Pembina February 2.
Line extended to Duluth, Minn., May 30.
Line extended to Valley City, Jamestown, Bismarck, and Mandan June 2.

1932

October 1. Changes in various schedules.
November 1. Changes in various schedules.
November 5. Changes in various schedules.
November 28. Changes in various schedules.

1933

February 15. Changes in various schedules.
February 27. Changes in various schedules.
A.M. 9 extended from Milwaukee via Grand Rapids to Detroit March 2, two and one-half round trips per day.
A.M. 9 extended from Bismarck via Glendive and Miles City to Billings, Mont., March 2, one round trip per day.
April 2. Changes in various schedules.
April 10. Changes in various schedules.
May 15. Changes in various schedules.
May 31. Round trip between Chicago and Madison discontinued.
June 11. Changes in various schedules.
June 12. Changes in various schedules.
July 1. Madison added as stopping point on one round trip between Chicago and St. Paul.
July 23. Changes in various schedules.
July 31. Service on one round trip between Milwaukee and Green Bay discontinued.
September 10. Lansing and Muskegon embraced for service.
September 10 and 15. Entire service of A.M. 9 as follows:
1. Two and one half round trips, Detroit to Milwaukee.
2. Three round trips, Chicago to St. Paul.
3. One round trip, St. Paul to Billings.
4. One round trip, Fargo to Winnipeg.
September 15. St. Paul to Duluth service suspended.
October 1. Schedule changes between Detroit and Milwaukee.
October 21. Dickinson, N.Dak., embraced on Bismarck to Billings service.
November 18. One trip discontinued, Milwaukee to Detroit.
November 20. Schedule changes on Winnipeg to St. Paul service.

A.M. 10

1925

Advertisement by Postmaster General New, November 18, for route Atlanta, Ga., via Jacksonville and Tampa, to Miami, Fla.; not less than six trips per week.

1926

February 11. Contract awarded to Florida Airways Corporation, at rate of 80 percent of revenues derived; distance 393 miles.

1927

June 7. Contract discontinued.

A.M. 11

1926

Postmaster General New advertised for bids on January 22, covering service Cleveland to Pittsburgh, not less than six round trips per week.
March 27. Contract awarded Clifford Ball at rate of 80 percent of revenue derived.

1927

April 21. Youngstown, Ohio, embraced for service.

1930

October 24. Contract exchanged for route certificate which expires April 5, 1936. Service under certificate as follows:
1. One trip daily, providing 12.5 cubic feet for 200 pounds, no passengers, Cleveland to Pittsburgh, at rate of 71½ cents per mile.
2. One trip daily, providing 12.5 cubic feet for 200 pounds, no passengers, from Pittsburgh to Cleveland, at rate of 71½ cents per mile.
3. One trip daily, providing 12.5 cubic feet for 200 pounds and two passengers, from Cleveland to Pittsburgh, at rate of 58 cents per mile.
4. One trip daily, providing 12.5 cubic feet for 200 pounds and two passengers, from Pittsburgh to Cleveland, at rate of 58 cents per mile.
October 24. Contract sublet to Pennsylvania Air Lines, Inc.

1931

June 8. A.M. 11 extended from Pittsburgh to Washington and Akron designated as a stopping point. Service on that date as follows:
1. One trip daily except Sunday and holidays, providing 12.5 cubic feet for 200 pounds, Washington to Cleveland at rate of 40 cents per mile.
2. Two trips daily, providing 12.5 cubic feet for 200 pounds, Washington to Cleveland at rate of 40 cents per mile.
3. One trip daily, except Sunday and holidays, providing 12.5 cubic feet for 200 pounds, Cleveland to Washington at rate of 40 cents per mile.
4. Two trips daily, providing 12.5 cubic feet for 200 pounds, Cleveland to Washington at rate of 40 cents per mile.
June 8. Youngstown, Ohio, discontinued as stop.

1932

June 6. Additional schedule authorized Washington to Cleveland and return. Daily except Sunday and holidays. Service as of that date:
1. Two round trips, daily, between Washington and Cleveland.
2. Two round trips, daily except Sunday and holidays, Washington to Cleveland.
October 11. Change in schedule of one trip.

1933

April 1. Change in schedule of one trip.
June 11. Several changes in schedule; one trip formerly daily except Sunday and holidays changed to daily except Sunday, Monday, holidays, and days after holidays.
July 16. Changes in schedule.
September 1. Complete schedules of A.M. 11 as follows:
1. Three daily round trips, Washington to Cleveland.

2. One and one half round trips, daily except Sunday and holidays, Washington to Cleveland.
3. One half round trip, daily except Sunday, Monday, holidays, and days after holidays, Cleveland to Washington.
November 15. Changes in schedules.
December 6. Changes in schedules: Night mail from Washington to Cleveland changed to mail and passengers.
December 17. Changes in schedules: Trip which was formerly daily except Sunday, Monday, holidays, and days after holidays, changed to daily except Sunday and holidays.

A.M. 12

1927

Original contract awarded Colorado Airways, Inc., but canceled and readvertised.
Advertisement by Postmaster General New, September 3, covering route Cheyenne, Wyo., via Denver and Colorado Springs to Pueblo, Colo., 199 miles for one round trip per day.
October 4, contract awarded Western Air Express, Inc., at rate of 83 cents per pound.

1930

Contract exchanged for route certificate, October 21. Certificate expires April 5, 1936. Service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, and two passengers daily, Cheyenne to Pueblo, at rate of 85 cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, and two passengers daily, Pueblo to Cheyenne, at rate of 70 cents per mile.

1931

August 1. Route extended to Albuquerque from Pueblo and to Amarillo from Pueblo with following service:
1. One trip daily, Pueblo to Albuquerque and return, at rate of 55½ cents per mile.
2. One trip daily, Pueblo to Amarillo and return, at rate of 55½ cents per mile.
One daily round trip between Cheyenne and Denver added after passage of Watres Act.

1933

June 11 and 12. Following service in effect A.M. 12.
1. One daily round trip, Cheyenne to Amarillo.
2. One daily round trip, Pueblo to Albuquerque.
3. One daily round trip, Cheyenne to Denver.
June 9. Schedule changes.
September 4 and 5. Daily round trip between Pueblo and Amarillo suspended.
October 1. Changes in schedule.
November 11. Las Vegas, N.Mex., embraced for supply on Cheyenne to Albuquerque round trip.

A.M. 13

1926

Advertisement by Postmaster General New, June 16, covering route Philadelphia to Washington, not less than six round trips per week, distance, 128 miles.
June 2. Contract awarded Philadelphia Rapid Transit Air Service, Inc., at rate of $3 per pound.
Contract cancelled and superseded by A.M. 15 October 9.

A.M. 14

1926

Advertisement by Postmaster General New, June 10, covering route Detroit, Mich., to Grand Rapids, Mich., and return; six round trips per week; distance, 142 miles.
July 31. Contract awarded to Stout Air Services, Inc., at rate of $3 per pound.
Contract canceled. No service performed.

A.M. 15

1926

Advertisement by Postmaster General New. September 9. Covering service Philadelphia, via Washington, to Norfolk, Va.; 278 miles each way; at least six round trips per week.
September 25. Contract awarded Philadelphia Rapid Transit Air Service, Inc., at rate of $3 per pound.

1927

February 21. Service discontinued.

A.M. 16

1927

Advertisement by Postmaster General New, June 15, covering service Cleveland via Akron, Columbus, Dayton, and Cincinnati to Louisville, Ky., distance 339 miles.
October 10, contract awarded to Continental Air Lines, Inc., at rate of $1.22 per pound.

1929

May 1. Springfield, Ohio, embraced for service.

1930

Contract exchanged for route certificate, October 21, which expires April 5, 1936, service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, Louisville to Cleveland, daily, at rate of 85½ cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, Cleveland to Louisville, daily, at rate of 85½ cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds, Cleveland to Louisville, daily, at rate of 59½ cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds, Akron to Louisville, daily, at rate of 59½ cents per mile.

1931

March 2. Line extended Louisville to Nashville, 166 miles with following service:
1. One round trip daily, Cleveland to Louisville, at rate of 85½ cents per mile.
2. One trip daily, Cleveland to Nashville, at rate of 85½ cents per mile.
3. One trip daily, Nashville to Cleveland, at rate of 70½ cents per mile.
May 15. A.M. 16 consolidated with A.M. 20.

A.M. 17

1927

Advertisement by Postmaster General New, March 8, covering service, New York, N.Y., via Cleveland, to Chicago. 723 miles.
April 2, contract awarded National Air Transport, Inc., at rate of $1.24 up to 1,500 pounds per day.

1928

Toledo, Ohio, embraced for service June 3.
Line extended to Detroit, Mich., June 4.

1929

Extension to Detroit discontinued April 1.

1930

Following additional schedules added after passage of Watres Act:
1. One round trip daily, New York to Chicago.
2. One round trip daily, Cleveland to Chicago.
3. One round trip, daily except Saturday, Sunday, holidays, and days before holidays, New York to Chicago.
October 22, contract exchanged for route certificate which expires April 5, 1936; service as follows:
1. One trip, providing 80 cubic feet, 1,600 pounds, daily, New York to Cleveland, at rate of $1.02 per mile.
2. One trip, providing 80 cubic feet for 1,600 pounds, and seven passengers, daily, Cleveland to Chicago, at rate of $1.15 per mile.
3. One trip providing 80 cubic feet for 1,600 pounds, daily, New York to Chicago, at rate of $1.14 per mile.
4. One trip, providing 80 cubic feet for 1,600 pounds, daily except Saturday, Sunday, and holidays, New York to Chicago, at rate of $1.14 per mile.
5. One trip, providing 80 cubic feet for 1,600 pounds, and seven passengers, daily, Chicago to Cleveland, at rate of $1.15 per mile.
6. One trip, providing 80 cubic feet for 1,600 pounds, daily, Cleveland to New York, at rate of $1.02 per mile.
7. One trip, providing 80 cubic feet for 1,600 pounds, daily, Chicago to New York, at rate of $1.14 per mile.
8. One trip, providing 80 cubic feet for 1,600 pounds, daily except Saturday, Sunday, and holidays, Chicago to New York, at rate of $1.14 per mile.

1932

Change in schedules September 1.

1933

June 11, schedules as follows:
1. Four round trips daily, New York to Chicago.
2. One round trip daily, except Saturday, Sunday, holidays, and days before holidays, New York to Chicago.
December 17, schedules as follows:
1. Six round trips daily, New York to Chicago.

A.M. 18

1926

Advertisement by Postmaster General New, November 15, for service Chicago via Iowa City, Des Moines, Omaha, North Platte, Cheyenne, Rock Springs, Salt Lake City, Elko, Reno, and Sacramento to San Francisco, distance 1,896 miles.

1927

January 27. Contract awarded to Boeing Airplane Co. and Edward Hubbard, at rate of $1.50 per pound for first thousand miles and 15 cents per pound for each additional 100 miles.
July 1. Contract sublet to Boeing Air Transport, Inc.

1928

July 10, Cedar Rapids, Iowa, embraced for service.
July 10, Lincoln, Nebr., embraced for service.
October 21. Contract exchanged for route certificate which expired April 5, 1936; mileage changed to 2,025 miles; service as follows:
1. One trip, providing 125 cubic feet for 2,000 pounds and eight passengers daily except Monday, Chicago to Salt Lake, at rate of $1.18½ per mile.
2. One trip, providing 80 to 100 cubic feet for 1,600 pounds, daily, Chicago to Salt Lake, at rate of $1.18 per mile.
3. One trip, providing 80 to 100 cubic feet for 1,600 pounds, daily except Monday, Salt Lake to Chicago, at rate of $1.03 per mile.
4. One trip, providing 125 cubic feet for 2,000 pounds and eight passengers, daily, Salt Lake to Chicago, at rate of $1.18½ per mile for day flying and $1.25 per mile for night flying.
5. One trip, providing 80 to 100 cubic feet for 1,600 pounds and 10 passengers, daily except Monday, Salt Lake to San Francisco, at rate of $1.16 per mile for day flying and $1.25 per mile for night flying.

6. One trip, providing 62.5 cubic feet for 1,000 pounds, daily, Salt Lake to San Francisco, at rate of 95½ cents per mile.

7. One trip, providing 62.5 cubic feet for 1,000 pounds, daily except Monday, San Francisco to Salt Lake, at rate of 95½ cents per mile.

8. One trip, providing 80 to 100 cubic feet for 1,600 pounds and 10 passengers, daily, San Francisco to Salt Lake, at rate of $1.16 per mile for day flying and $1.25 per mile for night flying.

One daily round trip, Chicago to San Francisco, added after passage of Watres Act.

1931

A.M. 18 extended from Omaha via Sioux City, Iowa, Sioux Falls, N.Dak., to Watertown, S.Dak., August 1.

One round trip daily, 259 miles, Omaha to Watertown, furnishing 12.5 cubic feet for 200 pounds, at rate of 59 cents per mile.

1932

September 1. Slight changes in schedule of one trip.

1933

Effective June 11, the following schedules in effect on A.M. 18:
1. Three daily round trips, Chicago to San Francisco.
2. One daily round trip, Omaha to Watertown.

September 15. Schedules of A.M. 18 as follows:
1. Three daily round trips, Chicago to Oakland.
2. Two daily round trips, Chicago to Salt Lake.
3. One daily round trip, Chicago to Omaha.
4. One daily round trip, Omaha to Watertown.

September 20. Grand Island, Nebr., embraced for service.
October 15. Slight schedule changes.
November 1. Slight schedules changes.
November 7. Slight schedule changes.
December 17. Service of A.M. 18 as follows:
Several trips discontinued.
1. Three daily round trips, Chicago to Oakland.
2. One daily round trip, Omaha to Watertown.

A.M. 19

1926

Advertisement by Postmaster General New, December 23, for service, New York, N.Y., via Philadelphia, Washington, Richmond, and Greensboro, N.C., to Atlanta, Ga., distance 773 miles.

1927

February 28. Contract awarded to Pitcairn Aviation, Inc., at rate of $3 per pound.

1928

Spartanburg embraced for service, May 1.

1929

Baltimore embraced for service, May 6.

1930

Charlotte embraced for service, April 1.
Greenville embraced for service, August 20.
Name of company changed to Eastern Air Transport, Inc.—January 18.

November 7. Contract exchanged for route certificate which expires April 5, 1936, service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, New York to Atlanta, daily except Sunday and holidays, at rate of 85½ cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, New York to Atlanta, daily, at rate of 72½ cents per mile.
3. One trip, providing 47 cubic feet for 750 pounds, New York to Atlanta, daily, at rate of 97½ cents per mile.
4. One trip, providing 47 cubic feet for 750 pounds, Atlanta to New York, daily, at rate of 97½ cents per mile.
5. One trip, providing 47 cubic feet for 750 pounds, Atlanta to New York, daily, at rate of 97½ cents per mile.
6. One trip, providing 25 cubic feet for 400 pounds, departing from Washington, daily except Sunday and holidays, at rate of 85½ cents per mile.

Additional schedules added after passage of Watres Act.
1. One round trip daily, New York to Jacksonville (added after consolidation with A.M. 25).
2. One round trip daily, New York to Atlanta.
3. One round trip daily, Atlanta to Miami (added after consolidation with A.M. 25).
4. One round trip daily, Daytona Beach to St. Petersburg (same as above).

1931

A.M. 19 consolidated with A.M. 25, April 1.
Line extended to Raleigh, Florence, Charleston, and Savannah from Richmond, April 1.
Line extended to Atlantic City from New York, July 10.
Line extended from Washington to Atlantic City, July 20.
Line extended from Philadelphia to Atlantic City, July 15.
Philadelphia-Atlantic City extension discontinued September 15.
Washington-Atlantic City extension discontinued September 30.

1932

June 1. Service on one round trip between Richmond and Atlanta omitted.

June 1. Service on one round trip between Jacksonville and Miami omitted.

July 15. Schedule changes, service between Atlantic City and New York evidently in effect although date of starting not known.
September 1. Schedule changes.
October 1. Schedule changes between New York and Atlantic City.
December 1. Camden, S.C., Columbia, S.C., and Augusta, Ga., embraced for service from Charlotte.

1933

February 10. Schedule changes between Atlanta and Jacksonville.
March 20. General schedule changes over entire line.
July 1. Schedule changes between Atlantic City and New York.
July 9. Schedule changes between New York and Atlantic City.
August 1. Schedule changes between New York and Atlantic City.
September 5. New York to Atlantic City service discontinued.
September 5. Daytona Beach to St. Petersburg service discontinued; one trip only.
September 9. Charlotte to Augusta service suspended.
September 9. Service on A.M. 19 as follows:
1. One daily round trip, Jacksonville to New York.
2. Two daily round trips, Atlanta to New York.
3. One daily round trip, Miami to New York.
4. One daily round trip, Jacksonville to Miami.
5. Two daily round trips, Atlanta to Jacksonville.
6. One daily round trip, Daytona Beach to St. Petersburg.

October 15. Service on A.M. 19 as follows:
1. Two daily round trips, New York to Miami.
2. Two daily round trips, New York to Atlanta.
3. One daily, except Sunday, round trip, New York to Washington.
4. Two daily round trips, Atlanta to Jacksonville.
5. One daily, round trip, Daytona Beach to St. Petersburg.

A.M. 20

1927

Advertisement by Postmaster General New, June 15, for service Albany, N.Y., via Schenectady, Syracuse, Rochester, Buffalo to Cleveland, Ohio; 452 miles.

Contract awarded to Colonial Western Airways, Inc., August 22, at rate of $1.11 per pound.

1928

Utica, N.Y., embraced for service June 1.

1929

Rome, N.Y., embraced for service January 7.

1930

October 21, contract exchanged for route certificate which expires April 5, 1936, and service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, daily except Sunday, Cleveland to Albany at rate of 85½ cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, daily except Sunday, Albany to Cleveland at rate of 85½ cents per mile.

One round trip added New York to Cleveland after passage of Watres Act.

1931

A.M. 16 and A.M. 20 consolidated by order of Post Office Department, May 15, and known hereafter at A.M. 20.
May 15, contract sublet to American Airways, Inc.
Line extended from Albany to New York, N.Y., August 1.
Line extended from Louisville to Memphis, Little Rock, Texarkana, Dallas, and Fort Worth, June 15, with one round trip daily at rate of 54½ cents per mile.

1932

May 25, schedule changes between New York and Cleveland.
June 15, schedule changes between Albany and Cleveland.

1933

February 10, service on A.M. 20 as follows on Cleveland to Fort Worth route:
1. Two round trips daily, Cleveland to Fort Worth.
2. One round trip daily, Cleveland to Louisville.

February 10, schedule change between Albany and Cleveland.
February 12, A.M. 20 extended from Albany to Boston via Springfield and two round trips per day inaugurated.
April 20, changes in schedule between Louisville and Cleveland.
June 11. Schedule changes between New York, Cleveland, and Boston.
July 9. General schedule changes.
September 10. One trip between Cleveland and Louisville discontinued.
October 1. Akron omitted from A.M. 20.
October 1. Daily service between Boston and Albany changed to daily except Sunday and holidays.
October 27. Schedule change between Boston and Cleveland.
November 7. Schedule change between Cleveland and Columbus.

A.M. 21

1927

Advertisement by Postmaster General New, June 15, for service Dallas to Houston to Galveston, Tex., 283 miles.

October 8. Contract awarded to Seth W. Barwise at rate of $2.89 per pound.

1928

January 31. Contract sublet to Texas Air Transport, Inc.
March 5. Waco, Tex., embraced for service.

1930

Contract exchanged for route certificate November 7, which expires April 5, 1936; mileage changed to 333 miles and service as follows:

1. One trip, providing 12.5 cubic feet for 200 pounds and two passengers, daily, from Waco to Galveston, at rate of 61 cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds and two passengers, daily, from Galveston to Waco, rate of 61 cents per mile.
Route is stated from Dallas to Galveston, however, for operating convenience space mileage authorized from Waco.

1932

A.M. 21 absorbed by American Airways.

1933

July 9. Changes in schedule, Dallas to Galveston.
October 1. Changes in schedule, Fort Worth to Galveston.
October 1. Service between Dallas and Fort Worth discontinued.

A.M. 22

1927

Advertisement by Postmaster General New, June 15, for service, Dallas (via Waco, Austin, and San Antonio) to Laredo, Tex., 417 miles. Advertisement states Dallas to Laredo, but also states service to Laredo will not be established until after service between Dallas and San Antonio is established.
August 17. Contract awarded to Seth W. Barwise, at rate of $2.89 per pound.

1928

Contract sublet to Texas Air Transport, Inc., January 31.

1929

Laredo taken off route and Brownsville added March 9.

1930

November 7. Contract exchanged for route certificate, which expires April 5, 1936; distance, 547 miles; Dallas to Brownsville, service as follows:
1. One trip, providing 25 cubic feet for 400 pounds and two passengers, daily, Dallas to Brownsville, at rate of 71 cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds and two passengers, daily, Brownsville to Dallas, at rate of 71 cents per mile.

1932

A.M. 22 absorbed by American Airways, Inc.
June 1. Corpus Christi, Tex., embraced for service.

1933

February 10. Change in schedule, Dallas to Brownsville.
July 9. Change in schedule, Dallas to Waco.

A.M. 23

1927

July 18. Postmaster General New advertised for service from Atlanta via Birmingham to New Orleans, 478 miles.
September 20. Contract let to St. Tammany Gulf Coast Airways, Inc., at rate of $1.75 per pound.

1929

Name changed to Gulf Coast Airways, Inc., September 23.

1930

November 7. Contract exchanged for route certificate which expires April 5, 1936; mileage changed to 488 miles, service as follows:
1. One trip, providing 25 cubic feet for 400 pounds, daily, Atlanta to New Orleans, at rate of 85½ cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds, daily, New Orleans to Atlanta, at rate of 70½ cents per mile.

1931

Contract sublet to American Airways, Inc., October 5.

1933

Change in schedule Atlanta to New Orleans, June 4.
Change in schedule Atlanta to New Orleans, October 15.

A.M. 24

1927

July 21. Postmaster General New advertised for service, Chicago, via Indianapolis, to Cincinnati, Ohio, 270 miles.
November 17. Contract awarded to Embry-Riddle Co. at rate of $1.47 per pound.

1930

November 7. Contract exchange for route certificate which expires April 5, 1936, mileage changed to 274 miles, service as follows:
1. One trip, providing 12.5 cubic feet for 200 pounds and six passengers, daily, Chicago to Cincinnati, at rate of 62½ cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, daily, Chicago to Cincinnati, at rate of 74½ cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, daily, Cincinnati to Chicago, at rate of 74½ cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds and six passengers, daily, Cincinnati to Chicago, at rate of 77½ cents per mile.

1932

A.M. 24 absorbed by American Airways, Inc.

1933

June 11. Changes in schedule of one trip, Chicago to Cincinnati.
October 1. One round trip, Chicago to Cincinnati, daily, changed to daily except Sunday and holidays.

A.M. 25

1927

October 18. Postmaster General New advertised for service, Atlanta via Jacksonville to Miami, 595 miles.
November 27. Contract awarded to Pitcairn Aviation, Inc., at rate of $1.46 per pound.

1929

March 1. Macon, Ga., and Daytona Beach, Fla., embraced for service.
December 14. Line extended from Daytona Beach to St. Petersburg, Fla.

1930

January 27. Name changed to Eastern Air Transport, Inc.
November 7. Contract exchanged for route certificate which expires April 5, 1936, and mileage changed to 777 miles. Service as follows:
1. One trip, providing 47 cubic feet for 750 pounds, daily, Atlanta to Miami, at rate of 93 cents per mile.
2. One trip, providing 47 cubic feet for 750 pounds, daily, Miami to Atlanta, at rate of 93 cents per mile.
3. One trip providing 12.5 cubic feet for 200 pounds, daily, Daytona Beach to St. Petersburg, at rate of 56 cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds, daily, St. Petersburg to Daytona Beach, at rate of 56 cents per mile.

1931

February 9. West Palm Beach embraced for service.
April 1. A.M. 19 and A.M. 25 consolidated and known hereafter as "A.M. 19."

A.M. 26

1927

October 27. Advertisement by Postmaster General New for service, Great Falls, Mont., via Helena, Butte, and Pocatello, to Salt Lake City, 493 miles.
December 30. Contract awarded to Alfred Frank at rate of $2.47½ per pound.

1928

August 6. Contract sublet to National Park Airways, Inc.
August 1. Ogden embraced for service.

1930

July 29. Contract exchanged for route certificate which expires April 5, 1936, and mileage changed to 509; service as follows:
1. One trip, providing 12.5 cubic feet for 200 pounds, and six passengers, daily, departing from Great Falls, at rate of 61 cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, and six passengers, daily, departing from Salt Lake, at rate of 76 cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers daily, departing from Pocatello, at rate of 74½ cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds, and two passengers daily, departing from Salt Lake, at rate of 59½ cents per mile.
5. One trip, providing 12.5 cubic feet for 200 pounds, and six passengers daily, departing from Great Falls, at the rate of 61 cents per mile.
6. One trip, providing 12.5 cubic feet for 200 pounds, and six passengers, daily, departing from Butte, at rate of 61 cents per mile.
One round trip added, Great Falls to Pocatello, after passage of Watres Act.

1932

October 1. Changes in schedule between Great Falls and Salt Lake.
November 1. Changes in schedule between Salt Lake and Great Falls.

1933

April 1. Changes in schedule between Great Falls and Salt Lake.
July 16. Changes in schedule between Salt Lake and Great Falls.
September 25. Service on A.M. 26 as follows:
1. One daily round trip, Great Falls to Salt Lake.
2. One daily round trip, except Sunday and holidays, Great Falls to Salt Lake.

1934

Changes in schedule January 18.

A.M. 27

1928

February 29. Advertisement by Postmaster General New for service, Bay City, Mich., via Saginaw, Flint, Lansing, Kalamazoo, Pontiac, Detroit, Ann Arbor, Jackson, Battle Creek, Muskegon, Grand Rapids, and South Bend, to Chicago, 534 miles.
May 5. Contract awarded to Thompson Aeronautical Corporation, at rate of 89 cents per pound.
November 27. Line not extended to Pontiac and Flint until this date.

1929

April 1. Line extended to Toledo and Cleveland.

1930

March 5. Mishiwaka embraced for service.
December 6. Line extended to Fort Wayne.
June 16. Line extended to Pontiac and Muskegon.

August 1. Contract exchanged for route certificate which expires April 5, 1936, mileage changed to 888 miles, and service as follows:

1. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers departing from Bay City, daily except Sunday and holidays, at rate of 61 cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers, departing from Pontiac, daily except Sunday and holidays, at rate of 61 cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers, departing from Muskegon, daily except Sunday and holidays, at rate of 61 cents per mile.
4. One trip, providing 25 cubic feet for 400 pounds, no passengers, departing from Cleveland, daily, at rate of 84½ cents per mile.
5. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers, departing from Kalamazoo, daily except Sunday and holidays, at rate of 61 cents per mile.
6. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers, departing from Kalamazoo, daily except Sunday and holidays, at rate of 61 cents per mile.
7. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for two passengers, departing from Kalamazoo, daily, except Sunday and holidays, at rate of 61 cents per mile.
8. One trip, providing 25 cubic feet for 400 pounds, departing from Bay City, daily, at rate of 84½ cents per mile.
9. One trip, providing 25 cubic feet for 400 pounds, no passengers, departing from Chicago, daily, at rate of 82½ cents per mile.
10. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for six passengers, departing from Cleveland, daily, except Sunday and holidays, at rate of 66½ cents per mile.
11. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for six passengers, departing from Detroit, daily, except Sunday and holidays, at rate of 66½ cents per mile.
12. One trip, providing 12.5 cubic feet for 200 pounds, departing from Pontiac, daily, except Sunday and holidays, at rate of 59½ cents per mile.
13. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for six passengers, departing from Detroit, daily, except Sunday and holidays, at rate of 66½ cents per mile.
14. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, departing from Pontiac, daily, except Sunday and holidays, at rate of 59½ cents per mile.
15. One trip, providing 12.5 cubic feet for 200 pounds, and accommodations for six passengers, departing from Detroit, daily, except Sunday and holidays, at rate of 66½ cents per mile.
16. One trip, providing 12.5 cubic feet for 200 pounds, no passengers, departing from Muskegon, daily, except Sunday and holidays, at rate of 75½ cents per mile.
17. One trip, providing 25 cubic feet for 400 pounds, and accommodations for two passengers, departing from Kalamazoo, daily, except Sunday and holidays, at rate of 69 cents per mile.
18. One trip, providing 25 cubic feet for 400 pounds, and accommodations for two passengers, departing from Chicago, daily, except Sunday and holidays, at rate of 69 cents per mile.

The following additional schedules put into effect after passage of Watres Act:

1. One trip, Detroit to Chicago via Kalamazoo and South Bend.
2. Three round trips, daily, Cleveland to Detroit.
3. Two round trips, daily, Detroit to Chicago (direct).

December 31, contract sublet to Trans-American Airlines Corporation.

1932

May 25. Changes in schedule, Detroit to Chicago.
August 1. Changes in schedule, Bay City to Cleveland.
September 15. Changes in schedule, Cleveland to Detroit.
October 5. Changes in schedule, Cleveland to Detroit.
October 20. Changes in schedule, Cleveland to Bay City.
October 20. Changes in schedule, Pontiac to Muskegon.
October 31. Two round trips between Cleveland and Detroit discontinued.

1933

February 9, the following service discontinued:

1. One round trip daily, except Sunday and holidays, Pontiac to Muskegon.
2. One round trip daily, Pontiac to Bay City.
3. One round trip daily, except Sunday and holidays, Fort Wayne to South Bend.

June 11. General schedule changes.
June 16. Schedule changes, Pontiac to Cleveland.
September 10. Service of air mail 27 restated so as to be from Buffalo via certain points to Chicago, one round trip daily between Buffalo and Chicago.
September 10. Service Detroit to Columbus, Ohio, Kalamazoo to Muskegon, and Kalamazoo to Bay City discontinued.
September 14. Change in schedule, Cleveland to Detroit.
October 1. One trip daily, Chicago to Detroit, changed to daily, except Sunday and holidays.
October 1. Toledo omitted as stop on air mail 27 and 1 round trip, Detroit to Chicago, made gratuitous.
October 27. General schedule changes.
December 1. Service of A.M. 27 as follows:

1. One round trip daily, Detroit to Chicago.
2. Two round trips daily, Buffalo to Chicago.
3. One round trip, daily except Sunday and holidays, Detroit to Chicago.
4. One round trip, daily except Sunday and holidays, Cleveland to Bay City.
5. One round trip, daily except Sunday and holidays, Cleveland to Detroit.
6. One round trip daily, Cleveland to Detroit.

December 11. Schedule change in Bay City to Detroit service.

A.M. 28

1928

March 21. Advertisement by Postmaster General New for service, St. Louis via Kansas City to Omaha, 395 miles.
May 9. Contract awarded Robertson Aircraft Corporation at rate of 78½ cents per mile.

1929

October 1. St. Joseph, Mo., embraced for service.

1931

April 29. Contract exchanged for route certificate which expires April 5, 1936; service as follows:

1. One trip, providing 12.5 cubic feet for 200 pounds, daily, from St. Louis, at rate of 57 cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, daily from St. Louis, at rate of 69 cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds, daily from Omaha, at rate of 57 cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds, daily from Omaha, at rate of 54 cents per mile.

April 20. Contract sublet to American Airways.
May 15. A.M. 28 consolidated with A.M. 30, and will be known as "A.M. 30" hereafter.

A.M. 29

1928

March 20. Advertisement by Postmaster General New covering service, New Orleans via Houston to either Brownsville, San Antonio, or Laredo; daily service, one trip each way.
July 13. Contract awarded St. Tammany Gulf Coast Airways, Inc., at rate of $1 per pound; service provided only New Orleans to Beaumont to Houston.

1929

September 23. Name changed to Gulf Coast Airways, Inc.

1931

March 27. Contract exchanged for route certificate which expires April 5, 1936; service as follows:

1. One trip, providing 12.5 cubic feet for 200 pounds, daily, from Houston to New Orleans, at rate of 56 cents per mile.
2. One trip, providing 12.5 cubic feet for 200 pounds, daily, from Houston to New Orleans, at rate of 56 cents per mile.

October 1. Contract sublet to American Airways, Inc.

1932

June 4. Baton Rouge embraced for service.

A.M. 30

1928

June 1. Advertisement by Postmaster General New for service Chicago, Ill., via Terre Haute, St. Louis, Evansville, Nashville, and Chattanooga, to Atlanta, 790 miles.
September 17. Contract awarded Interstate Airlines, Inc., at rate of 78 cents per pound.

1930

November 7. Contract exchanged for route certificate which expires April 5, 1936; service as follows:

1. One trip, providing 25 cubic feet for 400 pounds daily, departing from Chicago, at rate of 85½ cents per mile.
2. One trip, providing 25 cubic feet for 400 pounds daily, departing from Atlanta, at rate of 85½ cents per mile.
3. One trip, providing 12.5 cubic feet for 200 pounds daily, departing from Atlanta, also two passengers, at rate of 62 cents per mile.
4. One trip, providing 12.5 cubic feet for 200 pounds and two passengers daily from Nashville, at rate of 62 cents per mile.
5. One trip, providing 12.5 cubic feet for 200 pounds daily, departing from St. Louis, at rate of 73 cents per mile.
6. One trip, providing 12.5 cubic feet for 200 pounds daily, departing from Evansville, at rate of 73 cents per mile.

1931

April 20. Contract sublet to American Airways, Inc.
May 15. A.M. 30 consolidated with A.M. 28 and known as "A.M. 30" hereafter.
June 5. Line extended from Kansas City to Salina and Denver.
June 5. Extension of line between Kansas City, Salina, and Denver resublet to United States Airways, Inc.

1932

June 16. Additional round trip authorized between Kansas City and Denver.
August 15. One round trip between Kansas City and Denver discontinued.
August 15. Schedule between St. Louis and Omaha changed.
September 21. Schedule between St. Louis and Omaha changed.
November 4. Schedule between St. Louis and Omaha changed.
December 5. Schedule change between Denver and Kansas City.

1933

February 10. One round trip between St. Louis and Omaha and between St. Louis and Kansas discontinued.

February 10. One additional round trip authorized between Chicago and Atlanta and between St. Louis and Evansville.
February 10. One round trip between Atlanta and Nashville discontinued.
April 10. Schedule change between Chicago and Atlanta.
May 15. Schedule change between Kansas City and Denver.
June 11 and 12. Schedule change between Omaha and Kansas City.
June 11. Schedule change between Chicago and Atlanta.
July 9. Schedule change between Atlanta and Chicago.
August 15. Schedule change between Kansas City and Denver.
September 9. One round trip between St. Louis and Evansville discontinued.
October 1. One trip between St. Louis and Evansville, daily, changed to daily, except Monday and days after holidays.
October 15. Schedule change between Chicago and Atlanta on two round trips.
November 6. Schedule change between Atlanta, Chicago, and St. Louis.
December 17. Schedule change between Omaha and Kansas City.

A.M. 31

1929

Contract calling for service from Chicago Municipal Airport to a ramp opposite the Stevens Hotel in Grant Park, Chicago, Ill., awarded June 1 to Curtiss Flying Service of the Middle West, Inc., only bidder, at rate of $15 per trip.
September 30. Service discontinued.

A.M. 32

1929

June 15. Advertisement by Postmaster General Brown for service Pasco, Wash., to Spokane, to Portland, to Seattle, 490 miles, two round trips per day.
September 23. Contract awarded to Varney Air Lines, Inc., at rate of 9 cents per pound.

1930

July 1. A.M. 32 consolidated with A.M. 5 and route certificate covering both routes issued May 3. A.M. 32 known hereafter as "A.M. 5."

A.M. 33

1930

August 2. Advertisement by Postmaster General Brown for service from Atlanta, Ga., via Birmingham, Dallas, Fort Worth, El Paso, and points in New Mexico and Arizona to Los Angeles, 2,008 miles.
October 1. Contract awarded Robertson Aircraft Corporation, of Missouri, and Southwest Air Fast Express, Inc., of Delaware, at rate of 75 cents per mile plus variables.

1931

June 15. Line extended to Memphis and New Orleans, one round trip per day furnishing 47 cubic feet for 423 pounds at rate of 80½ cents per mile.
June 30. Contract sublet to American Airways, Inc.
July 1. Monroe and Abilene embraced for service.
August 1. Line extended from Fort Worth to Amarillo and El Paso to Albuquerque, one round trip per day, at rate of 62 cents per mile.

1932

June 15. San Diego and El Centro embraced for service from Phoenix and additional round trip between Dallas and Los Angeles authorized.
August 10. Schedule change between Atlanta and Fort Worth.
September 21. Schedule change between Memphis and New Orleans.
October 1. Schedule change between Atlanta and Fort Worth.

1933

February 10. General schedule changes.
May 28. Service between Phoenix, El Centro, and San Diego discontinued.
June 12. Schedule change between Albuquerque and El Paso.
July 9. Schedule change between El Paso and Albuquerque.
July 9. Schedule change between Dallas and Amarillo.
July 9. Schedule change between Dallas and Los Angeles.
September 4 and 5. Service discontinued between Albuquerque and El Paso.
October 1. Daily service between Fort Worth and Birmingham and Memphis and New Orleans changed to daily except Sunday and holidays.
December 1. Schedule change between Los Angeles and Dallas.
September 9. Service between Dallas and Amarillo discontinued.
October 27. Schedule change between Dallas and Los Angeles.
November 7. Schedule change between Fort Worth and Los Angeles.
November 18. Meridian, Miss., embraced for service.

A.M. 34

1930

August 2. Postmaster General Brown advertised for service, New York, N.Y., via Philadelphia, Pittsburgh, Columbus, Indianapolis, St. Louis, Kansas City, Amarillo (or from St. Louis to Tulsa to Amarillo, either or both routes), and Albuquerque to Los Angeles, 2,559 miles.
September 30. Contract awarded to Western Air Express, Inc., of California, and Transcontinental Air Transport, Inc., of Delaware, at 97½ percent of maximum rate.
October 24. Contract sublet to Transcontinental & Western Air, Inc.

1932

November 1. Schedule change, Los Angeles to New York.
November 5. Additional round trip authorized between New York and Kansas City.

1933

February 1. A.M. 34, extended, Columbus via Fort Wayne to Chicago.
February 1. A.M. 34, extended, Los Angeles to San Francisco.
February 10. Additional round trip authorized, St. Louis to Kansas City and Wichita to Kansas City.
February 10. Additional round trip authorized, New York to Columbus.
February 10. Schedule change between Kansas City and New York.
March 15. Oakland made a stop between Los Angeles and San Francisco.
March 15. Schedule change between St. Louis and Amarillo, and between Kansas City and Los Angeles.
April 10. Schedule change between Wichita and Kansas City.
May 1. Schedule change between New York and Columbus.
June 11. Schedule change between St. Louis and Kansas City and between Wichita and Kansas City.
June 15. Schedule change between Kansas City and Los Angeles.
July 1. General schedule change (night passenger service between Kansas City and Los Angeles inaugurated).
August 20. One-stop express service inaugurated between Kansas City and Los Angeles.
September 5. Local service between St. Louis and Kansas City and between Kansas City and Wichita discontinued.
November 1. Schedule changes between New York and Chicago and between Los Angeles and San Francisco.
November 11. Elk City, Okla., embraced for service on St. Louis to Amarillo route.
November 15. Schedule changes between New York and Kansas City.
November 29. Schedule changes between Kansas City and Los Angeles.

Mr. MOTT. Mr. Chairman, I am obliged to oppose this bill. I have come to the conclusion seriously and rather regretfully, but nevertheless it is my conclusion, and although I should be the only Member of the House to vote against the bill, I intend to do so. I want to state briefly and as exactly as possible the grounds of my opposition.

Section 1 of this bill enacts into legislative law the Executive order of the President made on February 9 requiring the Army to fly the mail. The language of section 1 is the identical language, word for word, of the Executive order. Section 2 of the bill transfers from the Treasury and the Post Office Departments to the War Department so much of the air mail funds already appropriated as may be necessary to carry out the provisions of section 1.

In view of the daily tragedies since February 16, tragedies which we know must inevitably continue under this policy, I am opposed to requiring the Army to fly the mail for another single day, either by Executive order or by a legislative act.

I am opposed to the Executive order primarily because there was no necessity for it commensurate with the certain and terrible death toll which the country's greatest aviation expert declared in advance would follow as soon as the order was put into effect. Understand me, I am not talking about the order canceling the air mail contracts. I am talking about the Executive order directing the Army to fly the mail.

Eddie Rickenbacker warned the country publicly what would happen if this order were put into effect. It has happened, and it will continue every day as long as this order is continued.

It cannot be otherwise. Brave and heroic as the Army pilots are, skilled as they are in the field for which they were trained, they cannot be expected, and they never should have been either expected or allowed, much less ordered, to enter upon an entirely new and dangerous field of endeavor, for which they had no training, and in which all their bravery and skill and patriotism counted for nothing. Even if they had had the necessary training, they still could not have flown the mail safely in Army planes, because Army planes were not equipped, and still are not equipped for that purpose.

In view of what we all know now, I say there was no justification, on the ground of either emergency or necessity, to order out the Army to fly the mail. As for the claim of

emergency, if any emergency existed, it was an emergency that was made by act of the President on the same day he signed the Executive order, namely, the cancelation of the air mail contracts.

I desire to make myself perfectly clear on this point. I am not arguing now that the cancelation was either right or wrong. I am willing, if you please, for the sake of argument, to admit that the cancelation of the contracts was justified. Even so, that did not create an emergency in any legitimate sense of that word. It was not a situation caused by war or by an act of God, or by anything over which the President did not have control. It was a situation over which the President had full and complete control from the beginning. The President was certainly not obliged to cancel the contracts immediately. If it be granted that he found fraud in the contracts, there was still nothing to hinder him from deferring their cancelation until the Post Office Committee could bring in the bill which it is now preparing at his suggestion to authorize the making of new contracts with private air mail lines.

Neither was there any justification for this order on the ground of necessity. True, the air mail is a great public convenience, but I submit that the sacrifice of a life every day, and another maimed and broken body every day, is too great a price to pay even for that convenience. [Applause.]

Particularly is this true in view of the fact that the administration does not intend that the flying of the mail by the Army shall be a permanent thing. According to the administration's plans, this sacrifice of lives is to last only for such length of time as may be required to make new contracts with the private companies. And so these deaths are not to be charged up against the inevitable risks of pioneering in a new and permanent field of governmental activity. The sacrifices made and to be made of these young lives is admittedly a sacrifice on the altar of temporary convenience pending the resumption of private air mail contracts.

Now, Mr. Chairman, no one, so far as I am aware, denies these facts. No one contends they are otherwise. I say they should have been known at the time the Executive order was signed. If the facts were known, then the order should not have been made. If by mistake or through insufficient information the facts were not known, then as soon as they were discovered the Executive order should have been canceled.

But not only has the Executive order not been canceled, but we are asked here to put our stamp of approval on it. We are asked to give it legislative sanction and support. We are asked to appropriate money for its past and future execution. Why should we do by legislative act what the President has already done by Executive order? Is it contended now that the President did not have authority to make the order and that we must therefore ratify it? If that is not the contention, then what is the purpose of section 1 of the bill? Is it contended that the War Department did not have jurisdiction financially to carry out the President's order? If that is not the contention, then why section 2 of the bill?

Mr. Chairman, the bill, in my opinion, is indefensible on any ground, and it cannot be passed without doing violence to the judgment, the conscience, and the legislative responsibility of every Member who votes for it. [Applause.]

I do not know how others may feel upon this point, but as far as I myself am concerned the issue is entirely clear. As a Member of Congress I had nothing to do with the making of the Executive order requiring the Army to fly the mail. That was beyond my jurisdiction. The responsibility for that order rested, and still rests, upon the President of the United States. But when the House Committee on the Post Office brings in a legislative bill and through it asks me to vote not only to legalize this Executive order but to give it a new term of life and to furnish the money to make its provisions effective, then the Executive order does come within my jurisdiction. I have said that I believe the making of the Executive order requiring the Army to fly the mail was wrong. I believe the President himself, with all the facts he now has before him, should himself cancel that order. And so believing, Mr. Chairman, as a Member of the legislative branch of the Government I must refuse by my vote either to sanction the Executive order or to continue its existence. I vote against the bill. [Applause.]

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentleman from Ohio [Mr. HOLLISTER].

Mr. HOLLISTER. Mr. Chairman, I have yet to be told the purpose of this bill. If the authorities had the right during the past few days to order the Army to carry the mail as they are doing it today, then what is the necessity for a bill giving further authority unless it is a desire to have someone else share the responsibility for the blunder which has been made? If there was no such authority, then the action of the Postmaster General in canceling the existing air mail contracts and the action of the President in ordering the Army to take over this work is a typical example of that hysteria and bureaucratic arrogance which has become so prevalent the last few months, and which is unfortunately increasing.

Hysteria may be justified in time of war. We all know that in the heat of battle, people may lose their heads. We all know that on many occasions men have been sacrificed in conflict, sometimes to good purpose and sometimes for lost and hopeless causes. We have heard how Keenan charged at Chancellorsville, sacrificing his men to save the Union Army. We have heard how Pickett was ordered up the long slope at Gettysburg on the last day of battle in an almost hopeless attempt to save the cause of the Confederacy. Those sacrifices may be justified, but what is the justification for similar sacrifices in time of peace?

Was there anything in these air contracts which made it a matter of life and death that they be canceled at once? What was the motive which impelled the Postmaster General to act so precipitously when one would have thought that he would have followed the American idea of justice and at least given the other side a chance to be heard? A short delay for this purpose would have enabled the Army to prepare itself better to take things over if they should be compelled to do so. It might have enabled the Postmaster General to work out a new arrangement with some of the air transportation companies. It would certainly have permitted the careful preparation of proper legislation to precede the action which it was calculated to authorize rather than to follow such action—the method we are adopting today.

Was it the intention of this arbitrary order to save money for the Government? We have been told that the equipment wrecked in a week of flying was valued at $170,000, considerably more than any possible saving over the canceled contracts; but even if money had been saved in this way, is there any cash value that we can put on the lives of the six officers who have gone to their death, ordered out in dead of winter over terrain of which they had insufficient knowledge, and in equipment which was admittedly inadequate for the purpose?

There is no justification for such action, and the man or men who are to blame for the giving of the order must accept the responsibility. When blunders of this kind are made, there should be no attempt to divide responsibility, and no attempt to cover up the results. On the other hand, there should be quick and frank confession of fault, and every attempt should be made to rectify the situation as soon as possible. Let us not continue to open our newspapers every morning to find that more brave young men have died in a vain attempt to perform their duty, that more still have been injured, and that more equipment has been destroyed, all because of the blunder of someone in authority.

You all know the story of the charge of the Light Brigade at Balaclava, how 600 British cavalry charged a Russian army and were practically annihilated by the Russian artillery. Many of you, perhaps, have memorized the immortal lines of Tennyson concerning that charge:

> Was there a man dismay'd?
> Not tho' the soldier knew
> Someone had blunder'd.
> Theirs not to make reply,
> Theirs not to reason why,
> Theirs but to do and die.

With that high spirit the young men of our Army went out to do their duty, and some of them went to their death. I say, the more honor to them. But, oh, the tragic folly of the order that caused such unnecessary sacrifice! [Applause.]

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 5 minutes to the gentlewoman from Massachusetts [Mrs. ROGERS].

Mrs. ROGERS of Massachusetts. Mr. Chairman, Colonel Lindbergh was criticized when he asked for justice. Surely Colonel Lindbergh needs no vindication. His contribution to aviation is known and admired throughout the entire world. All he asked was that the commercial lines be given a hearing before the cancelation of the air-mail contracts. Was that asking much? The lowest, meanest criminal in the United States is not convicted without a hearing. Can a man be justly accused of wanting publicity when in his heart he must believe that his little boy would be alive today but for publicity?

Mr. Chairman, it is very difficult not to speak with the greatest possible bitterness about the perpetration of this unspeakable thing—the destruction of human life and property. Why was it done? Was it to make a Farley holiday? Was it done to discredit the former administration? The discredit was not there. It will be written in red, written in blood across the record of this administration, and will never be eradicated.

I don't know how many Members of the House have flown. Personally I have flown from coast to coast in commercial planes. I have seen the splendid equipment of those planes and of their landing stations. One of my trips was on account of very serious illness of a near relative, and I know what it means in a case of that kind.

I know what it means to the people of my district who have business, commercial contracts involving the saving of millions of dollars through having their mails safely and quickly carried. I know the hardships caused by the crippled passenger service of the commercial planes as a result of the cancelation of air mail contracts. I have traveled north and south, east and west, in the open cockpits of Army planes, in the inspection of hospitals. I have flown in the snow, I have flown in fog, winter and summer, with thunderstorms in the offing, with our Army pilots. They are not inefficient. They are extremely efficient. They have been taught how to fly with instruments, but how can they fly when they do not have the proper instruments on their planes? How can they know the weather conditions from hour to hour, or how to land in bad weather if they do not have the radio equipment; and these planes that our pilots are now using do not have proper radio equipment.

Do you realize that in the past year only 7 commercial air mail pilots have lost their lives, while in the past week 6 of our Army pilots have lost their lives. There have been 12 serious accidents besides, involving as it does, over $170,000 in material in planes lost. This certainly is not for economy. You know that many of the commercial pilots had years and years of training before flying over the same route, day after day, day after day, and do you realize that no commercial pilot is allowed to fly his mail until he has had 40 hours with a copilot? What a contrast to the Army pilots who must fly alone through the 2 worst months in the year on air routes new to them. Army pilots that I have known and respected and liked and who are extremely able have been sent to their death.

I cannot stand for 1 minute listening to anyone who says that they are not efficient. Is it easy for me to take up a paper and read of the death of one of those pilots that I have known and flown with? Our pilots obey orders; they are eager to go through, if they possibly can, no matter where they are sent or under what conditions they are flying. And under what conditions are they flying at the present time? Ordinarily they are supposed to get 6 hours night duty. Many of you have flown at night and realize how hard it is on the eyes. They fly 6 hours ordinarily at night with 2 days' rest. Now they are night-flying 12 hours out of 30. Do you realize that Army pilots who are in control at the air fields and who have to issue orders to the pilots carrying the mail have had to go sometimes 48 hours without sleep? Is it humane? Is it fair to allow things of that sort to go on? The Army does not complain. It is eager to serve, but I ask for a square deal in this matter.

Mr. Chairman, I do not see how I can vote for this bill. It would seem to put the stamp of approval on nothing but murder. Is the administration trying to get out from under by making Congress share the blame for an unfair act? Captain Rickenbacker has correctly stated it is legalized murder to send these men out not properly equipped. Do you realize that in 1934 the average flying hours per pilot will be only 150 for the entire year? Do you realize our commercial air mail pilots average from 75 to 100 hours a month? The commercial pilots fly over the same routes so often that they know what weather conditions they will probably have. They know every mountain, every valley, every possible emergency landing field, every farm—they know every bit of the way. They fly in warm cabin planes. Often they have copilots with them. They are not allowed to fly too long at a time.

They have every modern equipment in their planes. Our Army pilots are flying only open planes in the coldest winter we have had in years. Picture them managing their maps, their controls, their radio, and their navigation with freezing fingers. While Lieutenant Hegenberger and other Army pilots taught the commercial pilots air navigation, as well as the Army flyers, the commercial flyers have a great advantage over the Regular Army flyers, because they have very many hours more to practice navigation than the Army aviators. The public may not know the difference, but the under-taker does.

I cannot vote for this bill, Mr. Chairman. It is putting the stamp of approval on a thing that is terribly wrong and terribly unjust. [Applause.]

The CHAIRMAN. The time of the lady from Massachusetts [Mrs. ROGERS] has expired.

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield 1 minute to the gentleman from New Jersey [Mr. MCLEAN].

Mr. McLEAN. Mr. Chairman, although I have only recently entered this body, I have come to have great respect for the Chairman of the Committee on the Post Office and Post Roads [Mr. MEAD] and for the gentleman from Pennsylvania [Mr. KELLY]. I respect their sincerity and under ordinary conditions would willingly support any matter they advocate, but I am constrained to oppose this bill and hope to have an opportunity to vote against it. I regard a vote in favor of this measure as placing the stamp of approval on all that has happened as a result of the cancelation of the air mail contracts. [Applause.]

Mr. Chairman, I will vote against H.R. 7966, the purpose of which is to authorize the Postmaster General to make temporary contracts for carrying the mails by air and which would turn over to him such airplanes, landing fields, pilots, and other employees and equipment of the Army of the United States as may be needed or required for the transfer of the mail for a period of 1 year over routes and schedules provided by him. It would also authorize him unlimitedly to make payment of the expenses of conducting the Air Service by providing for its payment out of the unexpended balances of appropriation already made.

The legislation is unnecessary. A vote in favor of the bill would be construed as a vote of approval of all that has happened in connection with the controversy of cancelation of air mail contracts. The cancelation of these contracts and the carrying of the mail by the Air Corps of the Army were undertaken as a routine departmental matter, and it is to be assumed that authority in law existed for the action taken. It was so announced.

The effort now is to have Congress become an accessory after the fact by placing its stamp of approval on all that has been done, and under authority of law place the Army Air Corps under a new general, the Postmaster General. The effort comes too late. The whole proposition was undertaken hastily and without mature deliberation as to consequences. Assuming everything said concerning fraudu-

lent and illegal contracts to be true, under the law a fraudulent contract is voidable by the party defrauded. He may cancel the contract or insist upon its performance. It would have been more sensible to have continued the well-established and efficient air service pending an orderly determination of the Government's rights and the wisdom of cancelation. The contracts could have remained in force and the service continued pending readvertising for bids and substitution of other carriers for those who should be eliminated because of fraudulent practices. The Government's rights would not have been prejudiced had this course been followed. Also it would have prevented the undertaking of an entirely new activity by men trained for an entirely different purpose, inexperienced in commercial flying, not properly equipped at the most difficult time of the year for aviation activities. Six human lives would not have been sacrificed, and the Government would have been many hundreds of thousands of dollars better off in planes and equipment that have been destroyed, which it could ill afford to lose.

This act delegates to the Postmaster General for the period of 1 year complete control of the Army Air Corps. It places all money available for—

Airplanes, landing fields, pilots, and other employees and equipment of the Army of the United States as may be needed or required for the transportation of the mail during such period by air over routes and schedules prescribed by the Postmaster General.

The existing situation should be terminated as soon as possible and the Air Corps of the Army returned to the activities for which it was created. I yield to no one in my admiration for the Army of the United States. Its peacetime activities in advancing the general welfare command the highest admiration. At the moment its activities are extended into the Civilian Conservation Corps, the Public Works Administration, the Tennessee Valley Authority, and many other recovery projects, and now, through hasty consideration, the Air Corps must carry the mail. The Army should be remobilized and given an opportunity to equip and prepare itself for the purposes for which it was established.

The existing situation in the Post Office Department having been brought about by authority of existing law, it should and can be corrected as an administrative matter. If contracts no longer exist because of cancelation, new contracts can be entered into under provisions of existing law in the same manner as if the contracts had been terminated by any of the ordinary methods, such as expiration, cancelation pursuant to the terms, death, or bankruptcy of one of the parties. As soon as the situation now existing was created, arrangements should have been immediately proceeded with for advertising for competitive bids for new contracts. Yet, although ample time has expired, no steps have been taken to that end, so far as Congress is advised.

The familiar words "the present emergency" were the basis for the proposal when the bill was first presented. They have been stricken from the bill. Therefore we need not consider this bill as one arising out of the depression or in any way related to it, or as one of the measures that is part of the recovery program. This being so, why should we now be asked to turn over to a Cabinet officer authority to continue the present situation and make use of the Army Air Corps so long as he may desire? To those of us who respect the Constitution and hope for the continuance of the system of checks and balances which experience has proved so desirable, it was difficult enough to justify the legislation which delegated plenary power to the President in the hope of relieving economic distress; and the idea of going so much further and carrying the idea of delegating the power of Congress to a Cabinet officer ought to satisfy the fondest dreams of those who contemplate that Congress should disregard its prerogatives and obligations under the Constitution and constitute what was intended to be the administrative branch of the Government the legislative branch as well.

The whole undertaking was a colossal blunder, undertaken hastily, without regard for constitutional and legal limitations which guarantee the protection of property rights and prevent the abrogation of contracts without due process of law; and now Congress is asked to place its stamp of approval on all that has happened, and delegate to the Postmaster General complete authority to carry out a program of which it has not been advised and nobody knows anything about. The President has not taken Congress into his confidence; no message has come explaining the situation or his purposes. He has not requested Congress to turn over the Army Air Corps to the Postmaster General as an emergency measure. The Postmaster General can and should immediately rectify the situation and then proceed in an orderly way with such reformation as the circumstances may warrant. He has ample authority to do so, and the air mail companies are ready, able, and willing to lend him their cooperation.

The appropriate legislation would be a resolution expressing the real sentiment in Congress, that the situation which has come about is deplorable, that it has placed the Air Corps of the Army in an unnecessary and hazardous undertaking which has already cost the lives of six pilots and injury of others and loss of considerable equipment which the Air Corps could ill afford to lose, and urging the President to terminate the situation at once, to immediately undertake a program of rehabilitation, and return the Army Air Corps to the purposes for which it was created.

The CHAIRMAN. The time of the gentleman from New Jersey [Mr. McLEAN] has expired.

Mr. KELLY of Pennsylvania. Mr. Chairman, I yield the remainder of my time—10 minutes—to the gentleman from New York [Mr. BACON].

Mr. BACON. Mr. Chairman, there is no man in this House or in this country that knows more about air mail than the gentleman from Pennsylvania [Mr. KELLY]. The gentleman has presented to you a very convincing statement of the history of this entire situation and has indicated the eventual solution. I do not, however, agree with my friend from Pennsylvania in voting for this bill. I propose to vote against it. I do not propose to set the stamp of my personal approval on what might be called legalized murder. I agreed with Captain Rickenbacker when he prophesied that this would result in the death of many fine American boys. Air mail has now been carried by the Army for 6 days, 1 death a day on the average, as well as many others in the hospitals, and over 12 planes wrecked, probably costing about $40,000 per plane.

About 10 days ago, when it was announced that these air mail contracts were to be canceled, on the 9th of February, to be exact, a friend of mine, Mr. Casey Jones, came down to discuss the situation. Casey Jones was an old Army pilot in the war. He was one of the famous original air mail pilots and is known to every aviator in the country. He is now conducting a school to teach commercial pilots how to "fly the beam", as they call it. He told me that when it was announced that the Army was to take over the flying of the air mail, the young officers at Mitchel Field, N.Y., who were to do the flying began calling him on the telephone. "Casey, for God's sake, can you tell us something about 'flying the beam'? We do not know how to do it. We have never been taught."

So he got into his plane the next morning at 5 o'clock and came down to Washington to get permission to teach these Army pilots how to "fly the beam." To show what can be done, he covered his plane entirely so that he could not see at all, and he left the Newark Airport and came down on the radiobeacons, and he only missed the center Washington Airport by 30 yards, without seeing anything from Newark to Washington. A poor Army flyer left Newark the other day and a snow came on, and he could not see. He crashed in Crisfield, Md., 40 miles off his course, on the eastern shore, because he did not know how to "fly the beam." There is no criticism of the Army flyers for not knowing how to "fly the beam." Perhaps I had better explain what "flying the beam" is. The Department of Commerce has set up radiobeacons on all the air mail routes, and the flyer carries earphones on his ears, and if he goes

too far to the right, the letter "A" sounds, and if he goes too far to the left, the letter "N" sounds, so he flies between those two letters, and he can fly straight on his course. It requires complicated instruments, complicated wireless apparatus, which the Army airplanes are not equipped with. The reason the Army flyers are not taught how to fly these radiobeacons, or "fly the beam", is because during war there will be obviously no radiobeacons. They are taught to fly under war conditions. But if you are going to fly a fixed air mail route, it is necessary, if you are going to carry the mail through on time, to "fly the beam", because the air mail goes at night; it goes in fog, it goes in snowstorms, and it goes through regularly regardless of conditions. Air mail pilots are all taught this special kind of flying so that they can all come through with safety.

Ordinarily, it takes about 20 hours' flying to teach an aviator to "fly the beam." Casey Jones has perfected a method to cut this time down to 5 hours. On his arrival in Washington he took up the question of teaching the Army fliers to "fly the beam" with the War Department, but without result. He prophesied to me that there would be many crashes. Unfortunately, his prophecy has come true.

The Army training and the Army equipment are not fitted for air mail work. They are both designed for other purposes.

Capt. Eddie Rickenbacker on the last day the air mail was carried by Transcontinental & Western Air brought a big, new transport plane through from Los Angeles to Newark.

I have pictures of the plane here. Its average speed was 203 miles an hour, and the elapsed flying time was 13 hours and 4 minutes. The entire latter part of that trip was made in a blinding snowstorm, but Eddie Rickenbacker and his two copilots "flew the beam" and arrived at Newark right on time, straight as a die, and made a safe landing.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. BACON. I yield.

Mr. FISH. And when he landed from this flight, the fastest in the history of the world, he was cut off from the National Broadcasting hook-up arranged for his landing and not permitted to speak.

Mr. BACON. I am not surprised to hear it.

Now, I do not know anything about the question of fraud in these contracts, but I agree with the gentleman from Pennsylvania that if there has been fraud the perpetrators of the fraud must be convicted and jailed and their contracts canceled. But there have been many companies which have not been given any hearing in court, any hearing before the Postmaster General, or any hearing before the Senate committee.

The company which developed this fine, new plane which, by the way, is the fastest transport plane in the world, never had a hearing. This is the company with which Lindbergh is connected. It operates between Los Angeles and Newark. At a cost of $300,000, this company has developed the most advanced air transport plane in the world, and a short time ago they let a contract for 41 additional planes at a price of $80,000 apiece, making the total contract come to around $3,500,000. They are now cut off from their mail contract without a hearing. This company has done more to advance the science of commercial aviation than perhaps any company in the world, yet they never had a hearing.

Mr. Chairman, I have here some telegrams and a letter and I ask unanimous consent to put them in the RECORD at the conclusion of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BACON. At the present time I shall refer to but one part of one of these telegrams:

We wish to do everything in our power to avert a disruption of the Air Mail Service, and we therefore offer to carry the air mail over our routes for the next 30 days, during which time we request that you and the Postmaster General will consider our presentation of the facts. If after that hearing you decide that there is anything wrong with our contracts, or that they have been obtained by collusion or fraud, we will waive all claim for payment for that month; but if we convince you, as we believe we can, that our contracts were honestly and legally obtained, that we have lost substantial money in performing this service for the Government, that we have never paid a bonus to officers nor a dividend to stockholders, then we, of course, expect to be paid in accordance with our contract.

Now, this is in line with the suggestion of the gentleman from Pennsylvania, and it should be done. I believe we should defeat this bill and thus put a stop to any further tragedies such as we have witnessed in the last 6 days. It will not do the country any harm if for 2 weeks the mail is not carried by air. [Applause.] The Postmaster General should tell these companies to go on carrying the mails for the next 45 days, as the gentleman from Pennsylvania has suggested, during which a legal examination of the situation and the contracts can be had. If the contracts are found to be fraudulent, the companies affected would not be paid for the 45 days. If they are found to be legal, they should be paid. In the meantime, next week, this House ought to pass the bill to which the gentleman from Pennsylvania [Mr. KELLY] has referred, and put this whole situation on a permanent sound foundation, by which the mail will be carried at cost without subsidy. [Applause.]

[Here the gavel fell.]

Mr. BACON. I here insert as an extension of my remarks the following:

(The following telegram sent to President Franklin D. Roosevelt and Postmaster General James A. Farley, at 4:45 p.m., Feb. 9, 1934)

Press reports are that you are considering canceling all air mail contracts. We have prepared and will submit to you tomorrow, Saturday, morning memorandum setting forth our position in this matter which has not been heard at all so far. We believe that this statement completely refutes every essential charge made to the Senate committee. We ask you as a simple matter of fair play not to take any action with respect to this vitally important matter until you have heard our side of the controversy.

TRANSCONTINENTAL & WESTERN AIR, INC.,
RICHARD W. ROBBINS, *President*.

(The following telegram sent to President Franklin D. Roosevelt at 5:58 p.m., Feb. 9, 1934)

After sending our previous telegram we read the press report of your statement that you have ordered the cancelation of our contract, as well as all other domestic air mail contracts, without giving us any hearing whatever. We have not been heard before the Senate committee, and we have a complete answer to every important charge made before that committee. We feel that we are entitled as a matter of simple fair play to be heard fully before such drastic action is taken. However, we wish to do everything in our power to avert a disruption of the Air Mail Service, and we therefore offer to carry the air mail over our routes for the next 30 days, during which time we request that you and the Postmaster General will consider our presentation of the facts. If after that hearing you decide that there is anything wrong with our contracts, or that they have been obtained by collusion or fraud, we will waive all claim for payment for that month, but if we convince you, as we believe we can, that our contracts were honestly and legally obtained, that we have lost substantial money in performing this service for the Government, that we have never paid a bonus to officers nor a dividend to stockholders, then we, of course, expect to be paid in accordance with our contract. We request a hearing before you at the earliest possible moment.

TRANSCONTINENTAL & WESTERN AIR, INC.,
RICHARD W. ROBBINS, *President*.

TRANSCONTINENTAL & WESTERN AIR, INC.,
MUNICIPAL AIRPORT,
Kansas City, Mo., February 9, 1934.

Hon. JAMES A. FARLEY,
Postmaster General, Washington, D.C.

DEAR MR. POSTMASTER GENERAL: This company can no longer ignore the constantly repeated statements in the press that you are about to cancel certain of the air mail contracts, and similar statement made by Senator MCKELLAR recently. We have also read in the press and in the testimony before Senator BLACK'S committee your statements that you are making a study of the air mail contracts. We are addressing you, as the Cabinet officer in charge of the department of the Government with which we have contractual relations, to consider the following statement of facts concerning our company's position in respect to each of the major propositions to which the committee headed by Senator BLACK has given extended consideration.

The first matter that has received very wide publicity is the alleged destruction of records by the former Postmaster General. We know nothing of such destruction, but we do know that we have never destroyed one single record, whether a contract, letter, or telegram, passing between us and the Postmaster General or any other official of the Post Office Department or other branch of the Government. We say further that the inspectors of the

Senate committee have examined our records on several occasions, commencing last July, and that we have given these inspectors every possible opportunity to examine everything that we have ever done, whether it bore on the relations of our company with your department or otherwise. These records are, of course, at your disposal at any time for your examination.

The second important line of investigation of the Senate committee has had to do with the profits made by certain individuals, either in the stock market or through the reorganization of companies having something to do with the carriage of air mail. There have been no such profits in connection with our enterprise. Our company has only three stockholders. Not a share of the stock has ever been sold by any one of them. There has been no Transcontinental & Western Air, Inc., stock issued to the bankers or to the public.

One of our stockholders, owning a 47½-percent interest, is Transcontinental Air Transport, Inc. The records show that in that company and its wholly owned subsidiary, Maddux Air Lines, Inc., private citizens invested $7,970,000 in cash, without any cash compensation to bankers or others. This large amount of private capital was invested prior to August 1929. This company lost $2,751,042.94 through pioneering and development and in operations before Transcontinental & Western Air, Inc., began operating under its mail contract in October 1930. These losses in pioneering do not include over $1,500,000 spent by Transcontinental Air Transport-Maddux on ground facilities, some of which have been turned over to the Government in consideration of $1, and others of which are now being used by Transcontinental & Western Air, Inc.

Another one of our stockholders is Western Air Express Corporation, holding a 47½-percent interest, in which private capital in the amount of $1,787,790 was invested. This company suffered losses totaling $1,017,922 in operating that portion of the mid-transcontinental route from Los Angeles to Kansas City up to October 1, 1930.

Our third stockholder is the Pittsburgh Aviation Industries Corporation, which holds a 5-percent interest and which similarly was privately financed by private citizens in the amount of over $1,250,000 without any compensation to bankers or others. This company showed losses up to October 1, 1930, of $208,477.11 from pioneering and development.

This made the accumulated loss to the stockholders of the predecessor companies of Transcontinental & Western Air, Inc., up to October 1, 1930, through pioneering, development, and operations, $3,977,441. This entire amount of nearly $4,000,000 was not capitalized but charged off prior to operation under our mail contract.

The paid-in capital of Transcontinental & Western Air, Inc., when it commenced business as of October 1, 1930, totaled $6,254,247, and, instead of making profits on this very large investment, we have sustained a loss of in excess of $1,250,000 since our company commenced operations down to January 1, 1934, in addition to the loss of our predecessor companies totaling nearly $4,000,000. Thus, our total losses to date have been well over $5,000,000.

In the 39 months of the existence of this company we have paid no bonuses to anyone. The highest salary paid by our company in any one year was $20,000. Our president now receives a salary of $18,000 and is the highest-paid man in our employ. Only one other man in the employ of our company receives more than the highest-paid pilot, and he is the manager of operations, whose salary is $12,000 a year. Certainly such salaries, considering our far-flung operations and the many problems to be dealt with, are extremely moderate. There have been no dividends paid to our stockholders, for the very obvious reason that we have lost over $1,250,000 in our 3 years and 3 months of operation. We are now operating at a loss, and our budgeted losses total over $200,000 for the balance of this governmental fiscal year.

Third, there has been a continuous effort made in the course of the Senate committee hearings to prove that our contract was obtained as a result of collusion. There was no such collusion. We obtained our contract on a competitive bidding, based on a public advertisement. One other party bid against us. That other party, the United Avigation Corporation, which was hastily organized for the sole purpose of bidding on this contract, protested the award of the contract to us. The Post Office Department made an extended examination of the facts, determined that we were the lowest responsible bidder, and its action was sustained by the Comptroller General in a published opinion dated January 10, 1931, which recites in detail the reasons for making the award of the contract to our company. The testimony of the representatives of one of the companies which proposed to become interested in the United Avigation Co., the other bidder on the mid-transcontinental route, to the effect that our company has been paid $1.02 per mile, is sharply at variance with the facts. Our predecessor companies were awarded a contract at 39 cents a mile, and records of your Department prove that we were paid at that rate. In view of the requirements of the contract that this mail be carried in multi-engined passenger airplanes, our company sustained losses of $1,158,166.64 from October 25, 1930, until we were paid the higher compensation provided for under our bid and contract.

We might here add that it was not until January 1, 1932, that we were permitted to carry the transcontinental mail which our service warranted. During this period of 15 months we operated at a loss of $1,719,025.86.

Fourth, there have been many allusions to a "clandestine conference" held in May and June of 1930. There was nothing whatever clandestine about the meeting. Representatives of our predecessor companies understood that there were present representatives of every company which could qualify to bid under the provisions of the Watres Act, as well as several who were not so qualified.

We specifically invite your attention to the provisions of that law, which limited the bidding to those companies which had operated for 6 months a regularly scheduled service of over 250 miles in length. The limitation was not made by Postmaster General Brown. It was made by Congress. And it was made after extended hearings and was based on unanimous reports of the Post Office Committees of both House and Senate. In all of the investigation before the Senate committee the existence of these two reports, on which the law was predicated, has been entirely overlooked. We invite your attention to the 4-page report of Mr. Watres, no. 1209, dated April 17, 1930, and the corresponding report of Senator Phipps, no. 524, dated April 21, 1930. Both of these reports, in commenting upon the limitation of bidders to those companies "who had owned and operated an air transportation service on a fixed daily schedule over a distance of not less than 250 miles and for a period of not less than 6 months prior to the advertisement of bids", make the following statement:

"The foregoing provision is designed to authorize contracts with some of the passenger-carrying lines which are now unable to contract for carrying air mail for small amounts of space at proportionately lower rates per mile. This feature would make possible at relatively small increase in cost the extension of air-mail service to points where it cannot now be provided. The requirements that bidders must have 'owned and operated an air-transportation service on a fixed daily schedule over a distance of not less than 400 miles and for a period of not less than 6 months prior to the advertisement for bids' are designed to prevent the securing of contracts by those who have had no actual experience in flying on fixed daily schedules under any and all flying conditions and no first-hand knowledge of operating costs. It is believed that bona fide operating companies which have been the pioneers in air transportation and have gained valuable experience at great financial loss, and even the sacrifice of many lives, are entitled to this consideration in bidding."

The debates on the bill you will find in bound volume no. 72, part 7, under date of April 21, 1930, at page 7372, continuing to page 7379, where it appears that the bill was passed without dissenting vote. The debate was concluded by Congressman LaGuardia, who has always had a special interest in aviation. Please read his statement on page 7379, which lays down the qualification test for bidders, as follows:

"In other words, in order to qualify for a contract or subsidy, if you please, it is necessary to establish to the satisfaction of the Department that the applicant has, first, the equipment; second, the experience; third, the space in flying planes; and, fourth, the actual operation of planes between given points. I point out these requirements in order to avoid any misconstruction of the law later on."

In the Senate the proceedings are shown in the same bound volume of the CONGRESSIONAL RECORD at page 7618. Only one Senator spoke. That was Senator MCKELLAR, who stated:

"Mr. President, I have no objection to its consideration; I want to have the bill passed. I merely wish to say that it was stated by the Postmaster General and his assistant in charge of Air Mail Service that new lines are to be constructed, among others, one from Nashville, Tenn., to Memphis and Little Rock and Dallas. I hope the bill may be passed."

Senator BLACK is shown to have been present in the Senate on that day, because he voted on another bill. His vote is shown on page 7614. No clearer record could possibly be made than this to show that it was the intention of Congress to limit the bidding to companies already in existence.

The records in the Post Office Department which have been put into the Senate committee records show that a few weeks after the passage of the Watres Act, Postmaster General Brown directed his assistants to call to Washington representatives of the air transport lines, including those who had mail contracts and those who did not, for a discussion of the recently enacted legislation and the condition of the air transport industry.

The air-transport operators had nothing whatever to do with the calling of this meeting, and they were unaware of its purpose until they met with the Postmaster General and his principal assistants in the Post Office Department about May 20, 1930. There is nothing whatever unusual about such meetings. Similar ones have been held on many occasions by the heads of various Government departments with parties interested in particular matters.

The Postmaster General stated to the meeting that the air-mail map did not provide for coordinated systems and that there were great sections of the United States which were without air-mail service. He stated specifically that he had decided to have 2 new transcontinental routes, 1 through the central portion of the country from New York to Los Angeles via Kansas City, and 1 through the southern portion, from Los Angeles to Atlanta via El Paso and Dallas. He stated that these transcontinental lines should be independently owned so that the Government would have the benefit of competition in service and would have alternative routes for dispatching the mail under varying weather conditions.

He outlined the provisions of the Watres Act showing that the Congress had limited the award of contracts to those companies which had been in operation over a 250-mile route for over 6

months. He quoted the section of the Watres Act giving him the power to make any extensions and consolidations of routes which he considered in the public interest. He asserted that he believed that because there were no limitations whatever on this power as to extensions and consolidations of routes, he could extend an existing air-mail carrier route over any number of miles which he considered in the public interest. He referred specifically to his power to consolidate routes and stated that this also was without limitation, but that he intended in the administration of the law, to preserve as well as he properly could do so, the air lines already in operation and into which private citizens had invested such large sums of money.

The section of United States law to which he referred is as follows:

"SEC. 7. The Postmaster General, when in his judgment the public interest will be promoted thereby, may make any extensions or consolidations of routes which are now or may hereafter be established."

He requested the members of the group to study the problem and to suggest ways and means whereby a Nation-wide air-mail and passenger service could be created without bringing about the inevitable destruction of investments already made that would come about if one of the companies qualified under the limitations imposed in the Watres Act should bid on a route other than the one they were then operating. He made no commitment whatever to abide by such a report.

This meeting was fully reported in the New York Times of May 20, 1930, and photostat of that article is submitted herewith, and the Post Office Department issued a release to the press, a photostatic copy of which is also attached.

The various companies, insofar as the important new routes were concerned, disagreed from the very beginning in their efforts to frame such a report. Many of the operators, after the Postmaster General and his Assistants had left the room, questioned the legal authority of the Postmaster General to bring about the result desired even if the operators themselves could agree.

In subsequent conversations with the Post Office officials, several of the operators raised the question of the Postmaster General's powers.

The memoranda introduced into the Senate committee's hearings show that the Postmaster General referred the question of the extent of his powers to the Comptroller General in the specific case of Northwest Airways.

The companies were entirely unable to agree in respect to the important new air lines, and, after discussions which took place during the next several weeks, a report showing the lack of agreement was filed with the Postmaster General.

We submit that it is a gross distortion of the facts to characterize such meetings as "clandestine", or that there was a conspiracy between the operators to parcel out the air-mail map, when the record shows beyond the possibility of question that the meeting was called by the Postmaster General, and not by the operators; that a memorandum of what took place at the meeting was prepared by Mr. Wadsworth, then Superintendent of Air Mail; that the New York Times published a full account of the meeting the following day; that a written report was subsequently made on behalf of the operators showing failure to agree; that the question of the Postmaster General's powers was raised by the operators; that a ruling by the Comptroller General was sought by the Postmaster General; that when that ruling was made on July 24, 1930, the Postmaster General promptly acquiesced in it and promptly proceeded to the preparation of advertisements for competitive bids on the main transcontinental routes involved.

Obviously our predecessor company, Transcontinental Air Transport, Inc., which had established with its private capital a combination air and rail service from New York to Los Angeles over a route substantially the same as the one desired by the Postmaster General, and our other predecessor company, Western Air Express, which had established with private capital a route from Los Angeles to Kansas City, and our third predecessor company, Pittsburgh Aviation Industries Corporation, which controlled the airport at Harrisburg and another one outside of the fog area of Pittsburgh, and which had spent a large amount of money in preparation for an air line from Columbus to New York, via Pittsburgh were interested in combining their financial resources and experience so as to avoid needless duplication of services and establish one through transcontinental route.

These three companies reached an agreement to that effect on or about July 15, 1930. This agreement was in no wise contingent upon obtaining a mail contract. It was a simple business transaction by companies who saw that if they operated separately they would rapidly become insolvent, but that if they combined they might have a chance to live.

But, whatever the ideas of the Postmaster General were in respect to his powers, they were abruptly changed by a decision of the Comptroller General on July 24, 1930, which held, in effect, that long routes would have to be advertised and bid for competitively by the limited number of companies that could qualify under the Watres Act. The Postmaster General promptly acquiesced in this ruling and advertised the route for bid. He inserted numerous conditions under his power to establish reasonable rules and regulations. One particularly has caused a lot of comment, and that is the requirement that the bidder should show that it had 6 months of night-flying experience. The decision to include this requirement was made by the Post Office Department. The contract was finally awarded on the joint bid of Transcontinental Air Transport and Western Air Express, and the joint contract was thereafter duly sublet to our company.

In view of this simple record, we submit it is a gross distortion of the facts to say that this company obtained its contract by collusion with the Postmaster General or with any other person, or that we suppressed bidding by any other company. The alleged "suppression" took place when the Watres bill was passed. In the light of the legislative history of that law it is entirely obvious that what the Postmaster General did was exactly what Congress required him to do, and that was to limit the bidding to companies which had already made a large capital investment, to exclude the irresponsible bidder, and thus obtain the best contractor for the carriage of the mails and development of reliable air transportation. This latter requirement was a particular feature of the legislation.

Another point which the Senate committee has stressed and the press has distorted and generalized is the making of inordinate profits by air-mail contractors. We do not know what other contractors have made, but we do know that our company has lost in its operations under this contract since October 1930 over $1,250,000 and that these losses have been incurred notwithstanding the most meticulous economy in every element of our business. All of these facts and figures are available in the reports filed with the Post Office Department.

We assert to you that the amount of money which your Department is paying to our company is not greatly in excess of the amount of revenue which your Department derives from the sale of stamps on the letters moving over our line. In other words, we doubt that the net subsidy paid to our company exceeds more than a few thousand dollars a year. This matter of how much the Government gets from the sale of stamps has been made the subject of an extended study by officials of your Department and the Post Office and Post Roads Committee of the House. That committee has reached the conclusion that the Government receives 2 mills per pound-mile. Inasmuch as our detailed records show that we have been receiving less than 2 mills per pound-mile, we are entirely willing to have you change our compensation so that we receive payments at the rate of 2 mills per pound-mile and thus not pay us any subsidy at all.

In this connection, we direct your attention specifically to the detailed figures inserted by First Assistant Postmaster General Howes in the hearings on the Post Office appropriation bill for 1935, as they appear on pages 262 to 264. These figures show that for the fiscal year ended June 1933 our company was paid about 2½ mills per pound-mile but that for each of the months, August, September, and October of 1933, we were paid exactly 2 mills per pound-mile.

Apparently no consideration is being given by the Senate committee to the conditions which faced the commercial air-transport industry in this country and the Post Office Department in the spring of 1930. We respectfully invite your attention to the conclusion of the report of the House Post Office and Post Roads Committee when it made its recommendations to Congress (Rept. No. 966, dated Mar. 24, 1930, 71st Cong., 2d sess.), which were as follows:

"Finally, it should be frankly stated that while aviation has unquestionably demonstrated its economic importance, it is not as yet on a self-supporting basis in the United States or any other country. The air mail at the present stage of development is necessarily the backbone of commercial aviation. The American people have shown enterprise, courage, and faith in their support of aviation. If private capital is to continue our national progress in this field, it must have some reasonable hope of at least a fair return on capital actually invested. Congress has recognized the wisdom and the importance of fostering commercial aviation, both from the standpoint of its necessity in connection with the national defense and the necessity of maintaining our national position in industry and commerce. To fail to continue support at this critical time would possibly result in the loss of all the progress made."

What the Senate committee has not yet developed is the outstanding fact that under this McNary-Watres law there has been created in the United States of America the greatest air-transport system in the world. In this development our company has played a leading part. Notwithstanding the depression, we have developed and are still developing a great transcontinental service. We have committed ourselves to the purchase of $3,500,000 of the newest and finest flying equipment, all for the purpose of doing a better job for the Post Office Department and for the public than has ever been done before.

We have merited and have received the enthusiastic approval of the communities we serve. These communities have spent many millions of dollars in developing and building airports and airway facilities and have entered into long-term contracts with our company for the use of these facilities. We have treated our employees so fairly that we have never had a strike or a dispute. In spite of this record, we now find that we are being included in a general denunciation in the Senate committee, without being given any opportunity whatever to present the facts.

Inasmuch as this is a critical situation to us, to our employees, and to over 20,000 citizens who are holders of the stock of the corporations which hold the stock of this company, we ask that you accord to our company an early opportunity of proving every statement that we have made in this communication.

Respectfully yours,

RICHARD W. ROBBINS, *President.*

INFORMATION SERVICE,
POST OFFICE DEPARTMENT,
May 19, 1930.

In order to acquaint themselves with the provisions of the Watres bill recently made a law through the signature of President Hoover, representatives of every large passenger- and air-mail-carrying concern throughout the country conferred today with Postmaster General Brown, Assistant Postmaster General Glover, and other officials of the Department in charge of the Air Mail Service. This is the first time that operators of the large passenger lines have had an opportunity to talk with the Postmaster General and exchange views with him since the Watres measure became a law.

A general discussion of air-mail and passenger-carrying business, together with prospects for their future development took place at today's meeting. The Postmaster General explained to those who attended the conference the limitations placed on him under the terms of the Watres Act, which fixed the maximum that can be paid for carrying the mails to $1.25 a mile and a charge of 40 cents a mile for each passenger transported.

Before the close of today's session it was agreed that the operators present should prepare a map of the United States, which will show in detail plans for a network of passenger and air-mail routes to cover the country and which will be determined at future conferences with the Postmaster General.

The companies represented at today's conference were: Western Air Express, Aviation Corporation, National Air Transport, Thompson Aeronautical Corporation, Pittsburgh Aviation Industries, Ford Co., United States Air Lines, Earl Haliburton, United Aircraft Corporation, Curtiss-Wright, Transcontinental Air Transport, and Eastern Air Express.

[From New York Times, May 20, 1930]

BROWN ASKS PLANS FOR NEW AIR ROUTES—HEADS OF TRANSPORT LINES ARE REQUESTED TO SUBMIT SUGGESTIONS FOR EXTENDING SERVICE

WASHINGTON, May 19.—Plans for a network of passenger and mail air routes throughout the United States were requested today by Postmaster General Brown from representatives of various large air carriers.

Mr. Brown is known to have in mind the consolidation of various routes so as to cover the country with air carrier service. He asked the airmen to prepare a map showing in detail the various routes they would recommend, with the idea of taking it up with him at a future conference.

The air companies represented at the meeting today included the Western Air Express, the Aviation Corporation, the National Air Transport, the Thompson Aeronautical Corporation, the Pittsburgh Aviation Industries, the Ford Motor Co., the United States Air Lines, the Earl Haliburton interest, the United Aircraft Corporation, the Curtiss-Wright Corporation, the Transcontinental Air Transport, and the Eastern Air Express.

These representatives came here principally to confer with Postmaster General Brown and Assistant Postmaster General Glover relative to the new pay basis provided in the Watres bill. This measure changed the basis of pay from poundage to space and mileage. The bill likewise paves the way for carriage of mail on passenger planes, so as to consolidate these two services.

Mr. MEAD. Mr. Chairman, I yield the balance of my time to the gentleman from Illinois [Mr. DOBBINS].

Mr. DOBBINS. Mr. Chairman, the real question before the Committee has not been discussed very much. Few of the Members who have risen in opposition to the pending measure have devoted much time to that question.

The question before this Committee and the House is whether or not the Postmaster General should be authorized to transfer to the War Department the appropriations that have already been made for the purpose of carrying the mail by air. The War Department has undertaken this task, as the War Department will undertake any task it is called upon in an emergency to assume. It is only fair, it is only right, and it is only just to the men who are going to carry on in this task that they be given the funds to provide them with all that is requisite to make their arduous work as safe as it can be made.

Opponents of the measure have pointed to the fatalities that have occurred during the last week, and assigned this as a reason why the bill should be defeated. If they succeed in their object and do defeat this bill, it can only result in further fatalities. It is necessary to transfer these funds to the War Department in order that the War Department planes can be equipped with the devices that are essential to assure safe flying of the mails.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. McGUGIN. If the bill were amended by striking out section 1, would not the gentleman's purpose be accomplished?

Mr. DOBBINS. Section 1 of the bill is necessary to confirm the authority the executive departments of this Government have assumed. Section 1 of the bill only provides that that may be done, which it is natural and logical to assume should be done. When no other agency was available for the carriage of the mails it was but natural to turn to the great flying force of the Army.

Mr. MOTT. Mr. Chairman, will the gentleman yield?

Mr. DOBBINS. In a few minutes, after I develop the subject a little further, I shall be pleased to yield to the gentleman from Oregon.

First it is necessary to discuss the statements that have been made with respect to the necessity for the issuance of the order resulting in the cancelation of the contracts throughout the country for handling the air mail and for the undertaking of this task by the Army Air Service.

I do not think I should progress further in these remarks without paying to the distinguished ranking minority member of the Committee on the Post Office and Post Roads, the gentleman from Pennsylvania [Mr. KELLY], a deserved tribute equal to that which he so graciously paid our great chairman, the gentleman from New York [Mr. MEAD]. I have worked with both these distinguished gentlemen, being myself a member of their committee. The gentleman from Pennsylvania [Mr. KELLY] knows the Postal Service. He has discussed this matter before you fully and capably. I differ from him, Mr. Chairman, only in the conclusion to be reached from facts upon which he and I agree, the conclusion as to whether or not Postmaster General Farley may have been justified in the action he took.

In our consideration let us discuss these facts. We start out with the Watres Act, which has been mentioned many times during this debate. The abuses out of which the present situation arises were committed under that act, an act whose passage was requested, yes, almost demanded, of the Congress by the former Postmaster General. The proposed law was open to criticism and was severely criticized in the committee. Certain changes were made in it at the insistence of Congress, with the result that the act finally adopted by this body contained ample provisions for the fair administration of the business of carrying the mails by air.

It contained certain exceptions and provisions insisted upon by the then Postmaster General, which he claimed were needed to provide for emergencies that might arise. The former Postmaster General in his subsequent administration of the law, ignoring the provisions that were intended for general observance, chose to act instead under the emergency and unusual provisions of the law, when no emergency nor occasion for departure from its general provisions existed.

One of the things he did in the consummation of this purpose was to call meetings of favored contractors in May and June 1930. Two ways were open to him—the usual or regular way or the unusual way. He chose the unusual way, with the usual result that follows when a devious course is taken.

The act is capable of reasonable administration, and this has been proven by the fact that it has been administered for the last 11 months under a Postmaster General whose administration of the Watres Act has not been subjected to one breath of criticism.

Postmaster General Brown called into conference at Washington in 1930 all of the air line mail carriers, and they met. It is said they did not meet secretly. That is only partly true, as has been brought out in our hearings. Many outside air lines sought admission to these meetings and were refused admission. It was like a stupendous poker game. There were 14 entrants, but it differed from the usual poker game in this, that all but one of them came out winners and the fourteenth broke even. Somebody had to lose in this game. You know who lost. Your constituent and mine, the people of the country, the Treasury of the United States. Were the people protected in this meeting? Oh, yes; the people had a very able representative there looking after their interests in the person of the chairman of

the meeting, a man of whom you may have heard. His name is William P. MacCracken, the man who is now under sentence for contempt of the Senate for his part in attempts to destroy evidence bearing upon this very matter. This is the kind of conference that resulted in the agreement between interested contractors, which was later given approval and put in effect by orders of Postmaster General Brown. There are many lawyer Members in this House. If you are not one, probably your neighbor, as you sit here, is. Ask him if it is not true as a fundamental principle of jurisprudence that where a number of men participate in a collusive agreement by which a part of them derive benefit, all participating in the agreement are likewise guilty, although some of the participants may not have profited thereby.

Let me outline to you just one sample of the many collusive agreements that were negotiated among the favored organizations which were invited by Postmaster General Brown to take part, and did take part, in the Washington meetings terminating June 4, 1930: One Erle P. Halliburton was there. He is the only outsider, I am told, who was able to "crash" the meeting. He controlled Southwest Air Fast Express, Inc., a bidder for the southern transcontinental air route, which, according to a previous agreement of the conspirators, had been allotted to American Airways. With that concern he succeeded in negotiating an agreement that if he would join with an American Airways subsidiary in making a bid on the southern route, this subsidiary would buy the rights of Halliburton and his corporation for $1,400,000, contingent upon the Postmaster General awarding the contract to the combination thus formed. The Postmaster General awarded the contract accordingly, and Halliburton got his payment. The American Airways reimbursed themselves by negotiating another contract with Transcontinental & Western Air for the sale of the latter combination of certain stock and a half interest in a hangar at Tulsa, Okla. This contract was likewise conditioned upon the same contingency above mentioned, and the further condition that it was not to be effective unless the T. & W. A. combination were awarded the middle transcontinental route, pursuant to the collusive agreement reached at the meetings. It got this contract, furnished the money for Halliburton to American Airways, and afterward, as I am informed, abandoned the hangar which was supposed to furnish a moving consideration for the payment.

There were other transactions like these, involving losses to the Government amounting to millions of dollars a year, all of which were agreed upon among these operators, and obligingly given official sanction by the former Postmaster General. They divided the whole air-mail business among themselves in utter disregard of other qualified carriers and with complete unconcern for the public interest.

This was the outrageous situation which, when disclosed by testimony that is beyond dispute, compelled Postmaster General Farley, in the honest discharge of his sworn duty, to cancel all contracts which had their inception in the comprehensive and collusive agreement arrived at in the 1930 Washington meetings.

It is stated that there have been no hearings on the matter. If there have been no hearings, where was all the interesting testimony given that we have been reading about in the newspapers for many weeks? How much more is it going to take to satisfy the mind of any reasonable man that there was collusion in these transactions? There was nothing else for the Government to do, Mr. Chairman, but to annul the tainted contracts and call upon the Army to carry the mail.

Mention has been made of the fact that there have been fatalities. There have been. No one deplores this tragic fact more than I do, in common with every Member of this body, but does it not occur to you that such fatalities have occurred during a season of very unusual and baffling meteorological conditions?

Mr. CANNON of Wisconsin. Will the gentleman yield?

Mr. DOBBINS. I yield to the gentleman from Wisconsin.

Mr. CANNON of Wisconsin. I understand this matter has been heard before a Senate committee and testimony taken there.

Mr. DOBBINS. The matter has been very extensively heard, as I understand, by a committee of the other body, and in addition to that an independent investigation has been conducted by the Post Office Department.

Mr. CANNON of Wisconsin. After the Senate committee heard all the testimony that they wanted to hear, did they make any findings with respect to whether or not fraud had been committed?

Mr. DOBBINS. The Senate committee has not heard all the testimony it wishes to hear. It is hearing testimony today, I understand, and will continue to hear testimony and will not make any findings until it has concluded the investigation. But enough has been developed to satisfy any reasonable man as to this matter. The Senate committee is investigating for the purpose of acquiring information to guide it in preparing further legislation.

Mr. FISH. Will the gentleman yield?

Mr. DOBBINS. I yield to the gentleman from New York.

Mr. FISH. Can the gentleman tell me how many officials of the 14 air-mail companies have been heard by the other body?

Mr. DOBBINS. I do not know how many it heard, Mr. Chairman, but may I say for the information of the gentleman from New York that a carbon copy of a memorandum was produced before the Senate committee. The original seems to have been lost in former Postmaster General Brown's shifting of the files back and forth between New York and Washington. The memorandum, or agreement, was prepared for the signature of every one of the 14 contractors, and a prominent official of one of the principal air lines was asked in our committee whether he signed the original of this agreement. He said he did not remember, but he supposed it was signed by someone representing his company and by the other companies concerned. May I say this further, that the air-line operators are not protesting very loudly about what has been done. Most of the protests that we hear have a decidedly partisan note.

There is no doubt about the basic facts upon which the cancelation of these contracts was ordered. This is a situation for which we are not responsible. It is the outgrowth of the way in which the Post Office Department was run during the 4 years ended on March 4, 1933. We have to take the situation as we find it, just as we take many other unpleasant situations of concurrent origin.

Something has been said about not giving the contractors 45 days' notice of a hearing to show why their contracts should not be canceled, paying them, of course, their excessive compensation in the meanwhile. The 45-day period for such notice appearing in the Watres Act is not a provision of the law under which the contracts were canceled. These contracts were canceled under a law more than 60 years old, a law that was passed in 1872, which merely confirmed and gave expression to the common law, namely, that those who are guilty of entering into a corrupt agreement shall not profit by the agreement.

Mr. FISH. Will the gentleman yield?

Mr. DOBBINS. I yield to the gentleman from New York.

Mr. FISH. Under that law these contractors then are not permitted to rebid, if that is the law under which the contracts were canceled.

Mr. DOBBINS. We cannot help that. If a disqualifying condition was prescribed 60 years ago and has remained on the statute books all this time and now somebody by his own deliberate act disqualifies himself under such law, I do not know how complaint by him or by another in his behalf can be justified. May I say, however, that I have the greatest admiration and respect in general for the capable management of our great air lines, and I think this feeling is common to the Membership of the House. This House might well resolve to be generous in the matter of removing such a disqualification, and I believe that in so doing it would find itself in harmony with the other body and with the

Chief Executive. In fact, the situation is already resolving itself into a satisfying readjustment, to the advantage of all concerned. It is a very noteworthy circumstance that there has not been a single legal attack upon the action of the Postmaster General in any forum where it is proper to determine such a controversy.

It is true that one company sought by an injunction proceeding brought in the city of New York to question the Postmaster General's decision, but the New York court had no jurisdiction over the Postmaster General in Washington. The proper and logical place to try such a matter is in Washington, where all the official files are, or where all of them would be if some had not been burned, and where the witnesses are located who would be required to testify, especially those who would be required to support the Government's case. They should not be taken away from their duties here and hauled to New York, San Francisco, Chicago, or other distant places. No one, in any court where jurisdiction exists, has challenged the action of the Postmaster General, although more than 2 weeks have transpired during which such action might have been challenged, if there were a lawful cause of attack.

Mr. HOLLISTER. Will the gentleman yield?

Mr. DOBBINS. I yield.

Mr. HOLLISTER. Will the gentleman state in what forum this action should have been brought?

Mr. DOBBINS. In the District of Columbia.

Mr. HOLLISTER. Has not the gentleman stated that the Postmaster General had the right to cancel without any hearing?

Mr. DOBBINS. Oh, yes; but if his action were arbitrary and not warranted by law, certainly recourse could then be had to the courts.

Mr. HOLLISTER. What is the recourse?

[Here the gavel fell.]

[Applause.]

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That the Secretary of War is authorized to place at the disposal of the Postmaster General such airplanes, landing fields, pilots, and other employees and equipment of the Army of the United States as may be needed or required for the transportation of mail during the present emergency by air over routes and schedules prescribed by the Postmaster General.

With the following committee amendment:

Page 1, line 3, after the word "That", insert "during the period not to exceed 1 year after the date of passage of this act."

The committee amendment was agreed to.

The CHAIRMAN. The Clerk will report the next committee amendment.

The Clerk read as follows:

Committee amendment: In line 8, on page 1, strike out the words "the present emergency" and insert in lieu thereof "such periods."

The committee amendment was agreed to.

Mr. McGUGIN. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Amendment offered by Mr. McGUGIN: I move to strike out section 1.

Mr. McGUGIN. Mr. Chairman, section 1 is, verbatim, the President's Executive order directing the Army to carry the air mail.

In the first place, if this order is valid, then there is no necessity for congressional action at this time. If the order is not valid, then that was the President's responsibility, which he chose to take, and he should choose to continue to keep that responsibility.

If the President had the authority to order the Army to carry the mail, then there is no necessity for congressional ratification at this time. If the President did not have such authority at that time and needed congressional action, Congress was in session and he could have come to Congress and obtained action in a day's time.

My motion would strike section 1 from the bill. This would have nothing to do with the air-mail contracts. Striking section 1 from this bill would only mean that Congress is not willing to approve of using the Army air force for carrying the mail. So far as air-mail contracts are concerned, that is something for the President to decide for himself. He has chosen to cancel them. I am perfectly willing to permit time to take its course as to the contracts. Irrespective of whether the air-mail contracts are reinstated or not, if it were within my power, I would provide that the Army shall not carry the mail. I should rather have no air-mail service than to see these Army fliers forced into a service for which they are not equipped and in which their lives are being sacrificed.

The truth of the matter is, the people of this country know that it was a monumental mistake to have ordered the Army air force to carry the mail, and now this is a bold effort to make Congress bear part of that responsibility. [Applause.]

Let me tell you Democratic Members something. If this had been a popular move, the President would not now be sharing the popularity with you. [Laughter and applause.]

A gentleman a while ago said it was necessary to transfer the funds from the Post Office Department to the War Department. Surely, if the War Department is going to carry the mail, it should have the funds, but that is provided for in section 2. You do not need section 1 to accomplish that purpose.

The truth is, that from a military standpoint, the Army air force should never be used to carry the mail. Suppose all of our Army fliers are engaged in carrying mail and war comes. We shall then be without Army fliers or Air Mail Service, and then, of all times, we shall need our Air Mail Service and our Army Air Service.

Here is all there is to it. The Army has been pressed into this service unwisely; it has been pressed into the service contrary to the advice of the air authorities of this country, and an awful price—six lives—has been paid to satisfy the insatiable appetite of politicians for front-page publicity. I am not willing to join in paying a part of that price by accepting section 1 of this bill. [Applause.]

Mr. TRUAX. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, as one Member on the Democratic side, I am willing to share the responsibility with the President of the United States, Franklin D. Roosevelt, and I want to say to the gentleman from Kansas that if, on March 20, 1933, he had shown half as much regard for the men who had been in the Army service of the United States, we would not have had thousands and tens of thousands of soldiers crucified as they are today by the Economy Act.

Mr. McGUGIN. I was supporting Franklin D. Roosevelt and you were not supporting him. [Laughter.]

Mr. TRUAX. That is a good alibi. [Laughter.]

Mr. Chairman, there is no one who is more pained than I at the death of these boys who have made the supreme sacrifice in their country's service.

We were all pained by the sudden passing of the distinguished Member of the House, Mr. Hooper. But all the sympathy you can raise and muster cannot blot out the infamous contracts made by Walter Brown that enabled the air-mail people to milk the Public Treasury out of $52,000,000. You are not attempting to defend the Postmaster General who negotiated the contracts. We know him back in Ohio; we know how he obtained the position when he sold out and betrayed the best Republican friend he ever had in his life.

Mr. McGUGIN. Will the gentleman yield?

Mr. TRUAX. No.

Mr. MOTT. Will the gentleman yield?

Mr. TRUAX. No; the gentleman from Oregon would not yield to me when he was making his remarks.

Mr. McGUGIN. A parliamentary inquiry, Mr. Chairman.

Mr. BANKHEAD. The gentleman from Kansas cannot take the gentleman from Ohio off the floor by a parliamentary inquiry.

Mr. TRUAX. Mr. Chairman, I refuse to yield. The claim has been made that under the present conditions there is

no one responsible for carrying the air mail in this new Army service. I say you have the responsibility of the President of the United States who has asked for this bill. He found in an emergency he had to take the country off the gold standard. He later asked Congress to ratify the action and it was done. On assuming office on March 4, 1933, he closed up all the banks of the country. Why? Because one half of them had suspended operations, and he closed the other half to keep the crooked bankers from stealing all of the depositors' money. [Laughter.]

The Congress later ratified that action.

Mr. McLEAN. Mr. Chairman, I make the point of order that the gentleman is not speaking to the amendment.

The CHAIRMAN. The gentleman from Ohio will confine himself to the amendment.

Mr. TRUAX. Very well, Mr. Chairman; I will address myself to the amendment of the gentleman from Kansas, by saying that I am wholly, thoroughly, and unalterably opposed to any amendment to this bill by the carping critics of this administration.

This is the bill prepared by the committee. We have heard eulogies and tributes to the chairman of the committee and the ranking Member of the minority side. I agree and am in accord with all that has been said for them. The ranking member of the Post Office Committee, for whom I have the utmost esteem, said that Postmaster General Brown came in with a new philosophy, and that he in his honest, straightforward way refused to accept the new philosophy of Mr. Brown.

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, during the course of a very liberal general debate on this bill we discussed many questions not germane to this particular proposal.

Now, I do not object to men who inject into this debate a defense of the President of the United States or a defense of the former Postmaster General. I do not care as far as I am concerned whether you stand with the Army Air Service or whether you take sides with private transport lines. We are faced with an emergency. The emergency is with us, the Army is in the air, and the longer we delay this legislation perhaps the greater will be the casualties.

Therefore, Mr. Chairman, I move that all debate upon this section and all amendments thereto do now close.

Mr. TABER. Oh, no.

Mr. BRITTEN. Are we to have no more debate on this bill?

The CHAIRMAN. The gentleman from New York moves that all debate upon this section and all amendments thereto do now close.

The question was taken; and on a division (demanded by Mr. MARTIN of Massachusetts) there were—ayes 147, noes 65.

So the motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Kansas [Mr. McGUGIN].

The question was taken; and the Chair announced the "noes" have it.

Mr. McGUGIN (from his seat). A division.

Mr. BANKHEAD. Mr. Chairman, I make the point of order that the gentleman from Kansas cannot address the Chair without rising.

The CHAIRMAN. The Chair sustains the point of order, and the Clerk will read.

So the amendment was rejected.

The Clerk read as follows:

SEC. 2. The Postmaster General is authorized to transfer to the War Department such sums appropriated under the act approved March 3, 1933, making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1934, for the inland transportation of mail by aircraft, and for the incidental expenses thereof, as may be required to pay the expenses of carrying the mails of the United States as provided in section 1 hereof.

Mr. MEAD. Mr. Chairman, I offer the amendment, which I send to the Clerk's desk.

The Clerk read as follows:

Amendment by Mr. MEAD: Page 2, line 6, delete the comma following the word "thereof" at the end of the line and add the following: "incurred from and after February 10, 1934."

Mr. MEAD. Mr. Chairman, I move the adoption of the committee amendment.

The amendment was agreed to.

Mr. MEAD. Mr. Chairman, I offer the following committee amendment, which I send to the desk.

The Clerk read as follows:

At the end of section 2 strike out the semicolon and insert a comma and the following: "including replacement for all airplanes and equipment and other material damage, destroyed or expended thereby."

Mr. MEAD. Mr. Chairman, in explanation of this amendment, permit me to say this will permit the Post Office Department to reimburse the Army for the damage resulting from the destruction of planes, and so forth. This is agreeable, as I understand it, to the Army and to the Post Office Department.

Mr. McSWAIN. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. McSWAIN. Mr. Chairman, the language as proposed by the chairman of the committee is "including replacement." Would it not be better to substitute the word "reimbursement", because "replacement" might imply buying and returning a plane, whereas "reimbursement", it seems to me, would be very much better because the Army is equipped with the agency for buying and the Post Office Department may not be.

Mr. MEAD. Mr. Chairman, we discussed this matter this morning with the Post Office Department and with General Foulois' office, and it was suggested that it would be better to word the amendment as we have it worded. They have some difficulty in using the money for the purchase of new planes, and they would prefer the language as we have it here, I am informed.

Mr. HILL of Alabama. Why would it not be a good idea to use both words, "replacement or reimbursement"?

Mr. MEAD. The matter is something that we took up with the Post Office and War Departments and the legislative counsel of the House. I would not want to take the responsibility of changing it now, because I believe it adequately covers the situation.

Mr. McSWAIN. If the gentleman is so advised by the War Department, that is satisfactory.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. FISH. How much, in the gentleman's opinion, have the first 5 days of flying the mail by the Army cost the Government?

Mr. MEAD. I have not gone into that subject at all.

Mr. FISH. I have several questions to ask along the line of the gentleman's amendment. How much does his amendment provide for in sums of money?

Mr. MEAD. There is no specific sum indicated in the amendment. It just takes care of the damages that will accumulate during this emergency period.

Mr. FISH. Does the gentleman's amendment take care of affording any compensation to those five air mail pilots that were killed.

Mr. MEAD. A subsequent amendment covers that.

Mr. FISH. And future accidents?

Mr. MEAD. Yes. I move the adoption of the amendment.

Mr. BEEDY. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. BEEDY. I am really interested to know how much money will be involved by this amendment. Did the committee go into the question of damages at all before it proposed the amendment?

Mr. MEAD. We took the matter up with both Departments, and they agreed with us, as did members of the Committee on Military Affairs, that some provision that would permit compensation for damages should be incorporated in the bill.

Mr. BEEDY. But the gentleman did not go into the question of what the damage had amounted to to date?

Mr. MEAD. No; it was merely the reasonableness of the situation that recommended the amendment to us.

Mr. KELLY of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. KELLY of Pennsylvania. An estimate has been made, and the cost to date of planes that have been cracked up amounts to $170,000. In addition to that, 6 months' pay must be given to the next of kin of the regular officers flying these planes. The reserve officers do not get that consideration.

Mr. MEAD. That will be covered in another amendment.

Mr. KELLY of Pennsylvania. The gentleman is going to offer that later?

Mr. MEAD. Yes; I will.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mrs. ROGERS of Massachusetts. Will this take care of all of the pilots, of the personnel, and of material now being used in flying the mail?

The gentleman knows that 100 percent of the air mail lines were canceled. Then the Army, as a matter of fact, was ordered to carry mail over only 45 percent of the entire air mail lines. But actually—and I think it is intensely interesting—the Army is carrying mail over 45 percent of the air mail lines—85 percent of the mail formerly carried over 100 percent of the air mail lines. This necessitates added planes, sometimes as many as three planes on every trip.

The air mail public is being cheated because they do not realize that part of the air mail lines have been canceled. They are using 8-cent stamps, expecting that the letters will be carried all the way by air mail over the old air mail routes in the usual time. This is not the case. The mail is carried as far as possible by plane and then forwarded to their destination by train. As a result the air mail public is being cheated because of the part air mail and part train method. This results in loss in business.

Mr. MEAD. I will say that this will take care of damages beginning on February 10, and a subsequent amendment will take care of the personnel, dating as of February 10, and therefore these amendments will cover the personnel and the equipment.

Mrs. ROGERS of Massachusetts. And additional personnel to fly those planes?

Mr. MEAD. All of the personnel.

Mr. HOEPPEL. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. HOEPPEL. Can the gentleman advise whether the families of these men who have been killed will receive only the insignificant figure of $22 per month provided in the basic law under the Economy Act, or whether they will receive compensation under the Compensation Act?

Mr. MEAD. The amendment which I offer gives them the highest possible rate, the war-time rate rather than the peace-time rate.

Mr. HOEPPEL. Thirty dollars a month?

Mr. MEAD. According to their rank.

Mr. Chairman, I move the adoption of the amendment.

The amendment was agreed to.

Mr. TABER. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. TABER: Page 2, line 8, after the period, insert "*Provided, however,* That no pilot shall be permitted to fly under this act who is not equipped with an enclosed cabin plane and radio and all modern appliances, and who has not passed a test in beam flying."

Mr. TABER. Mr. Chairman, I think it is about time that we stopped talking politics about this bill and talked about the bill. Now, just what is the situation? The air mail has been carried by contractors, equipped with the finest kind of cabin planes, equipped with radio and all modern appliances, manned by pilots who were trained to "fly the beams", which come to them from the different lighted airways across the country. Those pilots could fly the mail and fly it safely. We have turned the Army loose with planes not equipped along that line at all, many of them with open cockpits, without any protection from the weather, without any of the modern appliances, without proper radio, and without the pilots being trained to beam flying. Now, it is not so necessary that Army pilots be trained for that purpose, and it is not necessary that they have cabin planes. It is not necessary that they have cabins on fighting planes and on many of the scouting planes. We have turned this job over to the Army without any tools to do it with. It is a shame and a disgrace for us to continue it. Frankly, we cannot expect, in the weather that is to come in March and April, with the storms and fogs that hang over the mountains, anything but the accidents that we have had. We might 40 times better stop flying the air mail at all than to make such a botch of it as we are making at the present time. [Applause.]

I am not going to be responsible for murder. Those who want to be responsible for murder, laugh; but I know and you know and those who have had any experience with the Army situation know that turning men loose with such equipment, without proper protection, is murder, and I am not going to be responsible for murder. I hope this amendment will be adopted, and that we who turn over to the Army such a job as this will give them protection. It is not any answer to talk about these air-mail contracts. It is not any answer to talk about that. It is a shame and a disgrace that we cannot stand here and meet the responsibilities of Members of the House of Representatives to which we are elected unless we give these men protection. This is our responsibility if we take it. I have offered this amendment that there may be some protection to these men whom we are asking to fly the mails, and I hope the House will look at that amendment from the standpoint of its responsibilities and its duties, and not from the standpoint of partisan politics.

Mr. BLANTON. Will the gentleman yield?

Mr. TABER. Yes; I yield.

Mr. BLANTON. I know the gentleman well enough to know that he, too, is tired of dishonest contracts and he wants honest contracts first, above everything else, does he not?

Mr. TABER. He does; but he does not want to load up our Army planes with the job of flying the mail without any protection or proper equipment.

Mr. BLANTON. Oh, that is a mere detail that can and will be worked out satisfactorily. Our pilots will be safeguarded and protected. [Laughter on the Republican side.]

Mr. TABER. Well, it is not working out satisfactorily, and it is up to this House to meet its responsibilities and stand up. [Applause.]

The CHAIRMAN. The time of the gentleman from New York [Mr. TABER] has expired.

Mr. MEAD. Mr. Chairman, I rise in opposition to the amendment, not in opposition to the motives of the gentleman from New York [Mr. TABER]. Support of this bill will bring about improved conditions and a greater degree of safety than will opposition to the measure. We aim in this measure to do just what the gentleman criticizes us for not doing. There have been casualties, and it is quite true that the Army planes have not been equipped with modern equipment such as is enjoyed by private transport lines, but they all go down in these severe storms. I have in my hand the latest paper, which indicates that an air liner operated by one of the private companies, together with eight people on board, has been lost. That plane had all of the modern instruments that have been developed in order to aid flying.

We ask you men to forget for the moment, if you will, the partisan motives that prompt men on both sides of the aisle to join in this debate. We ask you, if you really are friends of the pilots up there in these stormy skies, to give us this legislation; and we will reduce the casualty list and make for safe flying. [Applause.]

Mr. Chairman, I ask that this amendment be voted down.

Mr. FISH. Mr. Chairman, I move to strike out the last word.

Mr. Chairman, I have generally followed my friend and colleague [Mr. MEAD] from New York not only in this House

but when we were in the legislature together 20 years ago. I have the utmost confidence in him and in his capacity and ability as chairman of a great committee of this House, but I cannot and do not propose to follow him today.

I agree with my Republican colleague [Mr. TABER] from New York, who has just spoken, that turning over the air mail to be operated in open machines without proper radio equipment to the Army Air Corps is legalized murder. And I was sorry there was any misunderstanding on the Democratic side when the gentleman from New York spoke about murder, for it is legalized murder and nothing else to send these Army air pilots up in open planes to fight the snow, cold, and storms in the middle of winter.

I doubt if there is a man on either side of the Chamber who would like to have his son ordered out to operate an open Army machine without proper radio equipment in the midst of a winter storm and in the middle of the night. That is what has happened with these Army pilots. Of course, they obeyed their Commander in Chief. Of course, they go where they are sent; and they go to their death upholding the highest traditions of our Army and the heroism of our Army since the foundation of the Republic. But there are some of us on both sides, I believe, who are unwilling to vote for this bill, at least without proper amendments, to send the sons of other people to death in airplanes improperly equipped. The amendment of the gentleman from New York seeks to have them properly equipped and not permitted to fly unless they are.

There is no emergency. As was pointed out so ably by the gentleman from Michigan, Mr. Hooper, who has gone to the Great Beyond, the emergency has been a manufactured one, manufactured by the Postmaster General in the cancelation of these contracts without a hearing and without a trial. The Postmaster General now sends this legislation to the Congress and asks our approval of what he has done when there is no emergency. We are now called upon to sanction that situation and send these American boys, young American officers with wives and children, to their death without even a chance to defend themselves, because they have to obey orders even when they know that their airplanes are not properly equipped and that they do not know the mail routes, radiobeacons, or landing places.

Furthermore, while I have not seen the amendment the gentleman from New York [Mr. MEAD] said he proposes to introduce, I know what the law is. The law states that these Army pilots, just the same as Army officers, in case of death, will get 6 months' salary. Think of it! Young men with wives and children are to be generously given 6 months' salary amounting to about $1,500 for being ordered to their deaths and obeying the order, as they are bound to do in the Regular Army without regard to the risk.

I propose to offer an amendment which would give $10,000 to the wives and families of the Army pilots who already have been killed and of other Army pilots who may be killed if we pass this legislation to continue the carrying of the air mail by the Army Air Corps [applause], and that is not a bit too much for anyone who has a family to support and has been sent to his death either by an Executive order or by an act of Congress in time of peace and when no real emergency existed. The sacrifice of the lives of six Army officers was in no way necessary, as there was no emergency except that manufactured by Postmaster General Farley. A blunder is often worse than a crime. There is no question but that the cancelation of the air-mail contracts by Postmaster General Farley without a hearing or trial was a colossal blunder, particularly when not a scrap of valid evidence was produced by him to prove the fraud he speaks of in terms of glittering generalities.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. Chairman, I have great admiration, respect, and affection for my colleague from New York [Mr. TABER]. I know he is patriotic, and I know he is an earnest, conscientious legislator here. I have followed him on many occasions, but I am afraid that this fight now from the other side of the aisle smacks a little too much of politics, pure and simple.

What is the situation? Why, it has been developed that the Government of the United States on contracts has been overreached, that the contracts are dishonest, that the people of the United States have been robbed on these contracts.

Mrs. ROGERS of Massachusetts. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. Just a minute, please. I am sorry I cannot yield to the distinguished lady from Massachusetts. I have but 5 minutes.

The Post Office Department and the administration have annulled those contracts because of fraud and dishonesty, and it devolves upon this Government in such an emergency to carry its mail. There are not any honest contractors ready and qualified to carry it, so it devolves upon the Government to do it. And whenever it is necessary for this Government to do a thing, I want it done if it takes the Army to do it.

Why, you talk about hazard; it is connected with all business; there is hazard here on this floor in this Chamber every time the lady from Massachusetts or any of the rest of our colleagues gets up here and speaks. I might fall dead here in my tracks while I speak. I have seen men in this Congress, like Claude Kitchin and our friend from Tennessee, Mr. Eslick, totter and fall here at this desk. It is a hazard, it is part of the game; but I am here to say that the Government of the United States will take care of the men who fall while performing their duty. It does not take any suggestion from our good friend from New York, HAM FISH. I will go along with him in taking care of them. This Government has always taken care of its own, and the men who give their lives in its service are going to be taken care of; and their wives and children will be properly cared for. I am here to say that the great President of the United States and the United States Army is going to see that these pilots who carry our mails are properly equipped. It may take a little time; it took a little time to equip our soldiers in war; it always takes time, but they are going to be equipped; they are going to carry the mail; they are going to have proper facilities with which to carry it, and it is going to be done in spite of Republican opposition. [Applause.]

The people of the United States are with the President in this matter. They admire a man who, when he discovers dishonest contracts, does not appoint a commission to investigate and report 2 years later, but cancels the contracts [applause], sets them aside. That is the way the present Chief Executive met the situation. The Members on the Republican side of the aisle are not used to that; they do not know how to do it. They would have appointed a commission to have passed on this fraud and how to punish it, and 2 years from now it would have reported, and the report would have gone into the wastebasket. But the President in this case has acted promptly, and the people of the United States are backing him from Maine to California; and your Republican constituents back home do not like it when you get up here and try to hamstring the present administration. [Applause.]

[Here the gavel fell.]

Mr. MEAD. Mr. Chairman, I do not want to shut off debate on this amendment of the gentleman from New York, but I think we have already discussed it sufficiently.

Mr. Chairman, I move that all debate on the amendment offered by the gentleman from New York do now close.

The motion was agreed to.

Mr. MOTT. Mr. Chairman, for the information of the House, may the amendment again be reported?

The Clerk again reported the Taber amendment.

The CHAIRMAN. The question is on the adoption of the amendment offered by the gentleman from New York.

The question was taken; and on a division (demanded by Mr. TABER) there were—ayes 79, noes 151.

So the amendment was rejected.

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Page 2, line 8, at the end thereof, add the following proviso: "*Provided*, That officers, warrant officers, and enlisted men of the Army on duty hereunder,

while away from their permanent posts of duty, shall be paid the same per diem as is payable to civilian employees of the United States under the Subsistence Expense Act of 1926, as amended."

Mr. MEAD. Mr. Chairman, I move the adoption of the committee amendment.

The committee amendment was agreed to.

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Add a new section 3 reading as follows:

Mr. KVALE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. KVALE. Will the addition of a new section at this time preclude any further amendment of section 2?

Mr. MEAD. May I say to the gentleman that this will add a new section—section 3—to which I will offer several amendments, and this may permit the gentleman to offer the amendment he has in mind.

Mr. KVALE. I believe the amendment I have in mind is germane at this point; and before we proceed to section 3, I ask recognition for the purpose of offering an amendment to section 2.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. KVALE. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. KVALE: Page 2, line 8, at the end of the section, strike out the period, add a colon and the following: "*Provided*, That during the period described in section 1 the Chief of the Army Air Corps shall be required to employ for each route operated at night experienced civilian pilots."

Mr. DOBBINS. Mr. Chairman, a point of order. The amendment offered by the gentleman from Minnesota is not germane.

Mr. KVALE. Will the gentleman withhold his point of order a minute?

Mr. DOBBINS. I will reserve the point of order.

Mr. KVALE. I may say to the gentleman I realize the merit of the point of order, and I am going to ask unanimous consent at the conclusion of my remarks to withdraw the amendment. I hope on this basis the gentleman will withhold his point of order.

Mr. DOBBINS. I have reserved the point of order.

Mr. KVALE. Mr. Chairman, I am simply taking this method of bringing to the attention of the House a fact generally overlooked by most of us. The amendment offered by the gentleman from New York [Mr. TABER] provided that every pilot should have had training on flying these radio beams, which guide every air-mail and every commercial plane. If his amendment had consisted of that phraseology alone, I would have enthusiastically supported it. There is the crux of the entire matter.

Mr. Chairman, had the previous phrases of his amendment been adopted, it would indirectly yet virtually have killed the bill, because the Army has no quantity of closed-plane equipment and naturally it cannot take over the equipment of the private lines where contracts have been annulled. And may I say that the companies that have been operating the air mail for years do not operate all of the various routes with closed planes. They have many schedules providing for the operation of air mail and express alone which are conducted in open ships, but the men that fly them know the routes. They have had hours, weeks, and months of flying over these routes. Sometimes they cannot see the ground from the time they take off until they land, but they know and they fly by their instruments. If they get into trouble and can see the terrain underneath them for as much as a second through the fog or clouds, they are able to recognize landmarks and deliver the mail in safety and save their own lives as well. That has frequently happened to my certain knowledge.

Mrs. KAHN. Will the gentleman yield?

Mr. KVALE. I yield to the gentlewoman from California.

Mrs. KAHN. Does not the gentleman think that it would be wise if we suspended entirely the air mail until the question of whether these companies obtained their contracts by fraud could be determined? We are at this time gambling with the lives of the very flower of America. We are sending these men to almost certain death, and I feel the sentiment of this country would be in favor of suspending the air mail. The air mail is not absolutely necessary to our existence.

Mr. DOBBINS. Mr. Chairman, I yielded to the gentleman from Minnesota, and I reserved my point of order in his favor.

Mr. KVALE. I yielded to the gentlewoman from California, and I was about to reply. I was glad, as always, to have her contribution.

Mr. Chairman, let us direct our efforts toward trying to improve the bill instead of trying to kill the bill without meaning to do so.

Mr. KELLY of Pennsylvania. Will the gentleman yield?

Mr. KVALE. I yield to the gentleman from Pennsylvania.

Mr. KELLY of Pennsylvania. May I suggest to the gentleman that more than 60 percent of the pilots employed by the private companies are now Reserve officers in the United States Army and, of course, can be called into service?

Mr. KVALE. If they are called into service they may have to be assigned to some route where they are not familiar with the terrain, the landmarks, the emergency fields, the weather habits, and the like. In that instance the true purpose which we seek will not be achieved. An Executive order could be issued by the President of the United States which would give the Chief of the Air Corps authority to employ these experienced civilian air-mail pilots over the routes with which they are familiar for the night mail service, leaving the admirable and trained personnel that we have in the Army Air Corps detailed to the duty with which they are familiar and in which there is no unusual hazard. I am hopeful an Executive order to this effect will be forthcoming from the White House within the next day or two which will operate for the duration of this emergency period.

Mr. Chairman, I ask unanimous consent to withdraw my amendment.

The CHAIRMAN. Is there objection to the request of the gentleman from Minnesota?

There was no objection.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from New York [Mr. MEAD].

The Clerk read as follows:

Amendment offered by Mr. MEAD: Add a new section, as follows: "SEC. 3. The performance by military personnel of duty hereunder shall in no way disturb or change their military status under their respective commissions, warrants, or enlistments in the Army, or any right, privilege, benefit, or responsibility growing out of said military status."

Mr. MEAD. Mr. Chairman, I explained these amendments when I spoke under general debate. It has been recommended by the War Department and I move its adoption.

Mr. McCORMACK. Will the gentleman yield?

Mr. MEAD. I yield to my colleague from Massachusetts.

Mr. McCORMACK. I should like to find out whether or not the committee is going to offer an amendment which will permit greater compensation to Army officers and men than they now receive in case of injury or death or which will permit greater compensation to their survivors or dependents.

Mr. MEAD. I may say, in answer to the gentleman, that we have gone farther in that direction than we have been requested to go by the War Department. We give them the high rates possible only in war times for injuries growing out of this Service.

Mr. McCORMACK. Suppose a man is permanently injured; under the provisions of the recommendation of the committee, what would he receive as compensation?

Mr. MEAD. I may say to the gentleman that in the original draft there was not anything pertaining to compensation. We later took it up with the War Department and the Department suggested protecting their military status and giving them such compensation as is given to Army officers for injuries received in peace time. Again, we took it up with the War Department, contending that a higher rate

would be fair, and when informed that the highest rate paid for Army service occurs in time of war, we proposed this amendment so as to give them the same rate during this emergency as they would receive in time of war, but I am not familiar with the details of the rates.

Mr. McCORMACK. In other words, they would receive the same compensation that they would get if they had a service-connected disability incurred in time of war?

Mr. MEAD. I would assume so, because this provides for war-time rates.

Mr. HOEPPEL. Will the gentleman yield to me to answer the question?

Mr. MEAD. I yield to the gentleman.

Mr. HOEPPEL. Answering the gentleman from Massachusetts, these officers, if they receive a 31-percent injury, will be retired at three fourths of the pay of their rank. If they are enlisted men and disabled 31 percent, they will be discharged for disability and given a pension of about thirty-one or thirty-five dollars only. I have an amendment which I intend to submit extending to these officers and enlisted men the same rates which other Federal employees in civil positions receive when they are injured. I shall offer the amendment at the proper time.

Mr. MEAD. I want to answer the gentleman's statement by saying that his figure of $30 or $35 is wrong, from the information I have received. The rate would be from $10 to $100 for the personnel, according to the information I have.

Mr. McCORMACK. May I make this suggestion to my distinguished friend [Mr. MEAD], and my inquiry is for the purpose of collaboration. It seems to me these men, in their present assignment, are performing a more or less civilian duty as a result of necessity. Why would it not be a good idea to permit those who are injured or the dependents of those whose lives may be taken in the performance of such duty to elect the provisions which the committee recommends or to come within the purview of the United States Employees' Compensation Act. In other words, why not give them the right of election?

Mr. MEAD. I will say to the gentleman that on our own initiative we took the matter up with the Department and gave them something they did not ask themselves.

Mr. McCORMACK. I think the committee is to be congratulated, but I do not think they have gone far enough insofar as the enlisted personel is concerned. I can see where the officer personnel would obtain a greater compensation under the committee amendment than under the United States Employees' Compensation Act; but, on the other hand, the enlisted personnel, unless permanently and totally disabled would receive less.

I am not going to propose an amendment, but I would suggest that if the Senate adopts such an amendment, the House conferees seriously consider concurring therein.

Mr. MEAD. We will be glad to do that.

[Here the gavel fell.]

Mr. BRITTEN. Mr. Chairman, I rise in opposition to the amendment.

Mr. Chairman, I would like to call the attention of the House and the country to the very sad position in which Army fliers are being put by their apparent—and it is purely apparent—inability to carry the mail and fly airplanes as successfully as do the commercial pilots.

Every nation on earth today is pointing a finger at our Army fliers, wondering if they are really qualified fliers or if they are unprepared to fly in an emergency. They are doing the American Army flyers the greatest kind of an injustice. It is not fair to the Army flyer to suggest that because he is thrown into an emergency overnight, with the most horrible weather possible, he cannot fly as successfully as a man flying over certain lines days, weeks, and months. This is not a fair comparison.

It would be just as reasonable to expect commercial fliers to take their improperly equipped planes and push them into a war emergency that might come upon us just as quickly as did this cancelation of contracts and expect them to fly them as well in the face of an enemy as do the trained Army flyers. No sane person would suggest that if a war came upon our country tomorrow we should take these commercial fliers, with their improperly equipped planes, and put them in the first line of fighting against antiaircraft attacks or against an enemy properly equipped.

It would be said that with all their experience in carrying the mails, flying millions of miles, it now develops that American commercial aviators are no good. That is exactly what is going on today. It is unfair. Men and women on the floor of the House will agree with me, I am sure, that there is no better flyer on earth, no more courageous flyer on earth, there is no more efficient flyer on earth, say what you please about the Japanese, the Germans, or the French—there is no more efficient flyer on earth than the Army pilot, and that fact was evidenced during this past week when they accepted their orders to fly under the conditions possible without a single dissent. Blinding storms, frightfully cold weather, open machines, inferior flying equipment, all had no effect on their courage or their zeal for duty—a truly American characteristic.

The gentleman from Texas [Mr. BLANTON] said a moment ago that if Hoover were in the place of the present President he would probably appoint a commission. In the name of Heaven, has any administration in the history of the Government appointed as many commissions and bureaus as the present administration?

Mr. BLANTON. Having referred to me, will the gentleman yield?

Mr. BRITTEN. In a moment.

Mr. McGUGIN. Will the gentleman yield? Without considering whether the American Army flyers are courageous, does not the gentleman think it would be better not to have them carry the mail?

Mr. BLANTON. Will the gentleman yield?

Mr. BRITTEN. Will the gentleman wait until I answer the gentleman from Kansas?

Mr. BLANTON. I thought the gentleman had answered the gentleman from Kansas with a wave of the hand. [Laughter.]

Mr. BRITTEN. My thought is this, without any attempt to criticize the administration, a very grave mistake has been made by the administration. I truly believe that the President's advisers put him in a very false position, and that they are now unable to get out of it without chagrin—the mistake must stick at all hazards. Life or death, we are going through with it; that is the way I look upon it.

I am sorry that someone among the administration's advisers, someone among the "new dealers" or the "brain trusters", is responsible for it. They will not permit a step backward, because it would be an acknowledgment of an error; and that is the reason that these flyers, the flower of American manhood, are to continue to fly tonight, Sunday, and Monday night, and finally go down perhaps to defeat because of the obstinacy of someone. This entire abrogation of the mail contracts was unnecessary and inopportune. Any corruption could have been handled directly and without the present national regret. [Applause.]

Mr. BLANTON. Mr. Chairman, when our good friend from Illinois [Mr. BRITTEN] asserted that "there is no better flyer on earth, no more courageous flyer on earth, no more efficient flyer on earth, than our United States Army pilot", with which assertion we all agree, he admitted himself out of court. If these brave pilots of ours can safely drive their swift pursuit planes 200 miles an hour over uncharted routes carrying dangerous bombs and meet successfully all enemy maneuvers in the air, why are our Republican friends so afraid that they will prove to be inefficient in carrying mail over well-charted and beacon-lighted courses on schedules of not much over 100 miles an hour?

Our Republican friends, with their sobbing hearts so distressed, all refer to the loss of six men in the service during this terrible spell of unprecedented weather. Why are they so silent about the loss since yesterday of the commercial plane, the giant twin-motored Boeing of the United Airlines, in which eight persons have undoubtedly lost their lives in going between Salt Lake City, Utah, and Cheyenne, Wyo.?

They were forced out by Army orders. No charge of murder follows their eight deaths. They had every protection. Yet they lost their lives. It is the hazard of flying.

Mr. GREEN. Mr. Chairman, I desire to say that there seems to be a great alarm over the situation because the Army has been pressed into carrying the mail for the Government. It is only one of those emergencies, one of those conditions that have been inherited from a past administration.

I was somewhat surprised and disappointed when my distinguished colleague, a man of prudence and wisdom, like the gentleman from New York [Mr. TABER], and another gentleman from New York [Mr. FISH] undertook to hang upon the Congress the blame for some of the deplorable accidents that have recently occurred.

I do not think these declarations should be made on the floor of the House in this connection, especially when we reflect how these contracts were entered into.

I wonder if the gentleman from New York [Mr. FISH] has forgotten when the contracts were entered into, why they were entered into, and why they had to be canceled? These horrible contracts were made while his party was in power. His President and his Postmaster General, Mr. Brown, were then in office.

When it became apparent the Government of the United States was paying $2 for the carrying of the air mail, where it should have paid but $1 or less, it was absolutely necessary for the Government to step in and cancel the contracts and stop any such collusion and corruption.

Cancelation of such contracts was the honorable and proper thing to do, and I commend President Roosevelt for his courageous action in the matter.

Are we to be accused of murder because the elements of nature have decreed storms and adverse weather conditions? Are we to believe that those who are probably less skilled in piloting planes would not have met with the same disasters? I believe the Army flyers during this emergency have demonstrated their courage, their valor, their bravery, and patriotism; they have again come to the aid of our Government and its people. I deny that our Army pilots are not skilled fliers, and I believe that the airplanes of our Nation are not as good as those of other nations. Give our Army pilots a chance, and they will show their worth and ability. Weather conditions recently have been unusual. We should not censure for things unavoidable. We sympathize deeply with those who are in sorrow. Often the toll of progress appears tragic. We should be reasonable and fair in our accusations and charges. Our President has exercised the same courage in this instance that he exercised in bringing other phases of the new deal to the American people.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. GREEN. Not now; I am sorry. It took courage to refinance the mortgages of our farm and home owners; it took courage to issue a bank moratorium; it took courage to give the Reconstruction Finance Corporation more power; yes, and to put over the Muscle Shoals project, also to guarantee bank deposits and to expand the currency; and it took courage to appropriate $3,300,000,000 to relieve distress and to carry on public works and civil works in our Nation. Yes; your President is carrying his new deal to the American people and is succeeding in a manner most extraordinary. I am happy to give him my full support and cooperation. I have voted for every one of his proposals and have no apologies to make for so doing. He is rebuilding our Nation. I am not surprised that those on the other side of the aisle [the Republicans] should look with grave apprehension upon the canceling of the air mail contracts and undertake to criticize the very arm of protection of our Government, our Army fliers. My friends, you are wrong in this accusation. Why do you try to condone special privilege, power of money, corruption? [Applause.]

The CHAIRMAN. The time of the gentleman from Florida has expired.

Mr. MEAD. Mr. Chairman, I ask for a vote on the amendment, and I move that all debate on the amendment that I have offered do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. MEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MEAD: Add at the end of section 3 a new section, as follows:

"SEC. 4. In case any officer, including warrant and reserve officers, or enlisted men, is injured or killed while performing duty hereunder, the Administrator of Veterans' Affairs is authorized and directed to pay to such officer or enlisted man, and/or his dependants, pension at the rate provided for such person in part 1, Veterans' Regulations 1–A, and amendments thereto (war-time rate)."

Mr. LEHLBACH. Mr. Chairman, a point of order.

The CHAIRMAN. The gentleman will state it.

Mr. LEHLBACK. First, let me preface that point of order with a parliamentary inquiry. Is this amendment offered as an amendment to section 3 just adopted?

The CHAIRMAN. It is offered as a new section, as the Chair understands it.

Mr. FISH. Mr. Chairman, a parliamentary inquiry. I would like to know if it is in order now to offer an amendment to the amendment just read?

The CHAIRMAN. After the gentleman from New York [Mr. MEAD] has concluded his remarks it will be in order then to offer an amendment to this section.

Mr. BLANTON. Mr. Chairman, will the gentleman from New York yield?

Mr. MEAD. Yes.

Mr. BLANTON. This does not provide for any retroactive features with respect to any flyers who may lose their lives or become injured before this act goes into effect, or who have already been injured or who have lost their lives?

Mr. MEAD. This covers everybody injured since February 10. I have the retroactive feature here to follow.

Mr. BLANTON. Why should it not all have been in one amendment?

Mr. MEAD. Because there is another amendment that comes in first.

Mr. BLANTON. But that is to be provided for in this bill?

Mr. MEAD. Yes.

Mr. BLANTON. That is satisfactory.

Mr. MEAD. Mr. Chairman, in explanation of this amendment let me say that the matter of compensation was not brought to the attention of the committee by either the War Department or the Post Office Department. The subject was brought to my attention by our distinguished colleague, Representative DIRKSEN, and I then took the matter up with the War Department. The peace-time rates would be satisfactory to the War Department, but on further conference with my colleague and with members of the committee we thought it no more than fair to give them the highest rate under existing law, and so we specify the war-time rates rather than the peace-time rates. An amendment that I shall offer next includes the Reserve officers, and in another amendment I shall offer, it makes the provisions retroactive as of February 10. In this amendment we provide the highest rate prescribed by existing law for war-time service. We cover not only Regular and Reserve officers, but also the enlisted personnel.

Mr. BLANCHARD. Will the gentleman state exactly what that will amount to?

Mr. MEAD. I am not able to give the gentleman the rate structure. I am only able to inform him that the war-time rates are higher than the peace-time rates.

Mr. BLANCHARD. Will the gentleman insert that in the RECORD?

Mr. MEAD. Yes; I will if I have it.

Mr. TABER. Is it not $30 a month?

Mr. HOEPPEL. Absolutely.

Mr. MEAD. It is from $10 to $100 a month for the personnel.

Mr. HOEPPEL. Not at all.

Mr. TABER. It is $100 a month to noncommissioned officers surviving and $30 to the widow.

Mr. MEAD. That, I believe, is correct.

Mr. WADSWORTH. Mr. Chairman, will the gentleman yield?

Mr. MEAD. Yes; I yield.

Mr. WADSWORTH. The amendment just adopted provided that these officers, now that they are on duty under the Post Office Department, shall not lose any of their military status, rights, or privileges as officers of the Army. Now, one of the rights and privileges of an officer is the right of retirement for physical disability at three quarters of the pay of his grade. You have now assured him of that. As a matter of fact, I think that is surplusage, but it has been put into this act. Now, does the pending amendment add further rights in addition to the retirement privilege which he already enjoys?

Mr. MEAD. I am not familiar with the rates, but we were informed that this will give them the higher or the wartime rates.

Mr. WADSWORTH. This will, if taken by itself; but we have already put into this bill a reenactment, as it were, of his existing rights for retirement for physical disability. Is he going to get both?

Mr. MEAD. No. I think the gentleman misunderstands the application of both provisions, because the amendment which has been adopted insures Army discipline while in the Postal Service and includes certain dependents in benefits of the law. That is the information given to me.

The CHAIRMAN. The time of the gentleman from New York [Mr. MEAD] has expired.

Mr. FISH. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. FISH as an amendment to the amendment offered by Mr. MEAD: I move that there be added to the amendment offered by Mr. MEAD the following: "*Provided*, That in the event of death of an Army pilot as the result of accident while flying the air mail the sum of $10,000 shall be paid to his dependents or estate."

Mr. DOBBINS. Mr. Chairman, I make a point of order that the amendment to the amendment is not germane to the amendment nor to the original bill.

Mr. FISH. I trust the gentleman will withhold the point of order.

The CHAIRMAN. Does the gentlemen care to be heard? The Chair is ready to rule.

Mr. FISH. I should like to be heard. I should like to ask the gentleman if he will withhold the point of order.

Mr. DOBBINS. I think we should get to a vote. I make the point of order, Mr. Chairman.

The CHAIRMAN (Mr. BROWN of Kentucky). The Chair is ready to rule. The Chair is of the opinion that the amendment offered by the gentleman from New York [Mr. FISH] deals with compensation, and therefore it is germane. The point of order is overruled.

Mr. FISH. Mr. Chairman, I am sure the distinguished Army officer in this House, the gentleman from Oregon, General MARTIN, will agree that the Army is asking for no sympathy or charity. They are asking for simple justice, and nothing else. I am opposed to many of the statements that have been made here today that the Army air-mail flyers are not efficient. They are just as efficient as any pilots in America, and the fact is that the Army pilots trained practically all the civilian pilots in this country. I believe that is undeniable. The reason for these accidents and the reason for the protests on this side and some on the Democratic side is that Army air pilots are ordered to fly the mail in open planes, not properly equipped with radio devices, in the midst of winter and at night, which naturally means that they are killed because of inadequate equipment.

The amendment I have offered, I believe I can prove, is a fair and just amendment. A few minutes ago I stated that this was not a real emergency; it was an emergency manufactured by Postmaster General Farley; but it is an emergency for those Army pilots who are ordered out to their death. There has already been a much higher percentage of casualties in 1 week among Regular Army officers than there were during the entire war. I do not have the figures before me, but if my memory serves me correctly, there were less than 30 West Point graduates killed in the World War or died from wounds received on the battlefield. Already six Army officers in the last week have been killed, and I submit that that is an emergency for them and their families. And what did we do during the World War? What compensation did we provide for the enlisted men and for the officers in case of death of any of them. We provided an insurance amounting to $10,000, and that is exactly what I propose to do by this amendment. The risk is almost 99 percent greater for these flyers, obeying the orders of their Commander in Chief, the President of the United States, than it was for the Regular Army officers in the World War.

Mr. McGUGIN. Will the gentleman yield?

Mr. FISH. I submit it is only fair. It is not a matter of sympathy. It is not a matter of charity. It is doing exactly what we did for our soldiers in the World War, both the enlisted men and officers. No one is able to explain the amendment offered by the gentleman from New York [Mr. MEAD]. We do not know whether it calls for $30 a month or $50 a month. We do not know what it is. We know that this amendment which I have offered calls for the payment of $10,000 to the family and dependents of any Army pilot killed flying the air mail.

Mr. McGUGIN. Will the gentleman yield?

Mr. FISH. I yield.

Mr. McGUGIN. The truth is these men could not possibly have taken life insurance with any life-insurance company to protect their dependents.

Mr. FISH. And the Army could not take it for them, or they have not in the past. I should like to ask the gentleman from Oregon if it is not a fact that the Army officers during the war, and the enlisted men, were compelled to take out insurance to the amount of $10,000, which was deducted from their pay?

Mr. MARTIN of Oregon. Yes; but when that was done we did not expect all this legislation that has come afterward. We had to remedy that.

Mr. FISH. I do not know what legislation the gentleman refers to. And does not the gentleman think these Army air pilots risk their lives 99 times more than the Regular officers did in the war, and should be entitled to at least the same compensation and at least the same treatment from the Government in this manufactured emergency? I am sure the gentleman from Oregon does not want to turn West Point graduates into mail carriers when no emergency exists.

Mr. MARTIN of Oregon. I should like to ask the gentleman a question.

Mr. FISH. That is all I wanted to ask the gentleman.

Mr. HEALEY. Will the gentleman yield?

Mr. FISH. No. I cannot yield now. I want to answer the statement made by the gentleman from Florida [Mr. GREEN], wherein he said there was a real investigation before the cancelation of the air-mail contracts. How could there be any worth-while investigation without affording the officials of the companies a hearing or a trial? Every American citizen, even if he is charged with murder, kidnaping, or high treason against the Government, is entitled to a trial before conviction in the United States. The actual scandal was not in the making of the air-mail contracts back in 1930 but in the scandalous and dictatorial manner of their cancelation.

The American people, I am convinced, prefer to stand with Col. Charles A. Lindbergh and Capt. Eddie Rickenbacker rather than with Postmaster General Farley and his high-handed and autocratic methods.

The investigation that ought to be held is not the investigation of these 1930 air-mail contracts, in regard to which not an iota of evidence proving fraud has been produced by anyone; the investigation that ought to be held is one to find out the political motives behind the cancelation of the

air-mail contracts by Postmaster General Farley. [Applause.]

Under unanimous consent given me to extend my remarks, I include the following, which I dedicate to the heroism of the Army Air Corps. I do not claim that it is good in rhyme or rhythm, but at least it represents my own feelings:

Ordered to fly the mail,
Was there a pilot dismayed,
Not though the Army knew
Someone had blundered?
Theirs not to make reply,
Theirs not to reason why,
Theirs but to do and die,
Into the clouds of death
Flew the Army pilots.

Mountains to right of them,
Mountains to left of them,
Mountains in front of them;
In snow, cold, and storm,
During both night and morn,
Boldly they flew the mail.
Into the winds and sky,
Into the jaws of death,
Flew the Army Air Corps.

Aeroplanes flash through air,
Open to weather and bare,
Carrying the air mail, while
All the world wondered.
Stormed at by snow and ice,
Plunging through unknown space
Right through the fog they flew,
Pilot and copilot.
Reeling from wintry blasts,
Shattered and sundered,
While plane and hero fell,
They that had fought so well,
Because someone had blundered.

Mr. WEIDEMAN. Mr. Chairman, I have listened with interest to the statement of the gentleman from New York that this is a manufactured emergency. If it is a manufactured emergency, then the manufacturing began in the administration of former Postmaster General Brown, with the aid and connivance of the big interests in this country.

I dislike to take issue with the gentleman from Florida on this side of the aisle who says we have the best-equipped airplanes in the world. We have not; and it is about time we awoke to the fact that our air force is not as adequate as that of England, of France, or of Japan. There is a Member in the Chamber who has the facts, and I hope before we get through with this debate he gives you the information he has, for I am sure it will astound you.

There is no more valiant group of flyers than the American air force. They yield to none in patriotism or courage; but we cannot send men up in inefficient ships, in ships improperly equipped, and expect them to do the same job of flying as though they had fully equipped, first-class ships. Let us not disillusion ourselves about the present situation of our air forces. The Democratic administration has just brought some of the things to light.

Mr. DUFFEY. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield. [After a pause.] Does the gentleman wish to ask me a question?

Mr. DUFFEY. No.

Mr. BRITTEN. Do not let them throw you off.

Mr. WEIDEMAN. I yielded because I thought the gentleman really had a question. I am surprised that he did not have one.

Mr. BRITTEN. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. BRITTEN. The gentleman from Ohio probably did not like the gentleman's reference to the Democratic Party having just found out the deplorable state of the equipment.

Mr. WEIDEMAN. Oh, yes; he liked that. What he did not like about the situation is the fact that we have been unable to get information with regard to the inefficiency of our flying craft because we have a group of hold-over Republicans in charge of the bureaus from whom it is hard to secure any information regarding the correct status of our air forces. [Applause.] If they would just cooperate with us a little and tell us the actual facts we would show more fraud on the part of the former administration and its officials than we have. Everyone knows we have tried to get these facts. The gentleman from Texas [Mr. MCFARLANE] has been working for a long time trying to get facts in regard to our flying forces but he has had to literally fight to get the actual facts. For instance, that there was 65 percent of profit made on some contracts in the sale of engines and airships to the Government under contracts made by officials of the former administration, and the profits of the Pratt & Whitney Co., from 1927 to 1934, averaged 36 percent. It will take a little time to get these facts, but the facts will come out. However, we know they are not going to give us anything.

Mr. O'MALLEY. Mr. Chairman, will the gentleman yield?

Mr. WEIDEMAN. I yield.

Mr. O'MALLEY. Does the gentleman think that perhaps the reason the Army cannot even fly a few pounds of mail is because most of the pilots were trained under 12 years of Republican administration?

Mr. WEIDEMAN. No; I do not believe that. But I do believe you cannot send a scow up into the air and expect to have it fly; it just will not fly. Our equipment is not adequate. We have been deceived too long by the men in charge of these bureaus. They have believed that in a spirit of patriotism, even though we discovered these facts, we would still claim that we had the greatest flying force in the world. Let us not fool ourselves. We have not the greatest flying force in the world; but we should have it. That is what I am arguing about. If we are going to spend hundreds of millions of dollars for airships and airplane engines, let us get what we pay for should we authorize the purchase of 3,000 more airplanes.

Mr. O'MALLEY. At least the cancelation of the air-mail contracts has shown the American people the total unpreparedness of the American flying force.

Mr. WEIDEMAN. Yes. I was about to remark that although the accusation of murder has been made against the present administration, probably these lives have not been lost in vain, for if by the lessons learned in this flying of the air mail the present administration should save not only 18 lives but 800,000 lives in the future. If we can save the lives of thousands of our men now in training, probably to again save the world for democracy, although I am not so sure that we saved it the last time, I say if it results in such a saving of future soldiers' lives, they will not have died in vain. [Applause.]

Mr. MARTIN of Oregon. Mr. Chairman, I hope we can get some of the bunk out of this program, some of the politics out of it. I am not going to take up the question of the expediency or inexpediency of ordering a portion of the Army to handle the air mail, but I urge you to leave the Army alone in this latest call to duty. Allow it to perform its function. Preserve the morale of the Army; leave your soft stuff out of the Army. [Applause.] It does not want it. The Army is appreciative of all that this country has done for it, but why does a man get into the Army if he does not want to obey his commanding officer? [Applause.]

Congress and the country have been generous in laws taking care of the Army. The Army stands by these laws and asks no more. Therefore it makes me just a little tired when I see some of these devoted friends of the Army today trying to heap on the Army these things it does not want.

If you want to help to preserve the Army and make it efficient vote for generous appropriation bills when they come up. This will help build up the Army and make it efficient. When it comes to the question of politics do not say that our Air Service is no good. The Air Service is just as good as the Congress has made it. If you will pass the proper laws and the proper appropriations you will have a proper Air Service, but if you chisel in on them, cut them down and humiliate the Air Service, allowing them an inadequate appropriation, you will not have an efficient Air Service. May I sum up by saying please let the Army alone. This is not a new service to the Army. I have taken my battalion out to fight forest fires where we lost men fighting these fires—also floods. Another example is the San Fran-

cisco earthquake and fire. The Army is being called for extraordinary duty all the time. Every fellow who comes into the Army takes all the responsibilities and all the dangers that go with it. If he does not enjoy these things and he is not willing to take part in them he had better stay out of the Army. That is not the profession for him. So for God's sake do not coddle them, do not ruin their morale. Let them stand up like men and take what comes to them and take it cheerfully. You will then make good soldiers of the Army, but do not be continually chiseling in on the money allowed them. That is not the way to treat them. [Applause.]

Mr. MEAD. Mr. Chairman, I move that all debate on the amendment to the amendment do now close.

Mr. HOEPPEL. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HOEPPEL. Mr. Chairman, as a Member of this House, have I not the right to take the floor to oppose an amendment?

The CHAIRMAN. That is not a parliamentary inquiry.

Mr. FITZPATRICK. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. FITZPATRICK. What are we voting on now, the amendment to the amendment?

The CHAIRMAN. We are voting on the motion to close debate on the amendment to the amendment.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. FISH] to the amendment offered by the gentleman from New York [Mr. MEAD].

The amendment to the amendment was rejected.

Mr. MEAD. Mr. Chairman, I move that all debate on the original amendment do now close.

The motion was agreed to.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York.

The amendment was agreed to.

Mr. MEAD. Mr. Chairman, I offer an amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Add the following new section: "SEC. 5. Reserve officers performing duty hereunder shall be deemed to be in the active military service, and if injured or killed, such officer or his dependents and beneficiaries shall be entitled to the same benefits as in the case of officers of the Regular Army and for their dependents and beneficiaries. Section 4 of this section shall be deemed to be in effect on February 10, 1934."

Mr. MEAD. Mr. Chairman, in explanation of this amendment, may I say that it merely gives the Reserve officers the same privileges which in the former amendment we conferred upon Regular officers, and in addition this makes the provisions of both amendments retroactive as of February 10. May I further explain that there are certain designated relatives of deceased military personnel who are entitled to a gratuity where death occurred in line of duty of such personnel. These amendments give to these dependents, as well as to the personnel itself, the higher wartime rate, while the amendment which was adopted a few minutes ago preserves for the War Department the military discipline while the personnel is away on civil duty. So that by the adoption of these amendments and the amendment which preceded these amendments, we confer the highest rates on all those who are entitled to benefits as a result of injuries that occur in line of duty. We give these gratuities to the Reserve officers and enlisted men and we make them retroactive as of February 10, 1934. According to the best information that reaches me, we are treating the Army liberally.

Mr. WADSWORTH. Will the gentleman yield?

Mr. MEAD. I yield to the gentleman from New York.

Mr. WADSWORTH. There is another phase to this very difficult subject, and I fear we are getting into very deep water. Will this amendment have the effect of conferring the retirement privilege upon a disabled Reserve officer?

Mr. MEAD. May I say to the gentleman that I am not at all familiar with the military retirement benefits. Our general line of work brings us in contact with the Post Office Department. We sent for Army officers and we had the advice of the legislative counsel of the House. We treated the Army as liberally as we possibly could under the circumstances. As I have said, we give the officers who are flying the mail the privileges that would be theirs if they were in a state of war. We confer like privileges on the Reserve officers and enlisted personnel, then we make it retroactive in order to cover the accidents that have already occurred.

Mr. WADSWORTH. Mr. Chairman, here is the point I have in mind: The gentleman from New York will recollect, I am sure, that there is upon the statute books today the so-called "emergency officers' retirement law", placed upon the statute books only after a very long battle. As I recollect, this provides that any officer who served during the war and incurred a disability 30 percent or more in degree shall be placed upon the retired list or the supplemental retired list of the Army and shall draw three fourths of the pay of the grade he occupied during the war for the rest of his life. Now we are in time of peace. There can be no addition to the emergency officers' retirement list, unless the officers show from now on that during the war they incurred disabilities which at this time are in excess of 30 percent. We all know the tremendous abuse that was brought about under the mistaken enactment of emergency officers' retirement laws, and that it was in direct conflict with all our traditions respecting pensions. I want to know whether the Reserve officer who is summoned to active duty for the Air Mail Service, if disabled to the extent of 31 percent, is to be retired for life at three fourths of the pay of his grade under the amendment offered by the gentleman from New York?

Mr. MEAD. May I say to the gentleman it is my information that he will not be entitled to the privileges of the Retirement Act. I am of the opinion that the Retirement Act sets a specific limit of time within which the injury must have taken place.

Mr. WADSWORTH. But are you not suspending that limitation by this subsequent legislation?

Mr. MEAD. We are taking into consideration such injuries as occur since February 10 as a result of this emergency air-mail service.

Mr. WADSWORTH. That is the point I make.

Mr. MEAD. In the discussions in connection with this amendment the question that the gentleman brings up was not considered and was not injected into these discussions. I may say to the gentleman that I shall be glad to correct the bill in conference if it is thought necessary.

[Here the gavel fell.]

Mr. TABER. Mr. Chairman, I ask unanimous consent that the gentleman may have 2 additional minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TABER. Will the gentleman yield?

Mr. MEAD. I yield to my colleague from New York.

Mr. TABER. Is it not a fact that under the gentleman's amendment Reserve officers would be retired in just the same manner and under just the same circumstances as Regular Army officers?

Mr. MEAD. I may say to the gentleman that as I have previously stated, we took this matter up with the departments affected and these amendments are the result. I am not especially concerned with them, but they struck me as being justified under the circumstances. I think they are far better than amendments which have been offered, particularly on that side of the aisle. I do not want to be unreasonable, either with the personnel or the departments. If there are any imperfections in these amendments I would be pleased to take them out, either now or when the bill is considered later in conference. I am aiming to do what I think is a matter of justice to these men.

Mr. McCORMACK. Will the gentleman yield?

Mr. MEAD. I yield.

Mr. McCORMACK. In any event, a Reserve officer called into service is entitled to the same consideration as a Regular Army officer.

Mr. MEAD. This puts the Reserve officer and the Regular Army officer on the same level.

[Here the gavel fell].

Mr. HOEPPEL. Mr. Chairman, I rise in opposition to the amendment. I am not going to hide behind this rostrum and decline to yield. If there is anyone who wants information on this subject, and I am in a position to give it, I shall be glad to do so.

To begin with, the amendment just offered by the distinguished gentleman from New York, to which I rose in opposition for the purpose of obtaining the floor, is a very worthy amendment and I hope it will be adopted, but I rose to call your attention to what we enacted just a moment ago when the Chairman declined to give me the floor.

In this pension legislation you have provided that the dependents of the officers and the enlisted men shall receive only $30 per month. Under the prior amendments which have been adopted you are giving equal rights to Reserve officers, which is also well and good, and I am in accord with that, but I am certainly not in accord with any proposition which will take men from the military service and induct them forcibly into civil occupations and then refuse to grant them or their dependents the same benefits which others receive when they are engaged in civil occupations.

Mr. BLANTON. Will the gentleman yield?

Mr. HOEPPEL. I will gladly do so.

Mr. BLANTON. In doing justice to these Army flyers, our friend from California does not want to do an injustice to our distinguished Chairman, the gentleman from Kentucky [Mr. BROWN], who was not only a distinguished speaker of his own State legislature but is also a distinguished parliamentarian and knows well how to handle all kinds of situations. He was only carrying out the rules of the House when he declined to give the gentleman the privilege of the floor.

Mr. HOEPPEL. I will answer the gentleman's question quite distinctly that the Chairman assured me the floor, but someone went to the Chairman and whispered in his ear and I did not get the floor, and there you are. [Laughter.]

The CHAIRMAN. I do not like to interrupt the gentleman's speech, but the gentleman is mistaken.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. HOEPPEL. I am glad to yield to the distinguished gentleman from Oregon.

Mr. MARTIN of Oregon. The gentleman was in the Army a great many years?

Mr. HOEPPEL. Please do not bring in any personalities. We are talking on the amendments now.

Mr. MARTIN of Oregon. When the gentleman was in the Army he did whatever he was ordered, and was not the gentleman ordered frequently to do things that were of a civilian character?

Mr. HOEPPEL. I will answer the gentleman in this way: I made a note to call attention to what the gentleman discussed here. The gentleman said that he went out willingly and fought forest fires, and so did I, but can anyone truthfully state that canceling air-mail contracts is an emergency of that description? Absolutely not. [Applause.]

Mr. MARTIN of Oregon. But as a soldier the gentleman has no right to question what his Commander in Chief does.

Mr. HOEPPEL. I am a Representative in the Congress of the United States, and I have the right to plead and fight for the dependents of these men whom we are sending to their death.

Mr. MARTIN of Oregon. But you cannot question the right of your commanding officer or your President.

Mr. HOEPPEL. I do not yield any more, and before I conclude I wish to state that the Democrats of this House who are so solicitous about the Army air-mail fliers were certainly absent last session when they sought to reduce Army and Navy aviators' pay 50 percent, and you gentlemen of a Democratic House who passed the Economy Act reduced the pensions of the dependents of men killed in airplane accidents 50 percent. You ought to make amends for your misdeeds. [Laughter and applause.]

Now, Mr. Chairman, I know that under the Democratic gag rule no liberal thought can ever be enacted in this House, but nevertheless I now offer a substitute amendment.

Mr. SEARS. Mr. Chairman, I make a point of order. The gentleman having delivered himself, I make the point or order he does not know what his motion is and is not arguing his motion.

Mr. HOEPPEL. I must yield to a point of order under gag rule.

Mr. BLANTON. Mr. Chairman, I make the point of order that it must have been a good Democrat who whispered into the good Democratic chairman's ear.

Mr. HOEPPEL. It was. It was the distinguished gentleman from Alabama who is usually seen walking up and down the aisle, closing down on liberal thought. [Laughter.]

The CHAIRMAN. The gentleman from California offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HOEPPEL as a substitute for the amendment offered by Mr. MEAD: At the end of the bill add a new section, to read:

"In case any officer, including warrant and Reserve officers, or enlisted man is injured or killed while performing duty hereunder, the dependents of such officers or enlisted men shall be entitled to compensation under title of compensation section 10 of the act entitled 'An act to provide compensation for employees of the United States suffering injuries while in performance of their duties, and for other purposes', approved September 7, 1916, as amended."

Mr. DOBBINS. Mr. Chairman, I make the point of order that the amendment is not germane, either to the original bill or the bill as amended.

The CHAIRMAN. The point of order is sustained. Does the gentleman from California want to be heard on the point of order?

Mr. HOEPPEL. I do, Mr. Chairman. Several days ago, when an amendment was offered to the gold devaluation bill, when I pleaded with my Democratic colleagues——

Mr. FITZPATRICK. Mr. Chairman, I make the point of order that the gentleman is not arguing to the point of order.

Mr. HOEPPEL. I am showing that this is a similar situation. Several days ago when I offered an amendment in favor of the poor, blind veterans in foreign countries, the gag rule was put on me.

The CHAIRMAN. The gentleman is not arguing the point of order.

Mr. HOEPPEL. Mr. Chairman, I will concede the point of order.

The CHAIRMAN. The point of order is sustained.

[Laughter and applause.]

Mr. BANKHEAD. Mr. Chairman and gentlemen of the Committee, the gentleman from California who has just taken his seat has made a very improvident statement. He has made a statement based on no facts whatever.

Mr. HOEPPEL. Will the gentleman yield? I did not suggest that the gentleman was responsible; I mentioned no names. If the gentleman infers that he is the individual I had in mind, by this inference I would assume that he is the party referred to. [Laughter.]

Mr. BANKHEAD. Let me ask the gentleman a question, and he can answer it on his conscience. Was the gentleman referring to me when he said "the gentleman from Alabama"?

Mr. HOEPPEL. Answering that, I will say that I reserve the right to object. In this instance I follow the usual Democratic gag. [Laughter.]

Mr. BANKHEAD. I do not yield further. I merely rose to disclaim the fact that I was in any way responsible, and I have asked the gentleman to whom he referred, and he side-stepped the question, which shows no courage. [Applause.] But I want to say to you in all candor that I hesitate to oppose any suggestion made by the gentleman from California upon any proposition involving the service men or the veterans of this country.

I do that for this reason: On February 17 last the gentleman from California addressed a letter to the President of the United States, a copy of which was sent to my office, signed by the gentleman from California. In the course of that rather long letter to the President of the United States the gentleman from California used this very modest language:

I consider that I understand the veteran question as well as any man in Congress and am quite confident that I understand all phases of it better than any man in the United States.

[Laughter and applause.]

Mr. HOEPPEL. Will the gentleman yield?

Mr. BANKHEAD. Yes; I yield to the gentleman.

Mr. HOEPPEL. It is my observation in this House that the Democratic Membership is not sympathetic and does not and will not understand the veteran question, but the veterans will be heard from in November. [Applause.]

Mr. BANKHEAD. I simply rose to reiterate my position in being cautious about opposing any suggestion made by the gentleman from California, because he has so handsomely qualified himself as possessing all knowledge on this question. [Applause.]

Mr. DIRKSEN. Mr. Chairman, I move to strike out the last three words. In view of the fact that it is so difficult and so expensive for a member of the flying corps to secure adequate insurance for his family, some proper provision for disabled and dependent members of a flyer's family should be written into the present proposal. I shall take just a minute or two to clarify the situation as I see it. Let us assume that a mail plane leaves Bolling Field and that a second lieutenant is in the cockpit, representing, for that matter, all of the officer personnel of the Army. If he falls in a field in Maryland and is totally disabled, he will receive three quarters of his actual pay. If, instead of being disabled, he is killed, his widow will receive 6 months' pay and in addition thereto a pension of $30 a month, plus $4 per month for each child. If a mail plane leaves the field and a sergeant is in the cockpit, representing the noncommissioned and enlisted personnel, he will receive, if totally disabled, through a crash, not to exceed $100 per month. If, however, he should be killed, his widow will receive $30 per month, and each child will receive $4 per month. One of the amendments proposed consolidates all Regular and Reserve officers, and the gentleman from New York [Mr. WADSWORTH] is quite correct in his contention that Reserve officers will be brought within the purview of the act and be given the benefit of the Officers' Retirement Act for anything that may happen out of the present emergency.

All noncommissioned officers and enlisted men are also gathered in a separate classification, and so, for clarification let me say that if an officer, whether he is on regular duty or a Reserve officer impressed into duty, is killed, his dependents will get 6 months' pay and $30 per month for the widow and $4 for each child. If he is totally disabled, he will get three fourths of his pay. If an enlisted man is crashed and is totally disabled, he gets $100 a month, and if he is killed his widow gets $30 a month and his children get $4 a month.

That is my conception and interpretation of the beneficial amendments that have been offered to this proposal seeking to confer some benefits upon those who are being projected into extrahazardous work at the present time, and while I shall offer no amendment I want the Membership of the House to have perfectly clear concept as to precisely what benefits are going to be conferred upon the widows and children and the disabled personnel because of any difficulties that may arise from carrying the mail in what are alleged to be inadequate aerial contrivances.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. McGUGIN. If the House had accepted the amendment offered by the gentleman from New York [Mr. FISH], granting $10,000, they would have been taken care of, would they not?

Mr. DIRKSEN. I rather fancy it would.

Mr. HILL of Alabama. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. HILL of Alabama. The gentleman knows, of course, that all flying officers of the Army today get 50 percent more pay on account of being on a flying status, and that this 50 percent additional pay is given them to pay for their insurance?

Mr. DIRKSEN. I have no particular quarrel with the amount of money that should be paid to retired officers, but I am thinking, however, of the widows and orphans who had nothing to say as to whether a man should enlist in the Army or not. They are the innocent bystanders, and they should be properly protected.

Mr. MARTIN of Oregon. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. MARTIN of Oregon. Just to say to the gentleman from Illinois [Mr. DIRKSEN] that he need not worry over these people. Just let the Army alone. They have not any vote. Do not worry over them. They are grateful for the benefits Congress grants them. They are good soldiers and flyers, and they obey the orders of the President; and if they get hurt, they do not whine about it.

Mr. DIRKSEN. And I agree with the distinguished gentleman from Oregon that we should keep our hands off the Army. However, the unfortunate widows and children of Army men did not have anything to say as to whether the man should enlist in the Army or not, and they are the folks that we ought to look out for.

Mr. MARTIN of Oregon. They have been looked out for very well and taken care of.

Mr. HOEPPEL. Mr. Chairman, will the gentleman yield?

Mr. DIRKSEN. Yes.

Mr. HOEPPEL. I should like the distinguished gentleman from Oregon [Mr. MARTIN] to consider the fact that one of these widows will receive only $360 a year and have him compare that with the $6,000 a year retirement pay which he receives.

Mr. MEAD. Mr. Chairman, I move that all debate upon all amendments except the amendment to the title be now closed.

The motion was agreed to.

Mr. MEAD. Mr. Chairman, I send to the desk an amendment to the title to be offered later to the bill when we get in the House.

The Clerk read as follows:

Amendment offered by Mr. MEAD: Amend the title.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 3. The Postmaster General of the United States is authorized, during the period not later than 1 year from the passage of this act, to enter into temporary contracts with individuals and/or corporations for carrying the mails of the United States between such points and under such regulations as may be prescribed by the Postmaster General.

With the following committee amendment:

Strike out all of section 3.

The committee amendment was agreed to.

Mr. GOSS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GOSS. Should the title be amended in the Committee, before the bill is passed?

The CHAIRMAN. The title is amended after the passage of the bill in the House.

Mr. O'MALLEY. Mr. Chairman, I would like to make a unanimous-consent request, but in deference to the chairman of the committee I would like to make this suggestion: There have been about nine amendments offered to this bill, which was composed of only 18 lines when it came here. I should hope that the chairman might ask that the bill as amended be read before the House at this time, so that we know just what it is.

The CHAIRMAN. The gentleman can make that request after the bill is read in its entirety.

The Clerk read as follows:

SEC. 4. The authority granted herein is intended to authorize the Postmaster General to supplement mail service being provided by the War Department when and wherever he deems it necessary, and may be made during such temporary period without advertisement or competitive bidding: *Provided*, That no such agreement shall be made for a period longer than 3 months nor at a rate that exceeds 40 cents per airplane-mile.

With the following committee amendment:

Strike out all of section 4.

The committee amendment was agreed to.

The Clerk read as follows:

SEC. 5. The Postmaster General shall make a report to the Congress on all contracts and payments made by him under this act, together with the rates of compensation paid and to be paid thereunder.

With the following committee amendment:

Strike out all of section 5.

The committee amendment was agreed to.

The CHAIRMAN. If there are no further amendments, the Committee will rise, in accordance with the rule.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. BROWN of Kentucky, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee had had under consideration the bill (H.R. 7966) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, and pursuant to House Resolution 278 he reported the same back to the House with sundry amendment adopted by the Committee.

The SPEAKER. Under the rule, the previous question is ordered on the passage of the bill and amendments thereto. Is a separate vote demanded on any amendment? If not, the Chair will put them en gros.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was read the third time.

The SPEAKER. The question is on the passage of the bill.

Mr. BUCKBEE. Mr. Speaker, I offer a motion to recommit.

The SPEAKER. Is the gentleman opposed to the bill?

Mr. BUCKBEE. I am.

The SPEAKER. Is the gentleman a member of the committee?

Mr. BUCKBEE. I am.

The SPEAKER. The Clerk will report the motion to recommit.

The Clerk read as follows:

Mr. BUCKBEE moves to recommit the bill to the Committee on the Post Office and Post Roads with instructions to report the same back forthwith with the following amendment: Page 2, after the last adopted amendment, insert "*Provided*, That no pilot shall be permitted to fly a plane, under this act, who is not supplied with a plane equipped with two-way radio and all modern appliances, and who has not passed a test for beam flying: *Provided*, That in the event of death of an Army pilot as the result of accident while flying with air mail the sum of $10,000 shall be paid to his dependents or estate."

Mr. MEAD. Mr. Speaker, I make a point of order against the motion to recommit, that it is not germane.

The SPEAKER. The Chair will hear the gentleman from New York.

Mr. MEAD. Mr. Speaker, it occurs to me that in this particular motion to recommit we are attempting to draw up a set of plans and specifications for the details of the planes that will be flown by the Army. It occurs to me it is out of order, because the gentleman attempts to define the equipment of the airplanes, the radio appliances, and such other matters that, in my judgment, are not germane to the bill.

The SPEAKER. The Chair thinks the motion is germane.

Mr. MEAD. Mr. Speaker, we have had considerable debate on this, and I move the previous question on the motion to recommit.

The previous question was ordered.

The SPEAKER. The question is on the motion to recommit.

Mr. BUCKBEE. I demand the yeas and nays, Mr. Speaker.

The yeas and nays were ordered.

Mr. FISH. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state the parliamentary inquiry.

Mr. FISH. As I understand it, we are voting on the motion to recommit. Is that correct?

The SPEAKER. That is correct. The question is on the motion to recommit. The Clerk will call the roll.

The question was taken; and there were—yeas 100, nays 244, not voting 87, as follows:

[Roll No. 92]

YEAS—100

Allen	Dirksen	Knutson	Rogers, Mass.
Andrew, Mass.	Dondero	Kvale	Secrest
Bacon	Dowell	Lambertson	Seger
Bakewell	Dunn	Lehlbach	Shoemaker
Beck	Eaton	Lemke	Simpson
Beedy	Eltse, Calif.	Luce	Sinclair
Blanchard	Englebright	Lundeen	Snell
Bolleau	Evans	McFadden	Strong, Pa.
Bolton	Fish	McGugin	Swick
Britten	Focht	McLean	Taber
Buckbee	Foss	McLeod	Taylor, Tenn.
Burnham	Foulkes	Martin, Mass.	Thurston
Carter, Calif.	Gifford	Merritt	Tinkham
Carter, Wyo.	Gilchrist	Millard	Tobey
Cavicchia	Goss	Monaghan, Mont.	Traeger
Chase	Greenway	Mott	Turpin
Christianson	Guyer	Moynihan, Ill.	Wadsworth
Clarke, N.Y.	Hancock, N.Y.	Peavey	Welch
Cochran, Pa.	Hartley	Perkins	Whitley
Collins, Calif.	Higgins	Plumley	Wigglesworth
Cooper, Ohio	Hollister	Ransley	Withrow
Crowther	Holmes	Reece	Wolcott
Culkin	Hope	Reed, N.Y.	Wolfenden
Darrow	James	Reid, Ill.	Wolverton
De Priest	Kahn	Rich	Woodruff

NAYS—244

Adair	Crosby	Howard	O'Brien
Adams	Cross, Tex.	Huddleston	O'Connell
Allgood	Crosser, Ohio	Hughes	O'Malley
Arens	Crowe	Imhoff	Oliver, N.Y.
Arnold	Crump	Jacobsen	Owen
Ayers, Mont.	Cummings	Johnson, Minn.	Parks
Ayres, Kans.	Darden	Johnson, Okla.	Parsons
Bailey	Dear	Johnson, Tex.	Patman
Bankhead	Deen	Johnson, W.Va.	Peterson
Beam	Delaney	Jones	Pettengill
Beiter	Dickinson	Keller	Peyser
Berlin	Dies	Kelly, Ill.	Pierce
Biermann	Dobbins	Kelly, Pa.	Polk
Black	Dockweiler	Kenney	Prall
Bland	Doughton	Kerr	Ramsay
Blanton	Douglass	Kleberg	Ramspeck
Bloom	Doxey	Kloeb	Rankin
Boehne	Driver	Kniffin	Reilly
Boland	Duffey	Kocialkowski	Richards
Brennan	Duncan, Mo.	Kramer	Richardson
Brown, Ga.	Durgan, Ind.	Lambeth	Robinson
Brown, Ky.	Eagle	Lamneck	Rogers, N.H.
Brown, Mich.	Edmiston	Lanham	Rogers, Okla.
Browning	Eicher	Larrabee	Romjue
Brunner	Ellenbogen	Lea, Calif.	Ruffin
Buchanan	Ellzey, Miss.	Lee, Mo.	Sabath
Buck	Faddis	Lesinski	Sadowski
Bulwinkle	Farley	Lewis, Colo.	Sandlin
Burch	Fernandez	Lewis, Md.	Schaefer
Burke, Nebr.	Flesinger	Lloyd	Schulte
Busby	Fitzpatrick	Lozier	Sears
Byrns	Flannagan	Ludlow	Shallenberger
Cady	Fletcher	McCarthy	Shannon
Caldwell	Ford	McClintic	Sisson
Cannon, Mo.	Fuller	McCormack	Smith, Wash.
Cannon, Wis.	Gambrill	McDuffie	Smith, W.Va.
Carden, Ky.	Gasque	McFarlane	Snyder
Carmichael	Gillespie	McGrath	Spence
Carpenter, Kans.	Gillette	McReynolds	Steagall
Cartwright	Glover	Maloney, La.	Strong, Tex.
Cary	Gray	Mansfield	Stubbs
Castellow	Green	Marland	Swank
Chapman	Greenwood	Martin, Colo.	Tarver
Chavez	Gregory	Martin, Oreg.	Taylor, Colo.
Claiborne	Griffin	May	Taylor, S.C.
Clark, N.C.	Griswold	Mead	Terrell, Tex.
Cochran, Mo.	Harlan	Meeks	Terry, Ark.
Coffin	Harter	Miller	Thom
Colden	Hastings	Milligan	Thomason
Cole	Healey	Mitchell	Thompson, Ill.
Colmer	Henney	Montague	Thompson, Tex.
Condon	Hildebrandt	Montet	Truax
Connery	Hill, Ala.	Moran	Turner
Cooper, Tenn.	Hill, Knute	Morehead	Utterback
Cox	Hill, Samuel B.	Murdock	Vinson, Ga.
Cravens	Hoidale	Nesbit	Vinson, Ky.

Wallgren	Weideman	Whittington	Wood, Ga.
Walter	Werner	Wilcox	Wood, Mo.
Warren	West, Ohio	Williford	Woodrum
Wearin	West, Tex.	Williams	Young
Weaver	White	Wilson	Zioncheck

NOT VOTING—87

Abernethy	Drewry	Kinzer	Rayburn
Andrews, N.Y.	Edmonds	Kopplemann	Robertson
Auf der Heide	Fitzgibbons	Kurtz	Rudd
Bacharach	Frear	Lanzetta	Sanders
Boylan	Frey	Lehr	Schuetz
Brooks	Fulmer	Lindsay	Scrugham
Brumm	Gavagan	McKeown	Sirovich
Burke, Calif.	Goldsborough	McMillan	Smith, Va.
Carley, N.Y.	Goodwin	McSwain	Somers, N.Y.
Carpenter, Nebr.	Granfield	Maloney, Conn.	Stalker
Celler	Haines	Mapes	Stokes
Church	Hamilton	Marshall	Studley
Collins, Miss.	Hancock, N.C.	Muldowney	Sullivan
Connolly	Hart	Musselwhite	Sumners, Tex.
Corning	Hess	Norton	Sutphin
Cullen	Hoeppel	O'Connor	Sweeney
DeRouen	Jeffers	Oliver, Ala.	Thomas
Dickstein	Jenckes, Ind.	Palmisano	Treadway
Dingell	Jenkins, Ohio	Parker	Umstead
Disney	Kee	Pou	Underwood
Ditter	Kennedy, Md.	Powers	Waldron
Doutrich	Kennedy, N.Y.	Randolph	

So the motion to recommit was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Ditter (for) with Mr. Kennedy of New York (against).
Mr. Kinzer (for) with Mr. Granfield (against).
Mr. Bacharach (for) with Mr. Cullen (against).
Mr. Powers (for) with Mr. Doutrich (against).
Mr. Connolly (for) with Mr. Palmisano (against).
Mr. Waldron (for) with Mr. Lanzetta (against).
Mr. Kurtz (for) with Mr. Schuetz (against).
Mr. Brumm (for) with Mr. Jeffers (against).
Mr. Edmonds (for) with Mr. Oliver of Alabama (against).
Mr. Hess (for) with Mrs. Jenckes of Indiana (against).
Mr. Muldowney (for) with Mr. Pou (against).

Until further notice:

Mr. Musselwhite with Mr. Mapes.
Mr. Sullivan with Mr. Treadway.
Mr. Boylan with Mr. Andrews of New York.
Mr. Collins of Mississippi with Mr. Stokes.
Mr. Corning with Mr. Thomas.
Mr. Rudd with Mr. Jenkins of Missouri.
Mr. Parker with Mr. Goodwin.
Mr. Lehr with Mr. Marshall.
Mr. O'Connor with Mr. Stalker.
Mr. McSwain with Mr. Sutphin.
Mr. Lindsay with Mr. Robertson.
Mr. McKeown with Mr. Kennedy of Maryland.
Mrs. Norton with Mr. Dingell.
Mr. Carley with Mr. McMillan.
Mr. Fulmer with Mr. Sirovich.
Mr. Haines with Mr. Studley.
Mr. Underwood with Mr. Umstead.
Mr. Sweeney with Mr. Kee.
Mr. Sumners of Texas with Mr. Hamilton.
Mr. Smith of Virginia with Mr. Maloney of Connecticut.
Mr. Sanders with Mr. Hart.
Mr. Gavagan with Mr. Hancock of North Carolina.
Mr. Goldsborough with Mr. Drewry.
Mr. Abernethy with Mr. Fitzgibbons.
Mr. Dickstein with Mr. Auf der Heide.
Mr. Disney with Mr. Celler.
Mr. Somers of New York with Mr. Church.

Mr. MEAD. Mr. Speaker, the gentleman from Michigan, Mr. DINGELL, was called from the floor because of a minor injury to one of his children. Were he here, he would have voted "nay."

The result of the vote was announced as above recorded.

Mr. MARTIN of Massachusetts. Mr. Speaker, I question the presence of a quorum.

Mr. BLANTON. Mr. Speaker, I make the point of order that the vote has just developed a quorum.

The SPEAKER. The point of order is sustained.

The question is on the passage of the bill.

Mr. FISH and Mr. RANKIN asked for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 249, nays 81, not voting 101, as follows:

[Roll No. 93]

YEAS—249

Adair	Ayres, Kans.	Biermann	Boileau
Adams	Bailey	Black	Boland
Allgood	Bankhead	Bland	Brennan
Arens	Beam	Blanton	Brown, Ga.
Arnold	Beiter	Bloom	Brown, Ky.
Ayers, Mont.	Berlin	Boehne	Browning
Brunner	Faddis	Lehr	Romjue
Buck	Farley	Lemke	Ruffin
Bulwinkle	Fernandes	Lesinski	Sabath
Burch	Fiesinger	Lewis, Colo.	Sandlin
Burke, Nebr.	Fitzpatrick	Lloyd	Schaefer
Busby	Flannagan	Lozier	Schuetz
Byrns	Fletcher	Ludlow	Schulte
Cady	Ford	McCarthy	Scrugham
Caldwell	Foulkes	McClintic	Sears
Cannon, Mo.	Fulmer	McCormack	Secrest
Cannon, Wis.	Gambrill	McDuffie	Shallenberger
Carden, Ky.	Gasque	McFarlane	Shannon
Carmichael	Gilchrist	McGrath	Shoemaker
Carpenter, Kans.	Gillespie	McLeod	Sisson
Cartwright	Gillette	McReynolds	Smith, Wash.
Cary	Glover	Maloney, La.	Smith, W.Va.
Castellow	Gray	Mansfield	Spence
Chapman	Green	Marland	Steagall
Chase	Greenwood	Martin, Colo.	Strong, Tex.
Chavez	Gregory	Martin, Oreg.	Stubbs
Christianson	Griffin	May	Swank
Claiborne	Griswold	Mead	Tarver
Cochran, Mo.	Harlan	Meeks	Taylor, Colo.
Coffin	Harter	Miller	Terrell, Tex.
Colden	Hastings	Milligan	Terry, Ark.
Cole	Healey	Mitchell	Thom
Colmer	Henney	Monaghan, Mont.	Thomason
Condon	Hildebrandt	Montet	Thompson, Ill.
Connery	Hill, Knute	Moran	Thompson, Tex.
Cooper, Tenn.	Hill, Samuel B.	Morehead	Truax
Cox	Howard	Murdock	Utterback
Cravens	Huddleston	Nesbit	Vinson, Ga.
Crosby	Hughes	O'Brien	Vinson, Ky.
Cross, Tex.	Imhoff	O'Connell	Wallgren
Crosser, Ohio	Jacobsen	O'Malley	Walter
Crowe	James	Oliver, Ala.	Warren
Crump	Johnson, Minn.	Oliver, N.Y.	Wearin
Cummings	Johnson, Okla.	Owen	Weaver
Darden	Johnson, Tex.	Parks	Weideman
Dear	Johnson, W.Va.	Parsons	Welch
Deen	Jones	Patman	Werner
Delaney	Keller	Peterson	West, Ohio
Dies	Kelly, Pa.	Pettengill	West, Tex.
Dobbins	Kenney	Peyser	White
Dockweiler	Kerr	Pierce	Whittington
Doughton	Kleberg	Polk	Wilcox
Douglass	Kloeb	Prall	Williams
Doxey	Kniffin	Ramsay	Wilson
Driver	Kocialkowski	Ramspeck	Wood, Ga.
Duffey	Kramer	Rankin	Wood, Mo.
Dunn	Kvale	Reilly	Woodruff
Durgan, Ind.	Lambeth	Richards	Woodrum
Eagle	Lamneck	Richardson	Young
Edmiston	Lanham	Robertson	Zioncheck
Eicher	Larrabee	Robinson	
Ellenbogen	Lea, Calif.	Rogers, N.H.	
Ellzey, Miss.	Lee, Mo.	Rogers, Okla.	

NAYS—81

Allen	De Priest	Knutson	Seger
Andrew, Mass.	Dirksen	Lambertson	Simpson
Bacon	Dondero	Lehlbach	Sinclair
Bakewell	Dowell	Luce	Snell
Beck	Eaton	Lundeen	Swick
Beedy	Eltse, Calif.	McFadden	Taber
Blanchard	Englebright	McGugin	Taylor, Tenn.
Bolton	Evans	McLean	Thurston
Britten	Fish	Martin, Mass.	Tinkham
Buckbee	Focht	Merritt	Tobey
Burnham	Foss	Millard	Traeger
Carter, Calif.	Goss	Mott	Turpin
Carter, Wyo.	Greenway	Moynihan, Ill.	Wadsworth
Cavicchia	Guyer	Perkins	Whitley
Clarke, N.Y.	Hancock, N.Y.	Plumley	Wigglesworth
Cochran, Pa.	Hartley	Ransley	Wolcott
Collins, Calif.	Higgins	Reece	Wolfenden
Cooper, Ohio	Hollister	Reed, N.Y.	Wolverton
Crowther	Holmes	Reid, Ill.	
Culkin	Hope	Rich	
Darrow	Kahn	Rogers, Mass.	

NOT VOTING—101

Abernethy	Disney	Jeffers	O'Connor
Andrews, N.Y.	Ditter	Jenckes, Ind.	Palmisano
Auf der Heide	Doutrich	Jenkins, Ohio	Parker
Bacharach	Drewry	Kee	Peavey
Boylan	Duncan, Mo.	Kelly, Ill.	Pou
Brooks	Edmonds	Kennedy, Md.	Powers
Brown, Mich.	Fitzgibbons	Kennedy, N.Y.	Randolph
Brumm	Frear	Kinzer	Rayburn
Buchanan	Frey	Kopplemann	Rudd
Burke, Calif.	Fuller	Kurtz	Sadowski
Carley, N.Y.	Gavagan	Lanzetta	Sanders
Carpenter, Nebr.	Gifford	Lewis, Md.	Sirovich
Celler	Goldsborough	Lindsay	Smith, Va.
Church	Goodwin	McKeown	Snyder
Clark, N.C.	Granfield	McMillan	Somers, N.Y.
Collins, Miss.	Haines	McSwain	Stalker
Connolly	Hamilton	Maloney, Conn.	Stokes
Corning	Hancock, N.C.	Mapes	Strong, Pa.
Cullen	Hart	Marshall	Studley
DeRouen	Hess	Montague	Sullivan
Dickinson	Hill, Ala.	Muldowney	Sumners, Tex.
Dickstein	Hoeppel	Musselwhite	Sutphin
Dingell	Holdale	Norton	Sweeney

Taylor, S.C.	Turner	Underwood	Willford
Thomas	Umstead	Waldron	Withrow
Treadway			

So the bill was passed.

The Clerk announced the following additional pairs:

On this vote:

Mr. Kennedy of New York (for) with Mr. Ditter (against).
Mr. Granfield (for) with Mr. Kinzer (against).
Mr. Cullen (for) with Mr. Bacharach (against).
Mr. Doutrich (for) with Mr. Powers (against).
Mr. Palmisano (for) with Mr. Connolly (against).
Mr. Lanzetta (for) with Mr. Waldron (against).
Mr. Kelly of Illinois (for) with Mr. Kurtz (against).
Mr. Jeffers (for) with Mr. Brumm (against).
Mr. Corning (for) with Mr. Edmonds (against).
Mrs. Jenckes of Indiana (for) with Mr. Hess (against).
Mr. Pou (for) with Mr. Muldowney (against).

Until further notice:

Mr. Musselwhite with Mr. Mapes.
Mr. Sullivan with Mr. Treadway.
Mr. Boylan with Mr. Andrews of New York.
Mr. Collins of Mississippi with Mr. Stokes.
Mr. Rudd with Mr. Thomas.
Mr. McSwain with Mr. Jenkins of Ohio.
Mr. Parker with Mr. Goodwin.
Mr. Lindsay with Mr. Marshall.
Mr. O'Connor with Mr. Stalker.
Mr. Rayburn with Mr. Gifford.
Mr. McKeown with Mr. Frear.
Mrs. Norton with Mr. Peavey.
Mr. Sanders with Mr. Strong of Pennsylvania.
Mr. Gavagan with Mr. Withrow.
Mr. Sutphin with Mr. Kennedy of Maryland.
Mr. McMillan with Mr. Dingell.
Mr. Carley with Mr. Studley.
Mr. Sirovich with Mr. Umstead.
Mr. Fulmer with Mr. Kee.
Mr. Haines with Mr. Hamilton.
Mr. Underwood with Mr. Maloney of Connecticut.
Mr. Sweeney with Mr. Hancock of North Carolina.
Mr. Sumners of Texas with Mr. Hart.
Mr. Smith of Virginia with Mr. Brown of Michigan.
Mr. Goldsborough with Mr. Drewry.
Mr. Abernethy with Mr. Fitzgibbons.
Mr. Dickstein with Mr. Auf der Heide.
Mr. Disney with Mr. Celler.
Mr. Somers of New York with Mr. Willford.
Mr. Buchanan with Mr. Snyder.
Mr. Taylor of South Carolina with Mr. Lewis of Maryland.
Mr. Montague with Mr. Hill of Alabama.

Mr. MEAD. Mr. Speaker, the gentleman from Michigan, Mr. DINGELL, was called from the floor because of a minor accident which befell one of his children. Were he here, he would have voted "yea" on this vote.

The result of the vote was announced as above recorded.

Mr. MEAD. Mr. Speaker, I move to amend the title of the bill.

The Clerk read as follows:

Motion offered by Mr. MEAD: Amend the title so as to read: "A bill to authorize the Postmaster General to accept and to use landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes."

The motion was agreed to.

On motion of Mr. MEAD, a motion to reconsider the vote by which the bill was passed was laid on the table.

GOVERNMENT IN BUSINESS

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. REED of New York. Mr. Speaker, because of the action of the Senate in removing the amendment from the Post Office appropriation bill, it is still proposed to have the Government erect a furniture-manufacturing plant at Reedsville, W.Va. This factory is to cost $525,000. It is to be equipped with the very latest machinery to enable it to compete with private industry.

Since the action taken by the Senate, Secretary Ickes, in an Associated Press interview, said:

It will be used as a yardstick to determine if the Government has been paying too much for post-office equipment, and thereby may hang a tale and may be the reason why some are opposing it.

I wish to state here and now that I have furniture-manufacturing plants in my district, particularly in the cities of Jamestown and Salamanca, N.Y. Although the furniture-manufacturing plants in both of these cities have made extraordinary efforts to keep their men employed, it has been necessary for the cities to avail themselves of public funds in order to support those families whose breadwinners are out of employment. It is a well-known fact that the furniture factories of this country are financially in a precarious condition. The market for furniture for a long time has been at a very low ebb. The Journal of Commerce of February 1, 1934, reports that—

Furniture manufacturers and distributors have not enjoyed a recovery comparable to that of other lines of consumption goods to date. Prices have been kept low by the industry and are expected to remain practically unchanged for some time to come unless higher raw-material costs and N.R.A. wage increases make an upward revision absolutely necessary.

It is now proposed that the Government adopt a principle which is contrary to our American system of government and throw the Government into direct competition with private industry. This can only be done by using the taxpayers' money to destroy the very taxpayers who furnish the revenue to the Government. Secretary Ickes stresses the point that the Government factory may disclose that the costs in private industry are too high. It is an amazing and a startling statement to make in view of the factors that enter into the costs of manufacturing.

It has been brought out very clearly in recent hearings that the Government's cost-finding system is fallacious; that it does not take into consideration certain costs of production which fall most heavily upon private industry and which under Government operation are eliminated from consideration.

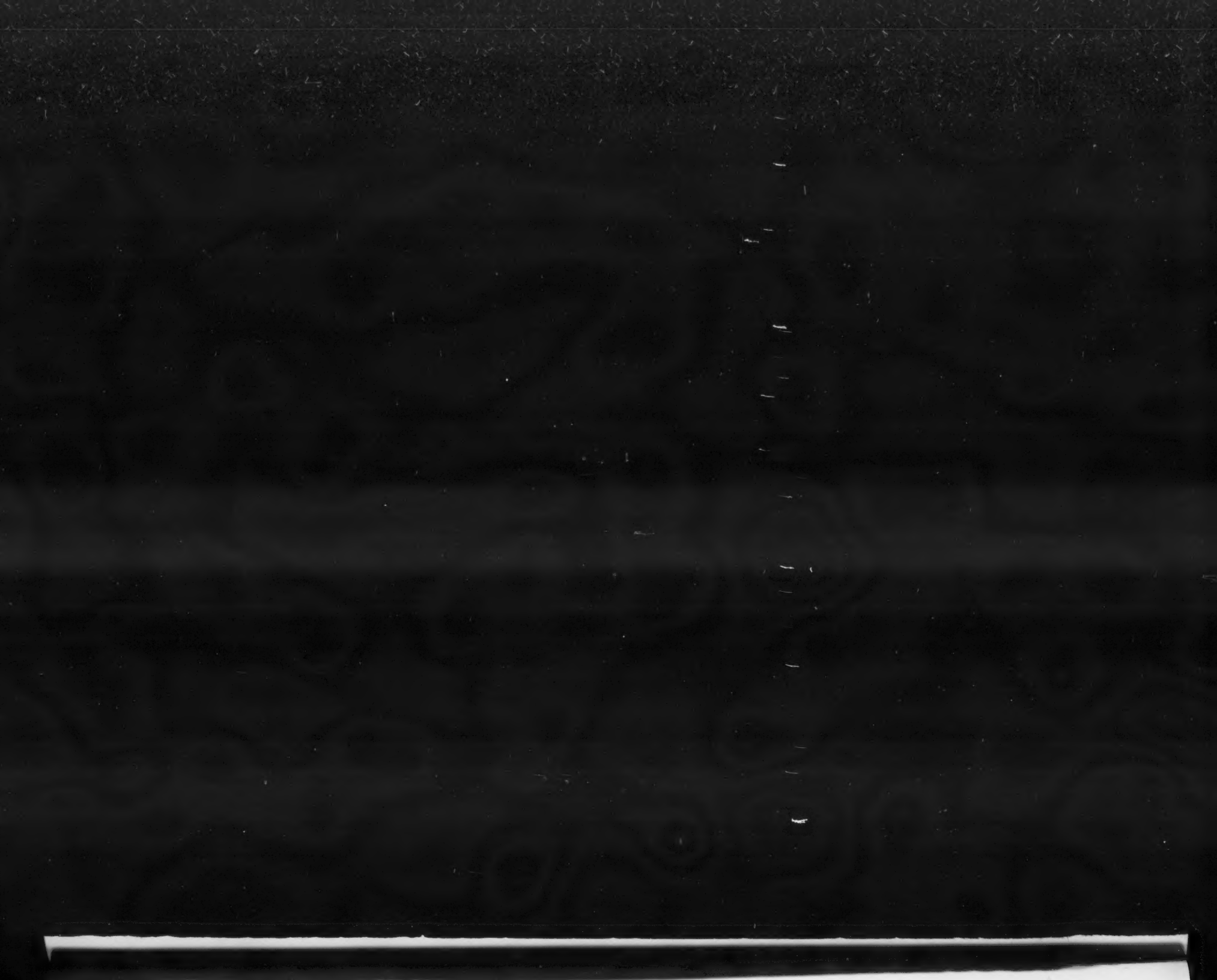
It will be observed by any man familiar with production, whether of furniture or of other manufactured products, that certain items have to be figured in by private industry that are completely lost sight of in the operation of the Government. Government agencies do not have to pay rents; they do not figure anything for capital-investment costs; there is nothing allowed for interest on the investment; not one cent is paid the Government, the city, or the State for taxes; not a cent for insurance costs; nothing whatever for building depreciation; and in a great many instances the supervisory costs are not figured, because Government employees serve as supervisors. These are only a few, however, of the high points with reference to costs which place the Government in a position to absolutely drive private industry to the wall.

I am not surprised that private industry, now heavily taxed to meet governmental expenditures running into millions of dollars a day, a burden that must eventually be borne and paid very largely by industry, is stunned and staggered at a proposal that has for its purpose a program of State socialism utterly destructive to the fundamental principles of our Government. It is not to be wondered that the citizens at large and heavy taxpayers in particular should stand aghast at such a proposal when the Democratic platform of 1932 provides:

The removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

Throughout the campaign and since, the administration has stressed their position as standing for the Democratic platform 100 percent. I am not speaking in a partisan manner; I am speaking for American fair play; I am speaking not only in behalf of industry but I am speaking in behalf of labor. I do not want to see a Russian system substituted for the American system in this country. I do not want to see the wage level in our private industries driven down to a mere subsistence basis by Government-run plants which do not have to consider the costs of production such as I have enumerated.

I know that a conference report will soon be brought back to the House for consideration in which this question of Government in business will be decided. I urge the Members on both sides of the aisle to forget their partisanship and register their disapproval of this experiment and adventure into state socialism which now threatens the stability of industry and of labor. I appeal to the men on the



Democratic side of the House to again review the statements and pledges in the Democratic platform—

> The removal of Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

I want you to turn to that clause in your platform which says:

> We believe that a party platform is a covenant with the people, to be faithfully kept by the party when intrusted with power.

I submit that it will be impossible for any man who stands upon that platform to support this venture of the Government into the field of private enterprise. I have only mentioned the pledge contained in your platform that you may keep faith with the American people, a majority of whom evidently relied upon the covenants and pledges which you gave to them when you appealed for their suffrage.

AMERICAN ECONOMIC DEFENSE

Mr. LAMNECK. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. LAMNECK. Mr. Speaker, the depression in America has been diverted from what might have been a very serious situation, both social and political, by the action of President Roosevelt in setting up a Public Works program, in developing the National Recovery Administration, and other so-called "emergency legislation."

As one of the Members of Congress I want to say that I have been heart and soul behind the President in all of this emergency legislation.

But the time has come when we must place concrete and steel under this temporary structure. We must have a permanent basis for prosperity in the United States. There is no doubt at all that we cannot continue to contribute billions of dollars for maintaining artificial stimulus to public activity. The day to pay must come sometime. We cannot continue forever to borrow money. I wish to speak tonight on the subject of aiding the President in his announced policies that lie in the direction of permanent prosperity.

The time has come, in the opinion of many of us who are Members of Congress, to direct our attention to permanent prosperity, based upon profits to industry and profits to business in America. The President has declared for price levels that will bring prosperity to America and for a sound and adequate supply of money. How can we reach these desired aims? Shall we leave it to the experts of the departments, or shall Congress perform its constitutional duty in working out this legislation? Congress has been anxious to shift this responsibility; but the experts of the administration have not worked out a solution, or anything that can even claim to be a solution, of the monetary problem. The corner on gold is still unbroken. The value of gold is still increasing. The gold standard is still neither a true standard nor a controlled standard. The President's aims above quoted are not being achieved by his experts, and these aims must be achieved before we can have normal prosperity in the United States.

One of the committees of Congress has stated that this depression is the direct result of legislative acts of European governments, and no expert has come forward to deny this statement. It is impossible to deny this statement because the facts are very clear and the evidence cannot be contradicted. Why cannot we in America restore a profitable price level? This is our problem. Why cannot we arrive at sound money for which the President has declared? The Constitution of the United States provides that it shall be the duty of Congress to coin money and regulate the value thereof. This duty has never been performed by Congress in years that have gone by. This important matter has been left to experts, and the experts have always thought in terms of the international bankers.

This depression could have been cured in 1930 or in 1931 if Congress could have concentrated its attention upon carrying out this provision of the Constitution, to regulate the value of money. The question now is, Should Congress continue to delay the performance of this duty and thus continue the duration of this depression?

There is a bill now pending in Congress. It was first introduced in the Hoover administration. It is known as the Fiesinger bill. This bill, again introduced in the present Congress by Judge FIESINGER, of Ohio, has been before Congress during the whole of the present administration.

The attention of the Ohio delegation in Congress was directed toward this bill in February 1933. At that time a meeting of the Ohio delegation sent a telegram to President-elect Roosevelt asking for an interview to discuss this bill. I have since had many conferences with fellow Congressmen, with economists, and so-called "experts." I have written many letters, inviting criticism of this bill, to bankers in my home State and to prominent business men and economists. There has been no one who has yet proposed any serious objection to this bill. There has been no one who has pointed out any defect. But it is not in line with the plan of the international bankers; neither is it in line with the views of their experts. It is an American plan and gives to America the price level and the sound basis for prosperity which the President has announced as the aims of his policies.

It seems to me the time has come when the Congress should search for some reason why this bill should not be enacted into law—some good and sufficient reason. Or else enact this law and give to the American Nation the economic defense which is so well provided for in this bill.

This brings the present world issue to a focus. It gives us a clean-cut statement of the real issue, and this issue is whether the international bankers, through the means of so-called "managed currency", can dole out prosperity or hard times to the American Nation, or whether the American Congress can provide a sound-money system based on gold and silver, so that future depressions of this kind are impossible to be brought about by monetary manipulation.

This is a question between the international bankers and the American Congress for the control of prosperity to the American Nation. The international bankers will give us the price levels that Europe requires in order to exploit its colonial possessions and the other producing nations of the world. The American Congress can establish money values that will give a profitable price level to the producing nations of the world. This question is so far-reaching that it is my personal view that the Congress of the United States is the only agency for reaching a solution of this question. You cannot find economists and experts who are willing to divorce themselves from the influence of the great financial institutions of the world. If Congress cannot address itself to this problem and protect the people from a program being promulgated by European nations and European agencies, and if Congress cannot find experts who are free from the orthodox teaching of European influences so as to expose the real truth of our economic situation, then what agency of the people is there who can perform this service?

In this connection I should like to quote a few lines from an open letter dated December 23, 1933, addressed to the President by Mr. John Janney, who is the chairman of the board of the American Society of Practical Economists, and decidedly the most frank and outspoken of the economists who appeared before the committee of Congress. Incidentally Mr. Janney is the one economist who, as the record will show, occupied the rather unusual position of being able to answer completely and satisfactorily all questions which the committee asked him.

Quoting from this letter, Mr. Janney said to the President:

> I feel it my duty to report to you that in all of these interviews I found a startling absence of fundamental thinking, so far as the interest of the United States is concerned. I found a subtle completeness of thought processes, so far as the protecting of the interest of Europe is concerned. I further found an absence of comprehension as to the difference in the interest of Europe and the United States.
>
> I attribute this advocacy of Europe and betrayal of American interest to orthodoxy or teaching and not to a deliberate effort to betray our country.

What America needs is economic defense—defense from money manipulations, and the need to develop a patriotic grasp of this problem.

WHAT IS THE FIESINGER BILL?

The public must be urged to get behind the Fiesinger bill and warned not to confuse this with other silver legislation. Most of the so-called "silver bills" in reality defeat the very object of the law, which is to regulate and control the buying power of world gold moneys. Silver bills which aim to give a sop to silver miners have lent confusion to this subject.

The Fiesinger bill is the one bill before the Congress of the United States that provides economic defense to our Nation. It does this because it gives to our Government the control of the power to regulate basic money values. You hear a great deal of talk about depressing money values or inflating money values, but you hear very little talk about controlling money values. This is what the Constitution requires of Congress—not to fix but to regulate the value of money.

The United States is one of the greatest nations upon the face of the earth, as far as its economic position is concerned. It has tremendous wealth of resources. Until lately it has had a great commerce through the means of which to distribute this wealth among the nations of the world. There is an abundance of factory equipment in the United States; an abundance of man power, well trained and qualified, to continue to build up a living and prosperous Nation. Why cannot we control the value of our money? Why cannot we free money from manipulative influences?

The purpose of the Fiesinger bill is to do this very thing. We hear much talk about the corner of gold, the maldistribution of gold, the break-down of gold as a standard of value. The Fiesinger bill would restore gold as an honest standard of value. It would break the corner on gold. It would permit a gradual redistribution of gold among the nations of the world.

It would do these things because the Fiesinger bill goes directly to the cause of the difficulty. A committee of Congress has recently studied depressions and analyzed their causes. This Fiesinger bill is a remedy for these causes. It is a scientific adaptation of the careful study of a well-advised committee of your Congress after months of investigation.

What is the secret of these accomplishments of the Fiesinger bill? The secret is, it takes hold of the greatest monetary weapon known to gold-standard nations. It occupies the greatest power that can be used to control the value of gold, and that power is silver. How many people of the United States understand silver? I am free to say that before my study along with the members of this committee, I did not understand silver, or its influence. So far as I know, no other Member of Congress understood this influence of silver. The people of the United States do not understand silver because of the propaganda as to silver and as to money that fills the Nation. But silver is the most potent weapon that this country can use to defend it from depressions. If silver is used as it can be used—under this bill—we will become the most prosperous Nation on earth, but the rest of the world will share this prosperity.

The Fiesinger bill takes hold of this weapon—"silver." It does not experiment with it. It does not use it as silver has been used before in this country with unsuccessful results, but the Fiesinger bill places silver to that use which other nations have employed for the purposes of creating depressions, and we use it in reverse direction to create prosperity. The history of the last hundred years in the world shows that America is the only world power which can do this thing so needed in the world today.

Do you realize that all business transactions require some standard of measure of value. You have a standard of distance, of volume, of weight. You could not do without them. But far more important than these is some unit for measuring values. Most of the world with whom we trade use gold as a standard of value. We use a given weight of gold as a standard of value. For gold to vary in value is even more ruinous than for your yardstick of distance or your bushel measures to vary. In either case the business man suffers, and business becomes chaotic. The Fiesinger bill puts silver into the monetary reserves of the United States in such a simple way as to make it absolutely competitive with gold. Silver is not monetized at a ratio, 16 to 1 or any other fixed ratio, under the Fiesinger bill. I am not going into the question of bimetallism tonight, but perhaps you do not know that we had no silver money when we had the ratio of 16 to 1 in the United States through a period of 40 years. Do you know we had no gold money in the United States through the previous period of 40 years, when we had a ratio of 15 to 1? Remonetizing silver at a fixed ratio does not give the United States control of the value of silver or of gold. It is like shackling a man's feet and telling him to swim.

The Fiesinger bill uses silver as money for exactly what it is worth, just as gold is used for money for what it is worth, and it leaves the United States Government free to determine what quantity of silver shall be put into the reserves. This leaves the United States free to fix the quantity of competition between gold and silver. This, then, can be used to regulate the demand and, therefore, the value of gold. This keeps your standard unit at a fixed value as a true standard must be kept. Let us consider the price of something else. Take wheat for instance. What did the Government do during the World War when the price of wheat got too high? They gave us corn bread to compete with wheat bread. For 2 days a week we could not eat wheat bread.

The Fiesinger bill gives the Government the right to use silver in competition with gold as real money and to continue to use silver in competition with gold until it decreases the demand for gold, so as to lower gold and thus raise property values as expressed in gold. But the Fiesinger bill does more than that; it so controls the demand of gold as to completely regulate its value.

Who can object to such a law? I have said that no one has offered any serious objection to this bill. So far as I can see or find out, there cannot be any objections to this law except one objection, that America by law controls price levels instead of the international bankers by their manipulations. The question then is this, Are you in favor of your own laws controlling depression or prosperity in gold-standard countries, or are you in favor of leaving this to the management of so-called "managed currencies" which are held under the control of European banking institutions?

In conclusion I should like to say to you that there is no subject so important to you and to every citizen in the United States as the silver question. You must understand how this metal silver can be used to avoid the tragedy of these terrible ordeals that we call depressions. There can be no depression in the value of your property measured in gold if there is no shifting in the value of gold by which this value is measured because it is this fluctuation in the value of gold which causes the crash of your stock markets; it causes the run on your banks; it destroys foreign trade; it destroys the buying power of foreign countries; it makes hard times harder. There is no other remedy than to restore this essential normal condition because it is inherent in sound money, and sound money is absolutely essential to prosperity.

There are many tasks before the Congress of the United States. There are many things that are wrong and need regulation, but the fundamental thing that is wrong is the absence of a satisfactory monetary standard; and unless we can set gold and silver to perform this use as they used to perform this use, you will find a managed currency system based upon sterling exchange as a basis of world trade. This will mean that the profit to the people of the United States can be put up or down depending upon the Bank of England issuing more or less sterling. Summarizing briefly, this bill is a second declaration of independence.

THE NEW DEAL

Mr. WILLIAMS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. WILLIAMS. Mr. Speaker, we have come upon strange times. It may be said, in the language of Paul's second letter to the Corinthians, "Old things are passed away; behold, all things are become new." This is a period of transition. A time of change. A revolution is upon us. Perhaps not of force and arms, but an economic and social uprising that bids fair to become more far-reaching and significant in its effects than any reformation that has yet followed the blare of trumpets and the roar of cannon on any battlefield.

We sometimes think of our Nation as among the youngest on the list of states. Our Government has retained its present form longer than any other nation on earth. It has come down through its almost century and a half of existence without any material change. Many nations are older in name, but they have undergone a complete revolution since the time when that little body of immortal Americans submitted for ratification "the greatest document ever struck off by the mind of man", the Constitution of the United States. Our Constitution has become the model for the republics of earth. Our Government having stood the strain of internal strife and civil warfare and survived the shock of foreign and international conflicts, the question is now often asked, "Shall we as a people fall a prey to our own folly and perish by our own weakness?" The answer must come from millions of American homes in thunder tones that may be heard around the world—that we will not fail.

There are many strange political doctrines abroad. The old absolute monarchy with its king, its emperor, or its tsar has passed into the background and is almost forgotten. That form of government which hung like a pall over the nations, and for centuries retarded progress and brought fear and trembling to the people, has been banished forever. It will never return. It has no supporters. It has no one to plead its cause. It has no serfs or vassals to do its biddings. It has no army to fight its battles. In its place other theories of government have risen. Socialism, communism, bolshevism, and fascism have taken deep root and are flourishing in various parts of the earth.

In this changing world, when old creeds and dogmas are being rewritten and traditions and precedents are being upset, can we stand upon the same stage of action and adjust ourselves to the shifting scenes? Can we retain our present Constitution, at least its essential features, and secure the highest degree of social justice for our people? Can we maintain our present form of government and bring economic order out of chaos and provide for the general welfare of all? This can be and will be done. This can be and it must be done in an orderly way. Peace has its victories no less renowned than those of war. In this great work the American people have enlisted. They have put their hands to the plow, they have set their faces toward the future and will not turn back, but march on to victory under the inspiring influence and leadership of our great President, Franklin D. Roosevelt.

To bring a higher degree of social justice to the people; to secure a more equitable distribution of the products of capital and labor; to furnish work to the unemployed; to provide a better wage and safer working conditions for labor; to place agriculture upon a higher plane and a more secure basis; to restore commerce and industry; to stabilize the purchasing power of the American dollar; to drive hypocrisy, fraud, and corruption from public life; to act openly and to speak plainly; to preserve the credit of our Nation and restore the confidence of the people; to alleviate the distress and suffering of millions of men, women, and children; to bring industry, labor, and the consumers into hearty cooperation so that their combined activities will promote the general welfare of the people as a whole—this is the new deal. This is the work in which we are engaged. To accomplish these purposes, every American is asked to do his part. In this emergency, we will answer the call.

Some timid souls have wavered. Some greedy persons have criticized. Some impatient individuals are dissatisfied. Some selfish interests have rebelled. Some, for political reasons, have been indifferent. Some, because of special circumstances, may have just cause for complaint. Some who are politically minded are very solicitous for the Constitution of the United States and fear that many of the policies now being pursued are in violation of it, and, if continued, will wreck that precious document and ruin our Government. Many of those who profess so much concern about our Constitution are scarcely on speaking terms with it and would not recognize it if they met it in the road. I yield to no man in my reverence and esteem for that great document which forms the groundwork upon which the superstructure of our Government is builded. But I say all the ends aimed at by the new deal can be attained under the Constitution, and it will be left untarnished and unimpaired. However, if there should be a conflict, if the Constitution should block the passage of equal and exact justice to all the people, then it must give way. The Constitution cannot be cribbed, cabined, or confined within its four corners and resist the demands of an aroused public consciousness for legislation to relieve distressed and suffering humanity in a crisis like that through which we are passing. "We, the people of the United States", ordained and adopted the Constitution in order, among other things, to establish justice and to promote the general welfare. This instrument is not a bar across the road that leads to progress, prosperity, and happiness.

Most of the measures recently enacted are of an emergency nature. Stark necessity has often been recognized as a basis for legislation in the face of some great national calamity and when the Nation has taken up arms to fight for its ideals or its honor. We are now engaged in a warfare against depression, no less fierce and desperate. There need be no fear. The Constitution will stand the strain if the people will unite in a common purpose and act together. Unity and action will win the battle! No group or class should seek any advantage. No special privileges must be granted. No avarice or greed will be tolerated.

The question is asked, "What do you think of the new deal?" Whatever misgiving there may be, the question can be answered by a similar one, "How did you like the old deal?" It may be said that the new deal will not work 100 percent. It would be a miracle if it did. It may be claimed that mistakes have been made and will be made. It would be superhuman if the plan were perfect. Whatever errors may creep in, whatever faulty or unsound policies may be applied, whatever imperfections may be disclosed and whatever failures may attend, we can never reach a lower economic, financial, and social level than we reached under the old deal! Many false and unsound political doctrines beckon to us from the future. We may be unfortunate enough to heed their call and follow in the footsteps of Germany, Italy, and Russia, but we will never retrace the pathway that leads back to the old deal!

We will never return to the old deal or the old policy of special privilege to the favored few. A policy that produced millionaires and paupers; a policy that brought penury and want in the midst of plenty; a policy that bred hypocrisy, fraud, and corruption in high places; a policy that turned the Government over to certain minority groups and classes and permitted them to exploit the people; a policy that destroyed our commerce, ruined agriculture, closed our factories, froze up the currents of credit, and placed the country on the verge of bankruptcy; a policy that started 12,000,000 men on the roads and highways looking for work; a policy that brought destitution, misery, and want to millions of our men, women, and children; a policy that nurtured and spread suspicion and fear until we lost the respect of other nations and until confidence in our own Government was gone and all hope for the future was about to be abandoned; a policy that brought us to the very bottom of the slough of despondency and despair. Whatever the future may hold in store for us, we are not going back to

that old policy which brought us such wreck and ruin. It was to escape the awful consequences of the old deal that the new deal was inaugurated on the 4th day of last March.

In every crisis of our history some colossal figure has appeared on the horizon to lead us safely through. Thomas Jefferson, at the birth of the Nation, with his practical and liberal political philosophy, pleaded the cause of the people and with his bill of rights secured for them the blessings of a greater liberty. Andrew Jackson found the emissaries of special privilege strongly entrenched, and he fought with all the courage of a gladiator and the enthusiasm of a crusader until he dislodged them and drove them from power.

Abraham Lincoln came to the Presidency when the Nation was rent and torn with internal strife; and with all the force of his sturdy, sincere nature threw his influence into the breach to save the Union, "now and forever, one and indissoluble." Woodrow Wilson found a world on fire with war; and by reason of his profound knowledge of history and of peoples and of his love for humanity, he brought the conflict to an end, preserving not only our own honor and integrity but saving free institutions and self-government throughout the world.

Now, when we are engaged in a fierce conflict with depression and have reached the depths of gloom and despair, another matchless leader comes upon the scene. He has all the practical statesmanship and the Democratic ideals of Jefferson; the determination and the courage, the militant and crusading spirit of Jackson; the calm, sincere, lofty purpose of Lincoln; the humanitarian sentiments and the altruistic idealism of Woodrow Wilson. In this struggle for a new deal, Franklin D. Roosevelt will lead us to victory!

Never in our history was as much progressive, far-reaching, and forward-looking legislation enacted as has been passed by this Congress. This legislation, together with its enforcement and the attitude and the activities of this administration, constitute the new deal. The President has demonstrated that campaign promises can be kept; that political platforms are made not only to get into office but to stand upon after the election. Every promise made has been kept. Every pledge given has been redeemed. This is new in politics. This is part of the new deal.

Heretofore, the messages of the President were a thing apart. They were clothed in long, complex, involved sentences of high-sounding words, whose meaning was doubtful or difficult to determine. There was an air of mystery about them. They could be read and understood by only the supposedly great and wise. The messages which President Roosevelt has sent to Congress are short, seldom a single page in length. They are written in plain language, so that he who runs may read. They can be understood by men on Main Street as well as by men from Wall Street. They are such messages as can be read and understood by the people. They know what he is talking about and understand what he means. This is something new and a part of the new deal.

Formerly the so-called "best minds", those representing big business, were summoned into conference to decide the activities of the Government and determine the policy of the administration. Now we have boards and committees representing industry, labor, and the consuming public, all assembled around the same council table, trying to formulate a plan by which their activities may be coordinated in the interest not of some special class but for the good of all. This is something new and also a part of the new deal.

For many years the great power trusts of this country have preyed upon the people. Their evil and corrupt influences have been traced into the public schools of our land and into high official places. By the generation and distribution of electricity by the Tennessee Valley Authority, the Government will establish a reasonable price for this service, so that the people may know what it costs, and they will no longer be at the mercy of these cruel and selfish companies. This is part of the new deal.

The people of this country have been taught to worship gold. It was thought necessary to place in all Government obligations and billions of other notes and bonds the agreement to pay in gold of its present weight and fineness. We have been led to believe that there was something sacred about the number of grains in the gold dollar; that there must be so many grains of pure gold to make the dollar safe and sound. All this has been changed. The gold clause has been taken out of Government contracts, and the number of grains in a gold dollar has been reduced. "Every endeavor is being made to stabilize the purchasing power of the dollar; to make it 'the same yesterday, today, and forever.' If this can be done, and I think it can be, the greatest economic reform will be accomplished and a long step will have been taken toward banishing forever the peaks and valleys from our economic life. Gold is no longer sacrosanct. We need no longer worship the golden calf. The rule of gold has been broken, and let us hope, in some degree at least, that there may be substituted for it the Golden Rule." This is something new in public life and is in the new deal.

During the last decade unscrupulous and greedy bond and investment houses, through high-powered salesmanship and false representations, boosted and ballyhooed by the preceding administrations, unloaded billions of depreciated and worthless securities on the American people. The price of stocks and bonds was sky-rocketed, and the people were drawn into the gamble. When the bubble burst, men and women everywhere found that the savings of a lifetime had been swept away overnight. The Securities Act places a protecting arm around the buyer and says to the seller, "You must beware!" Every fact affecting the real worth and value of the security must be correctly and truthfully published to the world. This is something new in the investment realm and is one important feature of the new deal.

In the field of agriculture a sincere and an earnest effort is being made to bring relief to this basic industry. All the farm-loan agencies have been organized under the Farm Credit Administration with the hope that needed credit may be extended the farmers upon safe and sound conditions and upon reasonable and liberal terms. What is being done for the farmers along this line is being attempted for the home owners also. The Agricultural Adjustment Act seeks to adjust production and consumption and to raise the value of the farmers' dollar measured by the purchasing power of the products he sells. This is admittedly an experiment but is a part of the new deal and should receive the support of the people and should be given a fair chance.

The Railroad Coordinator, recognizing the need to retain the railroads as a part of our transportation system, is trying to work out a plan by which many lines may be eliminated and others may be so operated as to bring a fair return upon the capital invested. This is being done not in the interest of the railroads alone but for the benefit of the employees, the shippers, and the consumers as well. The watered stock will be squeezed out. The excessive and inordinate salaries of executive officers will be eliminated, and many useless and expensive positions will be abolished. Then the people themselves may share in the benefits to be derived from those roads which survive and which are operated in an orderly and efficient manner. This will be something new in the railroad world.

The National Industrial Recovery Act and the Public Works program and the Civil Works program go hand in hand to restore industry and bring employment to labor. Patriotic men and women of all parties and creeds are working day and night to accomplish these ends. The success or failure of this great effort is in the hands of the people themselves. In this war against depression everyone should enlist. It is not socialism, it is not communism, or fascism; it is not Protestantism or Catholicism; it is not Democratic or Republican; it is Americanism. At every crucial period in our history men and women alike have answered the call for help. We are not going to fail now. Our soldiers have displayed the highest degree of courage

and unflinching valor on every battlefield. Our flag in its march around the world has brought comfort, consolation, and hope to the oppressed and benighted peoples of the earth. Wherever it has gone, whatever has been its mission, whether on land or sea, it has always come back home with glory shining in its silken folds, with its blue unclouded and its stars undimmed. In this conflict we are not going to haul down our colors. We are not going to surrender. We have set forth upon the highway that will lead us to the tablelands of a brighter, a better, and a happier day. Let us all join in this onward and upward march. May we all be permitted to share in the joy, the honor, and the glory that will come from the consummation of our purposes and the realization of our hopes.

NAVAL APPROPRIATION BILL

Mr. FOULKES. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. FOULKES. Mr. Speaker, we should attempt to relieve ourselves and the other nations from the old theory of competitive armaments. In spite of all the arguments in favor of great military and naval forces on the part of the munition crowd, no nation has ever yet built an army or navy large enough to guarantee it against attack in time of peace or to insure its victory in time of war. No nation ever can or will be able to do this. Peace and security can only result from fair and honorable dealings and limitations of armaments among nations. Any attempt at competition in squadrons and battalions ends in vain. There is no merit in any unnecessary expenditure of money to hire men to build fleets and carry instruments of destruction when international relations and agreements permit the turning of such resources into the making of good roads, the building of better homes, the promotion of education, and all the other arts of peace which minister to the advancement of human welfare.

We desire peace, not as a nation unfit or afraid to bear arms, but as a people who have come to understand that there are other ways for settling international controversies than by letting an inferno loose over humanity. There are two different ways in which great questions involving national pride and national interest may be approached. One is in a spirit of confidence, fair-mindedness, and hope. The other is in a spirit of suspicion, hatred, and fear. The contest for the government of mankind and its heart is between these. In any case it is an intangible that will prevail, and it is for public opinion to determine whether this intangible shall be lofty, fine, and noble or whether it shall be that which is low, selfish, and destructive. Today the world stands at the crossroads and must choose the road which it will travel.

In the entire annals of war no nation has acknowledged itself to have been an aggressor nation. They have all contended that they began their wars in self-defense, and that they took the initiative because some other nation was going to attack it; so all wars have been defensive wars. We shall be still arguing a hundred years from now which nation was responsible for the war of 1914. No more formal declaration would be needed than to accept the definition of an aggressor nation as one which, having agreed to submit its differences to conciliation, arbitration, or judicial settlement, begins hostilities without having done so. It would automatically become the aggressor and as such bring upon its head world condemnation. War must be renounced as an instrument of public policy. This path lies straight before us. It is a path which enlightened Christian American public opinion should require its Government speedily to tread. It is the path of peace. The peace path leads away from the dark and tangled jungle of militarism and national self-sufficiency and boastful pride. It leads us out toward the bright, open highlands of international understanding and accomplishment. One need not believe in peace blindly, but certainly all intelligent men and women must believe in it profoundly.

Nothing is so sure in life than that the old order changes. We have had enough of dwelling on the glories of the brutalities, the bestialities of war, appealing to the savage in us even while they repel. Let us dwell on the facts of the new order and teach them to our young, but first let us know these facts ourselves. Then our youth, with all its idealism and love of justice, will learn to support peace in our institutions as a national ideal.

Fifteen years after the ending of the great mistake we find ourselves standing between a memory and a hope. The memory is of undaunted courage, of unselfish sacrifice, and of supreme devotion to a mistaken ideal. No matter what caused the great mistake or who planned or blundered into it, tens of millions of human beings responded bravely to what they conceived to be their duty.

As a result, tens of millions of homes were blasted with grief and care, and tens of millions of women and helpless children were left to pave their own way alone. They are now looking for leadership. Their gaze is directed toward the horizon, and they eagerly seek a new star with a lofty ideal. Gone is the fear for national security, gone is the argument for huge standing armies and a navy as powerful as any in the world, gone is the desire to store up huge supplies of poison gas to suffocate the combatant and noncombatant alike, unless all men and all governments are liars. There are no sovereign nations save in the empty phrases of the law; surely we must be moving on toward a new and higher plane of international morals and international cooperation.

Mr. Speaker, I believe the power of women to influence public opinion is the greatest unutilized and untrained force of our times. The twentieth century is the century of the liberated woman. The feminist movement here more than in any other country, the sportsmanship of the American man, has helped her to an unprecedented freedom. She has the education, the vote, and economic independence if she wishes it. Power and opportunity are in her hands. But power brings responsibility; and not until this new power is marshaled to act upon greater responsibilities, can the women of any nation hope to vitally influence constructive peace. Women are absorbing culture to a greater degree than men, immersed in the economic struggle. There is one field where the influence of women is rather negligible—the political field. She has greater leisure and a more direct responsibility toward the fundamental things of life than men; the care of children; the conservation of taste, the niceties of life, even the preservation of life itself. These are every woman's business, and no amount of emancipation can free her from these ancient obligations. She should now fulfill a wider life and help mold public opinion—or be molded by it. Political action is constantly affecting her. Tariff revision may affect the price of clothes she wears, or sow the seeds of ill-will and war and demand the life of her boy a few years later. To properly guard her home, her children, and those to whom she made the supreme sacrifice she should be conscious that politics for her is today one of the fundamentals of life. It may be a high duty to give one's life for his country, but there is no higher duty than to prevent the necessity of such a sacrifice. Here she fits into her appointed place and fulfills this higher duty; here she can give constructive peace the security it needs and raise her own moral status immeasurably. This new magic fact of woman's influence in human life is waiting the touch of her divine genius. If she is to hold her influence over men, if she wishes to retain her place in the domain of effective moral agencies, she must unite and, with one voice, denounce the practice of man-made war. She must don her armor and unfurl her holy standard, assume a militant part in the crusade to deliver the sacred precincts of the home from the caste which worships at the shrine of Mars, which feeds upon the profits of wars, and which seeks the paths of glory in carnage and plunder. This crusade, well worthy of her sex and ideals, will usher in the reign of peace on earth and good will toward men. [Applause.]

MOTION TO ADJOURN

Mr. BRITTEN. Mr. Speaker, I offer a privileged motion, which I send to the Clerk's desk.

The Clerk read as follows:

Mr. BRITTEN moves that the House do now adjourn as a mark of respect——

Mr. BLANTON. Mr. Speaker, will the gentleman withhold his motion for just a moment?

Mr. BRITTEN. Yes; I withhold it to permit the gentleman to make a statement.

WILLIAM W. BRIDE

Mr. BLANTON. Mr. Speaker, for a number of years I was an active member of the legislative Committee on the District of Columbia. I became intimately acquainted with all of its business affairs. I had occasion to familiarize myself with the characteristics and ability of its officials. For some time I have been a member of the Committee on Appropriations and have helped to frame the annual supply bill for the District of Columbia. I believe that I am in a position to recognize the o icials here who are worth while.

On July 1, 1927, a Democratic Commissioner, Hon. Sidney F. Taliaferro, caused William W. Bride to be appointed corporation counsel for the District of Columbia, which position he has ably, efficiently, and worthily filled ever since that date. I have crossed swords with him many times on various matters arising in District affairs. Many times we have disagreed. Many times he has opposed that which I espoused. But always I have found him to be a straight shooter, fair and square, honest and above board, and faithful to his duty and conscientious convictions.

Mr. Speaker, only one man in the District of Columbia has seen fit to make an attack against Judge William W. Bride, and he is the local attorney here for the National Distillers, and denounced as a rotten bill a measure, prepared by Judge Bride, which prevented distillers from owning any interest in retail liquor establishments. Later on I may ask him to answer some embarrassing questions. Who will deny that National Distillers reaped tremendous profits last year and are now largely responsible for the present monopolistic high price of liquors?

This enemy of William W. Bride's has made no attack whatsoever upon any official act he has ever performed. His official record stands unchallenged. It is unimpeached and unimpeachable. The charges against him are: (1) That he once contributed $100 to the Republican campaign chest; (2) that in Who's Who he is stated to be a Republican; and (3) that certain Republicans in 1929 endorsed Judge Bride for a position on the bench. I carefully investigated him. I tried to find something against him, because he had refused to support some of my policies, but I could not find any act of his that merited criticism. I had him to furnish me his Democratic record. It is a good one. He is highly endorsed by the Chairman of the Senate Committee on the District of Columbia. He is highly endorsed by our colleague the gentlewoman from New Jersey, Chairman of the House Committee on the District of Columbia.

The gentleman from New York [Mr. BLACK] is the ranking majority member present of the House Committee on the District of Columbia. If he does not mind my doing so, I would like to ask him if it is not a fact that his committee has endorsed Mr. Bride?

Mr. BLACK. Mr. Speaker, the Committee on the District of Columbia endorsed Mr. Bride for his valuable services to the District and his valuable help to the committee in its work.

Mr. BLANTON. As to his having contributed $100 to the Republican chest, we must remember that while he was appointed by a Democratic Commissioner, Mr. Sidney F. Taliaferro, he has held office under Republican regime, and we Democrats know something of the method Republicans have used in assessing officeholders for contributions during campaigns. Every Republican postmaster and every Democrat holding a postmastership under Republicans, in my district, has been assessed so much per year out of his salary. But offsetting this $100 the Republicans got out of him, I have seen a check for $1,000 that he gave into Democratic coffers to carry the Democratic banner in the great State of Maryland.

Mr. McDUFFIE. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. I yield.

Mr. McDUFFIE. Did Mr. Bride not name himself in Who's Who as a Republican?

Mr. BLANTON. Oh, Who's Who? I have never yet sent anything to Who's Who.

Mr. McDUFFIE. Neither have I.

Mr. BLANTON. They put something in Who's Who about me once in a while, but they do not get it from me. I interrogated Judge Bride about the reference to him in Who's Who, and his explanation was entirely satisfactory to me, and will satisfy any fair-minded Democrat here, and I am sure that it will satisfy our good friend from Alabama [Mr. McDUFFIE] who has been one of our able and distinguished leaders here on this floor in many Democratic fights and victories.

In 1929 when Judge Bride was mentioned for a position on the bench, numerous prominent Democrats endorsed him. As is always the case, through personal friendships, several Republicans endorsed him also. That is no reflection upon him. It is to his credit.

Mr. Speaker, I ask unanimous consent to revise and extend my remarks, and to include therein Mr. Bride's Democratic record.

The SPEAKER. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. In such connection, Mr. Speaker, Judge Bride is the son of William Witthaft Bride, who was an active Democrat in Ohio and Illinois before coming to Washington in 1873; in charge of ratification meeting for Winfield Scott Hancock, Democratic nominee for President, 1880. He was a delegate to the Democratic National Conventions, 1900–1908; member Democratic congressional committee under Chairman Lloyd, of Missouri; nominated by President Wilson and confirmed member excise board, District of Columbia. He was president of the East Washington Democratic Club, campaigns 1896, 1900, 1904, 1908. He was the president and—with Hon. Blair Lee and Edwin A. Newman—owner of Silver Knight and National Watchmen, a Democratic free-silver newspaper of wide national circulation. He was national treasurer of the American Anti-Trust League. So much for Judge Bride's Democratic father.

Hon. William Jennings Bryan resided at the home of Mr. Bride's father during his whole congressional career and made it his place of residence whenever he was in Washington until he came to Washington as Secretary of State.

In 1896, Judge William W. Bride, our present corporation counsel, then aged 14, worked at Democratic headquarters throughout campaign without compensation. This is shown by original letter from Hon. Conrad H. Syme, then assistant secretary Democratic congressional committee. Member East Washington Democratic Club. (Original certificate available.)

In 1897, when 15 years of age, he worked for Jackson Democratic Association. (Commendatory letter from Robert H. Allen, secretary, available.)

And here is his subsequent Democratic record:

In 1897 he spoke for Democratic cause in Maryland and worked at Democratic headquarters, helping to get out Democratic vote—letter available from Senator Arthur Pue Gorman, then chairman Democratic National Committee. Also worked with New York Democratic Club for election of Alton B. Parker, later Democratic nominee for President; then Democratic candidate for chief justice, New York State Court of Appeals, under direction of Lawrence Gardner, then Democratic national committeeman.

In 1898, spoke many times in southern Maryland in congressional campaign. Active in arrangement Jackson Day Democratic banquet. In 1900, when 18 years of age, very active in preconvention campaign for Hon. William Jennings Bryan in Democratic primaries here; went to Democratic National Convention at Kansas City, served as alternate

delegate; went with pilgrimage to Lincoln, Nebr., the home of the Democratic nominee; spoke on stump very many times in Maryland, District of Columbia, West Virginia. There are available clippings, alternate's ticket, announcements, newspaper interviews, and so forth. Owing to heavy work was taken ill immediately after election and remained so for 4 months, necessitating a loss of a year at college.

Secretary Washington Anti-Imperialist League—imperialism was the paramount issue in 1900 campaign. Delegate Indianapolis Convention of Anti-Imperialists. Washington correspondent for a number of Nebraska Democratic newspapers, without compensation, sending out weekly letters. Worked at anti-imperialist headquarters under Capt. Patrick O'Farrell during whole campaign as secretary of committee. In 1902, active in congressional campaign in Maryland, on stump and in getting voters to return to vote.

President Georgetown University Law School Democratic Club. Spoke with Hon. William Jennings Bryan, Mayor Tom L. Johnson, and Hon. Louis F. Post, afterward Assistant Secretary of Labor under President Wilson, in Nebraska. (Newspaper clipping available.)

In 1903, spoke in Nebraska in campaign of Hon. ASHTON C. SHALLENBERGER for Congress, addressing Democratic convention—handbill and newspaper comment available. Governor SHALLENBERGER, now a Member of the House of Representatives, will verify.

In 1904, was in Nebraska acting as assistant secretary to Hon. William Jennings Bryan and attending college. Active in University of Nebraska Democratic Club.

In 1906, took no part in campaign other than in writing newspaper articles. Member various committees to receive Hon. William Jennings Bryan upon his return from trip around world. (Various programs, letters, and so forth, are available.)

In 1907, active in organizing Jackson Day banquet.

In 1908, worked at local Democratic headquarters in campaign to secure instructed delegation for Hon. William Jennings Bryan from District of Columbia; on stump in New York, Maryland, and Virginia. (Newspaper clippings available.)

In 1910 was fourth vice president and national organizer National League of Democratic College Clubs, a national league organized for campaign of 1912.

In 1911 was active in organizing Jefferson Day dinner, addressed by Hon. Woodrow Wilson, Hon. William R. Hearst, Senator Pomerene, Hon. Champ Clark, and so forth, and was personal escort to Hon. Woodrow Wilson.

In 1912 was active in support of Hon. Champ Clark for the nomination, and drove the Speaker, Bennett Clark (now Senator Clark), and the Speaker's secretary, Wallace Bassford, from Baltimore in Mr. Bride's private automobile on the night the nomination was decided. Almost single handed, organized the group of 250 Democrats which went to Sea Girt, N.J., to congratulate Governor Wilson upon his nomination. Active at Democratic headquarters and on the stump throughout the campaign.

In 1914 was appointed by Secretary Bryan one of counsel American-British pecuniary claims arbitration; served as one of counsel until retirement of Mr. Lansing and Mr. Clark, when Mr. Bride became counsel in charge of the arbitration. In 1915, Secretary Bryan appointed Mr. Bride as counsel for the foreign-trade advisers, handling blockage questions. In 1916 Mr. Bride was active in Maryland in support of the ticket, having moved into that State; but was not eligible to vote.

In 1917, registered as a Democrat in Chevy Chase, Md., remaining so registered until removal from State in 1930. Wife also registered as a Democrat, remaining so registered until removal from State in 1930.

In 1918, was in the Army and took no part in Congressional campaign.

In 1919, reregistered as a Democrat at new address.

In 1920–22–24–26 worked with the party, participating in the local councils of the party, and so forth; attended Democratic National Convention in 1924 as a supporter of Governor Smith. (Available letter from Hon. E. Brooke Lee, chairman Democratic county organization.)

In 1927, was one of the organizers of the Democratic organ of Montgomery County, the Maryland News; appointed corporation counsel on April 7; on June 29 elected a member of the board of directors of the aforementioned paper and served until removal from the State in 1930; July 1, 1927, took office as corporation counsel.

In 1928, supported Governor Smith for the nomination and active in support of his election. Daughter registered as a Democrat in 1928. (Statements are available from Hon. E. Brooke Lee, chief of the Democratic organization of Montgomery County; Dr. Benjamin C. Perry, George P. Sacks, Democratic leaders; Hon. Manton M. Wyvell, former secretary to Hon. William Jennings Bryan; Dr. Thomas H. Healy, assistant dean Foreign Service School, Georgetown University; Hon. John F. Costello, Democratic National Committeeman, District of Columbia.)

Affidavit

DISTRICT OF COLUMBIA, *ss:*

I, Emory H. Bogley, do make oath and say that I am a lawyer and have been engaged in the practice of law in the District of Columbia for 30 years, having been admitted to the bar of the Supreme Court of the District of Columbia on the 13th day of October 1902; that I am also a member of the bar of the State of Maryland, having been admitted to practice before the court of appeals and the circuit courts of said State about 25 years ago; that I have been a resident of Montgomery County, in the State of Maryland, all of my life and have for more than 25 years taken an active part in the public affairs of said county, and more particularly in civic and political activities in the first election precinct of Bethesda district; that for more than 25 years I have worked diligently in the interest of the Democratic Party in the said first election precinct, being present on all registration and election days as a representative of the party; that I have known William W. Bride for more than 15 years; that I was present as a representative of the Democratic Party when he applied on the 2d day of September 1919 in the said first election precinct to register as a voter (rather to reregister because he had previously registered in the second election precinct, Chevy Chase, from which he had recently moved and established a new residence in Edgemoor, in the said first election precinct); that at the time he so applied for registration on the 2d day of September 1919 the registration officials, in accordance with the requirements of the election laws of Maryland, inquired of him as to which party, if any, he desired to affiliate, to which he replied the Democratic Party, and he was by the registration officials thereupon so enrolled on the poll books; that thereafter he always cooperated with the Democratic workers of the district and participated in the Democratic primary elections; that prior to registering in the said first election precinct he registered as a Democrat in the second election precinct, Chevy Chase, on the 9th day of October 1917; that I have within the last 10 days personally examined the poll books in the office of the clerk to the supervisors of election of Montgomery County and found the exact record as to party affiliation and participation in party elections of William W. Bride, his wife, Lulu F. Bride, and his daughter, Adelaide W. Bride, to be as follows:

William W. Bride registered as a Democrat on October 9, 1917, in the second election precinct (Chevy Chase, where he then lived); reregistered on September 2, 1919, as a Democrat in the said first election precinct (having recently moved to Edgemoor, Bethesda), and voted in the Democratic primary elections in the years 1922, 1924, 1926, and 1928. On October 7, 1930, he was stricken from the poll books because of having moved to the District of Columbia.

Lulu F. Bride registered as a Democrat on September 30, 1920, in the said first election precinct and voted in the Democratic primary elections in the years 1922, 1924, and 1926. On October 7, 1930, Mrs. Bride was stricken from the poll books because of having moved to the District of Columbia.

Adelaide W. Bride registered as a Democrat on May 1, 1928, in the said first election precinct; voted in the Democratic primary election in 1928, and on October 7, 1930, was stricken from the poll books for the same reason, namely, having moved to the District of Columbia.

Affiant further makes oath and says, that under the election laws of the State of Maryland when a person applies to register the registration officials are required to ask applicant to state whether he desires to affiliate with any political party and the applicant is privileged to affiliate or decline to affiliate with either or any party; that should applicant express a desire to affiliate with any particular party the registration officials then designate in a column provided therefor opposite the name of the person so registering the party affiliation of that person; and if the person registering does not desire to affiliate with any particular party, the word "decline" is written opposite the name of the person so declining to affiliate; that William W. Bride and his family left the said first election precinct and moved to the District of Columbia prior to the Democratic primary election in 1930 and therefore did not vote in that primary.

EMORY H. BOGLEY.

Subscribed and sworn to before me this 7th day of March, A.D. 1933

AUBREY ST. C. WARDWELL,
Notary Public, District of Columbia.

BANK OF BETHESDA,
Bethesda, Md., March 8, 1933.

To whom it may concern:

It gives me great pleasure to state that the Hon. W. W. Bride was formerly a resident and property owner in Edgemoor, Bethesda, Montgomery County, Md., up to approximately the year of 1930, and while a citizen of this State he became a stockholder in and an officer of the Montgomery County Publishing Co., publishers of the Maryland News, a Democratic newspaper, and he and his family were affiliated with and stanch supporters of the Democratic organization of our State.

GEORGE P. SACKS,
Former Vice President Montgomery County Publishing Co.

BETHESDA, MD., *March 8, 1933.*

To whom it may concern:

For the past 12 or 15 years I have known Mr. W. W. Bride, of this county. He has always been a public citizen and a supporter of the Democratic Party, not only with his vote and those of his wife and two daughters, but through the press. He was vice president and part owner of the Maryland News, the Democratic organ of Montgomery County, until recently, when he moved into the District of Columbia. This paper has been a very important factor in the success of the party here.

BENJ. C. PERRY,
President of the Democratic Government Club, Bethesda, Md.

SCHOOL OF FOREIGN SERVICE,
GEORGETOWN UNIVERSITY,
Washington, D.C., March 13, 1933.

To whom it may concern:

This is to certify that the undersigned was intimately acquainted with Mr. William W. Bride at the time of the November 1928 national elections and during the campaign months preceding that election. He was personally with Mr. Bride on an average of approximately three times a week during this entire period, and on almost every one of these occasions the coming national election was one of the principal topics of conversation. Many of these discussions were in the presence of a number of other distinguished persons, including legislators, Government officials, newspapermen, educators, and the like. Many of these persons were Republicans and indicated in no uncertain terms that they intended to vote for the Republican national ticket. During most of these conversations Mr. Bride's role was as follows:

Without exception, he stated very definitely that he was strongly in favor of the Democratic national ticket and intended to vote for it; he engaged in numerous discussions with his friends in my presence in an endeavor to convert as many as possible to voting the national Democratic ticket. It would have been indeed difficult for anyone who came in contact with Mr. Bride during this period to misunderstand Mr. Bride's definite support of the Democratic ticket and his definite decision to vote for it and at the same time to encourage as many of his friends as possible to do likewise.

On the occasion of election night in November 1928 Mr. Bride invited to his home a group of approximately 40 persons to listen to the election returns. The undersigned was one of his guests on that occasion, and he certifies that Mr. Bride stated publicly to this group repeatedly during the evening that earlier in the day he had voted for the Democratic national ticket and hoped that many of his guests had done likewise. When the late returns over the radio indicated definitely that the Democratic ticket had lost, Mr. Bride expressed intense chagrin as his personal reaction to the result, and the last word that he said to the undersigned as the guests left was that in spite of his deep regret at the outcome that he retained for himself a large degree of personal pleasure that he had done what he considered to be the proper thing and voted for the Democratic national ticket, win or lose.

In view of all of these facts, the undersigned cannot have the slightest doubt in his mind but that Mr. Bride in November 1928 actually cast his vote for the Democratic ticket.

THOMAS H. HEALY.

MARCH 29, 1933.

BOARD OF COMMISSIONERS, DISTRICT OF COLUMBIA,
Municipal Building, Washington, D.C.

HONORABLE SIRS: The Washington Building Trades Council, representing 15,000 organized building-trades men of this city, has unanimously endorsed Mr. William W. Bride for continuance in the office of corporation counsel of the District of Columbia.

He has filled this position with honor and credit to himself, reflecting as it does the best interests of the citizens of this city for whom he has so faithfully served on all questions coming before him in his official capacity.

His sense of fairness and justice is such an outstanding characteristic, coupled with his integrity and ability, that we hope and respectfully request that he will be continued in the office of corporation counsel.

Very truly yours,

[SEAL] WASHINGTON BUILDING TRADES COUNCIL,
JOHN LOCHER, *Executive Secretary.*

UNION TRUST BUILDING,
Washington, D.C.

To whom it may concern:

I have known Hon. William W. Bride, corporation council of the District of Columbia, for 30 years. I further know he has been a Democrat during that time and came from a Democratic family.

As a Democrat, he was appointed to a responsible position in the State Department under the Wilson administration and served in the State Department in positions of great importance.

I further know that he loyally supported the Honorable Alfred E. Smith for President in 1928. In 1928 he lived in Edgemoor, Md. I visited him there and know that he was most outspoken in his advocacy of Governor Smith for President. I further know that he was registered and enrolled as a Democrat at the time. He was unusually strong in his advocacy of Governor Smith to my personal knowledge, and lost no opportunity to openly express his choice for Governor Smith for President.

Very respectfully,

MANTON M. WYVELL.

NOTE.—Mr. Wyvell was secretary to the Honorable William Jennings Bryan while he was Secretary of State, and is now secretary of the Democratic Advisory Committee of the District of Columbia.

DEMOCRATIC ORGANIZATION COMMITTEE
OF MONTGOMERY COUNTY, MD.,
December 15, 1933.

Hon. WILLIAM W. BRIDE,
Corporation Counsel, District of Columbia.

DEAR MR. BRIDE: Following our telephone conversation this morning I am glad to join in attesting your helpful activity as a worker for the Democratic Party while you were a resident of Montgomery County.

In addition to supporting the Democratic candidates and furnishing general help to the party, you became a stockholder and served as a director of the Maryland News, which is the recognized Democratic organization paper of the county.

With continued best regards, sincerely yours,

E. BROOKE LEE.

DEMOCRATIC NATIONAL COMMITTEE,
NATIONAL PRESS BUILDING,
Washington, January 16, 1934.

Hon. JAMES A. FARLEY,
Chairman Democratic National Committee, National Press Building, Washington, D.C.

DEAR JIM: Mr. W. W. Bride has been corporation counsel for the District of Columbia for some years past. He is a native of Washington and has lived here practically all of his life. He moved over the District line into Maryland and remained there for some little time. I understand from the leaders in Maryland that he was always registered and enrolled as a Democrat and a contributing member of the party. I have always known him as a Democrat, as I did his father before him. He has made a splendid record as corporation counsel of the District.

I would be very much pleased if Mr. Bride is retained in his position.

With kindest regards, I am, yours very truly,

JOHN F. COSTELLO,
Democratic National Committeeman, District of Columbia.

Mr. KERR. Mr. Speaker, I offer a privileged resolution and ask its immediate consideration.

MOTION TO ADJOURN

Mr. BRITTEN. Mr. Speaker, my resolution is on the Clerk's desk, and the Clerk started to read it a moment ago. I still have the floor.

The SPEAKER. I thought the gentleman withheld that motion.

Mr. BRITTEN. I did for the time being.

Mr. BYRNS. Mr. Speaker, the gentleman claimed it was a privileged resolution. May it not be read?

Mr. BRITTEN. It is a motion to adjourn, which is privileged.

Mr. BYRNS. I do not think the gentleman's motion is privileged.

Mr. BRITTEN. I have no objection to its being read, if the gentleman wants it read.

The SPEAKER. The Clerk will read the motion for the information of the House.

The Clerk read as follows:

Mr. BRITTEN moves that the House do now adjourn as a mark of respect and in memory of the six Army pilots who lost their lives in the mail sevice of their country.

Mr. COCHRAN of Missouri. Mr. Speaker, that is absolutely nothing but politics and an attempt at publicity. I make the point of order it is not a privileged motion.

JOHN J. SHANAHAN *v.* JAMES M. BECK

Mr. KERR. Mr. Speaker, I offer a resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 259

Resolved, That John J. Shanahan is not entitled to a seat in the House of Representatives of the Seventy-third Congress from the Second Congressional District of the State of Pennsylvania; and be it further

Resolved, That James M. Beck is entitled to a seat in the House of Representatives of the Seventy-third Congress from the Second Congressional District of the State of Pennsylvania.

Mr. KERR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

L. G. REESE *v.* RUSSELL ELLZEY

Mr. KERR. Mr. Speaker, I offer another resolution which I send to the desk.

The Clerk read as follows:

House Resolution 261

Resolved, That L. G. Reese is not entitled to a seat in the House of Representatives of the Seventy-third Congress from the Eighth Congressional District of the State of Mississippi; and be it further

Resolved, That Russell Ellzey is entitled to a seat in the House of Representatives of the Seventy-third Congress from the Eighth Congressional District of the State of Mississippi.

Mr. RANKIN. Mr. Speaker, the resolution should read, "Seventh Congressional District of the State of Mississippi" instead of the "Eighth Congressional District of the State of Mississippi."

Mr. KERR. Mr. Speaker, I ask unanimous consent to correct the resolution in that respect.

The SPEAKER. Without objection, the correction will be made.

There was no objection.

Mr. KERR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

CHARLES BOWLES *v.* JOHN D. DINGELL

Mr. KERR. Mr. Speaker, I offer another resolution, which I send to the desk.

The Clerk read as follows:

House Resolution 260

Resolved, That Charles Bowles is not entitled to a seat in the House of Representatives of the Seventy-third Congress from the Fifteenth Congressional District of the State of Michigan; and be it further

Resolved, That John D. Dingell is entitled to a seat in the House of Representatives of the Seventy-third Congress from the Fifteenth Congressional District of the State of Michigan.

Mr. KERR. Mr. Speaker, I move the previous question.

The previous question was ordered.

The resolution was agreed to.

A motion to reconsider was laid on the table.

TURN ON THE LIGHT

Mr. McSWAIN. Mr. Speaker, I ask unanimous consent to extend my own remarks concerning investigations now going on in the Committee on Military Affairs concerning transactions in the War Department and to include a brief tribute by me to those pilots who have recently lost their lives in the service.

The SPEAKER. Is there objection to the request of the gentleman from South Carolina?

There was no objection.

Mr. McSWAIN. Mr. Speaker, I believe that all public business should be done out in the open. I believe that Congress is the grand jury of inquest for every department of government. Some people may object to congressional investigations; but they never do any harm, and are bound to do good. If the investigation finds nothing wrong, it is very gratifying. If the investigation finds there has been corruption or graft, or even irregularities, that investigation pays for itself a thousand times. Investigations show us how the laws should be amended so as to safeguard the future. Furthermore, the fact that Congress does conduct these investigations, and that, therefore, every departmental act may at any time be subjected to congressional scrutiny is itself a check and a restraint upon the yielding to temptation by those charged with the disbursing of billions and billions of dollars every year.

So, Mr. Speaker, that was the spirit in which I introduced House Concurrent Resolution 6, on March 20, 1933, calling for an investigation of the departments of government dealing with national defense, in response to a plank in the platform of the Democratic Party of 1932. Furthermore, that was the same spirit in which I introduced House Resolution 219, on January 11, 1934. Subsequently, after discussion of the many matters of inquiry now pending before the Committee on Military Affairs, on February 20, 1934, by the unanimous instruction of the Committee on Military Affairs, I introduced House Resolution 275, and the same is now pending before the Committee on Rules, and a hearing upon that resolution will be urged at the earliest possible date. It is manifest, therefore, Mr. Speaker, that I, for one, believe in complete investigation of everything that is done for the Government, whether it be legislative, executive, or judicial. That is the basis upon which popular government rests.

Accordingly, Mr. Speaker, when I returned this morning from a brief visit to South Carolina and was informed by Mr. Collier, a newspaper reporter for the Evening Star of this city, that there was some discussion about certain letters that I had written to the War Department in connection with the purchase of automobiles and automobile supplies, I immediately requested Mr. Collier to come to my office and to see the carbon copies of the letters themselves. Stating that he could not come, I asked him to take the time to hear the letters read over the telephone. This he did, and I observe by the issue of that newspaper of today that he has given certain extracts from those letters. His statement is as fair as I could expect, but I feel that he and the whole country are entitled to read the letters in full, and for that reason I am printing those letters in full as a part of my remarks.

Mr. R. C. Remick formerly lived in the congressional district that I have the honor to represent, and I knew him then, and for a few minutes on one occasion was a guest in his home on Hogback Mountain. Consequently, when Mr. Remick applied to me for a letter to the War Department concerning certain allegations that Mr. Remick made to me concerning transactions in the War Department that he stated he was interested in, I wrote the letters. Since the names of Frank Speicher and Joseph Silverman are mentioned in the Evening Star of today, I wish to say that I have never seen either of these men in my life, and never heard of Silverman until about 5 or 6 weeks ago, and never heard of Speicher until I saw his name in the newspapers in connection with the grand-jury investigation. I have had no contacts whatsoever with them, either direct or indirect, and had not the slightest knowledge that either of them was even acquainted with Mr. Remick. I have not seen Mr. Remick in some 5 or 6 weeks.

Mr. Speaker, my letters speak for themselves. I meant every word that I said in the letters. If the proceedings in the War Department were entirely regular, no harm could be done by that consideration requested by my letters. If there were any irregularity, it was the desire and purpose of my letters to see that such irregularities be corrected and be avoided in the future. My sentiments then were, and are now, as expressed in my letter of May 22, 1933, as follows:

> I am so scrupulous about the reputation of our administration that I am urging that all appearances of irregularities be avoided and that no one have a just ground for complaint in any respect. I am not passing judgment upon the facts above stated, and I am giving my authority for same; and if I have been misinformed, I should be pleased to get the correct information.

That is a proposition upon which any man can stand, and upon that I do stand, as the proper attitude for any representative of the people in a country enjoying democratic institutions.

Here are the letters:

HOUSE OF REPRESENTATIVES,
COMMITTEE ON MILITARY AFFAIRS,
Washington, D.C., May 22, 1933.

Hon. GEORGE H. DERN,
Secretary of War, War Department, Washington, D.C.

MY DEAR MR. SECRETARY: Mr. R. C. Remick, representing the Bec Tire Co., advises me that bids were invited for the purchase of 1,500 light trucks, and that the Chevrolet bid the lowest bid on the individual trucks, but, of course, could not deliver the whole load of 1,500 on June 2. It may be that the War Department needs 1,500 trucks on the very day of contemplated delivery, but I can hardly imagine a circumstance, outside of war, when 1,500 new trucks would be needed on a fixed day.

Mr. Remick also advises that the Dodge Co. bid for the same trucks and was higher by something over $5 per truck. Nevertheless he says that the bid of the Dodge Co. was accepted for 500 trucks to be delivered on June 2. Of course, there may be some very urgent need by the War Department for 500 trucks on June 2. This is something I cannot, of course, know. I do not know the terms under which bids were invited—whether they would authorize acceptance of part of a bid and would authorize the acceptance of a truck at a higher price than the lowest bidder.

I am informed that a hearing was promised all the bidders for today, Monday, May 22, but before the hearing was had, a contract was let with the Dodge Co. for 500 trucks, to be delivered June 2. I am so scrupulous about the reputation of our administration that I am urging that all appearances of irregularities be avoided and that no one have a just ground for complaint in any respect. I am not passing judgment upon the facts above stated, and I am giving my authority for same; and if I have been misinformed, I should be pleased to get the correct information. I trust that you will not think I am meddling with administrative matters, but we all must realize that Congress is, in a certain sense, a grand jury of inquest into all governmental activities.

I am sending this note by hand of Mr. Remick, whom you may question as you see fit, and you will please refer it as promptly as possible to such assistant or aide as you may have attending to such details.

With great respect, I am, yours truly,

J. J. MCSWAIN, *Chairman.*

HOUSE OF REPRESENTATIVES,
Washington, D.C., March 16, 1933.

Hon. GEORGE H. DERN,
Secretary of War, War Department, Washington, D.C.

MY DEAR MR. SECRETARY: This letter will be presented by my friend Mr. R. C. Remick, who is connected with the Eastern Bec Corporation, manufacturers of puncture-proof air-container tubes for pneumatic tires.

Mr. Remick advises me that the technical board has approved of the use of sealed casing, puncture-proof tubes, for use by the motorized militia. He also advises that Lt. Col. James K. Crain and Major Hardin, acting as advisors to the Assistant Secretary of War, have disapproved of the recommendation of the technical board.

I know nothing of the details of the matter, but I do know Mr. Remick, and have known him for many years, and have great confidence in any statement that he may make. At any rate, I am writing to ask that he be given a hearing before the proper officer or board for a review and reconsideration of the unfavorable action above mentioned.

Any courtesy shown to Mr. Remick will be greatly appreciated by me.

Yours very respectfully,

J. J. MCSWAIN.

HONOR ROLL OF THE AIR CORPS

Mr. Speaker, the soldier of the air has to face hazards and make and meet his rendezvous with death during the piping days of peace as well as during the horror and hell of war itself. When suddenly the President ordered the Army Air Corps to take up the carrying of the mail, there was no whining nor repining, but every man leaped to his place and made ready to carry forward with a resolution and a courage that command the admiration of the world. In spite of unprecedented bad weather, in spite of unfamiliarity with the routes to be flown, in spite of lack of adequate equipment for taking advantage of the conveniences of radio, the Army Air Corps pilots took up and are carrying on the work regardless of the fact that their comrades have met disaster and in some cases death itself.

Mr. Speaker, on last Monday, February 19, I issued a statement to the press of the country calling upon our air pilots, through the press, to exercise caution and not to take any unnecessary risks. I asked them to have as their motto "Safety first", and to remember that the public would count deaths long after they had forgotten the failure to make schedules. But the young men of the Air Corps have so much pride in their service, are so devoted to its ideals, and so determined that no man could charge them with being fair-weather fliers that they have gone into weather that they should never have faced. Therefore, as one who loves courage, even when manifested unnecessarily, and as one who admires the man who falls facing to the front while doing his duty, I offer this feeble tribute to the memory of those Air Corps officers that have already died, and again repeat not a mere warning but an exhortation and a prayer that they take no unnecessary chances, to realize that they have already demonstrated their defiance of death, and to restrain themselves from exposing themselves to unnecessary hazards.

Mr. Speaker, here is the honor roll of the Air Corps of the Army:

Second Lt. Jean D. Grenier.
Second Lt. Edwin D. White.
First Lt. James Y. Eastman.
Lt. Durward O. Lowry.
First Lt. I. F. Patrick.
Lt. George P. McDermott.

SUBCOMMITTEE NO. 3 OF THE MILITARY AFFAIRS COMMITTEE

Mr. ROGERS of New Hampshire. Mr. Speaker, by direction of the Committee on Military Affairs, I ask unanimous consent that Subcommittee No. 3 be permitted to continue its hearings, which are now being held, for the next 2 weeks while the House is in session.

The SPEAKER. Is there objection to the request of the gentleman from New Hampshire?

There was no objection.

Mr. ROBERTSON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a radio address delivered by my distinguished colleague the gentleman from Iowa, Mr. WILLFORD.

Mr. TABER. Mr. Speaker, I object.

Mr. BRITTEN. Mr. Speaker, I move the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BRITTEN) there were—ayes 36, noes 85.

Mr. BRITTEN. Mr. Speaker, I make the point of order that there is no quorum present.

Mr. RANKIN. Mr. Speaker, a quorum is not necessary to adjourn.

Mr. FISH. Mr. Speaker, I demand the regular order.

Mr. RANKIN. The gentleman's point of no quorum does not affect the vote.

CALL OF THE HOUSE

Mr. BYRNS. Mr. Speaker, I move a call of the House.

Mr. LEHLBACH. Mr. Speaker, on that motion I ask for a division.

Mr. BLANTON. Mr. Speaker, I make the point of order that is dilatory.

Mr. TABER. Mr. Speaker, I rise to a point of order. Is not a roll call automatic in the absence of a quorum?

The SPEAKER. The Chair thinks not. The House voted to remain in session and is in session.

Mr. TABER. Mr. Speaker, the vote was objected to because there was no quorum present. Is not a roll call automatic?

The SPEAKER. It is not necessary to have a quorum in order to adjourn.

The question was taken; and on a division (demanded by Mr. LEHLBACH) there were—ayes 101, noes 0.

So a call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 94]

Abernethy	Brooks	Collins, Miss.	Edmonds
Adams	Brumm	Connery	Eltse, Calif.
Allen	Brunner	Connolly	Evans
Andrews, N.Y.	Bulwinkle	Corning	Farley
Auf der Heide	Burke, Calif.	Crosser, Ohio	Fitzgibbons
Bacharach	Cannon, Wis.	Cullen	Frear
Beam	Carley	Cummings	Frey
Beck	Carpenter, Nebr.	Dickinson	Fulmer
Berlin	Carter, Calif.	Dickstein	Gambrill
Black	Cary	Ditter	Gasque
Bland	Celler	Dockweiler	Gavagan
Boehne	Church	Douglass	Gifford
Boylan	Claiborne	Drewry	Gillette
Britten	Cole	Edmiston	Goldsborough

Goodwin	Kurtz	Moynihan, Ill.	Smith, Va.
Granfield	Lanzetta	Muldowney	Smith, Wash.
Griffin	Lehr	Musselwhite	Snyder
Haines	Lemke	Norton	Somers, N.Y.
Hamilton	Lewis, Md.	O'Connor	Stalker
Hancock, N.C.	Lindsay	Oliver, N.Y.	Stokes
Hart	McCarthy	Palmisano	Studley
Healey	McClintic	Parker	Sullivan
Hess	McKeown	Pou	Sumners, Tex.
Hill, Knute	McMillan	Powers	Sutphin
Hoeppel	Maloney, Conn.	Prall	Sweeney
Jeffers	Mapes	Randolph	Thomas
Jenckes, Ind.	Marshall	Reece	Thompson, Ill.
Jenkins, Ohio	Mead	Reid, Ill.	Umstead
Johnson, W.Va.	Meeks	Rudd	Waldron
Kee	Merritt	Sadowski	Wolfenden
Kelly, Ill.	Millard	Schulte	Woodruff
Kennedy, Md.	Milligan	Shannon	
Kennedy, N.Y.	Montague	Shoemaker	
Koppiemann	Montet	Sirovich	

The SPEAKER. Two hundred and ninety-eight Members have answered to their names; a quorum is present.

On motion of Mr. BYRNS, further proceedings under the call were dispensed with.

INTOXICATING LIQUOR IN PUERTO RICO AND THE VIRGIN ISLANDS

Mr. McDUFFIE. Mr. Speaker, I call up the conference report on the bill (H.R. 6574) to make inapplicable to Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors and for other purposes.

The Clerk read the conference report.

The conference report is as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate and agree to the same.

JOHN McDUFFIE,
JOE L. SMITH,
C. L. BEEDY,
Managers on the part of the House.

M. E. TYDINGS,
HIRAM W. JOHNSON,
KEY PITTMAN,
CARL HAYDEN,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6574) to make inapplicable in Puerto Rico and the Virgin Islands certain Federal laws relating to intoxicating liquors, submit the following written statement in explanation of the effect of the action agreed upon by the conference and recommended in the accompanying conference report:

The House bill provided that the prohibitions and limitations on the transportation, importation, exportation, manufacture, and sale of intoxicating liquors contained in the Organic Act of Puerto Rico, title II of the National Prohibition Act, paragraph 814 of the Tariff Act of 1930, and the national beer law of March 22, 1933, should not apply in Puerto Rico. It also provided that such prohibitions and limitations contained in title II of the National Prohibition Act should not apply in the Virgin Islands.

The Senate amendment provides for the repeal of those provisions of the Organic Act of Puerto Rico which prohibit the importation, manufacture, and sale of intoxicating drink and of title II of the National Prohibition Act, as amended and supplemented, and the national beer law of March 22, 1933, to the extent that they are in force and effect in Puerto Rico, except such provisions of the last two laws as are in force and effect in the States, such provisions being primarily provisions protective of the dry States. The amendment also repeals with respect to the Virgin Islands the provisions of law of the character repealed with respect to Puerto Rico. Section 3 of the amendment provides that section 13 of the Revised Statutes, the general saving clause for prosecutions and civil suits under laws repealed by the Congress, shall not apply with respect to any penalty, forfeiture, or liability incurred under any provisions of law so repealed. Section 4 of the amendment provides for a model housing board for Puerto Rico. There is to be turned over to the board annually the sum of $30,000 out of the revenues of Puerto Rico derived from taxes on intoxicating liquors, which, together with such other money as may be derived by the board from its operations, is to constitute a fund in the nature of a revolving fund to be known as the "model-housing fund." The board is to design and construct in Puerto Rico houses of several types which are to be models of sanitation, health, convenience, and comfort, with the limitation that not more than eight such houses shall be built annually in any senatorial district of Puerto Rico. The board also is to have power to acquire such plots of land as may be necessary to the completion of its program. The board is to sell the houses at such prices and under such terms and conditions as it may determine, and the receipts from the sales are to be covered into the model-housing fund.

The House recedes.

The Senate also amended the title so as to read:

"An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes."

The House recedes.

JOHN McDUFFIE,
JOE L. SMITH,
C. L. BEEDY,
Managers on the part of the House.

Mr. McDUFFIE. Mr. Speaker, I yield to the Commissioner from Puerto Rico, Mr. IGLESIAS.

Mr. IGLESIAS. Mr. Speaker, and Members of the House, I consider my duty at this time to call the attention of this House to the amendment, of great importance to Puerto Rico, to which is referred in the conference report before the House, and to establish my position on the subject matter as it was stated before.

I have received a cable from the President of the Senate of Puerto Rico; it is as follows:

Hon. SANTIAGO IGLESIAS,
House Office Building, Washington, D.C.:

Senate of Puerto Rico unanimously requests that you exercise all efforts to the effect that liquor bill be approved, leaving insular legislature free to dispose of the taxes.

RAFAEL MARTINEZ NADAL,
President Senate of Puerto Rico.

A bill was passed by the House of Representatives and now the report on conference agreement is recommended that the bill, H.R. 6574, be accepted and, among other things, by including an additional section establishing what is to be known as the "model housing board", said board to supervise the construction of several types of houses which will be models of sanitation, health, convenience, and comfort; and further, that an annual sum of $30,000 out of the revenue of Puerto Rico, derived from the taxes on intoxicating liquors, in the nature of a revolving fund, is to be turned over to said board for the purpose of carrying out the proposed project.

Permit me to call your attention to the fact that we have in Puerto Rico a law known as the "homestead law", under which law hundreds of homes have already been built and hundreds of thousands of dollars have been appropriated by the legislature to that end. Therefore, notwithstanding the unquestionable fact that the purpose of the amended bill is highly laudable, this legislation should have been left to the Puerto Rican Legislature for its consideration and determination.

In view of the fact that I was unable to persuade the author of the amendment in the Senate not to press it into the bill, and being that this measure is necessary to the island industry and economics of Puerto Rico, I have to yield

to this condition, but not without expressing my faithful conviction that the Congress of the United States will maintain always the right of the Legislaure of Puerto Rico to legislate in local matters according to our own organic law given to the people of the island by the Congress. That is what is expected by all in Puerto Rico in the future. [Applause.]

Mr. McDUFFIE. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The conference report was agreed to.

A motion to reconsider was laid on the table.

PERMISSION TO ADDRESS THE HOUSE

Mr. GRAY. Mr. Speaker, I ask unanimous consent to address the House for 10 minutes; first, briefly to pay my respects to the aggregation who have objected to my speech on Lincoln, and following with my tribute to Lincoln.

Mr. BLANCHARD. Mr. Speaker, I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. MUSSELWHITE (at the request of Mr. BROWN of Michigan), on account of designation as one of the official representatives of the House to attend the funeral of the late Hon. Joseph L. Hooper.

EXPLANATION OF VOTE

Mr. WEIDEMAN. Mr. Speaker, my colleague the gentleman from Michigan [Mr. LEHR] is absent due to his attending the funeral services for our late colleague, Joe Hooper, of Michigan. The gentleman from Michigan [Mr. LEHR] would have voted "yea" on the bill H.R. 7966 if present.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly (at 4 o'clock and 39 minutes p.m.) the House adjourned to meet, in accordance with its previous order, on Monday, February 26, 1934, at 11 o'clock a.m.

COMMITTEE HEARINGS

COMMITTEE ON EDUCATION

(Monday, Feb. 26)

Public hearing on the general subject of Federal aid to education, in the caucus room of the New House Office Building.

COMMITTEE ON THE PUBLIC LANDS

(Monday, Feb. 26, 10 am.)

Continuing H.R. 6462 hearings—room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

362. A letter from the Secretary of War, transmitting a letter from the Chief of Engineers, United States Army, dated February 14, 1934, submitting a report, together with accompanying papers and an illustration, on a preliminary examination and survey of Clear Creek and Clear Lake, Tex., for a greater depth and enlargement of the waterway facilities, authorized by the River and Harbor Act approved July 3, 1930 (H.Doc. No. 264); to the Committee on Rivers and Harbors and ordered to be printed with an illustration.

363. A letter from the Secretary of the Interior, transmitting copy of a resolution passed by the colonial council of the municipality of St. Croix, Virgin Islands, on December 20, 1933, and approved by the governor on January 3, 1934, petitioning the Congress of the United States to extend and make applicable the repeal of the national prohibition laws in the Virgin Islands; to the Committee on Insular Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. HEALEY: Committee on the Judiciary. H.R. 6550. A bill to remove the limitation on the filling of the vacancy in the office of United States district judge for the district of Massachusetts; without amendment (Rept. No. 840). Referred to the Committee of the Whole House on the state of the Union.

Mr. KLEBERG: Committee on Agriculture. S. 2633. An act to supplement and support the Migratory Bird Conservation Act by providing funds for the acquisition of areas for use as migratory-bird sanctuaries, refuges, and breeding grounds, for developing and administering such areas, for the protection of certain migratory birds, and for other purposes; with amendment (Rept. No. 841). Referred to the Committee of the Whole House on the state of the Union.

Mr. DOXEY: Committee on Agriculture. H.R. 4934. A bill to authorize the revision of the boundaries of the Fremont National Forest in the State of Oregon; without amendment (Rept. No. 842). Referred to the Committee of the Whole House on the state of the Union.

Mr. KNUTSON: Committee on Indian Affairs. H.R. 5681. A bill to set aside certain lands for the Leech Lake Band of Chippewa Indians in the State of Minnesota; with amendment (Rept. No. 843). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHAVEZ: Committee on Indian Affairs. H.R. 5881. A bill to investigate the claims of and to enroll certain persons, if entitled, with the Omaha Tribe of Indians; with amendment (Rept. No. 844). Referred to the Committee of the Whole House on the state of the Union.

Mr. PEAVEY: Committee on Indian Affairs. H.R. 6166. A bill providing for payment of $50 to each enrolled Chippewa Indian of Minnesota from the funds standing to their credit in the Treasury of the United States; with amendment (Rept. No. 845). Referred to the Committee of the Whole House on the state of the Union.

Mr. JONES: Committee on Agriculture. House Joint Resolution 270. Joint resolution to make available to Puerto Rico certain appropriations for the fiscal year ending June 30, 1934, for experiment station and extension work, which have not been paid because of unfulfilled conditions; without amendment (Rept. No. 846). Referred to the Committee of the Whole House on the state of the Union.

Mr. WERNER: Committee on Indian Affairs. S. 326. An act referring the claims of the Turtle Mountain Band or Bands of Chippewa Indians of North Dakota to the Court of Claims for adjudication and settlement; with amendment (Rept. No. 847). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOEHNE: A bill (H.R. 8231) to regulate sales in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. CARMICHAEL: A bill (H.R. 8232) to relinquish and quitclaim all right and title of the United States of America in and to all property in the city of Sheffield, Ala., according to the map, plan, and plat of said city made by J. J. Treveres, civil engineer, and recorded in the office of the judge of probate of Colbert County, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H.R. 8233) to provide a preliminary examination of Flint River in Alabama and Tennessee, with a view to the control of its floods; to the Committee on Flood Control.

Also, a bill (H.R. 8234) to provide a preliminary examination of the Paint Rock River, in Jackson County, Ala., with a view to the control of its floods; to the Committee on Flood Control.

By Mr. McCANDLESS: A bill (H.R. 8235) to authorize the Secretary of the Interior to convey by appropriate deed of

conveyance certain lands in the district of Ewa, Island of Oahu, Territory of Hawaii; to the Committee on the Territories.

By Mr. SAMUEL B. HILL: A bill (H.R. 8236) to authorize the adjustment of the boundaries of the Chelan National Forest in the State of Washington, and for other purposes; to the Committee on the Public Lands.

By Mr. MILLER: A bill (H.R. 8237) to legalize a bridge across Black River at or near Pocahontas, Ark.; to the Committee on Interstate and Foreign Commerce.

By Mr. WOOD of Missouri: A bill (H.R. 8238) to provide for knowledge of flagging rules by certain employees of common carriers by railroad; to the Committee on Interstate and Foreign Commerce.

By Mr. BLAND: A bill (H.R. 8239) authorizing the Ocean Highway & Bridge Corporation, its successors and assigns, to construct, maintain, and operate a bridge and approaches thereto across the Sinepuxent Bay, in the State of Maryland, and a bridge and approaches thereto across the Eastern Channel between Assateague Island and Chincoteague Island in the State of Virginia; to the Committee on Interstate and Foreign Commerce.

By Mr. CANNON of Wisconsin: A bill (H.R. 8240) prohibiting the granting and usage of unearned titles of commission; to the Committee on Military Affairs.

By Mr. KELLY of Pennsylvania: A bill (H.R. 8241) to authorize the construction and operation of certain bridges across the Monongahela, Allegheny, and Youghiogheny Rivers in the county of Allegheny, Pa.; to the Committee on Interstate and Foreign Commerce.

By Mr. DUNN: A bill (H.R. 8242) providing for the granting of pensions by the Federal Government to certain blind persons, imposing duties upon the United States Treasurer in connection therewith, providing penalties, and making an appropriation; to the Committee on Pensions.

By Mr. WITHROW: A bill (H.R. 8243) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes; to the Committee on Agriculture.

By Mr. PRALL: A bill (H.R. 8244) to amend sections 5136 and 5153 of the Revised Statutes, as respectively amended; to the Committee on Banking and Currency.

By Mr. WOOD of Georgia: A bill (H.R. 8245) to reduce the fee to accompany applications for entry as second-class matter of publications of limited circulation; to the Committee on the Post Office and Post Roads.

By Mr. HEALEY: Resolution (H.Res. 282) for the consideration of H.R. 6550; to the Committee on Rules.

By Mr. KRAMER: Resolution (H.Res. 283) providing for an investigation of the elevators and their equipment in the new House Office Building; to the Committee on Rules.

By Mr. TERRELL of Texas: Joint resolution (H.J.Res. 283) proposing an amendment to the Constitution of the United States providing for approval by the people of declarations of war when the United States is not invaded, and prohibiting profiteering and providing for the drafting of wealth in time of war; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BROWN of Georgia: A bill (H.R. 8246) for the relief of Jesse O'Byrnes; to the Committee on Claims.

Also, a bill (H.R. 8247) for the relief of John R. Allgood; to the Committee on Claims.

By Mr. DE PRIEST: A bill (H.R. 8248) for the relief of Robert T. Green; to the Committee on Military Affairs.

By Mr. DOBBINS: A bill (H.R. 8249) granting a pension to William B. Fischer; to the Committee on Pensions.

By Mr. DUFFEY: A bill (H.R. 8250) granting a pension to Marie Brown; to the Committee on Invalid Pensions.

By Mr. FORD: A bill (H.R. 8251) for the relief of Leland Stanford Furbish; to the Committee on Naval Affairs.

Also, a bill (H.R. 8252) granting a pension to Shirley R. Slevin; to the Committee on Pensions.

By Mr. HARLAN: A bill (H.R. 8253) granting a pension to Jeannette McCool Zost; to the Committee on Pensions.

By Mr. KNUTE HILL: A bill (H.R. 8254) for the relief of Robert Gray Fry; to the Committee on Military Affairs.

By Mr. HOWARD (by departmental request): A bill (H.R. 8255) for the relief of the rightful heirs of Wakicunzewin, an Indian; to the Committee on Indian Affairs.

By Mr. HUGHES: A bill (H.R. 8256) restoring citizenship to Harry A. Prudome; to the Committee on Military Affairs.

By Mrs. KAHN: A bill (H.R. 8257) for the relief of William Lyons; to the Committee on Claims.

Also, a bill (H.R. 8258) for the relief of the New Amsterdam Casualty Co.; to the Committee on Claims.

By Mr. KELLY of Pennsylvania: A bill (H.R. 8259) to correct the record of Emanuel R. McCusker; to the Committee on Naval Affairs.

Also, a bill (H.R. 8260) to correct the military record of George S. Bostley; to the Committee on Military Affairs.

Also, a bill (H.R. 8261) to correct the naval record of Russell K. Soules; to the Committee on Naval Affairs.

Also, a bill (H.R. 8262) to correct the naval record of Willard A. Freeman; to the Committee on Naval Affairs.

Also, a bill (H.R. 8263) to correct the naval record of James Francis Finnin; to the Committee on Naval Affairs.

Also, a bill (H.R. 8264) for the relief of Elizabeth Leiding; to the Committee on Claims.

Also, a bill (H.R. 8265) to correct the naval record of Johnnie Henry Fitzwater; to the Committee on Naval Affairs.

By Mr. LOZIER: A bill (H.R. 8266) granting a pension to Alice Drake; to the Committee on Invalid Pensions.

By Mr. McCORMACK: A bill (H.R. 8267) granting a pension to Edmund Burns; to the Committee on Pensions.

By Mr. PETERSON: A bill (H.R. 8268) for the relief of Ammon McClellan; to the Committee on Claims.

Also, a bill (H.R. 8269) for the relief of C. Buck Turner; to the Committee on Military Affairs.

Also, a bill (H.R. 8270) granting a pension to Emma M. Backus; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8271) granting a pension to Lura P. Markley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8272) granting a pension to Ida Miller; to the Committee on Pensions.

By Mr. THOMAS: A bill (H.R. 8273) for the relief of John F. Poulson; to the Committee on Claims.

By Mr. THOMASON: A bill (H.R. 8274) for the relief of Margaret C. (Lacks) King; to the Committee on Claims.

By Mr. WEST of Ohio: A bill (H.R. 8275) for the relief of Alexandre Barna; to the Committee on Military Affairs.

By Mr. WHITE: A bill (H.R. 8276) granting a pension to Marion M. Luther; to the Committee on Invalid Pensions.

By Mr. WOLVERTON: A bill (H.R. 8277) granting an increase of pension to Catherine C. West; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2518. By Mr. ANDREWS of New York: Resolution adopted by Evangelical and Reformed Ministers Association, representing some 45 churches in the Buffalo district, protesting against the passage of the Vinson naval bill; to the Committee on Naval Affairs.

2519. Also, petition of residents of the Fortieth New York Congressional District, favoring passage of House bill 7986, amending the Radio Act of 1927; to the Committee on Merchant Marine, Radio, and Fisheries.

2520. By Mr. AYRES of Kansas: Petitions of various citizens of Wichita and Newton, Kans., protesting against the passage of the so-called "Tugwell bill"; to the Committee on Interstate and Foreign Commerce.

2521. By Mr. CARPENTER of Kansas: Petition of W. N. Robison and 32 others living in and around Eskridge, Kans.; to the Committee on Interstate and Foreign Commerce.

2522. Also, petition of V. O. Bowers and about 72 others living in and around Abilene, Kans.; to the Committee on Interstate and Foreign Commerce.

2523. By Mr. CARTER of California: Petition of 28 residents of the Sixth Congressional District of the State of California, urging increased appropriations for the War Department; to the Committee on Appropriations.

2524. Also, petition signed by 32 residents of the Sixth Congressional District of the State of California, asking the restoration of rights to Spanish War veterans; to the Committee on Pensions.

2525. Also, petition signed by 30 residents of the Sixth Congressional District of the State of California, asking the restoration of rights to Spanish-American War veterans; to the Committee on Pensions.

2526. By Mr. RUDD: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of House bill 7399; to the Committee on Interstate and Foreign Commerce.

2527. By Mr. EDMONDS: Petition of the Philadelphia Wholesale Lumber Dealers' Association, of Philadelphia, Pa., regarding House bill 6460; to the Committee on Banking and Currency.

2528. By Mr. HILDEBRANDT: Resolution of the delegates to the Northwestern South Dakota Seed School, held at Isabel, S.Dak., February 15–16, 1934, opposing abandonment of Northern Great Plains Field Station at Mandan, N.Dak.; to the Committee on Agriculture.

2529. Also, resolution of the Wilson Parent Teachers' Association of Huron, S.Dak., urging support of House bill 6097, known as the "Patman bill", for supervision of motion pictures; to the Committee on Interstate and Foreign Commerce.

2530. By Mr. JAMES: Resolution of the Parent Teacher Association of Sidnaw, Mich., through A. J. Pequet, president, and Charles Francisco, secretary, favoring Federal aid for schools and teachers; to the Committee on Education.

2531. By Mr. JOHNSON of Minnesota: Petition of citizens of the State of Minnesota, protesting against the alleged discrimination in radio broadcasts; to the Committee on Merchant Marine, Radio, and Fisheries.

2532. Also, petition of citizens of the State of Minnesota, urging the adoption of Senate bill 2800; to the Committee on Agriculture.

2533. By Mr. KINZER: Resolution from the Woman's Christian Temperance Union of Oxford, Pa., petitioning for higher moral standards for films entering interstate and international commerce; to the Committee on Interstate and Foreign Commerce.

2534. By Mr. LAMBERTSON: Petition of Dr. M. F. Perkins and 20 other citizens of Topeka, Kans., opposing passage of the Copeland bills, S. 2000 and S. 2355; to the Committee on Agriculture.

2535. Also, petition of Etta W. Gilmore and 23 other citizens of Topeka, Kans., urging the passage of House bill 7019; to the Committee on Labor.

2536. Also, petition of the Woman's Christian Temperance Unions of Sabetha and Denison, and of the Ladies' Aid of the Methodist Church of Denison, Kans., urging passage of House bill 6097; to the Committee on Interstate and Foreign Commerce.

2537. By Mr. LINDSAY: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing House bill 7399; to the Committee on Interstate and Foreign Commerce.

2538. Also, petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing House bill 6614; to the Committee on Merchant Marine, Radio, and Fisheries.

2539. Also, petition of the Maritime Association of the Port of New York, favoring the enactment of House bill 7423; to the Committee on Merchant Marine, Radio, and Fisheries.

2540. Also, petition of the New York County Andrew Jackson Chapter, United States Daughters 1812, urging the adoption of House bill 7051; to the Committee on the Judiciary.

2541. Also, petition of the Maritime Association of the Port of New York, opposing House bill 6614; to the Committee on Merchant Marine, Radio, and Fisheries.

2542. By Mr. MEAD: Petition of the Metal Polishers' International Union, Buffalo, N.Y., favoring the 30-hour bill; to the Committee on Labor.

2543. Also, petition of the Order of Railroad Telegraphers, of Buffalo, N.Y.; to the Committee on Labor.

2544. Also, petition of the National Association of Letter Carriers, Branch No. 257, Dubuque, Iowa; to the Committee on the Post Office and Post Roads.

2545. Also, petition of the Mobile Steamship Association, of Mobile, Ala., opposing Senate bill 2517; to the Committee on Ways and Means.

2546. Also, petition of the Chicago Federation of Labor; to the Committee on the Judiciary.

2547. Also, petition of the Fulton-Montgomery County Branch of the National Rural Letters Carriers, of Amsterdam, N.Y., protesting against House bill 8097; to the Committee on the Post Office and Post Roads.

2548. By Mr. RICH: Petition of the Woman's Christian Temperance Union of Montoursville, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2549. By Mr. RUDD: Petition of the Brooklyn Chamber of Commerce, Brooklyn, N.Y., opposing the passage of House bill 6614; to the Committee on Merchant Marine, Radio, and Fisheries.

2550. Also, petition of the New York County Andrew Jackson Chapter, United States Daughters of 1812, State of New York, favoring the passage of House bill 7051; to the Committee on the Judiciary.

2551. By Mr. SADOWSKI: Petition concerning the financing of needed construction; to the Comittee on Banking and Currency.

2552. Also, petition favoring contractors' relief legislation; to the Committee on Labor.

2553. By Mr. SEGER: Petition of Franklin D. Roosevelt Club of Haledon, N.J., favoring the 30-hour-week legislation; to the Committee on Labor.

2554. By Mr. STRONG of Pennsylvania: Petition of the Kiski Valley Lodge, No. 177, and Apollo Lodge, No. 159, Amalgamated Association of Iron, Steel, and Tin Workers, Armstrong County, Pa., urging certain amendments to the National Industrial Recovery Act; to the Committee on Ways and Means.

2555. By Mr. THOMASON: Petition of El Paso, Stanton, Sanderson, Balmorhea, and Van Horn, Tex., urging adoption of an amendment to the independent offices appropriation bill for the benefit of Spanish War veterans and widows; to the Committee on Appropriations.

2556. By Mr. WELCH: Petition of the Nelson A. Miles Camp, No. 10, Spanish-American War Veterans, San Francisco, Calif., requesting restoration of pensions, hospitalization, and care of the veterans of Spanish-American War as same existed prior to enactment of Public, No. 2, Seventy-second Congress; to the Committee on Appropriations.

2557. By the SPEAKER: Petition of Gaston Local of Farmers Union, Gaston, Oreg.; to the Committee on Agriculture.

2558. Also, petition of the United Mine Workers of America, Local Union No. 6369; to the Committee on Ways and Means.

SENATE

MONDAY, FEBRUARY 26, 1934

(Legislative day of Tuesday, Feb. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, communicated to the Senate the intelligence of the death of Hon. Joseph L. Hooper, late a Representative from the State of Michigan, and transmitted the resolutions of the House thereon.

The message announced that the House had passed without amendment the joint resolution (S.J.Res. 80) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

The message also announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 6574) to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes.

The message further announced that the House had agreed to the report of the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate to the bill (H.R. 6951) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes, and that the House had receded from its disagreement to the amendments of the Senate nos. 27 and 34 to the said bill and had concurred therein.

The message also announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes; and

H.R. 7966. An act to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department for carrying the mails by air, and for other purposes.

ENROLLED BILLS SIGNED

The message further announced that the Speaker had affixed his signature to the following enrolled bills, and they were signed by the Vice President:

H.R. 6574. An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes; and

H.R. 6951. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

CALL OF THE ROLL

Mr. LEWIS. I suggest the absence of a quorum and request a roll call.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Thomas, Utah
Brown	Gibson	McNary	Thompson
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walcott
Carey	Hatch	Overton	Walsh
Clark	Hatfield	Patterson	Wheeler
Connally	Hayden	Pittman	White
Coolidge	Hebert	Pope	
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness. I ask that this announcement may stand for the day.

Mr. HEBERT. I desire to announce the necessary absence of the Senator from South Dakota [Mr. NORBECK] and the Senator from Delaware [Mr. TOWNSEND].

The VICE PRESIDENT. Ninety-three Senators have answered to their names. A quorum is present.

NOMINATION OF D. D. MOORE—RECONSIDERATION

Mr. HARRISON. Mr. President, as in executive session, I desire to make a request. On last Thursday the nomination of Daniel D. Moore to be collector of internal revenue for the district of Louisiana was confirmed. The senior Senator from Louisiana [Mr. LONG] happened not to be in the Chamber at the time the executive session was held, and we do not desire to take advantage of him. Therefore, I ask unanmious consent that the vote whereby the nomination was confirmed be reconsidered, and that if any notice has gone to the President——

Mr. LONG. No notice has been sent as yet.

Mr. HARRISON. That it be recalled, and that the nomination be put back upon the calendar.

The VICE PRESIDENT. Is there objection to the request of the Senator from Mississippi? The Chair hears none, and, as in executive session, it is so ordered.

Mr. LONG. Mr. President, in connection with that matter, though we are not now considering it, I ask just a moment of the Senate's time in order that I may send to the desk and have read a letter which I have received from the American Federation of Labor and which they have asked me to transmit to the Members of the Senate. I ask that the Secretary read the letter to the Members of the Senate so that it may go into the RECORD.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

WASHINGTON, D.C., *February 23, 1934.*

To all Members of the United States Senate, greetings:

The American Federation of Labor is unalterably opposed to the confirmation of the appointment of Mr. D. D. Moore as revenue collector.

The entire labor movement of Louisiana is unanimously opposed to the confirmation, and President Green has authorized me to inform you of this fact.

When Mr. Moore first arrived in New Orleans he was what was known as a "tramp printer." He was taken up by the Typographical Union and eventually made president. Then he obtained a position on the New Orleans Picayune and carried on one of the worst assaults against the union printers ever known in this country.

According to the New Orleans Typographical Union he established the "yellow dog" contract. The printing trades were locked out from all the newspapers in New Orleans and they are still locked out. President Green has received telegrams from typographical unions in various cities appealing to him to oppose the confirmation of his appointment.

I wish to state that the American Federation of Labor joins with the labor movement of Louisiana in urging you to vote against the appointment.

Yours very truly,

W. C. ROBERTS,
Chairman Legislative Committee,
American Federation of Labor.

Mr. LONG. Mr. President, I send to the desk another communication, written on both sides of the paper, and ask that it may be read by the clerk so that it may appear in the RECORD. I invite the attention of the Senator from Kentucky [Mr. BARKLEY] to the reading of the letter.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the clerk will read as requested.

The legislative clerk read as follows:

JANUARY 31, 1934.

Memorandum for Mr. Green.

The labor movement of New Orleans has united against the appointment of D. D. Moore as internal-revenue collector for that district. We have letters and affidavits showing that Moore, who was at one time president of the printers' union in New Orleans, turned traitor and carried out the program of the Times-Picayune to destroy the printers' union. He originated the "yellow dog" contract in that city.

I have informed Senator LONG and representatives of labor who have come here from New Orleans that we would help defeat Moore. Moore telegraphed requesting the hearing to be postponed until February 20.

Senator BARKLEY is chairman of the subcommittee and will hear the case. I have notified BARKLEY that we were opposed to the confirmation of the appointment.

This is the first time in New Orleans that all labor was solidly united.

W. C. ROBERTS,
Chairman Legislative Committee,
American Federation of Labor.

Senator LONG:

I phoned Senator BARKLEY's office and asked when the hearing was to be held re confirmation of Mr. D. D. Moore as internal-revenue collector for the New Orleans district.

I was advised the hearings had not been set, so I requested that I be notified when they were set, in order that I might appear in behalf of the American Federation of Labor in opposition to Mr. Moore's appointment. I was not so notified.

Sincerely,

W. C. HUSHING,
National Legislative Representative and General Organizer, American Federation of Labor.

SUPPLEMENTAL ESTIMATES FOR DEPARTMENT OF STATE (S.DOC. NO. 142)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting supplemental estimates of appropriations for the Department of State for the fiscal year 1935, for office and living quarters, Foreign Service, $954,000, of which not to exceed $238,000 shall be immediately available, and for cost of living allowances to Foreign Service officers, $300,000, of which not to exceed $100,000 shall be immediately available; in all, $1,254,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUPPLEMENTAL ESTIMATES FOR CIVIL SERVICE COMMISSION (S.DOC. NO. 143)

The VICE PRESIDENT laid before the Senate a communication from the President of the United States transmitting two supplemental estimates of appropriations for the Civil Service Commission for the fiscal year 1935 totaling $46,816, to enable the Commission to conduct examinations and establish registers for storekeeper-gaugers, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

REPORT ON EMERGENCY HOG MARKETING PROGRAM (S.DOC. NO. 140)

The VICE PRESIDENT laid before the Senate a letter from the Secretary of Agriculture, transmitting, pursuant to Senate Resolution 123 of the present session, a report on the emergency hog marketing program conducted from August 23 to October 7, 1933, as prepared by the Agricultural Adjustment Administration with respect to the total number of animals purchased; the live weight of same; the total dollars paid; the yields and disposition of products; price trends at specified markets before, during, and after the buying campaign; and an opinion based on available data with respect to hog price movements during October, November and December, which, with the accompanying papers, was ordered to lie on the table and to be printed with an illustration.

COMPENSATION OF OFFICERS AND DIRECTORS OF CORPORATIONS

The VICE PRESIDENT laid before the Senate a letter from the Chairman of the Federal Trade Commission, transmitting, pursuant to Senate Resolution 75 (agreed to May 29, 1933), information relative to compensation of officers and directors of certain corporations engaged in interstate commerce having assets or capital of more than $1,000,000 and listed on the New York Stock or Curb Exchanges, not including public utilities, which, with the accompanying documents, was referred to the Committee on Banking and Currency.

MORSE DRY DOCK & REPAIR CO. *v.* THE UNITED STATES (S.DOC. NO. 141)

The VICE PRESIDENT laid before the Senate a letter from the Chief Clerk of the Court of Claims, transmitting, pursuant to order of the court, a certified copy of the special findings of fact, conclusion of law, and opinion of the court, filed February 6, 1933, in the case of *Morse Dry Dock & Repair Co.* v. *The United States* (Cong. No. 17636), which, with the accompanying paper, was referred to the Committee on Claims and ordered to be printed.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a resolution of the Reserve Officers' Association, Department of Delaware, favoring appropriations to provide a Regular Army of not less than 14,000 officers and 165,000 enlisted men; a National Guard of 210,000 officers and enlisted men, with 2 weeks' annual field training and 48 armory drills; the restoration of the full amount of the 15-percent pay cut to Government employees, etc., which was referred to the Committee on Appropriations.

He also laid before the Senate a letter in the nature of a petition from George T. Baker, of San Francisco, Calif., praying for the overthrow of money changers and the abolition of "bond slavery", which was referred to the Committee on Banking and Currency.

He also laid before the Senate a letter in the nature of a petition from T. E. and Mary C. Greene, of Brooklyn, N.Y., praying for the restoration of silver to be used as money along with gold, and the issuance of adequate new currency, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution adopted by the City Council of Erie, Pa., protesting against the adoption of any general rule or regulation disqualifying for employment under the civil service any person past the age of 40 years or a rule that would require the discharge from employment under the Government of any citizen who has passed that age, which was referred to the Committee on Civil Service.

He also laid before the Senate the petition of Sophia W. Asbury, of Jackson, Miss., praying for an investigation of the action of the Veterans' Administration in removing her husband, L. G. Asbury, from an office under that Administration and making various charges of maladministration and unfair treatment in connection with the case, which, with the accompanying papers, was referred to the Committee on Finance.

He also laid before the Senate resolutions unanimously adopted at a meeting held under the auspices of the Philippine Civic Union, at Manila, P.I., favoring the passage of the so-called "King bill", providing absolute independence for the Philippines not earlier than 24 months nor later than 40 months from its enactment, which were referred to the Committee on Territories and Insular Affairs.

He also laid before the Senate a resolution adopted by the Colonial Council of St. Croix, Virgin Islands, favoring the passage of legislation to extend and make applicable repeal of the national prohibition laws in the Virgin Islands, which was ordered to lie on the table.

He also laid before the Senate the petition of Elmer F. Coover, of Tipton, Pa., praying for the passage of legislation providing immediate cash payment of veterans' adjusted certificates (bonus), which was ordered to lie on the table.

He also laid before the Senate a telegram from the president of the Past Commanders Association, United Spanish War Veterans, in session at Palm Beach, Fla., embodying a resolution adopted by the association favoring the enactment of legislation placing Spanish War veterans on the same pension basis as Civil War veterans, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by the mayor and council of the borough of Moonachie, N.J., favoring the passage of the so-called "Kenney bill", providing for a national lottery to be conducted by the Veterans' Administration as a means of raising revenue, which was ordered to lie on the table.

He also laid before the Senate a resolution adopted by Chestnut Ridge Post, No. 444, Veterans of Foreign Wars of the United States, at Derry, Pa., favoring the passage of legislation for the repeal of the so-called "Economy Act", and the immediate cash payment of adjusted-service certificates (bonus), which was ordered to lie on the table.

Mr. TYDINGS presented resolutions adopted by Young Friends Lodge No. 147, Independent Order B'rith Abraham, of Brooklyn, N.Y., and Heights Lodge No. 1152, B'nai B'rith, of Cleveland Heights, Ohio, favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented the petition of sundry citizens of Brooklyn and vicinity, in the State of New York, praying for the

adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

Mr. COPELAND presented resolutions adopted by the Woman's Home Missionary Societies of the Methodist Episcopal Churches of Theresa and White Plains, N.Y., favoring the passage of House bill 6097, providing for higher moral standards for films entering interstate and foreign commerce; which were referred to the Committee on Interstate Commerce.

He also presented a resolution adopted by representatives of railroad employees at Binghamton, N.Y., favoring the passage of legislation favorable to such employees relating to hours of labor and service, length of trains, and disposition of disputes between carriers and their employees; which was referred to the Committee on Interstate Commerce.

He also presented a resolution adopted at Garden City, Long Island, N.Y., by the Long Island Nurserymen's Association favoring the passage of Senate bill 1839, to transfer the Botanic Garden to the Department of Agriculture; which was referred to the Committee on the Library.

He also presented a resolution adopted by the Women's International League for Peace and Freedom, of New York City, favoring an investigation of the activities of the armament, munition, and shipbuilding industries, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the City Council of Rochester, N.Y., favoring the adoption of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted at New York City by the Federation of Jewish Women's Organizations, favoring a reduction in naturalization fees, which was referred to the Committee on Immigration.

He also presented resolutions adopted by the board of directors of the Bar Association of Nassau County, N.Y., favoring the passage of House bills 6476 and 6477, relating to district judgeships in the United States District Court for the Eastern District of New York, which were referred to the Committee on the Judiciary.

He also presented resolutions adopted by the Adirondack Motor Club, of Glens Falls, and the Ithaca Automobile Club, of Ithaca, in the State of New York, remonstrating against the continuance of Federal taxes on gasoline and automobile accessories, which were referred to the Committee on Finance.

He also presented a memorial of sundry citizens of the State of New York, remonstrating against the enactment of legislation requiring 60-percent margin as a regulatory measure in the operation of the New York Stock Exchanges, which was referred to the Committee on Banking and Currency.

He also presented a communication from The James Forrestal Co., of Beacon, N.Y., favoring resolutions adopted by the Associated General Contractors of America, at Washington, D.C., to provide for Federal loans for certain construction purposes, and the utilization of existing private agencies of the construction industry to the fullest extent before new or additional governmental agencies are established for the purpose of executing public improvements, which was ordered to lie on the table.

He also presented a resolution adopted at New York City by the Women's International League for Peace and Freedom, remonstrating against further expenditure for the increase of the Navy, which was ordered to lie on the table.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. SHIPSTEAD presented a telegram from C. C. Webber, president Upper Mississippi Waterway Association, of Minneapolis, Minn., which was ordered to lie on the table and to be printed in the RECORD, as follows:

[Telegram]

MINNEAPOLIS, MINN., *February 19, 1934.*

Senator HENRIK SHIPSTEAD,
Senate Office Building, Washington, D.C.:

Upper Mississippi Waterway Association joins other organizations interested in the economic rehabilitation of the Midwest in urging the immediate ratification of the St. Lawrence Seaway Treaty now pending before the United States Senate.

C. C. WEBBER,
President Upper Mississippi Waterway Association.

REPORTS OF COMMITTEES

Mr. SHEPPARD, from the Committee on Commerce, to which was referred the bill (S. 1754) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill., reported it without amendment and submitted a report (No. 353) thereon.

He also, from the Committee on Military Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

H.R. 1403. An act for the relief of David I. Brown (Rept. No. 354);

S. 2687. An act for the relief of Alfred W. Kliefoth (Rept. No. 355);

S. 2688. An act to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and Citizens' Military Training Camps (Rept. No. 356); and

S. 2742. An act to authorize the Secretary of War to abandon or evacuate real estate no longer required for cemeterial purposes in Europe, and for other purposes (Rept. No. 357).

Mr. DUFFY, from the Committee on Military Affairs, to which was referred the bill (S. 421) for the relief of Joseph Gorman, reported it without amendment and submitted a report (No. 364) thereon.

Mr. HAYDEN, from the Committee on Mines and Mining, to which was referred the bill (S. 2313) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, reported it with an amendment and submitted a report (No. 358) thereon.

Mr. McKELLAR, from the Committee on Appropriations, to which was referred the bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor, for the fiscal year ending June 30, 1935, and for other purposes, reported it with amendments and submitted a report (No. 360) thereon.

Mr. STEPHENS, from the Committee on Commerce, to which was referred the bill (S. 2445) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla., reported it without amendment and submitted a report (No. 359) thereon.

He also, from the Committee on the Judiciary, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

H.R. 6219. An act to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma (Rept. No. 361); and

S. 1091. An act conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus (Rept. No. 362).

Mr. SMITH, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 870) for the relief of L. R. Smith, reported it without amendment and submitted a report (No. 363) thereon.

INVESTIGATION OF BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS

Mr. ASHURST, from the Special Committee on Investigation of Bankruptcy and Receivership Proceedings in United States Courts, submitted a preliminary report, pursuant to

Senate Resolution 78, which was ordered to be printed (Rept. No. 365), and to be printed in the RECORD, as follows:

[S.Rept. No. 365, 73d Cong., 2d sess.]

INVESTIGATION OF BANKRUPTCY AND RECEIVERSHIP PROCEEDINGS IN UNITED STATES COURTS

Mr. ASHURST, from the Special Committee on Investigation of Bankruptcy and Receivership Proceedings in United States Courts, submitted the following preliminary report (pursuant to S.Res. 78):

Pursuant to Senate Resolution No. 78 of the Seventy-third Congress, your special committee convened at Los Angeles, Calif., on Monday, October 30, 1933, and, with the exception of Saturdays and Sundays, continued in session there through Thursday, November 16, 1933. Thereafter, on November 20, the committee met in San Francisco, Calif., and sat in that city 3 days until the close of the hearings on November 22, 1933. This report is upon the evidence so far taken.

There are two Federal district courts in California: the northern, with its headquarters at San Francisco, and the southern, with headquarters at Los Angeles. Three United States district judges sit at San Francisco, and four at Los Angeles. San Francisco has 2 referees in bankruptcy; Oakland, 1; and Los Angeles, 4. No receivership or bankrupt estate whose principal business was located outside of these three cities was considered.

The committee heard several of the Federal judges, most of the referees in bankruptcy, many lawyers engaged in receivership and bankruptcy practice, a number of equity receivers, some trustees in bankruptcy, and other witnesses.

EQUITY RECEIVERSHIPS

Two hundred and seventy equity receiverships were examined by your committee. They were all cases arising during the period of approximately 3 years next preceding the time when the hearings began. With few exceptions, they were of the "consent" type brought into being by the managements of the corporations. For the most part, creditors had no voice in the appointment of receivers and were accorded little, if any, consideration after their appointment. In order to create diversity of citizenship and bring some of the cases within the jurisdiction of the Federal courts, fictitious nonresident creditors were brought into being, and thus pseudo jurisdiction was had. Coincident with the agreement of interested parties for a receiver, attorneys were selected to file the bill and the answer, and usually all the papers in the case were drawn before the presentation of the petition for receivership to the judge, such presentation being made invariably in chambers. Once a determination to have a receiver was reached, the receiver selected and his attorney agreed upon, the court was merely asked to give the arrangement the stamp of judicial approval by affixing his signature to the documents presented to him. In no case brought to our attention was this program upset. Immediately the appointment of a receiver was had, then, upon the application of the attorney for the petitioners, the judge invariably approved as the attorneys for the receiver those who had participated in the arrangements for the receivership. In many important cases these proceedings resulted in the continued control of that management under which the corporation has been brought to ruin, and afforded protection, if not relief, from improvident contracts theretofore entered into by such management.

In the bills in equity praying for the appointment of receivers for the period examined the value of the assets of the companies for which receivers were appointed was alleged to amount to $473,313,877.39, and the debts were $161,051,114.11. The recklessness with which the assets were alleged in the bills of complaint, and the total disregard of any reasonable scale of values set up on the books of the companies at the time of the application for the appointment of receivers, are shown in the final reports of those officials of the court, where they are given a book value of $199,977,648.13—a decrease of $279,336,229.26, or 59 percent in process of receivership—revealing either an utter contempt for the truth of the allegations set out in the petitions, which were verified under oath, an attempt to prove solvency in order to secure the appointment of receivers, or wasteful and incompetent management. The evidence adduced does not favor one of those theories of decline over the other. It showed them all to exist in approximately equal degree.

In the cases which we examined the secured obligations amounted to $121,898,368.49. Total general claims amounted to $214,653,646.26. Secured obligations and general claims together totaled $336,552,014.75, against which there were assets as shown in the final reports submitted for our consideration having a book value of $199,977,646.13, or about 58 percent of the secured and general claims, thus showing a condition of absolute insolvency justifying, if not requiring, immediate liquidation to avoid the additional and unnecessary dissipation of a large part of those assets in the receivership proceedings.

The operating loss of the receiverships examined amounted to $12,992,000.21. In many cases receivers who appeared before our committee to testify contended that there had been an operating profit, but no evidence was offered to prove that any receiver considered there had been a profit for income-tax purposes or that any such tax was ever paid.

The total general claims approved for the period under inquiry amounted to $74,532,670.09. Total dividends to creditors, both secured and unsecured, amounted to 8.46 percent of their aggregate claims. The general creditors received 6.17 percent of the total of their claims.

Purely administrative expenses, including the fees of receivers, attorneys, auditors, and appraisers, totaled $4,494,622.42. These expenses account for 34 percent of the operating loss of $12,992,000.21. The total amount paid general creditors in all these cases together was $4,664,153.34. For every dollar that was paid to a general creditor 96 cents was paid in fees. In the case of the receiverships arising before one of the Federal judges the sum of $4.97½ was paid in fees for every dollar paid to general creditors.

Secured creditors, whose claims aggregated $121,898,368.49, received 7.1 percent of their claims in the way of dividends. Strictly speaking, secured claims are not involved in a receivership proceeding except that the proceeding usually operates as a permanent brake to all movements looking toward their collection and settlement.

The above are the facts disclosed from an examination of 207 receiverships for the period named. During the last 5 years there have been altogether 283 receivership proceedings brought in the two districts of California. With the exception of 1 of some magnitude and 5 minor ones the 207 cases examined all originated subsequent to January 1, 1930.

The statutes of many of the States prohibit the conveyance by the board of directors of all the property rights and franchises of a corporation without the consent of two thirds of the stockholders. The appointment of receivers, however—at any rate, in the manner in which it has been done in the Federal courts of the State of California—has been tantamount to a transfer of all of the property of the corporations involved, including their franchises and their right to do business, and in legal effect has brought about their dissolution. Under State laws this cannot be done without the consent of two thirds of the stockholders. Under the laws of some States this consent is not required, it is true, but in those cases such a provision is made a part of the articles of incorporation.

We found in the cases which we examined that the corporations in receivership had first-lien liabilities consisting largely of first-mortgage bonds in the amount of $121,898,368.49. The general form of the mortgages given as security for those bonds provide that in the event of a default in the payment of interest or of sinking fund, or upon the appointment of a receiver for the corporation, foreclosure proceedings could be had. The bonds were largely held by investors of moderate means. In some instances life savings were invested in them.

The conditions of the indentures securing these bonds justified the owners of them in believing that in the event of a default a recovery of the principal could be had through foreclosure proceedings, and the sale of the property held as security. Through receivership proceedings, however, these secured creditors are prevented from a recovery, to which they are entitled, through interminable delays and the continuance of receiverships. In no case coming under our observation did a court permit a bond issue to be foreclosed and the property sold for the benefit of the bondholders. The bondholders had to stand by and see the properties which they thought were held as security for the payment of their bonds shrink to the vanishing point under the wasteful, inefficient, and protracted management of receivers. All efforts to sequester the property for the benefit of the bondholders were restrained under the general equity powers of the Federal courts by the application of blanket injunctions.

True, there were some foreclosures by way of sale of all of the property of the receivership estates. In the few cases in which this was done, it was resorted to for the purpose of coercing nonconsenting creditors into a reorganization. The results of reorganization have been universally disappointing. The largest one has gone back into receivership. The next largest is, after 2 years, still striving to pay the fees of the attorneys for the receiver of the old corporation which were made a lien on the new corporation's property by order of the judge, though the new corporation was never a party to the receivership action.

The first great failure of recent times in California occurred in May 1927. It involved the affairs of the Julian Petroleum Co. A receiver was appointed for the concern in the Federal court. This failure was brought about by a tremendous over issue of stock, said to amount to $51,000,000. Under the law of California then in force, the holders of this spurious stock could make claim against the corporation for the amount paid for the securities. They also had the right to sue the holders of the valid outstanding stock of the corporation under an unlimited stockholders liability, in the proportion of the number of shares held. Since receivership proceedings were had, this corporation has undergone a reorganization and has again been petitioned into receivership, where it remains at the present time. No creditor, secured or unsecured, has ever been paid a dollar.

The exorbitant fees paid to the receivers and their attorneys in this case appear to have set the standard for those that were allowed in cases which followed. The receivers were allowed compensation of $210,000 for a period of 18 months, and their attorneys received the sum of $178,250 for their services. Whether or not these services have been of benefit either to the corporation or to its creditors, the fact remains that the creditors received not one cent by way of dividends and the reorganized corporation is itself now in the custody of receivers appointed by the courts.

The Supreme Court of the United States in a recent decision (*Shapiro* v. *Wilgus*, 287 U.S. 348) held that the appointment of receivers by the Federal courts must conform to the public policy of the State in which the appointment is made. It might well be that the situation as it was disclosed to us in our investigation in the State of California could be solved there by an act

of Congress which would prohibit a Federal court from appointing a receiver in equity except where the laws of the State would permit an appointment in the State court.

The Federal courts in California have ignored the force and effect of the decision in Shapiro against Wilgus. They have appointed receivers for all classes of corporations, including purely State organizations, such as building and loan associations, for which in California a complete scheme of liquidation is provided by statute.

Under California law it is provided that a building and loan association of that State, in the event of insolvency, shall be liquidated under the direction of the State building and loan commissioner, who may employ deputies as liquidating agents and fix their compensation at not to exceed $8 per day. This law also provides that the attorney general of the State shall render all the legal services required without any compensation other than his usual salary. This statute of the State of California has been absolutely ignored and the Federal courts there have appointed receivers for a number of building and loan associations. In one case the fees allowed to one receiver amounted to $40,000, and to his attorneys, $125,000. In the case of *Bank* v. *Hawkins* (C.C.A., 5th Cir., 42 Fed. (2d) 209), it was held that a Federal court has no jurisdiction to appoint a receiver for such an organization. It was claimed in the case of the Guaranty Building & Loan Association, that the lack of jurisdiction was supplied by consent, but such consent in the large majority of cases is found to have been given without ostensible authority and always without legal right. It follows then that the Federal courts in the State of California have failed to follow the rule laid down in *Bank* v. *Hawkins, supra*.

Most of the receiverships into which we made inquiry were found to have been inefficiently operated. The receivers were, for the most part, inexperienced. In some cases, attorneys without executive training or any considerable knowledge of business were appointed receivers, and the effect was nothing more than the imposition of a highly expensive superstructure upon the business.

There is no Federal statute or rule of the Supreme Court of the United States affecting the appointment of receivers in equity. Such receivers have been appointed in the two districts in California, ostensibly for the conservation of estates having an aggregate book value of more than half a billion dollars, and they have been administered under the direction of the Federal courts in pursuance of that vague and uncertain authority called "the general equity powers." Prior to the time of our hearings there were no rules in the United States district courts in southern California regulating either the appointment of receivers or the management of estates. Each judge administered the receiverships coming before him in his own discretion by the exercise of his "general equity powers." In one case (Richfield) where such discretion was exercised and the receivership continued over a period of 2 years and 8 months (and which still continues) no creditor, secured or otherwise, received any part of his claim. The book value of the assets showed a shrinkage during that period from $130,000,000 to $41,949,009.14. A subsequent appraisal made for foreclosure purposes disclosed assets of $23,821,000 against which there is a first-mortgage bond issue of $35,000,000, in addition to which there is an accumulation of interest amounting to more than $6,000,000. In the 2 years and 8 months of this receivership the receiver incurred an operating loss of $10,594,210.38. In the meantime there was paid on account as fees to the receiver, his attorneys, auditors, and appraisers, the huge sum of approximately $1,500,000.

In the consideration of these receiverships the judges of the Federal courts in those cases which we have examined appear to have disregarded the principles laid down by the Supreme Court and the circuit court of appeals in the matter of the limitation of jurisdiction as well as the allowance of fees. Their disposition of the cases has in practically all instances been based upon consent agreements of attorneys for the receivers and the parties to the action who were not real parties, except through the interposition of legal fiction.

We are not unmindful of the possible disturbing influence upon business recovery of the operation of corporations in receivership. Under the protecting arm of the courts, receivers are not amenable to any cooperative plan and are free from all restraints imposed upon competitors. A business in receivership is not under obligation to pay any fixed charges on its invested capital, including the interest upon any bonded indebtedness, and thus it is in a position to take unfair advantage of others engaged in similar lines of business.

The theory of receiverships is that they will enable a business temporarily embarrassed to recover to such an extent that the entire proceedings will result beneficially to the owners of the concern placed in the custody of the court, as well as to those having claims against it. Like bankruptcy, it voids preferences at least temporarily, as between persons who hold claims. It is always possible that during the process of receivership a composition may be brought about with the creditors and then the business may be permitted to continue on its way. In practically all the cases which we examined in the Federal jurisdictions in California, this theory amounts to nothing but a hope which we believe will be long deferred. At any rate, such a hope has not been realized. In bankruptcy, on the other hand, while compositions are possible, the usual result is the winding up of the business of the bankrupt and the liquidation of its affairs. Seldom in those cases is there ever a rehabilitation.

If we are to continue the practice of appointing receivers in the Federal courts and placing about concerns the protecting arms of the injunctive process, then it is our conclusion that the proceedings should be surrounded by proper safeguards, sufficient at any rate, to prevent a recurrence of the abuses which have come to our attention.

In the course of our investigation most of the judges in the Federal courts in California voluntarily appeared before us and afforded us the benefit of their experience and observations in the conduct of receivership proceedings. One of them recommended what he admitted might be considered rather a radical change. He would restrict by act of Congress the jurisdiction of the Federal courts. He would provide by a uniform rule for a schedule of fees to be paid to receivers. He suggested that one corrective would be by affording relief to the Federal courts in the State of California, which he stated are overloaded. These receiverships, Judge James said, impose a tremendous amount of work, and then he concluded (p. 137, hearings):

"Think of the judge being placed in the position of a business manager for all the diversified businesses that come in here of varied kinds. It is impossible to gain comprehension of the real inside of that business as it goes along. No human being can do it. The receivers have to be relied upon. We try to see that they are at least honest, straight men in the first place. Then their qualifications. They may work out successfully and they may not. One receiver may be a better man alongside of another, and yet make a failure, while the other man may make a success."

Judge Hollzer testified to the same effect, saying (p. 439, hearings): "I knew this much, that our court was not equipped to keep track of receiverships, either this one or any other; we have no experts to assist us; we have no investigators who go around finding out what is happening within a receivership; we are in no position to supervise the management, if you please, of any business organization."

It is our conception of the duties of a judge who grants a petition for the appointment of a receiver to ascertain by whatever means at his disposal—and they are many—the condition of the business the conduct of which he about to assume and supervise, its nature, if possible the cause of its failure to prosper, and whether, in his judgment, one can reasonably anticipate that receivership proceedings will be beneficial both to the owners of, and those who have legitimate claims against the concern. Manifestly, to do this intelligently, the judge must do more than listen to what, in the cases we have examined, at least, were the observations of men wholly unfamiliar with the conditions which then obtained, or, on the other hand, of suppliants less regardful of the interests of others than of their own.

Our view is that in such proceedings, the court might well say, in substance, to those who come before them:

"The court is wholly unfamiliar with the details of this business. The court does not feel justified in taking the action you desire taken in the absence of a disclosure of all the facts. A temporary order may be entered for, say, 10 days, but you must, at the expiration of that time, be prepared to outline in detail the status of your affairs, the causes which brought about its condition, the remedy you desire to apply, and the means at your disposal for doing what you propose, and how much it will cost."

With the facts adduced in this way and to this extent, the court would then be in position to give directions for future management, at least with some knowledge of the problems to be solved, and some estimate of the probable outcome of the undertaking. At any rate, we venture to say that any court would, under such circumstances, hesitate to command the doing of what, to our minds, has resulted so disastrously to the interests of so many citizens who, justifiably or otherwise, have been led to place their confidence in the wisdom, the prudence, and the good sense of the judges of our courts.

Your committee is not impressed by the attitude of the judges when they say they are not equipped to handle such matters as receiverships. They have the power to supervise. The appointment of receivers is one of their inherent functions. To admit that they cannot meet the exigencies of such proceedings is, to our minds, tantamount to an admission of inability to function at all. One familiar with court procedure and with the trial of cases cannot conceive of a situation where a judge might be heard to say to litigants that the time at the disposal of the court cannot admit of a full and fair hearing of the issues involved, and then proceed to make findings upon a mere ex parte statement. Yet that is about what, in the opinion of your committee, has been the course of action in most of the receivership cases we have examined.

Unfortunate as this experience has been, and however much the course of action of the courts in handling receiverships has fallen below our conception of the accepted standards of jurisprudence, it is yet less reprehensible than has been that conduct of a bankruptcy proceeding brought to our notice in the course of our investigation, and to which reference is made elsewhere in this report.

As we review in perspective the tortuous course of that proceeding we are led to pause and to wonder how long a system of laws, so administered, can endure or continue to have or to merit the confidence of the people.

Several of the judges testified that certain rules had been adopted a short time previous to the date of our investigation, and which were to go into effect on the day following the date of the appearance of the judge before your committee. Briefly those rules provide that no receiver shall be appointed without

notice to all known creditors; that an order to show cause shall issue, returnable on the first law date after 20 days of the issuance of the order to show cause. The rules further provide for notice to creditors and other interested parties upon petitions for allowances to be made to receivers and for counsel fees and expenses.

All the judges who appeared before your committee were interrogated upon these points and they all agreed that the rules adopted for their guidance would be salutary. However, those rules, as we analyze them, do not go to the root of the difficulty. To our minds there is much more to the problem than to adopt and follow mere rules of procedure. We realize that schedules of fees may not be adhered to in every case, that discretion might be reposed in the judge who is called upon to fix the compensation of receivers and the fees of counsel, and others performing duties in connection with receiverships. But we submit that the responsibility rests upon the judges and upon no one else, and it does not relieve the judges of that responsibility merely to consider the testimony of so-called "experts" who are brought before them, who for the most part are not disinterested, and who in our judgment, have been willing to recommend the payment of fees wholly out of reason, compared with the services that have been rendered. It is not a sufficient excuse for those judges to say that they have not the time to familiarize themselves with the nature of the work involved in any particular case to know about the business which has been transacted by a concern in receivership, to visualize the problems that have been met and which receivers and their counsel have endeavored to solve; and then divest themselves of responsibility on the testimony of persons called on behalf of those seeking remuneration. To our minds, the judges should make it clear to those citizens of whatever rank in life, who are considered as competent to become receivers, and hence officers of the court, that theirs is a public duty and that there are other than money compensations in the performance of that duty. It is not unlike in pricipie to jury service—a duty which every citizen has to perform when called upon to do so. The Federal Government and the governments of every State impose that duty upon their citizens and fix their compensation at a very moderate figure, much less in most instances, than the men who are called would be willing to accept in compensation for their services in everyday life. But there is some compensation in performing the duties of citizenship, aside from the money that may be received; and public-spirited citizens realize that is so, and willingly devote their time and their best thought and most mature judgment to the consideration of cases arising between person and person, without thought of money compensation. Such an attitude of mind on the part of those who assume the obligations of a receiver appointed by a court, whether Federal or State, thus showing that our judicial tribunals repose implicit confidence in them, since they are made officers of the court, would merit and receive the commendation of their fellow citizens.

We regret to report that in our investigation of the cases in the courts of California we have observed little, if any, such disposition on the part of those charged with receivership functions, or on the part of those acting as counsel for receivers.

BANKRUPTCY

In the course of our investigations in California some of the evils attendant upon proceedings in bankruptcy were brought to our attention. In the main, they were not such as to lead to the conclusion that they are unique in their nature, though it may be said they are unusual in their effects, to say the least.

As an example, one case which came to our notice appears to have been instituted to relieve the corporation involved, by what may be described as unconscionable means, from obligations the validity of which could not be questioned, and the results of which effectively destroyed and made impossible of enforcement the rights of a large group of citizens. Lessors looked on helplessly and saw their obligations made void and of no effect. Holders of preferred stock were denied that security of investment which they had been led to believe they had safeguarded and made to suffer losses which they could ill afford to bear. In fact, in some instances it meant the loss of their entire life savings. These proceedings which brought about such results, deplorable in themselves, are yet more to be criticized than deplored, since they were instituted by men who were unscrupulous, aided by attorneys who, to our minds, had little, if any, regard for their obligations of citizenship, much less for the canons of legal ethics, and were prosecuted with the full knowledge and at least the tacit acquiescence of the judge whose duty it was to pass judgment upon the merits of the objects sought to be attained.

In the particular case we have in mind, through the device of holding companies, by the organization of subsidiary corporations which functioned throughout the proceedings and thus maintained the separate entities as going concerns, and finally by the forced sale of the bankrupt estate in its entirety, the former owners have again come into possession of all the assets of which they divested themselves in the bankruptcy court, though relieved of real estate leases which the interests formerly in control considered onerous or disadvantageous, and freed of the obligation of accounting to the holders of $6,000,000 of their preferred stock which has literally been wiped out.

The cost of bankruptcy proceedings at least in those cases which we examined, all of which arose in California, was brought forcefully to our attention. From the examination made thus far we are convinced the expense with which estates are burdened cannot be justified, since it amounts virtually to a confiscation of the rights or creditors.

In the counties of Los Angeles and San Francisco for the period of 2 years from July 1, 1931, to July 1, 1933, for example, the total of claims allowed in bankruptcy cases considered was $47,468,846.65; trustees received $10,882,895.14 and paid to creditors $6,134,149.76. The balance, or $4,748,745.38, or 43 percent of all receipts, was disbursed for expenses of administration, including fees of referees, trustees, and attorneys.

As a result of the fee and commission system in effect in the bankruptcy courts, instances were brought to our attention where the income of referees exceeded the salary of judges of the United States district courts. In San Francisco the total fees of one referee amounted to more than $12,000 for 1 year; in Los Angeles they rose to as much as $30,000, or three times the salary of a United States district judge.

In some cases in bankruptcy, not only have the referees passed upon the validity of claims of creditors, but in cases of involuntary bankruptcy they have acted as masters to determine whether petitions should be granted, thus passing upon matters in the outcome of which they themselves had a pecuniary interest.

In the consideration of the cases which came under our observation, we were impressed by the relatively enormous cost involved in receivership and bankruptcy cases.

A comparison will illustrate more forcefully the existing situation.

The total fees and expenses paid on account of such proceedings in three cities in California for a period of two and a half years were $9,243,407.

As compared with this total, the salaries paid to the President of the United States, the Vice President, the 10 members of the Cabinet, the 96 Senators, the 9 members of the Supreme Court, the 37 Justices of the Circuit Courts of Appeal, and the 145 justices of the district courts of the United States for the like period amounted in the aggregate to $7,782,500, or but 84 percent of the amount disbursed on account of receivership and bankruptcy fees in those three cities of the United States.

CONCLUSIONS

To disregard the conditions existing elsewhere, and about which we are not informed, might work serious injustice if drastic remedies were to be applied, as we believe we would be justified in proposing from what we have already learned.

We believe that your committee should pursue its investigations into conditions in other parts of the country, as authorized by Senate Resolution 78 under which we are acting, and which specifically authorizes and directs your committee "to make investigations of the administration of receivership and bankruptcy proceedings in the courts of the United States." When these investigations shall have been concluded, a final report of our findings will be submitted, together with recommendations for such modifications of existing law and practice as the entire survey may justify.

Respectfully submitted.

HENRY FOUNTAIN ASHURST.
W. G. MCADOO.
FREDERICK VAN NUYS.
FELIX HEBERT.
WARREN R. AUSTIN.

FEBRUARY 26, 1934.

ENROLLED BILLS PRESENTED

Mrs. CARAWAY, from the Committee on Enrolled Bills, reported that on the 21st instant that committee presented to the President of the United States the following enrolled bills:

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.;

S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; and

S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

EXECUTIVE REPORTS OF COMMITTEES

Mr. McCARRAN, from the Committee on the Judiciary, reported favorably the nomination of Henry L. Dillingham, of Missouri, to be United States marshal, western district of Missouri, to succeed Asa W. Butler, resigned.

Mr. DILL, from the Committee on the Judiciary, reported favorably the nomination of Ardis J. Chitty, of Washington, to be United States marshal, western district of Washington, to succeed Charles E. Allen, whose term will expire June 16, 1934.

Mr. NEELY, from the Committee on the Judiciary, reported favorably the nomination of John C. Bowen, of Washington, to be United States district judge, western district of Washington, to succeed Jeremiah Neterer, retired.

Mr. SHEPPARD, from the Committee on Military Affairs, reported favorably the nominations of sundry officers in the Regular Army.

Mr. McKELLAR, from the Committee on Post Offices and Post Roads, reported favorably the nominations of sundry postmasters.

The VICE PRESIDENT. The reports will be placed on the calendar.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. CLARK:

A bill (S. 2877) to amend the Home Owners' Loan Act of 1933; to the Committee on Banking and Currency.

By Mr. BYRD:

A bill (S. 2878) to provide for the addition or additions of certain lands to the Colonial National Monument, in the State of Virginia; to the Committee on Public Lands and Surveys.

By Mr. TYDINGS:

A bill (S. 2879) for the relief of the Sanford & Brooks Co.; to the Committee on Claims.

By Mr. THOMAS of Oklahoma:

A bill (S. 2880) for the relief of Porter Bros. & Biffle and certain other citizens (with an accompanying paper); to the Committee on Claims.

A bill (S. 2881) for the relief of Walter D. Woodard; to the Committee on Military Affairs.

A bill (S. 2882) granting a pension to Elizabeth Jane Catron Mills Young; to the Committee on Pensions.

By Mr. McGILL:

A bill (S. 2883) for the relief of Mike L. Sweeney; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2884) for the relief of Frank J. Miller; to the Committee on Claims.

By Mr. WALSH:

A bill (S. 2885) for the relief of James Thomas Healy; to the Committee on Naval Affairs.

A bill (S. 2886) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof; to the Committee on Education and Labor.

By Mr. WHEELER:

A bill (S. 2887) for the relief of Mrs. Guy A. McConoha; to the Committee on Claims.

A bill (S. 2888) to provide for expenses of the Crow Indian tribal council and authorized delegates of the tribe;

A bill (S. 2889) for the relief of certain Indians of the Fort Peck Reservation, Mont.;

A bill (S. 2890) to cancel certain irrigation charges assessed against land owned by non-Indian settlers in the Blackfeet Reservation;

A bill (S. 2891) to authorize turning over to the Indian Service vehicles, vessels, and supplies seized and forfeited for violation of liquor laws;

A bill (S. 2892) to amend existing laws prohibiting the introduction of intoxicating liquors within the Indian country to permit its use as a medicine by practicing physicians for patients of Indian blood;

A bill (S. 2893) to provide funds for cooperation with School District No. 27, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; and

A bill (S. 2894) to provide funds for cooperation with School District No. 17–H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; to the Committee on Indian Affairs.

By Mr. FLETCHER:

A bill (S. 2895) granting a pension to Laura F. Carmichael; to the Committee on Claims.

A bill (S. 2896) for the relief of James W. Carmichael; to the Committee on Military Affairs.

By Mr. HARRISON:

A bill (S. 2897) to regulate interstate commerce by granting the consent of Congress to taxation by the several States of certain interstate sales; to the Committee on Interstate Commerce.

By Mr. SHEPPARD:

A bill (S. 2898) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on certain claims of George A. Carden and Anderson T. Herd against the United States; to the Committee on Claims.

By Mr. SMITH:

A bill (S. 2899) establishing certain commodity divisions in the Department of Agriculture; to the Committee on Agriculture and Forestry.

By Mr. McNARY:

A bill (S. 2900) authorizing an appropriation for the further development of the submarine and destroyer base at Tongue Point, Oreg.; to the Committee on Naval Affairs.

By Mrs. CARAWAY:

A bill (S. 2901) to authorize the coinage of 50-cent pieces in commemoration of the one hundredth anniversary of the admission of the State of Arkansas into the Union; to the Committee on Banking and Currency.

A bill (S. 2902) for the relief of L. L. Stokes; to the Committee on Claims.

A bill (S. 2903) granting a pension to Jennie Railey; to the Committee on Pensions.

By Mr. KING:

A bill (S. 2904) to provide for the acquisition of land in the District of Columbia in excess of that required for public projects and improvements, and for other purposes; to the Committee on the District of Columbia.

HOUSE BILLS REFERRED

The following bills were each read twice by their titles and referred as indicated below:

H.R. 7808. An act to authorize annual appropriations to meet losses sustained by officers and employees of the United States in foreign countries due to appreciation of foreign currencies in their relation to the American dollar, and for other purposes; to the Committee on Foreign Relations.

H.R. 7966. An act to authorize the Postmaster General to accept and use equipment, landing fields, men, and material of the War Department, for carrying the mails by air, and for other purposes; to the Committee on Post Offices and Post Roads.

SUGAR BEETS AND SUGARCANE AS BASIC AGRICULTURAL COMMODITIES—AMENDMENTS

Mr. VANDENBERG submitted three amendments intended to be proposed by him to the bill (S. 2732) to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes, which were referred to the Committee on Finance and ordered to be printed.

CATTLE AS A BASIC AGRICULTURAL COMMODITY—AMENDMENT

Mr. BYRD submitted an amendment intended to be proposed by him to the bill (H.R. 7478) to amend the Agricultural Adjustment Act so as to include cattle as a basic agricultural commodity, and for other purposes, which was referred to the Committee on Agriculture and Forestry and ordered to be printed.

FEDERAL HIGHWAY CONSTRUCTION—AMENDMENT

Mr. SHIPSTEAD submitted an amendment intended to be proposed by him to the bill (S. 2102) to amend the act entitled "An act to provide that the United States shall aid the States in the construction of rural post roads, and for other purposes", approved July 11, 1916, as amended and supplemented, and for other purposes, which was referred to the Committee on Post Offices and Post Roads and ordered to be printed.

AMENDMENT TO NAVAL CONSTRUCTION BILL

Mr. BONE submitted an amendment intended to be proposed by him to the bill (H.R. 6604) to establish the com-

position of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, which was ordered to lie on the table and to be printed.

AMENDMENT TO AGRICULTURAL APPROPRIATION BILL

Mr. WHEELER submitted an amendment proposing to appropriate $10,000, to be immediately available, for the establishment, equipment, and maintenance of a meteorological station upon a site, to be selected by the Secretary, at Missoula, Mont., intended to be proposed by him to H.R. 8134, the Agricultural Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

AMENDMENTS TO INDEPENDENT OFFICES APPROPRIATION BILL

Mr. CONNALLY submitted an amendment pertaining to veterans' provisions, intended to be proposed by him to H.R. 6663, the independent offices appropriation bill, which was ordered to lie on the table and to be printed.

Mr. STEIWER and Mr. McCARRAN submitted an amendment pertaining to veterans' provisions, proposed by them to H.R. 6663, the independent offices appropriation bill, which was ordered to be printed.

DISTILLATION OF GRAIN ALCOHOL AND MARKET FOR CORN

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the appropriate committee an editorial from the Terre Haute (Ind.) Tribune of February 21, 1934, entitled "A Call to Action." It shows the effect on the market for corn of the order permitting the distillation of beverage alcohol from commodities other than grain.

There being no objection, the editorial was referred to the Committee on Agriculture and Forestry and ordered to be printed in the RECORD, as follows:

[From the Terre Haute (Ind.) Tribune, Feb. 21, 1934]

CALL TO ACTION

It is always the unexpected that happens. To imagine that the complacent and saccharine acres of Cuba could be a reason for the Indiana farmer losing his corn market, and to imagine that industrial and agricultural operations in the Pearl of the Antilles could be the reason for lower prices for Indiana corn being marked up at the country elevators throughout Indiana day by day, might seem to require fantastic reasoning. But Indiana and other corn-growing States are awakening to the fact that nothing is more real and true and tragic.

Plans for a meeting of presidents of farm organizations from Middle Western corn-producing States in Terre Haute on Monday, February 26, were advanced today when directors of the chamber of commerce heard the report of a special committee named earlier in the month to consider the problem of appropriate action in the case of discontinuance of production of grain alcohol in the Middle West. The distillation of alcohol from grain, particularly corn, was halted as a result of an order of the Department of Agriculture permitting the distillation of beverage alcohol from commodities other than grain.

Terre Haute is particularly interested in the situation because of the closing down of the distillation plant of Commercial Solvents Corporation here as a result of inability of the grain alcohol manufacturers to compete with those manufacturing alcohol from Cuban molasses. The action threw 100 men out of work here but was even more widely felt throughout the surrounding territory, as it almost immediately wiped out a market that had been absorbing 12,000 bushels of corn a day and more than 200 tons of coal a day in the one plant alone.

Six or eight other corn-growing States can ponder this matter with the same apprehension which is felt here. The situation is an estop to general recovery; it depresses the price for corn; it further removes the farmer from prosperity, and its singularly lethal effect on employment needs no further demonstration than that which has happened right here in Terre Haute. It is a condition every defense against which should be rallied. Here the call to action presents itself unmistakably.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD an editorial from the Terre Haute (Ind.) Tribune of February 21, 1934, entitled "'Tis a Small World." It has reference to the St. Lawrence Treaty.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Terre Haute (Ind.) Tribune, Feb. 21, 1934]

'TIS A SMALL WORLD

This far away from the northern border it would seem that the question of the St. Lawrence waterway is a vague and remote issue. A speech in the House of Congress yesterday by Representative JAMES M. MEAD, of New York, brings the subject strikingly home to the citizens of Indiana, and would indicate that it is something which keenly suggests itself for the consideration of the people of this State. This is but one aspect of the case. Whether other considerations outweigh this side of the matter is not known. Mr. MEAD said:

"In 1920 there was approximately 20,000,000 tons of anthracite and bituminous coal mined in the United States and sold in the Dominion of Canada. In 1932 this tonnage had shrunk to approximately 9,000,000 tons. This reduction in tonnage was due to the economic condition in part and to the shipment of coal into Canada from other countries. Naturally when business picks up again this export tonnage from the United States should increase. If, however, the St. Lawrence Treaty is ratified and the seaway constructed, the coal market for the United States will be naturally effected to the detriment of all our coal operators, our railroads, and particularly to our coal miners. There will be undoubtedly 50,000 coal miners in the United States thrown out of employment because of the great tonnage of coal heretofore purchased from the United States that will be substituted from Nova Scotia and the various countries of Europe. Our markets, therefore, in Canada will be affected to a very great extent. It may even ruin the marketing of the United States coal in the Dominion of Canada. This in itself should be sufficient cause for the defeat of the pending treaty, without considering the many other serious objections to the treaty.

"I doubt very much if the Senators representing the coal-producing States have fully realized the importance of this question. The States which will be very materially affected through the loss of this Canadian coal market will include Pennsylvania, Ohio, Tennessee, Kentucky, West Virginia, Illinois, and Indiana."

While it may be true that our coal exports to Canada shrunk 11,000,000 tons per year in 12 years, this might be occasioned by the high cost of producing American coal. Still, the figures given suggest a mighty large economic subject for the people of Indiana and demonstrate that the Canadian waterway is not the vague and remote subject for Indiana it is commonly accepted to be.

THOSE UNITED STATES MAIL CONTRACTS

Mr. WHEELER. Mr. President, I present a radio address delivered by the Senator from Alabama [Mr. BLACK] on Wednesday, January 24, 1934, entitled "Those United States Mail Contracts", which I ask may be published in the RECORD.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

Since the beginning of the World War the United States Government has spent approximately $4,000,000,000 to build up an American merchant marine. Practically all groups and classes of American citizens have favored some plan to keep the American flag on the sea. Great ocean liners, sailing under the Stars and Stripes, carrying freight and passengers to the ports of the world, have thrilled the hearts of patriotic citizens.

In the time of peace these ships have carried our cotton, wheat, steel, iron, and countless products of farm and mine and factory across the seas. In time of war our ships have served to aid our country's cause and help win our battles.

The peace-time value to national commerce of an adequate, modern, well-manned fleet of merchant ships cannot easily be overestimated. In war time seagoing vessels equal to the best in all the world are of priceless worth. It was because of both these elements of value that our Government, largely at public expense, increased its gross tonnage of ships in foreign trade from slightly over 1,000,000 tons in the year 1914 to slightly above 11,000,000 tons in 1921. The expressed object of all governmental aid given to the merchant marine has been to—

Carry American goods in American bottoms.

Carry these goods at the cheapest rate possible to return a fair profit.

Maintain a constant increase of ship construction, in order to replace old vessels with modern ships.

Employ American boys as seamen and have them trained for sea service in case of national peril.

While the present inquiry has not been finished, facts have already been established that our program, as administered, has not and cannot accomplish these results. From 1920 to 1933 the percentage of American goods carried in American ships dropped from 43 percent to 36 percent. Today the United States stands at the foot of all the nations of the world in ship construction.

Our ships, subsidized with the money of the American taxpayer, have formed combinations with foreign ships, fixing freight rates so high by such agreement as to place additional burdens upon American farm, mine, and factory. The Jones-White law contemplated a requirement in each subsidy contract that new ships should be constructed. This was to maintain a modern merchant marine. In 1920 we had 1,000 ships in foreign commerce; today we have 500. If every ship contracted with the Government to be built should be constructed by the year 1940, this Government

would have a puny fleet engaged in foreign trade of less than 75 modern vessels. With reference to training American boys to serve on the sea, it is sad to relate that the evidence discloses that some of the ship operators drawing the fattest subsidies have employed the minimum number of Americans and sought to obtain the passage of legislation to permit employment by them of foreign seamen at low wages.

It is impossible, in the short span of time I am to talk, to give details of the evidence before our committee. The record, however, discloses that the huge subsidies paid by the Government to build up a merchant marine have been diverted from the channel and have been largely spent in high salaries, extravagant expense accounts, highly paid lobbyists, and huge dividends.

Since 1928 our Government has contributed practically $1,000,000,000 by mail subsidies, ship sales, and Government loans to shipping interests. A few illustrations will show how much of this money has gone:

One man drew more than $300,000 per year for his salary and expenses, charging up to the company, of which he was an officer, as much as $75 for 1 day's meals, $100 for waiters, $75 for taxicabs.

Another shipping official charged his own company a commission for buying Government boats amounting to more than $600,000, and a part of these payments were made when the company was in default to the Government on its indebtedness for the same ships.

One company started in the shipping business with $500 paid-in capital. In a period of 8 years more than $7,000,000 profits were made. Another official of a holding company owning a subsidized shipping line drew in salaries and bonuses more than $500,000 in 1 year. Another man made in net profits more than $3,500,000 from the time he began to have Government contracts until 1933. Attorneys' fees of $100,000 have been paid to one individual law firm for services in connection with a single Government contract. Subsidized ship operators have become millionaires practically overnight, while not even able to name the various companies constituting their network of holding companies, subsidiaries, affiliates, and associated companies. The entire sordid story is a sad one for every person who is ambitious for this country to have an honestly and efficiently operated merchant marine. The system as operated has disappointed its champions; has served to waste and squander public money; and, if continued, would bankrupt the Government and take the American flag from the seas. Since the dawn of human history man has longed for the time when he could defy the laws of gravitation and open up highways through the air. When Wright made his first flight from the sandy slopes of Kitty Hawk, in North Carolina, the world gasped with joy, with pride, and admiration. At last the dream of countless centuries had been realized and man might now begin the onward march toward this new and rapid method of transportation. When the dauntless and intrepid Lindbergh made his daring flight across the Atlantic the people knew that aviation was beyond its days of groping experimentation. In the glorious exaltation of the spirit of triumph over laws that had long kept men confined to earth, every man, woman, and child was ready and anxious to contribute another dime and dollar to the tax bill to hasten the day when the full benefits of this great invention might be extended to every city and hamlet in America.

Men who had flown over the battlefields of France pioneered in the aviation industry. Returning home with the spirit of flying controlling their thoughts and hopes, it was but a natural step for them to advance from the old barnstorming days to a regular passenger air traffic. Realizing the value of this new development in time of peace and war, the people were anxious to foster it. Legislation to aid this new industry was quickly passed and provided for the payment of money for the carriage of mail by airplanes. It was at this stage that the money changers saw their golden opportunity. Interested, as always, in exploitation of the invention and genius and efforts of someone else, alluring advertisements of prospective gains fascinated the gaze of millions. A wild scramble for the fruits of governmental subsidies began. As usual, the weak fell before the strong. The original aviation enthusiast, gazing out of his plane along the trail he had pioneered, had neither time, opportunity, nor money to visit Washington and sit among the money changers as they divided up the air mail map, nor did his efforts to protect his interests meet with success. Before long he found his line taken away from him. He could sell out for the price he could get, or he could see his cherished line gradually die from subsidized competition. When the air mail map had been redrafted it was found that the 18 or more millions of dollars of taxpayers' money annually paid for the carriage of air mail was controlled more than 90 percent by four companies.

At the directors' tables there sat not the pioneer air pilots, but the masters of American finance. The control of aviation had been ruthlessly taken away from men who could fly and bestowed upon bankers, brokers, promoters, and politicians, sitting in their inner offices, alloting among themselves the taxpayers' money. Again fortunes were made overnight. Forty dollars invested in an airplane engine company went upward to a subsidized aviation company, and in approximately 2 years gave to the $40 investor a value of $6,000,000.

Two hundred and seven dollars made another man worth $25,000,000.

Two thousand five hundred and thirty dollars made another man worth $35,000,000.

In awarding the contracts for both ocean and air mail there has been practically no competitive bidding except in name only. Low bids have been denied and high bids accepted. The people's money in air mail contracts has largely gone for high salaries, huge bonuses, wasteful and extravagant management, and to enrich a favored few. Government subsidies always have and always will tempt the greedy. They always have and always will lead to corruption. The energy of ocean and air mail operators has been spent more in seeking Government money than in operating ships and airplanes. Easy Government money stifles genius, paralyzes business effort, removes the incentive for frugal and efficient business management. Any business man is more likely to squander the money of someone else than he is his own. Until the special committee has completed its work I cannot state what its recommendations will be. Remedies can be applied by executive and administrative action, as well as by legislation. Contracts in default or secured by fraud, trickery, connivance, or corruption can be canceled, altered, or modified without legislation. I am sure proper steps will be taken to accomplish this purpose. It is clear the Government must adopt one of three alternative courses:

1. Abandon the subsidy system entirely and depend upon business demands to develop aviation and merchant marine, the Government to pay a reasonable charge for mail services.

2. Abandon the subsidy system entirely, and where business agencies will not operate, carry on these trade routes by direct governmental operation.

3. Continue a subsidy system with complete revision and overhauling of the system so that, as far as possible, abuses may be prevented, injustices corrected, and the taxpayer assured that his money will be used to build a merchant marine and promote aviation.

Among other things which I personally believe should be done as a result of facts our inquiry has disclosed are these:

Prohibit by law free passes and special privileges on subsidized ocean and air lines to Members of Congress, Government officials, and others, except on official business. Prohibit against maintenance of paid lobbyists. Drastic limitation on high salaries, expense accounts, and perquisites to favored individuals and the maintenance of a fair, just, and liberal wage level for the men who actually do the work. Prohibition against subsidized companies employing Government employees with whom business transactions have been negotiated for a certain period of time after they leave the Government service. Prohibition against efforts to influence contracts or modifications by Members of Congress, Senate, and party officials. A limitation of profits to a reasonable return upon actual investment. The construction of ships that will compete on a fair basis with modern equipment and with sufficient speed to be useful in case of national needs. More stringent regulations compelling employment of Americans on our ships, at a decent wage level. A uniform system of bookkeeping, with a penalty for improper entries. Protection of honest stockholders from manipulative profits of bankers, brokers, and promoters. The absolute prohibition, or drastic regulations and limitations of, holding companies, subsidiaries, associates, and affiliates. The seizure by taxation of unjust gains and so-called "profits" of individuals whose fortunes grow overnight from investments of $40 or $250 to $6,000,000 or $35,000,000. A protection of the American shipper from unfair rates fixed by agreements of ship operators with each other and with foreign lines. A prohibition against American-flag ship operators holding an interest in the business or profits of our foreign competitors. The time has come for every person who honestly desires to promote American shipping and aviation to unite to release these industries from their subjection to profiteering promoters, stock manipulators, bankers, and privileged politicians. This cancerous growth must be cut from these essential American industries. Our flag must remain on the seas. Our aviation industry must go forward.

THE TELEGRAPH CODE

Mr. WHEELER. Mr. President, I present an article appearing in Labor, in its issue of the 20th instant, entitled "What's Holding Up Telegraph Code? Is Frank Powers' Query", which I ask may be published in the RECORD.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From Labor, Feb. 20, 1934]

WHAT'S HOLDING UP TELEGRAPH CODE? IS FRANK POWERS' QUERY—LABOR HEAD SAYS COMPANIES ARE STALLING TO PERPETUATE SHOCKING CONDITIONS; DEMANDS CHANCE TO TELL WORKERS' STORY; SAYS COMPANIES TRY TO FOOL CONGRESS

Officials of the Commercial Telegraphers' Union are in Washington to ascertain what influence is blocking the permanent code for the wire industry.

Four months ago Gen. Hugh S. Johnson, commenting on the President's temporary reemployment agreement for telegraph communications, said:

"The hours and wages here are wholly unsatisfactory and there are other circumstances which require an immediate public presentation."

The "immediate public presentation" has not yet taken place.

For 4 months representatives of the commercial telegraphers have been going from one deputy administrator to another asking why.

SHOCKING CONDITIONS

"Condition in the telegraph companies under the N.R.A. are worse than the cotton-textile industry before the N.R.A.", declared Frank B. Powers, international president of the Commercial Tele-

graphers. "If we get the chance to tell the stories of these people, the country will be shocked.

"It is quite understandable why the telegraph companies are stalling on a permanent code, but it is difficult to understand why the National Recovery Administration permits them to get away with it."

The latest alibi for delay is the possibility of merger legislation in Congress. A powerful lobby is pushing the merger scheme, but up to date it has been blocked by Senate progressives.

SLAUGHTER OF JOBS

Aside from the fact that merger would cinch the hold of the American Telegraph & Telephone Co. on all communiations, it is estimated that at least 12,000 telegraph employees would lose out.

On June 30, 1929, the Interstate Commerce Commission, reported an average of 92,958 telegraph employees. Unofficial estimates for 1933 are 55,000, a loss of nearly 40,000, or over 40 percent.

Newcomb Carlton, former head of the Western Union, stated 2 years ago, when the merger scheme was being discussed that the Western Union could absorb all Postal business without the addition of a single employee. On June 30, 1933, the Postal had approximately 15,000 employees.

WAGES LOW, HOURS LONG

Here are some of the conditions, according to President Powers:

Messenger boys, exempt from provisions of the code, receive as little as $3 per week.

Operators are on call 12 to 15 hours a day, but receive only 2 to 3 hours' actual work. They are clocked in and out a dozen times a day, depending on volume of business.

Skilled employees (combination wire chiefs, mechanicians, printers, and Morse operators) have been cut from $185 to $91 per month.

Girls in luxurious hotel branch offices receive $56 (the bare minimum under the N.R.A.), and that represented an increase in pay.

OVERHEAD ALIBI

Managers, in full charge of offices, receive the minimum under the N.R.A.

The 48-hour week, permitted under the code, was not enough, so the telegraph companies secured permission to work employees 192 hours in 4 weeks. Under this plan they work employees 56 hours a week for 3 weeks and lay them off the fourth.

The telegraph companies have been loaded up with automatic telegraph equipment, and point to their overhead as justification for poor conditions. The A. T. & T., incidentally, through its subsidiary, the Morkrum-Kleinschmidt Co., sells machines to the telegraph companies. The A. T. & T., after selling all the machines the telegraph companies could handle, entered the telegraph field itself through its teletypewriter service. With extensive facilities, and by quoting a rate below the cost of operating and supervising the equipment, the telegraph companies (particularly the Postal) were hard pressed.

FOOLING CONGRESS

President Powers believes it is all a part of the scheme to make Congress believe a merger is necessary to save the telegraph companies from competition.

In addition to the competition of the A. T. & T., Uncle Sam has handed out immense subsidies to airplane companies. While the telegraph companies do not like to admit it, air mail service has cut deeply into night-letter telegrams.

On January 24 General Johnson assured President Powers that a telegraph communications code would be put through.

On February 5 Deputy Administrator L. H. Peebles stated that he was ready to proceed but that that the telegraph companies were not.

"The explanation", said President Powers, "is that the telegraph companies do not want to face a public hearing on their wages and working conditions."

MESSAGES FROM THE PRESIDENT—APPROVAL OF BILLS

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries, who also announced that the President had approved and signed the following acts:

On February 23, 1934:

S. 1975. An act to provide for loans to farmers for crop production and harvesting during the year 1934, and for other purposes.

On February 24, 1934:

S. 2029. An act to extend the time for completing the construction of a bridge across the Delaware River near Trenton, N.J.;

S. 2337. An act to declare Noxubee River in Noxubee County, Miss., to be a nonnavigable stream; and

S. 2372. An act granting the consent of Congress to the State of Oregon to maintain a bridge already constructed across Youngs Bay near the city of Astoria, Oreg.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN] to the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. BYRNES. Mr. President, I desire to perfect my amendment to the independent offices appropriation bill by offering it in modified form.

The VICE PRESIDENT. The Senator from South Carolina offers an amendment in modified form, which will be read.

The Chief Clerk read the amendment, as modified, as follows:

On page 4, line 13, add the following:

"SEC. —. That paragraph 5 of section 20 of Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, all persons who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine insurrection, or the China relief expedition and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, and who are now or who may hereafter be suffering from any mental or physical disability or disabilities of a permanent character not the result of their own vicious habits which so incapacitates them for the performance of manual labor as to render them unable to earn a support, and the dependents of such persons who so served shall, upon making due proof according to such rules and regulations as the Administrator of Veterans' Affairs may provide, be entitled to pensions for age, disability, or death in accordance with the laws in effect on March 19, 1933, and as to such persons such laws are hereby reenacted and made applicable, except that the rates of pension payable shall be 75 percent of the rates in effect on March 19, 1933: *Provided*, That payment of pension under this section shall be subject to the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to persons maintained in Government institutions: *Provided further*, That no pension shall be payable under this paragraph where the income of the person, if unmarried, exceeds $1,000 per annum computed monthly, or, if married or with minor children, exceeds $2,500 per annum computed monthly: *Provided further*, That pensions payable under this section shall commence on the 1st day of the month following the month during which this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.'"

On page 2, line 15, change the period to a colon and add the following:

"*Provided further*, That in no event shall the rates of compensation payable for directly service-connected disabilities, or for presumptively service-connected disabilities where service connection was or is continued under the provisions of Public Law No. 2 or 78, Seventy-third Congress, or this section, to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employment, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States, and notwithstanding any change in the physical or mental condition of such veteran, the 25 percent limitation in reduction of rates of compensation shall continue to be applicable."

Mr. STEIWER. Mr. President, I rise to propound a parliamentary inquiry.

The PRESIDENT pro tempore. The Senator will state it.

Mr. STEIWER. On last Thursday evening I offered an amendment, which I understand is the pending amendment; an amendment to the amendment of the Senator from South Carolina [Mr. BYRNES]. This morning the Senator from South Carolina modified his amendment by adding a third paragraph to it.

I should like at this time to straighten out the parliamentary situation by asking if the amendment which I have offered may not now, under the circumstances, be considered in the nature of a substitute for the last proposal sent to the desk by the Senator from South Carolina?

The PRESIDENT pro tempore. In the opinion of the Chair, any Senator has a right to modify any amendment he has offered. In modifying his amendment he does not change its status as an amendment to the amendment,

Therefore the amendment offered by the Senator from Oregon to the amendment of the Senator from South Carolina is in order, and will be voted on first.

Mr. STEIWER. I thank the Chair for the ruling, but in view of the statement made by the Chair, may I now announce that the amendment which was offered by the Senator from Nevada [Mr. McCARRAN] and myself is offered as a substitute for the proposal which was sent to the desk and read this morning by way of modification of the amendment offered by the Senator from South Carolina [Mr. BYRNES].

TRANSFER OF FUNCTIONS OF WAR DEPARTMENT PERTAINING TO NATIONAL CEMETERIES AND MEMORIALS IN EUROPE

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 1, title III, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith an Executive order revoking so much of section 2 of Executive Order No. 6166 of June 10, 1933, heretofore transmitted to the Congress, as provided for the transfer to the Department of State of the administration of national cemeteries located in foreign countries, and transferring to the American Battle Monuments Commission the administration of the national cemeteries and memorials located in Europe.

This order leaves with the War Department the administration of one national cemetery located in a foreign country, namely, the national cemetery located in Mexico.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

PROPOSED FEDERAL COMMUNICATIONS COMMISSION (S.DOC. NO. 144)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, referred to the Committee on Interstate Commerce, and ordered to be printed, as follows:

To the Congress:

I have long felt that for the sake of clarity and effectiveness the relationship of the Federal Government to certain services known as "utilities" should be divided into three fields—transportation, power, and communications. The problems of transportation are vested in the Interstate Commerce Commission, and the problems of power, its development, transmission, and distribution, in the Federal Power Commission.

In the field of communications, however, there is today no single Government agency charged with broad authority.

The Congress has vested certain authority over certain forms of communications in the Interstate Commerce Commission and there is in addition the agency known as the "Federal Radio Commission."

I recommend that the Congress create a new agency to be known as the "Federal Communications Commission", such agency to be vested with the authority now lying in the Federal Radio Commission and with such authority over communications as now lies with the Interstate Commerce Commission—the services affected to be all of those which rely on wires, cables, or radio as a medium of transmission.

It is my thought that a new commission such as I suggest might well be organized this year by transferring the present authority for the control of communications of the Radio Commission and the Interstate Commerce Commission. The new body should, in addition, be given full power to investigate and study the business of existing companies and make recommendations to the Congress for additional legislation at the next session.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

VETERANS' REGULATION NO. 2 (C)

The PRESIDENT pro tempore laid before the Senate a message from the President of the United States, which was read, and, with the accompanying paper, ordered to lie on the table, as follows:

To the Congress of the United States:

Pursuant to the provisions of section 20, title I, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Order No. 6606 (Veterans' Regulation No. 2 (c)), approved by me on February 17, 1934.

This veterans' regulation amended Veterans Regulation No. 2 (a), approved by me on July 28, 1933, and was issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

CANCELATION OF AIR-MAIL CONTRACTS

Mr. ROBINSON of Indiana. Mr. President, in connection with the tragic results of the President's Executive order sending Army aviators to death in the carrying of air mail, George Rothwell Brown, in the Washington Herald of last Saturday, February 24, had the following to say:

Sending Army aviators to fly unknown mail routes from which the beacons had been removed in the interest of economy is a ghastly theme worthy of the pen of a Tennyson:

Forward the Flight Brigade!
Was there a man dismayed?
Not though the soldier knew
Someone had blundered.

Honor the flight they made!
Honor the Flight Brigade,
Noble six hundred.

Again he said:

If you want criticism of the sacrifice of the Army aviators, in planes unequipped for mail flying, and want it good and strong and hot, you will have to voice it yourself—you won't hear it from these grim-lipped youngsters:

Theirs not to make reply,
Theirs not to reason why,
Theirs but to fly—and die!

Mr. DICKINSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Iowa?

Mr. ROBINSON of Indiana. Certainly.

Mr. DICKINSON. I should like to inquire whether or not in the air-mail contracts of all the companies that had their contracts canceled, there was not a provision whereby the Government, as an interested party, had the right not only either to increase or decrease the services rendered, but also to revise the rates regardless of consent of the other party; and if such a provision was in the contracts, how could any contractor defraud the Government under those conditions?

Mr. ROBINSON of Indiana. I have not had an opportunity to study the contracts carefully, I will say to the Senator, but I understand the Senator is quite right in what he has said. Provisions of the contracts are as he has stated.

Mr. DICKINSON. Under those provisions of the contracts, I understand the poundage rate has been decreased from $1 or $1.10 to 46 cents on some of the routes.

Mr. ROBINSON of Indiana. I think that is quite true. In any event, I have heard no one attempt to make any defense of this high-handed action of the administration in deliberately canceling all these contracts without giving any of those whose contracts were canceled an opportunity to have their day in court.

Mr. McKELLAR. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Tennessee?

Mr. ROBINSON of Indiana. In a moment—nor with reference to the action which deprived, or will deprive if continued, thousands of men of employment in the various

landing fields over the country and in connection with the great industry that has been built up. Certainly there can be no defense for that action; and, of course, there is even less defense for sending brave Army air pilots to death with the poorest equipment imaginable, and over routes with which they were not familiar at all in connection with flying the mail.

Mr. McCARRAN. Mr. President, will the Senator yield for a question?

Mr. McKELLAR. Will the Senator yield?

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I yield to the Senator from Tennessee.

Mr. McKELLAR. The Senator speaks of the deaths which have occurred—and which were, of course, deplorable—as murder and states that they are inexcusable. Does not exactly the same thing apply to the private airplane that went down in the Rocky Mountains several days ago in this horrible weather, when eight lives were lost, more than were lost in the Army airplanes?

Mr. ROBINSON of Indiana. No, Mr. President, the same condition does not apply, because those passengers went of their own volition. The President of the United States sent the Army aviators to death by Executive order. There was no national emergency. There was no reason why he should have done that. He himself took the responsibility on his own shoulders. He deliberately canceled the contracts and sent the pilots out in that weather. Canceling the contracts without hearing was unfair; it did not follow the American tradition of giving everybody his day in court; and the order sent these brave lads to their death.

Mr. McKELLAR. Mr. President, the air-mail carriers have had their day in court for weeks and even months. Does the Senator say that he defends these unlawful, dishonest, and corrupt private air-mail carriers?

Mr. ROBINSON of Indiana. Mr. President, there is no evidence yet that they are dishonest and corrupt. That will all come out, I suppose, some day; but in America, unless we have a dictator who refuses to listen to criticism or to reason, we have always given every man his day in court. Let us not convict these men or these companies until they have had an opportunity to present their side of the controversy.

Mr. McKELLAR. Mr. President, the Congress has given to the Postmaster General and to the President the specific power to cancel these contracts under these circumstances.

Mr. ROBINSON of Indiana. Precisely; and that is all the more reason——

Mr. McKELLAR. The President has done a perfectly lawful act, and it was an act that he should have done. It was his duty, as the Chief Executive of this Nation, to do just what he did; and I stand with him.

Mr. ROBINSON of Indiana. That is all the more reason why he should have been fair and considerate——

Mr. McKELLAR. He was absolutely fair.

Mr. ROBINSON of Indiana. And give them an opportunity to state their side of the controversy, without taking an ex parte statement from the Postmaster General or anyone else.

Mr. McKELLAR. Oh, no; all sides have been heard. The airmen have all been heard.

Mr. ROBINSON of Indiana. Well, it will all come out some day.

Mr. McCARRAN. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Nevada?

Mr. ROBINSON of Indiana. I will yield to the Senator in just a moment.

The last day the companies that had the contracts carried the mails, one of the greatest authorities on aviation in the United States, Capt. Eddie Rickenbacker, made a record run across the continent. I have a letter from New York stating that the National Broadcasting Co. had made preparations to broadcast upon his arrival a talk by him, describing the flight. The broadcast was prohibited, according to the Newark Evening News of February 19, by Washington.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. ROBINSON of Indiana. Not now. I have taken some steps to verify that statement; and from one who claims to know, but whose name in these days, for very obvious reasons, in order to save him embarrassment, I shall not mention publicly, I have this statement:

> There can be no question as to the facts. I know positively that it had been intended to have Rickenbacker broadcast on arrival, describing the flight, but the broadcast was canceled. The orders for cancelation came from Washington. Whether the orders came from the administration or from N.B.C., I do not know, but I do know the broadcast was suspended on orders from Washington.

Mr. McKELLAR. Will the Senator give the name of that man?

Mr. ROBINSON of Indiana. I have managed to get hold of a copy of the Newark Evening News, of Monday, February 19, which carries this story:

> RICKENBACKER BREAKS RECORD IN MAIL FLIGHT
>
> FLIES GIANT TRANSPORT PLANE HERE FROM COAST IN 13 HOURS, 4 MINUTES

I read this much of the story:

> A projected broadcast by Eddie Rickenbacker on his arrival at Newark Airport was canceled by the National Broadcasting Co. this morning. It was understood the Government let it be known it did not favor the plan because of Rickenbacker's criticism of the use of the Army for carrying the mail in California last night. Microphones and other broadcasting equipment that had been installed at the E.A.T. building at the airport, which is also headquarters for T.W.A., were taken out.

This is from the administration that "welcomes criticism", according to its own statement, but which does everything in its power to prevent criticism.

Now I yield to the Senator from Nevada.

Mr. McCARRAN. Mr. President, perhaps the Senator would like to have the major premise of his argument made correct; and I know the Senator would like to have the facts.

The Senator has made the statement that the other side have not been heard and that they should have had a chance for their day in court. To that I reply that under the record made before your committee there was presented to the other side the record by way of a decision from the Attorney General of the United States under the former administration, in which he declared that these contracts were unlawful and should not be let. That is of record. Secondly, the Comptroller General of the United States rendered his advice and decision in which he said these contracts, as proposed by a former Postmaster General, were unlawful and should not prevail.

These men had their day in court at that time. They were there asking for the advice of their own party administration—the Attorney General under the former administration. The day in court was then and there; but, notwithstanding that, the Senator might like to know that even as against those rulings by their own administration, by the Department of Justice and by the Comptroller General, they proceeded to let these contracts.

Then, I think the Senator would like to know further, in answer to his inquiry as to whether or not good can come out of error ab initio, that these contracts were let by error. They were let by a falsifying of the whole position. They were let after the Postmaster General knew that the provisions under which he was trying to let them had been purposely eliminated from the law in the House.

Mr. REED. Mr. President, will the Senator permit me to ask him a question?

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Pennsylvania?

Mr. ROBINSON of Indiana. I will yield in just one second. I desire to make an observation first.

The committee, of course, is divided. There are members of the other side and members of this side on the committee. I understand that the Senator from Nevada, because of the division of opinion on the committee, cannot possibly speak

for the entire committee. The most he can do is to speak for the members on his side.

Now I yield to the Senator from Pennsylvania.

Mr. McCARRAN. May I answer the Senator?

Mr. ROBINSON of Indiana. I yield to the Senator from Pennsylvania.

Mr. REED. Mr. President, in the discussions about the illegality of these contracts and about the companies having had their day in court, and about their contracts having been proved to be illegal, it is my impression—and I wish the Senator would correct me if I am wrong—that as to 31 out of 34 of these contracts there was not a syllable of evidence either pro or con; that all of the evidence before the committee has been limited to the three contracts let during the Hoover administration, and that there is no evidence whatsoever with regard to the 31 that were let by the Coolidge administration. Is that correct?

Mr. ROBINSON of Indiana. That is my understanding, and I think it is a correct statement, though I am not a member of the committee.

Mr. FESS and Mr. McCARRAN addressed the Chair.

The VICE PRESIDENT. Does the Senator from Indiana yield; and if so, to whom?

Mr. ROBINSON of Indiana. I yield to the Senator from Ohio.

Mr. FESS. Mr. President, in what the Senator from Nevada stated to the effect that there has been a chance to be heard in court, he referred to a statement written by Mr. O'Brian, of the Department of Justice, who was interviewed by Mr. Coleman, the First Assistant Postmaster General, who had gone directly from the White House. Mr. O'Brian gave no decision. He wrote a letter that was not asked for, giving a statement recommending that new contracts should be let. There was no official opinion. If an opinion had been asked, it would have been asked from the Attorney General. On the other hand, the Attorney General stated that the contracts were legal. This was merely an opinion that was asked by a subordinate in the Post Office Department, all of the facts of which will come out.

Mr. McCARRAN. Mr. President——

Mr. LONG. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. What question are we considering?

The VICE PRESIDENT. The Senate is considering an amendment of the Senator from South Carolina [Mr. BYRNES]; but, under the rules of the Senate, Senators may talk on any subject they please.

Mr. LONG. All right. I just wanted to understand the situation.

Mr. ROBINSON of Indiana. Mr. President, the fact remains that as a result of this ill-advised action of the administration, 6 of these aviators are dead and 12 planes have been destroyed, involving hundreds of thousands of dollars of loss. I say on my own responsibility that, in canceling these contracts as the Chief Executive did—for he must take the responsibility in any event, even if he had his Postmaster General do it—without giving the holders of the contracts an opportunity to be heard, without giving them an opportunity to state their own position and their own side of the case, he did a thing that was more high-handed than anything Stalin or any of his brother dictators has attempted to do.

Mr. President, I send to the desk an editorial that appeared in the Washington Star of last Friday evening, February 23, under the caption "Useless Sacrifice of Life." I also have here a copy of The Week for February 24, in which appear two articles on the subject, one entitled "Shall American Aviation Be Menaced by Sabotage or Suspicion or for Political Purposes?"; the other entitled "Bad Business and Worse Politics." I ask that they may be incorporated in the RECORD as a part of my remarks.

The VICE PRESIDENT. Without objection, the articles will be printed in the RECORD.

The articles are as follows:

[From the Washington Evening Star of Friday, Feb. 23, 1934]

USELESS SACRIFICE OF LIFE

The Army Air Corps is obeying orders and flying the mails. But the cost is pretty high. Lives and airplanes are being lost and there are injured aviators in hospitals.

The result was not unexpected. Predictions were made that the imposition of a new task, for which Army pilots are not qualified by training or experience, and for which they lack adequate equipment, would take its toll in lives of Army pilots. It was not reasonable to expect any other result.

The casualties among the first commercial air-mail flyers were high. At one time the life span of an air-mail pilot was fixed at 3 years, although it has been lengthened since by training and equipment. For the job of piloting mail planes through thick weather, night and day, is specialized as well as hazardous. The commercial companies do not put green pilots in charge of mail-and-passenger carrying planes. By green pilots one does not mean pilots who lack sufficient training in flying, but pilots unfamiliar with the routes to be flown and the difficulties of the particular job. The commercial mail-passenger pilot must spend several weeks familiarizing himself with the route, locating the radio's "blind spots", learning the location of emergency landing fields. On combined passenger-air mail routes modern practice requires that a pilot serve for many months, possibly for several years, as co-pilot before he is permitted to take responsibility for a plane.

The Army's initial attempt to fly the mails has been undertaken with gallant courage, worthy of the ideals and traditions of the Service. But the pilots were unprepared. Their deaths assume some of the aspects of needless sacrifice. Some of the young men ordered to fly the mails are recent graduates of the flying school at Kelly Field. Most of their training to date has been squadron flying. They have been as handicapped by inexperience in flying the mails as one of the commercial pilots would be flying in squadron formation. The Army has been training its pilots to use their planes in war, not to carry the mails. And their planes were built for military purposes, not to carry the mails.

Has somebody blundered in ordering the Army to carry the mails? Was the contribution of lives already made necessary, and will the cost of using untrained pilots and inadequately equipped airplanes stop now?

Army flyers are not writing the orders that send them on hazardous flights through stormy weather with a few pounds of mail. They only carry out the orders. Army Air Corps prestige will not suffer if these orders are modified, in sensible recognition of the fact that continued sacrifice of human life and property is useless and wasteful, and that thorough and specialized training, together with adequate equipment, are fundamental requisites which have not been provided.

[From The Week, of Feb. 24, 1934]

SHALL AMERICAN AVIATION BE MENACED BY SABOTAGE OR SUSPICION OR FOR POLITICAL PURPOSES?

For Uncle Sam to reach his long, strong arm into the sky, as it were, and fling to earth, with a crash, the magnificently functioning, independently operated aircraft business of his domain, would have been unbelievable a year ago. Prior to March of 1932, such a drastic move would have brought open hints if not threats of impeachment proceedings. But, now that we have been dazed so frequently with rapid-fire edicts of violation of American customs and usages, we find no violent outbursts within the halls of a servile Congress against such action, but rather passive assent or open agreement to the governmental mandate.

These United States of America had, through private ownership and management of air transportation during the past few years, or rather let us say since release from Army prescription, been making such rapid strides forward as to lead the world in aviation.

The Lone Eagle, as he is usually referred to with almost reverence by the youths of America and by the grown-ups as the twentieth century Christopher Columbus, has devoted his life to the task of making aviation safe, practicable, popular, with the result that there has been a great rush of capital to the work of charting the air routes of America.

Distance has been eliminated; airmen had vied with one another in eating up the 3,000 miles between our ocean coasts until Los Angeles and New York had become cities reached either way, east or west, in the space of the daylight of 1 day.

Passenger planes were carrying almost countless numbers of people and tons upon tons of express and freight on regular schedules of promptness. Mail planes were rushing through the air at rates of speed from 150 to 210 miles an hour carrying great pouches of letters and papers west, east, north, and south; immense airports with hundreds of acres for landing had sprung up, dotting the cities of the United States; beacons to guide the night fliers winked their signal lights along the charted courses; highways, marked with huge letters that could be read from the sky, gave the air traveler the distances between cities, and the greatest industry of the twentieth century had largely become the accepted means of fast travel of the hour when the crash came.

The reason assigned for this setback to American aviation—a setback that may not be overcome in the next 10 years—would hardly have been advanced in any court of equity. Nothing short

of criminal negligence in flying, or unsafe equipment which threatened the lives of the ever-increasing airway passengers would have justified such governmental decree.

The charge of fraud in the awarding of mail contracts would never have been the sole ground for this drastic action in a court of law where prejudiced, ex parte charges are presumed not to be taken as testimony, and particularly where the accused is not haled into court and given a chance to present his side of the question.

If there has been graft in the awarding of any of these mail contracts, the Government has a law department whose duty it is to bring such offenders before the bar of justice, submit testimony and exhibits, summon witnesses, and go about in an orderly way that the guilty may be convicted and sent to the penitentiary where they belong, both as felons, and, what perhaps is still worse, betrayers of a public trust.

Whatever their offenses against law and decency, they are entitled to their day in court—a court of equity, not of politics.

But 30 great pioneering corporations have no right to be condemned without fair trial because 1 or 2 were under suspicion.

And, painting even the darkest picture of misfeasance or malfeasance, wherein can rest reasonable defense for striking such a blow at a great American twentieth century developed business, in which large corporations have expended millions—let us even say sunk them—in hope of return in the future, as the builders of the transcontinental railroads spent millions—in which charges of graft occasionally rose—in the wise forethought that saw the future development of the great West?

Some, probably most of these corporations, have lost money. The mail contracts have helped to keep their financial heads above water.

It is the extreme of folly, if not a crime, to strike down this developing industry because there is suspicion of collusion in the granting of mail contracts, suspicion held and voiced by politicians and as yet not proved, and not to be proved until those accused have had their day in court.

As well might the Government have torn up the tracks of the Union Pacific Railroad when it was charged that there had been corruption in some spots along the way of its development.

If such a policy as this had been adopted the United States would have grown little beyond the Mississippi River.

If the industry of aviation is to be struck down because there is suspicion of corrupt influences at work, then the day may come when a hostile fleet from either the west or the east may descend upon an undefended American coast and do irreparable damage.

Meanwhile, on account of a suspicion, well founded or not, and of a charge by a politician, the air mail of the Nation is reduced in efficiency and in extent. The service has been taken over by the Army, which in itself may be a portenous fact. Too much in other lines is being handed over to the Army.

The question of graft cannot be determined by the rate per pound of mail contracts.

If the President or his Postmaster General has any evidence that there was graft or collusion of any kind, what a great mistake it is not to divorce it from any political coloring and go into court and convict.

That is what the American people want, and aside from a very few, the public does not care a continental damn where the lightning of conviction hits—be it in Republican or Democrat camp—just so long as it rest on unprejudiced findings.

BAD BUSINESS AND WORSE POLITICS

Although the Federal administration almost monopolizes the radio publicity facilities and is spending many millions of dollars of the public's cash and the time of officials paid to perform public functions to exploit the national administration, it evidently resents the exercise in the most conservative way of any of the constitutional right of free speech and criticism of governmental policies.

This fact was especially illustrated in the outburst from the White House over Colonel Lindbergh's quiet protest against the Presidential order which, it is believed, will destroy all the fruits of the great efforts that have placed the United States far ahead of all the rest of the world in the development of aviation. This quiet and efficient young man was charged with seeking publicity—as if he needed it or had ever shown any desire except to avoid it—of playing politics, and was even assailed as an upstart by an otherwise unknown Congressman who plainly was playing for recognition in Presidential quarters.

How utterly unjust these charges against the most dazzlingly successful, the most daring and the wisest of all the aviators of the world may be judged by a reading of the colonel's protest. He said very truthfully that the "condemnation of commercial aviation by the cancelation of all mail contracts and the use of the Army on commercial air lines will unnecessarily and greatly damage all American aviation." He added:

"No one can rightly object to drastic action being taken, provided the guilt implied is first established, but it is the right of any American individual or organization to receive fair trial. Your present action does not discriminate between innocence and guilt and places no premium on honest business."

It may be that Colonel Lindbergh has been too busily engaged in exploring the upper reaches in his transportation campaign, so far eminently successful, to make American aviation greater than that of all the rest of the world combined, to take note of what has been going on in this former land of the free and still the home of a brave few. Even such mild protest as he offered could not be met in a fair spirit at the White House.

Evidence there is a plenty that, if it could be safely done, freedom for expression of opinion would be abrogated unless the opinion was one of adulation for the socialistic experiments that have been authorized by a subservient Congress. Even Colonel Lindbergh, with his world-wide popularity, may not express an opinion differing from that of the administration without being made the target of obnoxious expletive missiles.

This young man, first of all air navigators and without blare of trumpets, crossed the Atlantic Ocean from the Americas alone. He has since carried the messages of American good will and American success in this new field of communication to all parts of the earth.

With the modesty of genius he has avoided the crowds and deprecated the adulation of the multitudes. It is probably safe to say that, until in the wisdom of his matchless experience he criticized the policy of the Federal administration, he enjoyed the friendly admiration of every informed person in the civilized world, was the most popular hero of the day—and deserved it all.

Not even the poisonous tongue of a Presidential secretary, upon whom the President shoulders the blame of the verbal attack on this world hero, can do him harm. Lindbergh's reputation is safe from partisan attack of the low order that is, it seems, invariably called forth by disagreement with the edicts of the political powers of the moment.

Meanwhile the Army has taken over the business of carrying the mails, and that business has been so lessened that it is now anything but impressive. All side-line service is eliminated, and the number of mail carriages has been sadly reduced.

Yet the first attempt of the Army aviators to prepare for this new duty was a tragedy. Three aviators, getting ready for their new work, crashed to their deaths in conditions to which they were unaccustomed, but which private aviators were so well acquainted with that they could meet them successfully.

This sacrifice of fresh young Army lives to the fetish of practical politics has been denounced by Eddie Rickenbacker, the Columbus man who rose to the distinction of being named "ace of aces" among the American aviators during the World War and whose deeds in the air on battle fronts and over enemy forces were not surpassed by any of the daring pilots of the the air during the long conflict, who denounced these unnecessary deaths as "murder."

Indignation against the dictatorial act which has for the time being destroyed the usefulness of this most recent American development broke out in the National House of Representatives with such fervor that the Democratic majority, unable to answer the charges brought, had to adjourn hastily to give itself an opportunity for instructions from the White House and to prepare some plausible answer to the criticisms of Members of the minority.

That the administration has made a serious mistake is, it is believed, recognized by its close supporters. It is not the first of a number of mistakes, but this appeals to the popular mind and grates on the hero worship of the people. It also offends every American citizen who still has the patriotism to glory in the accomplishments of the great Republic. A general opinion seems to prevail that the administration will try to slip out of the complication into which a too great trust in its own popularity has entrapped it. This may be done, but first disillusionment can never be undone. The idol's feet of clay have been seen.

Mr. ROBINSON of Indiana. Mr. President, just a concluding word. I understand there is a bill pending before the Congress, discussed in the House of Representatives last Saturday, by which, for some cause or other which I do not pretend to understand, the administration now wants Congress to share the responsibility for this high-handed action which has been taken which resulted in the deaths of all these Army pilots in the service of the United States Government. Of course, such a bill should be defeated—there is no question about that—and I suppose it will be discussed thoroughly when it reaches the floor of the Senate.

While I am on my feet I ask unanimous consent to have inserted in the RECORD a letter from James E. Van Zandt, commander in chief of the Veterans of Foreign Wars, thanking the Senate for the effort to have the Economy Act repealed.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

VETERANS OF FOREIGN WARS
OF THE UNITED STATES,
Washington, D.C., February 22, 1934.

Senator ARTHUR ROBINSON,
Senate Office Building, Washington, D.C.

MY DEAR SENATOR: The Veterans of Foreign Wars of the United States want to take this opportunity to thank you and, through you, the other Members of the United States Senate for fighting for the repeal of the hideous and inhuman Economy Act. A tabulation of the suffering and hardship caused by this so-called "Economy Act" will never be fully known; and the Veterans of Foreign Wars of the United States, every member of whom has

seen service for this Nation on foreign soil during time of actual war, will ever be grateful to our friends in the Senate for the fight they are making to wipe out this un-American legislation.

We believe, with Washington, Lincoln, and Theodore Roosevelt, that the Nation's first obligation is to those who have defended its principles and ideals in time of war.

With kindest personal regards, sincerely,

JAMES E. VAN ZANDT.
Commander in Chief.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Indiana yield to the Senator from Missouri?

Mr. ROBINSON of Indiana. I yield the floor.

Mr. CLARK. I merely desire to say, either in the Senator's time or in mine, that the Senator a moment ago undertook, by innuendo and insinuation, to make it appear that the administration, either President Roosevelt or some responsible member of the administration, had attempted to and had prevented a broadcast by Captain Rickenbacker at the conclusion of his record-making flight. The Senator——

Mr. ROBINSON of Indiana. That was not innuendo. That was published in the Newark Evening News, and I stated the date of the issue.

Mr. CLARK. Before that, Mr. President, the Senator read a letter, the writer of which purported to have some inside confidential information, which letter disclosed no inside confidential information but made an irresponsible charge.

Mr. ROBINSON of Indiana. Then I make the charge on my own responsibility. How is that?

Mr. CLARK. Very well. Will the Senator be good enough to disclose the information on which he bases the charge that President Roosevelt or any other responsible member of the administration prevented the broadcasting of Captain Rickenbacker?

Mr. ROBINSON of Indiana. I make it on the responsibility of the Newark Evening News of February 19, which stated in so many words that the Government had it done.

Mr. CLARK. Mr. President, if the Senator is willing to act on his responsibility as a Senator as a result of some irresponsible newspaper article, he is at liberty to do so; but I think that, in justice to the United States Senate, and in justice to his own position as a United States Senator, when he does that on the authority of an irresponsible newspaper article, not backed up by any facts whatever, so far as the article itself discloses as the Senator read it here, the Senator should go further and provide for an investigation of the matter. The fact is that Captain Rickenbacker——

Mr. ROBINSON of Indiana. I now have a resolution before the Committee on Interstate Commerce asking for an investigation of the charge that there is censorship of all the radio facilities in favor of the Government. I have already taken the action.

Mr. CLARK. Mr. President, I think the Senator yielded the floor, and if I may have it——

The PRESIDENT pro tempore. The Senator from Missouri is recognized.

Mr. CLARK. Let me say that if the Senator desires to make definite charges reflecting very specifically and very adversely on the President of the United States or on any other official, he ought to make his resolution specific and bring any proof he has to the United States Senate, and I am certain the Senate will grant him any investigation he seeks.

The fact is that Captain Rickenbacker completed his flight 2 hours before the time when he was expected, and I have that statement from Captain Rickenbacker himself, which would naturally have been sufficient to upset any arrangements which might have been made for a broadcast at a specific time at the conclusion of a flight. If the Senator from Indiana has anything except an irresponsible newspaper interview, I submit that he should present it to the Senate.

Mr. KEAN. Mr. President——

Mr. ROBINSON of Indiana. Does the Senator from New Jersey want to ask me a question?

Mr. KEAN. Yes.

Mr. ROBINSON of Indiana. I yield.

Mr. KEAN. So far as the newspaper referred to goes, it is one of the most responsible newspapers in the United States. There is no newspaper that is more responsible than the Newark Evening News. It has a tremendous circulation, and those who manage it are, financially and otherwise, absolutely responsible for any statement they make. I wanted to have this statement in the RECORD.

Mr. ROBINSON of Indiana. Mr. President, there can be no innuendo about the fact that six Army aviators who had been ordered to carry the mail are dead and in their graves.

Mr. CLARK. Mr. President——

Mr. ROBINSON of Indiana. There can be no question about that, and somebody is responsible for it, and the only Executive order I know of being issued was that issued by the President of the United States; so the responsibility rests there.

Mr. LONG. Mr. President, inasmuch as this air-mail matter has been discussed, I want to get one little matter clarified, and I address the Senator from Indiana [Mr. ROBINSON] and the Senator from Tennessee [Mr. MCKELLAR].

As I recall, I read in the newspapers that after the charges were made against Mr. Brown, and some of the irregularities were discussed, our present Postmaster General, Mr. Farley, took a little junketing trip himself. May I have the attention of the Senator from Indiana to this? Am I correct in understanding that our present Postmaster General, Mr. Farley, took a little junketing trip at the expense of an air-mail company? It seems that they gave him the trip free, including lunches, and bought him a hat on the way.

Mr. ROBINSON of Indiana. Furnished the plane and the gas and all equipment.

Mr. LONG. I want to say that, in view of the fact that it was disclosed to the public that these air-mail companies do not try to discriminate in their gifts and presents, but have recognized that our Postmaster General was entitled to these bequests as much as the other Postmaster General, I was about ready to think that this thing all ought to be called off, that, after all, there might not be any discrimination against the Democratic Party, and inasmuch as our man had the hat and had the trip and had the grub and was, on principle, being recognized as entitled to these appurtenances, which Mr. Farley no doubt was, by reason, perhaps, of some previous precedent, I do not see why there ought to be any criticism across this aisle, the Democrats against the Republicans and the Republicans against the Democrats. I was willing just to consider the matter dropped, assuming that Mr. Farley might want a suit of clothes next time, and he would know where to go to get it.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. CLARK. I notice that the Senator, before starting this rather remarkable diatribe, took the precaution to get over on the Republican side. [Laughter.]

Mr. LONG. I am standing in the middle of the aisle. I am trying to form a new party on this airplane proposition. [Laughter.]

Mr. CLARK. Mr. President, from the position of the Senator's feet, it is perfectly obvious that he is as far off in this matter as in many other matters. [Laughter.]

Mr. LONG. I want to get this straight, because I am a particular friend of the present Postmaster General. I voted for the present Postmaster General to be chairman of the Democratic National Committee; but the Senator from Missouri was not a member of that committee. That is one thing I belong to that he does not belong to as yet. [Laughter in the galleries.]

The PRESIDENT pro tempore. The Chair admonishes the occupants of the galleries that if there is any demonstration of approval or disapproval in the galleries, or any audible comment, under the Rules of the Senate the galleries may be cleared.

Mr. CLARK. Mr. President, I may say to the Senator from Louisiana that he is entirely correct in saying that I am not a member of the Democratic National Committee,

and I have no desire to be. It has never been the custom in the State in which I have the honor in part to represent for its United States Senators to be members of the Democratic National Committee. I will say, further, that my observation is that the Senator from Louisiana has not appeared to be functioning very actively in that connection in the last few months.

Mr. LONG. Mr. President, it has not been the custom in Missouri for Senators to be national committeemen; but that was before the present Senator from Missouri came here. We are going to find a lot of precedents not being adhered to since other Senators have been sent to this body.

In order to get down to the pending question, we have this campaign practically won. We have won our point. We have achieved a great victory. We started out investigating the air mail business because the people of the United States and the Democratic Party had been mistreated. That was one of the main causes of the investigation, that the party had been mistreated. But when it is brought out that the air mail companies have realized the injustice that has been done by reason of the favors that have been shown to the previous Postmaster General, when they yield and put their airplane facilities and their lunching accouterments at the disposal of our Postmaster General, and buy new hats, suits of clothes, and whatever is needed for Mr. Farley, I think we ought to recognize one of two things, either that we have brought about recognition or else that we have destroyed the recognition for both sides. Therefore I would be about ready to believe that there was probably entirely too much criticism of these airplane companies were it not for one thing. To my mind, positive evidence has come before the Senate to prove that there is bound to be something the matter with these air mail contracts. The evidence came out on the floor of the Senate. It seems that the newspapers of the United States for once are almost unanimously defending the air mail subsidy contracts and criticizing the administration for having canceled them. To my mind, Mr. President, that is positive proof that there is bound to have been just cause for the cancelation of the contracts, and there is bound to have been something wrong with the contracts.

Mr. McKELLAR obtained the floor.

Mr. McKELLAR. Mr. President, I shall detain the Senate but a moment. It has been developed in the air mail investigation that the air mail contracts were brought about in corruption and fraud.

Mr. REED. Mr. President, will the Senator permit a question?

Mr. McKELLAR. Just one moment, Mr. President.

Mr. REED. Mr. President, does the Senator refer to all 34, or only the last 3?

Mr. McKELLAR. I understand, Mr. President, that under a former Postmaster General substantially all the contracts were brought into the hands of four great companies, and the Post Office Department dealt with those four companies; that it did away with the other companies; that it put them without the pale. The companies did not build up the air mail business, they did not undertake to do what the Congress had directed them to do. These contracts were dishonestly and corruptly entered into between officials of the Government and the contractors.

I want to say with all the zeal and earnestness of which I am capable, that I stand squarely behind the President of the United States in the cancelation of these fraudulent, corrupt, and dishonest contracts. He would not have been the real President that he is, the honest President that he is, had he not taken that step to do away with dishonesty and corruption.

Mr. FESS. Mr. President, will the Senator yield?

Mr. McKELLAR. I yield to the Senator from Ohio.

Mr. FESS. How does the Senator know that these contracts were corrupt?

Mr. McKELLAR. Because of the evidence before the committee. I know the Senator from Ohio has kept up with it, and the Senator knows that there is ample, overwhelming, indisputable evidence that these contracts were fraudulently and corruptly entered into, and they have been honestly canceled by a President who has the authority to do so and who has the courage of his convictions to cancel them. I honor him and respect him for having canceled them.

Mr. FESS. The Senator from Ohio knows that there was no semblance of fraud or collusion shown in any of the contracts, and the Senator from Ohio has followed the investigation as closely as the Senator from Tennessee has followed them.

Mr. McKELLAR. Mr. President, just one moment. I decline to yield further.

Mr. FESS. Very well, Mr. President, I will later take the floor in my own time.

Mr. McKELLAR. Of course, the Senator from Ohio can take the floor in his own behalf. The Senator is naturally interested in one of his constituents. He sees the brighter side of ex-Postmaster General Brown. [Laughter.]

Mr. LONG. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Louisiana?

Mr. McKELLAR. I decline to yield.

Mr. President, if there is a Senator here who believes that those air-mail contracts were honest, fair, and just, let him rise and say so.

Mr. FESS. I will rise and say so, Mr. President.

Mr. McKELLAR. We have 1 Senator out of 96.

Mr. FESS. One who knows the contracts.

Mr. McKELLAR. One Senator out of 96 is willing to rise and say that he believes that the contracts are honest. I respect the Senator for his optimism.

Mr. FESS. Mr. President, will the Senator further yield?

Mr. McKELLAR. No, Mr. President. I have not finished. Let us go a step further.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. The Senator has been a constant opponent of subsidies from the days when they were originally inaugurated.

Mr. McKELLAR. I have been and still am opposed to them. And the Senator from Ohio voted for them all the time.

Mr. FESS. And the opposition of the Senator from Tennessee has extended to the point where, because he does not like a subsidy, he charges every contract involving a subsidy as fraudulent. Is not that true?

Mr. McKELLAR. Oh, no; the Senator from Ohio is entirely mistaken about that; and if the Senator were not excited he would not even suggest it.

Mr. FESS. The Senator from Ohio is not the one who is excited.

Mr. McKELLAR. Mr. President, if he were not excited, he would not suggest it.

Mr. FESS. I will say that the Senator from Ohio is not excited.

Mr. McKELLAR. The Senator takes the ground that former Postmaster General Brown is absolutely pure and honest and never did anything wrong in his life. Has not the Senator always taken that ground?

Mr. FESS. The Senator never charges anybody with anything wrong unless there is some ground for the charge.

Mr. McKELLAR. I have known the Senator from Ohio for a long time and ever since he has been in Congress he has been charging everything any Democrat ever did against him.

Mr. FESS. No, Mr. President, I have not charged everything any Democrat ever did against him.

Mr. McKELLAR. Mr. President, the Senator has done so ever since he has been in Congress. I served in the House with him, and I have served in the Senate with him, and I never have heard the Senator say a kind word about a Democrat in my life, but he stands foursquare for every Republican from Ohio.

Mr. FESS. Mr. President——

Mr. McKELLAR. And especially for former Postmaster General Brown. The former Postmaster General seems to

have some peculiar influence over my distinguished and learned friend.

Mr. FESS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. One moment.

Mr. FESS. Mr. President——

Mr. McKELLAR. Mr. President, one moment. I have not finished.

Mr. FESS. Mr. President, will the Senator permit me to say——

Mr. McKELLAR. No, Mr. President.

Mr. FESS. Oh, well, the Senator has charged that I never have said anything kind about a Democrat, but always have said something unkind.

Mr. McKELLAR. All right, Mr. President. I will yield to the Senator.

Mr. FESS. The Senator from Tennessee knows that that statement is not true.

Mr. McKELLAR. Oh, no; I do not.

Mr. FESS. The Senator knows I have stood by his side on some measures that the Democrats wanted to pass. I have done so during the present administration.

Mr. McKELLAR. They must have been exceedingly unimportant measures.

Mr. FESS. I have voted for 6 of the 10 measures proposed by the present President. I voted for his Economy Act, with a good deal of embarrassment to me from this side of the aisle, as the Senator knows; and I am going to stand with him on some other things he is proposing. As the Senator must know, I have not taken a position against the administration except in the case of measures to which I cannot assent; such, for example, as the Agricultural Adjustment Act. I did not like it. I did not like the National Recovery Act; I did not like the elimination of the gold clause, and I did not like the Muscle Shoals bill. Those are the measures I opposed. Otherwise, I have stood with the Senator. But I do not want the Senator to charge any man, I do not care whether it be Walter Brown or anyone else, with fraud when there is no fraud, and the time will come when it will be perfectly obvious that there is no fraud.

Mr. LONG. Mr. President——

Mr. McKELLAR. Mr. President, I desire to call the attention of the Senator from Ohio and the Senate to the fact that several years ago when one Mr. Daugherty, I believe his name was, Harry M. Daugherty, a member of the Senator's party, and from the Senator's State, was being charged by several of us with wrongdoing—I was one of them, I am frank to say, and I admit I thought he was dishonest then and I so stated—the Senator from Ohio, with all the zeal and eloquence of which he is capable—and he has a great deal of both—defended Harry M. Daugherty just as he is defending Brown today, and yet everybody knows the Senator was mistaken in that instance, as everybody knows the Senator is mistaken in the present case.

I am astounded, Mr. President, that a learned gentleman such as my friend from Ohio should be willing to rise on the floor of the Senate, in face of the record that was made by Daugherty, and in face of the record that has been made by Brown, and defend them.

Mr. President, I will say to the Senator from Ohio that we cannot defend the men from our own States who are dishonest and corrupt.

Mr. FESS. Mr. President, will the Senator from Tennessee yield?

Mr. McKELLAR. If we are proper representatives of the people we must stand for what is honest, for what is straight, for what is honorable in the dealings of men, and where it is shown, as it has been shown in this case, that this man brought his great office into shame and disrepute by the making of air-mail and other contracts, I do not think that my good friend from Ohio, whom I esteem personally very highly, as he knows, should defend him, or other such men.

Mr. FESS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. In the case of Mr. Daugherty, the Senator from Ohio demanded that he be accorded his rights, just as other people are given their rights. The man who was charged with wrongdoing by the Senator from Tennessee went through the courts, was pronounced not guilty, and that is all that I wanted. I want every man to have his day in court.

Mr. McKELLAR. I know the Senator should like to have Mr. Brown go somewhere and be found not guilty by somebody else beside himself. But I asked the question here a while ago——

Mr. FESS. Mr. President——

Mr. McKELLAR. Wait one moment. I asked the question here of 96 Senators if any of them believed that ex-Postmaster General Brown in dealing with these contracts was honest, and, if any were willing to defend him I asked them to stand up and do so, and the Senator from Ohio is the only man who rose in his place to defend him.

Mr. FESS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Tennessee yield to the Senator from Ohio?

Mr. McKELLAR. I yield.

Mr. FESS. The time will come on the floor of the Senate when this matter will be gone into, when it will not be merely a political effort, but when the opportunity will be given to show that every contract that has been made was legal, was made in pursuance of the law, and that there was no collusion. That will come out in this body.

Mr. McKELLAR. I have no doubt, Mr. President, that an effort will be made to do it, but it will not be successful. These contracts are corrupt and dishonest, and somebody said a while ago—I believe it was the Senator from Indiana [Mr. ROBINSON] that nobody dared to defend the President's action in canceling them.

I know that in the hearts of all Senators here who believe in justice and fair play they honor and respect our great President for having had the courage, against powerful interests, against Nation-wide propaganda, to stand up and do his duty in behalf of the American people. These air transport companies do not constitute the American people. We are getting letters, we are seeing articles written, and we are hearing on the floor of the House and the Senate attempts being made—think of it for a moment—to hold the President responsible for the taking of six lives which, unfortunately, were lost in Army airplanes. I believe only 1 was lost in carrying the mail; but 6 people lost their lives a day or two ago; and why may we not, with equal force, charge ourselves and a former President because we enacted a law by which airplanes cross the Rocky Mountains, with the responsibility for the snuffing out of those 8 lives a day or two ago? If it was murder in one case, it was murder in the other case. The Congress authorized the building up of the air mail plane service in this country. If the President is responsible for the loss of the lives of 6 Army flyers, the Congress and a former President are just as much responsible for the snuffing out of the 8 lives that were unfortunately lost and which we all deplore. It just shows how Senators on the other side of the aisle have seized upon these unfortunate accidents in this bad weather for the purpose, if possible, of making charges against our great President, who had the courage and the honesty, I repeat, to stand up and do his duty as a President ought to do. I thank my God that we have a President who is courageous, who is unafraid, who honestly wants to serve the American people, and who is doing it better than any President we have had for many, many years.

Mr. FESS. Mr. President——

Mr. LONG. Mr. President, will the Senator from Tennessee yield to me?

Mr. McKELLAR. I have yielded the floor.

Mr. McKELLAR subsequently said: Mr. President, as a part of my remarks earlier today on the air-mail matter,

I ask leave to have printed in the RECORD a letter from General Foulois showing the list of accidents for the past several years.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

WAR DEPARTMENT,
OFFICE OF THE CHIEF OF THE AIR CORPS,
Washington, February 26, 1934.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D.C.

MY DEAR SENATOR: In compliance with your telephonic request of this date the following accident and fatality statistics pertaining to scheduled commercial air transport services and the Army Air Corps since July 1, 1928, are submitted:

Commercial air transport services

Period	Accidents	Fatalities
Fiscal year, 1929	112	35
Fiscal year, 1930	120	49
Fiscal year, 1931	108	19
Fiscal year, 1932	132	49
Fiscal year, 1933	96	20
July to December 1933	53	10
Total	621	182

Army Air Corps

Fiscal year, 1929	390	61
Fiscal year, 1930	468	52
Fiscal year, 1931	456	26
Fiscal year, 1932	423	49
Fiscal year, 1933	442	46
July to December 1933	193	23
Total	2,372	257

In this connection particular attention is invited to the fact that the figure "2,372" includes all accidents, even when minor damages only are incurred, in which Regular Army personnel, students, and Reserves on both active and inactive duty are involved; also, the figure "257" includes all fatalities among military and civilian personnel. Approximately 75 percent of these Air Corps accidents are connected with student flying training, which training is continuous. Whereas commercial airline pilots are all experienced pilots who have already had their flying training either at one of the service schools or at some civilian school.

It is understood that minor accidents, which only cause minor damage to aircraft, are not included in the table showing commercial air transport accidents, whereas the Army Air Corps includes all accidents of every description.

The records show that during the fiscal year 1933 an average of 2,933 group I pilots, including Regular Army personnel, Reserves, both on active and inactive duty, and flying cadets, flew Army aircraft and that an average of 543 first-line pilots were in the employ of the scheduled commercial air transport services during the calendar year 1933.

Yours very truly,

B. D. FOULOIS,
Major General, Air Corps.
Chief of the Air Corps.

Mr. FESS obtained the floor.

Mr. LONG. Will the Senator from Ohio permit me to propound a question to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. LONG. I merely want to find out, since there is some controversy about it—and perhaps the Senator from Ohio can answer the question—if the contracts for carrying the mail provide for granting passes to Postmasters General and their friends on trips. Is that written into the contract? I want to know if that is in the contract, because otherwise I might want to make a correction. I understand that there is a provision in the contract by which the friends of the Postmaster General and the Postmaster General himself can be carried on pleasure trips to banquets at the charge of the subsidies paid the companies. I just want to find out.

Mr. MCKELLAR. I have the law before me, and I will examine it and advise the Senator a little later.

Mr. LONG. If the law specifies—and I want to speak from the Democratic side for a moment, because my friend from Missouri objected to my being in the middle aisle——

Mr. CLARK. I do not object at all, I will say to the Senator.

Mr. LONG. I want to be nonpartisan about this matter. If the contract specifies that passes may be given the Postmaster General and his friends who wish to visit barbecues in connection, it may be, with business, I wish to have it recorded on the rolls of the Senate that I am a friend of the Postmaster General, and voted for him for national Democratic committeeman, and I should like to send up to the desk at a later hour of the day the names of my wife and three children so that passes may be issued for them as soon as the weather clears up.

Mr. FESS and Mr. MCCARRAN addressed the Chair.

The PRESIDENT pro tempore. The Senator from Ohio has the floor. Does he yield to the Senator from Nevada?

Mr. FESS. Does the Senator want me to yield to him?

Mr. MCCARRAN. I wish to reply to the Senator from Louisiana.

Mr. FESS. I yield.

Mr. MCCARRAN. In answer to the inquiry of the Senator from Louisiana as to whether or not the Postmaster General and his assistants have a right to ride on mail planes, let me say that, as a matter of fact, the Postmaster General and his assistants and all those in charge of the transportation of the mails have the right to ride on any means of transportation whereby the mails are carried.

Mr. CLARK. Mr. President, will the Senator from Ohio yield?

Mr. FESS. Yes.

Mr. CLARK. That applies as much to star routes and the railroads as to airplanes.

Mr. MCCARRAN. That is correct.

Mr. LONG. Mr. President, will the Senator from Ohio permit me——

Mr. FESS. I yield.

Mr. LONG. I wish to ask the Senator whether or not that would include a special plane, carrying no mail, going from Washington, D.C., to Shreveport, La., to enable the Postmaster General to make an anti-HUEY LONG speech? Would that be within the purport of the agreement?

Mr. MCCARRAN. Mr. President, may I reply?

Mr. FESS. I yield.

Mr. MCCARRAN. I merely want to say that the remark of the learned Senator from Louisiana is entirely out of place and has nothing behind it whatever, any more than many other expressions I have heard coming from the same source. The RECORD will not bear him out in the least.

Mr. FESS. Mr. President——

Mr. LONG. Mr. President, just a moment.

The PRESIDENT pro tempore. Does the Senator from Ohio yield further to the Senator from Louisiana?

Mr. FESS. I yield.

Mr. LONG. I am not speaking second-handed. I know my friend from Nevada would no more approve of it than I do if he knew the facts as I know them. The fact is that the distinguished Postmaster General took a trip. I was not present to hear the testimony of the Postmaster General and I do not care what it was; he testified, I assume, to the truth, so far as he went; but the fact is that this was a specially chartered plane which was not carrying any mail on any mail route. I understood from the press reports that the Postmaster General was coming to New Orleans, but he was advised not to come to New Orleans, that he had better go to Shreveport to make the speech; and the Postmaster General on this trip, when he was going over to Texas to a barbecue—and I wanted to go to it myself, and if they had asked me I might have gone; I did not see why I, too, should not go—but the facts are that the Postmaster General took a trip, and the Postmaster General was not carrying any mail bags; the Postmaster General not only had himself on that trip but he had some other friends with him who went along to visit over in Texas, and on the way over they stopped in the former home town of the senior Senator and national committeeman from Louisiana to make a stump speech at an airport. Those are the facts that the Postmaster General is not going to deny. I think if my friend from Nevada or my friend from Tennessee should write the Postmaster General, he will say that those are the facts.

Mr. MCCARRAN. Mr. President, will the Senator yield?

Mr. LONG. I yield, so far as I have the right to yield.

Mr. McCARRAN. I think, in all probability, if he did what the Senator relates he did, he had a very good crowd.

Mr. LONG. He had 60 people after 4 days' advertisement, and that was more than he was entitled to, because these people had been up to the Chicago convention and would have unseated the Roosevelt delegation entirely if they could, and they had not become converted because jobs at that time had not been dispensed. Later on he did get a little bit better reckoning over in that State. But I want to answer the inferences that are contained in what the Senator from Missouri and the Senator from Nevada have said. I take those as criticisms, and I hope the Senator from Ohio will allow me to answer them. I take those as criticisms that probably I was not doing the best thing for my State. In order to prove that we have been doing the right thing by this party and by this country, I have before me a map taken from the front page of the United States News, which shows the amount in percentages of relief money that has been given to all the States in the Union. I want to show Senators, and I want to show the public and the press that there are more means of choking a cat than feeding him butter. Had I stood with the administration, it is likely that the State of Louisiana would have received no better treatment than the Senator from Arkansas received for Arkansas; had I stood with the administration it is likely that Louisiana would have gotten no greater percentage of this public money than the Senator from Kansas got; had I stood with the administration instead of being, perhaps, as pointed out by the Senator from Missouri, on the wrong side of the aisle, then I might not have got any more relief money than did the Senator from Mississippi; but Louisiana, with about the same population as Arkansas, with about the same population as Mississippi, and with about the same population as Kansas, got more of the public relief money than Kansas, Arkansas, and Mississippi put together, because we had a campaign on down there about that time.

Here is the record [exhibiting chart]. Had I been, Mr. President, so disloyal to my own State I could have told Senators on this side of the aisle how to have got more of the public funds in campaign days. They needed simply to have declared themselves against one or two pet measures, and there would have been spent three times as much money in their States as was spent in any other State. Now, I do not want——

Mr. CLARK. Mr. President, will the Senator yield?

Mr. LONG. Yes; I yield.

Mr. FESS. Mr. President, do I have the floor?

The PRESIDENT pro tempore. The Senator from Ohio has the floor.

Mr. CLARK. Will the Senator yield for the purpose of enabling me to ask the Senator from Louisiana a question?

Mr. FESS. I yield.

Mr. CLARK. I was just going to ask the Senator whether he attributed any connection of this abnormal distribution of relief funds in Louisiana to the fact that he had been Governor of the State 4 years previously, and perhaps they needed more in Louisiana than they did in Arkansas?

Mr. LONG. That is very likely true, but I will give the Senator to understand that they started out pointing to Louisiana as a white spot on the map when they began this relief work. They published a map through the Association of Commerce of the United States as to what States were best off and what States were worst off, and Louisiana was in the white area as the best-off State. I am glad that was true. I do not say that I was in any conspiracy to get this money; that I myself had declared against the administration so that others would know and might show that there was a harder fight and therefore needed to get more men on the pay roll; I do not say that I did that; but if I had wanted to get the money, in the light of the experience I have had, that is what I would have done.

Here is the result: The State of Mississippi got 1.14 percent of that money; the State of Florida, with two Democratic Senators here, got 0.93 percent of that money; the State of Arkansas got 1.22 percent of that money; the State of Colorado got 0.75 percent of that money; Kansas got 1.09 percent of that money; Texas got 4.41 percent—and Texas is five or six times the size of my State—and Louisiana got 3.50, which is as much money as Arkansas, Mississippi, and Florida had and 0.11 of 1 percent to spare.

Mr. President, it came on at a pretty good time. I want to say that it came on just as we were having a campaign against the power interests in the city of New Orleans and over the mayor's office. And I want to say that I had expected that most of this money would go out in the rural areas and would be pretty generally spread; and if they had given very much of it there, they would have had to give it to my friends, because they could not have given it to many of them without giving it to some of my friends. The greater part of this money was spent at the point where there was a political campaign being conducted.

I am not criticizing the administration for this. I am taking this attitude to convince my people, to whom I intend to send copies of these statistics, that I have probably done the thing that has obtained the most for them out of the Government Treasury, and that any other position on my part might have resulted in their not getting any more than the people of Arkansas or Colorado or the other States I have mentioned. If I had taken any other attitude, my people might not have gotten as much as they did, or the other people might have gotten as great a proportion as did the people of Louisiana.

Mr. FESS. Mr. President, I would not have allowed myself to be drawn into the discussion of this matter at this time were it not for a statement of the Senator from Tennessee [Mr. McKELLAR]. Neither he nor I being a member of the committee making the investigation, I think it is improper to enter upon a discussion of a subject that is primarily one for the committee itself. For that reason among others—because we want to get through with the independent offices appropriation bill, and my friends on this side are asking how long we are going to take on other matters that have no pertinency to it—I shall take only a moment. But later on, when the subject is properly before the Senate for discussion, I shall then give my own impressions as to what the testimony shows both pro and con.

The only reason why I am drawn into the discussion this morning is because of the charge of the Senator from Tennessee [Mr. McKELLAR], a bald charge that the contracts were fraudulent, the result of collusion, and that on the basis of that fact the President annulled the contracts, or at least approved the action of the Postmaster General in so doing.

Mr. McKELLAR. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Tennessee?

Mr. FESS. I yield.

Mr. McKELLAR. I am surprised that the Senator from Ohio should undertake to make an explanation of the matter at this late date, because he has heard me charge on the floor of the Senate for the past 2 or 3 years that the air-mail contracts were fraudulent and void, dishonest and corrupt. I am making no new charge. The Senator has heard me make it a dozen times or more.

Mr. FESS. The charge never was so seriously made as today. The charges which the Senator from Tennessee made were pretty loose, and have been all along. When a matter comes up that does not satisfy him, if there is an opportunity to say there is something illegal about it, that is the most natural thing for him to say. I have not been impressed with the Senator's argument against the subsidy on the ground that it is fraudulent. I know he has always been in opposition to the idea of granting subsidies. I, myself, am in considerable doubt as to the wisdom of the policy of granting subsidies. I have always been somewhat in doubt about it.

But there came a statement from the Senator from Tennessee, following the issuing of an order by the highest authority canceling contracts, 34 in number, based on a charge

of fraud against a former Postmaster General who had to do with the making of only three of the contracts—the last three. But they are all thrown into one group, and the innocent as well as the guilty, if there are any guilty, are put in the category of being violators of the law and charged with obtaining contracts by fraudulent means. That is unfair; that is un-American; that is denying a hearing, something that would not be denied by the courts to the poorest or most inconsequential individual in the land. But here it is denied to an industry representing an investment of $300,000,000, employing thousands of trained men, and rendering a service for the Nation with the aid of men who are responsible.

It is a charge against all of them of being guilty of obtaining fraudulent contracts, justifying an abandonment of the contracts, and then an order to that effect comes from the highest authority in America without granting any kind of hearing to the holders of the contracts. I say it is indefensible. I say it is un-American. Such action will never fit in with American ideas of justice. When men say it is because the contracts are fraudulent, and base that charge of fraud on testimony that is not even corroborative, then I say it is un-American, it is not just, it is not fair. Every bit of that evidence can be disproved, and will be again disproved as it has already been disproved. Yet on that basis we see this un-American action taken.

I am not going to blame the President for the death of men on the ground that he cared nothing for them. I do blame the President for doing an un-American act in violating the fundamental principles of fair play and of judicial and jurisdictional conduct such as men are entitled to in our courts. I do blame him for that. The reason why he did it is because he was misinformed. He received certain recommendations which were not justified, but evidently he thought what he did was the thing to do.

I am receiving letter after letter, literally hundreds of letters, demanding that our Army aviators shall be taken out of the air, no matter what the cause for the cancelation of the contracts, whether it be corruption or what it may be; demanding that the Army shall not be allowed to send out its boys, who are not trained for this particular service, in planes not equipped for carrying the mail. The officers and men in the aviation branch of the Army are trained for occasional work. They do not know what they may be called upon to do. It is first this and then that. In any event, however, they are not trained for the flying of planes carrying the mail. As one of my friends in the House said the other day, they do not "fly by the beam." They have not had the special training requisite for carrying the mails. It is to be deplored that in the past 6 days, 12 airplanes have gone down resulting in the death of six pilots. Reference has been made to one commercial plane going down with eight people in a mountain storm, which is bad enough, but here are 12 Army planes that have gone down in 6 days, resulting in six deaths. That is a different matter entirely.

We all deplore the condition which has resulted. I have written to all the friends who have communicated with me that I shall vote to take the Government out of the air-mail business altogether if we cannot be assured that the pilots who are sent into the air have every possible protection.

Mr. TYDINGS. Mr. President, will the Senator yield?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Maryland?

Mr. FESS. I yield.

Mr. TYDINGS. Just for information, may I ask the Senator if he had been in a position of authority, either as Postmaster General or President of the United States, after the evidence and the facts had been disclosed, would he have done nothing whatsoever about it?

Mr. FESS. I certainly would have called the people who knew the facts and gotten their side of it before I would have taken such drastic action. The Government ought not to be acting on unsupported evidence, as in this case. The Senator from Nevada [Mr. McCARRAN] spoke about a letter that came from one of the departments, and evidently based his judgment on that letter. Mr. Crowley submitted his testimony on Saturday last, and the matter was well understood. Not everyone knows why that letter was written, and no one seems to know just what the letter contained. It was not a decision. It was an expression of an opinion. It was nothing but a recommendation that came from an underling to another underling and did not come as an opinion from the Attorney General, who did not agree with the expression of views when, after an absence, he returned to Washington.

Mr. TYDINGS. Mr. President, if I may interrupt the Senator further, perhaps I can phrase my question differently, because I am simply trying to elicit the Senator's opinion as to the best thing to do.

Suppose that after, we will say, hearing all the parties it was proved that there had been fraud and collusion in letting the contracts, would the Senator then hold to the view that the contracts should remain intact? If not, what view does he hold?

Mr. FESS. Does the Senator mean if the investigation had been concluded and the evidence on both sides was in and then there was convincing proof of fraud?

Mr. TYDINGS. Assume that there was fraud or collusion in awarding the contracts; what would the Senator do when he became advised of that condition?

Mr. FESS. I would immediately either stop the Air Service or continue it until such time as the problem could be solved without calling officers and men from the Army to fly planes that were not equipped for the mail-carrying service.

Mr. TYDINGS. But if the air-mail companies should be required to cease operations and we should not call upon the Army, the Senator knows and I know that there are not enough private concerns now equipped to carry the mail.

Mr. FESS. That may be true; I think it is true. Then discontinue the mail for the time being.

Mr. TYDINGS. That is what I wanted to elicit. In other words, the choice, as the Senator sees it, in the event there was fraud and collusion, is this: Instead of carrying the mail by the Army, he would entirely discontinue the Air Mail Service.

Mr. FESS. I would. I would never send the fliers of the Army into the air by order of the Government in poorly equipped planes to carry on a hazardous service. Commercial aviation concerns, as the Senator knows, are equipped with planes operated by men who are trained for that particular service; and what they have accomplished is truly remarkable. It is wonderful in its success. The Senator knows that the Army planes are not so equipped, and therefore we ought not to have taken the risk. I am taking the most charitable view I can of the matter.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. TYDINGS. I know the Senator wants to be fair and will be fair enough to agree that even if the mail had been carried by the private companies which, up until recently had been carrying it, the unusual weather conditions which have prevailed during the last 2 or 3 weeks might have caused even a greater number of casualties than those which took place in the Army.

Mr. FESS. No; I will not agree to that, and the Senator certainly does not take that position. All of us will admit that it is unfortunate that the Army was called upon to do this work at this particular time, because it had planes not equipped to do work in this weather, while the commercial planes were equipped to do work of this kind. In a commercial plane a man can start at New York and set his instruments and positively blind himself until he cannot see the ground and fly to Washington and hit the point of destination without a leeway of 30 yards. That is the modern science or art of aviation. The Army does not have that kind of equipment; and if it does not have such equipment, we ought not to send the aviators of the Army into the air.

Mr. TYDINGS. Mr. President, will the Senator yield further?

Mr. FESS. I yield.

Mr. TYDINGS. The Senator knows that this morning's newspapers carry the news that the plane of one of the large transport companies crashed and eight people were killed. The Senator knows that in many parts of the country this has been an unusual winter; and I may point out that more people were killed with less commercial flying—I should say with 15 or 20 percent of commercial flying today as compared with a month ago—than have been killed in all the air lines of the United States since the Army took over this work.

Mr. FESS. Mr. President, I mentioned the unfortunate accident to the plane going from Salt Lake City to Cheyenne. That route is in the mountains. That is a dangerous area. Probably the plane ought not to have taken off on that flight. The occupants of the plane had been cautioned before they started, and what is known as "beam" flying could not operate there because they hit a mountain. Beam flying has to do with elevation and direction.

When recently a famous aviator started from San Francisco to the Hawaiian Islands, he pointed the nose of the plane in the direction of those islands, and, flying thousands of miles by compass only, landed where he expected to land when he started from San Francisco. That is with reference to flying a low ceiling, where there is no possibility of seeing the ground; but in the case referred to in the morning newspapers it is evident that the plane struck a mountain. Of course, that accident was most unfortunate.

Mr. TYDINGS. Mr. President, will the Senator yield again?

Mr. FESS. I yield.

Mr. TYDINGS. In the event any of these companies were guilty of collusion or fraud in obtaining any of the contracts, would the Senator permit other representatives of the same companies to bid again on subsequent contracts?

Mr. FESS. Other representatives of the same companies? If it should be proved that the companies were in collusion or guilty of fraud, I would not.

Mr. TYDINGS. Assuming, then, that it has been proven for the sake of my statement——

Mr. FESS. The Senator is assuming a great deal.

Mr. TYDINGS. At least the administration thinks it has; and while many people disagree with the policy of the Army carrying the mail, I still believe the American people are of the opinion that there was much to be desired in the way the air-mail contracts were let.

What I am getting at, however, is this: If the Senator says he would cancel these contracts immediately upon proof of fraud or collusion, and would not let contracts to any of the same companies even with new officials, under that situation we might as well discontinue entirely having the mails carried by air, because there are no companies now constituted in the United States which could, under the restrictions laid down by the Senator, give the service which the Government would require. It would mean that we would have no Air Mail Service whatsoever.

Mr. FESS. I recognize the very embarrassing situation out of which the Senator is trying to get the President. He wants me to say that even if these companies were in collusion, contracts could be made with them again, because he knows that the President is likely to make contracts with the very people he has been charging were guilty of fraud. The Senator recognizes that, and he is trying to get me to say that that would be a perfectly ethical thing. I will not do it.

Mr. TYDINGS. Oh, I beg the Senator's pardon!

Mr. FESS. It is too obvious, Mr. President.

Mr. TYDINGS. The Senator is supersuspicious.

Mr. FESS. No; it is too obvious. Everybody sees that.

Mr. TYDINGS. I did not say that. What I was trying to bring out, if the Senator will give me a chance to clear up the innuendo——

Mr. FESS. Mr. President——

Mr. TYDINGS. I do not think the Senator ought to deny me the opportunity——

Mr. FESS. I will not.

Mr. TYDINGS. Because the Senator reflected on my intention, and I do not purpose to sit here and have the Senator from Ohio or anybody else reflect on my honesty in making a statement.

Mr. FESS. The Senator will not object to my interpreting his question.

Mr. TYDINGS. I asked the Senator the question to find out whether or not there was any course the President could pursue other than the one he has pursued, and for no other purpose.

Mr. FESS. Precisely. After the President has done an indefensible thing, the Senator wants to ask me, whether, in order to be able to say that he did it because the companies are guilty, he can later on make a contract with the same ones, or else we will be compelled to give up the aviation business.

Mr. TYDINGS. No; the Senator is wrong.

Mr. FESS. Since we do not want to give up the aviation business, the only thing that is left is either for him to state that he was wrong in the beginning or else that he will deal with the people who previously acted fraudulently with the Government. The Senator is not going to get me in any position of that kind.

Mr. TYDINGS. Will the Senator yield?

Mr. FESS. I yield.

Mr. TYDINGS. I am sorry the Senator feels so sensitive about this matter.

Mr. FESS. I am not sensitive.

Mr. TYDINGS. Yes; the Senator is.

Mr. FESS. No; I am not.

Mr. TYDINGS. I was simply trying to develop the fact that the President of the United States, by the Senator's own deduction, had one of two courses open to him, and only one of two courses. He could either do away with the Air Mail Service entirely, or he had the option of putting it in charge of the Army during the emergency.

Mr. FESS. No; the Senator is wrong. The President's only option would have been not to do what he did.

Mr. TYDINGS. The Senator himself said that if there was fraud or collusion in awarding the contracts he would have canceled them. That is what the Senator said.

Mr. FESS. There was no fraud or collusion.

Mr. TYDINGS. The Senator is in a small minority there. Almost everybody is of the opinion that there was fraud and collusion.

Mr. FESS. It does not make any difference how many people are wrong. A thing is right not because a few people favor it. Right is right because it is right, and not because a lot of politicians hope it is wrong.

Mr. TYDINGS. So far as I know, the Senator has had no monopoly of right and wrong. I only have to go back to other years to show where the Senator, in the best of faith, thought he was right on another occasion when he defended an Attorney General of the United States——

Mr. FESS. I was right.

Mr. TYDINGS. When he defended an Attorney General of the United States who afterward was driven from power, and a jury stood 11 to 1 for his conviction and sending him to jail. I have precedents to back up my observation, which the Senator lacks to back up his.

Mr. FESS. Mr. President, this discussion has gone far afield.

Mr. BLACK. Mr. President, will the Senator yield for a correction of a statement of fact which I feel sure he will correct?

Mr. FESS. Yes.

Mr. BLACK. I think the Senator was present when Mr. Brown was before the committee.

Mr. FESS. All the time.

Mr. BLACK. The Senator stated that only three of the contracts were let by Postmaster General Brown. The Senator will remember that I asked Mr. Brown if each and every contract which was canceled by the present Post-

master General was not a contract which had been awarded by him, either by an original contract or by a route certificate or by an extension, and he stated that it was; and those are the facts.

Mr. FESS. That is true, Mr. President. That needs an explanation.

Contracts were made either by bidding or after negotiation, and the negotiations took place in the case of extensions. That is one part of the law under which the Postmaster General acted. There is another part of the law which permits bids, and a part of the contracts were let under that. Of course, if there is a company that can fly the distance between the two points but there is no air-mail service between them, the President or the Postmaster General can include that particular line as an extension of a line already in existence. That can be done under the law, but that is not an original contract. That is simply an extension.

If the Senator from Alabama wants to take the view that any modification of a contract is an original contract, then he has gotten himself in a very uncomfortable position, because in August of last year there was a meeting in the office of the Postmaster General similar to that which was held on May 19, 1930, in the presence of Postmaster General Brown; and the same companies that were in the meeting of the Brown regime were in the meeting of the Farley regime. In the meeting under Farley, where there were $14,000,000 to be divided up in accordance with provisions to be submitted by the companies to the Postmaster General, the Postmaster General had to modify the contracts. They were changed. There were cities which were denied service altogether. There were some extensions, and if the Senator says a modification of a contract is an original contract, then all these contracts are Farley's contracts, and he canceled his own contracts. That is incontestable. If what the Senator from Alabama says, that adding a spur, extending a contract, is the making of an original contract, then, of course, all of these contracts were made at the meeting with Mr. Farley, and he canceled his own contracts.

Mr. BLACK. Mr. President, will the Senator yield?

Mr. FESS. I yield.

Mr. BLACK. Let us get down to exactly what was done; and I think the Senator will agree with what I shall say. There are two transcontinental routes, as to which contracts were let by what has been called "competitive bidding." Those two contracts, of course, were made under Mr. Brown's regime.

Mr. FESS. Yes.

Mr. BLACK. There is another transcontinental route, that of the United Air Lines, a contract with which had expired by operation of law. That was extended by a route certificate, was it not? That was the third transcontinental route, and that was extended by a route certificate by Mr. Brown.

Mr. FESS. I think it was.

Mr. BLACK. With reference to the other, there was a short clause in the Watres bill which provided for extensions of the contracts of existing lines. First, the contract of each of the other lines, except the three transcontinentals, had also expired, and Mr. Brown extended those contracts by route certificates until May 1936. The evidence shows that, does it not?

Mr. FESS. I think so.

Mr. BLACK. Then the only other contracts that were let by Mr. Brown, which includes every one, were extensions of previously existing lines.

Mr. FESS. Yes.

Mr. BLACK. All of which at that time were operating under contracts made by Mr. Brown. That is correct, is it not? Some of them making extensions which were two or three times as long as the original lines. The Senator is familiar with that, is he not?

Mr. FESS. I am not familiar with what the Senator is saying now about the length of the lines.

Mr. BLACK. The fact is, as the Senator will realize if he heard the evidence——

Mr. FESS. I heard all the evidence.

Mr. BLACK. The Senator heard the evidence of Mr. Brown; he has not heard the other evidence.

Mr. FESS. I have read the other evidence, as far as it has been printed.

Mr. BLACK. The fact remains that during Mr. Brown's regime the two transcontinental routes were awarded contracts as a result of so-called "competitive bidding." The other contract was awarded by a route certificate, extending it until 1936. The contract as to every other line in the United States was extended until 1936.

Mr. FESS. And what he did he had authority of law to do.

Mr. BLACK. The Senator claims that. I claim he did not. So did the Comptroller General. There is no reason for getting into an argument about that now.

Mr. FESS. I think the Senator ought to be corrected as to the Comptroller General.

Mr. BLACK. The Comptroller General expressly ruled with reference to extensions, and his rulings have been placed in the record. But we will not go into an argument about that now.

Mr. FESS. The Comptroller General does not advise on legislation. The Comptroller General may decide whether a payment can be made in accordance with a law already in existence.

Mr. BLACK. We are getting away from the question. The extensions made by Mr. Brown, the route certificates made by Mr. Brown, and the original contracts made by Mr. Brown, remained in effect, and there was no contract of any kind or character that was made previous to Mr. Brown's regime that was in effect when these contracts were canceled, was there?

Mr. FESS. Mr. President, I have sat and listened to the questioning of the Senator from Alabama for 6 days. He is not going to get me to answer "yes" or "no" to these questions.

Mr. BLACK. Will the Senator refuse to state the truth when it is the truth, simply because I ask the question?

Mr. FESS. I am not on the witness stand.

Mr. BLACK. The Senator is not on the witness stand, but I assumed—and I regret that my assumption appears not to be correct—that he did not want to leave a misleading impression about these contracts.

Mr. FESS. I do not.

Mr. BLACK. His original statement was that only two contracts were let by Mr. Brown.

Mr. FESS. Only three.

Mr. BLACK. That is, the three transcontinental routes?

Mr. FESS. No. 32, no. 33, and no. 34.

Mr. BLACK. Is it not true that during Mr. Brown's regime every original contract was renewed, either as a result of competitive bidding on the two transcontinental routes, or by the awarding of route certificates, or by an extension which created an entirely new contract?

Mr. FESS. It is true just the same as it is true that Mr. Farley adopted new contracts, if the Senator calls a change of a contract a new contract.

Mr. BLACK. Oh, well, if the Senator wants to take that position——

Mr. DICKINSON. Mr. President, will the Senator yield to me?

Mr. FESS. I yield.

Mr. DICKINSON. In the law, as I understand it, the Government reserves the right to extend all contracts of service, and also to adjust compensation according to service rendered. I want to know how any contractor can defraud the Government as long as the Government retains that right over him, because the only things in which the Government is interested are, first, service; and, second, commensurate payment for service rendered.

Mr. FESS. That is absolutely correct. I want to apologize to the members of the special committee for taking up the time of the Senate in talking, not being a member of the committee, because my own opinion is that the discussion of this matter should be left to the committee making the investigation, and I had intended to follow that

view. I was drawn into the debate because a personal friend of mine of 40 years' standing, a man I know intimately, who was for 6 months my seatmate in the constitutional convention of Ohio in 1912, and has been a friend of mine, under all circumstances, for a long period of time, was boldly charged with fraud, and I feel absolutely certain that there is not one iota of proof to establish any such charge.

I asked that this man be brought before the committee. I resented the suggestion that the committee would not subpena him because he would seek immunity. It was unkind to make any such suggestion as that.

From the very beginning, Mr. Brown has wanted to come before the committee and to make a statement as to all the facts, and he urged his desire upon me. I kept saying to him, "You will be called, but I think you had better wait until everything the committee wants to bring out is developed." He was willing to accede to my views, until the President took the indefensible and un-American action of canceling all the air-mail contracts, without letting anybody interested be heard, and without even Mr. Brown ever coming before the committee.

I felt that very deeply, and every Senator in this body would have felt as I felt. When, this morning, a charge of fraud was made against a friend of mine, who I am certain will prove there is no fraud, I naturally felt compelled to say something about it. However, for breaking in at this time, I apologize to the five members of the special committee, whose business it is to take charge of this matter and report the results. My only reason for doing so was the reason I have stated.

Mr. President, I ask unanimous consent to have printed in the RECORD an editorial appearing in the Washington Herald of yesterday entitled "A Tragical Blunder."

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

A TRAGICAL BLUNDER

The unfortunate blunder of the administration in its summary disruption of the American aviation industry becomes more inexplicable with each day that passes.

Attempts by various spokesmen of the President to justify the Government's action have, without exception, proved to be paltry and weak-kneed pleas in exculpation—not justification in any sense of the word. They merely reveal the extent of the complications in which the Government and the Nation are involved by ill-considered action, and confirm the adverse judgment on the incident which is well-nigh universal.

There are some innovations which the American people will never adopt!

And one is the condemnation of a man—any man—without trial or even formal accusation.

This is precisely what the Government is guilty of in its headlong and ruthless cancelation of the air-mail contracts.

There may have been collusion in the making of them, but it has not been shown.

They may be permeated with fraud, but it has not been proved.

And yet—nevertheless and despite this trampling under of common right—judgment has been entered! Sentence has been pronounced!

The supposedly guilty and the admittedly innocent have alike been struck down by a high-handed Government which refuses to permit its conduct to be reviewed by its own courts, and is indifferent to the charge of injustice proceeding from its own citizens.

It is a sorry spectacle indeed! It fills every right-minded American with mortification. It inspires everyone obliged to transact business with such a government with a feeling of dread and insecurity.

Not only on these major grounds of basic principles is the Government's action incomprehensible, but also in the light of its practical results.

The administration has leaped to the destruction of a great American industry, as if nothing short of destruction would satisfy it—an industry of which the country was justly proud! Commercial aviation in the United States led the world and was an object of envy as well as admiration throughout the world.

The administration, by its indefensible action, threw out of legitimate employment thousands of good, self-respecting, and self-supporting citizens.

It became a party to the sacrifice of devoted Army flyers, without the experience or special training requisite for the hazardous service they were suddenly ordered to undertake, and who have already paid with their lives for their Government's folly.

This folly takes on a darker hue when it is borne in mind that the Army planes are admittedly without the necessary equipment which experience has shown to be indispensable in overcoming the risks of the Air Mail Service.

The probability of these tragic results was clearly foreseen by Eddie Rickenbacker, the great flying ace, who has done so much for the prestige and marvelous development of commercial aviation in the United States.

Voicing a sincere tribute to the Army flyers, their instant courage and high sense of duty, Mr. Rickenbacker did not hesitate to denounce as unreasonable the risks which the Army aviators were asked to face and assume. Trained for an entirely different type of flying, they were compelled to take over an unfamiliar service for which the Army airplanes are wholly unsuited in design and deficient in necessary equipment.

"While I have every respect", said Rickenbacker, "for the ability of these men to fly, still they haven't the experience or equipment necessary to fly the mails. Most of them are just kids, fresh out of Kelly Field, with perhaps 400 hours of experience.

"I fear for the future."

The fatalities which promptly accompanied the Army's switch into the mail service he branded as "legalized murder."

And such it is!

The folly of it all—this action of the administration is unbelievable!

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes.

Mr. STEIWER obtained the floor.

Mr. McNARY. Mr. President, will my colleague yield to me?

Mr. STEIWER. I yield.

Mr. McNARY. I think it appropriate that there should be a quorum, and I suggest the absence of a quorum.

The PRESIDENT pro tempore. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Thomas, Utah
Brown	Gibson	McNary	Thompson
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walcott
Carey	Hatch	Overton	Walsh
Clark	Hatfield	Patterson	Wheeler
Connally	Hayden	Pittman	White
Coolidge	Hebert	Pope	
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

Mr. HASTINGS. I desire to announce that my colleague [Mr. TOWNSEND] is unavoidably absent. I desire to let that announcement stand for the day.

The PRESIDENT pro tempore. Ninety-three Senators having answered to their names, a quorum is present.

The Senator from Oregon [Mr. STEIWER] has the floor.

Mr. STEIWER. Mr. President, I invite the attention of Senators to the amendment offered some days ago by the Senator from Nevada [Mr. McCARRAN] and myself to the amendment offered by the Senator from South Carolina [Mr. BYRNES]. It will be remembered that the amendment when first submitted by the Senator from South Carolina contained two proposals, and two only. One of them related to veterans of the World War and the other related to hospitalization. There was no monetary relief suggested in his amendment for those who had served in the Spanish-American War. Accordingly we offered the amendment which is now pending, as an addition to the amendment proposed by the Senator from South Carolina.

This morning the Senator from South Carolina modified his amendment by offering additional proposals, one of which extends relief to the veterans of the War with Spain. Therefore, to present the question in parliamentary order, the Senator from Nevada [Mr. McCARRAN] and myself have changed our proposal so that it is now offered as a sub-

stitute for the proposal presented by Senator BYRNES pertaining to veterans of the War with Spain.

I shall directly discuss certain differences between the two proposals. Before I do so, however, I want to make some brief comment upon the principles that underlie and, I think, ought to determine the nature of relief extended by this Government to those who fought in the War with Spain.

The controlling idea, Mr. President, almost everywhere recognized, is that these veterans in the great majority of cases are not able to offer proof that tends to trace their disabilities to their military service. The lapse of many years, the failure to make records in the first place, the destruction or loss of records, the death of regimental military surgeons and of officers and others, the dispersion of these veterans in different parts of the country, the inability of the veterans to find the people who might have had knowledge of their disabilities in the first place, all these factors contribute to make it impossible for these veterans to establish the service-connected origin of their disability.

This fact, Mr. President, is recognized in previous laws. In the act of 1920, in the act of 1926, and in the act of 1930 the Congress did not require these veterans to establish service connection of their disabilities.

Moreover, the President very properly recognized their inability to prove service connection, in the action which he took under the economy bill passed during the special session of this Congress. It became his duty to issue regulations fixing the rates of pensions and the conditions upon which pensions should be paid to the veterans of the War with Spain, and at that time he gave definite recognition to the difficulty of service connection.

Let me read briefly from Veterans' Regulation No. 12, which is one of the original regulations issued under the Economy Act. The President said in the preamble, as follows:

> And whereas it is realized that veterans of the Spanish-American War, the Boxer rebellion, and the Philippine insurrection, who have heretofore received a pension, having in mind the period of time which has elapsed since the cessation of hostilities, will be at a decided disadvantage in endeavoring to secure evidence showing that their injury or disease was incurred in line of duty in the active military or naval service—

In order to carry into effect, in that regulation, the principle which he had thus recognized, the President provided as follows:

> I. Veterans of the Spanish-American War, including the Boxer rebellion, and the Philippine insurrection, and every widow, child or children, dependent father or mother of a deceased World War veteran who were in receipt of pension or compensation at the date of enactment of Public, No. 2, Seventy-third Congress, shall be entitled to continue to receive a pension under this act at the rate being paid them on the date of enactment of Public, No. 2, Seventy-third Congress, it being presumed that the injury or disease causing the disability or death was incurred in the line of duty in the active military or naval service during either the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or the World War, but such presumption shall be rebuttable, and the Administrator of Veterans' Affairs is hereby authorized and directed to cause to be reviewed all such claims—

And so forth.

Mr. President, the act of the President constituted a further recognition of the historic fact that these men cannot, in a great majority of cases, trace their disabilities to their war service. Yet we are confronted with the fact, unpleasant to contemplate, that after the President made this regulation extending every possible advantage so far as proof was concerned the review of the cases ordered by the regulations most inadequately dealt with the situation. It is apparent that this problem cannot be properly disposed of merely by providing a liberal basis of proof, for after the President had created a presumption that all these disabilities were service connected, and had placed with the Administration of Veterans' Affairs the power to rebut that presumption, the review was had, and the amazing result was that out of 196,000 veteran cases and some 39,000 death cases—that is, cases affecting widows and other dependents—a total of 235,000, as I remember the figures, the review resulted in the service connection only of about 5,400 or 5,500 cases. So I say, Mr. President, that if there were proof lacking in the statement made a little while ago that it was impossible for these men to service connect their disabilities, proof is now afforded, when, under a regulation that gave to the veterans the benefit of the doubt, that created a presumption in their favor, and that merely permitted the Veterans' Administration to rebut that presumption, only something like 2 percent of the 235,000 cases involved were found to be service connected.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER (Mr. LEWIS in the chair). Does the Senator from Oregon yield to the Senator from Nevada?

Mr. STEIWER. I yield to the Senator from Nevada.

Mr. McCARRAN. In keeping with his argument, may I invite the attention of the Senator from Oregon to a letter from Mr. Douglas as it appears in the record of the hearings of the subcommittee of the Senate Committee on Appropriations, at page 146, enhancing the argument of the Senator from Oregon? If he will read that into the RECORD at this time, I think it will be advantageous to his position.

Mr. STEIWER. The value of the letter, as I regard it, is that it discloses that the Director of the Budget, who has been very intimately connected with all the efforts to cut down the pensions of veterans of our wars, and who was one of those who appeared before the Finance Committee of the Senate in order to make explanation of the supposed merit of the Economy Act, himself recognized the difficulties facing the veterans of the War with Spain in connection with the establishment of service connection of their disabilities. I shall read only a portion of the letter, with the Senator's indulgence. It is as follows:

> It is not now, never has been, and never will be, my intention to require of the Spanish-American War veteran proof of a service-connected disability. I realize that after the lapse of all these years since the Spanish-American War it would be impracticable, if not utterly impossible, for the vast majority of these veterans to prove such service connection, although it actually exists.

I thank the Senator from Nevada for calling my attention to that language, because it discloses, as I said a moment ago, that even the Director of the Bureau of the Budget, who has been one of the leaders in the assault upon the veterans of this country, himself recognizes, as does the President, that the disabilities of the Spanish War veterans cannot be fairly and adequately connected with their military service.

Mr. LONG. Mr. President——

Mr. STEIWER. I yield to the Senator from Louisiana.

Mr. LONG. I entered the Chamber a little late, having been called out a few moments ago. Whose remarks was the Senator reading?

Mr. STEIWER. At the suggestion of the Senator from Nevada [Mr. McCARRAN], I was reading from hearings on the pending bill, and specifically from the letter written by Mr. Douglas, the Director of the Bureau of the Budget.

Mr. LONG. One more question. Has the Senator analyzed the amendment that has been presented this morning by the Senator from South Carolina?

Mr. STEIWER. Yes, sir.

Mr. LONG. I wanted to ask the Senator if he could tell us just what difference that amendment proposes to make in the case of the Spanish-American War veteran.

Mr. STEIWER. If the Senator will permit me, I shall later be very glad to discuss that amendment, but I would rather do it in just a moment. I should like first to conclude with reference to the impossibility of proving service connection in these cases.

Mr. President, to this rather unanimous conclusion by all concerned that the veterans cannot service-connect their disabilities there is added the proposal just referred to by the Senator from Louisiana, sent to the desk this morning by the Senator from South Carolina [Mr. BYRNES] in perfecting his amendment. As I regard it, that proposal is an admission by the Senator from South Carolina that he

realizes that these veterans cannot service connect their disabilities. It is growing to be unanimous—I think it is unanimous—it is everywhere understood, that the contention of these men is a sound and true one, and that, after the lapse of these years, they cannot service connect their disabilities.

The PRESIDING OFFICER (Mr. LEWIS in the chair). Will the Senator from Oregon tolerate the present occupant of the chair to ask a question for information? The Senator from Oregon having stated the liberality which the President's action indicated in point of service and point of evidence, the able Senator said that some board, despite the recommendations of the Executive, seemed to have declined to obey them. Will the Senator, for the information of the Senator from Illinois, indicate what he meant by a board? What board was it?

Mr. STEIWER. Mr. President, I would not want to go so far as to say that the board had declined to obey the President's regulations, but what happened is this: The regulation required a review of these cases; whereupon, during the summer and the fall they were reviewed, not by a special board, not by the review boards that were set up in the several States to review the presumptively service-connected cases of the World War, but by employees within the Veterans' Administration itself. The different officials and agents of the Veterans' Bureau, under this regulation, reviewed these cases, and, as a result of their review, they service connected only about 2 percent of them. Much might be said in criticism of the procedure by which that was done, but it is not my object at this time to indulge in criticism. It will suffice to say that the total number of cases reviewed was something like 235,000; the total number of working days for making that review was about 195; the average number of cases reviewed per day was something like 1,200; obviously those reviewing officers could not, in a genuine sense, have rebutted the presumption which the President had created by his regulation. It all goes to show, as I view it, that no system of review, no system of proof established either by law or by regulation, no system that permits the Veterans' Bureau to deal with these cases, is going to be adequate or satisfactory.

Let me say further, in respect to the question which is raised by the present occupant of the chair, that in the War with Spain some 10,000 men were killed on the battlefield or died immediately from diseases contracted in their military service, and within a few months, less than a year after that war, some 7,000 more died from diseases which they had contracted during their military service. So here are 17,000 cases of men, some of them married, some of them single, but many of them leaving dependents; and all these 17,000 cases were reviewed in the number of 235,000 cases, and yet, in spite of that and in spite of the battle wounds that some of these men carry to this day, the review only disclosed service connection of something like 5,400 or 5,500 cases. There were a few hundred more service connected under prior laws, under the old general statute that were already on the rolls and still are so. I ought to say, in the interest of accuracy, that the total number of service-connected cases of the Spanish War at this time is not the figure I have used, 5,400 or 5,500, but is approximately 6,400.

Mr. President, I now want to call attention to one matter that was alluded to in the hearings. Ex-Senator Means appeared before the committee and, at page 152, testified concerning one Dakota regiment. He said, in referring to a report signed by Henry F. Hoyt, chief surgeon, United States Volunteers, as follows:

> I interpolate here that the South Dakota regiment was just an average regiment like all of those volunteer regiments over there, like those from Colorado and Wyoming. So far as wounds and disease were concerned, it did not compare with the First Nebraska. Here is the result of the examination [reading]:

Then he read from the surgeon's report, as follows:

> Total number of men examined was 540, balance of the regiment being in hospital in Manila, Corregidor Island, or elsewhere. A very few were away on detached service.

I read further from the testimony:

> They were in hospitals or sick in quarters. Twelve hundred men constituted a regiment, and they examined 540 who were then out on the front line. Mark you this [reading]:

Then the ex-Senator, who was testifying, read further:

> Of the entire number examined only 96 were normal.
> The unique feature of this examination was the condition of the heart. One hundred and seventy-nine of those examined had a pulse rate from 85 to 100, and 191 ranged from 100 to 150 (normal is 72).

I hurry through with the reading, Mr. President, to come down again to the testimony of Mr. Means, found at page 153 of the record. He said:

> Think of it! Out of a regiment of 1,200, 540 still carrying on and only 96 of them fit for duty; and in an examination of that regiment recently, as with all others under this review, 17 were found to be service connected as to their disabilities.

The question was asked of him:

> Out of how many?
> Mr. MEANS. About 660. Out of a regiment of 1,200, 17 were found service connected.

Mr. President, a further recital of facts of this kind ought not to be necessary in view of the entire record and of the admission everywhere made that these men are not able to trace the origin of their disabilities to military service. Yet the record is written here that in an average regiment of 1,200 men, of whom 660 are alive to be examined at this time, 540 were able to be in the field and the others were in the hospital or in convalescent camps. Out of 540 who were marked up for duty, only 96 were normal, and all the rest at that time were abnormal. Yet out of that regiment, exposed as they were to all the diseases of the tropics, to all the excitement and strain of camp life, evidenced as it is by the record in this case, nearly 90 percent of them were abnormal with respect to the condition of their health and this review disclosed that only 17 could show their disabilities to be service connected.

Mr. President, it seems to me that answers the entire argument involved in this case. If it be accepted as true, as I am trying earnestly to urge upon the Senate, that these men cannot service connect their disabilities, the question is, What ought we to do about it? We ought to bear in mind that the Economy Act invited a regulation requiring a pension for service-connected disability and the Spanish War veterans were subjected to that requirement; but, although they received a liberal rule of evidence at the hands of the President, even under that liberal rule it has been shown that they cannot service connect their disabilities, and the result is that tens of thousands were thrown off the roll and others had their pensions reduced to the amounts to which I shall allude in just a minute.

The condition of the Spanish-American War veteran under the Economy Act is this: Some 6,400 are service connected and are drawing pensions which we will assume to be adequate. Another group who are 50 percent disabled and in need are drawing pensions of $15 a month. Another group who are 62 years of age or more are also drawing pensions of $15 a month. That is the residue of the old-age pension of the Spanish-American War veterans which they enjoyed prior to the enactment of the Economy Act.

Here is their situation: If a veteran is 50 percent disabled, he may draw a pension; if he is 62 years of age or more he may draw a pension. Unless his disability is permanent and total or is service connected or unless he can meet one or the other of those conditions he draws no pension at all, regardless of the real origin of his disability.

Let us take some illustrations to show where that leaves the veterans of that war. If we assume a veteran is 58 or 60 or any other age under 62, if he is not 50 percent disabled he draws no pension at all. Let us assume he is 40 percent disabled and reflect for a minute on his case. Industry in these days does not regard with favor the services of a man 58 or 60 years old. There is too much opportunity to obtain the services of younger men. The older men have suffered. They have suffered for the past two decades by reason

of the economic situation in which we have drifted in this country. A man of that age, even though physically sound and well, is under a considerable handicap; but if we assume a 40 percent physical handicap in addition, of course his difficulties are very greatly increased.

Let us assume the case of a man 60 years old and 40 percent disabled. How much pension does he draw under existing regulations? Not one cent unless he is able to service connect his disability, and yet he is as helpless as a child in trying to meet the economic conditions in these times.

Let us take the case of a man who is of the same age, but 50 percent or 75 percent disabled. He draws the munificent sum of $15 a month. He may have dependents. He may have those who are depending upon him for support. We all know that that man is inadequately dealt with. Let us say he is 62 years of age and therefore qualified for an age pension. The rate is the same. If he is 65 or 70 years of age the rate is still the same. That man, we might assume, is 75 percent disabled. Just think of it—75 percent disabled, 65 or 70 years of age. What is his pension? If his disability is not service connected, his pension is $15 a month. He may require extra care. He may be ill part of the time. He may require special treatment, special living conditions, and, of course, they cannot be provided. As to him we have repudiated our obligation just as clearly as we have as to those who are under 62 years of age and who are less than 50 percent disabled.

It was thought by some of us who are attempting to bring relief to these men that the simplest procedure and the most satisfactory procedure would be to take the old awards and restore them on some adequate basis. It was thought the simplest and easiest way to care for these cases would be to reconnect to the rolls again those who were on the rolls and to provide them with some part of the pension which they enjoyed heretofore.

The amendment which the Senator from Nevada [Mr. McCARRAN] and I have now pending before this body proposes to reestablish those veterans to the rolls upon a basis of 90 percent of their former pensions. It makes certain exceptions. It enables the Government to cleanse its records and remove from the rolls those who were there by fraud or by mistake or by misrepresentation. It enables the Government also to protect itself against the payment of pensions to the well-to-do by providing that any person who in the prior year paid an income tax to the Federal Government shall not be entitled to the benefit of the protective clause. With those exceptions it restores these old men to the pension rolls with an assured protection of 90 percent of their former rate of pension.

Let us consider for a moment the proposal sent to the desk this morning by the Senator from South Carolina [Mr. BYRNES]. I want first to express my pleasure that at last the Senator from South Carolina has seen the necessity for doing something for the Spanish War veterans.

Mr. GEORGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. STEIWER. I am glad to yield.

Mr. GEORGE. I desire to ask the Senator from Oregon a question. The Spanish-American War veterans are to be restored to the rolls, but I do not find any express reenactment of the Spanish-American War Veterans' Pension Act so that any veteran who was on the rolls on March 19, 1933, could thereafter become eligible to a pension if his disabilities were such as to entitle him to a pension.

I invite the Senator's attention to that situation. It might be that a Spanish-American War veteran was not on the roll on March 19, 1933, and at this date he may be eligible for a pension under the old law as it stood before the enactment of the so-called "Economy Act." I do not think he would have the right to be himself placed upon the rolls under the amendment as it is drawn by the Senator.

Mr. STEIWER. I think the comment is a proper one and the question fair. I can only answer by saying that I made inquiry concerning the necessity of restoring to the rolls some others who have not been so connected heretofore. Ex-Senator Means is my authority for my statement, which I believe is true, that there are none, or at least if there are any they are few in number, and it was thought that it was not necessary to make special provision for them. However, I would not oppose a provision in their behalf.

Mr. President, I was expressing my pleasure that the Senator from South Carolina had sent to the desk a modification of his original proposal. It undoubtedly carries certain benefits to these veterans, and in the absence of a better solution of the problem it is a proposal that I should very gladly welcome and support. It provides, in effect, that notwithstanding the provisions of the Economy Act, the veterans of the War with Spain and related wars shall be restored to the rolls on a basis of 75 percent of the amount they were formerly paid.

I have no particular quarrel with the difference in the basis of restoration. I personally approve the idea of restoring them upon a basis of 90 percent, but I should rather happily accept a restoration on a basis of 75 percent; and if the difference in the rate of restoration were the only difference between the proposal of the Senator from South Carolina and the one made by the Senator from Nevada and myself, I should not waste much of the time of the Senate in its discussion.

There is, however, one very marked difference between the two propositions, and I desire to invite the attention of the Senate to that difference for just a minute.

The effect of the proposal made by the Senator from Nevada [Mr. McCARRAN] and myself is to restore these men on the basis of their former adjudication. Nothing is required of the veteran. If that proposal shall be enacted into law, the veteran will be automatically restored to the roll at the rate of 90 percent of his former pension.

Now let us examine the modified amendment in order that we may know what is proposed by the Senator from South Carolina. I have before me the mimeographed copy that was distributed to the desks of Senators, and from it I read:

> And who are now or who may hereafter be suffering from any mental or physical disability or disabilities of a permanent character not the result of their own vicious habits which so incapacitates them for the performance of manual labor as to render them unable to earn a support.

I call attention to the language which I have just read. It is, as I recall, the language of the 1930 act. It is the language under which 172,000, in round numbers, of the Spanish War veterans were being paid pensions prior to the Economy Act. In other words, it is the language under which 172,000 out of 235,000 were being paid benefits by their Government prior to the Economy Act. The language, in and of itself, is not open to objection, but let me say that the enactment of that language would not restore the old award. It would create a basis for a new award; and I hope Senators will consider that. It would create a basis for a new award. It would make it necessary for these veterans to apply, to start de novo in the establishment of their rights under this law; and I hope Senators will weigh carefully the difference between the two propositions.

When they seek, under the law as proposed now by the Senator from South Carolina, to establish their new award, what are they confronted with? They are confronted with the language that is here written, and which I quoted just a minute ago. They are confronted with the necessity of showing that their disabilities are such that they are disqualified for the performance of manual labor, to what extent? Why, to the extent that they are rendered unable to earn a support.

What, I ask, is a support? What is the definition of earning a support? How much are they obliged to earn, or to what extent must they be disqualified or incapacitated before the Veterans' Administration is willing to say that they cannot earn a support?

Mr. President, in considering this matter we have a right to consider the attitude of the Veterans' Administration toward these people; to consider the fact that 69,000 of them were thrown off the rolls entirely. We have a right to consider that the purpose of the Economy Act was to put down

are appropriation for the veterans of the War with Spain from $123,000,000 to something like $40,000,000 per year. We have a right to consider that it was proposed in the Economy Act of last spring that we cut our own salaries 15 percent, that we cut the salaries of the civilian employees of our Government 15 percent, that we cut the compensation of some of our veterans something like 20 or 30 percent, but the proposal as it came out and was finally formulated by the regulations adopted under the Economy Act was that the veterans of the War with Spain be cut nearly 70 percent.

Not only that, Mr. President; not only is the attitude of the Veterans' Administration toward these veterans shown by their desire to cut them down 70 percent, but it is shown by the further fact that when the President created a presumption in their favor, and told the Veterans' Administration to regard their disabilities as service-connected unless they could rebut that presumption, the Veterans' Administration took 235,000 cases, and examined them at the rate of 1,200 cases a day, and threw all of them into the discard except 5,400 or 5,500.

To send these veterans back to the Veterans' Administration again to be humiliated, abused, and kicked about to me is unthinkable. We have the opportunity to restore these men to the rolls; to restore them at any rate that the Senate thinks sound and proper and just. We have the opportunity to restore them to the rolls as is provided by the amendment offered by the Senator from Nevada [Mr. McCARRAN] and myself or we have the opportunity to take the amendment offered by the Senator from South Carolina, to create anew the right of these men to claim pension, to send them back to the Veterans' Administration and to permit the Veterans' Administration to determine whether they are unable to earn a support, and to tell them what that support shall be, and to tell them possibly, as they did with respect to the men who are 55 years old and 50 percent disabled and with respect to the men who are 62 years old or more, that $15 per month is what it ought to take to constitute a support for an aged veteran of the Spanish-American War; and to say to them, "Go back, then, and get nothing, if you are earning $15 per month."

If the Veterans' Administration does not define it in that way, they will define it in some other way; and we have no assurance, we have no guarantee, that the result will be just or will be satisfactory to us. There is one way to make it satisfactory, and that is by legislative action to reestablish these people on the pension rolls and to fix by law the percentage of their old rate which they are to enjoy.

Mr. BYRNES and Mr. LONG addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. I yield to the Senator from South Carolina.

Mr. BYRNES. Mr. President, I was absent from the Chamber. I understand the Senator is under the impression that under the amendment I have offered with reference to the Spanish-American War veterans, the veterans would have to make application for pension.

If the Senator will read the last proviso, he will find that it is provided further—

> That pensions payable under this section shall commence on the 1st day of the month following the month during which the section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.

It was the purpose of the amendment not to require application, but to restore the pension on the 1st day of the month following. I did not want the Senator to be under any misapprehension as to that fact.

Mr. STEIWER. Mr. President, I thank the Senator for reminding me of that language; but let me answer by saying that I had carefully read it a little while ago, and I cannot believe that it accomplishes at all the purpose which the Senator from South Carolina evidently intended. It does provide that the payments of those who draw this new pension shall start at a certain date, and it does provide that the Administrator of Veterans' Affairs is authorized and directed to accept, for the purposes of payment of pension, the degree of disability in effect on March 19, 1933; but I am not talking about the degree of disability. What I am talking about is whether the veteran is able to earn a support; and that matter is not covered by the Senator's proposal.

I think I am not in error about this, Mr. President. I have in mind pretty clearly the act of 1930; and I think the Senator from South Carolina will agree with me that his approach to this matter is the same as the approach made in the act of 1930, and that the earlier parts of his amendment are stated in almost the exact language of the act of 1930. That act, Mr. President, required the initiation of a new claim under a new legislative right, just as this act will require the initiation of new claims under a new legislative right.

I should be very glad indeed if the Senator from South Carolina would change his proposal so as to do away with the necessity of reexamining and readjudicating these cases. It is the reexamination to which I am opposed. It is the new adjudication that I am arguing against. I do not care so much about it otherwise. In the main, I find much to applaud and to approve in the Senator's proposal; but if it involves, as I earnestly believe that it does involve, a reexamination and a readjudication of these claims, then I am unalterably opposed to it. I hope the Senator from South Carolina, in keeping with the assurance he has just made, will be willing to adopt the amendment offered by the Senator from Nevada and myself, because that amendment leaves no doubt upon this particular question.

Mr. President, I have concluded. I know that others may want to discuss this question, and following that they will want to discuss questions relating to World War veterans. The hour is already late. At 4 o'clock we go under a limitation of debate. Therefore I yield the floor at this time.

The PRESIDING OFFICER (Mr. PATTERSON in the chair). The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. STEIWER] for the amendment offered by the Senator from South Carolina [Mr. BYRNES].

Mr. McNARY. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Thomas, Utah
Brown	Gibson	McNary	Thompson
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walcott
Carey	Hatch	Overton	Walsh
Clark	Hatfield	Patterson	Wheeler
Connally	Hayden	Pittman	White
Coolidge	Hebert	Pope	
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

The PRESIDING OFFICER. Ninety-three Senators having answered to their names, there is a quorum present.

Mr. BYRNES. Mr. President, I desire to consume but a few minutes in explanation of the amendment relating to Spanish-American War veterans, which is pending and which has been referred to by the Senator from Oregon [Mr. STEIWER].

The amendment offered by the Senator from Oregon and the Senator from Nevada [Mr. McCARRAN] would freeze the rate payable to Spanish-American War veterans on March

19, 1933. It provides that after the adoption of the language offered by him, those persons shall be paid 90 percent of the amounts previously received by them.

To be specific, the amendment provides that no pension shall be paid to any veteran of the Spanish-American War, the Philippine insurrection, or the Boxer rebellion at a rate less than 90 percent of the pension theretofore received. In other words, if on March 18, 1933, there was a man 61 years of age who was receiving no pension, who, under the law as it existed prior to March 19, 1933, would have become entitled to a pension when he reached 62, under the amendment of the Senator from Oregon that Spanish-American War veteran would receive no pension today or hereafter, because he was receiving no pension on March 19, 1933.

If a man was receiving a service pension and was 74 years of age, and has now become 75 years of age, he would not be entitled to the increased pension by reason of his having become 75 but would receive only the pension he was receiving on March 19, 1933, less the 10-percent reduction provided for in the bill.

Mr. REED. Mr. President, in what provision of the amendment does the Senator find the prohibition he has just described?

Mr. BYRNES. The amendment provides that no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, the Boxer rebellion, or the Philippine insurrection, or the widow or dependents of such veteran, shall be reduced by more than 10 percent. The economy law repealed all of the laws affecting Spanish-American War veterans.

Mr. STEIWER. Mr. President, will the Senator yield to me?

Mr. BYRNES. I will yield in just a moment, after I shall have answered the Senator from Pennsylvania. In the Steiwer amendment there is provided no reenactment of any of the provisions of law relating to Spanish-American War veterans' pensions, and there is no provision for any increases by reason of age or disability. Therefore any veteran who was receiving a pension on March 19, 1933, would receive a pension up to 90 percent of what he was drawing, but, inasmuch as the economy law repealed the provisions which theretofore applied, unless there shall be a reenactment of them, there will be no provision for the increases provided prior to March 19, 1933, for the veteran who became 75 years of age, or any of the other ages provided in the act.

Mr. REED. Then, will the Senator tell me whether, in the amendment offered by himself, there is provided a reenactment of the Spanish War pension law?

Mr. BYRNES. In the amendment I have offered, there is a reenactment of all the provisions existing prior to March 19, 1933. We provided for the 90-day feature, and there may be some other immaterial things, but the purpose is to reenact all the provisions affecting Spanish-American War veterans which were in existence prior to March 19, 1933, provided, however, that they shall receive 75 percent of the pension then being paid.

My purpose is this: If a man was 61 years of age, and he has now become 62 years of age, under the service pension act he would, under the old law, have been entitled to a pension. Under the amendment offered by the Senator from Oregon he would not be entitled to a pension. Under the amendment I have offered I contend that, having reached the age of 62, he is entitled to a pension, and having reached the age of 62, he ought to be entitled to it if heretofore Spanish-American War veterans 62 years of age have been receiving pensions.

Mr. REED. The Steiwer-McCarran amendment, as I read it, does not propose to strike out those liberalizing features of the Byrnes amendment. The adoption of the Steiwer-McCarran proposal would not in any respect change that situation.

Mr. BYRNES. The Steiwer-McCarran proposal is offered as a substitute for the Byrnes amendment. It has to be. Otherwise it would not be intelligible, and the Senator from Oregon very properly offered it as a substitute.

Mr. STEIWER. Mr. President, I think possibly we can shorten the debate, if the Senator will yield to me.

Mr. BYRNES. I yield to the Senator.

Mr. STEIWER. I believe the Senator from South Carolina is correct in the legal effect of his contention, and that the amendment offered by the Senator from Nevada and myself will not make possible new accretions to the roll unless a clause is added to our amendment reenacting the old laws within the limitation of the section. It is our purpose, I will say to the Senator—and this may shorten the discussion at this particular point—just as quickly as we can reduce the idea to language, to perfect our amendment by offering such a provision at the end of the amendment.

I will say also that the reason we did not do that in the first place was that we did not regard it as very important, and the reason we did not regard it as very important was that, after all, the amendment which we offer is only a protective amendment. It does not state the limit or extent to which pensions may be paid to veterans of the Spanish-American War. The President still has his authority under the economy law, and the Veterans' Administration could still act, so that if we create the protective basis of 90 percent, or 75 percent, if the Senate prefers, having done that we assume that of course the Veterans' Administration, under Presidential direction, would do what was necessary to effect justice all around. There is no power taken away from the President by our proposal, but the President, knowing the will of Congress in respect to it, if that proposal shall become law, may proceed so as to extend the same ratio of benefit to all those who may be concerned. However, we will obviate the necessity for that discussion by offering the perfecting clause as quickly as possible.

Mr. BYRNES. Mr. President, I should like then to proceed with the explanation of the amendment. The Steiwer-McCarran amendment provides that, as to pensions, they shall not be paid—

> To any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

It is my thought that last year a man may have been drawing a salary under which he was in receipt of an income that was taxable. This year misfortune may have come to him, and he may not have any salary at all. His eligibility for a pension should be judged by his income at this time, and not according to what it was last year, or some other year, or some other month. Therefore in my amendment it is provided—

> That no pension shall be payable under this paragraph where the income of the person, if unmarried, exceeds $1,000 per annum computed monthly, or if married or with minor children exceeds $2,500 per annum computed monthly.

I think the Senate will agree that the test to be applied should be the income of the man at this time—that is, at the time when he applies for a pension—and not what it was 1 year before.

Mr. McCARRAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Nevada?

Mr. BYRNES. I yield.

Mr. McCARRAN. On what basis of computation would the Senator's proposed amendment rest, the year past or the present year? If the present year, how will the Senator determine the income for the current year?

Mr. BYRNES. Because it says, "computed monthly." If his monthly income at the time shows an amount which would be in excess of the exemption, then he would not be entitled to a pension. It it were $300 a month, for example, he would not be entitled to a pension; but if he had an income of $200 a month, and was married, he would be entitled to the pension, computing it on a monthly basis instead of an annual one.

Mr. McCARRAN. Mr. President, will the Senator further yield?

Mr. BYRNES. I yield.

Mr. McCARRAN. Where would the agency of computation rest?

Mr. BYRNES. With the administrative officials of the Government. In this case, the Veterans' Administration officials.

Mr. McCARRAN. I take it that the Senator is entirely cognizant of the administrative machinery of the Veterans' Bureau.

Mr. BYRNES. Yes. Of course, the Senator will agree that the same official would pass upon it in either event. There would be no difference. So long as we have a Veterans' Administration, I suppose they will have to handle veterans' affairs.

Mr. ROBINSON of Arkansas. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Arkansas?

Mr. BYRNES. I yield.

Mr. ROBINSON of Arkansas. One difficulty with the amendment known as the Steiwer-McCarran amendment grows out of the fact that no account is taken therein of, for instance, a State officer who may be drawing $5,000 or $6,000 or $10,000, and who still would be entitled, under the provisions of that amendment, to the benefits of a pension.

Mr. BYRNES. Mr. President, that is certainly correct, and I intended later to refer to it. I am glad that the Senator has called it to my attention, and I do not believe that the Senate will agree to the wisdom of such a provision.

May I now invite attention to the last proviso in this amendment. I do so because the Senator from Oregon has referred to it, and I do not agree with his interpretation, because no such interpretation was ever anticipated. The proviso reads:

Provided further, That pensions payable under this section shall commence on the 1st day of the month following the month during which this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.

There can be no construction of that language other than that which was intended, which is that on the 1st day of the month following the enactment of this provision pensions shall commence, and that they shall commence according to the degree of disability which was in effect on March 19, 1933, and there is no reason for fear on the part of any person that there will have to be applications filed or cases reviewed. That proviso was put in the amendment specifically to take care of that situation, and to make certain that on the 1st day of the next month the pensions would be paid according to the degree of disability that had been determined and was in effect on March 19, 1933.

Mr. CLARK. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. I yield.

Mr. CLARK. I am entirely in sympathy, Mr. President, with the purpose announced by the Senator from South Carolina in this amendment. But it does seem to me that the proviso does not effectuate all the purposes which the Senator from South Carolina has announced. The body of the amendment provides that those persons shall be entitled to pensions who shall make proof. The proviso, to be sure, says—

That pensions payable under this section shall commence on the 1st day of the month following the month during which this section is enacted.

But under the terms of the body of the amendment, pensions are only payable, as I read it, to persons who shall heretofore have made proof. In other words, it seems to me that a further clarifying clause might be added to perfect the amendment without destroying it.

Mr. BYRNES. Mr. President, I can explain that. The Senator from Missouri refers to the language—

Who may hereafter be suffering from any mental or physical disability or disabilities of a permanent character not the result of their own vicious habits which so incapacitates them for the performance of manual labor as to render them unable to earn a support—

Mr. CLARK. And who—

Shall, upon making due proof according to such rules and regulations as the Administrator of Veterans' Affairs may provide—

In other words, Mr. President, if the Senator from South Carolina will permit me to interrupt him a little further——

Mr. BYRNES. Yes.

Mr. CLARK. Under the terms of the body of the section, it is only applicable to such persons as may make proof; and the proviso says the pensions "shall commence on the first day of the month following the month during which this section is enacted" to the persons to whom it is applicable.

Mr. BYRNES. Yes; but I may say to the Senator, the language in the first part of this amendment, in order to avoid misunderstanding, and in order to lessen explanation, is copied bodily from the law existing prior to March 19, 1933. As to the persons referred to by the Senator from Missouri, they have already presented that proof in order to get on the roll on March 19, 1933. They are there. As to those who may hereafter apply and who were not on the roll on March 19, 1933, they, of course, will have to comply with the law as it is set forth in this amendment, which is the same as the old law. But this is exactly the language of the old law, and it was copied from the old law, though I might have preferred to change words in order to avoid misunderstanding, because it has heretofore been interpreted. Under this language, as to the 196,000 veterans, for instance, who had presented their applications and were on the roll, the last proviso makes certain that the degree of disability shall be accepted as of that date. So every man who went on the roll is restored at the same degree of disability.

Mr. STEIWER. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Oregon?

Mr. BYRNES. I yield.

Mr. STEIWER. I agree with what the Senator from South Carolina says, so far as the degree of disability is concerned, that the veteran would be restored at the old degree. Now let us illustrate that. Suppose the veteran were 50 percent disabled. The language at the end of the Senator's proposal would require and direct the Veterans' Administrator to restore him on the basis of 50 percent disability. I think that is perfectly obvious, because it says:

The Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.

But does not the Senator realize that the question as to whether the veteran shall be eligible at all, at any rate of disability, will be determined by the other language which carries the condition that he is "unable to earn a support"?

Suppose the Veterans' Bureau says that a man earns $20 a month and that that is "a support", then he would not be eligible at all on any basis even under the language at the end of the section. Suppose that the Veterans' Bureau says he must have an earning of $50 a month before he may be considered as earning "a support." Is the Senator contending that the words "unable to earn a support" have no meaning at all in his amendment? Of course not.

Mr. BYRNES. I must say there is not any question, in my mind—and I may say there is no question of doubt in the minds of the officials of the Veterans' Bureau who will be charged with the enforcement of the act—that the degree of disability means, reverting to the language in the first part of the provision to which the Senator has referred, the degree of a disability which is not the result of a veteran's habits and which incapacitates him for the performance of manual labor, and where, in the instance referred to, it is determined that a man is 50 percent disabled to perform manual labor or earn support he is put on the rolls on that basis. That has been the construction placed upon this language during the years it has been in effect; it has been construed to have reference to mental or physical disabilities that incapacitated a veteran for the performance of manual labor so as to render him unable to earn a support; and those men who were on the roll on March 19, 1933, will

on the 1st of next month following the passage of this measure receive pensions according to their degree of disability.

If some veteran who has never been on the roll should apply, manifestly he would have to comply with the requirements just as those who have heretofore applied have complied with them. He would have to undergo an examination, and if it was determined that he was disabled to the extent of 50 percent from performing manual labor with which to earn a support, he would be put on the rolls at whatever degree of disability he was found to have suffered. That is the interpretation and construction of the language of the Veterans' Administration of this proposal, not what it would be, but how a similar provision has actually been construed in the past.

Mr. STEIWER. Mr. President, in view of the Senator's insistence that the same degree of disability would be recognized, would the Senator have any objection to writing into the law a definite legislative proposal in lieu of the words "unable to earn support"? Would the Senator be willing to provide that legislatively, and not leave it to the Veterans' Administration?

Mr. BYRNES. I will say that the purpose of the reenactment of the old law is to restore the law to the exact situation in which it was, prior to March 19, 1933. That language was then in the law; and as to any person who hereafter applies, and who never before applied, he ought to meet the same requirements of the law that the Spanish-American War veterans have heretofore been forced to meet.

Mr. STEIWER. I want to express my agreement to that language of the law.

Mr. BYRNES. There is no question as to the last proviso. So far as the English language goes, I am satisfied it does what it purports to do, and the officials who are making and administering and interpreting it are of the same opinion.

Mr. CLARK. Mr. President, will the Senator let me interrupt him right on that point?

Mr. BYRNES. Yes.

Mr. CLARK. I want to say, as one Senator, that I am in entire agreement with the Senator on his proposition as to persons who may hereafter apply; but, as one Senator, I am not willing to rely upon interpretations unofficially or privately given to the Senator from South Carolina by officials of the Veterans' Administration, because I have had too much experience with their interpretations heretofore.

Mr. BYRNES. Mr. President, unfortunately, no matter what provision we may write into the law, it must be interpreted by somebody, and, in this instance it must be interpreted by the Veterans' Administration. This interpretation was mentioned by me only in view of the observation of the Senator that he has had difficulty heretofore. It will be some consolation to know that they have expressed the same view and given the same construction that has been expressed by me in explaining this provision. Even if it does not give any additional support to my interpretation, it should not detract from it that the men who are going to interpret the provision have the same view.

Mr. CLARK. If the Senator will yield once more, so that the avowed purpose of the Senator's amendment might be made absolutely clear to everybody and to remove the doubt in the minds of many Senators and the objections on the part of some Senators, if the proviso were to set forth specifically that persons on the roll on March 19, 1933, should be restored, then the provision in the main portion of the amendment would apply.

Mr. SMITH. Mr. President, may I ask my colleague a question?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to his colleague?

Mr. BYRNES. I yield.

Mr. SMITH. The point has been raised here that, under the Byrnes amendment or the Steiwer amendment, the Spanish-American War veteran would be automatically restored, as under the old law——

Mr. BYRNES. Yes.

Mr. SMITH. But at a different rate of pension, being 90 percent under one amendment, and 75 percent under the other. Am I correct as to that?

Mr. BYRNES. As I have endeavored to explain, under one amendment they are restored and would receive 90 percent of what they were heretofore receiving, but there is no reenactment of the old law under the Steiwer amendment, while under my amendment there is a reenactment of the old law, so that if a man's disability shall increase or as his age increases he will be entitled to an increased pension. Under the other amendment he will not be so entitled.

Mr. SMITH. After reading the amendment proposed by my colleague, my understanding of it is that, though it may, in effect, reenact the old law, yet a veteran must go through the same process in order to be restored to the rolls as he had to go through heretofore; in other words, that the case has to be taken up de novo, as if we were just beginning to enact Spanish-American War or other veterans' legislation. As the Senator from Nevada [Mr. MCCARRAN] pointed out, the amendment uses the words, "upon making due proof according to such rules and regulations", and so forth, reinstating practically what was in the old law—

Provided further, That pensions payable under this section—

The section now to be enacted—

shall commence on the first day of the month following the month during which this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.

That is, after examination shall have been made, if the veteran is disabled, his status is restored according to his disability, but under a new examination.

Mr. BYRNES. I may say to the Senator that the first part of the amendment is absolutely essential if we are to enact the old law in order to enable a man who was 61, say in March 1933, and who is now 62, to receive a pension, or the man who was 74 and is now 75 to receive the increased pension, which would result from his having become 75. Then at the end, after having reenacted the old law, in order to avoid any application or any examination the language is included:

Provided, That pensions payable under this section shall commence on the 1st day of the month following the month during which this section was enacted.

That provision is suggested in order to take care of just what the Senator has in mind. Beginning next month, without any examination, pensions will become payable, and the Administrator of Veterans' Affairs is directed to accept, for the purposes of paying that pension on the 1st of next month, the degree of disability that was in effect on March 19, 1933. So whatever the degree of disability, whether it was 25 percent or 50 percent, the Veterans' Administration is directed to accept it as being in effect, and on the 1st of next month to pay it.

I repeat, the first part is absolutely essential if we are going to restore to these men all the rights they heretofore had, and we use the same language because that language has been interpreted through the years, and it was thought wiser to accept the same language. This being a reenactment of the law, we put this proviso in so as to prevent an examination and so as to insure that pensions shall be restored, provided such pensions are payable.

We do not use words to restore all who were on the rolls, for the reason that it is not proposed to restore those who were guilty of misconduct, and no one would want to restore them. There is that difference and there is one other difference.

Mr. SMITH. How would that be ascertained? Does not that mean a reexamination in practically all cases?

Mr. BYRNES. No. Under the old law rather, on March 19, 1933, a man who was receiving a pension according to his degree of disability at any percent is restored by this amendment, his pension to be paid on the 1st day of the following month. By his application it will appear as to whether or not two things are evident, whether there was any question as to his serving 90 days, and whether there

was misconduct on his part. There is no doubt, I may say to the Senator, if this amendment shall be adopted any person who shall hereafter be disabled may come in under the provisions which existed prior to March 19, 1933, and those who may be restored are to be paid beginning with the 1st of the month after the passage of this act.

Mr. SMITH. He would be restored after examination if it were found that his status was the same as under the old law; but how are we going to eliminate fraud and other elements that enter into the equation and might be applicable to every man? The proposed law will go into effect immediately after its enactment, but there is inserted a provision that a certain number are to be eliminated.

Mr. CLARK. Mr. President, will the Senator yield?

Mr. BYRNES. There is no provision for the elimination of anyone, except where the disability is the result of the veteran's own vicious habits. That language of the 1926 act is included in this proposal. In the 1930 act those words did not appear. Therefore under this language, which, I repeat, is the language of the 1926 act, after a veteran had been restored to the roll, if there was evidence in the cards that his was a misconduct case, he would not remain on the roll.

Mr. SMITH. Let me ask the Senator another question and then I am through. Does the Senator mean to say that we are reenacting the old law and restoring to the roll those who were previously on the roll?

Mr. BYRNES. That is true.

Mr. SMITH. The proposal then is that they shall receive 75 percent instead of what they received formerly?

Mr. BYRNES. That is correct.

Mr. CLARK. If that is the purpose of the amendment, why not say so in the proviso?

Mr. SMITH. My colleague has said that is what it means.

Mr. BYRNES. That is undoubtedly what it means. The Senator is absolutely correct. I know whenever a choice of language is offered to 20 men, their 20 minds will differ as to what language will best express the views desired to be expressed. That is but natural. However, there is no doubt as to the intent of this language and there is no doubt in my mind that it carries out the intention of those who framed it.

Mr. WALSH. Mr. President, will the Senator yield?

Mr. BYRNES. Certainly.

Mr. WALSH. Is there not this further distinction between the amendments offered by the Senator from Oregon and the Senator from South Carolina, namely, that there is no language in the amendment of the Senator from Oregon that permits an increase in compensation or decrease in compensation in the future if the degree of disability increases or decreases?

Mr. BYRNES. That is true.

Mr. WALSH. The Senator has used this language for the purpose of giving somebody in authority the power to give more if the degree of disability increases or to give less if the degree of disability decreases?

Mr. BYRNES. Yes; as they would have had such authority under the law prior to the enactment of the economy act. It means that a man of 75 is entitled to an increase.

Mr. WALSH. That is why the Senator had to use the language of the old law, so as to permit elasticity of action upon the part of the Veterans' Bureau to increase compensation if the disability should increase or to decrease compensation if the veteran should be cured.

Mr. BYRNES. Without this language that could not be done.

Mr. WALSH. The amendment of the Senator from Oregon freezes the existing condition and fixes the amount for all time and prevents any review.

Mr. BYRNES. That is true.

Mr. CLARK. Mr. President, may I interrupt the Senator again?

The PRESIDING OFFICER. Does the Senator from South Carolina yield to the Senator from Missouri?

Mr. BYRNES. Certainly.

Mr. CLARK. So far as the features of the amendment of the Senator from South Carolina, which provide against freezing the compensation, are concerned, I think his amendment is very much superior to the amendment offered by the Senator from Oregon and the Senator from Nevada. Nevertheless I insist that the second proviso must be read in connection with the first proviso and in connection with the body of the amendment.

The body of the amendment is a reenactment of the old law, which I favor, and provides that the section shall be applicable to certain persons upon making due proof according to such rules and regulations as the Administrator of veterans' affairs may provide.

The first proviso sets forth that no pension shall be payable under this paragraph should the income of a veteran, if unmarried, exceed $1,000 per annum computed monthly, or, if married or with minor children, should exceed $2,500 per annum computed monthly. Let me say in that connection that, so far as the method of computing the income of persons to receive pensions under the bill is concerned, I think the amendment of the Senator from South Carolina is much preferable to the amendment of the Senator from Oregon.

But he then proceeds in the second proviso:

Provided further, That pensions payable under this section shall commence on the first day of the month following the month during which this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension the degree of disability in effect on March 19, 1933.

Under the terms of the amendment, taken as a whole, and reading the second proviso in connection with the body of the amendment, it is entirely possible for the Administrator of Veterans' Affairs to defeat the whole purpose of the amendment by issuing rules and regulations and requiring proof as to whether veterans are exempted or excluded under the first proviso.

Mr. BYRNES. Mr. President, I have explained half a dozen times the reason for my very positive opinion that that could not be done. There is no reason for the Senator's opinion. It is useless for me again to state, for I have already done so several times, that under the proviso every man is restored according to degree of disability, and the disability must be, under the language in the body of the amendment, considered in connection with the words "disability of a permanent character which incapacitates them for performing manual labor as to render them unable to earn a support."

With reference to the income provision may I say that in many States there are State employees receiving quite large salaries who under the amendment of the Senator from Oregon, would be entitled to receive a pension because they are not paying an income tax to the United States Government for the reason that they are not liable for an income tax to the United States Government. I think that ought not to be permitted to them.

I have offered another amendment, but inasmuch as the Senator from Oregon has offered his amendment as a substitute to so much of my amendment as relates to the Spanish-American War veterans, I shall not go into that subject at this time.

The PRESIDING OFFICER. The question is on agreeing to the amendment of the Senator from Oregon to the amendment of the Senator from South Carolina.

Mr. CUTTING obtained the floor.

Mr. STEIWER. Mr. President, will the Senator yield?

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Oregon?

Mr. CUTTING. I yield.

Mr. STEIWER. I desire to perfect the pending amendment in the respect suggested a moment ago, in order to avoid the point made in the argument of the Senator from South Carolina that the amendment offered by the Senator from Nevada [Mr. McCARRAN] and myself will have the effect of freezing the status of every pension to a set figure. The way to avoid that, I think, by ready amendment is to add at the end of our amendment language reenacting certain portions of the old law. I send to the desk

some words to be added at the end of the section and ask that it may be read.

The PRESIDING OFFICER. The clerk will read the amendment as modified.

The CHIEF CLERK. The amendment offered by the Senator from Oregon [Mr. STEIWER] is as follows:

At the end of the Byrnes amendment insert the following:

"SEC. —. The fifth paragraph of section 20 of the Independent Offices Appropriation Act, 1934, is amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.'"

At this point the Senator from Oregon proposes to add the following:

All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

Mr. BYRNES. Mr. President, I ask unanimous consent to modify my amendment by adding in the last line the words "without application or examination."

Mr. ROBINSON of Arkansas. That will remove any question, as I understand, of the difficulty raised by the Senator from Missouri and the senior Senator from South Carolina [Mr. SMITH]?

Mr. BYRNES. Yes. It makes certain that it does what I intend it to do.

Mr. SMITH. May we have that read again?

Mr. BYRNES. I ask that the amendment be read.

The PRESIDING OFFICER. The clerk will read, as requested.

The Chief Clerk read as follows:

Provided futher, That pensions payable under this section shall commence on the 1st day of the month following the month after this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pensions, without application or examination the degree of disability in effect on March 19, 1933.

Mr. WALSH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Massachusetts?

Mr. CUTTING. I yield.

Mr. WALSH. Am I to understand the Senator from Oregon to claim that his improved amendment removes the cause of the dispute between himself and the Senator from South Carolina [Mr. BYRNES] relative to the right of the Veterans' Bureau to examine Spanish-American War veterans for the purpose of increasing or decreasing their compensation dependent upon the degree of disability?

Mr. STEIWER. It removes the objection that a pension becomes fixed by force of the amendment that the Senator from Nevada [Mr. MCCARRAN] and I have offered, and would make it impossible for a man attaining a greater age to receive an enlarged pension. It removes that objection and makes the whole thing fluid.

Mr. WALSH. Does the Senator contend that the only difference between his amendment and that of the Senator from South Carolina is the reduction of 10 and 25 percent, and also the measure of financial capacity determined upon whether one can file an income-tax return or not?

Mr. STEIWER. No. Those are two differences, of course.

Mr. WALSH. What other differences are there?

Mr. STEIWER. The main difference existing between the proposal made by the Senator from South Carolina and the one which I am sponsoring here is that under my proposal every veteran is restored to the roll unless he comes within the limitations which are contained in the language. Under the proposal of the Senator from South Carolina, he is restored to the roll only in case he is unable to "earn a support", and that phrase is not defined by the amendment, but the power to define it is delegated to the Veterans' Administration.

Mr. WALSH. The Senator from South Carolina claims that that is the present law and that there is no difference as the language of both amendments now stands. I am in agreement with that contention by the Senator from South Carolina.

Mr. BYRNES. Mr. President, the Senator from Oregon will admit that it is the law.

Mr. STEIWER. It is the 1930 law; but let me make it clear, if I may, to the Senator from South Carolina, that while that was the law of 1930, the Veterans' Administration construed it in such a way as to admit some men to the rolls and to exclude others. There is, however, nothing in the Senator's proposal to require the Veterans' Administration to construe it in the same way again. They could construe it just as they pleased to construe it. That is what I object to in the proposal, and no limitation upon the degree of disability is going to affect that.

The limitations which the Senator has placed upon the degree of disability very effectually deal with the question of degree of disability. There is not any argument about that; but they do not deal with the question as to whether the veteran is unable to earn a support. That question is still in the Senator's amendment.

Mr. WALSH. Does the Senator from Oregon claim that the amendment of the Senator from South Carolina does not restore all Spanish-American War veterans to the rolls——

Mr. STEIWER. Oh, no!

Mr. WALSH. But restores only those who are outside of the language which the Senator has just quoted, namely, those who are unable to "earn a support"? It is my view that both amendments now include the present law which contains the words "earn a support."

Mr. STEIWER. It restores only those who are unable to earn a support, and it does not define what is required to constitute support.

Mr. BYRNES. The Senator says that the amendment of the Senator from South Carolina does not restore all who were on the roll on March 19, 1933?

Mr. STEIWER. It cannot unless the Veterans' Administration sees fit to restore them. It does not certainly, as a matter of legislative enactment, require the Veterans' Administration to restore to the roll all those veterans. I should be delighted with the Senator's proposal if he would take that ambiguity and obscurity out of it, and would write a plain legislative proposal to restore all these people. I would not detain the Senate 5 minutes before we would get a vote upon the proposition.

Mr. BYRNES. The amendment of the Senator from South Carolina——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from South Carolina?

Mr. CUTTING. I do.

Mr. BYRNES. I had forgotten that the Senator had the floor. I will speak in my own time, Mr. President.

Mr. STEIWER. I apologize to the Senator from New Mexico.

Mr. CUTTING. Mr. President, I have been glad to yield for this debate. What I am about to say will have little to do with the pending amendment. I am sorry that an amendment of this importance should have been offered at so late an hour with a limitation of debate pending at 4 o'clock. It has made it almost impossible for Senators to reach any adequate conclusion about the merits of the amendment which has just been submitted.

What I desire to talk about is something which so far has not been discussed in this debate, and which there will not

be any chance to discuss except during the present half hour. That is the question of the so-called "presumptive cases", as to which some amendments are going to be presented after the pending amendment has been determined.

Let me say at the start that there never was a question more thoroughly and more deliberately considered than the question of the time limit for presumptive cases which was agreed on by both Houses of Congress in the year 1924. The basis of agreement was not solely that of medical evidence, although the medical evidence was of vast importance. In addition, the Congress considered the most convenient way of disposing of these cases. Between the time of discharge and the year 1925 something like 50,000 of these veterans were given presumptive service connection. What that meant was a guaranty by the Congress of the United States that these men would not have to prove a particular "causative factor"—to use the now fashionable term—to connect their own cases with service.

In many cases these men were able to prove service connection before 1925. They were discouraged from doing so by the Bureau itself and by the actual terms of the law. There was no reason whatever why any of these men should have spent the time in proving service connection when the law placed them on the rolls without it.

Not only did Congress at that time extend the presumption to the year 1925 but thereafter; by an overwhelming majority of the House of Representatives and by a vote of 66 to 6 in the Senate, Congress voted to extend the time from 1925 to 1930. There were only six Members of this body, all on this side of the aisle, who did not feel that the presumptive limit should be extended 5 years longer than was the case prior to the date on which they voted, June 23, 1930.

Within the past year a large majority of those cases have been cut off the rolls. They were cut off the rolls last March under the Economy Act. Under a compromise which we entered into last June some of them have since been restored; but they have been restored under a system which I claimed at the time, and which I still claim, was absolutely unjust, inequitable, and in many cases fraudulent. A system of special boards was created. The just claims of these men against the Government of the United States—claims which had been guaranteed by the good faith of both Houses of Congress—were submitted to boards which, without disparaging their membership, were boards incapable of dealing with the cases which were presented to them. These boards in most cases were to have the permanent decision, with certain rights of appeal.

Mr. LONG. Mr. President——

Mr. CUTTING. I yield to the Senator from Louisiana.

Mr. LONG. I desire to propound a parliamentary inquiry. Is it all right under the rules of the Senate for the Senator from Missouri [Mr. CLARK] to be sitting on the Republican side? [Laughter.]

Mr. CLARK. Mr. President, will the Senator yield to me to answer that?

Mr. CUTTING. I yield.

Mr. CLARK. I will say to the Senator from Louisiana that I go upon the Republican side any time I please; but I am not in the habit of going upon the Republican side to speak Republican doctrine, as the Senator from Louisiana did this morning. [Laughter.]

Mr. CUTTING. Mr. President, owing to exigencies of time, I do not want to go into great detail as to the difference between the law as it existed prior to the passage of the Economy Act and the law as it exists today.

On Thursday of last week the distinguished Senator from Mississippi [Mr. HARRISON] introduced into the RECORD a statement prepared by Solicitor Roberts, of the Veterans' Administration, and requested that every Member of the Senate should read the statement. I wonder how many Members of the Senate availed themselves of the opportunity provided them by the Senator from Mississippi. I hope there were a great many, because the statement is exceedingly revealing. It is written by a man with whom I have frequently differed in opinion, but who, to my mind, is unquestionably the ablest of those who have dictated the policies of the Veterans' Administration, and the one man, perhaps, who thoroughly knows the Veterans' Administration from one end to the other.

To my mind his statement—and I give him credit for making the ablest defense of the Economy Act that can be made—is, on the whole, the most complete condemnation of the act I have yet read. If I had the time, I should like to go into it in detail, but obviously there is not such time today.

I will say this, however, with regard to the statement, that Mr. Roberts justifies the Economy Act on three grounds:

(1) The necessity for curbing the increase in the cost of veterans' relief; (2) the necessity for removing administrative complications arising out of consolidation of the Pension Bureau, National Home for Disabled Volunteer Soldiers, and the Veterans' Bureau, and effectuating the various statutes and eliminating inequalities existing under the prior laws affecting veterans and their dependents of the various wars and the Regular Establishment; (3) elimination of double and unjustifiable benefits permitted under the prior laws.

One would naturally suppose that the latter feature was the most important of the three; yet, in 14 closely printed double-column pages, the question of unjustifiable benefits is covered in a very few lines of one paragraph.

The main question, as always since this legislation has been initiated, has been the question of cost. This question is still being debated more than any other feature of the pending bill. We are talking about how much it is going to cost—whether the various amendments proposed by the Senator from Oregon and the Senator from Nevada are going to cost sixty or eighty or a hundred million dollars, although the fact remains that at the highest estimate they would cost but very little more than 1 percent of the present deficit of the United States.

The pretense made last March that these cuts were necessary in order to maintain the credit of the Nation has been gradually dropped, and at present I think few people would have the temerity to advance it again.

As to the question of discrepancies, which takes up the major part of Mr. Roberts' argument, what is shown is merely the difference between what is provided for Spanish-American veterans, on the one hand, and what is provided for World War veterans, on the other. There is no attempt to show that the lower rate is in each case the more justifiable. It may well be that the Spanish-American War veterans should have had as much as has been granted the World War veterans. It may be that such discrepancies should be eliminated. But if we are going to eliminate them, let us do it in the interest of justice and not in the interest of injustice by modifying the World War disability compensation which Congress adopted after a liberal and thorough discussion on the merits, in order to lower it to the level of legislation passed in favor of the Spanish-American veteran.

Mr. President, I want to speak now about the results of the compromise entered into last June with regard to the presumptive cases. It was my belief, and that of the Senator from Oregon, who, together with me offered an amendment to that compromise, that the system to be pursued could not possibly do justice to the presumptive cases who were on the rolls by the deliberate action of the two Houses of Congress.

The boards were established. There have been complaints about their action. Some of the complaints, to my mind, are thoroughly justified. The result of the action of the boards, speaking from the national point of view, was that 42.87 percent of the presumptive cases which went before these special review boards were allowed, and that 57.13 percent were disallowed. That in itself is, to my mind, a complete proof of the injustice of the policy which the Congress adopted last March in cutting all these veterans off the rolls. Taking into consideration the fact that the boards as they were constituted knew nothing, for the most part, about the subjects with which they were dealing, the fact that the boards were hampered by instructions which practically made it impossible for them to keep most of the cases on the rolls; nevertheless, all these facts notwithstand-

ing, the boards restored 40 percent of the cases which had been eliminated by the Economy Act last March. I think that is a very striking proof of the injustices of the original act by which these men were stricken off.

Now, what about the other 60 percent? What about the men who were left off even after the boards had acted on their cases?

Permit me, in the first place, to call attention to the extraordinary discrimination as between various States, as shown by the actions of the boards. In Illinois only 23 percent of the presumptives were kept on the rolls. In Vermont 23 percent were retained. I am eliminating fractions for the moment. In Pittsburgh 24 percent were retained. On the other hand, in Charlotte, N.C., more than 74 percent were kept on the rolls. In Oklahoma, 67 percent were retained; in Portland, Oreg., 69 percent.

On the face of it, Mr. President, it is inconceivable that justice can have been done, when we find discrepancies of this sort between State and State.

I submit at this part of my remarks a table drawn up by the American Legion, which lists the decisions by the special review boards on the presumptive cases, and I ask that the table be placed in the RECORD at this point.

There being no objection, the table was ordered to be printed in the RECORD, as follows:

Report of special-review boards' decisions (presumptive cases)

[Authorized under Public, No. 78, 73d Cong.]

Field offices	Number of boards	Cases reviewed	Total allowed	Percent	Total disallowed	Percent
Albuquerque, N.Mex	2	880	310	35.23	570	64.77
Atlanta, Ga	3	1,416	768	54.24	648	45.76
Baltimore, Md	2	609	321	52.71	288	47.29
Birmingham, Ala	2	1,191	391	32.83	800	67.17
Boise, Idaho	1	178	44	24.72	134	75.28
Boston, Mass	5	2,037	752	36.92	1,285	63.08
Buffalo, N.Y	2	1,356	752	55.46	604	44.54
Burlington, Vt	1	175	41	23.43	134	76.57
Charleston, W.Va	1	526	275	52.28	251	47.72
Charlotte, N.C	2	711	531	74.68	180	25.32
Cheyenne, Wyo	1	172	105	61.05	67	38.95
Cincinnati, Ohio	2	820	443	54.02	377	45.98
Cleveland, Ohio	3	1,395	849	60.86	546	39.14
Columbia, S.C	1	374	124	33.16	250	66.84
Dallas, Tex	1	622	404	64.95	218	35.05
Denver, Colo	2	1,215	642	52.84	573	47.16
Des Moines, Iowa	2	779	301	38.64	478	61.36
Detroit, Mich	2	1,604	488	30.42	1,116	69.58
Fargo, N.Dak	1	311	130	41.80	181	58.20
Fort Harrison, Mont	1	274	118	43.07	156	56.93
Hines, Ill	4	2,641	626	23.70	2,015	76.30
Indianapolis, Ind	2	1,256	354	28.18	902	71.82
Jackson, Miss	3	1,084	720	66.42	364	33.58
Kansas City, Mo	3	581	344	59.21	237	40.79
Lincoln, Nebr	1	428	226	52.80	202	47.20
Little Rock, Ark	2	1,012	476	47.04	536	52.96
Los Angeles, Calif	4	1,525	472	30.95	1,053	69.05
Louisville, Ky	3	1,338	751	56.13	587	43.87
Lyons, N.J	3	1,111	547	49.23	564	50.77
Manchester, N.H	1	207	91	43.96	116	56.04
Milwaukee, Wis	3	934	380	40.69	554	59.31
Minneapolis, Minn	5	1,601	842	52.59	759	47.41
Nashville, Tenn	2	1,066	539	50.56	527	49.44
Newington, Conn	2	695	225	32.37	470	67.63
New Orleans, La	1	733	305	41.61	428	58.39
New York, N.Y	8	4,039	1,459	36.12	2,580	63.88
Oklahoma City, Okla	3	1,040	700	67.31	340	32.69
Philadelphia, Pa	9	1,885	830	44.03	1,055	55.97
Phoenix, Ariz	2	785	448	57.07	337	42.93
Pittsburgh, Pa	1	1,015	252	24.83	763	75.17
Portland, Maine	1	365	134	36.71	231	63.29
Portland, Oreg	1	498	344	69.08	154	30.92
Providence, R.I	1	422	153	36.26	269	63.74
Reno, Nev	1	39	18	46.15	21	53.85
Richmond, Va	2	668	197	29.49	471	70.51
St. Louis, Mo	3	842	274	32.54	568	67.46
St. Petersburg, Fla	1	665	307	46.17	358	53.83
Salt Lake City, Utah	1	123	39	31.71	84	68.29
San Antonio, Tex	1	656	278	42.38	378	57.62
San Francisco, Calif	4	1,446	627	43.36	819	56.64
Seattle, Wash	2	718	326	45.40	392	54.60
Sioux Falls, S. Dak	1	315	125	39.68	190	60.32
Washington, D.C	3	717	220	30.68	497	69.32
Wichita, Kans	1	559	191	34.17	368	65.83
Central office [1]	6	1,559	346	22.19	1,213	77.81
Total	128	51,213	21,955	42.87	29,258	57.13

[1] Central office board reviewed cases of veterans resident abroad and veterans who are employed by the Veterans' Administration.

Mr. CUTTING. Mr. President, General Hines, when before the committee, took some notice of these discrepancies. Nobody, of course, could defend them. General Hines, however, made this explanation:

Take an area like the one of which Cheyenne is the regional office. They had a small number of cases, and a large percentage of those cases were allowed. In that area is a neuropsychiatric hospital. Many of those cases were of that type.

Wyoming showed 61 percent retained on the rolls.

General Hines went on to speak of Arizona, New Mexico, Colorado, and North Carolina, and attempted to show that because there were so many tuberculars in those States the rate of allowed cases was higher than elsewhere.

Let us look for a moment at the figures. Take two adjoining States—New Mexico and Arizona—two States in which the conditions are almost identical. In New Mexico 880 cases were reviewed; in Phoenix, Ariz., 785 cases.

Yet in Arizona 448 cases were allowed as against 310 allowed in New Mexico. In other words, in two States where conditions are identical we find in the one 57 percent retained and in the other only 35 percent.

Is there any way in which such discrepancies can be explained? We have complained here for a long time about discrepancies between different classes of disabled veterans. Now, for the first time, we have in addition to the old discrepancies a new discrepancy between States.

Mr. HATCH. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to his colleague?

Mr. CUTTING. I yield.

Mr. HATCH. Do I understand that in New Mexico it was 35 percent?

Mr. CUTTING. Those were the cases which were retained on the rolls.

Mr. HATCH. Thirty-five percent?

Mr. CUTTING. Yes; as against 57 percent in Arizona.

Mr. HATCH. And that is less than the general average?

Mr. CUTTING. Oh, yes. That is 7 percent less than the general average.

Mr. HATCH. New Mexico, as we both know, is a State where there are a great number of tuberculosis cases.

Mr. CUTTING. So, according to General Hines' theory, it ought to show more than the average retention.

Mr. HATCH. But it was less.

Mr. CUTTING. It was less.

Mr. President, I want to call to the attention of the Senate a discrepancy which seems to me even more remarkable, and which so far as I know no one has called attention to, and that is the discrepancy existing in the time given by these different boards to individual cases. The figures will be shown on pages 237, 238, and 239 of the hearings before the subcommittee of the Committee on Appropriations, and I ask that those figures be incorporated at this point in my remarks.

The PRESIDING OFFICER (Mr. BYRD in the chair). Without objection, it is so ordered.

The matter referred to is as follows:

Report of special boards of review, as of Dec. 19, 1933

Field offices	Cases reviewed	Date of beginning	Date of completion	Number of days	Average cases per day
Albuquerque, N.Mex	880				
Board no. 1	416	Sept. 19, 1933	Oct. 31, 1933	34.0	12.2
Board no. 2	464	Sept. 20, 1933	do	33.0	14.1
Atlanta, Ga	1,416				
Board no. 1	703	Aug. 31, 1933	Nov. 24, 1933	67.0	10.5
Board no. 2	460	Sept. 25, 1933	do	49.0	9.4
Board no. 3	253	Oct. 17, 1933	Nov. 18, 1933	26.5	9.5
Baltimore, Md	609				
Board no. 1	414	Aug. 16, 1933	Nov. 29, 1933	82.5	5.0
Board no. 2	195	Oct. 16, 1933	do	36.0	5.4
Birmingham, Ala	1,191				
Board no. 1	833	Aug. 17, 1933	Nov. 15, 1933	70.5	11.8
Board no. 2	358	Sept. 20, 1933	Nov. 13, 1933	42.0	8.5
Boise, Idaho	178	Aug. 25, 1933	Oct. 14, 1933	39	4.6

Report of special boards of review, as of Dec. 19, 1933—Continued

Field offices	Cases reviewed	Date of beginning	Date of completion	Number of days	Average cases per day
Boston, Mass.	2,037				
Board no. 1	560	Aug. 10, 1933	Nov. 29, 1933	87	6.4
Board no. 2	404	Sept. 6, 1933	do	67	6.0
Board no. 3	473	Sept. 27, 1933	do	50.5	9.4
Board no. 4	380	do	do	50.5	7.5
Board no. 5	220	Oct. 18, 1933	do	34	6.5
Buffalo, N.Y.	1,356				
Board no. 1	976	Aug. 17, 1933	Oct. 23, 1933	52	18.8
Board no. 2	380	Sept. 16, 1933	do	29	13.1
Burlington, Vt.	175	Sept. 2, 1933	Oct. 17, 1933	34.5	5.1
Charleston, W.Va.	526	do	Nov. 15, 1933	57.5	9.1
Charlotte, N.C.	711				
Board no. 1	501	Sept. 7, 1933	Nov. 29, 1933	66	7.6
Board no. 2	210	Oct. 20, 1933	do	32	6.6
Cheyenne, Wyo.	172	Sept. 5, 1933	Nov. 15, 1933	57.0	3.0
Cincinnati, Ohio	820				
Board no. 1	625	Aug. 21, 1933	Nov. 29, 1933	79.0	7.9
Board no. 2	195	Oct. 21, 1933	do	31.0	6.3
Cleveland, Ohio	1,395				
Board no. 1	691	Aug. 17, 1933	Nov. 15, 1933	70.5	9.8
Board no. 2	450	Sept. 26, 1933	Nov. 11, 1933	37.5	12.0
Board no. 3	254	Oct. 10, 1933	do	26.5	9.6
Columbia, S.C.	374	Sept. 6, 1933	Nov. 29, 1933	67.0	5.6
Dallas, Tex.	622	Sept. 5, 1933	Nov. 20, 1933	60.5	10.3
Denver, Colo.	1,215				
Board no. 1	653	Aug. 25, 1933	Nov. 29, 1933	75.0	8.7
Board no. 2	562	Oct. 5, 1933	do	44.0	12.8
Des Moines, Iowa	779				
Board no. 1	505	Aug. 26, 1933	Nov. 7, 1933	56.5	8.9
Board no. 2	274	Oct. 13, 1933	do	20.0	13.7
Detroit, Mich.	1,604				
Board no. 1	1,041	Aug. 19, 1933	Oct. 31, 1933	56.5	18.4
Board no. 2	563	Sept. 20, 1933	do	33.0	17.1
Fargo, N.Dak.	311	Sept. 11, 1933	do	40.5	7.7
Fort Harrison, Mont.	274	Sept. 13, 1933	Nov. 1, 1933	39.5	6.9
Hines, Ill.	2,641				
Board no. 1	742	Aug. 16, 1933	Nov. 9, 1933	67.0	11.1
Board no. 2	893	Aug. 17, 1933	Nov. 10, 1933	67.0	13.3
Board no. 3	653	Sept. 12, 1933	Nov. 22, 1933	57.0	11.5
Board no. 4	353	Oct. 12, 1933	Nov. 10, 1933	24.0	14.7
Indianapolis, Ind.	1,256				
Board no. 1	864	Aug. 21, 1933	Nov. 20, 1933	71.5	12.1
Board no. 2	392	Sept. 27, 1933	do	43.0	9.1
Jackson, Miss.	1,084				
Board no. 1	436	Sept. 8, 1933	Nov. 25, 1933	62.0	7.0
Board no. 2	457	do	do	62.0	7.4
Board no. 3	191	Oct. 19, 1933	do	30.0	6.4
Kansas City, Mo.	581				
Board no. 1	273	Aug. 28, 1933	Oct. 31, 1933	50.5	5.4
Board no. 2	156	Sept. 28, 1933	do	26.5	5.9
Board no. 3	152	Oct. 2, 1933	do	24.0	6.3
Lincoln, Nebr.	428	Sept. 8, 1933	Nov. 21, 1933	58.5	7.3
Little Rock, Ark.	1,012				
Board no. 1	656	Aug. 25, 1933	Nov. 21, 1933	68.5	9.6
Board no. 2	356	Oct. 13, 1933	do	31.0	11.5
Los Angeles, Calif.	1,525				
Board no. 1	513	Sept. 20, 1933	Nov. 25, 1933	52.5	9.8
Board no. 2	366	do	do	52.5	7.0
Board no. 3	374	do	do	52.5	7.1
Board no. 4	272	Oct. 9, 1933	do	38.5	7.1
Louisville, Ky.	1,388				
Board no. 1	778	Aug. 16, 1933	Nov. 27, 1933	80.5	9.7
Board no. 2	367	Oct. 6, 1933	do	41.0	9.0
Board no. 3	193	Oct. 28, 1933	Nov. 25, 1933	22.5	8.6
Lyons, N.J.	1,111				
Board no. 1	611	Aug. 30, 1933	Nov. 29, 1933	71.5	8.5
Board no. 2	270	Oct. 12, 1933	do	38.5	7.0
Board no. 3	230	Oct. 24, 1933	do	29.5	7.8
Manchester, N.H.	207	Sept. 6, 1933	Oct. 28, 1933	42.0	4.9
Milwaukee, Wis.	934				
Board no. 1	480	Aug. 30, 1933	Nov. 14, 1933	59.5	8.1
Board no. 2	236	Sept. 30, 1933	do	35.5	6.6
Board no. 3	218	Oct. 17, 1933	Nov. 17, 1933	26.5	8.2
Minneapolis, Minn.	1,601				
Board no. 1	574	Sept. 2, 1933	Nov. 29, 1933	69.5	8.3
Board no. 2	241	Oct. 13, 1933	do	37.5	6.4
Board no. 3	322	do	Nov. 27, 1933	35.5	9.1
Board no. 4	348	do	Nov. 29, 1933	37.5	9.3
Board no. 5	116	Nov. 4, 1933	do	20.0	5.8
Nashville, Tenn.	1,066				
Board no. 1	595	Sept. 2, 1933	Nov. 25, 1933	65.5	9.1
Board no. 2	471	Sept. 23, 1933	do	50.0	9.4
Newington, Conn.	695				
Board no. 1	530	Aug. 15, 1933	Nov. 21, 1933	77.0	6.9
Board no. 2	165	Oct. 19, 1933	do	26.5	6.2
New Orleans, La.	733	Sept. 7, 1933	Oct. 30, 1933	42.0	17.5
New York, N.Y.	4,039				
Board no. 1	921	Aug. 15, 1933	Nov. 29, 1933	83.5	11.0
Board no. 2	702	Aug. 16, 1933	do	82.5	8.5
Board no. 3	697	Sept. 7, 1933	do	66.0	10.6
Board no. 4	712	Sept. 28, 1933	do	49.5	14.4
Board no. 5	226	Oct. 23, 1933	do	30.5	7.4
Board no. 6	259	Oct. 24, 1933	do	29.5	8.8
Board no. 7	296	Oct. 25, 1933	do	28.5	10.4
Board no. 8	226	do	do	28.5	7.9
Oklahoma City, Okla.	1,040				
Board no. 1	526	Aug. 25, 1933	Nov. 29, 1933	75.0	7.0
Board no. 2[1]	257	Sept. 12, 1933	do	29.5	8.7
Muskogee, Okla.	257	Sept. 26, 1933	Nov. 6, 1933	33.0	7.8
Philadelphia, Pa.	1,885				
Board no. 1	536	Aug. 21, 1933	Nov. 29, 1933	79.0	6.8
Board no. 2	338	Sept. 27, 1933	do	50.5	6.7
Board no. 3	180	Oct. 25, 1933	do	28.5	6.3
Board no. 4	186	do	do	28.5	6.5
Board no. 5	188	do	do	28.5	6.6
Board no. 6	185	Nov. 3, 1933	do	21.0	8.8
Board no. 7	151	do	do	21.0	7.2
Board no. 8	56	Nov. 23, 1933	do	5.5	10.2
Board no. 9	65	do	do	5.5	11.8
Phoenix, Ariz.	785				
Board no. 1	544	Sept. 5, 1933	Oct. 31, 1933	45.0	12.1
Board no. 2	241	Oct. 13, 1933	Oct. 30, 1933	13.5	17.9
Pittsburgh, Pa.	1,015	Aug. 25, 1933	Oct. 31, 1933	52.0	19.5
Portland, Maine	365	Aug. 16, 1933	Nov. 1, 1933	60.5	6.0
Portland, Oreg.	498	Aug. 25, 1933	Nov. 7, 1933	57.5	8.7
Providence, R.I.	422	Aug. 15, 1933	Nov. 24, 1933	80.0	5.3
Reno, Nev.	39	Sept. 13, 1933	Sept. 30, 1933	14.5	2.7
Richmond, Va.	668				
Board no. 1	366	Sept. 2, 1933	Nov. 22, 1933	63.0	5.8
Board no. 2	302	Sept. 26, 1933	do	46.0	6.6
St. Louis, Mo.	842				
Board no. 1	508	Aug. 29, 1933	Nov. 21, 1933	66.0	7.7
Board no. 2	224	Oct. 13, 1933	do	31.0	7.2
Board no. 3	110	Nov. 4, 1933	do	13.5	8.1
St. Petersburg, Fla.	665	Aug. 21, 1933	Oct. 31, 1933	56.0	11.9
Salt Lake City, Utah	123	Sept. 5, 1933	Oct. 4, 1933	24.0	5.1
San Antonio, Tex.	656	do	Nov. 15, 1933	57.0	11.5
San Francisco, Calif.	1,446				
Board no. 1	386	Sept. 22, 1933	Nov. 29, 1933	54.0	7.1
Board no. 2	418	do	do	54.0	7.7
Board no. 3	394	do	do	54.0	7.3
Board no. 4	248	Oct. 10, 1933	do	40.5	6.1
Seattle, Wash.	718				
Board no. 1	536	Sept. 2, 1933	Nov. 15, 1933	57.5	9.3
Board no. 2	182	Oct. 13, 1933	do	26.5	6.9
Sioux Falls, S.Dak.	315	Sept. 5, 1933	Oct. 30, 1933	44.0	7.2
Washington, D.C.	717				
Board no. 1	413	Sept. 2, 1933	Nov. 29, 1933	69.5	5.9
Board no. 2	155	Oct. 23, 1933	do	30.5	5.1
Board no. 3	149	do	do	30.5	4.9
Wichita, Kans.	559	Aug. 21, 1933	Nov. 18, 1933	69.5	8.0

[1] Board no. 2 detailed to Muskogee, Okla., Sept. 26, 1933, to Nov. 6, 1933.

Report of special boards of review, as of Dec. 19, 1933—Continued

Field offices	Cases reviewed	Date of beginning	Date of completion	Number of days	Average cases per day
Central office	1,559				
Board no. 1	389	Sept. 2, 1933	Nov. 22, 1933	63.0	6.2
Board no. 2	228	Sept. 19, 1933	do	51.5	4.4
Board no. 3	243	Oct. 16, 1933	Nov. 29, 1933	36.0	6.8
Board no. 4	189	do	do	36.0	5.3
Board no. 5	263	Nov. 3, 1933	do	21.0	12.5
Board no. 6	247	do	Nov. 25, 1933	18.0	13.7
Total	52,213				

Mr. CUTTING. Mr. President, anyone who has ever been engaged in work of this sort knows that some of these cases which were presented for review are exceedingly complex and take a long time to examine. Let us take the case of Cheyenne, Wyo., which General Hines points to with such pride. The board in Wyoming passed on an average of three cases a day. Only three cases. The board in Nevada passed on an average of only two cases a day during the period in which it sat. The two boards in New Mexico passed, respectively, on an average of 12 cases a day and of 14 cases a day. There were two boards in that State. There might well have been more.

Those discrepancies are not confined to the Western States. You will find the same discrepancies between the great cities. Boston, Mass., had five boards. Most of them passed on no more than six or seven cases a day. That was too many, in my judgment, but, nevertheless, far less than in other cases. Baltimore passed on an average of five and a fraction a day; Cincinnati, 6.7; Kansas City, 5.6; Washington, D.C., 4.5.

Take, on the other hand, Buffalo, N.Y., and it will be found that the board had to pass on 18.8 cases per day. In Detroit one board passed on 18.4 cases per day. In New Orleans they passed on 17.5 cases per day. And the worst of all, I think, was Pittsburgh, Pa., where the board had to deal with an average of 19½ cases every day.

Mr. REED. Mr. President——

The PRESIDING OFFICER. Does the Senator from New Mexico yield to the Senator from Pennsylvania?

Mr. CUTTING. I yield.

Mr. REED. Did the Senator see what percentage of those cases they left on the rolls?

Mr. CUTTING. They left a smaller percentage on the rolls than in any other office, with three exceptions.

Mr. REED. They left 21 percent on the rolls, as against 74 percent in North Carolina.

Mr. CUTTING. I am not going to deal with the discrepancies in the Senator's State, but to an outsider I cannot see any reason why Philadelphia at one end of the State should have had nine boards which dealt on an average with six or seven cases a day and why Pittsburgh at the other end of the State should have had only one board, and that board has had to handle between 19 and 20 cases a day.

Those things to my mind are perfectly preposterous. No explanation can adequately justify them. Yes, we are told that the amendment which is going to be submitted by the Senator from South Carolina is going to grant an appeal on all these cases to the central board. There have been appeals granted up to date already. We know something about what these appeals are going to be like. Here is the record, as given by General Hines:

> Of the 639 administrative appeals reviewed as of January 27, 1934, 628 involved appeals from favorable-majority decisions.

In other words only in 11 cases did they argue appeals which were in the interest of the veteran.

> Of the 628, 295 actions were affirmed and service connection allowed; 303 actions were reversed and service connection denied; 30 were remanded. There were included in the 639, 11 administrative appeals from unfavorable-majority decisions. Of the 11, 6 actions were affirmed and service connection denied, 5 actions were reversed and service connection allowed.

Mr. President, I happen to have a copy of a letter sent to the Veterans' Administration which appears to be a form letter sent in reply to the appeal filed by a constituent of mine. I will eliminate the names. The letter reads as follows:

> DEAR SIR: Receipt is acknowledged of the appeal filed by you January 20, 1934.
>
> It is noted that in filling out the blank you failed to give the details as to the alleged mistake of fact or error of law in the last rating of your claim, and any action on the appeal will await the receipt of such a statement from you.

Mr. President, I submit that the average ex-service man getting a letter like that will not have the slightest idea as to the alleged mistake of facts or error of law contained in the last rating of his claim. Appeals based on that kind of method will not get very far.

The Senator from Nevada [Mr. MCCARRAN] the other day made a very illuminating revelation. I quote the CONGRESSIONAL RECORD of last Thursday:

> I should like to know if the Senator from South Carolina realizes what the process of appeal is before these boards? If he has never had the experience, I want to say that I, for my own enlightenment, availed myself of the opportunity of viewing one of those appeals, and the fact of the matter is there was not a member of the board present. There was an examiner present. No one would even subject a yellow dog to the process that was resorted to in the review of that case. It was not an appeal heard by a board; the board was not there.

Mr. President, I have had so many complaints of the same kind from all over the country, many of them from officials of the leading service organizations, that I feel constrained to believe that that description by the Senator from Nevada is entirely typical of the methods by which the board of appeals deals with the cases.

It is obvious to me from the discrepancies and the discriminations shown in the record as coming from the different boards, that the personal equation prevailed to a large extent in the decisions which were finally rendered. But there is something much more serious than any personal equation which is involved in this matter.

What I especially desire to call to the attention of the Senate is the instructions which were given to these boards. The compromise which we entered into last June, and which formed a part of Public No. 78, contained this sentence:

> Such special boards shall determine, on all available evidence, the question whether service connection shall be granted under the provisions of the regulation issued pursuant to Public Law No. 2, Seventy-third Congress (notwithstanding the evidence may not clearly demonstrate the existence of the disease or any specific clinical finding within the terms of or period prescribed by regulation 1, part 1, subparagraph (c), or instruction no. 2, regulation no. 1, issued under Public Law No. 2, Seventy-third Congress).

When this compromise was under consideration both the Senator from Oregon [Mr. STEIWER] and I challenged any Member of the Senate to explain to us what that language meant. We said that on its face it meant that these claims were to be handled under the Economy Act and yet, contrary to the terms of the Economy Act. No one has ever explained those things; and yet I think that now at last we know why that language was put in.

Three times in the instructions furnished to these special boards that same language is used, namely, in effect, a service connection must be granted under the provisions of the Economy Act.

> Notwithstanding the evidence may not clearly demonstrate the existence of the disease within the * * * terms of or period prescribed by regulation 1, part 1, subparagraph c.

And immediately after quoting that language of the law the instructions go on to say:

> However, this does not confer authority to extend the period of presumption beyond that prescribed in veterans' regulation no. 1, part 1, subparagraph (c).

First, the law says the review is to be under the Economy Act; second, the law says it is not to be under regulation 1, part 1, subparagraph (c) of the regulations under the Economy Act.

Third, the Veterans' Administration regulations come back and say, "Oh, but it is under regulation no. 1, part 1, subparagraph 1 (c) after all."

You have made the confusion infinitely worse than it was before; you attempt to give the general public the impression that you are extending the presumption, that you are giving these presumptive cases something which they did not have under the Economy Act. Actually, when you come to the instructions handed down to members of the boards you limit them to exactly the same presumption which they had before.

You extend, no doubt, the class of evidence which may be admitted before a board, but you do not change the burden of proof by one iota, although your instructions are full of the fact that the benefit of the doubt must be given to the veteran.

Take a case where there is no evidence one way or the other—and, of course, those cases form a very large part of the total number of cases presented to these boards—what are you going to do with those cases? Under these regulations, of course, the Veterans' Bureau officers who sat on the various boards had nothing to say except "The file shows no evidence." Immediately those cases were shut out. They were given no consideration at all. That is exactly the proceeding which has been followed by most of the boards, according to the information which I have from various service organizations.

That would still be so if we should adopt the amendments proposed by the Senator from South Carolina. The boards would be acting under exactly the same instructions; they would be acting under exactly the same presumptions they are acting under now, and no new ones at all.

The Senator from South Carolina made much of the fact that some 94 percent of the cases which were disallowed were disallowed by unanimous boards. Mr. President, how could it have been otherwise? How could the boards fail to decide unanimously, when the instructions given them were so completely iron-bound that there was no way of getting around them?

The average man who went on one of those boards, representing the public, was a man who knew nothing about veterans' legislation. His heart may have been in the right place, but he was absolutely unable, owing to his lack of knowledge, to do justice to the veterans. In the first place, the men who had had actual experience with veterans' legislation were barred; men who themselves were actually drawing disability pensions and who would have had some knowledge of the subject that was dealt with were also barred.

I do not care to compare the treatment which we gave our service men in that respect with the treatment which foreign nations accorded their veterans. I think there is no comparison, although we are being held up to the world as having been extravagant toward our ex-service men as compared with the standards used abroad; but may I point out that in this respect in France, in Germany, in Italy, and in England, and in most other foreign nations, so far as I know, the boards of appeal formed a regular court, composed of one member, who had to be a lawyer or a judge, in many cases; one member who had to be a doctor proficient in veterans' legislation; and one member who had to be a disabled pensioner. In many cases on these boards all three members were disabled pensioners, and, therefore, knew at first hand something of what they were dealing with.

Many men familiar with veterans' legislation in this country who were offered positions on these boards declined to serve because of the terms of the instructions. I have here the correspondence between General Hines and former Comdr. Edward E. Spafford, of the American Legion, who was offered a position on the special board at New York and who declined to serve. I have not time to read much of this correspondence, but I ask that it be incorporated in the RECORD at this stage of my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The correspondence is as follows:

AUGUST 3, 1933.

Mr. EDWARD E. SPAFFORD,
29 Broadway, New York City.

DEAR SIR: In accordance with the provisions of the Independent Offices Appropriation Act, Public, No. 78, Seventy-third Congress, approved June 16, 1933, and Veterans' Regulations No. 2 (a), promulgated by the President of the United States July 28, 1933, you have been selected from a group of outstanding, public-spirited citizens for membership on one of the special boards of review in the Veterans' Administration. The duties which you will be called upon to perform are of the greatest importance, both to the veterans whose claims will be reviewed and to the Government.

As I conceive it, every citizen owes to his Government the duty of serving in times of great emergencies, whether during war or peace. Citizens in every walk of life, from time to time, are called upon to make great sacrifices in order that their country may be protected. The opportunity so to serve is a privilege which should be cherished as one of the rights of a free people and one which should not be thought of in terms of barter. I hold it the sacred obligation of the Government to care for those who were disabled in the service of their country and under the regulations which have been issued by the President in accordance with the provisions of Public, No. 2, Seventy-third Congress, an honest effort has been made to provide adequately for them. The claims which you will be called upon to review are those of veterans whose conditions have heretofore been recognized as having arisen out of the performance of military or naval duty by reason of certain statutory enactments which made it unnecessary for them to submit evidences proving the service origin of their condition.

Under the provisions of the regulations promulgated by the President, in order to be entitled to a pension for service-connected disability, World War veterans must show that their condition was contracted or aggravated in line of duty in the active military or naval service and not have resulted from their own misconduct. These regulations recognize, if the veteran served for a period of 90 days or more, that as to certain chronic diseases, a list of which is being furnished you, which arose within a reasonable period following service, that they might be due to service. With 90 days or more service, there is also a rebuttable presumption of soundness at enlistment. Beyond this, as a matter of principle, we cannot go and be on sound ground.

Realizing that a large group of veterans had heretofore been afforded a presumption of service connection for their conditions who could not qualify under these regulations, it was proposed to protect the former right of these veterans by permitting the service connections to stand, notwithstanding that the presumptions formerly provided by law authorized service connection for specified diseases arising approximately 6 years after discharge from service and through a conclusive presumption of soundness at enlistment. Feeling that the principles contained in the regulations issued by him were correct and knowing that they received support of physicians of the highest repute, the President did not feel justified in abandoning them. However, recognizing that in certain cases there might be merit, notwithstanding that the veteran could not produce evidence which would meet the exact requirements of the regulations, the President proposed and it was finally enacted into law, to establish special boards of review, a majority of which were to be composed of outstanding citizens not in the employ of the Veterans' Administration. The purpose of the establishment of these boards was to insure to all veterans whose disabilities had heretofore been presumptively connected with service a special review of their claims to the end that if, because of the stress of service brought about particularly by actual combat or other strenuous duty, there might reasonably be some connection between their condition and their military service that their pensions should be continued.

As a member of one of these special boards, it is, therefore, your duty to weigh carefully all of the evidence, using as a guiding principle the provisions of Veterans' Regulations No. 1 (a) and 2 (a), and the special instructions issued in accordance therewith, copies of which have been furnished you. If, in your judgment in any case, you believe that the condition of the veteran is connected with the military or naval service, you should continue him on the rolls. Your finding must not be based on any speculation or purely sympathetic grounds, but must be based on the evidence of record before you when you make your determination; but you should bear in mind that all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is on the Government. Your discretion in these cases is a wide one and should be carefully exercised.

Much, in my judgment, will depend upon your action. I believe that the roll of veterans in receipt of pension for disabilities incurred in the active military or naval service should be an honor roll and that no man should remain on that roll unless he incurred his disability in the line of duty in the active military or naval service. If, as a result of the action of the special boards, we can be assured that those who properly belong on the rolls remain, then insure this group of veterans the full bounty of a grateful Government without fear of injustice to the taxpayer or proper criticism from anyone. It is not because of these men that economies in veterans' affairs became necessary.

Your task is a difficult one. I appreciate your service and ask that you approach your new work with that seriousness of purpose and devotion to duty which will insure justice to all.

There will be forwarded to you promptly a folder containing material conveniently arranged revealing the information which

will be required in order to function properly. The facilities of the Veterans' Administration are extended to you to the end that the work may be performed intelligently and as expeditiously as possible.

Very truly yours,

FRANK T. HINES, *Administrator.*

AUGUST 3, 1933.

MR. EDWARD E. SPAFFORD,
29 Broadway, New York City.

MY DEAR MR. SPAFFORD: Pursuant to the provisions of section 20, Public, No. 78, Seventy-third Congress, and in accordance with the direction of the President, you are hereby appointed, subject to taking oath of office, as a member of a special board of review, at a salary of $15 per diem when actually employed.

The board to which you have been appointed will meet at Veterans' Administration Office, 225 West Thirty-fourth Street, New York City, and information as to the date of the convening of the board will be conveyed to you by the manager of our New York office.

At such times as it becomes necessary for you to perform official duties at other than your designated official station (New York City), you will be allowed transportation at Government expense and $5 per diem in lieu of subsistence.

The Administrator of Veterans' Affairs has requested that you immediately wire him of your acceptance.

By direction,

G. H. SWEET,
Chief of Personnel.

AUGUST 10, 1933.

Brig. Gen. FRANK T. HINES,
Administrator of Veterans' Affairs,
Veterans' Administration, Washington, D.C.

DEAR GENERAL HINES: Your letter of August 3 was most flattering. I recognize full well that the obligations of citizenship are binding in peace even as they are in war. I only hope that the average citizen is half as willing as I am to make sacrifice for our country.

I must, however, decline the President's invitation to serve on the special review board to consider presumptive cases of disabled veterans. You may call me a conscientious objector if you will, for my conscience certainly will not permit me to act as a rubber stamp, and automatically place in the discard veterans who are deserving of the help of their country.

I have carefully studied the instruction no. 1, in which, in glowing terms is set forth that the Government must prove its case and presumption must always be in favor of the veteran.

My study of the instruction, however, proves that the Government has so worded its instruction as to make an unbiased opinion on the part of any member of the board impossible of expression. I personally consider that the instructions which have been given out make automatons of the members of the boards.

Public, No. 2, Seventy-third Congress, approved by the President March 20, 1933, vested in the President more autocratic power over the very lives of men than has ever before been vested in a sovereign ruling over a limited form of government. Under that law executive regulations for handling veterans' affairs have been promulgated.

Congress, in the closing days of the special session, enacted into law the provision for special review boards. Instruction for the guidance of these boards, however, are based upon the law approved March 20.

I should feel that I had broken faith with my God if I were to deny service connection for a case of tuberculosis which had been developed by any of the engineers' force which served in the 110-foot subchasers. I have seen these men come out of their engine rooms where they fought gasoline fumes and fires with pyrine guns. I have seen them being resuscitated on deck when overcome by the fumes. I doubt if half of the men who performed that service are living today.

I fought for the laws which give these men presumptive proof of war connection for tuberculosis. I know that these laws were right—and I know that the Government has been doing nothing more than its absolute duty. The American Legion brought before Congress the evidence of the best medical authorities in this country to support their contention of presumption.

I should have loved to have given of my services and to have removed the gold-brickers from the Government pay roll, but I would hate myself forever if I broke faith with men to whom the Government is indebted.

I am positive that it was not the intention of Congress to remove the presumptive cases which were just, from the pay rolls of the Government, and my duty to my country as I see it is to fight the Executive order of the President, insofar as they are throwing my deserving comrades on the mercy of the town farm and the local charities.

I believe that the Congress when it assembles in its regular session will try to undo the errors which were made by the act of March 20. I only pray that the pendulum will not swing farther and include a greater number of gold-brickers.

The present action, which practically does away with legal presumption in the case of our disabled veterans, is going to leave in every hamlet, village, and block of every city men who have been cut off and whom their neighbors know to be deserving of help because of war connection of their disabilities.

I admit, General, that a person will have to read the instructions over rather carefully to find how they actually limit freedom of expression for any member of the board. Let me say now, General, that I have the greatest admiration in the world for you; you have simply been carrying out your duty as it has been assigned to you by higher authority. You have always been a soldier, and you always will be one.

If I am insubordinate, please believe it is not an insubordination against you but against a plan which was conceived in the minds of people who refused to allow me to appear before them and to tell what I knew about the history of veteran legislation. I refer to Mr. Archibald Roosevelt and his followers.

There are those who served in war who demanded the last ounce of blood from their comrades. In war their comrades were glad to give it—but when peace came those same fellows who are living wrecks had a right to the protection and help of the officers under whom they served and to whose glory they added.

May I suggest as members of your boards of review in New York Archibald Roosevelt, Marcus Duffield, Grenville Clark, Knowlton Durham, Henry H. Curran?

I am sure they will be glad to make sacrifices of their time. (The job pays $15 a day.) I am sure that they can do the veteran no more harm than has already been done him by the Executive order of the President. I am also sure that if these gentlemen will read over a few thousand cases they will get an intimate and timely knowledge of veteran problems about which they have in the past talked in glittering generalities.

With every good wish, sincerely yours,

EDWARD E. SPAFFORD.

AUGUST 19, 1933.

MR. EDWARD E. SPAFFORD,
29 Broadway, New York City.

DEAR MR. SPAFFORD: Reference is made to your communication of August 10, 1933, advising me of your inability to serve on one of the special review boards established in accordance with the Independent Office Appropriation Act, 1934 (Public, No. 78, 73d Cong.), approved June 16, 1933.

It is with regret that I accept your declination to serve on one of these boards. I cannot, however, let go unanswered your statement pertaining to the discretion vested in these special boards of review. You state: "You may call me a 'conscientious objector' if you will, for my conscience certainly will not permit me to act as a rubber stamp and automatically place in the discard veterans who are deserving of the help of their country." It seems to me that my letter of August 3, 1933, to the members of the special review of the special review boards clearly refutes any statement that the discretion vested in these boards is in anywise restricted. I quote therefrom:

"As a member of one of these special boards, it is, therefore, your duty to weigh carefully all of the evidence, using as a guiding principle the provisions of Veterans' Regulations No. 1 (a) and 2 (a), and the special instructions issued in accordance therewith, copies of which have been furnished you. If, in your judgment in any case, you believe that the condition of the veteran is connected with the military or naval service you should continue him on the rolls. Your finding must not be based on any speculation or purely sympathetic grounds, but must be based on the evidence of record before you when you make your determination, but you should bear in mind that all reasonable doubt is to be resolved in favor of the veteran and the burden of proof is on the Government. Your discretion in these cases is a wide one and should be carefully exercised."

Further, a reading of Veterans' Regulation No. 2 (a) and the instructions issued in accordance therewith clearly shows that these boards are in no sense rubber stamps and that they have ample authority in any case on the basis of the evidence before them to continue service connection previously granted.

Very truly yours,

FRANK T. HINES, *Administrator.*

AUGUST 25, 1933.

Gen. FRANK T. HINES,
Administrator Veterans' Affairs,
Veterans' Bureau, Washington, D.C.

DEAR GENERAL HINES: Referring to your letter of August 19, 1933, please let me again express my admiration for your loyalty to the cause of economy, even though at the expense of the veterans. You stuck to the ship, while those who were responsible for the repudiation of the Government's promises have run like rats.

You stated in your recent letter that in your opinion your letter of August 3, 1933, refutes any statement that the discretion vested in these boards is in anywise restricted. I beg to differ with you, for in my opinion your letter of August 3 1933, refutes nothing. The letter is a masterpiece of bunk. The letter sets forth that the special review boards are convened under Public, No. 78, Seventy-third Congress, and that the boards will be guided by Veterans' Regulation No. 2 (a), promulgated by the President of the United States July 28, 1933.

The letter does not say that certain friends of veterans in Congress forced through the amendment to Public, No. 78, Seventy-third Congress, against the wishes of the President of the United States. The letter does not show that Regulation No. 2 (a), as promulgated by the President of the United States, is not designed to carry out the wishes of Congress as expressed in their closing session, but, on the contrary, will, when Congress reconvenes, be considered as having been issued in defiance of these wishes.

Paragraph 2 of your letter is laden with honeyed words, intended for publicity purposes and to make it difficult for anyone to de-

cline to serve on these review boards. In this paragraph you mention that only the claims of statutory presumption cases are to be considered by the special review boards.

Regulation No. 2 (a) is filled with repetitions, as, for instance, paragraphs 13, 15, and 22. In these paragraphs, section 20 of Public, No. 78, Seventy-third Congress, is quoted at some length, and all this is followed by: "However, this does not confer authority to extend presumption beyond that prescribed in Veterans' Regulation No. 1, part 1, paragraph 1 C."

Veterans' Regulation No. 1 is based exclusively and entirely on orders issued by the President under date of March 31, 1933, and has to do only with the act of March 20, which was intended to wipe out every last vestige of Government obligation to its disabled veterans.

This was the so-called "Economy Act", which was to take away funds previously allocated to veterans and give them to fantastic ideas for relief.

Veterans' Regulation No. 2 (a) contains a number of thoughts which have been artfully placed and intended to influence the special review boards. It is to be noted that at the end of these regulations, carried as exhibit 2, there is a letter from the National Tuberculosis Association. This letter is intended to support the wiping off of presumptive service connection as provided for in the law which was in force previous to March 20, 1933.

It should be remembered that nationally known doctors, who had nothing personal to gain, approved of these presumptive laws of service connection. In the preparation of Veterans' Regulation No. 2 (a), instruction no. 1, the administration went back to the War Risk Insurance Act of 1917. You and I both know that that law was no big-hearted move on the part of the Government, but was, on the contrary, designed and intended to make the soldiers and sailors pay for battle casualties out of their own paltry stipends.

On page 3 of the instructions it is shown (probably inadvertently) that the law passed August 9, 1921, provided that pulmonary tuberculosis or neuropsychiatric disease of 10 percent 2 years after separation from service was proof of service connection.

The instructions which guide the special review board limit the members to 1 year in which service connection may be presumed in a few special cases.

What discretion has been vested in these boards?

Do you honestly think, General, that I could take an oath to decide questions of service connection under restrictions such as I have enumerated above? I know hundreds of cases which are war connected and which I could not under the binding regulations so adjudicate.

Do you think, under the conditions, General, that for one minute I could put my signature to a paper which can later be used by the Administration as evidence that I have said that the case is not war connected?

Can I possibly think that I am not being made a rubber stamp, when there are expressions like the following in these regulations:

"No conditions other than those listed in paragraph 1 above will be considered chronic diseases, except upon approval by the Administrator of Veterans' Affairs." Those chronic diseases only list active tuberculosis. Arrested tuberculosis is not mentioned. Shell shock has been taken from the list. After 14 or 15 years these men must prove that their chronic diseases existed within 1 year after discharge from service!

The whole of Veterans' Regulations No. 2 (a) is filled with apologies and excuses.

There were two roads open to me. I could either accept my appointment and try to fight for the veteran from within or decline the appointment and enlist myself in the service of those unfortunate people to whom the country did owe much. I chose the latter course, and I propose to fight with all the strength which God has given me.

There will never be anything personal against you, General, because my long association with you has proven positively that when you have not stood for the best interest of the service man you have not been carrying out your own wishes and volitions, but, like a soldier, have carried out your orders received from higher authority.

Let me again state that I am positive that all these cases which are being thrown out will be reviewed again. This new review will come by positive order of Congress, and Congress can't hope to have its wishes carried out except that it puts them down in positive terms. Congress must determine whether its wishes are to be carried out or the wishes of the executive authority of our country.

With every good wish, sincerely yours,

_____.

Mr. CUTTING. It will be noted that Mr. Spafford, after pointing out that in spite of the benefit of the doubt being presumably given to the veteran, regulation 1, part 1, paragraph 1 (c) still remained in effect, and after pointing out other things which would have made a rubber stamp of any man who accepted service on such a board, went on as follows:

What discretion has been vested in these boards? Do you honestly think, General, that I could take an oath to decide questions of service connection under restrictions such as I have enumerated above? I know hundreds of cases which are war connected, and which I could not under the binding regulations so adjudicate.

Do you think, under the conditions, General, that for one minute I could put my signature to a paper which can later be used by the administration as evidence that I have said that the case is not war connected?

* * * * * * *

There were two roads open to me. I could either accept my appointment and try to fight for the veteran from within, or decline the appointment and enlist myself in the service of those unfortunate people to whom the country did owe much. I chose the latter course and I propose to fight with all the strength which God has given me.

The VICE PRESIDENT. The Senator's time has expired.

Mr. CUTTING. Have I not still 10 minutes remaining on the bill?

The VICE PRESIDENT. The Senator has 10 minutes on the bill.

Mr. CUTTING. Under the proposal of the Senator from South Carolina the appeal will be based on exactly the same kind of regulation. It will probably be based on the identical regulation and the identical instructions laid down by the Veterans' Administration at that time. If so, it will not do a bit of good to institute appeals in all these cases. It will, of course, keep some individual cases on the rolls until their appeal has been decided, and that is all the good it will do.

What about this board of appeals? How can the board conceivably pass on 29,000 cases and do justice to them all—one board, sitting here in Washington, using the methods which the Senator from Nevada so well described the other day? Is it conceivable that any large number of veterans who have been given an unjust deal by the present regulations and the present instructions will obtain any substantial measure of justice by having their cases presented to a board of this kind?

I do not criticize for a moment the members of that board. I do say, however, that, so far as my information goes, there are very few men on it who know anything whatever at first hand about veterans' legislation.

Mr. WALCOTT. Mr. President, let me ask the Senator if it is not a fact that these cases will have to be moved to Washington?

Mr. CUTTING. Yes; of course that is true.

Mr. WALCOTT. Is it not a fact that a very large percentage of those cases involve lung, heart, and brain diseases?

Mr. CUTTING. I do not mean that the man himself would have to be brought to Washington under the review. The files, of course, would have to be presented; and if he did not come himself, he would have to have someone represent him in order to give him any chance to get a square deal.

Mr. President, I cannot believe that the Senate of the United States, after having decided on placing these men on the rolls for good and sufficient reason 10 years ago, can now justify taking them off when they are no longer able to prove service connection, which they might easily have proved at that time. There is a great deal to be said against unrebuttable presumptions; but under the amendment which the Senator from Oregon and the Senator from Nevada are proposing, the presumption can be rebutted by evidence.

Briefly, what is the difference between the two proposals? According to the proposal of the Senator from South Carolina the cases will be appealed, but the burden of proof will remain exactly as it is now, viz: If the veteran cannot prove by positive affirmative evidence that he contracted the disease previous to the 1-year time limit, or the 2-year time limit in some cases, he will automatically lose out. There is no chance for such a man under the provisions of the amendment of the Senator from South Carolina. Under the provisions of the amendment of the Senator from Oregon and the Senator from Nevada such a man would remain on the roll unless the Government could affirmatively show that his disease was due to some other cause than the service. That is the difference which confronts us.

I was greatly interested the other day to hear the Senator from West Virginia [Mr. HATFIELD], an eminent physician, who has always supported the presumptive clause by complete and convincing medical reasoning, say that the number

of tuberculars among the ex-service men is two and one half times as great as the number which would be presumed in a class of men of that size under the ordinary medical averages. That in itself shows that the basis on which we enacted the original presumptive law in 1924 was a correct basis.

A great deal has been said against cases of men who were not overseas or who received their disability as a result of service which was outside the line of battle. I think it perfectly obvious that there is no distinction whatever insofar as concerns the duty which the Government of the United States owes these men. I knew of one case in California where a large number of men were put into a gas chamber to test out a new kind of gas mask. The gas mask proved to be defective and the men made a desperate attempt to break out of the chamber. The result was that all of them became victims of serious disability. I think all but two or three of those men were dead before the end of the year.

The two or three men who survived became ill of tuberculosis some time in 1921 or 1922. They received compensation under the presumptive clause. I gather, though I do not know the details, that they must have been taken off the rolls as a consequence of the Economy Act. How could anyone believe that that tuberculosis was not presumably at least due to the suffering which they underwent at that time? It cannot be proved, but the presumption is surely a sound and equitable one. It is a presumption which was established by the Congress of the United States. Every one of the men who received compensation under the provisions of the old act believed that the Government of the United States had made a contract with him. It was at least a moral contract, and I do not believe that the Government can afford to repudiate it now.

Mr. HATFIELD. Mr. President——

The VICE PRESIDENT. Does the Senator from New Mexico yield to the Senator from West Virginia?

Mr. CUTTING. I yield.

Mr. HATFIELD. The conclusion by the Congress of the United States was based upon a preponderance of evidence by medical authority and the minimum presumptive period was adopted by the Congress. Is not that true?

Mr. CUTTING. That is exactly true. I know the Senator from West Virginia went before the committee and showed, to my satisfaction and to the satisfaction of eleven twelfths of the Senate of the United States, that the presumption should have been made 5 years longer.

Mr. President, I have said all that time permits. I beg that when the time comes to vote on the presumptive amendment the Senate will adopt the substitute proposed by the Senator from Nevada and the Senator from Oregon.

EXECUTIVE MESSAGES REFERRED

The VICE PRESIDENT, as in executive session, laid before the Senate messages from the President of the United States submitting two nominations in the Customs Service, which were referred to the Committee on Finance.

(For nominations this day received, see the end of Senate proceedings.)

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The VICE PRESIDENT. The question is on agreeing to the amendment in the nature of a substitute offered by the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN] to the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. LA FOLLETTE. Let us have the yeas and nays.

Mr. REED. Mr. President, I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Cutting	Keyes	Robinson, Ark.
Ashurst	Davis	King	Robinson, Ind.
Austin	Dickinson	La Follette	Russell
Bachman	Dieterich	Lewis	Schall
Bailey	Dill	Logan	Sheppard
Bankhead	Duffy	Lonergan	Shipstead
Barbour	Erickson	Long	Smith
Barkley	Fess	McAdoo	Steiwer
Black	Fletcher	McCarran	Stephens
Bone	Frazier	McGill	Thomas, Okla.
Borah	George	McKellar	Thomas, Utah
Brown	Gibson	McNary	Thompson
Bulkley	Glass	Metcalf	Trammell
Bulow	Goldsborough	Murphy	Tydings
Byrd	Gore	Neely	Vandenberg
Byrnes	Hale	Norris	Van Nuys
Capper	Harrison	Nye	Wagner
Caraway	Hastings	O'Mahoney	Walcott
Carey	Hatch	Overton	Walsh
Clark	Hatfield	Patterson	Wheeler
Connally	Hayden	Pittman	White
Coolidge	Hebert	Pope	
Copeland	Johnson	Reed	
Costigan	Kean	Reynolds	

The VICE PRESIDENT. Ninety-three Senators having answered to their names, a quorum is present.

Mr. BYRNES. Mr. President, I ask leave to modify my amendment by inserting in line 11, after the word "support", the following words:

As defined by regulations in force upon March 13, 1933.

The VICE PRESIDENT. Without objection, the amendment will be modified as suggested.

Mr. SHIPSTEAD obtained the floor.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. SHIPSTEAD. For what purpose?

Mr. ROBINSON of Indiana. I merely desire to make an announcement.

Mr. SHIPSTEAD. I yield.

Mr. ROBINSON of Indiana. Mr. President, I have heard that it has been stated on the floor of the Senate that the amendment of the Senator from South Carolina [Mr. BYRNES] is satisfactory to those who have at heart the interests of the Spanish War veterans. I think I am authorized to say, from conversations I have just had, that it is not satisfactory. The amendment of the Senator from Oregon [Mr. STEIWER] is entirely satisfactory to them, and they think it is just.

I thank the Senator from Minnesota.

Mr. SHIPSTEAD. Mr. President, while we are on the subject of veterans' legislation, I desire to call attention to the propaganda that has been going on for several years over the radio and through the press, fostered and paid for by the Chamber of Commerce of the United States.

Up until last spring one would be led to believe, as a result of that propaganda, that the Government employees and the veterans of the World War were responsible for the depression and for the Treasury deficit. I desire to call the attention of the Senate to the fact that the veterans were not responsible for getting us into the war. The World War broke out in 1914, and we immediately became involved in it. The seeds were sown in 1914 that took us in, in a military sense, in 1918; and those seeds were sown by the big banking interests, fiscal agents of foreign governments, who started to use American credit to finance, for a commission, foreign governments to carry on that war, and they also continued to finance those governments after we entered the war. They used the people's credit.

These people are the people who garnered their profits out of the war, who have been paying for this nation-wide propaganda to blame the Treasury deficit and the depression upon the wounded World War veterans and the Government employees.

The first check that was written after we entered the war was a check for $400,000,000, payable by the Treasury of the United States to J. Pierpont Morgan & Co., to pay an overdraft by the British Government, which the British Government then could not pay.

Let us stop and think who is emptying the Federal Treasury, and who brought on this depression by peddling worthless stocks that broke everybody in the United States,

and therefore broke the Treasury of the United States Government. These people who have been furnishing funds to attack the veterans and the Government employees are on record as to how much they have suffered.

The Federal Trade Commission sent up here this morning a report. That report is in the Secretary's office, and it shows the incomes of these people who have gone through the press and through the country and said that this depression has even ruined big business. Let us see what the incomes of some of these people have been, as revealed by the report now in the Secretary's office.

Here are some of the salaries paid by these corporations: In 1928 the chairman of the board of the Bethlehem Steel Corporation got $150,000; in 1929 he got $150,000; in 1930, after the depression started, he got $250,000; in 1931 he got $250,000; in 1932 he got $250,000; in 1933 he got $250,000 in salary; so when the depression increased in intensity and velocity, his salary almost doubled.

The president of the Bethlehem Steel Corporation in 1928 got $843,445; in 1929 he got $1,635,000, in round numbers; in 1930 he got $1,027,000, in round numbers; the depression hit him pretty hard, because in 1933 he got only $180,000; two vice presidents of this corporation in 1928 received $203,895 each.

Mr. NYE. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Minnesota yield to the Senator from North Dakota?

Mr. SHIPSTEAD. I have only 10 minutes.

Mr. NYE. It will take only a second to ask the Senator a question, which he can answer in as brief a time.

Mr. SHIPSTEAD. All right.

Mr. NYE. Were any of these presidents or vice presidents on the C.W.A. relief rolls? [Laughter.]

Mr. SHIPSTEAD. No; I do not think so. I do not know. They may not have been in charge of the administration of the C.W.A. I think they were on the steel code authority. [Laughter.]

Here are the salaries of some of the United States Steel Corporation officials: In 1928 the chairman of the finance committee got $172,000, in round numbers; in 1929 he got $209,000; in 1930 he got $297,000; in 1931 he got $241,000; in 1932 he got $197,000; in 1933 he had to get along with $162,000, in round numbers.

The president of the United States Steel Corporation in 1928 got $222,728; in 1929 he got $260,000; in 1930 he got $248,000; in 1931 he got $194,000, in round numbers; in 1932 he got $156,638; in 1933 he had to get along with $100,000.

Now we come to the United Aircraft & Transport Corporation. In 1929 the president got $420,665.

Mr. BONE. Mr. President, will the Senator yield?

Mr. SHIPSTEAD. Yes.

Mr. BONE. Do the data the Senator has in his hands show the name of the president of that organization?

Mr. SHIPSTEAD. No; I have not the name of the president. These figures were copied for me from the records this afternoon. I have not the names. I know the records are correct; but the name is not given here.

Mr. SMITH. Mr. President, what did the president get?

Mr. SHIPSTEAD. In 1929 he got $420,665; in 1930 he got $248,712; in 1931 he got $246,755; in 1932 he got $193,790; and in 1933 for salary alone—the report does not say whether or not he got a bonus that year—he received $72,000. Many of these figures include not only salaries but bonuses. The total salaries of all officers and directors of the United Aircraft & Transport Corporation in 1929 were $1,383,580; for 1930 they were $1,447,000, in round numbers; for 1931, $1,354,000, in round numbers; for 1932, $1,128,000; for 1933, only $913,840.

Here is the American Machine & Foundry Co. Its president got $211,020 in 1928, $270,000 in 1929, $249,000 in 1930, $244,000 in 1931, and $143,000 in 1932.

Here is the American Tobacco Co. That company could not afford to pay the farmers of the South for their tobacco without getting some money out of the Government Treasury. The president in 1928 got $355,000 as salary, and possibly a bonus; in 1929 he got $605,000—he was both president and director; in 1930 he got $1,566,072—I assume that that includes bonuses; in 1931 he got $1,051,630; in 1932 he got $825,607; in 1933 he got $120,000 for salary only.—Evidently there was no bonus. In 1929 one vice president of this company received a total compensation of $345,000, in round numbers.

Here is the Anaconda Copper Mining Co. Some 2 or 3 years ago it owed a debt of something like forty or fifty million dollars.

The VICE PRESIDENT. The Senator's time has expired.

Mr. SHIPSTEAD. I have 10 minutes on the bill, I think.

The VICE PRESIDENT. The Senator has 10 minutes on the bill.

Mr. SHIPSTEAD. A company that has not paid any dividends for several years, that owed a debt of something like forty to fifty or sixty million dollars paid its president and director, for 1928, $468,000, in round numbers; for 1929, $348,000; in 1930, $348,000; in 1931, $323,000; in 1932, $252,000; and his salary only, without any bonus, in 1933 was $208,402.

The stockholders of these companies who have received no dividends will be interested, I am sure, to learn how well their companies are managed and how well they pay for that management.

The chairman of the board of the Anaconda Copper Mining Co. in 1928 received $423,000 in salary, in round numbers; in 1929 he received $302,000; in 1930 he received $302,000; in 1931 he received $279,000; in 1932 he received $217,000.

I am reading the incomes of this class of people who finance the propaganda on the radio to make the American people believe that it is the veterans who went over and got shot up in the war who are robbing the American people and ruining business.

These are the people who are complaining about the subsidies to farmers and compensation for injuries to veterans.

The President of the Diamond Match Co. got $60,000 in 1928 and 1929. From 1930 to 1933, inclusive, he received $100,000 annually. His salary increased during the depression.

The president of the Eastman Kodak Co. received $113,000 in 1928. His salary dropped during the depression to $90,000, in 1933.

The president of the Firestone Tire & Rubber Co. received a salary of $100,000 for 1928 and 1929. Then it dropped to $90,000, and in 1932 to $64,000. In 1933 he had to get along with $71,000 in salary.

Then, we have the General Foods Corporation, the corporation selling food to the people, food which they buy from the farmers so cheap. The president of this company, buying the food from the farmers and selling it to the people, received a salary of $124,000 in 1928, $206,000 in 1929, $172,000 in 1930, $141,000 in 1931. In 1932 the salary dropped to $70,000, in round figures, and in 1933 it dropped to $63,375.

Here is the statement as to the International Harvester Co., selling machinery to the farmers, closely connected with the steel industry. In 1928 the president of this company received compensation totaling $405,909. That included his salary and bonus. Three others were paid in excess of $200,000 each, and four other officials received between $100,000 and $200,000 each. For 1929 the president's compensation was $412,000, in round numbers. Five others were paid in excess of $200,000 each, and two other officials were paid between $100,000 and $200,000 each. In 1930 there were four salaries, plus compensation, totaling more than $200,000 each, and two other officials received between $100,000 and $200,000 each.

Here we have the statement as to the moving-picture industry. Loew's, Inc., in New York: The president received in 1928, $275,000; in 1929, $362,000; in 1930, $449,000; in 1931, $366,000; in 1932, $221,000. The vice president and treasurer received $191,000 in 1928, $256,000 in 1929, and in 1930, after the depression started, his salary went up to $308,923. In 1931 it went back to $259,042. In 1932 he drew $170,000, and in 1933 a mere $57,000.

Next is Montgomery Ward & Co., selling merchandise to the farmers and other people. In 1928 the president received $337,000; in 1929, $430,000; in 1930, $334,000. When the depression hit them, after 1930, his salary dropped to $98,000 in 1931, and in 1932 he received $99,999. In 1933 they raised him $1, and made his salary an even $100,000.

I call the attention of the Senate to some of these salaries because of the propaganda that has been going on, paid for, at least sponsored, by the Chamber of Commerce of the United States, in an attempt to save the business interests of the country from paying the fiddler. Those who manage that business I assume managed it pretty well, because they were paid so well. The stockholders and public do not fare so well.

As to the boys who went overseas and were shot-up in the trenches, if they are permanently disabled and get $50 a month, and, if they cannot work or get $30 a month, the American people are being led to believe by this propaganda that they are robbing the Government, and one would almost be led to believe that the boys who went over and fought in the trenches were responsible for getting us into the war. While we are on this veterans' legislation, I wanted to call the attention of the Senate to that propaganda, and to the income that has been received by people who are responsible for that propaganda, and that attack upon the World War veterans and the Government employees.

Mr. FRAZIER. Mr. President, I am very strongly in favor of the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN]. I feel that the economy law, so-called, did a great injustice to the veterans of the World War, the Spanish-American War, and other wars. In many cases war veterans were cut off from their pensions or compensation where they were sick or disabled, and they have been forced to call upon charity for their support.

Mr. President, it is humiliating enough for anyone who, because of no fault of his own, is forced to call upon charity to support himself and his family, but when a veteran of some of our wars is forced to call upon charity because their pension or compensation is cut off as a result of legislation passed by the Congress of the United States, it seems to me it is more than humiliation—it is a disgrace—not a disgrace so much to those veterans but a disgrace to the United States Congress which enacted the legislation compelling those boys and those men to call upon charity.

In my opinion the Economy Act was a mistake, and that mistake must be corrected, and corrected now, by the United States Senate, inasmuch as the pending bill was passed by the House without allowing amendments on the floor of that body which would have corrected this error. Therefore we must correct it, and I hope that the economy law can be amended, and that the veterans can be taken care of.

I have a great many letters in my files on this subject. Many of the men who have written me I know personally, and know that their cases are most pitiable, and that they have just grievances. I am not going to take the time of the Senate to read those letters into the RECORD, and I am not going to take much time in debating the question and delaying a vote on this important matter, but I feel that we must adopt the amendment proposed by the Senator from Oregon and the Senator from Nevada in order to correct the mistake we made when we enacted the economy law last spring.

Mr. REED. Mr. President, if I may have the attention of the Senator from South Carolina [Mr. BYRNES], I want to ask him about the second proviso in his amendment, which reads:

Provided further, That no pension shall be payable under this paragraph where the income of the person if unmarried exceeds $1,000 per annum computed monthly, or if married or with minor children exceeds $2,500 per annum computed monthly.

It seems to me that the latter phrase is an awkward one, and that with seasonal employment the outcome of a case would depend entirely upon the month in which the application was made. Thus, for example, if a farm hand who could get employment during the summer, but not during the winter, made his application during the winter he might be eligible, whereas if he made it during the summer he would be ineligible—if any farm hand receives more than a thousand dollars per annum.

Take the case of a stonemason, or a bricklayer, in New York or some of the other northern cities. Such a person would be completely idle throughout the present month of February, but would earn a very handsome monthly wage in July. Just what method of calculation would be required to be adopted by this language which I have read? Would an applicant's eligibility depend upon his earnings of the month in which he applied multiplied by 12, or would we take his earnings over the entire previous 12 months? I think it ought to be understood just what method is expected to be used under this language.

Mr. BYRNES. Mr. President, it is expected that the monthly basis will be used.

Mr. REED. That leaves me in a little doubt. If a bricklayer applies in February, when he is not earning anything, would he, therefore, be eligible?

Mr. BYRNES. If he applies, and his income when working is at such a monthly rate as to give to him an income during the year of less than $2,500 in case he is married, he is eligible.

Mr. REED. If that is the method, it is very cruel to the seasonal worker, because that would assume that he earned 12 times the pay he draws during the month when he is working.

Mr. BYRNES. He would fall within the provisions of the amendment if his income during the months when he was working was at a rate which, when computed for the year, would give to him an income of $1,000 if unmarried, or $2,500 if married. If he worked 2 months and drew $500 a month for 2 months, he would then have a compensation of $1,000 for the year.

Mr. MCCARRAN. That is, on the basis of the year.

Mr. BYRNES. Computing his compensation monthly, it would be ascertained as to whether or not his income for the year would amount to $1,000 or $2,500.

Mr. REED. Does the Senator think the language of the amendment makes it sufficiently plain that that is the method to be adopted?

Mr. BYRNES. I do not think there is any doubt about it. It is framed as it is, in an endeavor to get away from the language in the Steiwer amendment, which provides that a man shall receive a pension only if during the year before he had not paid an income tax. It was realized that a man might pay an income tax last year and go broke this year.

Mr. REED. Thousands of these men are not on monthly salaries. They are paid so much per hour, and their work is such that they cannot work 12 months throughout the year. How are we going to treat them except by checking the experience of either the previous year or the previous 12 months as the case may be?

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Missouri?

Mr. REED. I yield.

Mr. CLARK. I think perhaps the Senator from Pennsylvania is not familiar with the amendment and the proviso offered by the Senator from South Carolina a little while ago.

Mr. REED. This proviso has not been amended, has it?

Mr. BYRNES. I think the Senator from Missouri refers to another amendment which did have reference to it.

Mr. CLARK. That provided there should be no new application.

Mr. BYRNES. I accepted an amendment suggested by the Senator from Oregon [Mr. STEIWER], which provided that in determining the adequate support it should be done under the regulations which were in effect March 19, 1933.

Mr. REED. I quite understand that, but that has nothing to do with the proviso I am talking about. The provision in question determines the eligibility of everyone of these 230,000 applicants. They must show that their annual earnings are less than $1,000 if they are unmarried and have no children, or less than $2,500 otherwise. I venture to say

that fully one quarter of that vast number will have occupations that show some irregularity through the year. The instance of the bricklayer in the Northern States is only one of a myriad of instances that might be taken.

If we are going to take his income during the month when he applies and multiply it by 12 we are going to get a totally different result, depending upon whether the application be made in the wintertime or in the summertime. Something more than that has to be resorted to. So I gather from the Senator from South Carolina that he would take a period of 12 months in order to get the complete cycle, and if he is going to take a cycle of 12 months, why not take the 12 months immediately preceding the application? Is that not the fairest way to do it?

Mr. BYRNES. I agree with the Senator that that is the fairest way, and I am satisfied under the language it would be so construed. That was the purpose of the reference to the monthly computation.

Mr. REED. In that case we are striving for the same end, and our only possible disagreement is as to whether this language accomplishes what each of us wants to do, if I correctly understand the Senator. Would it not then make it clearer if we changed the language to read:

Provided further, That no pension shall be payable under this paragraph where the income of the person, if unmarried exceeded $1,000 during the preceding 12 months.

That attains, in plain language, the result for which each of us is striving.

Mr. CLARK. Mr. President——

The VICE PRESIDENT. Does the Senator from Pennsylvania yield to the Senator from Missouri?

Mr. REED. I yield.

Mr. CLARK. The amendment suggested by the Senator from Pennsylvania now would not, to my mind, reach the case of a man who might last year, for instance, have had a salary of $4,000 or $5,000 a year, and was employed, but who is now entirely unemployed. In other words if we compute his pension and base his eligibility on the salary received last year we might shut out a very deserving and very needy class of veterans who last year made an income above the limit provided, but who this year are not making anything.

Mr. REED. Suppose we make it depend on his circumstances at the moment; he merely sits idle for 1 day and ranks as a person of no income on the theory suggested by the Senator from Missouri. We have to take a past period of some length. We cannot let the man simply quit selling automobiles on commission on the day when he makes his application, and then let him start in again the day after his application is approved. That will not work.

Mr. CLARK. Mr. President, will the Senator yield further?

Mr. REED. Surely.

Mr. CLARK. According to the amendment proposed by the Senator from South Carolina, it is not necessary for these men to make applications. Everybody who is on the rolls is restored as of March 19, 1933.

The VICE PRESIDENT. The Senator has used up his 10 minutes on the amendment and has 10 minutes on the bill.

Mr. REED. I will speak for a moment on the bill.

The Senator has misunderstood the effect of that amendment. It is necessary to furnish new proof of one's availability for this pension, one's eligibility, in making that due proof of rating previously given by the Veterans' Bureau, if physical disability is accepted as proof. It does not wholly dispense with proof. One must always make proof that one's income falls within the desired class.

I think I have made my point clear, and I hope the Senator from South Carolina will consider that and accept it. I do not want to use all of my time on the bill in elaborating a point of comparatively small importance.

Mr. WALSH. Mr. President, I should like, as one anxious to restore, as far as possible, the former provisions of law relating to Spanish War veterans, to inquire from the Senator from South Carolina, what is the financial difference between the drain upon the Public Treasury in the two amendments?

Mr. BYRNES. Mr. President, the best estimate that I have as to the cost of the amendment I have offered is $50,000,000. The amendment of the Senator from Oregon, according to the estimates that I understood were furnished to him, and also furnished to me, would result in a cost of approximately $60,000,000.

Mr. WALSH. The amendment, which I assume represents the extent of the administration's concessions, will call for an expenditure of only $10,000,000 less than the amendment of the Senator from Oregon?

Mr. BYRNES. The difference is between 75 percent and the 90 percent.

Mr. WALSH. May I ask the Senator, is there any difference between the number of Spanish War veterans who are not now receiving a pension and who would have their pensions restored as between these two amendments?

Mr. BYRNES. The only difference would be as to misconduct cases, and as to those who served less than 90 days; the number would not be very great in either event.

Mr. McCARRAN. Mr. President, I should like to answer the inquiry of the Senator from Massachusetts as to what is the difference. I want to say that the difference is that between a construction that will be placed on the law——

Mr. WALSH. I think that has been removed by the agreement that the two Senators during the debate have reached in the language of their respective amendments. I think the sole issue really and basically here is the difference of 90 percent or 70 percent.

Mr. McCARRAN. I cannot agree.

Mr. WALSH. I should like to have the Senator's views as to just what the difference is between these amendments on the question of the construction by the Veterans' Administration of the law.

Mr. McCARRAN. The difference is the one that can be made by way of construction coming out of the Veterans' Administration.

Mr. WALSH. As I understand, the Senator from South Carolina incorporates in his amendment the present law and says it shall be applicable hereafter when these rates are reapplied. The Senator from Oregon [Mr. STEIWER] has incorporated in his amendment, when he improved it recently, a direct statement that the existing law shall be retained. Where can there be a difference of construction, if one amendment says the existing law is to be retained and the other amendment simply recites the language in the existing law?

Mr. McCARRAN. Then why will not the Senator from South Carolina adopt the language that we have proposed in our amendment?

Mr. WALSH. I suppose it is because of the difference between 90 percent and 75 percent.

Mr. McCARRAN. As to the difference between 10 percent and the 25 percent?

Mr. WALSH. It is only fair to say that the amendment of the Senator from South Carolina was the first amendment to prevent these rates, when they were restored, from being frozen. In other words, he sought, by reciting the present law, to permit a veteran to get an increase in his rate if his disabilities increased, and also protected the Government by permitting the decrease of the veterans' rate if his disability decreased.

Now the Senator from Oregon admits, or did admit, that that provision was not in his amendment. That his amendment as originally drawn, if agreed to, would fix the rates for all time, no matter what the disabilities were, whether they decreased or increased, and he therefore modified his amendment.

Mr. CONNALLY. Mr. President, I will say to the Senator from Massachusetts, that under the amendment of the Senator from South Carolina which restores the status of the Spanish-American War pensioners, new pensioners can come in under the old law rather than come in under the new regulations.

Mr. McCARRAN. Permit me to say that as I view the new regulations they let the veterans come in provided the Veterans' Bureau permits them to come in, and if anyone has ever attended one of the investigations or trials before the boards conducted under the existing law he will lose all faith in them.

Mr. BYRNES. Mr. President, in the hope of meeting the objection of the Senator from Nevada on that score—I do not know that the Senator was in the Chamber at the time—I accepted a modification providing that the veteran should be placed on the rolls without examination and without application. This I did because of the objection of the Senator from Nevada and the Senator from Oregon [Mr. STEIWER].

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. McCARRAN] to the amendment of the Senator from South Carolina.

Several Senators demanded the yeas and nays.

The yeas and nays were ordered, and the Chief Clerk called the roll.

Mr. KING (after having voted in the negative). I must withdraw my vote as I have a general pair with the senior Senator from South Dakota [Mr. NORBECK], who is necessarily absent. If permitted to vote, I should vote "nay."

Mr. HEBERT. I wish to announce that the Senator from Delaware [Mr. TOWNSEND] and the Senator from South Dakota [Mr. NORBECK] are necessarily absent. Both of those Senators, if present, would vote "yea."

I also announce the necessary absence of the Senator from Michigan [Mr. COUZENS]. I am not informed how he would vote if present.

Mr. McKELLAR (after having voted in the negative). I inquire if the junior Senator from Delaware [Mr. TOWNSEND] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. McKELLAR. Having a general pair with that Senator, I will have to withdraw my vote.

The result was announced—yeas 51, nays 40, as follows:

YEAS—51

Austin	Fess	Lonergan	Reynolds
Barbour	Frazier	Long	Robinson, Ind.
Bone	Gibson	McAdoo	Schall
Borah	Goldsborough	McCarran	Shipstead
Capper	Hale	McGill	Smith
Caraway	Hastings	McNary	Steiwer
Carey	Hatch	Metcalf	Thomas, Utah
Copeland	Hatfield	Neely	Trammell
Costigan	Hebert	Norris	Vandenberg
Cutting	Johnson	Nye	Walcott
Davis	Kean	Overton	Wheeler
Dickinson	Keyes	Patterson	White
Dill	La Follette	Reed	

NAYS—40

Adams	Byrd	Glass	Robinson, Ark.
Ashurst	Byrnes	Gore	Russell
Bachman	Clark	Harrison	Sheppard
Bailey	Connally	Hayden	Stephens
Bankhead	Coolidge	Lewis	Thomas, Okla
Barkley	Dieterich	Logan	Thompson
Black	Duffy	Murphy	Tydings
Brown	Erickson	O'Mahoney	Van Nuys
Bulkley	Fletcher	Pittman	Wagner
Bulow	George	Pope	Walsh

NOT VOTING—5

Couzens	McKellar	Norbeck	Townsend
King			

So the amendment of Mr. STEIWER and Mr. McCARRAN to the amendment of Mr. BYRNES was agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

The amendment, as amended, was agreed to.

Mr. STEIWER. Mr. President, on behalf of the Senator from Nevada [Mr. McCARRAN] and myself, and also on behalf of other Senators who are very much interested in the subject, including the Senator from Pennsylvania [Mr. REED], I now send to the desk an amendment which is offered as a substitute for the first paragraph of the amendment of the Senator from South Carolina [Mr. BYRNES].

The VICE PRESIDENT. The amendment of the Senator from South Carolina, as amended, has been adopted by the Senate. In order to offer an amendment to an amendment that has been adopted, it will be necessary to reconsider the action of the Senate.

Mr. STEIWER. I did not understand that the first paragraph of the Senator's amendment had been adopted.

The VICE PRESIDENT. The amendment of the Senator from South Carolina, as amended by the amendment of the Senator from Oregon, has been adopted by the Senate.

Mr. STEIWER. Very well. That was the one relating to Spanish War veterans; but, as stated in the amendment offered by the Senator from South Carolina, the first paragraph relates to World War veterans. It has not been discussed, and I am sure it has not been adopted.

Mr. ROBINSON of Arkansas. The whole amendment has been adopted.

The VICE PRESIDENT. The Senator from Oregon does not understand the parliamentary situation. The amendment of the Senator from South Carolina was amended by the amendment of the Senator from Oregon. That entire amendment, as amended—it does not make any difference what it contains—was adopted by the Senate.

Mr. REED. Mr. President, will the Senator from Oregon yield to me?

Mr. STEIWER. Yes; I yield.

Mr. REED. In the confusion in which the Senate was following the announcement of the roll-call vote, I feel very certain that no Senator, or very few Senators, realized that the Chair was submitting the question of the adoption of the entire Byrnes amendment. Certainly the great majority of the Senate would vote for a reconsideration of that vote; and I ask unanimous consent that the vote by which the amendment as a whole was declared adopted may be reconsidered.

The VICE PRESIDENT. Let the Chair say that he distinctly put the question whether the amendment of the Senator from South Carolina, as amended by the amendment of the Senator from Oregon, should be adopted, and the Senate did adopt it by a viva voce vote.

Is there objection to the request of the Senator from Pennsylvania? The Chair hears none, so the vote by which the amendment as amended was adopted by the Senate is reconsidered.

Mr. STEIWER. Mr. President, I send to the desk the amendment to which I have referred, and ask to have it stated.

The VICE PRESIDENT. The Senator from Oregon offers, on behalf of himself and the Senator from Nevada [Mr. McCARRAN], an amendment to the amendment of the Senator from South Carolina, as amended, which will be stated.

The CHIEF CLERK. On page 1 of the amendment of Mr. Byrnes, as amended, it is proposed to strike out the section beginning on line 1 and ending on page 2, line 15, and to insert in lieu thereof the following:

SEC. —. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished, and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918; (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all cases enumerated in this proviso, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government.

SEC. —. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by

fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service-connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service-connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date of this paragraph as amended takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto."

The VICE PRESIDENT. The question is on agreeing to the amendment, in the nature of a substitute, offered by the Senator from Oregon and the Senator from Nevada to the amendment of the Senator from South Carolina, as amended.

Mr. ROBINSON of Arkansas. Mr. President, may I inquire if this amendment has been printed?

Mr. STEIWER. Mr. President, I should like to make a brief explanation. I will answer categorically the question which the Senator has asked.

This amendment consists of the first two points of the so-called "Legion four-point program." It has been printed with some little variation for a considerable time.

The Legion four-point program was first offered by the Senator from Pennsylvania [Mr. REED]. It was later offered, with a slight revision, by the Senator from Georgia [Mr. GEORGE]. The proposal which is now offered is substantially the same proposition, with some little difference in detail, which I will explain later if I have the opportunity; and even in the form it is in I think most of it was printed at the time I gave notice, on behalf of the Senator from Nevada and myself, that we would move a suspension of the rules for the consideration of this proposal. It was then printed as a part of that notice.

I think in its various forms the amendment has been before the Senate for many days. At the same time, I realize that the importance of the amendment is such that many Senators may want to see it printed exactly as now offered. For that reason, and prompted by a suggestion made to me by the Senator from California [Mr. JOHNSON], I approached the Senator from Arkansas [Mr. ROBINSON] a little while ago to see if we might not be able to conclude today's session at an early hour so that this amendment might be printed and might be available for everybody's study between now and tomorrow.

It is going to be very difficult to debate the amendment under a 10-minute limitation. It involves many millions of dollars; it involves the happiness of tens of thousands of people; and it is a little bit intricate in its legalistic phases besides.

Mr. JOHNSON. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from California?

Mr. STEIWER. Yes, sir.

Mr. JOHNSON. Does this amendment deal with the presumptive cases?

Mr. STEIWER. It does.

Mr. ROBINSON of Arkansas. Mr. President, I asked the Senator from Oregon a question, and I think he has answered it; but, frankly, I do not understand his answer.

I asked the Senator if the amendment he offered had been printed, and I asked him for the very simple and practical reason that I wished to get a copy of it and examine it. The Senator said that the Senator from Pennsylvania [Mr. REED] had offered an amendment, and some other Senator had offered an amendment, and their amendments had been printed, and that there was an analogy between those amendments and his amendment.

What I should like to know is whether this amendment has been printed. I think the Senator can say "yes" or "no."

Mr. STEIWER. I think the Senator's implication is well taken. In its exact form the amendment has not been printed.

Mr. ROBINSON of Arkansas. Mr. President, it does not seem to me probable that the Senate would like to continue in session this evening in an effort to complete the consideration of this bill, although there is a time limit on debate. In view of the conditions, and the fact that the amendment has not been printed, I shall, with the approval of the Senator from South Carolina [Mr. BYRNES], move a recess.

Mr. REED. Before doing that, will not the Senator ask that the amendment may be printed for the use of the Senate?

Mr. ROBINSON of Arkansas. Yes; I think the Senator from Oregon himself would suggest that. It is his amendment.

Mr. STEIWER. Yes, Mr. President; I ask that that may be done.

The VICE PRESIDENT. The amendment will be printed by the time of meeting tomorrow.

Mr. BYRNES. Mr. President, I ask that the amendment of the Senator from Oregon and the Senator from Nevada may be printed in the RECORD in parallel columns with my amendment.

The VICE PRESIDENT. Without objection, that order will be made.

The two amendments are as follows:

STEIWER-M'CARRAN AMENDMENT

On page 1 of the Byrnes amendment, strike out the section beginning on line 1 and ending on page 2, line 15, and insert the following:

"SEC. —. Where service connection for a disease, injury, or disability was on March 19, 1933, established in accordance with section 200 of the World War Veterans' Act, 1924, as amended, and such connection has been severed through the application of, or regulations or instructions promulgated under Public Law No. 2, Seventy-third Congress, or Public Law No. 78, Seventy-third Congress, service connection is hereby reestablished and as to such cases the provisions of the first paragraph of section 200 of the World War Veterans' Act, 1924, as amended, are hereby reenacted: *Provided*, That the provisions of this section shall not apply (1) to persons entering the active military or naval service subsequent to the date of November 11, 1918, (2) to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or

BYRNS AMENDMENT

On page 38, after line 14, insert the following:

"SEC. 24. Notwithstanding the provisions of Public Laws Nos. 2 and 78, Seventy-third Congress, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, shall be payable from the date of passage of this act to the date of decision by the Board of Veterans' Appeals in all cases disallowed by the special boards of review authorized under section 20 of Public Law No. 78, Seventy-third Congress: *Provided*, That the Board of Veterans' Appeals is hereby authorized and directed to review all such cases at the earliest practicable date: *Provided further*, That the Administrator of Veterans' Affairs is hereby authorized and directed to develop such cases by correspondence and investigation to the end that all available material evidence shall be secured and made a part of the claim before decision by the Board of Veterans' Appeals is rendered: *Provided further*, That in those cases where, as a result of the

STEIWER M'CARRAN AMENDMENT—Continued

after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service, (3) to persons as to whose cases service connection was established by fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of material facts; and as to all such cases enumerated in this proviso all reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government.

"SEC. —. The fourth paragraph of section 20, Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, in no event shall the compensation being paid on March 19, 1933, for service-connected disabilities to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply to persons as to whom clear and unmistakable evidence discloses that the disease, injury, or disability had inception before or after the period of active military or naval service, unless such disease, injury, or disability is shown to have been aggravated during service; and in any review of the case of any veteran to whom compensation was being paid on March 19, 1933, for service-connected disability, reasonable doubts shall be resolved in favor of the veteran, the burden of proof being on the Government: *Provided further*, That notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, any veteran whose disease, injury, or disability was established on or after the date this paragraph as amended takes effect as service-connected under section 200 of the World War Veterans' Act, 1924, as amended, shall be entitled to receive compensation in accordance with the provisions of such act, as amended, and the rating schedule in effect on March 19, 1933: *Provided further*, That whenever there is a change in the degree of disability of any such veteran the amount of compensation to be paid shall be determined pursuant to the provisions of the World War Veterans' Act, 1924, as amended, and the rating schedule in effect on March 19, 1933, and such amount shall not be reduced or discontinued. In no event shall death compensation being paid, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, to widows, children, and dependent parents of deceased World War veterans under the World War Veterans' Act, 1924, as amended, on March 19, 1933, be reduced or discontinued, whether the death of the veteran on whose account compensation is being paid was directly or presumptively connected with service. In any case where a World War veteran dies or has died from disease or injury, and service connection for such disease or injury has been reestablished on or after the date this paragraph as amended takes effect as service connected under section 200 of the World War Veterans' Act, 1924, as amended, or which would have been established under such section 200 had the veteran been living on March 19, 1933, and reestablished on or after the date this paragraph, as amended, takes effect, the surviving widow, child, or children and/or dependent parents shall be entitled to receive compensation at the rates prescribed in Veterans' Regulation No. 1 (a), part I, paragraph IV, and amendments thereto.'"

BYRNES AMENDMENT—continued

review, service connection is granted by the Board of Veterans' Appeals, pension shall be payable, effective July 1, 1933, at the war-time service-connected rates under Public Laws Nos. 2 and 78, Seventy-third Congress, subject to deduction of the amount of pension paid for any period subsequent to June 30, 1933."

STEIWER-M'CARRAN AMENDMENT—continued

Several Senators addressed the Chair.

The VICE PRESIDENT. Does the Senator from Oregon yield; and if so, to whom?

Mr. STEIWER. Ordinarily I should be happy to yield, but we are acting under limitation of time. Under the circumstances I cannot yield. If the Senator from Arkansas will withhold his motion, I will yield the floor at this time and resume it just before the recess.

Mr. ROBINSON of Arkansas. Very well. I was just about to move a recess at the suggestion of the Senator from Oregon. He asked me to do so.

Mr. STEIWER. I very much appreciate the Senator's action. Apparently, many Senators desire to be heard, and I yield the floor for a moment.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from Oregon on behalf of himself and the Senator from Nevada, to the amendment of the Senator from South Carolina. Under the rules, each Senator who secures recognition for the purpose of debating the amendment has 10 minutes on the amendment and 10 minutes on the bill.

What Senator desires recognition on this amendment?

Mr. BARKLEY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BARKLEY. Is a Senator entitled to recognition to insert something in the RECORD?

The VICE PRESIDENT. He is not, under the unanimous-consent agreement.

Mr. ROBINSON of Arkansas. Mr. President, I rise to a point of order. In order to obviate embarrassment to Senators, I shall object to the transaction of morning business under the circumstances.

The VICE PRESIDENT. The Senator's point of order is well taken. Any Senator recognized at this moment will be recognized to debate the amendment offered by the Senator from Oregon. Under the agreement, he will have 10 minutes on the amendment and 10 minutes on the bill.

Mr. COPELAND. Mr. President, I am very much concerned about the emergency officers, and at my request a memorandum has been prepared for me. I ask, as a part of my 10 minutes, that this memorandum be inserted in the RECORD in connection with my remarks.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

The memorandum is as follows:

MEMORANDUM CONCERNING THE ELIMINATION OF EMERGENCY OFFICERS FROM THE RETIRED LIST UNDER THE PROVISIONS OF SECTION 10, OF PUBLIC, NO. 2, SEVENTY-THIRD CONGRESS, VETERANS' REGULATION NO. 5, OF MARCH 31, 1933, AND INSTRUCTIONS, DEFINITIONS, AND OPINIONS OF THE VETERANS' ADMINISTRATION

During the World War there were nine classes of officers in the armed forces of the United States: the Regular officers of the Army, Navy, and Marine Corps; the provisionals of the three establishments; and the emergency officers of each of these services.

For members of the Regular Establishment, retirement for disability incurred in line of duty has been a long-established policy.

On May 5, 1920, the Secretary of the Navy very properly recommended to Congress that emergency officers of the Navy and Marine Corps, disabled in line of duty during their war service, be retired on a parity with officers of the Regular Establishments. As a result of this recommendation, on June 4, 1920, the naval appropriation bill was amended to provide retirement for emergency officers of the Navy and Marine Corps.

The emergency officers of the Army consisted of National Guard officers, Reserve officers, and National Army officers.

Section 10 of the Selective Service Act of May 18, 1917, provided as follows:

"That all officers and enlisted men of the forces herein provided for, other than the Regular Army, shall be in all respects upon the same footing as to pay, allowances, and pensions as officers and enlisted men of corresponding grades and length of service in the Regular Army."

In spite of this provision of law in force at the time these emergency officers entered the service, retirement on a parity with officers of the Regular Establishments was denied them.

More than 9 years after the armistice, May 24, 1928, legislation was enacted providing retirement for disabled emergency officers of the Army, and the few emergency officers of the Navy and Marine Corps who had failed to take advantage of the act of June 4, 1920. Under this act of May 24, 1928, a 30 percent permanent disability, as rated by the Veterans' Administration, was required of emergency Army officers, whereas in the Regular Establishments and in the act of 1920 passed for emergency officers of the Navy and Marine Corps the only requirement was that the disability be sufficient to prevent the officer from performing full field or sea duty.

The act of May 24, 1928, provided retirement with pay for those who established a 30-percent permanent disability, it restricted retirement to:

"All persons * * * who, during such services, have incurred physical disability in line of duty * * * for disability resulting directly from such war service."

Thus it will be seen that under this act it was necessary that the claimant have: First, a 30-percent permanent disability; second, that such disability was incurred in line of duty; and third, that the disability resulted directly from war service.

Section 10 of the act of March 20, 1933, Public, No. 2, Seventy-third Congress (the Economy Act), contains the proviso that—

"Any person * * * shall * * * be entitled to continue to receive retirement pay * * * if the disability * * * resulted from disease or injury or aggravation of a preexisting disease or injury incurred in line of duty during such service, * * * *Provided*, That the disease or injury directly resulted from the performance of military or naval duty."

The language used in the act of March 20, 1933, is merely a rearrangement of the words as contained in the act of May 24, 1928, and "war service" as contained in the original act is equivalent to "the performance of military and naval duty" as contained in the act of March 20; as are the phrases "directly resulting from the performance of military or naval duty" used in the act of March 20, 1933, and "resulting directly from such war service" contained in the original act. It seems reasonable to believe that, had Congress intended a "causative factor" to be applied, it would have been incorporated in the law. The "causative factor" element first appears in veterans' regulation no. 5 in the following language:

"*Provided further*, That the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty and that the 'causative factor' therefor is shown to have arisen out of the performance of duty during such service."

Paragraph 2 of Veterans' Administration Instructions to Reviewing Boards charged with the adjudication of emergency officers' retirement claims (the application of which instructions eliminated approximately 5,000 officers, or about 80 percent of the officers retired under the act of May 24, 1928) reads, in part, as follows:

"In addition to the determination that the injury or disease which resulted in the disability for which retirement has heretofore been granted was incurred in line of duty, it must also be determined that the disease or injury or aggravation of the disease or injury directly resulted from the performance of military or naval duty. In making this determination it is required that the officer show a causative factor arising out of the actual performance of duty.

"A disease of mind or body which arises merely in point of time with service, that is, while employed in the active military or naval service, is not sufficient to bring the officer within this requirement. It must be shown that but for the performance of actual duty the injury or disease could not reasonably have been expected to have arisen. The breaking down or degeneration of tissues which might be expected irrespective of the unusual stress or strain incident to the performing of actual military or naval duty, will not be considered a causative factor.

"In disease cases it should be borne in mind that the causative factor is not necessarily restricted to a single incident. The disease or injury may be the result of exposure or long and strenuous duties imposed by orders. In order to be entitled the officer must show circumstances incident to the military or naval duty being performed and of such a character as to cause the disability, exclusive of other probable factors not related to the duty being performed. The disease or injury must be traceable directly to, and the causative factor must directly arise out of, a duty being performed under competent orders. Officers injured while not carrying out duties incident to orders will not be considered as performing military or naval duty during such periods.

"It is realized that in disease cases the establishment of a causative factor will be difficult. However, the requirements of the statute and the regulations make such showing necessary, and in the absence of evidence within the rules laid down herein showing that the disability resulted from a disease or injury incurred or aggravated as outlined, the officer will be held not entitled to continue to draw retirement pay."

As pointed out above, the words "causative factor" do not appear in Public, No. 2, but were inserted into Veterans' Regulation No. 5, and Veterans' Administration Instructions. The instructions go even further than the regulations, and make the requirements for retirement pay even more stringent. In fact, they made it practically impossible for any disease cases to qualify. The contention of the Veterans' Administration is that Congress intended such restrictions to be set up, but it is extremely doubtful if a single Member of Congress would have sanctioned such impossible requirements for those disabled by disease or injury.

Under Veterans' Administration instructions, former officers wounded in action were continued on the emergency officers' retired list without question; those suffering injury in line of duty while in the actual performance of a military duty were continued, but those who cannot show definitely they were acting under orders at the time the injury was incurred have been removed from the list, although their injuries were held by their superior officers and the War Department to have been incurred in line of duty. Of those suffering from disease, with a few exceptions, all have been denied continuation of retirement with pay. Some few disease cases have been retained on the rolls where the official records show that the officer was gassed in combat, or where part of the disability was for wounds received in action and that part of the disability caused by disease was directly attributable to the wound. On the other hand, many officers who are suffering from respiratory, heart, mental, and other diseases, and who saw long service in the front lines, or performed other equally strenuous service, have been denied retirement by reason of the fact that they are unable to prove to the satisfaction of the Veterans' Administration that the incurrence of their disability resulted from the performance of a specific military duty.

The term "causative factor" has never been incorporated in any law providing pension, compensation, or retirement pay. Although the term "causative factor" did appear in drafts of proposed legislation, undoubtedly prepared by the Veterans' Administration, the words "causative factor", in themselves, were not at that time believed to impose any added restrictions or requirements. They were interpreted by the average person, where used in connection with requirements for pension or retirement pay, to mean a factor arising out of a person's military service and caused by the many incidents making up such service. Veterans' Administration instructions on regulation 5 make it evident, however, that they had planned to place a rigid interpretation on the term "causative factor." Notwithstanding this, no record can be found where the Veterans' Administration explained to Congress, or to a committee of Congress, their interpretation of this new element which was to be injected into veteran laws; or how they planned to use it in the adjudication of emergency officers' retirement cases; or that under their interpretation practically all disease cases and many injury cases found to be directly service connected for pension purposes would be removed from the rolls.

The fact that Veterans' Administration instructions for the application of the causative-factor requirement stress the point that a disease may arise merely in point of time with war service, and not be connected with the performance of military duty, shows that the causative-factor requirement is based on the erroneous hypothesis that those contracting influenza or other diseases during war service would have suffered the same disease had they not been in the service. The records will show that most of these officers came from localities where no epidemics existed; and it is a well-known fact that where large numbers of men are mobilized under war conditions contagious diseases are prevalent. No fair-minded person will deny that persons subjected to the hardships and exposure incident to war service will contract permanently disabling diseases which it would not be reasonable to suppose would have been contracted in civil life.

EMERGENCY OFFICERS' RETIREMENT

In a letter dated February 15, 1933, General Hines, Administrator of Veterans' Affairs, states: "The Board of Veterans' Ap-

peals, through February 14, 1934, rendered final decisions in 55 cases involving emergency officers' retirement benefits. Of the 55 disposed of, 12 were found entitled to continue to receive retirement benefits with pay and 43 were found not entitled to continue to receive retirement benefits with pay."

In a supplementary letter, dated February 21, General Hines stated 21 additional final decisions had been rendered by the Board through February 20. Of the 21, 20 had been found not entitled and 1 entitled—a total of 76 appeals in which final decisions have been rendered, with 13 found entitled to continue to receive retirement pay and 63 found not entitled.

In these two letters General Hines lists the disabilities for which the 13 entitled cases were retired and whether or not the disabilities were held to have been incurred in combat. This list shows that in 9 of the 13 allowed cases the Board held the disability was incurred in combat with an enemy of the United States. Thus it is shown that 70 percent of those returned to the rolls were battle casualties and should never have been removed, and it is quite evident that the original review board, acting under regulation no. 5 and Veterans' Administration instructions, went far beyond the requirements set up in these drastic documents. No benefit of doubt was resolved in favor of the claimant.

Of the 67 cases outside of the battle casualties on which final decisions had been rendered on February 20, only 4 had been found entitled. This group is composed of disease and accident cases in which the causative factor could not be shown on the original review. Up to January 25 approximately 3,000 appeals have been filed. With the same percentage of cases allowed, if all of this group were disease and accident cases, only about 175 would be returned to the retirement rolls.

Mr. ROBINSON of Arkansas. Mr. President, I move that the Senate take a recess——

Mr. STEIWER. Mr. President, will the Senator withhold the motion for just a minute?

Mr. ROBINSON of Arkansas. The Senator from Oregon has taken the floor a second time on his amendment.

The VICE PRESIDENT. The Senator can take the floor now on the bill if he desires.

Mr. ROBINSON of Arkansas. I do not think the Senator from Oregon wants to do that.

Mr. STEIWER. I do not ask for the floor.

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

Mr. CONNALLY. Mr. President, will the Senator withhold that motion for a moment?

The VICE PRESIDENT. Does the Senator from Texas desire recognition on this amendment?

Mr. CONNALLY. The Senator from Texas desires to offer an amendment to lie on the table.

The VICE PRESIDENT. The Senator cannot secure recognition for that purpose. He can be recognized only to debate this amendment.

Mr. McNARY. Mr. President, as a part of my 10 minutes I ask that the matter I send to the desk be printed in the RECORD, as it applies to the pending amendment.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The matter referred to is as follows:

Replies to night letter—E. A. Hayes, national commander, to service officers and field secretaries of the American Legion, Feb. 7, 1934

State	Service officers	Question 1: Is instruction 3, regulation 2 (a) being effectively and literally carried out by representatives of Government to maximum benefit of veteran?	Question 2: Is this being attempted by correspondence only?	Question 3: By correspondence largely?	Question 4: By calling veterans in?	Question 5: By personally contacting veterans or physicians or laymen by going into field?	Question 6: Is evidence which was before special boards being especially canvassed for leads toward possible additional evidence?	Question 7: Add your opinion relative effectiveness or effort to develop cases and reasons for ineffectiveness if present
Alabama	Weston, W. M.	No	Yes	Entirely	No	No	Few cases	Correspondence alone ineffective; personal contact incompetent.
Arizona	Irvine, Lewis	Yes	No	Yes	No	When requested	No	Bureau facilities inadequate; exhaust every lead to complete evidence.
Arkansas	Brown, Claude R.	No	Yes	Yes	No	No	No	Efforts relatively ineffective; shortage personnel limits possibilities.
California	Lynch, Edwin C.	Yes	No	Yes	No	Some extent	Yes	Lack personnel develop cases in field, but personal contact made at offices.
Do	Claflin, D. M.	No	Yes	Entirely	No	No	No	Not effective and little value due to lack of personnel and facilities.
Colorado	Lyckholm, M. L.	No	Yes	Yes	No	No	No	Effectiveness almost nil account multiplicity present regulations.
Connecticut	Armstrong, E. P.	Yes	Yes	Yes	Some cases	Some cases	Yes	Everything possible has been done at this time.
Delaware	Dugan, John J.	No	Yes	No	No	No	No	Believe veterans should be called in and advised how to develop cases.
Florida	Chittenden, Joe	No	Yes	Yes	No	No	Yes	
Georgia	Henson, A. L.	No	Yes	Yes	No	No	By correspondence	Impossible develop appeals through regional office in time required.
Idaho	Hall, Wm. O.	Yes	No	Yes	No	Yes	Yes	Facility endeavoring develop all possible evidence.
Illinois	Benston, L. R.	Yes	No	Yes	Veterans coming in	No	Yes	Personally skeptical but Bureau doing all possible with personnel.
Indiana	Hall, Harry R.	Yes	No	Yes	No	Yes	Yes	Effective efforts being made to develop cases.
Iowa	Laird, R. J.	Yes	No	Yes	Yes, twice	Yes, 4 or 5 cases	Yes	Effective as possible by correspondence.
Kansas	Ryan, E. A.	No	Yes	Yes	No	No		Contacts very ineffective except those made by Legion service officers.
Kentucky	Sory, J. D.	Partially	Yes	Yes	No	No	Partially	Efforts only partially effective due to insufficient personnel.
Louisiana	Dalferes, Linden	Yes	No	Yes	No	Yes, where necessary.	Yes	Person designated capable, sympathetic, etc.
Maine	Boyle, Jas. L.	Yes	No	Yes	Yes	Yes	Yes	Greatest handicap inability locate former fellow veterans.
Massachusetts	White, Arthur P.	Yes	No	Yes	No	No	Yes	Not effective due to lack of personnel to go into field.
Michigan	Glascoff, Donald	Yes	No	Yes	No	Yes	Yes	Doing everything possible with limited personnel.
Mississippi	Vincent, G. S.	Yes	No	Yes	No	Yes, where necessary.	Yes	Effectiveness hampered by language regulations—too technical.
Missouri	Howett, Drexel	Yes	No	No	Yes	Yes	Yes	Feel that most veterans are disgusted and discouraged.
Montana	Callaghan, E. J.	Yes	No	Yes	No	Yes, a little	Yes	Insufficient qualified personnel; service officer reviewing all cases.
Nebraska	Hodges, R. E.	Partially	Yes	Yes	No	No	No	Handicapped insufficient personnel who realize obligation not accomplished.
North Carolina	Hutchison, F. A.	Yes	No	Yes	Yes	Yes	Yes	
New Hampshire	Sawyer, Frank N.	No	No	Yes	No	Partially	Partially	Lack of sufficient personnel; too many instructions to regulations.
New Jersey	Colkitt, W. B. T.	Yes	Yes	Yes	Occasionally	No		Lack of personal contact prohibits effectiveness; recommend extend time limit.
New Mexico	Neely, H. W.	Yes	Yes	Yes	No	No	Yes	Ineffective account of time limit; veterans suspicious.
New York	Novelli, C. M. J.	Yes	Yes	Yes	Isolated cases	Yes	Yes	Satisfactory.
Do	Williams, Frank	No	Yes	Yes	No	No	No	Ineffectiveness due mostly to lack of personnel.
North Dakota	Kraabel, T. O.	No	Yes	Yes	No	No	Yes	Lack of field contacts and oath for medical evidence defeat effectiveness.
Ohio	Kieffer, E. E.	No	Yes	Yes	No	No	No	Can be made more effective through instructions to field office to make more contacts.
Do	Masters, J. W.	No	Yes	Yes	No	No	No	Lack of personnel and too many regulations.
Oklahoma	Dollarhide, C. B.	Yes	Yes	Yes	No	No	No	More personal contact needed by field examiners.
Pennsylvania	McGrath, George H.	No	No	No	No	No	No	
Rhode Island	Beehler, Wm.	Yes	No	Yes	No	Yes, few cases	No	Handicapped lack of personnel.
South Carolina	Cappelmann, E. H.	Yes	Yes	Yes	No	Yes, few cases	No	Investigators needed; service officer where available filling gap.
South Dakota	Ballou, L. J.	No	Yes	Yes	No	No	No	Outside contact unauthorized and limited personnel ineffectuate work.
Tennessee	May, Guy	No	No	Yes	No	No	Yes	Administrative set-up and regulations will not permit effective development.
Texas	Goode, Wynne	No	No	Yes	No	No	No	Ineffective letters not understood and frequent changes regulations make veterans distrustful.
Utah	Wixley, Otto A.	No	No	Yes	No	Yes, few cases	No	Problem cannot be handled effectively by correspondence.
Vermont	Cutting, H. M.	No	Yes	Yes	No	No		Whole force reflects attitude acting manager; veterans cannot understand letters.
Virginia	Richards, N. F.	Yes	Yes	Yes	Local cases	No	Yes	Efficiently and reasonably effective recommend time limit be extended.
Washington	Klemmetson, K.	No	Yes	Yes	No	No	Yes	
West Virginia	Cunningham, W. J.	Yes	No	Yes	No	No	Not always	Believe more personal contact should be established.
Wisconsin	Burns, J. F.	No	Yes	Yes	No	No	No	
Wyoming	Spenny, A. L.	Yes	No	Yes	Local cases	No	Yes, on appeal	Regulations too cumbersome to handle effectively.
Field secretaries	Cantwell, P. J.	Yes	No	Yes	No	Yes	No	Effectiveness undoubted; splendid cooperation.
Do	Fox, P. E.	Yes	Yes	Yes	Isolated cases	Yes, when indicated.	Yes	Satisfactory.
Do	Forbes, P. L.	No	Yes	Yes	No	No	No	Failure effectiveness delveop cases due attitude employees Veterans' Administration.
Do	Dowd, Thos. V.	No	Yes	Yes	No	Yes, few cases	Partially	No sufficient personal contact.
Do	Halligan, Bert L.	No	Yes	Yes	No	No	No	Outside contact unauthorized and limited personnel ineffectuates work.
Do	Shackelford, Goddard.	No	Yes	Yes	No	Yes, few cases	No	Problem cannot be handled effectively by correspondence.
Do	Valiant, J. W.	Uncertain	Yes	Yes	No	No	Yes	Field office should be advised importance of this work.
Do	Mulcare, J. P.	Yes	Yes	Yes	Yes, some cases	Yes, some cases	Yes	It appears everything possible has been done at this time.
Recapitulation:								
Yes		29	31	52	12	23	31	
No		25	24	3	43	32	21	

ACTION TO INSURE ADEQUACY OF APPEAL PRIOR TO SUBMISSION FOR REVIEW AND DETERMINATION BY BOARD OF VETERANS' APPEALS

For the purposes of Veterans' Regulation No. 2 (a), the following instructions on the above subject are hereby issued:

1. It will be realized that action by or in behalf of a veteran to insure the adequacy of his appeal is important because of the finality with which the character of the decisions to be rendered by the Board of Veterans' Appeals is vested under Veterans' Regulation No. 2 (a), part II, paragraphs I and II.

2. The twofold duty of adjudicating agencies to the Government and to the claimant, under the policy of the Veterans' Administration, requires that all proper assistance be accorded to the claimant in the prosecution of his claim. It is deemed to be of especial interest that such assistance be given whole-heartedly and fully in the examination of a file on appeal in order that every pertinent evidence available may be secured and that the claimant may be thoroughly advised of the steps necessary to put his case in the best possible condition for appellate consideration.

3. The assistance will be extended in the preparation of appeals on all questions that may properly be referred to the board of veterans' appeals. The adequacy of an appeal in the individual case will depend on the facts of record, but all appeals are to be given equal attention and equal consideration in this connection.

4. Authorization officers in the regional office or facility or attorney reviewers in the claims division, central office, will execute a certificate of adequacy before transmittal of an appeal, after they are satisfied that all available evidence has been fully developed and that all proper assistance has been accorded to the claimant, to be countersigned by the adjudication officer or the chief, claims division. Such a certificate will be executed in accordance with the attached exhibit A in all cases.

5. There are suggested below some guiding principles as to the adequacy of an appeal for the consideration of the authorization officers or the attorney reviewers.

(a) Substantial compliance of the application for review with the requirements of Veterans' Regulation No. 2 (a), part II, paragraphs VII and VIII.

(b) The exhaustion of all reasonable efforts to secure affidavits or statements from the physicians named in the application for pension.

(c) The exhaustion of all reasonable efforts to secure affidavits from laymen whose testimony according to the record may be helpful in the determination of the issue on appeal.

(d) The presentation of all reasonable leads by the claimant to facilitate any further search in the service departments, believed necessary by reason of the facts existing in the individual case, for such additional information as may be of material consequence.

(e) The clearance of all questions affecting the correctness of the action appealed from through reference thereof, if necessary, to the Director of Compensation or the Director of Pensions for determination.

(f) The assurance that the claimant has been fully informed of the limitations and the effect attendant upon his appeal under Veterans' Regulation No. 2 (a), part II, and of the importance of exploiting the search for and the submission of all pertinent and material evidence in order that the final determination to be rendered may reflect the merits of his claim as accurately as possible.

6. The authorization officer or the attorney reviewer may utilize every facility at his disposal to secure through correspondence or other proper channels of contact such additional evidence as may be deemed necessary to insure a complete showing. Direct correspondence with physicians and laymen may first be instituted in lieu of personal contact. Care will be exercised at all times that correspondence in this connection is directed to the proper persons, with due regard to the capacity of the veteran or the circumstances surrounding the individual case. As herein indicated, a certificate will not be executed until all pertinent evidence available is secured, but if the claimant or his representative or attorney should insist on the determination of the appeal without the submission of any additional proofs suggested, a notation to that effect will be entered on the certificate. To obviate the overlapping of duties, contact representatives will continue to conduct such personal contact or interviews as may be necessary to furnish claimants or their representatives with nontechnical information or to assist these individuals in the execution of forms.

7. When it is found that the adequacy of an appeal has not been developed according to effective instructions, the Board of Veterans' Appeals will return the case concerned to the Director of Compensation or to the Director of Pensions for appropriate attention.

8. The certificate is to accompany the transmittal of every case forwarded to the central office for appellate consideration, according to the foregoing instructions, and a sufficient number of copies of exhibit A may be mimeographed at each field station to accommodate its needs.

(Instructions No. 3 of Aug. 21, 1933, to Veterans' Regulation No. 2 (a).)

The following is exhibit (A) referred to above:

EXHIBIT A

Veterans' Administration
Form P–8

CERTIFICATE OF ADEQUACY OF APPEAL UNDER VETERANS' REGULATION NO. 2 (A), INSTRUCTION NO. 3

Name ----------

C No. ----------

By ----------

(Title: Guardian, attorney, etc.)

It is hereby certified that complete information has been given to the interested party on the rights and requirements of appeal, that all material facts have been fully developed, and that no error has been found in the current determination.

Date ----------

(Authorization officer, attorney reviewer)

(Adjudication officer, chief, claims division)

RECESS

Mr. ROBINSON of Arkansas. I move that the Senate take a recess until 12 o'clock noon tomorrow.

The VICE PRESIDENT. The question is on the motion of the Senator from Arkansas.

The motion was agreed to; and (at 5 o'clock and 22 minutes p.m.) the Senate took a recess until tomorrow, Tuesday, February 27, 1934, at 12 o'clock meridian

NOMINATIONS

Executive nominations received by the Senate February 26 (legislative day of Feb. 20), 1934

COMPTROLLER OF CUSTOMS

Thomas Temple Hoyne, of Chicago, Ill., to be comptroller of customs in customs collection district no. 39, with headquarters at Chicago, Ill., in place of Leslie L. Glenn.

COLLECTOR OF CUSTOMS

William J. O'Brien, of Buffalo, N.Y., to be collector of customs for customs collection district no. 9, with headquarters at Buffalo, N.Y., in place of Fred A. Bradley.

HOUSE OF REPRESENTATIVES

MONDAY, FEBRUARY 26, 1934

The House met at 11 o'clock a.m.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

As children of God and heirs of eternity, may Thy blessed spirit prevail among us—unite us, our Heavenly Father—and may our labors be established on a high plane. O reveal Thyself unto us as Thou didst to the prophets of old. Tell us Thy name and show us Thy glory. We would not resign ourselves to the eternal silence of the stars. Stimulate us to follow the code and the authority of the great Teacher of men, who took His own heartbeat, in the presence of human need, as the throb of eternal love. The Lord God endow with great wisdom and understanding all those who are clothed with authority; let all success include the poor and the unfortunate. Merciful Father, satisfy their necessities and their wholesome aspirations. Grant that the world above, the world around us, and the world within us may be so disclosed that we shall be very conscious of the renewal of strength and faith. Amen.

The Journal of the proceedings of Saturday last was read and approved.

MESSAGES FROM THE PRESIDENT

Sundry messages in writing from the President of the United States were communicated to the House by Mr. Latta, one of his secretaries, who also informed the House that on the following dates the President approved and signed bills of the House of the following titles:

On February 24, 1934:

H.R. 6370. An act to extend the time for completing the construction of a bridge across the Missouri River at or near South Omaha, Nebr.;

H.R. 6794. An act authorizing the State of Pennsylvania and the State of New Jersey to construct, maintain, and operate a toll bridge across the Delaware River at a point between Easton, Pa., and Phillipsburg, N.J.;

H.R. 6799. An act to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Weldon Spring, Mo.;

H.R. 6909. An act to extend the times for commencing and completing the construction of a bridge across the Des Moines River at or near St. Francisville, Mo.; and

H.R. 7291. An act authorizing the city of Hannibal, Mo., its successors and assigns, to construct, maintain, and operate a bridge across the Mississippi River at or near the city of Hannibal, Marion County, Mo.

On February 26, 1934:

H.R. 6492. An act to extend the times for commencing and completing the construction of a bridge across the St. Lawrence River at or near Alexandria Bay, N.Y.

THE PRIVATE CALENDAR

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that it may be in order tomorrow to move that the House stand in recess until 7:30 p.m., at which time it shall be in order to call up bills on the Private Calendar unobjected to, beginning at Calendar No. 100.

The SPEAKER. Is there objection to the request of the gentleman from Tennessee?

Mr. BLANTON. Reserving the right to object, and, of course, I shall not object if the majority leader insists upon it, but I want to ask him a few questions. Why is it necessary to begin these night sessions now when the House has only four appropriation bills to pass to complete our work, and when soon we are going to be adjourning 3 days at a time for 2 months waiting for another body to pass bills? Why cannot we do this work in day sessions? Why should we have to hold night sessions in this blizzard weather? This is the worst spell of weather we have had in Washington for a long time, and Washington is almost snow-bound.

Mr. BYRNS. I will say that if the Members do not want the night sessions they can refuse unanimous consent. As the gentleman from Texas knows, we have tried for 2 days to dispose of some of the bills on the Private Calendar, and the gentleman is aware better than I am of the want of success.

Mr. MARTIN of Colorado. Four days.

Mr. BYRNS. I stand corrected. The gentleman from Colorado is right, 4 days; and we have made no progress in calling the calendar, and I thought if we could have one or two night sessions we might be able to dispose of most of the bills on the calendar. I have no bills on the calendar myself.

Mr. BLANTON. I am aware of the many burdens that rest upon the shoulders of the majority leader. I am willing to work here every night if he wants it done. I work in my office every night anyway. If the majority leader believes that we can make better progress by holding night sessions, I am perfectly willing to back him on it. And I attend every night session that is held by this House.

Mr. BYRNS. These bills are private bills and, of course, of interest to Members. I was simply trying to accommodate the Membership of the House because many Members who have bills are becoming rather alarmed over the possibility that the bills may not pass in time to reach the Senate and be considered in that body.

Mr. SNELL. Will the gentleman yield? I appreciate the fact that many Members are alarmed about their bills—I wanted mine, but could not get it. But I do not know why the gentleman should go back of the star. We always start at the star, and we ought to start at the star, and let every Member take his chance.

Mr. BYRNS. Mr. Speaker, my recollection is that a number of bills were called after we reached the number 100, which were objected to, on account of some misunderstanding. In other words, they were not objected to on their merit, and I thought it only fair to give those gentlemen who are interested in those bills an opportunity to have them considered on their merit. If the gentleman prefers to begin at the star, I have no objection.

Mr. SNELL. I think we should begin at the star.

Mr. BYRNS. Then, I shall modify my request.

Mr. RANKIN. Mr. Speaker, there is a great deal in what the gentleman from Texas [Mr. BLANTON] says about the weather. If this snow continues, it is going to be almost impossible for a great many Members to come back at night. Since I have been here I have seen a 30-inch fall of snow, when Members could hardly get home and back in daytime. Would it not be well to wait for a day or so to see if the weather breaks, or, say, bring the House in at 10 o'clock in the morning, and devote the 2 hours between 10 and 12 to a call of the Private Calendar?

Mr. BYRNS. Oh, I think the House would object to that.

Mr. SNELL. There are too many committee meetings to permit of that.

Mr. BYRNS. On past experience we do not seem to get anywhere with day sessions devoted to the Private Calendar. If the gentleman objects to Tuesday night——

Mr. RANKIN. I am not going to object.

Mr. BLANTON. Why not make it Friday night.

Mr. RANKIN. I am not going to object, but I think under the circumstances it would be better to postpone the matter for a few days.

Mr. BYRNS. If I can satisfy my friend from Texas and my friend from Mississippi, I shall modify my request by making it Thursday night.

Mr. BLANTON. Oh, I shall go along with the gentleman, no matter what night he fixes. But Thursday night would be preferable, as by that time we may get rid of some of the snow.

Mr. RANKIN. I am not going to object, but I think this night session ought to be postponed for a few days under the circumstances.

Mr. BYRNS. I so modify my request, Mr. Speaker.

The SPEAKER. The gentleman from Tennessee asks unanimous consent that on Thursday next it shall be in order to move to recess until 7:30 o'clock p.m., and that the evening session shall be devoted to the consideration of bills unobjected to on the Private Calendar, commencing with the star bill.

Is there objection?

There was no objection.

AGRICULTURAL APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes. Pending that, I suggest to the gentleman from North Dakota [Mr. SINCLAIR] that we go along this afternoon without limiting the time for debate, the time to be equally divided between himself and my self.

Mr. SINCLAIR. That is satisfactory.

Mr. SANDLIN. Mr. Speaker, I ask unanimous consent that the time for general debate be equally divided this afternoon between the gentleman from North Dakota and myself, with no time set.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Louisiana to go into the Committee of the Whole House on the state of the Union for the consideration of the agricultural appropriation bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H.R. 8134, with Mr. GREGORY in the chair.

The Clerk read the title of the bill.

Mr. SANDLIN. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Illinois [Mr. GILLESPIE].

Mr. GILLESPIE. Mr. Chairman, I am in hearty accord with the provisions of this bill, authorizing an appropriation of more than fifty-nine millions for the Department of Agriculture, the Farm Credit Administration, and for other purposes, for the fiscal year ending June 30, 1935. I shall vote for it.

I have voted consistently and persistently for all the major bills, the administration bills enacted into law at the last special session and thus far at this regular session.

WELL-CONSIDERED PLAN

President Roosevelt, months before he was inducted into office, surrounded himself with skilled and able men and, in collaboration with them, formulated a well-considered plan for the Nation's recovery from its economic depression. Therefore, these major administration bills cannot be considered as separate and distinct measures. In the larger sense, and in their generic meaning, they must all be considered as one great omnibus bill, embodying various measures intended to bring about recovery—to restore prosperity.

SECRETARY WALLACE

Secretary Wallace said aptly and truly that 12 years of a lack of planning had created a national chaos, and for that reason it became necessary for Congress to pass many extraordinary emergency Federal laws.

CHAOS

The moneymongers and the exploiters of the Government had their way and have wrought this awful ruin. They have displayed their wares, and we know them. At no time in our dire distress have our money masters suggested any remedy or pointed any pathway out of the chaos.

NATION'S LEADER

President Roosevelt, the Nation's leader, formulated a plan and has blazed the way.

I have followed his leadership and have voted for every administration bill.

The majority of this House and the Senate have supported the plan.

NOT TIME TO ROCK THE BOAT

When the skipper has set the course and flung the sails to catch the breeze, it is no time to rock the boat. That is the time to pull together and to sail ahead until some serious obstacle appears. When such an obstacle rises on the horizon, then is the time to think about a new course and to argue with the skipper if he hesitates about setting out on a new course.

MAJORITY SO LARGE

I am against closed rules. The Democratic majority is so large that, in my judgment, there is no reason for bringing in such rules. The minority is so small that we of the majority can say to the minority what Job said to his comforters: "How long will ye vex my soul, and break me in pieces with words?" We will never do that, for many of the patriotic minority Members have supported the administration bills.

THE PROGRAM SUCCEEDING

What has been the effect on the country of the legislation passed by the Seventy-third Congress thus far?

It must be admitted that times have improved.

Before Congress convened in special session and these laws became effective, banks were all closed; now 90 percent of the banks are open, and on a sound basis. Bank deposits are guaranteed by the Federal Government.

Then farmers in the Corn Belt were getting as low as 10 cents a bushel for corn; now at least 45 cents.

Then the farmer was getting as low as 25 cents a bushel for his wheat; now 80 or 90 cents.

Then 6 cents a pound for cotton; now 12 cents.

The cost of electricity to the farmer and the public in many places is already greatly reduced, and this benefit will soon spread to the whole country as a result of the Government's operation of Muscle Shoals.

Fertilizer is cheaper on account of Muscle Shoals.

Before the Farm Mortgage Act and the Home Loan Act were passed, farmers and home owners were being foreclosed and driven out by the hundreds of thousands; now foreclosures are almost a thing of the past. It is out of fashion now to institute foreclosure suits. Money lenders and lawyers have adapted themselves to this new fashion.

Before the National Industrial Recovery Act was passed, there were at least 14,000,000 unemployed; now nearly 10,000,000 have been afforded work at fair wages.

Child labor is abolished in America forever.

SILVER FOR MONEY

Our obsolete monetary system has been reformed, and the fact has been impressed upon the public mind that three fourths of the world uses silver money.

The Economy Act has reduced expenditures of the Government a billion dollars.

RAILROADS

The Railroad Relief Act has helped the country's common carriers and the thousands of employees who earn their living in that line.

BLUE SKY LAW

The Securities Control Act has made it impossible for an Insull ever again to foist his spurious stocks upon an unsuspecting public and thereby rob the honest workers of their earnings, the small business men, the teachers in our schools, stenographers, clerks, and those who, in the evening of life, have retired to live upon tiny incomes.

REFORESTATION

The reforestation program has afforded employment to 300,000 young men in the C.C.C. camps, providing them food and shelter, in addition to money to be sent back home to keep the wolf from the doors of their dependents.

PRESENT SESSION MEASURES

At this session we have passed—

A bill guaranteeing the principal and interest of 2 billion farm-mortgage bonds.

A bill extending the life of the Reconstruction Finance Corporation.

STABILIZING MONEY—TWO BILLIONS

A bill transferring the gold from the Federal Reserve System to the Treasury Department, giving the Treasury two billions of new dollars as stabilizing money.

A bill appropriating nine hundred and fifty millions for C.W.A. and emergency relief, four hundred and fifty millions of which is to continue the C.W.A. until May 1.

These bills are all of the administration program.

PUBLIC ROADS

As a member of the Committee on Roads, I am glad this appropriation bill provides $8,000,000 for highways, to continue the work we have begun in the various emergency acts.

The new highways that are being built throughout the country increase the permanent value of farm lands by bringing the farmer closer to the market, enabling him to get to town more easily, and making life pleasanter for the farmer and his family.

These highways are good for the towns, because they bring more trade to the merchants, and this great program of road building is enormously beneficial for the whole country. It also affords employment to thousands.

Time will not permit a further recital, but it should be said that the whole tendency of the administration program has been to take men from the highways and corners of the streets back to the land.

In prosperous times these men were wont to congregate in the cities, but when the bad times came they discovered that living comes from the land.

COLLAPSE WITHOUT A LEADER

Could we have gotten anywhere without a leader?

All do not agree as to every detail of the recovery plan; but can you envision what would have been our plight at this time if President Roosevelt had become discouraged because of adverse criticism and refused to lead further?

What if he had thrown it all back into the laps of the many discordant groups?

The result would have been utter confusion and collapse.

TWENTY-ONE MILLIONS TO VETERANS

I am glad that by Executive order President Roosevelt has given back to the veterans twenty-one millions to provide better hospitalization for the veterans and to restore a part of their compensation that was taken away by the Economy Act.

I can think of no better way to help these veterans and to contribute to the general welfare than by the distribution of this twenty-one millions for the benefit of the veterans who reside in every part of our country.

If a bill embodying the four-point program of the veterans is brought before this Congress, I shall vote for it, for the reason that money distributed to afford proper hospitalization and to compensate veterans for service-connected injuries is one of the best ways to put money back into the channels of trade, where its circulation will immediately be felt in the whole commercial world.

THE FARMER'S ECONOMIC IMPORTANCE

The agricultural group—those interested directly or indirectly in farming—comprises more than one third of our population of 120,000,000. At least 50,000,000 of our people are financially interested, directly or indirectly, in farming.

After the war was over and the time had come when there must be deflation, the industrial and financial leaders in the cities and even in country villages did not comprehend the importance of this great agricultural group in the economic and financial life of the Nation. For that reason the farmer was the first to be deflated and foreclosed. This was a tragic mistake because, comprising, as he does, the greatest single group and the most important in its relation to our financial, industrial, and social fabric, he should have been the last.

SO CLOSELY KNIT

So closely knit and interdependent are all of our economic enterprises that general prosperity must depend upon the welfare of the great majority.

There is no industry comparable in magnitude and financial importance to the farming industry.

RADIO CITY

You will recall that during the period of the highest-priced material, highest-priced labor, and highest-priced money the Rockefellers started the construction of the tremendous project known as "Radio City" in New York, a worthy undertaking, to cost millions upon millions of dollars. I am advised that the depression struck this project almost amidship and nearly wrecked it.

EMPIRE STATE BUILDING

At the same time the famous old Waldorf-Astoria Hotel was purchased, wrecked, and upon that ground there rose the marvelous Empire State Building, which today is one of the most notable structures on the Continent of North America. But I am told after it was finished the income derived from the rent of its offices and stores was not sufficient to pay even the interest on the first mortgage.

Did they realize that deflation of farm values had anything to do with this?

These incidents are cited as illustrations of the fact that even the wisest of our money changers did not understand the farmer's economic relation to gigantic city projects.

REASONS FOR FAILURE

I will tell you why the prosperity of the Nation depends primarily upon the prosperity of the farmer.

In the first place, I repeat, the farmer constitutes more than one third of the population of the country.

The farmer, in normal times, owns about one third of all the property in the United States; yet, while he receives only 10 percent of the national income, he pays 80 percent of all the taxes. He is therefore in normal times the chief taxpayer.

He is the exclusive support of all the country towns and villages, with their banks and local enterprises; and it requires little vision to see there would be no large cities and great industrial centers if it were not for the farmer.

He feeds the world and furnishes most of the raw material.

IF HE SHOULD STRIKE

Imagine, if you will, the tragedy to the Nation if the farmer should strike and refuse to function for the short period of 3 months. What would become of your great cities and your great manufacturing industries?

We speak most respectfully of skilled labor, as we should, but I call you to witness that the farmer is the sole expert in his line.

THE FARMER SOLE CUSTOMER

The farmer is the sole and only customer for thousands of manufactured articles. With him out of business, factories turning out farm labor forms would close forever, and hundreds of thousands of mechanics would be thrown out of employment.

BIGGEST BUYER OF IRON

Again, the farmer is the largest customer for and uses by far more iron and steel than all the railroads and transportation systems of our country.

SOLE BUYER

To illustrate, he is the sole and only customer in the market for silos, mowing machines, self-binders, tractors, plows, disks, harrows, hayracks, farm wagons, nearly all harness and saddles, threshing machines, corn shellers, hay loaders, fencing wire, fence stretchers, and thousands of other articles of equipment and machinery exclusively used on the farms—and nowhere else.

Without the farmer the factories that make these implements would close, and it is difficult to imagine what would become of the thousands of workers in these factories, in the mines, and in transportation systems.

GREATEST CONSUMER OF COMMODITIES

He is the greatest consumer of basic commodities in the Nation.

Without the farmer for a patron, what would become of the railroads, our merchant marine, and great transportation systems, which carry to every part of the world grains, foods of all kinds, textile goods, manufactured articles, as well as the raw materials that come from the farm.

BUYER OF NECESSITIES AND LUXURIES

Not only does the farmer purchase all manufactured articles that he alone uses but he is the major customer for the necessities of life and the luxuries as well. He drives an automobile and buys more gasoline than any other man. He has carpets on all his floors. He has painted houses and homes. He and his family embody the pride and good taste and culture of the American people. Publishers tell us that the farmer furnishes two thirds of the subscriptions to all the periodicals in the United States. Motion-picture theater managers tell us that the farmer and his family contribute 75 percent of the attendance that supports the motion-picture industry. His home is equipped with the telephone, the electric light, the radio, and the talking machine. The farmer is the greatest consumer of all manufactured articles.

CRIME AGAINST AGRICULTURE

Since industry and industrial workers must look to the farm to find the greatest group customer of the banks, the railroads, the steel industry, and all other industries, I assert that the fact that the farmer was picked out as the first victim of deflation was the most incredible as well as the greatest crime that has been committed in the economic field during the last half century for the reason that it ruined not only the farmer but affected every industry and industrial worker. [Applause.]

DEPRESSION ON

The moment he was deflated the depression must soon arrive, for the reason the farmer must sink into bankruptcy and be foreclosed because the market value of his products had been destroyed.

SHORT-SIGHTEDNESS

With the same short-sightedness in their greed and blindness, demanding higher and higher tariff walls, the call of the selfish interests was answered and they raised the tariff so high that foreign countries erected against us retaliatory tariff walls and shut out our grains, cotton, and farm products, and thereby destroyed the market for our farm surplus. [Applause.]

ALCOHOL MOTOR FUEL BLEND PLAN

At the special session of this Congress I introduced H.R. 1744, on the alcohol motor fuel blend plan, and I have introduced a similar bill at this session.

If enacted into law it will afford the farmer a market for all of his surplus products.

This country uses approximately 17,000,000,000 gallons of motor fuel annually.

To produce sufficient alcohol for this blend with gasoline it would require one fourth of the corn crop, 680,000,000 bushels of corn, or 750,000,000 bushels of wheat. Slightly more alcohol can be produced from a bushel of corn than from a bushel of wheat.

Advocating this measure I said, in substance, on the floor of the House that with this measure in operation the farmer would have no surplus corn or wheat. I pointed out that it would require 680,000,000 bushels of corn to produce sufficient alcohol to make the required blend, and that 176,000,000 bushels of corn was the greatest surplus we had ever sent to foreign markets. [Applause.]

[Here the gavel fell.]

Mr. ARNOLD. I yield the gentleman from Illinois 15 additional minutes.

DOMESTIC MARKET

Mr. GILLESPIE. This would give the farmer a domestic market for all he would produce on all of his lands in use.

He would not be concerned any more about retaliatory tariffs.

BETTER GASOLINE

The quality of this mixture of alcohol with gasoline has been tested with automobiles driven on the highways and on tractor engines drawing heavy loads, and it has been proven to be a better motor fuel than any combination in use.

The same kind of gasoline, produced from similar agricultural products, has been used in foreign countries for many years to the profit of the farmer. For this reason, in France and in Germany, wheat will sell for nearly $3 a bushel, while the American farmer has been getting as low as 25 cents a bushel for his wheat and as low as 10 cents for corn.

Factories to manufacture this alcohol blend would furnish employment to 300,000 men and women. [Applause.]

CORN BORER

I appreciate that this bill includes an appropriation for $30,411 for the control of the European corn borer. This pest is a menace to all the farmers of the Corn Belt. It has made inroads, not only in Illinois but in Ohio, Indiana, Wisconsin, Michigan, and, in fact, is rapidly spreading to the Southeast and the West.

The entomologists of the Government tell us that effective quarantines must be established, parasites must be imported, and other measures must be adopted to arrest the danger and to introduce some measure of control.

It is very necessary, under present conditions, that we do everything possible to prevent the recurrence of the condition that obtained in Ontario, when nine tenths of the corn crop was destroyed by this pest.

WET-WEATHER PEST

The Corn Belt would have suffered more, no doubt, but for the fact that the last 3 years have been extremely dry years, and if they should now be followed by wet years the danger will be multiplied, because the corn borer works in wet weather. [Applause.]

SOIL EROSION

My constituents will be pleased to know that this bill includes a substantial appropriation for the prevention of soil erosion. Like the farmers of other regions we have suffered great losses by erosion.

We know the annual loss of soil in the United States on account of erosion is equal to all the tillable soil used by the people of Japan.

Seventy-five percent of all the soil in the United States is seriously jeopardized by erosion.

The Mississippi River each year carries away 418,000,000 tons of the fertile top soil of the Mississippi Valley.

Soil washed away over a period of 3 to 10 years can be replaced only during the slow passage of from 300 to 1,000 years. We favor every effort that is made by the Government to prevent this destruction by the system of planting and reforestation and other proper and scientific means.

FIRST PRESIDENT TO RECOGNIZE FARMER

This is the first national administration that has ever whole-heartedly recognized the farmer and his problem. I am honored to have the opportunity of cooperating with the President, and, in my judgment, he is the first President in recent years who has fully comprehended the importance of agriculture in its relation to the whole economic structure and who in practice has strikingly demonstrated his appreciation of the importance of agriculture as well as his consciousness of its significance to industry.

I shall continue to vote, in office or out, for the principle of a "new deal"—justice to the farmer, the working man, the plain people.

Mr. Chairman, Members of the Committee, I appreciate this opportunity to express some of my views on this great farm question.

In the time allotted it is impossible to cover any of these points as fully as they deserve, because the problem is so great in magnitude and so important to the welfare of this whole country that, however much our hearts and minds are in the subject, it is impossible to comprehend the necessity of helping the farming industry. If it does not succeed and prosper, there can be no general prosperity in America. When this industry is brought back to prosperity, or even a reasonable degree of prosperity, America will again be in the front line marching on to greater opportunity and better citizenship for every individual under the American flag.

CARNEGIE AND GLADSTONE

Many years ago Andrew Carnegie told the story of a visit to his old home in Scotland. While over there, he was visited by Gladstone, who was in fine form and great spirits because England had just completed the construction of the greatest navy in the world. Gladstone twitted Carnegie by saying, "Andrew, we now have enough ships to blockade every port of your proud United States." Carnegie replied, "Just lay your blockade whenever you are ready, and if the blockade extends over 2 weeks, Great Britain will starve to death, because, you know, you have just enough agricultural products in Great Britain to last your country 2 weeks, and your greatest source of food, after all, is the United States."

UNFAIR DIVISION OF INCOME

There is nothing wrong with the form of our Government. But inequality and injustice have been caused by maladministration of the Government.

Five hundred and four privileged gentlemen in 1929 received a net income of more than one billion, while the gross income of the whole fifty millions interested in agriculture did not equal the net income of these 504 privileged gentlemen.

That there has been something wrong in the administration of the Government all must admit.

How long could a government endure administered so unjustly and permitting such inequalities in the economic field?

All of the acts of this Congress have been intended to bring about fair play and to bring back to the people again equal opportunity to all. [Applause.]

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. GILLESPIE. I yield.

Mr. MARTIN of Colorado. I should have interrupted the gentleman when he made the statement that the farmer was the greatest user of iron and steel products in America, using more than the railroads and other industries that he mentioned.

Mr. GILLESPIE. I might answer the gentleman very quickly. I got that information from the World Almanac.

Mr. MARTIN of Colorado. That is the most astounding statement I have heard made in the House during this session. I do not believe the country has the remotest conception of the facts involved in it, and when the gentleman extends his remarks in the RECORD, if he has any statistics establishing the facts, I think all the Members would appreciate having them inserted.

The CHAIRMAN. The time of the gentleman from Illinois [Mr. GILLESPIE] has expired.

Mr. SINCLAIR. Mr. Chairman, I yield 30 minutes to the gentleman from Michigan [Mr. WOODRUFF].

Mr. WOODRUFF. Mr. Chairman, coming from an agricultural district comprised of 14 agricultural counties, I naturally was very much interested in the remarks of the gentleman from Illinois [Mr. GILLESPIE], who has just preceded me. I agree with him in many of the statements he has made. I will go still farther than he has gone in one respect, and that is to say that every shred of prosperity which comes to the man in the city is based primarily upon the prosperity and well-being of the man who lives on the farm.

Mr. Chairman, my remarks will be addressed to the proposals incorporated in H.R. 7907, now under consideration by the House Committee on Agriculture, a bill to include sugar beets and sugar cane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Much as I regret it I find myself in emphatic opposition to the administration in the fundamentals which underlie this question, and I wish at the outset, Mr. Chairman, to state my reasons for this opposition. You will recall that in his message of February 8, in discussing the American sugar industry, the President said in part—

> I do not at this time recommend placing sugar on the free list.

If this indicates anything, it indicates that this is one of the possibilities he has in mind in connection with this very important industry.

On February 19, Mr. A. J. S. Weaver, chief of the sugar section of the Agricultural Adjustment Administration, in his testimony before the House Committee on Agriculture intimated very clearly that he considered this expression of the President in his message to be an intimation that sugar might later be put on the free list by a succession of moves which would reduce the great shock. I am inserting at the end of my remarks the testimony referred to.

The Secretary of Agriculture, Hon. Henry A. Wallace, as I shall show in detail in a few moments, has been quoted publicly as stating that he believes the American domestic sugar industry is a hothouse industry and should never have been established. In fact, in an article just released entitled "America Must Choose", the Secretary of Agriculture declares as follows in discussing a program which appeals to him for the rehabilitation of agriculture and industry in the United States:

> This will involve a radical reduction in tariffs that might seriously hurt certain industries and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for a while to woolgrowers and to farmers who supply material for various edible oils. I think we ought to face that fact.
>
> Now if we are going to lower tariffs radically there may have to be definite planning whereby certain industries or businesses will have to be retired. The Government might have to help furnish means for the orderly retirement of such businesses, and even select those which are thus to be retired.

Mr. BLANCHARD. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. BLANCHARD. Was it not originally contemplated that the sugar refining would be done in the United States?

Mr. WOODRUFF. It has always been so contemplated, but due to the fact that in the recent tariff bills the differential in the tariff between the raw sugar and the refined sugar was not great enough to protect the refining-sugar industry, the refining industry of the island of Cuba has grown from approximately 5,000 tons per year to more than a half million tons, and is now challenging the success and the life, really, of the refining industry within the United States.

On February 20 Prof. Rexford G. Tugwell, Assistant Secretary of Agriculture, in his testimony before the House Committee on Agriculture, made the statement, in effect, that he "would not extend protection to any industry that could not stand on its own two feet." As any industry which could stand on its own two feet would not need protection, it is obvious what the professor would do to the whole protective-tariff system if he could have his way.

These three gentlemen will have complete supervision of the administration of this proposed program if it is enacted.

Mr. Chairman, I want it clearly understood that I am not leveling personal criticism at the President of the United States or at any other official of the administration, because this is not a matter of personalities; it is a matter of the gravest and most vital economic fundamentals concerning the welfare of every man, woman, and child in the United States. Therefore, my opposition is not an opposition to persons but an opposition to a plan which I think it is perfectly clear, from the expressions I have just quoted, is the first step in a program which, if carried out, will result in the extermination of the vitally important American sugar industry. Nor do I believe, Mr. Chairman, that the President or any of the three gentlemen referred to are in any way influenced by the vicious propaganda fed the people of the United States for many years by a self-interested group, which I shall discuss at length later.

I will go further and say that I do not believe the President of the United States, notwithstanding the reports that he has yielded somewhat since sending his message on the question to Congress, yet realizes fully what the effect of this program will be, not alone upon American farmers, American laboring men, American capital, but upon the American consumers as well. And it is in the hope that by friendly, though emphatic, criticism that both the administration and the general public can be brought to see what the actual ruinous results of this contemplated step will be if it is followed out.

As I understand it, here is what the program comprehends: The legislation introduced in both the House and Senate, at the suggestion of the President, asks that sugar be made by law one of the so-called "basic agricultural commodities." This legislation proposes to turn over to the Secretary of Agriculture which of course, means to Professor Tugwell and Mr. Weaver as well, power to regulate production through allotments of tonnage to the producers of the United States, the producers of our insular possessions, and the producers of the Philippines and Cuba.

We learn through various sources, including the President's message, that if this legislation, as it was introduced becomes the law, the production of beet sugar in the United States will immediately be reduced by something like 300,000 tons and the Cuban allotment be increased in like amount. It is proposed also to reduce the tariff by approximately one half cent per pound and to collect a processing tax upon all sugar manufactured in this country.

To us who are familiar with the activities down the years of those engaged in the production of sugar in Cuba, looking to the destruction of the American domestic industry, the proposal of the administration very clearly indicates that, if adopted, the complete destruction of the domestic-sugar industry will eventually follow. The adoption of this bill, as introduced, will be the first successful step to this end.

I find myself in disagreement with this part of the administration's program, first because, among other things, instead of cheapening the price of sugar to the consumers of the United States, it will inevitably place them again at the mercy of those who, in 1920, when there was no domestic sugar available for the market, robbed the American housewives of several hundred million dollars by pegging the price as high as 32 cents a pound to the consumer.

I am satisfied that the President is ill advised, and I voice my criticism as one who puts love of country above partisanship in a sincere effort to warn this administration of what it actually will do to the sugar industry, the farmers, and the sugar consumers of this country if this program is carried out. I believe that since the destinies of this Nation have been so wholly and completely entrusted to the present Chief Executive that it is the duty of every Member of Congress and every citizen of the United States to aid him by constructive criticism and suggestions, and it is for this purpose that I present the facts in this analysis of what this administration program really means.

Let me say at this point, Mr. Chairman, that not only does the small group of financial interests, centered principally in New York and on the eastern seaboard, control practically the whole of the Cuban sugar industry, but I assert without fear of successful contradiction that these same interests have for years sought to destroy the American sugar producing industry. Many individuals of this same group have profited not alone from sugar, but they have taken tribute from air-mail and ocean-mail subsidies, from the sale of watered and spurious stocks, and from profiteering in other operations. And they now demand that rehabilitation of their investments in Cuba be made at the expense of the American farmer, American labor, and the American consumer.

I ask you, Mr. Chairman, under what concept of fair and just government can the American farmers who grow sugar beets, and who can grow enough sugar beets to supply the entire domestic demand, the American capital invested in sugar production in this country, the American consumers and the whole body of our people, be asked to subsidize again, and in greater measure than ever, this same group which has piled up its ill-gotten millions from subsidies, corruption in which today is being disclosed. We have come, Mr. Chairman, to that day, which was foreseen by many of us, when the most vociferous supporters of the American tariff system have turned upon it because they were disloyal enough to their country and blind enough in their greed to transfer the money they made in this country from the sweat of American labor to foreign countries.

Hundreds of millions of dollars have been invested in Cuban sugar plantations and mills by this little group of eastern financiers. Every job held by a low-wage foreign laborer in the Cuban sugar industry means one less job at higher wages for the American working man. Every pound of sugar raised in the Tropics and sold in this country means one pound less of profitable sugar that may be raised by the American farmer. This means—and I cannot believe that the Chief Executive has studied this phase of the question—another step in the process which has been undertaken by American financiers who have expatriated their dollars to Cuba and other foreign countries of subjecting the American working masses, including the American farmers, to low-wage competition, which can mean in the end only peonage and serfdom for our people.

If this proposal affecting sugar is enacted, these international industrialists will make it the opening wedge in breaking down our protective tariff system completely, and we will see the day when the American markets will be invaded by the cheap foreign-made goods, made in foreign factories with underpaid foreign labor and financed by American dollars, in order that the same crowd of despoilers may gather still more wealth while Americans starve in unemployment. May it be said here and now that this is not a partisan question, because the disciples of the dollar mark give allegiance to no party.

Probably the most notable example of attempts to destroy the domestic industry and break down tariff protection now given to the American workingman and the American farmer has been in the machinations of the American financial group centered around the National City Bank and other large financial institutions of the eastern seaboard, holding vast sugar interests in Cuba. The investment of American dollars in sugar production in that island amounts to approximately $800,000,000, and this group has gone to extreme lengths, not only to defeat the protective tariff on sugar but to control the American market through the absolute destruction of our domestic industry.

Why, Mr. Chairman, have we so soon forgotten the revelations before the Caraway lobby investigation committee held in 1930, in which Herbert C. Lakin, representing the United States Sugar Association, and the officials of the Cuban and American Chamber of Commerce of Cuba, admitted under oath that his organizations had furnished money to foreign lobbyists for the purpose of sabotaging the American sugar industry.

Probably in no instance is the psychology of that group of Americans who seem to know no country, no race, and no creed but the doctrine of "get" so clearly shown forth as in this international sugar group. I wish now, Mr. Chairman, to deal in detail with what I assert will be the results of this program if it should be carried into effect.

The President in his message made it clear that he believes that the administration's program regarding sugar will result in a saving to the American sugar consumer. Why, Mr. Chairman, nothing is more clear or better proved in this good hour than that without domestic competition, foreign sugar is incapable of price control. That was clearly demonstrated in 1920. It has also been proved on other occasions. Every housewife of that day will long remember that so-called "sugar debauch" when the Cuban sugar interests—and by that I mean American-owned Cuban sugar interests—raised their raw-sugar price from 5½ cents per pound to 23½ cents per pound within a few months, and finally compelled the American consumer to pay 32 cents per pound for this necessary food product, merely because the domestic supply had been exhausted and the Cuban supply dominated the American market.

Mr. WEIDEMAN. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. WEIDEMAN. In other words, in protecting Cuban sugar we are protecting the American capital invested in that industry in the island of Cuba and bringing the Cuban refiners into competition with refiners in this country.

Mr. WOODRUFF. Yes; together with bringing into competition Cuban farmers and workers with American farmers and workers.

Mr. WEIDEMAN. It is just the same as sending our marines down to Nicaragua. We sent a lot of our boys down there where they had no business to be, and more of them were killed than the number of mail pilots who lost their lives in the Air Service last week.

Mr. WOODRUFF. I may say to the gentleman from Michigan that if I had my way, neither the marines nor the Army nor the Navy would be sent to any part of this world to protect anything other than American lives.

Mr. WEIDEMAN. I agree with the gentleman.

Mr. REILLY. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. REILLY. Has the gentleman any figures or statistics showing the ratio between our beet-sugar production, our cane-sugar production, and the total consumption of sugar in this country?

Mr. WOODRUFF. The domestic production of our beet and cane sugar is approximately one third our consumption of these products.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. COOPER of Ohio. I do not like to interrupt the gentleman, but a few moments ago he said something about

contributing to the rehabilitation of Cuba. Were not those words used in the special message the President sent to the Committee on Agriculture asking for the passage of this legislation?

Mr. WOODRUFF. If I recall correctly, they were. I may say to the gentleman from Ohio that I shall deal directly with that question at some length later.

Mr. COOPER of Ohio. I am more concerned about the rehabilitation of the United States at this time than I am about the rehabilitation of Cuba. [Applause.]

Mr. WOODRUFF. I propose to show later that, if this plan is carried into effect, we will wreck a most important American agricultural industry without in the slightest degree affecting the market we previously had in Cuba and without contributing in any degree to the welfare or prosperity of the Cuban people. Whatever of prosperity accrues to anyone as a result of an increased importation of Cuban sugar to this market accrues to the Americans who own the sugar industry of that country. I am told on good authority that, of every dollar spent for this Cuban product, 80 cents is forwarded to this country for the benefit of the owners and only 20 cents remain to benefit the Cuban people.

Mr. DONDERO. Mr. Chairman, will the gentleman yield for a brief question?

Mr. WOODRUFF. Certainly.

Mr. DONDERO. Will the gentleman compare the amount of American-produced sugar with the total amount consumed in this country? I think the Membership would like to have this information.

Mr. WOODRUFF. Continental United States produces a little less than one third of the total amount of sugar we consume.

Keep in mind that the identical interests who perpetrated the atrocious piece of piracy upon the American consumers in 1920 are exactly the same interests that control the Cuban sugar industry today and which will control that industry when the beet-sugar industry has been destroyed. They represent in numerous instances the same individuals who have participated in the piracies in air mail, ocean mail, aircraft manufacturing, stock jobbing, and bank speculation upon the American people.

It is difficult to understand the psychology of any group of Americans who actually would be willing to do what this group did in this instance. Why, Mr. Chairman, it was reported in the press, at that time, that the Cuban-American producers had formed a pool to hold some four or five hundred thousand tons of sugar off the market until the price of 30 cents a pound for raw sugar would be obtained. This utterly indefensible conduct on the part of the Cuban-American interests was made possible only after the domestic beet and cane crop had become exhausted. How many experiences of that sort do we need to demonstrate to us that a successful and expanding American domestic-sugar industry means a reasonable price to the consumer instead of a high price, as the President has been led to believe?

Why, Mr. Chairman, what man is there within the sound of my voice who for a moment questions what would be the result if this group should again control the American sugar market? What man or woman within the sound of my voice doubts for a moment what the result will be if foreign sugar producers are able to destroy the domestic industry and then set the price that they would charge the American citizen for his sugar? This illustration I have given is the test of what will happen. Why, do you know, Mr. Chairman, that the sum wrung from the pockets of the American consumers in that one sugar debauch was more than sufficient to erect enough beet-sugar factories in this country to supply our entire requirements? This levy placed upon American consumers by those in control of the Cuban sugar industry was greater than the duty collected on all sugar imported from Cuba in the following 5 years.

I ask this, my friends, in whose hands the sugar interests are safest? Would the domination of our sugar production be safer in the hands of a foreign industry, controlled by a group of financially powerful Americans who have proved themselves repeatedly, whenever an opportunity presented itself, willing to gouge and despoil the American people of hundreds of millions of dollars, or would it be safer in the hands of the American workingman, the American farmers, the American people, who have their money invested in American industry, which gives employment to American labor and American farmers; which distributes its earnings among the American people, and which pays Federal, State, and local taxes?

Is there anybody who doubts that Cuba can produce sugar at lower cost than almost any other country in the world, and that without adequate tariff protection it would be a matter of only a short time before the domestic industry would become history? Unless the protection now thrown around the American sugar industry is continued, there is not the slightest doubt that the domestic industry must surrender to this foreign industry. If we do this thing, Mr. Chairman, what is to happen to the more than 100,000 American farmers to whom the sugar beet is the only crop upon which they can reasonably count a profit when the seed is planted?

What is to happen to that farmer who shares in the net proceeds from the sale of the sugar and byproducts manufactured from his beets? What is to happen to the industry that gives employment to tens of thousands of farm laborers during the growing and harvesting season? What is to happen to the thousands of technicians, mechanics, and executives in and about the factories? What is to happen to the millions of tons of beets grown on more than 1,000,000 acres of American land? What is to happen to this American farm crop raised on American soil valued at over $200,000,000, every one of which are distributed to American farmers, American labor, and American industry? What is to happen to the annual freight bill of from $30,000,000 to $35,000,000 paid to the railroads? What is to happen to $20,000,000 worth of supplies, such as machinery, coal, coke, lime rock, chemicals—all products of American industry—which are used in the sugar production in this country? What is to happen to the thousands of employees of these industries? What is to happen, aside from all these considerations, to what may be classed as contingent insurance to the consumer against high prices, as represented in the American continental beet and cane sugar industry?

We never fully appreciate the value, Mr. Chairman, of such an insurance policy until the emergency occurs, and then its benefits stand out in bold relief; and so it is with this most important sugar industry. When plenty of sugar is available and the price is low little thought is given to the economic value of the industry by the public; but when emergencies arise as in 1911, 1917, 1920, and at other times, the value of producing on American soil a sufficient quantity of this necessary food commodity to at least stabilize the price is seen—and I warn this administration and the country, that if the domestic sugar industry is destroyed, as it will eventually be destroyed if this policy is put into effect, we will discover to our sorrow and to our gigantic financial sacrifice that the industry cannot be rehabilitated to meet an emergency, which may cut off our supply from the foreign producers, or to protect us from exploitation by those foreign producers.

If this program is put into effect, Mr. Chairman, what is to happen to California and her 8 sugar-beet plants, to Colorado and her 18 plants, to Idaho and her 9 plants, to Indiana and her 1 plant, to Iowa and her 3 plants, to Kansas and her 1 plant, to my State of Michigan and its 16 plants, to Minnesota and her 2 plants, to Montana and her 4 plants, to Nebraska and her 7 plants, to Nevada with 1 plant, to Ohio with 5 plants, to South Dakota with 1 plant, to Utah with 15 plants, to Washington with 1 plant, to Wisconsin with 3 plants, to Wyoming with 5 plants? And what is to happen to the farmers of these States who are raising these millions of tons of sugar beets? What is to happen to the employees of these plants? To what shall the 1,000,000 of the most productive and fertile acres we have, which are now used for the growing of beets, be devoted? Shall they be used for the production of those crops of which we now raise an overabundance, or shall

they be used to produce exportable surpluses of still other American crops?

Why, Mr. Chairman, we are engaged on the one hand in spending millions of the people's money for experts to teach the American farmer how to raise more and better crops on his land, and on the other we are spending many more millions to reward the farmer for not planting those crops of which we raise an exportable surplus. We are here seriously considering reducing and ultimately destroying one American farm crop of which we are not producing enough to more than stabilize the price, of what the President says is one of the basic American commodities.

Mr. Chairman, in the name of all that is intelligent, what reason is there, in the effort to return American prosperity, for not fostering and expanding the American domestic sugar industry, rather than decreasing and destroying it? Does anyone for a moment imagine that these hundreds of thousands of acres, now devoted to the growing of sugar beets, will not have to be turned to the production of some other crops, if sugar beets cannot be grown? Any soil that is used for growing sugar beets must necessarily be high in productivity and of fine quality. There is not a single acre of it that can be termed marginal land, and not an acre that should be taken out of production.

As I have just stated, more than a million acres of farm lands now devoted to sugar-beet culture will be devoted to the growing of other crops which are already surfeiting the market; hundreds of thousands of farmers will be deprived of a remunerative cash crop; hundreds of prosperous farming communities, which owe their prosperity to the establishment of beet-sugar factories in their midst, will be deprived of these benefits; scores of thousands of farmers who today use the money they receive for their sugar beets to pay their taxes, which, without such money, could not be paid during these times, will face eviction and ruin. It is the one crop upon which the American farmer can safely count a profit when he plants his seed. For that reason it is without question the most valuable crop that any farmer raises in any beet-sugar producing section of this country.

Mr. THURSTON. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. THURSTON. Having in mind the present policy of paying bounties to farmers to withdraw their corn and cotton lands from cultivation, and the bounties to be paid to the producers of wheat for a like purpose, what will be the effect of the withdrawal of the land now devoted to the culture of sugar beets and its entry into competition with the corn and wheat land of the country?

Mr. WOODRUFF. It will either enter into competition with other basic commodities or it will mean that more than a million acres of the most fertile land now utilized in the raising of sugar beets will be taken out of production entirely; and this, in my judgment, will not happen because of the high quality of the land. I shall deal more fully with this subject later.

Mr. THURSTON. Anyhow, it is obviously an inconsistent policy to pay for the withdrawal of land from the production of one crop only to have the land used in the acceleration of another crop.

Mr. WOODRUFF. It is the height of inconsistency.

Mr. GLOVER. Mr. Chairman, will the gentleman yield?

Mr. WOODRUFF. I yield.

Mr. GLOVER. I am interested in the gentleman's speech. I am on the Committee on Agriculture, which for several days has been holding hearings on this subject, and has heard the subject discussed by experts. Can the gentleman inform the House how much land would be taken out of cultivation under the proposed allotment to the cane and beet growers of the United States and our island possessions, and the letting in of refined sugar under the 2-cent tariff?

Mr. WOODRUFF. The minimum would be a reduction of approximately 20 percent, or 200,000 acres.

Mr. GLOVER. Two hundred thousand acres will be taken out of production?

Mr. WOODRUFF. Yes; but the matter of greatest importance is the fact that the administration at this time proposes to embark upon a program which will eventually utterly destroy the continental beet-sugar industry.

Mr. GLOVER. I heartily agree with the gentleman. I should like to see these emergency remedies and methods, in the matter of curtailment of crops, applied to the commodities of which a surplus is produced—for instance, cotton and wheat. Inasmuch as there is no surplus of sugar, since we grow only one third of the amount we consume, I do not see the consistency of curtailing the production of sugar beets and cane.

Mr. WOODRUFF. There is not the slightest consistency in such action. The principle of curtailment should be applied only to those crops of which we raise an exportable surplus.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 15 additional minutes.

Mr. WOODRUFF. Mr. Chairman, if this industry could only receive the encouragement and the protection that would justify its expansion to the point where we could in this country raise the sugar we consume, or the greater part of it, it would, at least partially, solve the farm problem that has for the past few years been distracting and threatening this country. Agriculture—and all of it, whether engaged in the raising of sugar beets or not—would receive direct and substantial benefit from this expansion. And yet, Mr. Chairman, we are here seriously considering the curtailment and the eventual destruction of this great American industry. Do the American people want to bring about such an economic cataclysm? Do we wish to abandon an important American industry, producing a necessary food commodity, in order that a small group of greedy Americans may exploit the consumers of this country? I do not believe so; I cannot be persuaded that the President of the United States would for a moment countenance such a possibility if he understood the real facts.

Why, Mr. Chairman, in opposing an increase of the duty on sugar in 1930 the great financial interests in Wall Street in their propaganda stressed the fact that they had nearly a billion dollars invested in the Cuban sugar industry and that such an increase in the tariff would be detrimental to these foreign investments.

I do not contend that American capital invested in a foreign country should not receive consideration by our Government. I do take the position, however, that money invested in this country, bearing its share of the tax burden, the turnover of which energizes American farmers and American industry and American labor, should receive first consideration. If it be true that American capital invested in the Cuban sugar industry should be protected, it must then also be true that American capital invested in the American continental beet- and cane-sugar industry should receive more protection.

Why, Mr. Chairman, we have already extended protection to American capital invested in Cuban industries by the 20-percent preferential in the tariff law, and these rapacious interests are not satisfied with that. When American capital is invested and employed in exploiting a foreign industry which, by reason of cheap labor and low costs of production, is able to flood this country with a cheap commodity, forcing the reduction of wages and living standards of Americans to the wages and living standards of a tropical country, and working to the utter annihilation of a great American industry, such American capital invested in foreign countries is not deserving of the slightest consideration.

Why, the very group which has come to Congress asking that we must not be at the mercy of any foreign government in the matter of ships; that it is vital for a nation like ours to not be dependent upon any foreign source of supply for anything, and upon that argument has wrung from the United States Treasury its millions in ocean mail subsidies, is composed in part of the very same group which argues that we should render ourselves as quickly as possible wholly

dependent upon a foreign source of supply for a basic food commodity—sugar.

Without quoting the arguments made in the propaganda broadcast throughout the country by the powerful Wall Street financial group, I want to touch upon another point which seems to me to be important and upon which I touched awhile ago when I stated that this would be the opening wedge to break down the protection of every variety of industry in this country and open wide the doors for the influx of cheap foreign-made goods, manufactured by American dollars, to be brought into competition with the American producer and the American farmer and the American workingman.

Mr. MOTT. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Oregon.

Mr. MOTT. Do I understand it is the gentleman's opinion that the President does not understand this, that he does not know what he is doing, and that this is just a matter of somebody giving him bad advice?

Mr. WOODRUFF. Well, I want to be fair.

Mr. MOTT. I want to be fair, too, and that is the reason I am asking the question.

Mr. WOODRUFF. It is my opinion that the President does not understand this question. You and I and every other Member of this House knows that every President of the United States is a busy man. His time is completely taken up by problems that confront him from day to day. He does not have time to go fully into many of the propositions that he personally must pass upon, and necessarily he must depend upon advisers. I believe, in connection with this matter, that the President is surrounded by a group of high-grade but misguided men who have advised him to advocate this program. I have respect for a man who honestly differs with me on matters of this kind, but may I say that these men who will administer the act if this program goes into effect are men who, if we are to believe what they say, are convinced the best place to buy is in the cheapest market, wherever in this wide world this market may be. I am not in harmony with this sort of program.

Mr. MOTT. I am glad to have the gentleman's opinion. Frankly I do not agree with him that the President does not understand the sugar proposal he is now offering to the Congress. I believe the President does understand this or he would not undertake to present Congress with such an important proposition. And I believe the responsibility should be placed where it belongs. May I ask the gentleman another question? Does the gentleman think this proposal of the administration is inconsistent in any way with the Democratic tariff theory as declared in the Democratic platform, namely, competitive tariffs for revenue and reciprocal trade agreements? Is not this sugar quota policy in line with that platform declaration on the tariff question?

Mr. WOODRUFF. It is unfortunate that this seems to be the case. May I say in connection with what I had to say about the President realizing what is proposed under this program: I am doing the best I can, and I know a number of other Members of this House from sugar-producing sections of the country are doing the best they can to bring the facts to the attention of the President of the United States.

Mr. MOTT. I quite agree with the gentleman. What I object to, if I may call it that, is not putting the responsibility where it belongs, and I think we would get further if we would quit camouflaging in this regard.

Mr. WOODRUFF. That may be so, but may I say to the gentlemen, and I say this advisedly because I believe it, that I think the President of the United States is doing the job that he has on his hands in the best way he knows how. I believe President Roosevelt is an honest man, and that he is prompted by a desire to be as helpful as possible to the American people.

Mr. MOTT. I believe that too. Do not misunderstand me. But in this sugar quota proposal I believe he is wrong.

Mr. WOODRUFF. Will the gentleman allow me to proceed? I know that after all the water is over the wheel the President himself must accept the responsibility for anything that transpires under his administration. He will be held responsible for anything he does, whether it is good or bad, whether it affects the people of the United States beneficially or otherwise. He must answer to the people of this country when next he goes before them for election. That is his responsibility and no man can take the responsibility from him.

Mr. MOTT. There is no doubt about the gentleman's statement. It is simply that I do not agree with his suggestion that the President would put such an important proposal before Congress and not know what it was about or not know what effect it is going to have on the sugar industry.

Mr. WOODRUFF. I think he has been advised by men who do not understand or who perhaps unconsciously have closed their eyes to the fact that the one thing of the greatest importance to the people of this country is to continue to have the privilege of enjoying American standards of living, and under the theory outlined in this bill this is impossible. I agree with the gentleman that on a question as important as this the President should not have given it his approval without having all the facts before him. Had this been the case I cannot believe we would have had the bill before us at this time.

Mr. DONDERO. Will the gentleman yield?

Mr. WOODRUFF. I yield to my friend from Michigan.

Mr. DONDERO. Can the gentleman inform the House what justification there is for reducing this American industry? I think this is what we all want to know.

Mr. WOODRUFF. May I say to the gentleman that if I could find a reason which would justify the proposed action I would not be here speaking to the question. I would be sitting in my seat listening. I am in direct disagreement with this program. I am in as violent disagreement as it is possible for a man to be, because, among other things, I believe as thoroughly as I believe anything that upon the preservation of this industry rests much of the future success of American agriculture, and whether or not in the years to come the people of this country, the consuming public, are going to have the privilege of buying sugar at a reasonable price.

Now, Mr. Chairman, it has been argued by these financial racketeers that we should purchase our sugar from Cuba because that country can produce sugar so much cheaper than the United States. This is simply the application of the now worn-out theory of buying in the cheapest markets. If that program were followed as a sound theory of economics, we would buy our beef from the Argentine; we would buy our wheat from the Argentine, Canada, and Australia; we would buy our wool and mutton from Australia; we would buy our shoes from Czechoslovakia; we would buy our coal from England; we would buy our dairy products from Australia, New Zealand, and Denmark; we would buy our beans and peas from Japan; we would buy our pork products from Denmark; we would buy our tomatoes from Mexico, our onions from Spain; we would get our figs in Smyrna; and—this should interest you Members from the South—we would buy our cotton from India and Egypt; we would buy our cheese from Italy and Denmark and Ireland; we would buy our machinery and cutlery from Great Britain and Germany; and so on ad infinitum. And, by so doing, we would surrender once and for all the thing that has brought more peace, comfort, and happiness to the American people than anything else you can call to mind, and that is the American standard of living. And, further, we would surrender that splendid capacity for self-containment which, together with thousands of miles of salt water on the eastern, southern, and western borders, places us in a peculiar position on this globe for security, prosperity, peace, and happiness. In these hectic days, when every nation in the world is becoming self-sustaining as rapidly as possible, these facts are certainly of grave importance.

Mr. BLANCHARD. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Wisconsin.

Mr. BLANCHARD. There would then be no tariff.

Mr. WOODRUFF. Naturally, because this bill is the opening step to that end.

Mr. THURSTON. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Iowa.

Mr. THURSTON. The gentleman from Michigan is familiar with the Nation-wide organization that has for its slogan "America self-contained"?

Mr. WOODRUFF. Yes.

Mr. THURSTON. This organization is promoting the use of American-produced products, whether it be the factory or the farm.

Mr. WOODRUFF. I am thoroughly familiar with the organization.

Mr. THURSTON. This policy would be in conflict with their proposal?

Mr. WOODRUFF. Very decidedly. May I say in that connection that anyone who closes his eyes to the fact that every country in the world today is becoming self-contained just as rapidly as possible is closing his eyes to a very obvious fact? [Applause.] Every nation in this world today is bringing about conditions within its borders where they can at the earliest possible time produce everything its people consume and need. It is this fact that stands definitely in the way of substantial success of the administration program so far as it applies to the resurrection of our foreign markets.

Mr. THURSTON. May I say also that most of the European nations have requirements that 80 percent of the wheat milled within their borders must be domestic wheat?

Mr. WOODRUFF. I know that various European countries are paying large bounties to the growers of agricultural products in order that they may become entirely self-sustaining. This is true of France. I think the wheat grower of France is paid a bounty of more than $1 per bushel by the Government, while the American farmer apparently cannot by any means secure for his wheat the cost of producing it.

Mr. TRUAX. Will the gentleman yield?

Mr. WOODRUFF. I yield to the gentleman from Ohio for a question but not for a speech.

Mr. TRUAX. May I say to the gentleman that in 1932 the average price of wheat in Paris was $1.71, and I think it is about the same price now.

Mr. WOODRUFF. This is brought about by the fact that the Government paid a large bounty to the growers of wheat. May I say something about the cost of production of wheat in France? In 1917, just before I left France to come back to this country for demobilization, I secured a leave of absence and made a trip through the Pyrenees country, which is the great wheat-growing section of France. This was in July. Every valley in those beautiful mountains was a string of golden grain. They do not have the large farms over there that we have here. If a farmer has 10 acres of soil which he can cultivate, he is considered to be a very well-to-do farmer. On almost every one of these little plots of land the people were harvesting the wheat, and what do you suppose was the agricultural implement they were using? There were men and women, old and also those in the full bloom of health, as well as little children, gathering this wheat and every one of them had a sickle in his hand. This is the agricultural implement they were using to gather the grain. The cost of production is high over there. It is higher, of course, than it is here because of the labor-displacing machinery that we use for that purpose on the farms in this country.

Mr. GIFFORD. Will the gentleman yield there?

Mr. WOODRUFF. I will be pleased to yield.

Mr. GIFFORD. I am extremely interested to know, after listening to promises over the radio as well as other promises that have been made for months, whether the devaluation of the gold dollar has brought about a condition whereby the farmer now has to bring in 40 percent less wheat to pay his debts.

Mr. WOODRUFF. I think not, I will say to my friend from Massachusetts; but I know the gentleman will pardon me if I do not go into that, as I have much I wish yet to say about the question I am discussing.

Mr. Chairman, with the exception of a very few commodities which we now produce by use of mass-production machinery cheaper than they can be produced in foreign countries, foreign costs are all much lower than ours. Even our mass production is becoming the common thing throughout the world. We are, as rapidly as possible, supplying our foreign competitors with these machines. How long do you suppose we can continue to do this and at the same time continue to supply these foreign countries with the products of these machines?

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. WOODRUFF. Now, may I ask the Membership to please let me proceed without interruption from now on. I have much I wish to say. If I find I have time later, I will be pleased to yield to any Member, but for a few minutes at least please let me proceed.

Let us see who want the American sugar industry protected and fostered and who want it destroyed. During the hearings in 1930 on the tariff bill there appeared before the Senate Finance Committee the following organizations urging that this great American industry be preserved: The National Grange, American Farm Bureau Federation, Northwest Agricultural Foundation, Mountain States Beet Growers' Marketing Association, Northwestern Ohio and Southern Michigan Sugar Beet Growers' Association, Indiana Sugar Beet Growers' Association, Michigan State Farm Bureau, South Dakota Beet Growers, Utah State Farm Bureau, Commissioner of Agriculture of Wyoming, Progressive Pomona Grange, No. 4, of Colorado, Crowley County (Colo.) Farmers' Institute, Western Colorado Beet Growers' Association, Weld County (Colo.) Farmers' Institute, Servier County (Utah) Farm Bureau, Racine-Kenosha (Wis.) Counties Beet Growers' Association, Michigan State Department of Agriculture, and the Idaho Beet Growers' Association.

In addition to these appearances before the committees the following important farm organizations filed with Senators a statement advocating an increase in the sugar tariff: National Cooperative Milk Producers' Association, National Dairy Union, American Livestock Association, National Wool Marketing Council, Vegetable Growers' Association of America, Kansas State Livestock Association, National Livestock Producers' Association. Hundreds of briefs and statements have also been filed with the Senate committee urging the proposed increase from chambers of commerce throughout the South and West. Among the appearances before the committee may also be cited the Domestic Sugar Producers' Association, the United States Beet Sugar Association, the American Sugar Cane League, Hawaiian Sugar Planters Association, and the Association of Sugar Producers of Puerto Rico.

These were a few of the proponents. In addition to these organizations other important farm organizations advocated an increase in the sugar tariff.

And now, Mr. Chairman, let us see some of those who opposed protection for this American industry and advocated its destruction. Prominent among those was the United States Sugar Association, representing Americans who, with their money, controlled the Cuban sugar industry; the American bottlers of carbonated beverages; the American Exporters and Importers Association; the Hershey Chocolate interests who have sugar plantations and refineries in Cuba. I cannot refrain from noting, Mr. Chairman, that it was this company that reduced the size of its chocolate bars that the little children spent their nickles for during the war, and when sugar declined from the high war prices to 4 and 5 cents a pound they never increased the size of that bar, and so far as I know they have not reduced the price of that bar, but continue to levy their tribute from the pennies of America's children.

These same interests reached into the pockets of the public through the soda "pop" business and took their tribute too. Who was another prominent autocrat of the sugar industry—the National City Bank of New York, and when we say the National City Bank of that day, we say Charles Mitchell. When we say the National City Bank of that day,

we say Gordon Rentschler, and we think of his brother, B. F. Rentschler; and the public has not forgotten the story of how the Rentschlers ran an investment of $250 to $35,000,000, as exposed in the aircraft scandals by the Black investigating committee of the Senate; nor have we forgotten the methods by which Mr. Charles Mitchell escaped paying a most substantial income tax by temporarily transferring to his wife certain stocks while they were far below the price he had paid, thereby claiming losses which he could charge against his income. And we have not forgotten either, how very promptly after the income tax was paid that this same stock, without the transaction ever having been registered on the books of the company, was again transferred from wife to husband who took advantage of this situation to evade the tax he should have paid.

Let me at this point quote from a speech made on the 10th of January 1930 in the United States Senate, in which the open charge was made by Senator Reed Smoot, of Utah, that the American-Cuban sugar interests led by the National City Bank, of New York, attempted to sabotage and to bankrupt the entire American domestic sugar industry.

O Mr. President, if I could only tell the whole story of the intrigues and the rotten deals connected with this matter it would surprise the Senate. I would refer to the fact that a decision was reached at one time to destroy the sugar industry in the United States. I know the story. Is it any wonder that in the hearings I had little patience with some of the statements which were made.

The above citations demonstrate that the sugar tariff is an agricultural tariff and that an increased duty is advocated by all important farm organizations as an essential part of any farm-relief plan. This attitude is but natural, for the farmer is a partner in the beet-sugar business. Under the participating contract between the factories and the farmers they are paid for their beets according to the net price received for the extracted sugar, the division being generally on a 50–50 basis. In addition, the contract fixes a guaranteed minimum price per ton of beets. With no other farm crop does the farmer enjoy such privilege.

The farm organizations are also of the belief, and rightly so, that with adequate protection the domestic beet-sugar industry could be extensively expanded, and that hundreds of thousands of acres now devoted to grain crops could be devoted to sugar production with profit to sugar-beet farmers, and at the same time decrease the volume of surplus crops which now prove so troublesome.

Let us now consider briefly the motives actuating those opposing the proposed rates. I have referred to the National City Bank, so perhaps I had better refer first to their activities.

TARIFF PROPAGANDA ACTIVITIES OF THE NATIONAL CITY BANK

The National City Bank of New York has been broadcasting statements to banks throughout the country not only opposing an increase in the duty on sugar but many of them indirectly inimical to the credit of domestic beet-sugar companies. I ask Senators to read the hearings. The National City Bank went so far as to intimate that the domestic beet-sugar companies could not borrow any more money, and warned their stockholders that the industry would be a failure. Having acquired large sugar holdings in Cuba, that bank would like to see the domestic sugar industry destroyed so that larger profits from its foreign investments might accrue.

During the skyrocketing of prices in 1920 the National City Bank, believing that large profits were to be made in loaning money to Cuban sugar mills, poured some hundred million or so dollars into that industry.

The result of this inflation is well known to everyone. Due to the cupidity of the Cubans and Americans with money invested in the Cuban industry, sugar gradually seeped into this country from all over the world, and at the end of 1920 the price of Cuban raws had dropped from 23½ cents a pound to approximately 1¾ cents. It was then, Mr. President, that the National City Bank thought that the wise thing to do was to take the Cuban sugar, throw it upon the market, kill the local industry, and then reap a thousand percent reward when the sugar industry of this country was destroyed. Thank God, they were not successful in that effort, but it was due to no fault of theirs.

Due to this sudden deflation it is alleged that the National City Bank was left with something like a hundred million dollars of securities which were practically worthless. In other words, the officials of that bank, through lack of judgment, had squandered millions of dollars gambling that the outrageous levels would be continued permanently. Nine years ago, I repeat, the National City lent its name and its resources to a program which was designed to continue abnormal sugar prices.

Mr. President, it is greatly to the advantage of the National City that we vote no adequate protection for sugar, and in the same degree it is detrimental to the producers of domestic sugar. I submit that the final choice lies between the injudicious investments of the National City Bank of Wall Street and the conservative investments of American farmers in American agriculture. We must not be misled by the false arguments advanced by an institution which a few short years ago attempted to levy tribute on the American people by taking advantage of unduly high prices. We cannot consider seriously the propaganda that such an institution has completely changed face and is now the savior of the American people.

Notwithstanding the great deflation in Cuban sugar prices, the general impression prevailed in the sugar trade in 1920 that after the deflation period had passed and conditions became normal large profits would have been earned on money invested in that industry. This idea was rightly predicated on the fact that sugar can be produced cheaper in Cuba than any other country. After the crash came in 1921 many Cuban mills were deeply in debt financially to the National City Bank. That institution promptly set about squeezing the Cubans and taking control of their properties. Look at the record, Senators. See how humane they were and how much interest they had in building up this great industry. At the present time the officials of that bank are broadcasting propaganda against an increase in our sugar tariff because they allege it will be harmful to the poor Cubans. I want to say now to the good people here that if we in this country lived as extravagantly as some of the Cuban people are living, there would be quite a change in the minds of the American people and there would be a reformation. But the insincerity of the interest of the bank officials in the Cuban people is obvious, when we remember that they had no hesitancy in putting the thumbscrews upon them when the opportunity was presented.

Having exacted its pound of flesh from the poor Cubans, this bank took over the better organized mills of its creditors and formed a holding company known as "General Sugars, Inc.", under which it is now operating these mills.

I now call attention to the fact that at last accounts, as late as 1931, the president of the General Sugars was none other than Edward A. Deeds, the gentleman whom the now Chief Justice of the United States Supreme Court following his investigation into the aircraft fiasco and scandals of the war, recommended be court-martialed; the same gentleman who is among those who dominated the air-mail companies whose subsidy contracts have just been canceled; the same gentleman who is interested in the aircraft manufacturing interests which are now under examination by committees of the House for wringing extortionate profits from the Army and Navy air services. The same Mr. Deeds whose son testified before the Black Committee that he turned $40 worth of aircraft stock into something like $5,000,000. This is one of the gentlemen who will be greatly benefited by this program if it is carried out.

I am constrained, Mr. Chairman, at this point, to voice a query which has been in my mind for some time. Cuba has just passed through a stormy revolution following years of effort to depose the dictator, former President Machado. From time to time sinister hints have been voiced in the press that certain American interests were concerned in keeping Mr. Machado in the Presidency over the protests of his people. These items in the press have indicated a bitterness on the part of the Cuban people toward the United States that narrowly escaped forcing American intervention. It would be very interesting, Mr. Chairman, if an investigation were made to learn how much the American-Cuban sugar interests had to do with this situation in Cuba, which is not yet healed.

I have not the time, Mr. Chairman, to go into the details of the Caraway lobby investigation in 1930, except to remind the Members of this body that the press at that time was filled with glaring headlines of the attempts made by Mr. Lakin and others, of the various demands which had been made by the Cuban-American sugar interests to destroy the American domestic sugar industry, even to the extent of furnishing funds to foreign agents to attack such industry.

Why, Mr. Chairman, this whole record is replete and slimy with the machinations of a group of Americans blinded by greed, ready to not alone prey upon their own countrymen, not alone ready to destroy a great American industry, and to send into the breadlines more thousands who now are engaged in the production of domestic sugar, but they have demonstrated that they would even go to the lengths of rendering this country dependent upon a foreign source for one of its most important food necessities.

I want now to deal as briefly as possible with some of the considerations which apparently have moved the President in this matter. He, in his message of February 8 of this year, stated to the Congress that, "Steadily increasing sugar production in the continental United States and in insular

regions has created a price and marketing situation prejudicial to virtually everyone interested. Farmers in many areas are threatened with low prices for their beets and cane, and Cuban purchases of our goods have dwindled steadily as her shipments of sugar to this country have declined.

There is a school of thought which believes that sugar ought to be on the free list. This belief is based on the high cost of sugar to the American consuming public.

I find myself unable to follow a line of reasoning which argues that an expanding production of sugar in the United States is causing an increase in the price to the consumer while, at the same time, it is causing a decrease in the returns to the domestic cane and beet growers. I do not see the logic of an argument that to reduce the price of sugar to the consumer will result in an increase in the returns to the domestic beet and cane grower. I cannot follow the process of reasoning by which it is argued that an expanding sugar production can be harmful to either the consumer or the domestic producer, in view of the fact that the domestic sugar production is less than one third of our domestic consumption demands.

It seems to me that here is the one agricultural activity which can be expanded to the great advantage of the American farmer, American labor, American invested capital, and the American sugar consumer.

I can understand an argument that it is economically unsound to further expand a volume of production which now exceeds our domestic consumption demands, but I have always understood that high prices to the consumer result not from overproduction but from underproduction, and the low prices to the producer result not from underproduction but from overproduction.

It may be argued that, due to control of distribution by selfish agencies, it would be possible for the sugar industry in this country to be expanded, while at the same time the beet and cane growers would reap a less return on their efforts. Conceivably this is so. But, Mr. Chairman, we have for months been reading in the press of the new economic control by the administration, which the administration asserts gives it not only control of both production and distributing agencies, but we have been assured thousands of times in the press that the Government has ample power, and is exercising that power, to protect the consuming public against extortion and profiteering and also to protect the agricultural producer against oppression by selfish agencies.

If these assurances are not true, then the keystone of the whole structure of our new economic set-up is missing and that structure is but a figment of the imagination. If these assertions are true, by what process of reasoning can we assume that, with every other industrial activity in the United States under the control of the Government and the President, a control which assures the consumer and the raw-material producer full justice, this control would not be extended to include the various factors in the production and distribution of sugar in the United States.

It must be perfectly obvious that Mr. Roosevelt is not familiar with sugar prices throughout the world, or he would have known that of all the important countries in the world American consumers are paying less for their sugar than any other. He would know also that the American people have paid as little for their sugar during the past two years as at any time in our history. The President apparently assumes that if this product were to be put upon the free list that automatically the price to the American consumer would be substantially reduced. In judging the future action of an individual we find it wise always to scan his past actions. If he has followed certain lines of conduct under certain conditions, it is reasonable to suppose he will follow the same lines under the same conditions in the future.

In recent years there has been just one outstanding period during which there was no American domestic competition for Cuban-American sugar. It so happens that at this particular period there was no American domestic sugar on the market, as I have previously stated. The situation, so far as control of the market is concerned, was identical with that which will exist if some of our self-interested Wall Street citizens can have their way. Were the consumers given any consideration at that time? The housewives of the Nation who found it necessary to pay as high as 32 cents per pound for their sugar know they were not.

It must be that the administration has completely forgotten that sugar debauch of 1920, which a few moments ago I described in some detail. It is this that convinces me the President is being ill-advised and misled in this proposed program having to do with sugar. It is true that further along the President in his message says, "I do not at this time"—I call attention to these words, "at this time"—"recommend placing sugar on the free list." He then declares for a—

> System of quotas with the threefold object of keeping down the price of sugar to consumers, of providing for the retention of beet and cane farming within our continental limits, and also to provide against further expansion of this necessarily expensive industry.

Which means "against further expansion" of the one crop, which not only is a certain crop for the American farmers but also a profitable one; which means to provide against expansion of one crop which the farm can raise under a guaranteed minimum price, and which guarantees the American consumer against exploitation at the hands of foreign producers; which means further unemployment of farm laborers, sugar-factory workers, refinery employees, executives, technicians, railroad employees, and less National, State, and local taxes.

It seems incomprehensible that anyone could desire to prevent an extension of these advantages in an industry which admittedly never has at its best produced more than 33 percent of our domestic needs of a necessary food commodity. Why, Mr. Chairman, what reason is there under God's heaven why American farmers, American farm laborers, American mill laborers, American executives should not create an industry capable of providing much more of our domestic needs, an industry which would pay taxes here, and which could be kept always within reasonable bounds by a tariff only high enough to give the farmer a more profitable price for their beets and cane and give the domestic industry the first call on the American market. Experience has shown us that we can in this way keep the price of sugar to the consumer at a reasonable level, while at the same time give the American citizens the opportunity to which they are entitled.

Am I too severe when I say that the adoption of this program presented by the administration would result in the destruction of the American beet-sugar industry? Under this program, to whom would the control of the administration of this great industry be given? To Secretary Wallace, Professor Tugwell, and Mr. Weaver, whose views have already been quoted? What does the present Secretary of the Department of Agriculture believe about the domestic sugar industry? He believes, according to a United Press dispatch recently published, that it is a hothouse industry and that cane and beet growing should never have been started in the United States; and the fact that it did start was the result of ill-advised Republican encouragement. It is further stated in the same dispatch that the 2 cents per pound tariff has cost the American consumer many times what the domestic industry is worth. Can anyone doubt what will happen if the future of this industry is to repose in the hands of men holding the views of the gentlemen I have named?

Now, there is another point which is argued, and that is that we have given American capital invested in Cuban sugar production protection under the 20-percent tariff preferential. Let us see what the Cuban sugar producers have done with that 20-percent preferential. In a statement in the Washington Herald of February 18, 1934, the Honorable John Bass shows conclusively that the Cuban sugar producers are not selling their sugars on the basis of cost of production plus a reasonable profit, but are selling the sugars in the United States markets in competition with Puerto Rican

sugars away below the cost of production; and if Cuba had been selling and were selling today its sugars in the United States markets at the cost of production plus a reasonable profit, and furthermore would get the preferential to which it is entitled under the tariff law, the present sugar duty would be adequate. But since that is not the case and has not been the case during the last few years, the fact is the present duty is inadequate. According to Mr. Bass, Cuban sugars were sold to the United States during 1931 under the world market price during the months of that year: February, 4 points; March, 8 points; April, 11 points; May, 17 points; and June, 13 points. If this statement be true, how does it come that the Cuban sugar industry is suffering so, and yet apparently does not want to take advantage either of a reasonable price or of its 20-percent preferential unless it is for the purpose on the part of Americans who control that industry to destroy the American domestic sugar industry entirely?

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. WOODRUFF. There is now another point which it cited; namely, that since imports of Cuban sugar have fallen off, Cuba has ceased buying many things from the United States, including agricultural products. The President touches on this in his message of February 8 when he says, "Cuban purchases of our goods have dwindled steadily as her shipments of sugar to this country have declined", and apparently believes we have only to resume buying Cuban sugar to revive the market we once had among her people.

Mr. Chairman, let us see about that. Let me call attention to Trade Information Bulletin No. 725, issued by the United States Department of Commerce in 1930, and also to the report of Mr. Charles F. Knox, Jr., Division of Regional Information, which appeared in the Commerce Reports issued by the Bureau of Foreign and Domestic Commerce, United States Department of Commerce, June 27, 1932, as quoted by Mr. Bass, reading, in part, as follows:

In 1924 Cuba's main industry—the growth and manufacture of sugar—began to feel the stagnating effects of world overproduction of that commodity. The price of sugar began to decline, slowly but persistently, despite strenuous efforts to curtail production and restrict exports, and the industry, whose ramifications extend like a vast network over the entire island, was forced to contract its activities. Since 1924 this contraction has been reflected in almost every phase of Cuban economic activity. To offset the diminished activity, the Government began a strenuous campaign for agricultural diversification and industrial stimulation * * *. Meat, milk, potatoes, corn, coffee, vegetables, and other edibles flooded into the city markets and the money obtained from the sale of these commodities began to filter out from the cities to the country districts, instead of being transmitted abroad to pay for imported foodstuffs.

Encouraged by high-tariff protection (the high Cuban tariff) capital for production to supply the domestic market began flowing into Cuba. American manufacturers, who now found it difficult to sell to Cuba because of the (Cuban) protective tariffs, investigated the possibilities of establishing branch factories on the island, and in not a few cases carried out the idea. Factories were built to process raw foodstuffs into manufactured edibles, similar if not identical to the products formerly imported. Large investments were made in the milk industry, the cheese and butter industries, lard, meat products, poultry, vegetable oils, and others. Nor did Cuban and foreign capital stop with foodstuffs. Factories were erected to produce hosiery, textiles, paints, garments, cement, furniture, and a great miscellany of other articles. This new Cuban movement has drastically reduced certain of our exports to Cuba—exports which were formerly thought to be indispensable to the Cubans, in that they were necessities of life not produced in the island.

This decrease of $33,732,000 in the value of certain exports is not to be accounted for by the Cuban depression, although undoubtedly some part of it may be attributed to that cause. These articles of export were necessities, and they still are so far as the Cubans are concerned. If the Cubans are not importing them, it does not necessarily mean that they are going without them. They are getting the greater part of them from another source, and that source is from the newly established Cuban industries which are now supplying similar or identical products. Therefore, it is apparent that the trade decline in those commodities listed in the above table is not a temporary trade dislocation. Rather it appears to be a definite disappearance of the market for those items as far as the American exporter is concerned.

The question might well be asked, What effect will these new developments have on our future exports to Cuba when the Cuban economic conditions improve? To answer this question one must return again to the question of food supply. If the Cuban can produce the greater part of their own food supply and thus save a heavy foreign bill for imported foodstuffs, they are, from the Cuban standpoint, considerably better off. In the future, when the economic situation improves and their cash income returns to a more normal basis, the Cubans may not be inclined to spend from 75 to 80 percent of that cash income on imported staple foodstuffs. They have become familiar now with their own manufactured products.

What becomes of the argument that we must reduce and eventually destroy the American beet-sugar industry in order to preserve to the American farmer and the American industrialists their export market in Cuba in the face of this report as late as 1932 from the Department of Commerce? Of course, this thing which has happened in Cuba, as set forth in this quoted excerpt from this report, is identically the thing that has happened to every country in the world. American engineers, American machinery have enabled these other countries, including Cuba, to manufacture their own necessities, and that is peculiarly true of Cuba, and yet we are invited here to hamstring and strangle a great American industry, producing an essential food product, in order that we may rehabilitate Cuba and the American-financed Cuban sugar industry.

Even if this were true, just why, I ask, should the American beet farmer and the American cane grower and the American mill workers and American sugar refiners be asked to assume this burden of rehabilitating the Cuban market for other American exports? But the fact is, that is not true. The interests which will be rehabilitated, if this proposal to strangle the American beet-sugar industry is put into effect, are the American Cuban interests. The interests which will receive the benefit are this small group of rapacious American financiers who still control the Cuban sugar industry, who wrung those extortionate profits running into the tens of millions of dollars from the pockets of the American consumers in 1920.

Let no man for one moment believe that we are going to rehabilitate the Cuban market for other American exports by killing the American domestic sugar industry and placing ourselves at the mercy of these proven exploiters. Let no man believe for one moment, Mr. Chairman, that we are going to benefit the American beet farmer or the American cane farmer or the American laboring man or the American sugar consumer by turning over the control of the American sugar market, through control of production, to any such group of unconscionable profiteers as this group has proven itself to be.

It may be argued that since our domestic growers produced in 1933 about one third of our sugar supply, our insular possessions about one third, and Cuba exported to us about one third, that we can surrender our domestic production and still control the Cuban prices through the production of our insular possessions.

We must keep in mind that the Philippines will sooner or later be granted their independence, whereupon they undoubtedly will be placed in a similar position to that of Cuba, so far as tariffs on imports into this country are concerned; that Puerto Rico has severe hurricanes which frequently reduce its production of sugar; that Hawaii has about reached her peak of sugar production; and, most importantly, Mr. Chairman, we must keep in mind that the eventual repeal of the tariff will operate, not only to destroy our continental production but will operate to destroy the Puerto Rican production and the Hawaiian production, because it is an established fact that production costs are higher in these two Territories than they are in Cuba.

Who believes for a moment that the powerful group which has been fighting for years to destroy the American sugar industry, if they succeed in that, would not immediately set out to destroy both the Puerto Rican and Hawaiian sugar industries as well? It also is impossible for the Philippine producers to compete with the Cubans. It is only one step further to bring about either the destruction of the industry in the Philippine Islands or at least keep the Philippine sugar from the American market.

In conclusion, Mr. Chairman, I cannot escape the sinister import of the statement made by the Secretary of Agricul-

ture, Mr. Wallace, in his recent article, in which he said, in speaking of the economic readjustment which appealed to him:

> The Government might have to help furnish means for the orderly retirement of such businesses, and even select those which are thus to be retired.

It seems to me that these words should arrest the attention of every citizen, every business man, every industry in this country, because who is going to decide, if this program goes through based upon any such philosophy as that? Who, I ask, is going to decide what businesses shall be destroyed, what businesses shall be permitted to live, what citizens shall be condemned to have their businesses destroyed, and what citizens shall be favored by permitting their businesses to live? What agency will control, what individual will be the all-powerful arbiter executioner, and what motives finally might actuate such an individual?

Why, Mr. Chairman, when I consider these points in the light of the situation and in the light of the whole philosophy of a free democratic government, I stand appalled at the future possibilities if we do this thing. [Applause.]

Mr. Chairman, under leave to extend my remarks, I insert the following information:

> Because the United States is usually alluded to as a highly protected country, an erroneous impression prevails among many people that the rates of duty on sugar are above the rates prevailing in other countries. A glance at the following table demonstrates to the contrary:

Import duty on 96° raw sugar or equivalent at exchange rates on Sept. 1, 1928

	Cents per pound
Brazil	17.610
Salvador	15.876
Peru	9.428
Greece	5.723
Belgium	5.047
Guatemala	4.902
Spain	4.822
Poland	4.572
Czechoslovakia	4.538
Turkey	4.478
Costa Rica	3.773
Norway	3.703
Honduras	3.587
Rumania	2.914
Finland	2.892
Uruguay	2.722
Paraguay	2.608
Argentina	2.462
Russia	2.330
Germany	2.270
Irish Free State	2.270
Venezuela	2.189
Australia	2.022
Newfoundland	2.000
Bulgaria	1.962
Hungary	1.816
United Kingdom (plus bounty)[1]	1.811
Canada	1.770
United States (Cuban rate)	1.7648

Import duty on 100° refined sugar or equivalent at exchange rates on Sept. 1, 1928

	Cents per pound
Brazil	17.610
Salvador	15.876
Guatemala	9.803
Peru	9.428
Turkey	7.562
Costa Rica	7.074
Venezuela	6.566
Greece	5.723
Poland	5.080
Belgium	5.047
Spain	4.822
Czechoslovakia	4.538
Newfoundland	4.500
Rumania	4.432
Russia	4.194
Norway	3.703
Honduras	3.587
Argentina	3.427
Paraguay	3.260
Dominica	3.219
Finland	3.204
Australia	3.016
Uruguay	2.786
Germany	2.700
Yugoslavia	2.633
Colombia	2.592

For footnote 1 see bottom of next column.

Import duty on 100° refined sugar or equivalent at exchange rates on Sept. 1, 1928—Continued

	Cents per pound
Irish Free State	2.535
United Kingdom (plus bounty)[1]	2.527
Bulgaria	2.403
Italy	2.167
Austria	2.002
United States (Cuban rate)	1.912

Mr. Chairman, I also insert the following testimony of Mr. A. J. S. Weaver, referred to earlier:

Mr. HOPE. Mr. Weaver, I think I can see what the immediate effect of this plan may be, but I am more concerned as to what may be the permanent policy to be developed when this plan is put into effect.

Now, if I understand your position correctly, it is that sugar production in this country is inefficient; that it requires an amount of tariff protection which results in an increased cost to the consumer and that, therefore, it is undesirable, at least to permit it to expand; and yet you come in now with a plan which, in itself, does not contemplate any reduction in the costs of the product to the consumer, but which at the same time would not permit the domestic industry to expand.

Now, are not these two positions inconsistent, if it is an inefficient industry, one which we are not to protect through a tariff and one which is causing the American consumer to pay a higher price than he would otherwise pay should we not stop protecting it altogether? On the other hand, if it is inconsistent to do that, what justification is there for keeping the domestic price up to the level that it has been in the past?

Mr. WEAVER. I should say that the suggestion in the President's message had an important bearing on that question. The President said, as I remember, that he did not now favor putting sugar on the free list; and, as I read the message, it seemed to me that the implication was that that would be a tremendous shock to an important industry.

He suggested that we call a halt, consolidate our position with respect to domestic production, which might ultimately result in concentration of sugar production in the most productive land, which may simply provide as a basis for an immediate halt, and the President may contemplate taking further steps in reducing the production of sugar in the United States. I do not know. That is, however, a fair impression, I think, of the President's message; but it is important not to cause such a tremendous shock on such an important population as putting sugar on the free list might.

Mr. HOPE. Then, in other words, the whole purpose of this measure is to gradually eliminate the domestic-sugar production; is that it?

Mr. WEAVER. Of course, it could be done drastically and at the cost of a great shock to the sugar-producing population.

Mr. HOPE. Then, are we safe, or justified, rather, in assuming that it is the policy of the administration to ultimately eliminate the domestic producer and American production?

Mr. WEAVER. Of course, the legislation now being considered is, as has been suggested before, emergency legislation, and therefore there are other considerations. There are purely emergency considerations. For example, with the large beet crop produced this year in conjunction with the large crops in most of the other areas supplying the United States market, there have been disorganized markets for sugar which have benefited distributors in most cases rather than consumers, and which have been at the cost of the producers of beets and continental cane.

Beet factories have been forced, in order to sell their products, to absorb a much greater amount of freight than is customary for them to do. Sugar has moved, beet sugar is moving, into New England, I understand, and that means, in many cases, there is a crosshaul of sugar from the eastern refining points to the Rocky Mountain region, and there is no guaranty that would not go further and bring us back to last year's very low world prices, of which and about which the beet producers and continental cane producers complained, and rightfully complained.

Mr. HOPE. It is not the purpose of the administration through this plan, or any other plan, to reduce the cost of beet sugar to the consumer?

Mr. WEAVER. No. No; at least not under the situation that I spoke of just now. That is entirely different from any long-time program of which you speak, and I do not think that you can say so; that I do not think it is the point of view of the administration, that they want sugar at such low prices as to result in or results from disorganized markets. On the other hand, I think it is true that a great deal of the results from the disorganized market of sugar has not gone to the consumer. Of course, some of it has gone to the railroads. Much of it has gone to distributors. Some of it has gone to speculators and others. It has not gone to the consumer.

Mr. HOPE. If it is not the purpose of the administration to reduce the price of sugar to the consumer, what objection is there then to permitting an expansion of the domestic industry in this country?

Mr. WEAVER. I do not follow that question.

[1] In addition to the import duty on sugar Great Britain grants a bounty on sugar and molasses manufactured from beets grown in that country. The above rates are exclusive of excise, sales, and other internal taxes which are also applied to domestic sugar, these extra taxes being applied in many countries.

Mr. HOPE. Well, I will repeat the question. If there is no desire on the part of the administration to reduce the price of sugar to the consumer, what reason is there for restricting domestic production?

Mr. WEAVER. There, of course, is a desire; a desire on the part of the administration to reduce costs of living and to reduce the excessive costs of sugar to the population of the United States.

In this emergency situation it is not possible to do everything at once; but, now speaking from the point of view of long-time policy now, if further expansion is continued, the United States will be saddled, possibly forever, with a high-cost industry which is not a fair thing to contemplate for consumers.

Mr. HOPE. Well, then, in other words, the policy is to start in eliminating the industry before it gets any bigger. Am I correct in that assumption?

Mr. WEAVER. Yes; I think that is a reasonable statement.

Mr. Chairman, I also insert the statement of the American Farm Bureau Federation by Chester H. Gray in regard to H.R. 7907.

Since this measure, H.R. 7907, is in substance a repetition of the proposed marketing agreement on sugar, which was under consideration for months during 1933, and was finally disapproved by Secretary Wallace, the American Farm Bureau Federation can do nothing else in regard to the pending measure than to oppose it, as was done in regard to the proposed marketing agreement of 1933.

The main reasons which led to this position are:

1. The proposed measure is an amendment to the Agricultural Adjustment Act. That act, in sections 1 and 2, declare unequivocally that the intent and purpose of the act is to benefit one individual, namely the American farmer, by bringing to him parity prices for agricultural products. The proposed measure, equally with the former proposed sugar-marketing agreement, instead of benefiting the American farmer would bring prior benefits to the off-shore and importing interests instead.

2. Since this proposed measure is an amendment to the Agricultural Adjustment Act, it, if enacted in any form, should confine its provisions to the domestic interests of the American farmer rather than extending its provisions far beyond the original intent of the Agricultural Adjustment Act by becoming international in character. It is meant to state that the Agricultural Adjustment Act by amendment should not be made to become an instrument by which investments, American and otherwise, in Puerto Rico, Cuba, and the Philippines should be placed on a higher point of vantage than is the American farmer.

3. The domestic production of sugar is approximately one fourth our domestic consumption; consequently any effort at this time to decrease production of this very essential farm product is neither economically necessary nor in the spirit of the Agricultural Adjustment Act. That act, in addition to its declaration of policy in sections 1 and 2, which substantially promises parity prices for agricultural products, states in section 8 (1), "in order to effectuate the declared policy, the Secretary of Agriculture shall have power * * * to provide for rental or benefit payments * * * upon that part of the production of any basic agricultural commodity required for domestic consumption." Since every ton of the domestic production of sugar, whether from cane or beets, is required for domestic consumption, it is logical to assume that all benefits of the Agricultural Adjustment Act, such as rental or benefit payments, are not dependent upon reduction in production but might logically be applied to this commodity, sugar, until its quantity came to be so large that a portion thereof—that is, a surplus—would not be required for domestic consumption.

4. The statement made by some that sugar is not an economic crop, which has been explained to mean that it can be produced abroad more cheaply than in the United States is no justification for provisions in H.R. 7907, which allow entry into our markets of too great quantities of foreign sugar. Unless we are willing to classify as "uneconomic", many other crops which can be produced abroad more cheaply than in the United States we have no foundation for so classifying sugar. To adopt this sort of argument would place the following crops in the position of being uneconomic, with the natural conclusion—following the erroneous argument of spokesmen for foreign sugar interests—that our American farmers who produce them should not long enjoy the home market.

(a) Milk, in a recent year, had a United States cost in northern New York and northern Vermont of 25.5 cents per gallon; milk for the same year just across the line in Canada had a cost of 21.1 cents per gallon.

(b) Cream in a recent year delivered to the New York market had a cost of $2.60 per gallon; cream for the same year delivered to the same market from Canada had a cost of $2.27 per gallon.

(c) Butter delivered to the New York market from the United States had a cost of 56.06 cents per pound; butter from Denmark, delivered to the New York market for the same year had a cost of 41.11 cents per pound.

(d) Beef cattle in a recent year in Wyoming cost $9.65 per hundred pounds; from Argentina the cost of beef cattle was $5.33 per hundred pounds delivered to our markets.

(e) Corn in 1926–27 had a United States cost of $1.23; Argentine corn was delivered at San Francisco in the same period at 93.6 cents per bushel.

(f) In 1930 dried beans in the United States cost 6.5 cents per pound; from Japan the cost was 3.9 cents per pound delivered to Philadelphia in both cases.

(g) Fresh lima beans in 1930 in the United States cost 11.1 cents per pound; from Cuba, 7.8 cents per pound.

(h) Onions delivered to New York in 1926 cost in the United States $3.39 per hundred pounds; from Spain, $2.18 per hundred pounds.

(i) Fresh tomatoes in 1930 delivered to New York had a United States cost of 8 cents per pound; from Mexico, 5.9 cents per pound.

(j) Canned tomatoes, in a public hearing before the Tariff Commission, were shown to have a cost of $1.36 per dozen cans; from Italy, $1.07 per dozen cans.

(k) Maple sirup, according to data presented to the Tariff Commission, cost in the United States 16.47 cents per pound; from Canada, 12.92 cents per pound.

(l) Maple sugar from the United States cost 26.20 cents per pound; from Canada, 20.88 cents per pound.

(m) Cherries, sulphured or in brine, in 1926 delivered to New York had a United States cost of 22.8 cents per pound; from Italy, 12.9 cents per pound.

(n) Lemons, delivered to New York, had a United States cost in 1930 of $4.13 per box; from Sicily, $2.33 per box.

(o) Almonds in 1928 cost in the United States 58.2 cents per pound; the average value of imported almonds was 39 cents per pound.

(p) Flaxseed delivered to New York in 1931 cost $2.54 per bushel; from the Argentine, $1.98 per bushel.

(q) Fresh green peas, delivered to New York, in 1930 cost in the United States 13.7 cents per pound; from Mexico, 9.7 cents per pound.

(r) Peppers delivered to New York in 1930 cost in the United States 7.2 cents per pound; from Cuba, 4.7 cents per pound; from Mexico, 6.8 cents per pound.

(s) Wool delivered to Boston in 1930 cost in the United States $1.10 per pound; from Argentina, 56.6 cents per pound; from Australia, 68.2 cents per pound.

If sugar is an uneconomic crop, and as a consequence, according to some observers, we must turn our home markets over to the foreigner and to the foreign product, then we must likewise be consistent and surrender our domestic markets on many a crop, some of which have been enumerated above. The disparity between the cost of producing sugar under American and foreign conditions is no greater, and in many instances lesser, than is the disparity between the American and the foreign costs of production on other farm crops.

5. Another peculiar slant has been taken by some witnesses in regard to H.R. 7907, both by those who spoke for the administration and those who testified for importing interests. It has been said by these witnesses that since sugar is now deficient in supplying the home market, the home market should be surrendered to foreign producers; the thought seemingly being that no effort should be put forth to expand production within the continental United States. If this sort of argument should be allowed to apply in the case of sugar, it will also apply in the following crops, in each and every instance there being annual or seasonal deficiencies in domestic production:

Flaxseed; buckwheat; fresh winter vegetables, such as tomatoes, snap beans, green beans, cucumbers; canned tomatoes; peas; potatoes; soybeans; almonds; cherries; grapefruit; lemons; limes; figs; dates; olives; English walnuts; filberts; peanuts; currants; beef cattle; wool; milk; cream; butter; maple sirup; maple sugar.

The two lists of commodities above given—one to show that many of our domestic farm crops cost more than foreign crops, just as sugar does; and the other to show that many of our farm crops are deficient either regularly or seasonally in supplying the home market, just as sugar is—should serve to show conclusively that sugar is not in a class by itself. Since no such legislation as is now proposed in H.R. 7907 has been submitted or even suggested for any other farm commodity, it is wholly unadvisable to enact this type of legislation for one farm commodity. The logical alternative to this unwise procedure would be to classify sugar as a basic commodity, if, in the judgment of the committee, this is wise, and then do everything possible to expand its production so that the home market will be preserved for the domestic producers rather than be surrendered to foreign producers.

6. Accordingly there should be no quota to limit the production of domestic sugar, at least until the domestic production of sugar reaches or nears the surplus point of production. There should be power given the Secretary of Agriculture to put under quota imports from the Philippines, Cuba, and Puerto Rico to supply that portion of our domestic market annually which is not supplied by domestic producers. These two provisions written as amendments to the Agricultural Adjustment Act practically are all that are needed at the present time. They would not only permit but would authorize and aid in the expansion of domestic-sugar production, and as this production increases would automatically decrease the amounts of sugar to be imported from our three most formidable competitors—the Philippines, Cuba, and Puerto Rico.

7. To accomplish these ends, if in the judgment of the committee sugar should be made a basic commodity, the entire measure, H.R. 7907 should be rewritten, so that its advantages would accrue to the domestic producers rather than to the importing sugar interests.

Mr. GRAY. Mr. Chairman, all things come to him who waits. "You know too well the story of my thraldom." I am intensely interested in farming and Abraham Lincoln,

but upon this occasion I wish to defer my remarks on farming and agriculture and speak of Lincoln.

Lincoln was born in Kentucky, but as soon as he was able to get up and take a survey of his surroundings and was sufficiently developed to migrate, he left Kentucky and came to Indiana. [Laughter.] He remained in Indiana during the plastic mental period and until his character was molded that made him President in later years. Finally, on realizing that he was in competition with too many people of his own type and ability, he left Indiana and moved to Illinois where he was in a class by himself, and where the people of that State, unmindful of history and the true facts, are claiming both the glory of his birth in Kentucky and the early associations and surroundings in Indiana, which molded his character and gave him prestige, and from which he arose to the Presidency. [Laughter.]

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. GRAY. I will yield presently.

The CHAIRMAN. The gentleman from Indiana declines to yield.

Mr. GRAY. In the meantime, Mr. Chairman, and preliminary to the remarks I will make on Lincoln, I wish to submit briefly some observations for the information of the House, and especially relating to the rights and duties of the Membership here in the conduct of proceedings under the rules and parliamentary usage governing legislative bodies.

Mr. Chairman, while I realize that rules are necessary in the conduct of proceedings of great legislative bodies, like the American Congress, yet they are often abused and the rules of this House are no exception to such experience. And while the rules are designed to give free and full expression, they are often taken advantage of to prevent such free and full expression and to stifle true reflection of public opinion. While these rules are framed to facilitate and expedite business, they are often taken advantage of here to stop or suspend business and even to cause adjournments. Like other laws, rules and regulations enacted and formulated for a good and proper use, they are often taken advantage of for a bad purpose, and until the abuses become so great and flagrant as to bring a revolt and uprising resulting in their repeal, modification, or abrogation.

But what is most significant here in the operation of these rules is the power given to small men. [Laughter.] It is constantly observed here that men of no special ability or capacity and who otherwise, without the rules, could not stop anything, can under and with the rules hold up or stop everything, can bring the House proceedings to a halt, take good men off of the floor, or even prevent good men from obtaining the floor. [Applause.] Under the rules in force here, men of miniature mental stature are given the power of a Joshua, the man who stopped the sun. Strong men are cited to remain sitting and the House commanded to stand still. [Applause.] And it is surprising to observe that when these men learn of this power by accident or otherwise, how unsparingly and lavishly they resort to it like a small boy blowing a red whistle. [Laughter.]

On February 12, Lincoln's Birthday, I asked unanimous consent to address the House for 10 minutes on the life and character of Abraham Lincoln, but by certain maneuvers my object was defeated. Thereafter on several consecutive days I renewed my request for unanimous consent to address the House for 10 minutes on the life and character of Abraham Lincoln, but the same aggregation of men, assuming the guardianship of the House, each time objected to my request. It is a significant fact, and the records will show, that this same aggregation of men not only failed to observe or recognize Lincoln's Birthday themselves, but they interposed to prevent others from rising in this House to do him honor. [Applause.]

This incident here reminds me of a similar occurrence in early life and with a like aggregation of men. I recall at this time to mind my dissertation and respects to them which I prepared in verse, the following lines of which now come to me:

But mark it well, we'll strike it rich
In fortune huge and more;
We'll pass these men while they're afoot—
We in a coach of four.

We'll then look down with that contempt
That we would pay a mole;
And nod and ask how can it be
That such can have a soul?

[Applause.]

As the men comprising this aggregation are comparative strangers to me, and without advice of their history and antecedents, it might be assumed, in mitigation of their offense, or as an apology for them, that they were new Members coming in here from the back districts [laughter], and by a very remarkable coincidence were imbued or possessed of more gall, ego, and effrontery than courtesy, knowledge, or experience, and, failing to obtain recognition on merits, took this plan to break into the RECORD to show some semblance of public service. [Laughter.] But I find that this hypothesis, that this explanation or apology is untenable, as I am informed that the Members of this aggregation have been here before and had gained notice in this House, or, more properly speaking, notoriety by more or less unsavory service. [Applause.]

Mr. Chairman, it is with great reluctance and regret that I am compelled to abandon this theory and forego this apology for them.

Mr. Chairman, I am coming more and more to conclude that this aggregation was not prompted by good-faith devotion to public duty, as assumed at this time of objections, but was actuated by some evil motive or in some petty partisan spirit, but in such wanton disregard of respect for Abraham Lincoln, parleying, trifling, temporizing with the sacred memory of the dead, and in such wise and manner as to call for challenge and resentment. [Applause.]

Of course, Mr. Chairman, I cannot say positively, I am not advised to a certainty, I am not absolutely assured, whether this indignity was directed toward myself or against Abraham Lincoln, whose name I revere among all others, and whose life and character I seek to extol. But as I have had no previous contact or dealings with this interposing aggregation of men, either individually, singly, or collectively, I can conceive of no sinister or ulterior motive actuating them against me personally. I am, therefore, constrained to conclude that this hostile spirit manifested was directed either against Abraham Lincoln personally or against the principles for which he stood and to which I will hereafter refer.

But, Mr. Chairman, in presenting this record of these unprecedented proceedings to the House for consideration and appropriate action and censure, I want it distinctly and fully understood that I am not charging or naming any Members as individuals. I am only citing for disapproval and condemnation this aggregation.

But, Mr. Chairman, what is more passing strange here is that Lincoln was elected and served as a Republican President and yet all this opposition is coming from the Republican side and all the demands to hear of Lincoln and Lincoln's policies are coming from the Democratic side, while the Cherokee strip, usually boisterous and demonstrative in keeping with the character of that country, appears quiet, neutral, and in a receptive mood. [Laughter.] This incident shows the changing times. While Lincoln was a Republican President, in 1861–65, less than 70 years ago, he would not be a Republican President today. He might be a progressive Republican. Or in the scholastic phrase and term of Senator SIMEON D. FESS, of Ohio, he might be a pseudo-Republican, or, quoting from the more choice and refined expression of Senator George H. Moses, of New Hampshire, he might be classed among the wild jackasses. The only difference or line of demarcation today between a progressive Republican and a Democrat, is, that while both believe in Jefferson, Jackson, and Lincoln, the progressive Republicans do not manifest the same moral stamina or courage of their convictions as is characteristic of Democrats and men actuated from a conscientious realization of justice, duty, and right. Mr. Chairman, it is an old saying among

men that politics make strange bedfellows, and since the advent of woman suffrage and female candidates for office, and with new parties and political lines threatening and eminent, it is hard to pierce the veil of the future or predict with any assurance or certainty what might, might not, or could happen. [Applause and laughter.]

As Lincoln lived almost 70 years ago, it is difficult to realize and understand this lingering, persistent, antagonistic spirit of animosity, vituperation, and revenge manifested here in the House even to this day against Lincoln.

But, Mr. Chairman, even so as against Lincoln, I would resent this hostile attitude, this indignity against Abraham Lincoln more strenuously, vehemently, and with more determination than if directed personally against myself. [Applause.] And I take the further position here that this indignity toward Lincoln is a charge against the patriotic integrity of every Member of this House, both on this side of the aisle and against every Member on the other side, except this aggregation against Lincoln, who have forfeited all claim to either patriotism or integrity.

Mr. Chairman, a realization of right and duty prompts men to courage, resolution, and will, calling into strain and tension every sinew and fiber of the body, and arousing the latent powers of men to contend and battle for the right. And in such realization of a just cause, I stand ready to defend Lincoln from the traducers of his immortal character. [Applause.] And, actuated by such realization, I am not afraid of this aggregation. I challenge this aggregation. I defy this aggregation. [Applause.] And further actuated by such realization, I am ready to meet this aggregation in any proper or forensic contest, of measure of words, or résumé of history. In my zeal and determination to meet the calumniators of Abraham Lincoln, I would even consider a physical encounter; that is, with an aggregation of gentlemen, and I use the word advisedly and in its proper significance. I have no fear of the result of such an engagement with this aggregation, except in one very delicate consideration, and that is that these men are not in my class. And I realize I would suffer loss of prestige and dignity before my constituents and the country by stooping to meet them on their level. [Applause and laughter.]

If ever I fall so low in patriotism or in spirit of respect for Lincoln, I will resign my membership here and return to my district and there hie to the solitude in the depths of the jungle forest. And there where no eye can witness, where no ear can listen, where no tongue can tell, there in humiliation, remorse, and seclusion, in sack cloth and ashes, doing penance, there I would hide my face from the reproach of man and the piercing frown of the Almighty. [Applause and laughter.]

But, Mr. Chairman, I am glad that these belligerent Members have at last come to read from the handwriting on the wall and to realize their attitude before the country, the trend of scathing public opinion and the gathering storm of indignation, and this, too, in time to retract and face about, in their forced recognition of Lincoln, to save themselves from the wrath and censure of a wronged and misrepresented people.

But, Mr. Chairman, I am looking forward and not backward, looking upward and not downward, and I want to forgive and forget my colleagues in error and their indignity towards Lincoln. [Applause.]

And here I quote from Lincoln: "With charity for all and malace towards none," and I would ask unanimous consent to expunge these observations from the records as fully and as completely as if never made, if this hostile attitude and disrespect were only directed against me personally and without reflection upon or disparagement of the name and character of Lincoln. [Applause.]

Mr. Chairman, speaking of February 12, Lincoln's birthday, sometimes a tree stands higher, towering above the surrounding forests. Sometimes a star shines brighter, glowing in more brilliant luster from the gem-set canopy of the night time. Sometimes a man stands out from and above the masses and the multitude of his fellow men because of genius, talent, or great ability, or of some strength or force of character. Abraham Lincoln was such a man. Like a tree rising from the depths of the forest, he arose from the low level of poverty and want; from the life of the lowly, from the cabin, to high and exhalted place and position. And like the star twinkling from the dim twilight, increasing in luster as the darkness gathers, his name grew brighter as the shadows fell until his life shown out like a beacon light before men, hung high to watch and follow. [Applause.]

It is a matter of history and common observation that the latent power of men often lay dormant and inactive until awakened, aroused, and developed by the conditions and emergencies of the time. Such was the latent mind force lying dormant in the fertile mind of Lincoln until aroused from mental lethargy by the rising irrepressible conflicts over involuntary servitude involving primary human rights, culminating in strife and mental struggle, and the clash of physical force in war. And it is the history of the lives and accomplishments of great men that one mental facility of power is often developed or perfected to excel to the neglect, impairment, or exclusion of others. Abraham Lincoln possessed many virtues and accomplishments with other men, but he excelled or arose to high eminence by one supreme trait of character, by sacrificing devotion to one great principle predominating and engrossing mind and soul. [Applause.]

Abraham Lincoln was an honest man; but there has been many honest men, their honesty paving the way to obscurity and passed over in the annals of history, with name unsung, unheralded, and unknown. Abraham Lincoln was an able lawyer; but there has been many able jurists among men, possessed of equal and greater legal learning, and who have departed or passed on to live only in the resolutions of respect spread of record by the local bar. Abraham Lincoln was a sympathetic man, responsive to the simplicity and innocence of childhood, and was often touched to sadness and tears by the appeals of the unfortunate before him; but other men of like sympathetic nature and administering to all the charities that soothe, heal, and bless are forgotten by the beneficiaries of their charity and benevolence. And there are many other attributes of high character and fidelity of purpose which other men could measure equally with him, and claim honor and credit with him, and respect and confidence with him.

But there was this one great principle deeply, indelibly, and internally impressed upon the heart and in the mind and conscience of Lincoln and to which he was fervently devoted—the principle of liberty and freedom, of equal untrammeled human rights, the natural rights of the individual man. Lincoln looked upon mother earth and the people as her children. And he undertook to uphold and justify the natural impulses of motherhood high and above man-made law, her sacred sacrificing care for each and all without favoritism, preferment, and discrimination because of race, color, or condition of servitude. And looking upon the world and her people he declared the principle of human equality, the right of every man to take, shelter, and live from the bounteous bosom of mother earth, the right of every man to labor upon the earth to live, and to take and enjoy the fruits of that labor for his own support and maintenance and for those who by nature are dependent upon him.

Sometimes we are too near an object to see its form or measure its breadth and height, and we must go back for a perspective view. And during the contemporaneous time of Lincoln, Lincoln, his aims and accomplishments, were too near for a full view of his character or to measure or judge of his talents or worth. But today, looking at Abraham Lincoln back, down through the lapse of time, from the greater distance of the receding past and the light of events of the present, we can see and realize more of Lincoln. We can estimate more fully and accurately of his life and character and the true worth of his services, his course at the time and his insight into the future. And from which distance we are

brought to realize that Lincoln, contemplating the future almost 70 years ago, knew, realized, and comprehended more of the present than many men today can realize standing in the immediate presence of their own time.

At the time, contemporaneous with Lincoln, public opinion, public sentiment was divided. The issue of slavery, of human rights, has been determined by force and war, but might does not make or determine the right, nor conclude judgment in mind, heart, and conscience. But time is a great analyzer of facts. Time is a great demonstrator of truth. Time is a great vindicator of principles and men. Time in the great final analysis will tell. Time will consider a way and determine the right. We could not give the South today what their forefathers fought for less than 70 years ago. The generations of today would spurn such an offer with indignation and with resentment. They would take up arms, to resist, repel, the offer of what their forefathers fought for less than 70 years ago. Time has considered and rendered its verdict, both the North and the South are in unison, marching and waving banners together. The generations of today stand joining hands, pledging each other united allegiance forever. Time has decreed that Abraham Lincoln was right.

A Nation mourns Lincoln's tragic, untimely death. He struck the shackles from the black slave. But his work was not over, not completed. His heart still welled, his soul still burned in fervor for the rights of the lowly individual man. Before the light went out in Lincoln's life, his sad, serious, plaintive face reflecting the emotions struggling within, for the rights of the down-trodden and lowly, Lincoln in such meditative mood, said:

> I see in the near future a crisis arising which unnerves me and causes me to tremble.

And continuing, Lincoln, admitting and deploring his mistake in the approval of the surrender of the constitutional power of Congress to issue and control the value of money, said:

> The money power will (now) endeavor to prolong its reign working upon the prejudice of the people until all the wealth is aggregated into the hands of the few.

The struggle of the Civil War was over. But Lincoln was still thinking, reflecting, planning to rescue, retrieve, recover, and justify the rights of the lowly, individual man, and contemplating breaking the shackles from the white slave as well as the black slave.

And in this day and generation, when men are fawning to do the bidding of wealth and high social position; with great private banks of issue controlling the money supply of the country, the life currents in industry and trade; and the President and Congress of today begging, supplicating, imploring, before a frowning money monster, octopus, for the assent to use the people's own money, as vested by the Constitution in Congress and as delegated under the currency provisions of the relief act; with great financial and industrial corporations reveling in power and defying the authority of public officials and the Government itself, and with 90 percent of the wealth of the country aggregated into the hands of a few, it is fit and proper that we pause here to consider the life and character of Abraham Lincoln and his prophetic words uttered briefly before his death, and his prophecy and apprehension realized in the plight of the lowly individual man.

We are brought face to face today with Lincoln's foresight and warning and the fulfillment of his prophecy realized in the wealth of the country aggregated in the hands of the special few; with the reign of the money power prolonged, in a land of millionaires on one hand and millions of mendicants on the other; with the people gasping for economic breath; starving, freezing, suffering in despair in a land of plenty and great abundance. Even more than the issue of the great Civil War, even more than the issue of black slavery is the issue of white slavery today, the servitude of the helpless individual man, and the forces gathering to challenge his bondage in bloodshed, carnage, death, and destruction in the lurid, leaping flames of war. [Applause.]

With Lincoln's warning of yesterday unheeded, "No Nation can long endure half slave and half free", we are reading from this panic and depression, standing out in bold, flaming relief the handwriting on the wall foreboding civil chaos, anarchy, and revolution. This administration is standing in the presence of Thomas Jefferson and Andrew Jackson and the immortal spirit of Abraham Lincoln, all speaking in one language, all calling in one voice, all protesting against the surrender of the constitutional power over money, and all imploring us to recover back to Congress from money-mad financiers and bankers, the misers, Shylocks, and money changers of today, the surrendered power to coin money and regulate the value thereof, and to rescue and salvage civilization from a relapse of the Dark Ages. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. BLANCHARD].

Mr. BLANCHARD. Mr. Chairman, a few days ago this House created a special committee on conservation of wild life, and in passing I want to touch upon the possible program of that committee as incidental to what I shall say later on. Likewise, within the past few days there has come to our attention the report of the Special Committee on Conservation, which was appointed by the President, in which it is stated that the committee has in mind the acquisition of 5,000,000 acres of land, so-called "marginal lands", that may be turned back into conservation channels. It is said by Mr. Darling, who was one of the members of the President's committee, that it would require two men to handle each 1,000 acres. I have computed the cost on the basis of $1,200 per man and find that if such a program is adopted, it would require an annual appropriation of $12,000,000 to pay these men their salaries, without any accounting for maintenance cost and equipment allowance. I mention that because however we may enthuse about the proposed program for conservation of wild life, we must of necessity consider the future cost and more especially the probability of carrying on continuously a program of that character.

Then, in connection with the taking over of these so-called "marginal lands" for conservation purposes, I make reference to the policy of the country in the past where we have drained marshes, irrigated lands, and reclaimed lands, and still are doing so, in face of the fact that nature and the study of nature, and natural conditions should teach us that as a national policy that can lead only to destruction.

In 1930 we appropriated $7,798,000 for irrigation and reclamation. In 1931 we appropriated $9,047,000 for the same purpose; in 1932, $6,971,000; in 1933, $2,441,000; and in 1934, $3,003,000. In other words, the ordinary Budget shows in the past year for 1934, $3,003,000, but in addition to that amount there must be taken into account $109,000,000 which was appropriated through the P.W.A., which means that the correct figure, regardless of any budget setup that one may have in mind, must be $3,003,000 plus $109,000,000.

Here is what I am driving at. Shall we, as a matter of national policy, continue drainage, irrigation, and reclamation on the huge scale that we have known in the past, in view of the proposed expenditure of $25,000,000 to reclaim for wild-life conservation activities some of those same areas?

I pass now, briefly, to the subject of cotton, dairy, and sugar, and in that connection read from the statement made by Secretary of Agriculture Wallace in which he says that he leans to the middle and international sides of the case, referring to the three alternatives that we have before us today—first, nationalism; second, internationalism; and, third, Secretary Wallace's so-called "middle-ground" program. He says that there are good arguments on all sides, and that is why he wants you and me and all of us to think about the problems. He believes the future welfare of serving the country and people alike depends upon deciding it rightly.

In other words, he has not come to any definite conclusion as to what is proper and correct. He has not come to

any conclusion that his program for the control of cotton and the control of dairy surpluses nor the allocation of sugar is the right course that we should pursue at the present time. He has said within the past few days that he believes quotas must be definitely fixed in sugar. Let me read his words:

Secretary of Agriculture Wallace told the Senate Finance Committee yesterday he had no intention of destroying the domestic sugar industry, but that quotas would have to be applied. He recommended allocations of portions of sugar demand to the various producing areas, and urged the inclusion of such a clause in the Costigan bill to make sugar a basic commodity, set up production quotas, levy a processing tax with which to compensate for reduced acreage, and thus open the way for tariff modifications calculated to restore life to Cuba's shattered economy.

Then I read the statement of the President immediately following the conference which was had between the President, Senator ALVA ADAMS, Senator ROBINSON of Arkansas, and Representative TAYLOR of Colorado. At least the President was quoted as having made the statement in the press:

The President made it clear to us that any inference that might have been drawn from the testimony of Mr. Weaver, of the Department of Agriculture, before the House Committee on Agriculture, that the administration was hostile to the beet-sugar industry, were without foundation. He assured us that Mr. Weaver did not express his sentiment and that only he, the President, and the Secretary of Agriculture were authorized to define administration policies.

The President displayed a sympathetic attitude toward the sugar States, and at the conclusion of our conference personally telephoned to the Department of Agriculture suggestion for modifications of the pending legislation designed to meet some of the conditions which we described. Amendments to the pending legislation will be drafted after conference between representatives of the sugar-producing States and the Secretary of Agriculture, which we are hopeful will meet the problem that confronts us.

I mention that since it takes on a peculiar significance when we consider what we are faced with at the present time in the sugar industry and likewise takes on peculiar significance when we consider what we are face to face with in the cotton industry. I now read briefly from an article in yesterday's Star, written by Mark Sullivan, on the subject of collectivism. I do not agree with the article in toto, but there are some statements to which I can subscribe, and I point out just exactly the process of evolution that we face at the present time:

The first step turns out to be a mistake, or at least not successful. But what happens? Does the administration turn back? Not at all—it is the law of revolutions that they go forward and that the first step makes the second inevitable—those who promote the revolution understand this and take advantage of it.

We are just now on the threshold of the second step. It departs from voluntary action by the farmers (which was the first step) and introduces compulsion. The cotton raisers are to be compelled to reduce their crops—the bill is in Congress and it has the endorsement of President Roosevelt.

The bill contemplates that in the spring of each year the Secretary of Agriculture shall fix the amount of cotton to be raised in the whole country. With the amount for the whole country fixed, a quota is set for each State; within each State a quota is set for each county; within each county a quota is set for each farm—at the beginning of the season a Government agent will tell each farmer that he is to raise so many bales of cotton and no more.

In the first draft of the bill the Government's compulsion was to be achieved by fine and imprisonment—any farmer raising more than his quota would be subject to 60 days' imprisonment and $500 fine. Consideration seems to have suggested that this is rather too early a stage of the revolution to introduce imprisonment as a penalty for infraction of orders from Washington. In the present phase of the bill the compulsion upon the farmer is to be achieved by putting a prohibitive tax upon the extra bale or bales, a tax amounting to the total value of the cotton.

What the third step will be no one knows. "No one," that is, except the radicals at Washington. I suspect the third step, or at least one of the early steps, will be price-fixing; the same Government agent who in the spring tells the farmer how much cotton he may raise will in the summer or fall tell him the price that he is to be paid for it.

As to the further steps, we can only speculate. We know, however, what the objective is—Russia, and we know the Russian system.

I suspect an early step will be to apply the economic theory that since only a limited amount of cotton is to be raised it should be raised on that soil upon which cotton can be raised with least expense. This soil is to be found mainly west of the Mississippi River; and this process, logically carried out, will mean that substantially all the cotton will be raised in Texas, Louisiana, and Arkansas. When and if the process reaches the point at which the eastern cotton States—the Carolinas, Georgia, Alabama, Virginia, and Tennessee—are abandoned for cotton-raising purposes, at that point, or before it, I suspect, will arise the political opposition that should interrupt the progress of the revolution.

I say I do not subscribe to these statements in toto, but they do indicate pretty clearly what the trend is in the agricultural field and other fields of industry.

Mr. McFADDEN. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. McFADDEN. I have noticed that the Secretary of Agriculture is engaging in the publication of a series of articles along this line now. Inasmuch as those articles are copyrighted by the Foreign Policy Association and the World Peace Foundation, and from other evidences disclosed in his addresses from time to time, it indicates that he has an international idea, and he is following much of the corporate form of state of the communistic Italian plan of government.

Mr. BLANCHARD. I quoted from one of those same articles to which you make reference.

Now, turning again to sugar, it has been covered in an excellent manner this morning by the gentleman from Michigan, and I was very much interested in his statements. I want to pursue the argument one step further. I want to talk about a section of our country which is vitally interested in the sugar industry, namely, Michigan, Ohio, Indiana, and Wisconsin. May I say to you that none of these States named is first in importance when it comes to the sugar production of this country. I think Colorado ranks first. Idaho is an important beet sugar producing State. Other sections of this great country are vitally interested in the subject, but to give you a definite picture of what this proposed allocation means, the quota basis, I want to use these figures as applied to the four States I have mentioned.

There are 22 plants in the four States. Acres contracted, 262,000; acres harvested, 218,000. That is this last campaign year. Tons of beets to be paid for, 1,744,000; number of farmers, 29,000; number of beet workers, 26,393; number of factory workers, 7,505; number of field men, 156; number of weighmen, tare men, and yardmen, 944; number of office employees, 167; number of administrative employees, 55.

Amount paid to beet workers, $2,210,000; amount paid to factory workers, $2,143,000; amount paid to field men, $236-909; amount paid to weighmen, tare men, and yardmen, $152,902; amount paid to office and administration employees, $314,000.

Bags of sugar produced, 4,691,288; tons of pulp produced, 90,000; tons of molasses produced, 56,000.

Value of sugar at 4.25 cents net, $19,963,000, in round numbers; value of pulp at $15 a net ton, $1,356,000; value of molasses at $6 net, $341,815.

Barrels of fuel oil used, 243,000; tons of coal used, 254,-348; tons of coke used, 11,490; tons of limerock, 113,000; square yards of filter cloth, 312,000; sugar bags used, 4,723,-000; pulp bags used, 1,652,000.

Value of chemicals and laboratory supplies used, $129,000; value of materials and miscellaneous supplies used, $1,753,-000; amount paid to truckers in transporting beets, $822,000; amount paid to railroads for transporting beets, $344,704; amount paid to trucks and railroads for transporting supplies, $775,000; amount paid to trucks and railroads for transporting sugar, pulp, and molasses, $1,300,000; amount paid for all taxes—State, local, and Federal—$430,000; all this out of an industry confined to four States alone. If you want to use that as a basis to determine the amount of money that is paid annually over the whole United States, not only to the farmers and laborers of this country, both directly and indirectly, and for transportation costs, coal, and supplies, you can readily see the vastness of this great industry from the standpoint of the American producer.

Mr. KELLER. Will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. KELLER. What other States produce beet sugar, and to what extent?

The CHAIRMAN. The time of the gentleman from Wisconsin [Mr. BLANCHARD] has expired.

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 10 additional minutes.

Mr. BLANCHARD. I can only give the gentleman from Illinois [Mr. KELLER] a comparative statement. I have not prepared a complete statement, as I have with regard to these four States, because I did not have an opportunity to do so; but on sugar beets I gave those States so that you can readily understand from a productive basis how great an enterprise it is. On the basis of the figures for 1932, Ohio harvested 26,000 acres; Michigan, 121,000; for Wisconsin the figures are not given; Nebraska, 66,000; Montana, 56,000; Idaho, 53,000; Wyoming, 40,000; Colorado, 159,000; Utah, 57,000; California, 104,000; other States, 86,000; or a total of 713,000 acres.

Let me make this statement to the gentleman from Illinois [Mr. KELLER], and I think he will gather just exactly what I mean. We produced, in 1933, 1,706,000 tons of beet sugar in the United States. Under the proposed bill we will lose, under the quota basis, approximately 300,000 tons of refined beet sugar, and that tonnage will go to Cuba and the Philippines and other island possessions.

It means striking off anywhere from 16 to 20 percent of the production in continental United States, and, of course, on the basis of the figures I have given for these four States, it means wiping out 16 to 20 percent of the acreage, 16 to 20 percent of the amount paid the farmers, the laborers, men in the various industries closely related to the sugar industry.

Mr. CANNON of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. CANNON of Wisconsin. What quick remedy has the gentleman to suggest to protect the American sugar industry? I mean a quick remedy.

Mr. BLANCHARD. It will occur to the gentleman immediately when I make the statement that first of all I would kill H.R. 7907, which is a bill to include sugar beets and sugarcane as basic agricultural commodities under the Agricultural Adjustment Act, and for other purposes.

Mr. MILLARD. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. MILLARD. Is this the industry about which Secretary Wallace, testifying before the Finance Committee of the Senate, stated that if he had his way he would put it out of business?

Mr. BLANCHARD. I do not believe the Secretary of Agriculture used those exact words.

Mr. MILLARD. He is quoted in the press as having said that last week.

Mr. BLANCHARD. It is true he made a statement to that effect.

Mr. MILLARD. This is the industry to which he referred.

Mr. BLANCHARD. Referring to the sugar industry he said it never should have been in existence in the United States, or words to that effect.

Further answering the gentleman from Wisconson [Mr. CANNON], with all due respect to the President of the United States, with all due respect to the Secretary of Agriculture, with all due respect to Professor Tugwell and Professor Weaver, I want to say in no uncertain terms that this bill H.R. 7907 should meet with the violent opposition of all parties, Democrats, Republicans, and the Farmer-Laborites, as well.

The bill has no justification whatsoever. There is no surplus production of sugar in this country. The sugar industry is large and can stand upon it own feet. It is an industry which, by its very nature, has not gouged the consuming public of America. On at least one bill we ought to be able to unite in the interest of American agriculture. It is important that we unite in the defeat of this bill, for if 1,000,000 acres of highly productive, rich land is taken from the production of sugar beets in this country, quite naturally it cannot be classified as submarginal and it will go into the production of other farm products, to the end that the surpluses in some of those lines will be increased rather than diminished.

Mr. HEALEY. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. HEALEY. What will be the effect of this legislation upon the large sugar-refining units on the eastern seaboard?

Mr. BLANCHARD. May I say in answer that the eastern seaboard is not the only place where there are sugar refineries. Many sugar refineries have gone to Cuba, contrary to the original intent of the American people.

Mr. HEALEY. Mr. Chairman, will the gentleman yield at this point for a question?

Mr. BLANCHARD. Certainly.

Mr. HEALEY. It is my understanding that at least in the East the sugar refineries are paying N.R.A. wages, or a minimum of 50 cents an hour, whereas in Cuba similar labor receives but 50 cents a day. Are my figures correct?

Mr. BLANCHARD. The gentleman's figures are correct. I read now a very brief statement from a letter received from an individual back in my home county:

> Due to a loophole in our present tariff law, a number of the islands, including Cuba, have gone into the refining business, and in 1933 these islands shipped 626,598 long tons of refined sugar into the United States against 16,782 long tons in 1925, an increase of 609,816 long tons, or a sufficient amount of refined sugar for approximately 14,000,000 Americans, which is very unfair, as we cannot compete with Cuba and work under the N.R.A. codes.

I think that answers the gentleman perfectly.

Mr. KENNEY. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. KENNEY. Sugar is refined in a number of parts of the country.

Mr. BLANCHARD. Yes; in the four States mentioned there are 22 such refineries.

Mr. KENNEY. The gentleman realizes, I suppose, that the welfare of the sugarcane and sugarbeet growers depends somewhat upon the success of the domestic sugar refineries?

Mr. BLANCHARD. Quite naturally.

Mr. KELLER. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. KELLER. Where can I get the arguments against this phase of the bill specifically stated? I should like to understand it. Has it been made in a specific way?

Mr. BLANCHARD. The gentleman means the argument for the bill?

Mr. KELLER. Yes.

Mr. BLANCHARD. The Senate committee is conducting hearings at the present time, and some statements have been made before the House Committee on Agriculture. The hearings of the House Committee on Agriculture have not been concluded. So I imagine in due time we will have reports from both Houses.

Mr. KELLER. Is it necessary to beat the whole bill to beat this phase of it?

Mr. BLANCHARD. The bill deals primarily with sugar as a basic commodity. I am not referring to the Department of Agriculture appropriation bill; I am referring to another bill. The Department of Agriculture appropriation bill is now before the House, but under the rules governing general debate I am permitted to talk on any subject, and I am talking on H.R. 7907, the so-called "Jones-Costigan bill."

Mr. HAINES. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. HAINES. I am very much interested in the gentleman's statement relative to refineries. In the State of Pennsylvania, particularly around Philadelphia, we have perhaps the largest refining industry in the United States. I understand they employ perhaps more men and women than any other industry in the city of Philadelphia. They are quite concerned about this bill and have come to see me about it. I wish to compliment the gentleman for giving the House the information he has.

Mr. BLANCHARD. It is true not only of Philadelphia and Pennsylvania but of many other States of the Union which are interested vitally in the production of sugarcane and sugarbeet, and in the refining of raw sugar. This bill strikes at the very foundations of the industry. If the present bill is allowed to pass, I say positively and without fear of successful contradiction that it will prove to be the enter-

ing wedge for the destruction of one of the best industries we have in America.

Mr. DICKSTEIN. Mr. Chairman, will the gentleman yield?

Mr. BLANCHARD. I yield.

Mr. DICKSTEIN. If we have the power to curtail acreage, have we not also the power to fix prices?

Mr. BLANCHARD. Of course, the gentleman is referring to a statement I read, which was a quotation. I am not questioning the power.

Mr. DICKSTEIN. I want to get that cleared up, because the gentleman made the statement.

Mr. BLANCHARD. Mr. Chairman, I yield back the balance of my time.

Mr. McFADDEN. Mre Chairman, the gentleman has made a very important speech. If he has not the right to insert in the RECORD some of the things he was quoting from, I ask unanimous consent that he may put into the RECORD such articles he has quoted from as are material to this particular subject.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

Mr. SANDLIN. Mr. Chairman, I yield one half of a minute to the gentleman from Iowa [Mr. WILLFORD].

Mr. WILLFORD. Mr. Chairman, as a member of the Wild Life Committee I made a speech over the radio last Friday evening, and I ask unanimous consent to have the address inserted in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WILLFORD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech made by me over the radio last Friday evening:

Friends of the radio audience, a year ago I spoke to you regarding the cleaning-up and antipollution of the great Potomac River. I am back tonight with the same message. I am more than duty-bound at the present time to come to you, as just recently the House of Representatives appointed a committee called the "Wild Life Committee", of which I am a member, and we are trying to bring to you some message that will help you see the picture as it is. I am greatly interested in pure streams. I have seen terrible desecration caused by pollution, not willfully, but unthinkingly.

In my own State of Iowa, and especially around my home town of Waterloo, I have had the privilege and opportunity of becoming acquainted with the streams and forests of my State. At one time it was the pride and joy of everyone, but it has now become a State of polluted streams, desecrated forests, and all because selfish interests in the field of industry have seen fit to use our beautiful streams as a dumping ground for by-products and waste material. This alone has caused the death of thousands and thousands of fish and small game because of the impurity of the streams. My entire life has been spent in the State of Iowa, and I have seen the streams and woods become a dumping ground and a graveyard for fish and game. It makes me sad to see this condition. The problem of conservation may seem small to some of you, but ladies and gentlemen, one of the most important problems of our Nation is the conservation of our wild life, forests, and fish.

I plead with you to use every bit of influence you can to bring this to the attention of those in charge and to make a superhuman effort to make our waters as clean as they were when our forefathers came to this country. The great Potomac River, made famous with song and story, is one of the most richly historic spots in the Western Hemisphere; history is written on both sides from beginning to end. We should worship this river as it has been our savior. I have gone along the banks and have seen slugs of pollution coming from the city of Washington for many miles down the stream, and it makes my heart ache to think people would be so thoughtless to allow this condition to continue. Washington, with its half a million population, has many children who have to play out of doors, and they must have recreation. Let us make it possible so they may be able to fish, swim, and play about in a clean river. It is up to us, friends, to see that this is brought about. We must teach children to respect the whole picture, the flowers, trees, birds, and animals. Our little animals are not wild, and our birds are not wild, but it is we, ourselves, that are wild. I have seen many cases where birds and animals become fast friends and companions with the man who spends his time in the woods just through friendship; and when they once learn we are their friends, they will reciprocate by returning it many times. It is up to us. Let us not just talk about it; let us do it. The time has come when there is a shortage, when our woods and waters are almost depleted of that which is beautiful, and it is time to start now to preserve some of that which is left and bring it back to its original state as God intended it to be. Friends, you never see a counterfeit in the great out-of-doors. It is only when man takes charge and tries to reproduce or change, desecrate, and spoil the complexion and looks of things that is a counterfeit beyond the question of a doubt. The counterfeit is always the sure sign of a genuine article. All people enjoy nature. There are very few who do not enjoy a beautiful sunset or sunrise, the hills, trees, waters, and flowers. The Government has allocated a sum of money which makes it possible for cities to build sewage-disposal plants, incinerators, and made it possible for boys to reforest our denuded forests, build dams in small creeks so that water may be backed up to sustain fish life and multiply food supply and stop erosion in many places so that after a hard rain mud and slush flow to the river to be carried on down to the sea. Our Government is doing a wonderful thing in helping us try to prepare and take care of that which our great Creator gave us.

Our President has seen fit and can see into the future far enough and has made it possible for us to try to bring back to its original state, a place to play. It is not entirely recreation but is a humane act as well, so that we, as fathers and mothers, may be able to send our children to swim in the rivers, lakes, and creeks without having them come home with diseases of the nose, ears, and throat, and skin diseases caused by pollution of the stream. Any reputable doctor in the land will tell you that is where most of these generate and originate. We are becoming conscious of the fact that the word "conservation" means more than just so many letters thrown together. It means the salvation of this country if anything in the world does. We must conserve, and that which we have started that brings happiness to our hearts, must go on. If we had more of our boys and girls playing in the great out-of-doors, there would be less racketeering and crime. If the men who are committing so many crimes all over the land today, in their younger days had the privilege of playing out of doors, I believe crime would be on the decrease instead of on the increase. Nothing brings more peace and happiness than to be able to enjoy that pure environment where one can commune with his God, where one is able to see the genuine, all around. I ask you mothers and fathers to talk conservation when you have your family gathered together, play conservation and impress it upon the minds of your children. There is so much satisfaction in it, and the greatest monument you can build for your family is to teach them to play clean, think clean, and to keep the places our Creator left clean. Let us all play fair with nature. Our Boy Scouts are taught nature study, and they are the ones whom we must rely on for our next leaders of this Nation. Let us as men help the boys as they come to the age of maturity to be prepared by having a full knowledge of the great out-of-doors. Good night!

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Oklahoma [Mr. SWANK].

Mr. SWANK. Mr. Chairman, when we entered the World War, we were told that it was done to end all wars and to make the world safe for democracy. The armistice was signed November 11, 1918, and the war officially ended by resolution of Congress July 2, 1921. On account of the great carnage and destruction caused by the World War our people have been trying to devise means and methods of preventing future wars, so far as the United States is concerned.

Before the United States enters another war, except in case of imminent invasion, why should not that question be submitted to a vote of our people and let a majority rule, the same as any other question? This is a most important question for the people of the United States, and it seems that they should have a right to vote as to whether or not they want to engage in and send our boys to another war. A most precious right of an individual is the right of self-defense; that is, of using such means as are necessary to preserve his life and save himself from bodily injury. This same principle applies to nations, and a country has the right to fight in its own necessary self-defense, and the people of the United States would vote for a war for this purpose. Let the mothers have a vote on the question of sending their boys to war. They are patriotic and will always do their full duty.

The disastrous results of the last war are still fresh in the minds of our people, and we certainly do not want to engage in another war if it can possibly be prevented. There are some, of course, who agitate war, and others who make great profits when we engage in war. In the last war we saw the greatest army that was ever assembled under any flag. The boys were taken from every farm, shop, city, town, village, and hamlet. Not a home in the United States but was affected by the World War. The cost of that war was tremendous, and the burden of taxation as the result of it will never be lifted from the back of the youngest child now living. But, Mr. Chairman, that is not the worst part of the war. We see millions of our boys maimed and disabled

for life. They cannot get jobs, and their compensation and pensions have been taken away from them in thousands of cases.

Unearned billions of dollars filled the coffers of the profiteers in the World War—profiteers who made bullets, guns, and other implements of warfare and who furnished clothing and supplies. We hear much about taking the profits out of war, and the best way to take the profits out of future wars is to take the profits out of the last war. So far as I am concerned, Mr. Chairman, I stand where I have always stood, and that is to take care of the disabled soldiers and their dependents, and let the burden of that care fall upon those who profited so much in money by the great war. Let them pay an income tax and let it be understood that, in case of another war, they will not profit a penny.

In the last session of Congress I opposed the bill that struck so many of our disabled soldiers and their dependents from the compensation and pension rolls, because I believed it to be a great injustice to them. I was proud of that vote then, and I am proud of it now. I shall never permit myself to lift my voice or raise my hand against those who wore the uniform in any war in which the United States was engaged. On the other hand, I have always supported legislation in behalf of our soldiers and their dependents and shall continue in that direction. The big interests and those who are opposed to compensation and pensions for our soldiers can oppose me all they like, but they shall not deter me in the least in my support of our disabled soldiers nor lead me from the path of duty as it appears clear before me. I gladly supported the bill which enabled our war mothers to visit the graves of their sons who were buried in France.

On the 4th day of January 1934 I introduced the American Legion four-point program and am actively supporting that program. I hope to see full benefits to our disabled soldiers restored.

In the Seventy-second Congress I voted for the bill to pay in cash the adjusted-service certificates to our soldiers by the issuance of sound currency for that purpose. The Federal Reserve banks can be authorized, as can be the Treasury Department, to issue notes against these adjusted-service certificates and pay this just debt. In addition to the justness of the debt much new money will be put into circulation by such action, and the present emergency will be greatly relieved thereby. I have signed the motion to discharge the committee from the consideration of the bill to pay the adjusted-service certificates and bring it to the floor of the House for a vote. I hope the bill will be enacted into law this session, this just debt paid, and the question settled. It must be paid sometime, and why not now when the money is so greatly needed?

The payment of these adjusted-service certificates will put $2,400,000,000 into circulation at once without increasing taxes a penny. It will go into every nook and corner of the United States, and every neighborhood will be affected thereby.

If this bill should be enacted into law, the following amounts of money will be distributed in the Fifth Congressional District that I have the honor to represent in the American Congress:

Payne County	$613,361
Logan County	461,387
Oklahoma County	3,685,285
Cleveland County	414,635
McClain County	358,576
Garvin County	521,884
Murray County	206,254
Total for the State of Oklahoma	39,822,184

The money cost of the World War to the United States June 30, 1933, amounted to the enormous sum of $40,583,000,000. The obligations of foreign governments to the United States November 15, 1933, amounted to $11,888,058,973.91. Payment on these debts as of the same date amounted to the sum of $2,737,707,104.88. The gross debt of the United States January 31, 1934, amounted to $25,068,052,506.17. Some of those countries who were allied with us during the World War are now using the money they owe us to build the greatest armies and navies they have ever had.

Mr. Chairman, the sending of American soldiers to foreign countries to protect private investments might lead us into war, and I a mopposed to these soldiers' being sent to those countries for that purpose. If an American citizen has a large amount of money to invest in a foreign country, and does so invest it, he should do so at his own peril, subject to the laws of that country and any eventuality occurring. If a humble American citizen should invest a small amount in a foreign country and a revolution should come along and destroy his property, no soldiers would be sent there to protect his property, and they should not be sent there for that purpose. We cannot afford the destruction caused by a great war on account of the protection of property. Human lives are more sacred than property rights, and one American boy is worth more than all foreign investments.

There is no American whose heart does not thrill at the achievements of American soldiers upon the field of battle. No one can visit Chateau-Thierry and ascend the little hill at Belleau Wood and not be stirred with emotion when he thinks of the bravery shown by our own soldiers. At this place the first battle our boys fought was against the best that Germany had. This was the first set-back to German arms, when they met the boys from America and were driven from the Wood. Mr. Chairman, a different feeling comes over us, however, when we go down on the other side and see the hundreds of little white crosses marking the silent and sleeping dust of American boys—boys who died in a foreign land and are now sleeping beneath alien skies, never more to be seen by their families and their friends. When we think of these, then it is that we are stronger than ever in our belief that something should be done that another war may never occur.

If we are ever engaged in another war and it becomes necessary to draft men, we should enact legislation, and do it now, that will draft money and property also the same as our boys are drafted. I should like to see such legislation enacted now before this session of Congress adjourns. I have always worked in this direction and am going to continue my best efforts to minimize the cause of war. I hope and trust that no living American shall ever live to see the day when we are engaged in another war. At this point I wish to congratulate the American mothers who are doing such an effective work by trying to stamp out the cause of war. They are the ones who suffer most and whose hearts are left wounded and bleeding by such human destruction.

Oh, the bravest battle that ever was fought;
Shall I tell you where and when?
On the maps of the world you will find it not;
'Twas fought by the mothers of men.
'Twas not with cannon or battle shot,
With sword or noble pen;
'Twas not with eloquent word or thought,
From lips of wonderful men;
But deep in a welled-up woman's heart;
A woman who would not yield,
But bravely, silently bore her part—
Lo, there is that battlefield.

[Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 3 minutes to the gentleman from Oklahoma [Mr. McCLINTIC].

Mr. McCLINTIC. Mr. Chairman, for over a quarter of a century a famous old building, called the "Congress Hall Hotel", housed a great many Members of Congress and their families. Recently, on the 18th of this month, some 250 former guests of this famous institution met for the purpose of having a reunion and going over some of the happy days gone by. A very lovely program was presented under the leadership of Mrs. Edward Taylor, the wife of a distinguished Member of this body. The Vice President of the United States and others delivered very interesting talks on this occasion, and as a part of the program Mrs. Chalmers, the wife of a distinguished ex-Member of Congress, prepared a report along poetical lines which refers to many Members of Congress and other guests. This has been handed to me with the suggestion that it be printed in order that the newer Members may have some idea of what took place in days of long ago.

Mr. Chairman, I ask unanimous consent to include as a part of my remarks the report that was made by Mrs. Chalmers on that occasion. [Applause.]

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

The matter referred to follows:

BLESSED DAYS OF YORE

From town or thriving city,
  From village or hamlet small,
The high, the low,
They all did go
  To dwell in Congress Hall.

And see them change from timid folks
  To self-assertive ones.
It gave them sand
To know the land;
  Proclaimed them chosen sons.

A self-sustaining group was that,
  Of foreign trade no need.
For Garnered there
Was talent rare
  About which you may read.

They even had their own good Parks,
  And a Taylor of renown.
He set the style
For clothes worth while
  In a Colorado town.

No crafty plumber need apply,
  For pipes that act like Cain;
In zero days
They found it pays
  To have a perfect Drane.

If boy or man did need a shave,
  A Barbour trim and neat
Was right on hand,
With stories grand,
  With old Prince to compete.

When chauffeur you were lacking,
  For your brand new model car,
A Driver fair
Was always there
  To take you near or far.

A most humane community,
  Where each one did his part.
No feeble cry
Did they pass by,
  For there they had a Hart.

A man resembling Bryan
  Went in and out the door.
A goodly wife,
So full of life,
  One ne'er had seen before.

And there were those delightful Leas
  Who had a closet big
Enough to hold,
So we are told,
  One Sumner's evening rig.

Get her to tell the story
  When you are sad or low;
Your sides will quake,
With laughter shake,
  And tears of joy will flow.

From out the Empire State there came
  No weak nor broken Reed;
A stalwart one,
A chosen son,
  To serve his country's need.

A sense of real security
  Prevailed throughout the Hall;
We'd rest our case
Without a trace
  Of fear with Judge McCall.

Came a Doctor from the New York State,
  From the town no one can spell.
He won a place
With his smiling face,
  And he won a handsome Belle.

There were Lloyd and fair Luella,
  Cassius and his sweet wife.
And the Gifford folks
With Cape Cod jokes,
  All added to the life.

There was Robinson of the Senate
  With his dear, sweet mother-in-law.
There were Fulmers five
All much alive,
  And Fullers from Arkansas.

Ramseyers from the State of Iowa,
  And Lanham, the poet, was there;
The Milligans, too,
And Roy Knabenshue,
  A high flyer he—in the air.

Am I forgetting George Stimson,
  An author of no little fame.
A family named Rose?
Oh, how the list grows!
  'Twas there the Dickinsons came.

No matter how cold the weather without,
  We always had Summers within.
Their girls then were small,
When in Congress Hall,
  And our hearts they proceeded to win.

There was dainty little Emma Louise
  And bright Mrs. Leatherwood;
And Oscar Bland
From Hoosier land,
  And the Crisps, both clever and good.

There was likable Mattie Porter
  And Moore, McNelly, and Price;
There was Jessie, petite,
Whom no one can beat,
  And Marvin, a gentleman, nice.

The Blanton family came along
  And brought sweet Ann and Joe;
There was Adam, the giant,
And sweet Lady Wyant
  Among those we used to know.

We are not forgetting Al Carter,
  Who came from 'way out West;
All the girls made eyes
At the bachelor guys,
  But they loved George Ward the best.

There was Charley, who danced like a fairy
  And called all the circles with vim;
There was lovely Nell Swing,
Whom Philip did bring,
  And how the men all envied him.

The Arnolds were there with their children,
  The Keatings whom all did admire;
Iowa sent Greene
To add to the scene,
  And from Kansas there came to us Guyer.

The Stengles and Staleys and Gregory
  And Johnson—one Luther quite tall;
In the Mondell suite
There were pattering feet,
  For the Mondell kiddies were small.

From the Empire State, Elmira,
The Stalker folks did come;
The Baity pair
And the Hogans there
  All came to make their home.

Oh! little we thought when in Dinty's,
  We saw John Garner at play.
In such a short time
Our good John would climb
  To the high place he holds today.

There was Leader Joe Byrns, from Nashville,
  And McClintic, Oklahoma's good son;
Annie Laurie in curls,
The sweetest of girls,
  And cute Mrs. Rankin and John.

Just turn your eye to the leaders
  Who are lending a powerful hand;
There are Rainey and Byrns,
And soon one learns
  Congress Hall is ruling the land.

The Shallenbergers we were glad to claim,
  Grace Adair and her good man, John.
The Wingos four,
And through the door
  Came the family of DeRouen.

From the "Show Me" State came Mrs. McClure,
  The Cochrans right up with the times.
Two charming ones
Were the Whittingtons;
  There was Griffin, a writer of rhymes.

The Hoopers were guests from farther north,
From the "Wolverine" State they came;
Mrs. Watson and Bob
Were right on the job,
And Bradley a popular dame.

The Brunswicks, the Pattons, and Steagalls
Helped give everyone a good time;
And Boehne, whose son
His seat now has won,
Must have a real seat in this rhyme.

The Williams came from Illinois,
Two sweet girls they brought,
Alice and Ruth;
And I speak the truth,
When I say they had been well taught.

What a crowd would always gather
When Heflin started to tell
His stories grand,
Of "Darkie Land";
He told "Dat Ham Bone" well.

The beautiful teas the women gave
With a hundred ladies in line;
When they said, "We're at home"
The whole city did come,
'Twas a thing one would never decline.

And assisting would be Emma Collier
And Laura and sweet Irma Strong.
Judge Tarver was there,
With ministerial air;
The McReynolds, too, came along.

And Mesdames Freisinger and Willis,
The Vinsons so jolly and gay;
And Freddie, like dad,
Was always glad
To make a good speech, by the way.

The Davises, loved by everyone,
Came there from Tennessee.
Buchanans and Beers,
And from Florida Sears,
Bill Clark, a great wit was he.

The McKeowns, O'Connors, and Hastings,
Good Indians everyone.
And there did dwell
None to excel
The Hadleys of Washington.

The Elliotts and the Sawyers,
The Sandlins we all adored;
The McDuffie three
We there did see,
And Chandler who drove a Ford.

Narration well could fill a book
Of the folks we used to know.
Outstanding they
To this very day,
The ones who there did go.

ENDING

And as we look back across the years
To those glorious days gone by.
There might have been
No happy grin,
No song without our "Cy."

Oh, happy day that fixed our choice
On this homelike abode;
A friend to man
Was sure the plan
Of this house by the side of the road.

Far more than stone and mortar,
Far more than wood or glass,
None can compare
With friends made there,
A dream life come to pass.

The editor appends a note as follows:

If perchance there should be one
Whose name did not appear,
I promise that he
Shall lauded be,
In the issue I print next year.

—MRS. W. W. CHALMERS.

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. EAGLE].

Mr. EAGLE. Mr. Chairman, I want to talk about a subject that affects almost every congressional district in the United States, and I respectfully request that during the brief time allotted to me I be not interrupted by questions, because I want to develop a theme.

I want to talk about the Milk Administration. It happens that the Milk Administration is ruining my dairying constituents, and accordingly I took an interest in the matter. Two of us Congressmen met, and, after conferring 2 or 3 days, induced 40 additional gentlemen to meet with us in conference. These 40 gentlemen conferred one evening and called a larger meeting, and 124 Congressmen met in caucus. It happens that because I used one or two words that seemed not to have been relished by the gentlemen of the Milk Administration, I have been singled out for a statement leveled at me in the form of an Associated Press interview by the Milk Administration, inviting me to make comments in reply. In compliance with their appreciated invitation, there are certain things that I want to lay before the House.

This is the first time I think in 15 years that a Congressman's name has been used excoriatingly by a department of the Government which we select and which we by appropriations support. In criticizing me, if I am to be immolated on the altar of duty, I accept this role in humility, but with resignation and courage. It happens that the 124 gentlemen from every section and from 40 States in the Union who conferred last Friday night almost without exception, in private conversation and in speeches which they made, spoke of the lack of consideration that they had received from Mr. Tugwell and his subordinates, and also spoke of the universal complaints they had from their milk producers and distributors and also from the consuming public. Many of them spoke of the theorists in the Milk Administration. Many of them spoke of the impractical visionaries that were undertaking to administer a law we enacted. But the Milk Administration has no objection, it seems, to being called impractical or to being called visionaries or to being called injurious to the milk industry of the Nation, which is a $6,000,000,000 industry.

I happened to use, in plain speech, the term "communistic", and it seems this is tremendously disturbing to the gentlemen who, "dressed in a little brief authority, cut such fantistic tricks before high heavens as make the angels weep." When a gentleman speaks and writes and thinks in those terms which we have been accustomed to associate with the Republican Party, it is supposed to be courteous to call him a Republican. When a gentleman speaks, thinks, and writes in the terms we have been accustomed to associate with the historic Democratic Party, it is supposed to be courteous to speak of the gentleman as a Democrat. When a gentleman speaks in terms that we have been accustomed to associate with socialism, it is proper to call the gentleman a Socialist. In each instance we speak in respect, because it is a political creed, a political theory we would designate. And when gentlemen speak, publish, write, and act in accordance with the doctrines of Lenin and Trotsky, and undertake to put into actual practice in America the code now being put into effect by Stalin from Moscow in Russia, why not "call a spade a spade" so that the American people may understand that the administration of the milk department under the A.A.A. is pure and simple Russia's communism. I offer this with great respect. I offer this not in abuse or cynicism. This is a means of intellectual differentiation between the original, the historic, the fundamental Americanism of those who have been here long enough to inherit the instinct of America, upon the one hand, and the doctrine that in the last 15 years has been put into effect in Russia where 180,000,000 people live, upon the other hand.

The statement which is the occasion of my remarks states:

To calls of "communism" from Capitol Hill against the administration's milk policy, the Farm Administration today answered "Red herrings."

I am drawing a red herring across the path to deceive you. What I want to do, above everything else in this world, is to convince that good man at the other end of the Avenue, whose heart is as white as a sheet of paper, whose mind is as pure as a saint's, whose resolution is to serve the whole American people, but who, in my opinion, does not know

the contents of Wallace's last book, does not know that Tugwell has made out of the milk division of the A.A.A. a pure instrumentality of communism, who does not know that the policy of Tugwell took Peek out of that administration, and that the policy he is compelling Davis and Frank and the others now to set in motion will wreck every milk shed in America.

My people at Houston and in my county, which is 80 miles square, are no more important than any other in this Nation, but I respectfully submit that no other milk shed and no other people and no other community in this Nation are any more important than my people.

I would do injury to no other section. I do not want any administration of the milk department to wreck the milk sheds where I dwell.

This statement says:

Chester C. Davis, Agricultural Adjustment Administrator, put it this way: "That the milk-control policy was aimed directly at better prices for farmers and less for milk companies." Then he added:

"That is the only issue involved."

May God pardon him for that false statement.

"It should not be confused by charges of communism, or any other red herrings of that sort."

The trouble came to a head when about 100 Members of Congress gathered Wednesday night for a mass attack on the milk plan. They adopted a resolution condemning it after hearing such charges as "communists", "theorists", and "dreamers" directed at farm administration heads.

The night meeting was the newest development of a movement under way for weeks, led by Representative JOE H. EAGLE, Democrat, Texas, to secure an altered policy.

Secretary Wallace recently announced results of an audit of distributors' books in four cities showing profits ranging from 14 to 30 percent by the firms examined.

Said Davis today:

"If Representative EAGLE believes we should go back to the former policy of supporting the milk companies' spreads and profits, he should say so.

"OPPOSE LOWERING PRICES

"It is not the policy of the administration to lower prices to producers in a single milk shed. Wherever farmers have felt that by their own efforts they could get prices higher than we felt we could enforce by law, we have urged them to make the undertaking on their own initiative.

"But if the Federal Government assumes responsibility for enforcement by law of a farm price for fluid milk, the Government must first establish that such a price is reasonably coordinated with local conditions."

This latter statement is not the truth. The only object of their policy now being worked out is to lower prices to the producers in every milk shed except those very few favored milk sheds that have overdeveloped the dairying industry, so as to put out of business the milk sheds in all your districts in order to make a market throughout the country for the State of Iowa and that section where Wallace comes from, because they have three times as much milk production there as they can consume; and such action will have the effect, even if it be not the actual purpose, to constitute the chain store as sole milk distributor.

Let me tell you the simple facts about my milk shed—and they fit your milk shed, every one of them. My only excuse for telling you about the milk-shed troubles in my district is that, with the varying exceptions of local conditions, it fits yours also.

Secretary Wallace appointed or had appointed Professor Tugwell as assistant. He appointed or had appointed Mr. Peek. Mr. Peek showed a 100-percent sense of understanding Americanism, and he made the milk-marketing agreements. They were right. For this reason Mr. Peek was "promoted" out of his position as soon as he set them up and was set out on the sidewalk.

What were the provisions of the marketing agreements Mr. Peek set up? They were, as required by the Agricultural Adjustment Act that you enacted here last year, that the parity price should be taken into consideration in fixing the maximum and minimum price of milk to producers in every milk shed in the land. What do you mean by "parity price"? You mean the general average of the cost of production in each milk shed, separately, in the United States for the years 1909 to 1914, inclusive.

These men now administering this milk department under the A.A.A. say they will not take into consideration the cost of production in any milk shed; that is, they defy the Congress of the United States and declare they will not mind the law, a provision of which I have just quoted.

It costs $2.37 in my milk sheds around Houston to produce 100 pounds of milk. We have certain local conditions there. We are in a flat country. It is not good agricultural land. It does not drain well. We have not lived there long enough or been rich enough to fix drainage so as to make the grass good for dairying. My dairying constituents, therefore, have to get shell out of the sea and grind it up in order to put lime into our cattle. There is no iron in the grass, and therefore they have to give the herds feed that puts iron in them to make the milk perfect. They do not raise enough corn in our county to supply the dairying interest, and they buy that from the northern portion of our State. They do not raise a single bushel of wheat nor a single pound of alfalfa, and therefore they must import from northern Texas and from Kansas and Oklahoma and other States every bit of our dairy feed.

Twenty years ago 20 citizens of Houston lent $5,000 each, total of $100,000, through a banker to establish the milk industry in our county to supply what was then a little city of 70,000 people. It succeeded in firmly establishing the dairy industry there. They have repaid that $100,000 in full, with interest, and have made an industry taxed at a valuation of $3,000,000. Such as it is, it is satisfactory to our entire people, and I protest against its destruction by the discard of the Peek marketing-agreement plan and the substitution of the license system based for return to producer upon the current price of butter upon the Chicago Produce Exchange.

Since then Houston has come to be one of the three great ports of the United States, with 87 steamship companies coming to our door. Houston is now the chief cotton port of the United States. She has come to be the chief oil-producing, shipping, refining, and selling distribution point, not of Texas alone, nor of the South only, nor of the United States, but of the world.

The result is that 325,000 people are settled there, a beautiful community, and a source of pride and credit to all of you. They are a good people; they attend to their own local affairs, and it has contributed enormously to the general welfare throughout this Nation. Houston buys millions and tens of millions of dollars' worth of manufactured products of your local industries which are peculiarly fitted for making them. She buys food products from the congressional districts of most of you.

Our dairymen have another condition there. They have to fight the mosquito and the cattle tick attempting to eradicate them. Then consider the cost of labor, the rental of land, or the interest on the investment in land, the taxes, and it costs $2.37 a hundredweight to produce absolutely pure Jersey milk which is inspected and reported upon under city, county, and State auspices.

The milk shed at Houston has only one grade of milk. We do not have grade A, grade B, and grade C, composed mostly of skimmed milk. The Jersey cow is acclimated and satisfactory to our people, and, as a result, a large part of every quart of milk is cream fit to be put on cereals. We are satisfied with it.

Last September I got the milk administration to send two of their force down there to verify our cost of $2.37 a hundred, and they came and they verified.

At my own expense I went home to aid; and 600 producers, who paid back $100,000 loaned them 20 years ago, had a plant in the county worth $3,000,000 and assessed for it, dwelling in peace and harmony. All signed the Peek code, the market agreement which Mr. Peek prepared, and which took $2.37 as a basis for producing 100 pounds of pure milk.

Then the agreement was signed by distributors and the creamery and dairy people to purchase the milk daily at agreed price, cleanse it, pasteurize it, put it in bottles, and deliver it in white-painted wagons to our doors by young

men who are friends of the consumer families, and it was stated in the papers that the price was to be 11 cents a quart. Our people have been divided on many public questions for years, but for once producer, distributor, and consumer agreed. That would give the cost plus and a little profit to the producer and cost plus and profit to the distributor.

(The time of Mr. EAGLE having expired, he was given 10 minutes more.)

Mr. EAGLE. That was last October. Mr. Peek was promoted out of his position, and others were put in their places. The lawyers of the milk administration all came from the city of New York.

Mr. McFADDEN. Mr. Chairman, will the gentleman yield?

Mr. EAGLE. No, I cannot; I thank the gentleman. I am not going to submit to seeing my people ruined if I can help it, I do not care if I ruin myself. [Applause.] That is the same way with the rest of you. That agreement has been here since last October. There are 559 actual members in my own county of the South Texas Producers Association, who do not know whether to charge 8 cents or 14 cents or what, who are in endless confusion, and who are in the same fix that your producers are in—the dumping of milk, anything to break it up and put it into ruin, instead of each milk shed being allowed, as we said in our bill, to get the parity price and find out the cost of production, to take an agreed profit by the consent of this administration of milk here, find the cost of distribution, and see whether the consuming public agrees, and for each to sign the code accordingly. That is Americanism, that is what Mr. Peek agreed to, that is what they sent down that marketing agreement to Houston to have done only. Our producers and distributors signed it, and the consumers universally acquiesced. Since last October this A.A.A. milk administration has done nothing. Instead of that, they say now that they will not consider the cost of production in any milk shed. They say they will take the price of butter on the Chicago Commodity Exchange as the basis on which to take a lead pencil and a piece of paper and do mysterious monkey-business figuring and say how much your people are allowed to charge in Utica, N.Y., in Houston, Tex., in Hartford, Conn., in Los Angeles, Calif., in St. Louis, Mo., and in every other milk shed, which means the center to which all of the milk flows for pasteurizing and distribution, and fix the price of milk on that, instead, as our law said, on the parity price, which meant the cost during the years 1909 to 1914. Figured on that, the price of butter in Chicago, the price of liquid milk in my county, will be $1.87 per 100 pounds. That is 50 cents less than my people can produce it. That means that a local industry that we have been 30 years in making goes out of business.

They propose to issue a license to every man that milks a cow and puts the milk into a can and sends it by his truck to market—give him a license so that he can sell his milk for a maximum of $1.87, when it costs him $2.37 in my milk shed to produce it. The maximum price in every milk shed, figures for which we had available at our caucus, is reduced below the cost of present production and below the corresponding cost of the parity period. Now, that is an unholy thing to do. That is what Lenin would have done; that is what Stalin may properly do in Moscow; that is how Stalin liquidated the Kulak. He put him out of business. That is on the theory that you can move a million families in America, whether they want to be moved or not, by a bureaucrat saying we want to have you move out of West Virginia into Texas or Iowa.

My friends, I do not want the skim milk from the Holstein cow excess in the State of Iowa to be sent down to feed the babies in my town of Houston. Let us alone. We have asked nothing of the milk administration except to let our producers, our distributors, our consuming public agree, as they did unanimously, the three classes; and when they do agree, and agreed that 11 cents a quart was the right price, sign up the code, and there is no milk question in my district and there will be no milk question in your district under those conditions. The price of butter on the Chicago market varies every day. Even if it were an invariable quantity and you undertook to fix the price of fluid milk at Atlanta, Ga., or Hartford, Conn., or elsewhere, on what the gambling price of butter is in Chicago this week, what in the world have the people who produced the milk for a milk shed got to do with that? They cannot produce and live unless they get the cost, and they cannot produce and get cost unless they get distribution, and they cannot get distribution unless each man is himself a pasteurizer. He cannot do that. He chooses his distributor. The distributor spends hundreds of thousands of dollars putting up a beautiful plant, and has hundreds of white painted wagons that distribute to the door; and if the producer is satisfied and the distributor is satisfied and the consuming public is satisfied, why break that up in order to make a market for surplus products in overdairyized sections of the country?

Whenever you wreck the producer in your neighborhood by not letting them have the cost of production based on local conditions, you put the distributor out of business. When you put the choice of a community, the distributor, on one side and the consuming public on the other, and when you take away from them their choice of a distributing agent that is universally satisfactory, there is but one other thing that is inevitable, and that is that the chain store becomes the distributor of milk in every town and city in this land. I have no objection to the chain store, but I do not want to have my wife compelled to walk to a chain store to buy a bottle of milk, where they can sell a thousand other articles and sell milk at a cent a quart cheaper than the boy who distributes it, because the chain store makes up such loss by selling to that customer other articles as well. I want the milk brought to my door, and so do you.

I love to go a long way in trying to get out of this depression. As a lawyer it is sometimes a hard thing to do, but I find consolation in working in harmony every time I can, and that has been every time in 14 months, except on one vote.

On my father's side my ancestor was at Bunker Hill. On my mother's side my great-grandfather was with George Washington at Yorktown. My grandfather was at New Orleans with Old Hickory. Their simple hearts rejoiced in the Declaration of Independence. Their simple minds rejoiced in the Constitution of the United States, and they knew what individual liberty and local self-government and State sovereignty meant then, and their unworthy descendant knows what it means now. I will not stand still and permit the wreckage of my free, independent, upright people by this method under Tugwell and Frank and the other five lawyers out of the city of New York, without protest. Maybe when they have lived in America a few generations, they, too, will feel the fundamental thrilling impulse of Americanism.

Mr. REED of New York. I am sorry to interrupt the gentleman. He is making a wonderful presentation of this subject. The gentleman was emphasizing the cost of production, and he stated that his milk producers buy so much feed outside. Has the gentleman mentioned the fact that the price of that feed has practically doubled?

Mr. EAGLE. That is an interesting point. The price of the feed that we buy to feed our dairy cattle has practically doubled. I only wish I had more ability and more time in which to develop this theme. I beg you all to join me in this earnest effort to prevent the wreck of a $6,000,000,000 industry.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. SINCLAIR. Mr. Chairman, I yield 2 minutes to the gentleman from Minnesota [Mr. LUNDEEN].

Mr. LUNDEEN. Mr. Chairman, in this brief time I would like to call the attention of Members to the bonus battle recently fought out in the great State of Pennsylvania. I see Distinguished Members of the Pennsylvania delegation present, and, if I am wrong, they can correct me.

VETERANS TALK TO THEIR ENEMIES WITH VOTES

On November 7, 1933, the citizens of the Commonwealth of Pennsylvania voted almost 2 to 1 in favor of a State constitutional amendment to permit the legislature to pass a $50,000,000 bonus law. The vote was 964,708 for to 580,-

794 against, a majority of 383,914. On November 15, 1933, the house and senate of Pennsylvania, without one dissenting vote, passed the Pennsylvania bonus law, appropriating about $50,000,000 to pay veterans of the Spanish-American War and the World War. Within the next 60 days millions of dollars will be distributed to the veterans of Pennsylvania. The money will be immediately spent. The small business man, the landlord, the butcher, and the baker know that payment of the bonus will benefit them.

SOLDIER BOYS HUMBLE THE RICH

Some of the richest people in this country live in Pennsylvania. Powerful, wealthy interests are there. The Commonwealth of Pennsylvania has been one of the strongholds of big business. But, in spite of that, and in spite of the fact that the entire country is passing through the greatest panic in its history, the Commonwealth of Pennsylvania found $50,000,000 for the veterans of that State. The overwhelming success of the Pennsylvania veterans is an indication of the power of the united veterans of America. Members of this House will be interested in knowing the secret back of the veterans' overwhelming victory in that great State. The Veterans of Foreign Wars, Department of Pennsylvania, have kindly given me some election and campaign information.

VETERANS SHOW STRONG UNITED FRONT

In May 1933 a campaign was started to bring about the adoption of an amendment by the electorate of Pennsylvania which would enable the State legislature to pass a bonus law. The election was to take place on November 7, 1933. The Veterans of Foreign Wars, Department of Pennsylvania, circularized every post, made public addresses, obtained newspaper publicity. At least a million bonus cards were distributed. Pitted against the veterans were the National Economy League, the State chamber of commerce, and the American Veterans' Association. The paid newspaper propaganda put on by these organizations to save the pocketbooks of the superrich spurred the veterans on, and they decided to give the infamous Economy League a real battle. The more money the chamber of commerce spent, the more determined the veterans became. They went among their friends—the common people; they talked to the small businessmen and explained the benefits to be derived from the distribution of $50,000,000. They instructed every veteran to take his mother, father, sister, brother, wife, and friends to the polls. They asked every member of the post or auxiliary to take at least three or four friends and relatives to the polls. Nearly all of Pennsylvania's 400,000 veterans went on the firing line at once. Victory was inevitable.

THE POWER OF THE UNITED VETERANS OF AMERICA

On election day every district commander, deputy chief of staff, and post commander appointed a committee whose duty it was to see that every polling place in the vicinity of the post was covered by a member of the Veterans of Foreign Wars. The members stood as close to the polling places as possible, passing out cards, specimen ballots, and other literature urging the voter to support amendment no. 4. Voters were personally contacted, in the cities and throughout the rural districts.

SO-CALLED "VETERANS' ORGANIZATION" COMES TO GRIEF

The American Veterans' Association attempted to fly autogiro planes to which were attached streamers urging people to vote against the bonus amendment. This organization was known as the "antibonus veteran organization." Wide publicity was given this organization by the big business controlled press. But when the autogiro group attempted to take off at Harrisburg, where chamber of commerce officials met to give them a send-off, they found several hundred infuriated veterans who prevented the planes from taking off. This dramatic incident impressed upon the minds of the voters the fact that the veterans' reception committee was made up of poor men, whereas the autogiro group was composed of wealthy individuals who were trying to escape their just burden of veterans' relief by the use of publicity stunts. The autogiro group then realized that the use of planes to fight against the cause of the veterans was a mistake. In the words of Adjt. C. A. Gnau, of the Pennsylvania department, Veterans of Foreign Wars, "They 'folded up' and sneaked back to Philadelphia."

VETERANS USE THEIR POLITICAL POWER

The Veterans of Foreign Wars, the American Legion, the Disabled American Veterans, the United Spanish War Veterans, and other groups cooperated in these different activities which finally tore down all opposition and dealt big business in Pennsylvania one of the most crushing defeats in its history. Not a single dissenting vote was cast against the 1933 bonus bill in the legislature of Pennsylvania.

What the veterans of Pennsylvania did can be done by the veterans of America. It is only a matter of time. Editorials are being published in the great papers of the country demanding payment of the bonus now. I am also informed that Father Charles E. Coughlin yesterday spoke to the Nation, urging immediate payment of the adjusted-service certificates. He called for a million volunteers to stand by the veterans in this fight. With civic and commercial organizations, large newspapers, and radio stations thundering against soldier legislation, with imported organizations against them, the 400,000 veterans of Pennsylvania marched to the polls and won a smashing victory, and taught the veterans of America to use their political power.

IMMEDIATE PAYMENT IN NONINTEREST-BEARING UNITED STATES NOTES

H.R. 1, the Patman bill, provides for immediate payment of adjusted-service certificates in non-interest-bearing United States notes, issued by the Secretary of the Treasury. Two billion dollars, issued in this form, and scattered throughout the country, will alleviate the poverty and destitution which the vicious, cruel, and inhuman Economy Act brought upon the veterans of America. It will enable millions of people to pay the doctor, the dentist, the grocer, the butcher, and the baker. It will stimulate all forms of local trade. Local merchants realize this. It will lift the burden of veterans' relief which the Economy Act has thrown upon State and local governments. The unanimous passage of the Pennsylvania bonus law points the way for the Congress of the United States. On April 27, 1933, I signed the Lundeen petition, my signature being no. 1, to bring H.R. 1, the Patman bill, out of the Ways and Means Committee so that we might have a vote on the bill in the House. For 10 long months I struggled to reach 145 names on that petition, the required number. Finally, on February 20, the author of the bill, Mr. PATMAN, signed the petition, being no. 128 on that petition. Other Democratic leaders joined him and the grand rush for the desk to sign began. In spite of big business, in defiance of the highest officials in the land, Members of the great House of Representatives finally determined on a roll-call vote on March 12, 1934.

WHEN VETERANS UNITE, VICTORY IS SURE

The veterans of America know their power. The victory of their comrades in Pennsylvania adds another milestone to the political victories of the Grand Army. In 50 years after the Civil War they lost one Presidential fight. During that time every President was a member of the G.A.R. When veterans unite, victory is sure.

Mr. SINCLAIR. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. MCFADDEN].

Mr. MCFADDEN. Mr. Chairman, this Congress is in between wars. We are dividing our time between appropriating for the next war and discussing why we did not receive payment on the loans we made for the last one.

A deliberate and sustained effort is being made to promote us into a war with Japan. I do not think that the people of Japan want such a war. I am sure that the people of the United States do not. In neither country will the people have anything to say about the outcome of the present effort.

Peoples seldom have anything to say about wars—or about any other decision made in the determination of what is so oddly called "public policy."

The advertised possibilities of war between the United States and Japan are a sequel to the World War of 1914–1918. Enmity is being deliberately provoked between the two nations, and provoked for the benefit of neither the

United States nor Japan. It is just another move on the international chessboard.

The story runs back for centuries. To take it no further back than the independent life of our own country, our revolt against English absentee government in 1776 coincided with an eagerness upon the part of France to win an advantage over England. Our success in the capture of Burgoyne's army at Saratoga made French intervention in our behalf look like a good political investment to the French King and court. French intervention at that critical period in our history played a part in inflicting upon England the greatest disaster she ever suffered—the loss of that portion of her American Colonies which now compose the United States.

England waited only a short time to redress the scale. The rise of France under Napoleon constituted a threat to the institution of monarchy and its foundation, that other institution of poverty, which rallied together the powerful conservatism of Europe against the Corsican. England financed and led the once discordant elements which joined forces against Napoleon.

It was English money and political leadership which overthrew Napoleon. It was England which seized French colonies and trade routes and converted them to the benefit of English commerce. Victory in the Napoleonic wars was the foundation of England's industrial and commercial prosperity, including her practical monopoly in the carriage of the world's ocean trade.

The next threat to England's grasp upon the implements of national wealth was the rapid rise of the American merchant marine in the first half of the last century. The clipper ships from Chesapeake and New England yards almost drove the slower English merchantman from the seas. The result was England's promotion and financing of the South in the Civil War. England's participation in that struggle was not by force of arms. She made unofficial loans to the Confederate States, which she still talks of collecting, built and equipped southern cruisers to prey upon northern commerce, and made huge profits by running into the beleaguered South from Nassau, in the Bahamas, cargoes of merchandise, so badly needed in the Confederacy that price was no barrier.

The Civil War was a victory for England. The threatening American merchant marine was driven from the seas; the mind of the United States was turned away from foreign trade and inward upon the settlement of internal problems, and England once more was mistress of the seaborne commerce of the world. She filled none of the million graves of our exhausting conflict. She bore none of the scars which the gallant South bears even to this day.

The next threat to England was the rise of Russia to world power. The Russian is, in the main, a native of a cold climate. Like all natives of the colder zones, he feels an urge toward the equator. It was that urge which brought from the cold forests of northern Europe to the warm lands of the Mediterranean hordes of invaders to overthrow the Roman Empire. Russia yearned for ice-free ports on the Mediterranean and the Pacific. Her first effort to take Constantinople was hindered by Turkish arms at Plevna, halted by the British fleet at San Stefano, and defeated by British diplomacy in the Treaty of Berlin.

Defeated in Europe, Russia turned to Asia. She built the trans-Siberian railroad to Vladivostok, but the distance was too great to make that route economically useful. She turned south halfway to the Pacific and set her eyes on the Khyber Pass, gateway to the thronging millions of India and the warm waters of the Persian Gulf and the Indian Ocean. England faced that threat for only a decade before she made alliance with the rising power of Japan and supported the latter Nation in the terrible war against Russia in 1904 and 1905. Russia's navy was destroyed, her army was beaten overwhelmingly, and her prestige in Asia was wrecked by the humiliation of defeat. India was safe for another generation. It had been saved, not by British arms but by British statecraft and British money—and Japanese blood.

The next menace to be dealt with was the rising world power of the German Empire, whose grave is another milestone in the path of English trade supremacy. England sought first to fight through the arms of allies, restricting her own contribution to her navy, her money, and an army of moderate size. The task was too great to be handled with anything less than all that England had. She came to a pass in the conflict where the battlefields of France called for more soldiers than she could give without reducing her own home defenses.

It is not generally known that at the time that her allies, including the United States, were fighting with their backs to the wall in France, England held within her own country a reserve army which she never let fall below 2,000,000 men. That force was for her own salvation and never was offered for the aid of her hard-pressed allies.

Americans remember all too well the battle of propaganda fought between England and Germany for the support of the United States. England won that battle and in winning it won the war. She needed help. She needed our men so that she might keep her own at home. She needed our money for war so that she might keep her own for commerce.

England's trade suffered huge losses during the World War. Markets once supplied from London and Liverpool and Manchester turned to New York and Pittsburgh and Chicago—to Osaka and Kobe to Yokohama. Freight and passengers once carried under the Union Jack sought carriage under the Stars and Stripes—or the flag of the Rising Sun. It was the first war in which England lost trade.

The end found England weakened and sore. Her fleet had suffered attrition in the 4 years of conflict and the sinking of the German fleet at Scapa Flow denied England the reinforcement she had hoped to make from among the captured ships. The Congress of the United States had initiated and was bringing to a conclusion the building of what would be incomparably the strongest navy in the world. England was in second place on the sea—a position she had not been forced to take for centuries.

The answer to that problem was found by British diplomacy in the Washington Conference for the Limitation of Naval Armaments. In that strange affair the United States destroyed its new fleet and surrendered its primacy on the seas in the most remarkable gathering ever held in this Nation. It was sure of success from the first. America was given a chance to be big-hearted—and when have we ever had the strength of mind to resist such a blandishment?

With all information to American newspapers concerning the Conference given out through a press bureau established by the British foreign office in Washington for that purpose, our people acquiesced in England's greatest naval victory. As a result of the Conference, the United States sank more of its own warship tonnage than was lost by all England's enemies in all the sea battles since England became a sea power.

Today England faces new menaces to her world primacy. Japan has become an industrial nation. Superimposing ancient peasant wages upon a splendid modern equipment for machine production and ocean transport, she has won a sudden success in the markets of the world on a basis of price alone. Japanese cotton goods can be laid down beside Lancashire and Yorkshire mills, with freight and duty paid, at a price far below the bare cost of production in England. That one example may be multiplied a hundred times to make the complete picture of economic disaster which clouds the horizon of England's recovery.

England's command of the sea is menaced in the Atlantic by the parity of the United States Fleet and overwhelmed in Asiatic waters by the naval power of Japan. England's command of the sea is her only hold upon continued existence as a world power. Not the narrow lands of Britain, but the wide reaches of the seven seas are England's empire. English keels plow and till the sea and bring the crop up the Thames to London Town.

I am not denouncing England nor am I charging her with greed. I am but pointing out the unchanging policy of intelligent selfishness which has built and maintained for centuries the longest lived of history's empires. That intelligent selfishness is not a vice, but a virtue—and a virtue we would do well to study and emulate. We should do

better by ourselves than we have done. We should do by ourselves at least as well as we have done by others. Of course, we have been "sold" on the idea that it is our divinely appointed function to be the world's permanent Santa Claus. That sale to the American mind has been a good sale for those who made it and was worth many times the selling cost.

England's intelligent selfishness—which is nothing more nor less than the sense of self-preservation—sees a new peril facing her. She would offend her own history if she did not now play the old game that she has won so many times in the past. Here stand two rivals for English supremacy in world trade—the United States and Japan. Here stand two rivals for the naval command of the sea which is the cornerstone upon which rests Britain's commercial empire—the United States and Japan.

If fate, with a little assistance from propaganda, should rule that these two rivals of wise old England should destroy each other's naval and commercial strength by conflict with each other, England would stand to recover the trade and ocean carriage she has lost. Would it be any wonder if she should look with at least tolerance upon the prospect of a conflict which would serve to strengthen her by weakening, in England, the facts that she is bound to the United States by ties of blood and to Japan by ties of alliance?

Let there be no mistake concerning the foundation of England's greatness and power. England has never made a move or fought a war or made an alliance or offered the hand of friendship or the fist of enmity that she was not guided by definite plans for the commercial advantage of her people. Command of the sea means but one thing to England—and that thing is ocean trade. Battleships are the window dressing of empire. Liners and tramp steamers are its reality. England is wise, and England is wise because it has learned that very simple truth past any unlearning.

The long struggle which began when William the Norman defeated and killed Harold the Saxon at Hastings in 1066 is over now. England has won her 10-century war with France. France, too, is wise. She has accepted the verdict of history. She has quitclaimed her title to the seas to England. That she may hold her primacy on the land, she has made common cause with her ancient enemy across the narrow seas that roll between Dover and Calais.

Together, England and France were not strong enough to defeat Germany. They needed our help and they won what they needed. The victory gained, it was time to count the cost. Counting the cost meant paying the bills—and there France and England erred. Both are nations which depend upon foreign trade for their prosperity. Foreign trade means foreign credit—and foreign credit means foreign collections. It was not wise for England and France to set before their debtors the example of repudiation. I am told that the real leadership of both countries now realize that the mistake they made when they defaulted on their debts to us may in the end cost them more than they stand to gain. Both Nations might now welcome a way out of their error that would save their faces—a way in which they could seem generous, a way in which they would not be forced to admit their error, a way in which they could reestablish their good names without ever admitting that their repute had been in question. I am here to suggest such a way out of the debt situation which is now so sore a spot upon the conscience of the world.

When we sat with the other victors of 1918 around that council table at Versailles, the Santa Claus robe was wrapped around the minds of our delegates. We asked nothing, we took nothing—and no one sought to force anything upon us.

When we entered the World War, our sovereignty in our own waters was unchallenged. Our coasts, we thought, were our own. Our one overseas possession, the Philippine Archipelago, was connected to our home shores by an unbroken line of communication—a sea highway of stepping stones called Hawaii, Wake Island, Midway Island, and Guam. True, there were scattered German islands athwart that route—the Carolines, the Marshall Islands, and part of the Ladrones, but there was no menace there. Germany was a long way from those drowsy outposts of empire and her ownership of those dots in the Pacific served her pride without injuring our communications.

At Versailles those islands were given to Japan to administer under a mandate of the League of Nations. What has Japan done with the islands she holds under that mandate? It is time that this body and America as a whole should know the answer to that question—not to fan the flame of war but rather to prevent those flames from being lighted.

I will tell you what Japan has done. She has transformed her Bonin Islands into one of the strongest naval bases in the world. These islands lie 500 miles from the Japanese coast on the direct line to Guam. On one of her mandated islands, less than an hour's flight from Guam she has built a "commercial" airport. Commercial? What commerce of the air is there in that waste spot of the Pacific? Let us accept this description of that airport as "commercial" and say only that war planes can land at "commercial" airports and take off from "commercial" airports and that the tanks which pump fuel to commercial planes can pump the same fuel to war planes and that storehouses for the wares of commerce can also hold bombs and ammunition for machine guns. All of these things can be done less than an hour from our island of Guam, which is undefended because of the nine-power treaty into which we entered at the Washington Conference. Nothing was said in that treaty about "commercial" airports. When will we ever learn anything about signing treaties?

To the south of Guam lie the Caroline Islands, to the east and southeast lie the Marshall group. Is it any news to you, Mr. Speaker, that those supposed peaceful isles are closed to American ships, that for a stretch of close to 2,000 miles of the Pacific there are scores of islands and thousands of square miles of sea in which American ships are forbidden to travel, which American citizens are forbidden to visit? That is the truth, Mr. Chairman.

Mr. GOSS. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. GOSS. Will the gentleman tell us in what way American ships are prohibited from intercourse with those islands?

Mr. McFADDEN. They are not permitted to enter the ports.

Mr. GOSS. By some law or regulation of the Japanese Government?

Mr. McFADDEN. Under mandate at the Treaty of Versailles those islands were given to Japan, and Japan now controls them, and she does not permit any Americans, in any kind of a ship, to enter them.

I do not know what is going on behind that screen of secrecy; neither does the Intelligence Department of our Navy. All that any American knows is that there is a hole in the map there. No; we know a little more than that: We know that in the Marshall Islands alone there are at least 10 splendid large ship havens of the size which naval men describe as "fleet harbors." We know that those fleet harbors are closer to our Territory of Hawaii than is our own Pacific coast. We know that behind that screen of secrecy the Japanese battle fleet may at any hour lie with steam up, a day's journey closer to Hawaii than our own fleet could be at its base at San Diego. Our line of communication to Asia and the Philippines is cut, Mr. Speaker. Hawaii is outflanked.

That is not a line of political communication. The perfection of Philippine independence will not by one penny cheapen the value of our line of communication to the Orient. That is a commercial and not a political line of communication. In the days before this depression our seaborne commerce with the Orient amounted to a total of $2,000,000,000 a year. It may reach that total again, when happier days return, but not if it must ply its way through hostile seas and go out of its way to avoid forbidden areas of water.

For our foreign trade with the Orient it is imperative that we should have defensible stepping stones across the Pacific—first, for anchorage and repairs and supply of our

merchant marine; second, for our warships to protect that merchant marine.

Our old route via Guam is useless now. We must have a new route. That route we can have if our allies have not forgotten the marines at Chateau Thierry, the charging lines of American divisions that misty July morning south of Soissons, the Yankee armies that struck at St. Mihiel, and in the Argonne those hammer blows that broke the German line of communication with the fatherland and forced the evacuation of France and Belgium. It is France which has the opportunity to aid us in establishing the first stepping stone of our new route to Asia.

In 1813, the United States frigate *Essex* rounded Cape Horn to attack British commerce in the South Pacific. Thousands of miles from her home base, battered, strained, and leaking, Commodore Porter sought a place to repair his ship. With only scanty charts, he found the island of Nukahiva in the Marquesas, where he established the first naval base in foreign waters ever owned by the United States Government. After defeating 20,000 Typee warriors, he made a treaty of annexation with the natives, which treaty failed of confirmation by the United States Senate. In 1842, the Marquesas Islands were annexed by France. The story of the islands since then has been a sad one. The swarming population of Porter's day, so great that a single tribe on a single island mustered 20,000 fighting men, has shrunk to a total of barely 2,000 persons for the whole group. There is no commerce, and France gains no revenue or tactical advantage from the possession of these islands. There is almost no white population, and few ties bind Nukahiva to Paris. There is, however, a splendid deep-water harbor of good size, a rich and fertile interior, and a healthful climate. Elevations range from sea level to 4,000 feet, and the islands can produce sufficient food to be entirely self-supporting in event of blockade. They are easily defended, and I am told that the Navy would like to have them for a naval base as well as a supply and repair port for American merchant ships.

The Marquesas are situated 3,950 miles southeast of the Pacific entrance to the Panama Canal and somewhat less than half that distance from Hawaii and Samoa, our present nearest ports in the Pacific. Hawaii is 4,700 miles from the Canal, which gives the Marquesas a distinct advantage in accessibility.

I suggest that France and the United States agree upon a transfer of the Marquesas Islands to the United States in consideration of a cancelation of France's delinquent payments to this country under the debt agreement.

Mr. LUNDEEN. Will the gentleman yield?

Mr. McFADDEN. I yield.

Mr. LUNDEEN. Would it not be well also to acquire the French West Indies that bar our way to the Panama Canal?

Mr. McFADDEN. I will say that I have already made that suggestion, and I will repeat it today.

The next stepping stone in the new route would have to come to us through negotiation with England. Thirty-five hundred miles west of the Marquesas lie the Solomon Islands, partly a British possession and partly an Australian mandate. The islands in the Australian mandate were seized from Germany in 1915. The British portion were annexed in 1895 and, as recently as 1927, native outbreaks forced the establishment of martial law. No strong ties bind the islands either to England or to Australia. There are among these islands many excellent harbors which are desirable sites for naval bases and commercial dockyards.

Even more desirable are the Admiralty Islands, former German possessions now held by Australia under a mandate of the League of Nations. They are immediately northwest of the Solomons and about two thousand or twenty-five hundred miles from Mindanao in the Philippines.

I suggest that England and Australia arrange to transfer the Admiralty Islands or the Solomons to the United States in consideration of cancelation of payments now delinquent on Britain's obligation to the United States.

Transfer of remote island territory from one nation to another is nothing new in history. England and France have both made many such transfers in the very recent past and have discussed other such transfers within the last few years.

Some years ago Ramsay MacDonald, Premier of England, made a historic visit to the United States, during which he engaged in a famous secret conversation with the then President Herbert Hoover while both were sitting upon a log at the Rapidan Camp. The subject of that conversation has been one of our historic mysteries ever since. There have been many surmises and speculations as to what was said, but the veil of silence has remained unlifted until today. I have been told the subject of that conversation and I believe that the time has come to make it public. I shall now do so.

The subject of the conversation was the arranging of some adjustment of the British debt to the United States that should relieve Britain of at least a part of the cash outlay involved. I am told that Mr. MacDonald offered to transfer the Bermuda Islands to the United States in part payment of the British debt and that after some consideration Mr. Hoover declined the offer. I have been told the alleged reason for Mr. Hoover's declination, but I feel that he should have the opportunity to state that reason himself if he wishes to do so.

I am also informed that the title of the British Government to the Bermudas is about to be questioned in British courts and that the case of the Crown is not a strong one.

The offer of Mr. MacDonald to make such a trade discredits statements made by the Premiers of France and England some years ago when I suggested publicly that the British and French West Indies be accepted as part payment on the debts of both countries. At that time, Paris and London put forward the argument that they could not trade off their citizens. I did not think that objection in good faith then and I am confirmed in that belief by what I have been told about Mr. MacDonald's Bermuda offer.

There is no ground for any such objection in the case of the Marquesas, which were our territory before they were annexed by France. No ground for any such objection exists in the case of either the Admiralty or the Solomon Islands. In the establishment of a United States naval base close to Australia, there could be no possible menace to Australia or England, who hold far stronger bases in the immediate vicinity. I should think that the advocates of a white Australia would feel additional safety in the presence of a strong United States position between Australia and Asia.

The CHAIRMAN. The time of the gentleman from Pennsylvania [Mr. McFADDEN] has expired.

Mr. THURSTON. I yield the gentleman 5 additional minutes, but I should like to interrogate the gentleman. We are all much interested in his statement concerning the strategic points in the South Pacific, but in view of the pronounced hostility of both Russia and China against the ambitions of Japan, is not that situation a compensating one that will absorb any liability that we may have in that region?

Mr. McFADDEN. We have never raised any objection to the acquisition of territory by Japan in the Pacific, and I can see no reason why Japan should raise any question of our protecting our interests by this acquisition and trade with those countries. On the contrary, I think it would be a wholesome thing, looking toward future peace.

The United States has no ambitions for conquest. It desires only to protect what it has. It may be said that under the Nine Power Treaty we have no right to fortify naval bases in the Pacific. We have no such right. The nine-power treaty expires next year. Present indications are that it will not be renewed. Japan, one of the principal signatories, seems bent upon creating in the Pacific a condition which would be best described as one-power treaty. She is prepared to fortify her mandated islands and has already, as I have disclosed, taken steps to do so. I believe that the United States should prepare itself for the future by securing sites for naval bases to be built when we are ready to build them.

Naval bases and not ships are what determine the effective strength of a navy. We are now compelled to build ships

with unusually large fuel capacity because our cruisers must steam such vast distances between bases—a condition which hampers their usefulness and would greatly reduce their fighting power in event of hostilities.

Every nation in the world except this one is looking forward to conflict. Maybe they know what their own future actions will bring to pass. We did not start the last war but it involved us before it ended and we have not yet escaped from its consequences.

Every man who stops a Member of this House on the street and asks for the price of a cup of coffee is unconsciously seeking to collect a portion of the unpaid Allied debt. If that debt had been paid, as agreed, our financial emergency would be far less extensive than it now is.

Let us take a step to restore international credit by swapping liabilities. These islands are liabilities to France and England. They would be assets for us. The reputation of default is a liability to England and France. Our receipt for payments, now in default, would restore the credit of both those countries. Everybody in all three countries involved would feel better and maybe we could all go on to a better future from that point and in that spirit. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. PATMAN].

WILLIAM W. BRIDE

Mr. PATMAN. Mr. Chairman, I want to talk about the issuance of currency to take up Government obligations, but before I do that, I want to say a few words about the Corporation Counsel of the District of Columbia, Hon. William W. Bride. It happens that I am a member of the Legislative Committee on the District of Columbia, and I know something about the application for reappointment or continuance in office. If that is a nonpolitical office I see no reason why Mr. Bride's application should not be given consideration, but if it is an office that a Democrat should hold, certainly Mr. Bride should not ask for it. He should not ask for consideration as a Democrat and the District Commissioners should not consider his application if he does ask for reappointment or continuance in that office. It happens that up until 1927 everything Mr. Bride says about his politics is true. I think he had a good Democratic record; but I think he changed in 1927 and I think since that time he has been a loyal Republican. Nineteen hundred and twenty-eight was the year of the campaign between Mr. Hoover and Mr. Smith.

As my colleague from Texas suggested the other day, I notice in the RECORD that Mr. Bride made a gift of $100 to the campaign fund of Herbert Hoover. That was on October 16, 1928. My colleague also suggested that Mr. Bride gave $1,000 to the Democrats, but I do not think that will quite click. I do not think he gave $1,000 to the Democrats; but I think he did make an investment in a newspaper that he lost later on and probably charged up to the Democratic Party. He did not make it as a contribution, if I understand the facts; and I got the impression from Mr. Bride himself.

On October 16, 1928, Mr. Bride made this contribution to the Republican campaign fund. The next year, in writing his autobiography for Who's Who, he deliberately listed himself as a Republican.

That is the only way you can construe it, because the organization that publishes Who's Who does not put anything in that book unless the author approves it. In that autobiography Mr. Bride records himself as a Republican. He records himself in that same publication for the years 1930, 1931, 1932, and 1933 as a Republican. In addition to contributing to the Republican campaign fund in 1928, he records himself as Republican for 1930, for 1931, for 1932, and for 1933; and my information is that Mr. Bride helped organize the National Young Republican organization here in the District of Columbia. Mr. Bride has had many opportunities to deny his contribution to the Republican Party in 1928, his mention in Who's Who for the years 1930, 1931, 1932, and 1933 as a Republican, and his assistance in establishing a Republican official organ here in the District of Columbia, but he has never denied these alleged facts.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. After I complete my statement I will yield.

Mr. BLANTON. But I wish to answer this seriatim.

Mr. PATMAN. If the gentleman speaks for Mr. Bride, I shall be glad to yield to him.

Mr. BLANTON. I am speaking for justice to everyone. I am speaking for my colleague from Texarkana [Mr. PATMAN], who is such a good fisherman that I would like to see him fishing for minnows in waters where he could catch big fish.

Mr. PATMAN. I did not yield for a speech.

Mr. BLANTON. If the gentleman is going to level his guns at Republicans in our Democratic organization, I would like to see him let the little minnows alone and make his casts for whales such as Mr. Secretary Ickes and Mr. Secretary Henry Wallace, and Gen. Hugh S. Johnson, and Mr. Harry L. Hopkins, who have many years' affiliation with Republicans.

Mr. PATMAN. I know the gentleman's tactics is to distract attention from the issue; but I refuse to have my attention distracted. I am now talking about William W. Bride.

Mr. BLANTON. And I want to answer the gentleman particularly about Mr. William W. Bride, for I checked up on him myself.

Mr. PATMAN. Is it not a fact that he listed himself in Who's Who as a Republican?

Mr. BLANTON. No; he did not. I checked up on that. He was not even here when that went from his office.

Mr. PATMAN. Well, 4 years he is so listed.

Mr. BLANTON. Holding a job when a Republican was in the White House caused that reference to be printed. It was likely sent to Who's Who by a secretary.

Mr. PATMAN. I did not yield for a speech. I hope the gentleman will not take up all my time. Mr. Bride is trying to shift the blame, as he always does, this time to his secretary. It is strange that his secretary would list him as a Republican if he was Democrat, and, if he was so listed, it occurs to me that Bride should have changed it in the next edition of Who's Who.

Mr. BLANTON. Every postmaster in the gentleman's district and in my district under Republican regime has been assessed by the Republican Party, so much per annum out of their salaries. Every postmaster was assessed whether he was Democrat or Republican, and had to pay 10 percent of his salary into Republican coffers. The Republican Party believed in the assessment system for raising part of its campaign funds.

Mr. PATMAN. I hope the gentleman will not take too much of my time.

Mr. BLANTON. They compelled their postmasters holding office to contribute under the Republican administration.

Mr. PATMAN. They must have held the same gun to his head 4 years because of the fact he says during these 4 years that he was a Republican; and they must have had a great big gun held to his head when he helped organize this young Republican group in the District of Columbia.

Mr. BLANTON. If the gentleman will show me one single document that is signed by William W. Bride, and the gentleman and I both know his signature, in which he claims to be a Republican, I will no longer defend him as a Democrat. Does the gentleman criticize any of his official actions?

Mr. PATMAN. Yes; I do. The gentleman has asked me a frank question and I give him a frank answer.

Mr. BLANTON. Can the gentleman point to one single official act of his that warrants criticism?

Mr. PATMAN. I certainly can; and that is worthy of condemnation, too.

Mr. BLANTON. Please name one such act. I have not been able to find it.

Mr. PATMAN. I can name many such acts if the District Commissioners desire the information. The gentleman from Texas probably has not looked into his record but I have; and I know that he has listed himself as a Republican. He was so listed 4 years—1930, 1931, 1932, and 1933. That same Republican gun that was aimed at his head to make him give up $100 during the campaign must have continued

to be aimed at him 4 more years, because he continued to aline himself as a Republican during that time.

Mr. BLANTON. Well, in this administration, is that an unforgivable sin? What about Mr. Secretary Henry A. Wallace; what about Mr. Secretary Harold L. Ickes?

Mr. PATMAN. Just a minute; I did not yield for a speech.

Mr. BLANTON. What about Gen. Hugh S. Johnson? Have these men ever alined themselves as Republicans?

Mr. PATMAN. The gentleman does not want to talk about Mr. Bride, but he is the one about whom I am talking. These other gentlemen loyally supported President Roosevelt in 1932. Bride did not.

Mr. BLANTON. I would like to see the gentleman level his guns at the big fellows, not the little fellows.

Mr. PATMAN. The gentleman, Mr. Bride, was laying his course so that if a Republican were elected President, he would be able to present a perfect record. What better record could he have with the Republicans than to point to the fact that in 1928 he contributed to the campaign fund and that he was listed in Who's Who for 1930, 1931, 1932, and 1933 as a Republican? "Not only that, but I helped to organize the Young Republican Club in the District of Columbia", he would say. What better evidence of loyalty to the Republican Party could he have to present? He has what is known as "convenient politics." If the Democrats go in, he has a Democratic record. If the Republicans go in, he has a Republican record.

Mr. O'CONNOR. Will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from New York.

Mr. O'CONNOR. The gentleman from Texas [Mr. BLANTON] asked if there was any criticism of his official conduct. The only time I met the gentleman was when he approached me here in the Capitol. I did not know who he was. I asked him at that time why he should go over to the Senate behind the back of the House and put in a provision in the District of Columbia liquor bill which the House had stricken out, which provision was clearly in the interest of the surety companies of the District of Columbia. He did not answer me. I then asked him why he should be lobbying in the Senate in behalf of the druggists after we had put an amendment in the bill and after I had repulsed them when they approached me. He did not answer. This is my only experience with him. I do not care about his politics, but if he is interested in the surety companies of the District, which charge twice as much as any person would, and if he is interested in the druggists in this city who sell rotten liquor to the people, it is time that he be thrown out on his head.

Mr. PATMAN. I am not saying this in criticism of my colleague from Texas [Mr. BLANTON], who is one of the most useful Members of this House, but I am sure that if the gentleman had all the information his views would be different, and since he put the information that he possessed into the RECORD I feel that I should put this information in the RECORD, because over a year ago I made the statements that I am now making. When Bride was appointed corporation counsel in 1927 the Washington papers carried the following statement under his picture April 8 and April 9, 1927:

> Mr. Bride has always voted the Republican ticket in the national election.

That statement has never been contradicted.

Mr. LUNDEEN. Mr. Chairman, will the gentleman yield?

Mr. PATMAN. I yield to the gentleman from Minnesota.

Mr. LUNDEEN. Do I understand that Republicans and Democrats trade campaign money back and forth? Is there no difference between the Republicans and Democrats?

ISSUE CURRENCY TO PAY NATIONAL DEBT

Mr. PATMAN. We are talking about Bride now. Mr. Chairman, what I really asked time for was to discuss the issuance of currency to pay the national debt. When you make such a statement some people say there is something wrong with the Member of Congress making it, and they would disagree with the idea of paying off the $22,000,000,000 national debt with new money, but I tell you that it can be done, and it can safely be done, and that it is in the interest of the general welfare to do it. At the same time we can save this Government $1,000,000,000 a year in interest charge; that is about $3,000,000 a day. Conditions do not exist now that have existed in the past. The reasons given heretofore against this proposition do not apply now, because currency can be redeemed not only in gold but in services rendered by the Government of the United States. The Government has engaged in so many lines of business that a large amount of money can be redeemed in services. May I refer, for instance, to the Post Office Department? The Government takes in income taxes, beer taxes, gasoline taxes, all kinds of taxes, even processing taxes. The money that is issued can be used to pay these taxes with. We never had such a condition before.

WILL SOMEBODY ANSWER THIS STATEMENT?

I want somebody to answer this statement on the floor. I do not care whether he is a Democrat, Republican, or Farmer-Laborite. In the interest of the people of this country, I think it should be answered. Mr. Thomas A. Edison said that any government on earth that can issue a dollar bond which draws interest and which is good can issue a dollar bill that is just as good. The only difference is the bond draws interest and the bill does not draw interest; therefore it is easier for the government that issues it to redeem it. The argument that is usually made against that proposition is this: If you issue money instead of bonds, the Congress would just go wild issuing money for everything, and there would be no way to restrain the Congress. Is that argument any good? Could not the same Congress issue an unlimited number of bonds if they wanted to? The only difference would be that it would be harder for the people to redeem the bonds, because the bonds are accumulating interest all the time, whereas the money will not accumulate interest at all.

The other argument that is made against the proposition is that we ought to issue Government bonds so that insurance companies, railroad companies, and all these large concerns that have a reserve to build up can have something that is absolutely safe, something that there is absolutely no question about, in which to invest their reserve. It is a very poor argument to say that the people should pay a billion dollars in interest every year simply to let large companies have something in which to invest their money. That is not a good answer.

PAY $22,000,000,000 DEBT IN NEW MONEY

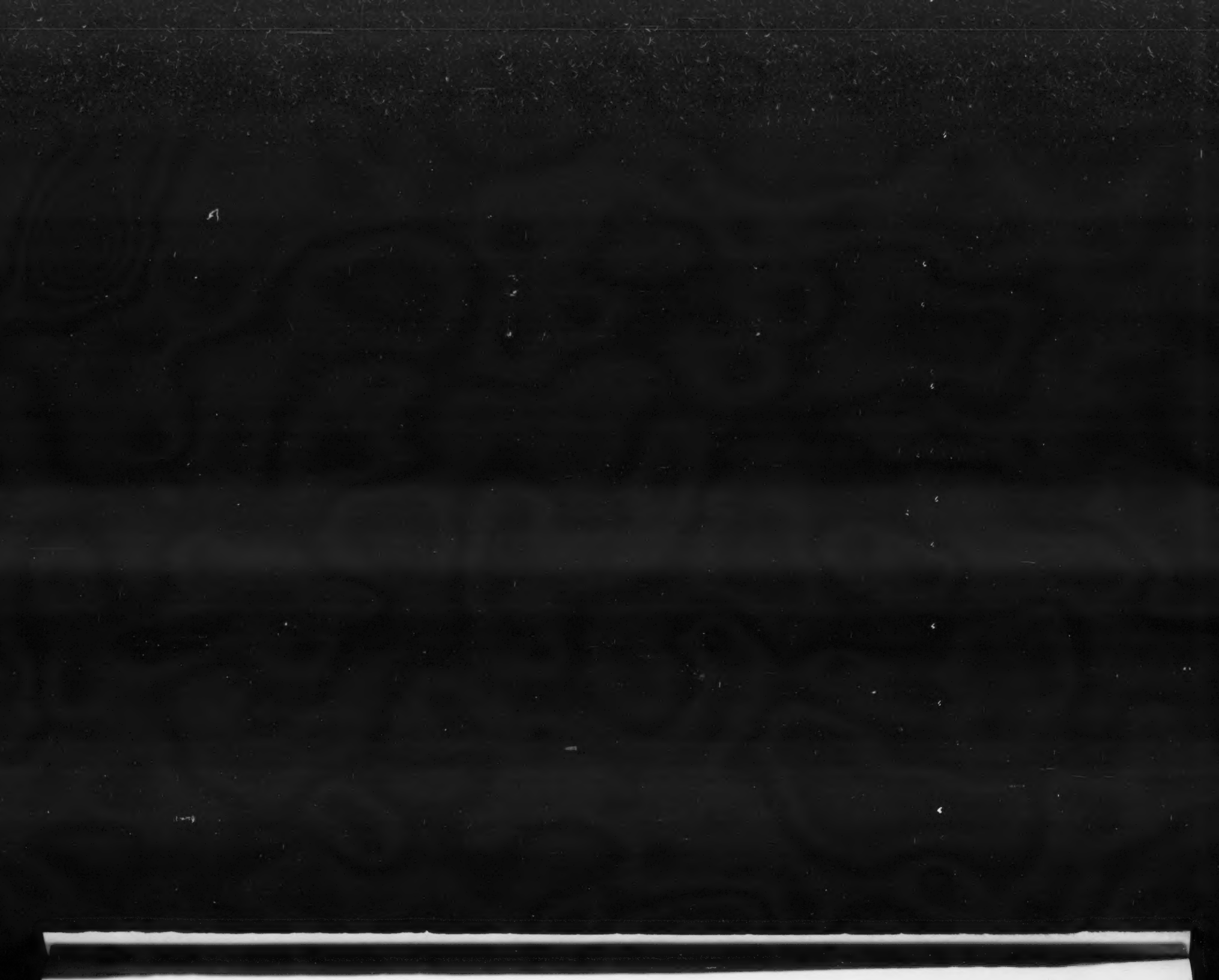
Let us turn to this matter of issuing $22,000,000,000 in money. This sounds like an enormous sum, but we have on deposit, both demand and time deposits, about $40,000,000,000 in the banks of this Nation. If we were to issue $22,000,000,000 in money, this money would eventually find itself in the vaults of these banks throughout the country and then the banks would have $62,000,000,000 in deposits instead of $40,000,000,000 of deposits. Instead of having just $1,000,000,000 in money to pay the $40,000,000,000 in deposits, as they have now, they would have $23,000,000,000 to pay $62,000,000,000 with.

UNDUE INFLATION MAY BE PREVENTED

If you want to prevent undue inflation of the currency, it can be very easily and quickly arranged. As it is now, every dollar that is in the vaults of the banks can be used as a basis for the issuance of $10 in credit money on the average, deposit currency, if you please, or, in other words, in credit issue $10 to every one dollar that is in the vaults. So if you issue the money to pay the national debt, and you want to prevent undue inflation, change the reserve requirements of the banks so that they can only issue $3 to every one dollar that they have in their vaults instead of being privileged to issue $10, and sometimes more than that, on every dollar that they have in their vaults. If there is an answer to the argument, I want somebody on the floor of this House to make it sometime, because there are a lot of people throughout this Nation who feel the same way.

IMBECILIC SYSTEM OF ISSUING MONEY

Does it not seem to you that we have an idiotic and imbecilic system of issuing and distributing money?



When we want a billion dollars we issue a billion dollars in bonds printed over here at the Bureau of Engraving and Printing. We sell these bonds to the banks of the country, including the Federal Reserve System, and the Federal Reserve System and the other banks give the Government credit for $1,000,000,000—not money, just credit. It is a bookkeeping transaction. Then when these banks want some money they take these same bonds and put up with the Treasury Department that sold them the bonds—the identical paper that was sold to them—and using this as collateral security, upon it a billion dollars of new money is printed at the same Bureau of Engraving and Printing and issued to them.

Does it not seem imbecilic and idiotic that the Government would go in this roundabout way to pay somebody interest when it could be done directly and the interest saved? The argument that is made that you have got to have them interest bearing and tax exempt in order to discourage the issuance of more bonds and to prevent an abuse of the Nation's credit is a ridiculous argument to make.

ANOTHER IDIOTIC SYSTEM

Let me tell you something else that sounds idiotic and imbecilic to me. Possibly there is something wrong with me—I do not know—but there are a lot of people who feel just like I do about it, and that is the Federal Reserve System's use of Government credit.

This institution operates on Government credit. That is its stock in trade. Every Federal Reserve note is redeemable not by the Federal Reserve banks—they do not guarantee to redeem a dollar that they issue—but on every Federal Reserve note you notice that the Government of the United States guarantees to redeem the money issued by the Federal Reserve banks. There is a private institution that has the right any time it wants to to issue a blanket mortgage on all the property and all the income of all the people of this Nation and then lend it out to the people themselves at interest, and charge them for the use of their own credit. It is the Government's credit they are using, and they are the Government.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. PATMAN. And if you will notice the report of the Federal Reserve banks, those institutions have $3,000,000,000 of Government bonds. They own them now. How did they purchase these bonds? They purchased them with Government credit, and using Government credit to buy these bonds, nobody on earth should have to pay interest on them. But the Government of the United States continues to pay interest on them.

If there is an answer to this argument I am making that it is an imbecilic and idiotic system that permits a private institution to use this Nation's credit in any such manner, I hope somebody, whether he is a Democrat or a Republican or a Farm-Laborite, will answer the argument. I do not believe they can.

Mr. TRUAX. Will the gentleman yield?

Mr. PATMAN. If the gentleman can answer that argument, I yield to the gentleman.

Mr. TRUAX. It is unanswerable. The gentleman has exactly stated the truth, and I ask the gentleman if he knows of one single good reason why the banks of this country ought to be permitted to issue money today?

NEW CONSTITUTIONAL DEMOCRAT PARTY

Mr. PATMAN. There is no good reason. The Constitution says that Congress shall coin money and regulate its value. You are going to hear a great deal in the future about constitutional Democrats. This is to be a new party they are going to form. These people who have been using the Government's credit free of charge for 100 years do not like this way of taking their monetary powers away from them, and they are going to try to organize a new party—the Democratic part of it to appeal to the South and the constitional part to appeal to the North, and they will never yield that it is right for Congress to issue money and regulate its value, as the Constitution itself says it shall do.

Instead of this, as the gentleman suggests, the banks of the country have had this privilege farmed out to them by this Congress—not by this Congress, but by prior Congresses—and we are permitting it and we are tolerating it, and in this way become a party to letting private interests have farmed out to them the Nation's credit to use for their own benefit and for their own welfare and to the detriment of the other people of this country.

Mr. CANNON of Wisconsin. Will the gentleman yield for a brief question?

Mr. PATMAN. Yes.

Mr. CANNON of Wisconsin. I have introduced a bill to call in about $13,000,000,000 worth of these tax-exempt bonds—Federal bonds and Liberty bonds issued from the time of the World War down to the present—and save $600,000,000 a year. Would the gentleman be in favor of such a bill?

Mr. PATMAN. I am in favor of paying them all off.

Mr. CANNON of Wisconsin. There is a petition on the Clerk's desk to discharge the committee and bring out this bill which I wish the gentleman would sign.

WHY LOANS TO INDUSTRY NOT BEING MADE

Mr. PATMAN. Now, we need money in industry. The banks are not lending money. Why? Because they can use this money to buy Government bonds, and as long as they can buy Government bonds they are not going to invest much in industry. Any time you pay these bonds off with currency you are going to force into the channels of trade and production $22,000,000,000, and then, instead of looking for money, money will be looking for you, if you have something you can use that money for which would permit you to make a return on it in order that you might pay for its use.

Now, there is another way you can prevent money going down in value. They say there would be so much money out that money would go down in value. Well, of course, I have told you that you can change the reserve requirements of banks, but there is another way you can supplement this, and that is to provide that in the event there is a certain amount of money in circulation, they can carry it to the Treasury and exchange it for 1½-percent Government bonds—not enough interest to induce them to keep it there all the time, but enough interest to induce them to put their money to work and get a little something for it, if they want to do this. Then, if they want to invest their money they can take the bond back and get their money. Would not this be right?

The banks of the country have had this privilege for more than 50 years, and if it is safe and sound and right for the banks, why would it not be safe and sound and right for the individuals? In France a business can get a direct loan from the Bank of France. The Federal Reserve banks have the right to make direct loans today, as I understand it, but not one direct loan has been made and will not be made unless you force them. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I now yield 10 minutes to the gentleman from California [Mr. BUCK].

Mr. BUCK. Mr. Chairman and ladies and gentlemen of the Committee, I wish to address myself briefly to the bill under consideration. To the portion of the country from which I come, and I think to the Nation as a whole, there is no more valuable appropriation bill than the agricultural appropriation bill. Its preparation is a work of considerable magnitude. Extensive hearings have been held on all phases of agricultural activities, and I am glad to take this opportunity to commend the careful consideration the subcommittee has given to the Nation's agricultural needs. In view of reports that have been circulated from time to time throughout the newspapers of the country and the numerous inquiries that have reached me as a member of the Committee on Agriculture as to what the effect was to be of

appropriation cuts recommended by the Director of the Budget, I think it is important that the House should realize that largely as the result of the clarity of vision of the subcommittee on agriculture appropriations, with which assistance some of us could give as individuals, the major portion of the cuts affecting western agriculture have been restored.

I understand that the bill restores the entire appropriation for agricultural experiment stations, which are of great importance to the western portion of this country. All the payments available ordinarily to the States under the Hatch Act, the Adams Act, and the Purnell Act are fully restored to the 1934 appropriation level.

The appropriation for the cooperative agricultural extension work, which is vitally necessary to our agricultural colleges, is fully restored.

The Weather Service appropriation for warnings for horticultural protection has been restored, although not to the full amount of the 1934 appropriation. It exceeds the amount of money actually withdrawn in cash by $1,300.

The appropriation for dry-land agricultural investigations throughout the West, which had been entirely eliminated in the Budget, is restored to an amount greater than that expended in 1934.

I desire to call your attention particularly to the fact that the subcommittee on agricultural appropriations has restored in full the amount heretofore appropriated for the investigation of the sugar plant. I refer to this because I have listened to two entertaining discussions on the sugar situation in the United States and the President's proposed recommendation this afternoon. The so-called "sugar bill" is before the committee of which I am a member.

I want to say, although I have not been authorized by the committee, because it has not gone into executive session on the bill, that in my opinion the Committee on Agriculture in consideration of that bill will give the same care and consideration to the interests of the sugarbeet and sugarcane producers in continental United States that the Appropriations Committee has given in restoring the funds for continued sugar-plant investigation, including the development of native sugar-beet seed. This appropriation presupposes a continuation of the native sugar industry, a position with which I am in full accord.

In addition to that, investigations under the Bureau of Agricultural Engineering into western irrigation agriculture will be continued on the same basis as heretofore. A partial restoration of funds for soil survey will enable that Bureau to maintain its organization and continue the excellent work it is now doing.

Now, after listing those benefits which the committee has been good enough to give us, I want to call attention to one defect in the bill, and I trust that the committee will forgive me.

The State of California Department of Agriculture and State Chamber of Commerce and others have called my attention to the fact that the appropriation made available for the Bureau of Plant Quarantine for foreign plant quarantines has been materially cut under the amount of money actually withdrawn in 1934.

Mr. ELTSE of California. Will the gentleman yield?

Mr. BUCK. I yield.

Mr. ELTSE of California. Has the gentleman the letter of the State Chamber of Commerce?

Mr. BUCK. I have it.

Mr. ELTSE of California. Here is a copy of it if the gentleman wishes to put it in.

Mr. BUCK. The deficiency in this appropriation will mean the elimination of a large number of border patrol stations at points of entry into the United States.

Mr. Chairman, California is a great agricultural State, but its interest in proper border quarantine protection does not cease with proper enforcement of quarantine on its borders; it is just as much interested in seeing adequate inspection maintained along the entire Mexican border and the Atlantic ports as on the Pacific coast.

Perhaps even this matter is not of as much importance to California as it is to the rest of the United States, because since the 1880's the State of California has maintained its own plant quarantine and inspection service, and, as a matter of fact, 90 percent of the money expended for this service therein today is appropriated by the State of California. But it is of far more importance to us to have the pests kept out of this country, and I only need to point you eastern gentlemen the inroads of the Japanese beetle, the Dutch elm disease, and other pests to show you that it is far easier and much less expensive to keep out pests than it is to eradicate them after they get into the United States. You all know how costly were the efforts to eradicate the Mediterranean fly in Florida, and so at the appropriate time tomorrow I shall offer an amendment to restore the appropriation available to the Bureau of Plant Quarantine for border control and inspection to the amount actually authorized to be withdrawn in the fiscal year 1934.

I do not wish to close on this note of dissent. There are other advantages obtained by the great Western States in this bill. The complete restoration to the 1934 level of money available for the Bureau of Biological Survey in the maintenance of its control laboratory at Denver, and the control and eradication of predatory animals and rodents is of vast importance. It is safe to say that in certain sections of the country the maintenance of our sheep and cattle industry would be impossible without this eradication method being employed. I desire to emphasize the fact that there is a moral responsibility on the part of the United States Government to appropriate this money, and I am glad that my friends on the committee have recognized that, because it is in the forest reserves of the United States, in the lands that the Government still owns, that we find the breeding places of these wolves and mountain lions and coyotes which do such destruction among the sheep and cattle and even the poultry interests of the West, places even where it is forbidden the State, counties, or individuals to hunt and eradicate these destructive animals.

Further, I emphasize the fact that this is only a contribution and an assistance, because over two thirds of the money actually expended in the eradication of predatory animals is contributed by the States and counties and private interests of the Western States.

I think it is safe to say, and I wish to reassure my friends who have written me and who have sent in their protests about what is about to be done by this Congress, that as this bill emerges from this House, and I trust that as it will emerge from the other body at the other end of the Capitol, it will contain practically a full restoration of all the appropriations needed to protect the welfare of the agricultural industry of these United States. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 3 minutes to the gentleman from California [Mr. HOEPPEL].

Mr. HOEPPEL. Mr. Chairman, I freely admit that I know little about the agricultural question, but what I lack in knowledge I make up in sympathy, and for that reason when this bill comes to a vote I shall vote in accordance with the recommendations of the committee. I do know something however about the veterans' question. That was brought up on the floor on Saturday. In reference to that incident I wish to go on record to the effect that in no way, shape, or manner do I consider the chairman, the distinguished gentleman from Kentucky [Mr. BROWN], who was then presiding, as being in any way culpable. He is an excellent gentleman and an outstanding Member of this House, and I think the Congress of the United States would function best if it were composed of men of his caliber. What we should have is aggressive youth, and I do hope that the citizens of Kentucky will, by all means, return to this Chamber such an able presiding officer as we had on last Saturday. [Applause.]

I also entertain the same sentiments toward the distinguished gentleman from Alabama [Mr. BANKHEAD] with whom I engaged in somewhat of a controversy, provided he will in the future permit me to advance whenever I possibly can the interests of the people, our disabled veterans, their dependents, and the Federal employees. I bear no animus against anyone, but as a Member of Congress I

shall always be found fighting for what I consider the rights of the American war veterans and their dependents.

Mr. Chairman, I ask unanimous consent to insert in the RECORD the entire letter, an extract from which was read by the distinguished gentleman from Alabama, and to include therewith a short extract from the joint hearings of the Veterans' Committee of the Seventy-second Congress before whom I appeared.

The CHAIRMAN. Without objection, it is so ordered.

There was no objection.

Mr. HOEPPEL. Mr. Speaker and Members of the House, as my distinguished colleague from Alabama [Mr. BANKHEAD] read a short extract from a letter which I addressed to the President, a copy of which was furnished him as a member of the Rules Committee (gag committee) with a view to obtaining his sympathetic consideration to the question at issue in the interest of the veterans, I feel it incumbent that the entire letter should be available to the Members of the Congress and to the American public.

I respectfully refer Mr. BANKHEAD to the testimony which I gave before the Joint Veterans' Committee of the last session of the Seventy-second Congress, volume 4, page 1081. I quote a statement, made following my testimony, by a distinguished member of that committee, who, as a friend of the veteran, recognized that I understand all phases of the veteran problem and yield to no one on this subject, even though the distinguished gentleman from Alabama may not agree. Very few individuals in dealing with veterans have any knowledge whatever of the desperate and unfair plight of the retired personnel of the Army, Navy, and Marine Corps in their relation to the veteran question as it pertains to their applications as veterans of the Civil War, Indian wars, Spanish-American, and World War. I have made this group (forgotten men) my special concern, while, at the same time, I have made an intensive study and analysis of other veteran problems. Senator Brookhart, a member of the Joint Veterans' Committee, after hearing my testimony which included 28 pages of the report, agreed with me that the present system of having three committees in the House to handle veteran questions is archaic. He also admitted, as will be seen from the following quotation, that I had presented to the committee facts with which even General Hines himself was unfamiliar or had not discussed. I quote from the official record:

Senator BROOKHART. I am with you on the one-committee proposition. I have a resolution like that pending in the Senate on the calendar and hope to get action before the session is over. But, Mr. Chairman, the Congressman has stated a number of discriminations, as I recollect them, in addition to what General Hines presented. The general presented some of these, but I do not believe he presented all that the Congressman did. I should like, therefore, to have this statement submitted to General Hines for comment, and some of these things, if he is correct in basis of fact, ought to be straightened out.

The CHAIRMAN. All right. We will send it down to General Hines as soon as it is reduced to transcription.

I am pleased also to submit herewith the letter which I wrote to the President, from which the distinguished gentleman from Alabama quoted:

WASHINGTON, D.C., *February 17, 1934.*

The honorable PRESIDENT OF THE UNITED STATES,
Washington, D.C.

DEAR MR. PRESIDENT: While I have been mentioned as being one of your most consistent critics in the new deal, nevertheless, I consider myself as one of your most consistent supporters, as I wish you to succeed, and the only difference between your methods and mine appears to be merely a question of celerity. Many of my most ardent conservative supporters have mentioned that it appears to them that you are striving to attain what I myself have advanced, but that from a spirit of impetuosity, I am inclined to criticize because of the speed at which you appear to be traveling.

Be this as it may, I wish you to have a Democratic Congress in the next session, and for that reason I am asking your indulgence to consider the following:

I consider that I understand the veteran question as well as any man in the Congress and am quite confident that I understand all phases of it better than any man in the United States. With this thought in mind I hope that you will take the time to digest the essentials of the proposed uniform pension law, which was introduced by Congressman GASQUE, Chairman of the Pension Committee, and which, if enacted, will take the veteran question out of politics. There are some pertinent points which are outlined in the accompanying brief, which concretely explains the intent of the bill. In the interest of having a Democratic Congress in the next session, may I hope that you will permit the House to initiate legislation along these lines in order that they may face their constituents in the forthcoming election and point to the achievements which are embodied in this bill?

Alleviating the veterans' situation by regulation is commendatory as far as the administration itself is concerned, but it is not a testimonial for and in behalf of the Congressman who is vitally concerned and who must face the electorate in November. Your change in regulations on January 19 and the subsequent approval of additional changes which, in the aggregate, will total approximately $80,000,000 or more, are outstandingly fair and just. If these provisions are included in the independent offices bill and enacted, the Congressmen themselves will receive very little, if any, credit for this from their constituents.

In the furtherance of returning to you a Democratic House, I would be in favor of rejecting any veterans' legislation which may be incorporated in the independent offices bill and in lieu thereof permitting the House to act on Mr. GASQUE's bill which, I am sure, will increase the expenditures in the aggregate, very little, if any, over those involved in the amendatory regulations which you have approved since the convening of Congress. Following this method, the Congressman who voted for the original Economy Act would, in a sense, redeem themselves with veterans and could be returned.

Speaking recently to Senator BYRNES, he suggested that Members of the Senate and the House agree jointly on remedial legislation affecting veterans in order to prevent see-saw veteran legislation or the incorporation of legislation pertaining to veterans in the appropriation bills. In my opinion, this suggestion has infinite merit in the interest of our party success.

If you would permit Mr. GASQUE, the chairman of the committee, and other Members of the House and the Senate, whom he might select, to call on you to discuss this question, it is very probable that such committee may present to you viewpoints which you could accept and which, if adopted, would insure a substantial Democratic majority in the next Congress.

This suggestion is presented to you for your consideration free from any personal interest on my part as I have consistently defended the veterans and do not consider my seat in jeopardy, but I am solicitous indeed about the political future of some of my outstanding colleagues who voted for the Economy Act and whom I should like to see returned to the Congress.

With this thought and with my best wishes for the success of your administration, I am,

Sincerely yours,

J. H. HOEPPEL.

Mr. HOEPPEL. I yield back the remainder of my time.

Mr. SINCLAIR. Mr. Chairman, I yield 5 minutes to the gentleman from Massachusetts [Mr. WIGGLESWORTH].

Mr. WIGGLESWORTH. Mr. Chairman, a few days ago the people of this country were informed through the pages of the press that a distinguished citizen of Massachusetts, Secretary of the Navy during the past administration, Hon. Charles Francis Adams, had owned stock to the extent of 500 shares in the Douglas Aircraft Co. at a time when that company was said to be doing several million dollars' worth of business with the Navy Department. The implication of that statement was perfectly plain.

That implication was, of course, absolutely without foundation. Anyone knowing the standards and standing of Secretary Adams and the distinguished family of which he is a member appreciates that fact without any word on my part. As one who has known and admired him, however, for upward of a quarter of a century, as one who is familiar with the outstanding contribution in terms of public service made by his family to State and Nation, as one who knows the standing which that family has always commanded, and rightfully commanded, in this country, I cannot but resent the statement with its implication, particularly in view of the difficulty which a denial always encounters in endeavoring to cover an assertion of this character.

My purpose, Mr. Chairman, in requesting these few moments today—I have not been able to obtain them heretofore—is simply to emphasize to Congress and to the country the entire lack of foundation for the assertion. Inquiry indicates that Secretary Adams did not own at the time in question, does not own now, and never has owned a single share of stock in the Douglas Aircraft Co. or any other company having to do with the manufacture or operation of airplanes.

In response to an inquiry, I am advised that Secretary Adams has written as follows:

I am told by one of the papers here (Boston) that someone thinks he has discovered that I own or owned shares in the Douglas Aircraft Co., if there is such a concern.

As a matter of fact, I never have owned, directly or indirectly, any shares of the Douglas Aircraft Co. or any other company interested in the manufacture or operation of aircraft.

Moreover, I sold before coming to Washington all stock of any company of any sort which had any dealings with the Navy Department.

The complete explanation of the matter, Mr. Chairman, as Members of this Committee no doubt appreciate, is to be found in an unfortunate confusion of names, the stock in question having been held by another of the same name in no way related to Secretary Adams, who never has held the position of Secretary of the Navy or any other position in the Federal Government, insofar as I am informed.

I hold in my hand a brief editorial appearing in this connection in one of the leading newspapers in Boston. It is but two paragraphs in length. The words are not mine. I incorporate them in my remarks simply to indicate the sentiment created by the incident in a publication familiar with the standing of Secretary Adams and his distinguished family. It is entitled "A Malicious Error", and reads as follows:

The present administration at Washington, seeking to besmirch the character of its Republican predecessors, stubbed its toe badly yesterday. A House naval subcommittee gleefully let testimony be broadcast throughout the country that Charles Francis Adams, Secretary of the Navy in Mr. Hoover's Cabinet, owned 500 shares of Douglas Aircraft stock at a time when the company was receiving huge contracts from the Navy Department. Informed of the charge, Mr. Adams denied it. Quite rightly, too, because the Herald learned last night that the stock was owned by Charles F. Adams, a Boston merchant, who was never Secretary of the Navy.

To be sure, this is not the first time that these two prominent Bostonians have been confused. But this fact is no excuse for the contemptible innuendo which the naval subcommittee let loose. Through a childish error it led the country to believe that a respected citizen and public servant, a descendant of two Presidents of the United States, had exploited a high position in the Government for personal gain. The administration owes Mr. Adams a most abject apology. It owes the other Mr. Adams a vote of thanks for catching its blunder before it went too far.

[Applause.]

Mr. GRANFIELD. Will my distinguished colleague yield to me for just a moment?

Mr. WIGGLESWORTH. I yield to my colleague from Massachusetts.

Mr. GRANFIELD. Mr. Chairman, I would forever reproach myself if I did not take advantage of this opportunity to join with my colleague [Mr. WIGGLESWORTH] in his denunciation of certain unwarranted published imputations reflecting upon the character and integrity of one of the Nation's most distinguished men—former Secretary of the Navy, in the Hoover administration—Charles Francis Adams, of Massachusetts.

It is gratifying to me to have listened to the splendid eulogy of him being delivered by my colleague. I subscribe to his every utterance. In my Commonwealth the name of Adams is a synonym for Massachusetts, and the history of Massachusetts can be found in the traditions of the Adams family. Their patriotism and love of country have been as constant as the North Star.

Mr. Adams is highly respected and greatly esteemed by Democrats and Republicans alike not only in the Commonwealth of Massachusetts but throughout the Nation. [Applause.] The Secretary of the Navy brought to the Cabinet a capacity for service and a life of rectitude which denies any imputation of wrongdoing no matter how slight.

No words of mine can brighten the luster of his name. He is a descendant of one of Massachusetts' most illustrious families. Their integrity was never questioned, and it cannot be questioned now.

I thank my colleague. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 15 minutes to the gentleman from Wisconsin [Mr. WITHROW].

Mr. WITHROW. Mr. Chairman, at this time I want to call upon this House to provide an adequate program of relief for the dairy industry. This is a problem which is of utmost importance to all of us. Our agricultural industry is our basic industry and dairying is the leading agricultural enterprise. When farms are operating on a paying basis, our villages and cities prosper. When farms are in financial distress, it is not long before our villages and cities are also in distress. When the farmer cannot buy, the factory worker is thrown out of employment and the small business man is thrown into bankruptcy. We must, then, rehabilitate agriculture and particularly dairying before we can expect any substantial progress toward recovery.

NEED ADEQUATE DAIRY RELIEF PROGRAM

We passed in this body a few days ago a measure appropriating $200,000,000 as an emergency fund to relieve the beef and dairying industries. This measure was passed under a gag rule with only 40 minutes of debate and with no opportunity to amend. I was, and am now, very much in favor of this appropriation as far as it goes, but I want to call your attention to the fact that this is a half-way measure and inadequate. Instead of $200,000,000 we should appropriate $350,000,000. If the additional money were not needed, it would not be spent, and in such case it would revert back to the Treasury, but in any event the money should be made available. Testimony before the Agricultural Committee revealed that no witness was sure that a sum of $200,000,000 would be sufficient.

I know of no group of our citizens who are more in need of relief than the dairymen. Almost all dairy properties are heavily mortgaged. The dairyman's difficulties are aggravated because he has a larger capital investment in proportion to his gross income than any other unit of the agricultural group, with the result that when he starts going into the red he goes that much faster.

DAIRYMAN NOT RECEIVING PARITY PRICE

I have whole-heartedly supported all emergency relief measures with the exception of the so-called "Economy Act" which is now generally admited as having been genuinely un-American and cruel; but these same emergency measures have all reacted to penalize the dairy farmer. The A.A.A. and N.R.A. have had for their purpose the raising of commodity values, both industrial and agricultural, and have in a measure succeeded in their purpose, but during all this the dairyman has not received a parity price. In fact, during a considerable portion of this period the price paid for butter fat was the lowest it has been in 30 years.

The N.R.A. has raised the general price level of manufactured articles which the dairy farmer uses. The A.A.A. has raised the price level of grain which in many cases the dairyman must buy for feed. The result of these two major activities on the part of the Federal Government has been to raise the cost of production and living of the dairyman. He finds himself in a terrible predicament not of his own making.

The beef dairy relief bill, which has been passed by the House, may eventually reduce dairy production to a point where dairy prices will rise and the dairy farmer will be benefited, but in the meantime all other relief projects are working to the detriment of the dairy farmer.

MY DAIRY RELIEF PROGRAM

I have introduced a bill—H.R. 8243—which will provide an additional $150,000,000 for the dairy relief program. This will make a total of $350,000,000 available for the relief of the dairy farmer. I submit herewith a program which will give immediate and adequate relief to the dairy industry:

Two hundred and sixteen million dollars is to be used to pay immediate cash benefits to dairy farmers on the basis of 8 cents per pound for every pound of butter fat produced in the year 1933. This will to some extent compensate dairymen for butter fat which was sold last year at a price below the cost of production.

Forty million dollars is to be used to eliminate 600,000 head of dairy cattle infected with Bang's disease and tuberculosis.

Thirty-five million dollars is to be used for the purchase of 600,000 dairy cows which will be distributed in the poorer sections of the South and on Indian reservations which do not now use milk or dairy products. These cows are not to be used to establish dairy herds which will compete with dairy farmers.

Forty million dollars is to be used to purchase 2,000,000 head of beef cattle, and the meat is to be distributed to those on the various county relief rolls in addition to the meat allotments which are now being distributed.

That will leave a balance of $19,000,000, which can be used to fill any gap which may develop, or if this sum or any portion of this appropriation is not needed the money will revert into the Treasury.

Gentlemen, this program which I have outlined will provide immediate relief for the dairy industry. It will place cash in the hand of every dairy farmer immediately. It is not a half-way measure. It provides not only immediate relief but it also provides a permanent relief policy by taking at least 3,200,000 head of cattle out of dairy production and off the beef market. This plan will work.

PROHIBIT SALE OF OLEOMARGARINE

In addition to immediate relief for the dairy industry, we must take steps to curb the manufacture and sale of oleomargarine and other substitutes for butter. In the revenue bill which has been passed by the House we have levied a tax of 5 cents per pound on all coconut and sesame oils. This will be of some help to the dairy industry as it will to some extent decrease the use of the substitutes made from these oils, but again it is only a half-way measure. Gentlemen, we cannot afford to take half-way measures when we are endangering the existence of our dairying industry. We must take drastic steps to force oleomargarine out of competition with butter. I have introduced a bill (H.R. 4319) which will place an additional tax of 10 cents per pound on all oleomargarine. I am willing to go further than that if necessary—I am willing to bar oleomargarine and other substitutes entirely from the markets of the United States.

The oleomargarine industry represents only a small investment and employs few people, yet the millions of pounds of substitutes which they produce annually are undermining our entire domestic dairy industry. The chief ingredient of oleomargarine is a product of the tropical islands. It is time that we forget the interests of the natives of these tropical islands and look to the welfare of the dairy farmers of our own country.

MUST ENACT FRAZIER BILL TO SECURE ADEQUATE AID FOR FARM MORTGAGE

The dairy-relief program alone will not solve our farm problem. All the dairy relief in the world will never help the farmer who has lost his farm through mortgage foreclosure. Despite newspaper statements to the contrary, the fact is that our present farm mortgage relief set-up is not adequate. The Federal land banks have not given relief to one tenth of the farmers who have applied for loans. Those few farmers who have been able to secure loans through the Federal land banks have been subjected to endless delay, unreasonable fees, and red tape beyond endurance. There is not one feature of the present farm mortgage relief provisions which is satisfactory.

This situation must be corrected immediately, and there is a measure which will adequately take care of the problem. That measure is the Frazier bill which will refinance all distressed farm mortgages at an interest rate that farmers can afford to pay, namely, 1½ percent per year plus an additional 1½-percent annual payment on the principal.

I should like to inquire why there is opposition to the Frazier bill. This Government has aided every other type of industry; why will it not give adequate aid to its basic industry, agriculture? Certainly loans based on the very soil on which our Nation is built are more secure than all the stocks and bonds on which the Reconstruction Finance Corporation has seen fit to loan its millions.

I feel sure that the Members of this House do not wish to see our agricultural industry ruined by conditions over which the farmer has no control. The trouble is that you have been deceived by newspaper reports and do not realize that this problem is more serious than ever before. If you will forget about the newspapers and listen to the farmers of our Nation, you will realize that this is a crisis which must be met promptly.

Where can the farmer turn to refinance his mortgage? It is true that all our banks now have signs in their windows proclaiming the fact that deposits are now guaranteed, but our farmers have no money to put into these banks, and it is impossible for them to secure loans from these banks. In agricultural communities there is no such thing as credit at the present time.

The Frazier bill will solve this problem by providing adequate loans at a reasonable rate of interest. The Government has adequate funds to finance the Frazier bill. It is imperative that the Frazier bill be enacted immediately before more damage has been done to the agricultural industry.

RECOVER THE LOOT

When farming has again been placed on a paying basis, it will not be long before normal conditions return to the entire country. I realize that there are many other things which must be done. Chief among these is the recovery of the loot which has been taken from our people by all the swindlers and grafters who have been exposed in the past 2 years. The financial deals which have caused our citizens to lose their small savings are no less criminal because they have been carried out by big bankers. Some of this loot has, of course, vanished, but there still remain millions of dollars which can be recovered.

It is well enough to investigate and expose the crookedness of big bankers and others, but no good purpose is served if these swindlers are allowed to keep the loot and go unpunished. The money must be recovered and returned to its rightful owners.

The laws of this Nation were never intended to protect the criminal in his crime, and no court should be allowed to construe our laws so as to protect the big bankers who have knowingly defrauded our citizens of their savings.

Railroads, industrialists, insurance companies, and bankers have received very generous consideration at the hands of the Congress, we have even gone so far as to set the price of gold. In view of these past actions, it is inconsistent, unfair, and un-American to maintain that we cannot make it possible for the dairyman to receive at least the cost of production for his product and in addition extend to him the credit of his Government to save his property from foreclosure. [Applause.]

Mr. CULKIN. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I yield.

Mr. CULKIN. The gentleman speaks of $350,000,000. Is not the amount suggested in the bill $200,000,000 to be divided on a 60-40 basis?

Mr. WITHROW. Yes, that is the measure as it passed the House and as it is now pending before the Senate.

Mr. CULKIN. Three hundred and fifty million dollars is the gentleman's own suggestion?

Mr. WITHROW. Yes. I propose to add an additional $150,000,000. Of course, I do not feel that this should be split on a 60-40 basis. I do not see how the bookkeeping feature could be taken care of; how, for instance, if a dairy animal were purchased, the transaction could be credited as being an aid to tne dairy industry or the beef-cattle industry.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield 5 additional minutes to the gentleman from Wisconsin.

Mr. CULKIN. Would not that be credited to relief of the dairy industry?

Mr. WITHROW. It should not be entirely credited to the relief of the dairy industry. The trouble with the beef market is that inferior cattle sent to the beef-cattle market depress the price. So, in the case of a cow which could be used either for the production of milk or slaughtered for beef, what system of bookkeeping could be used to reflect a definite percentage of benefit to either the dairy industry or the beef-cattle industry?

Mr. CULKIN. The gentleman supported the agricultural relief measure; so did I. Does not the gentleman believe it is about time the Secretary took some action in behalf of the dairy industry?

Mr. WITHROW. Yes.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I yield.

Mr. KVALE. If my memory serves me correctly, I believe the agricultural bill as it passed the House contains a permissive 60-40 division of benefits, but this division is not made mandatory. This is left, however, as the outside limit of division, and the division may even be a 50-50 one.

Mr. WITHROW. Yes.

Mr. KVALE. It is left to the discretion of the Department officials.

Mr. WITHROW. Yes; that is true.

Mr. CULKIN. Does the gentleman so understand it? I read the resolution several times and took some consolation from the fact that it was mandatory upon the Secretary of Agriculture to expend not less than 40 percent on the dairy industry.

Mr. WITHROW. That is the way I understood it. I feel it should not be in the bill at all.

Mr. DITTER. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I yield.

Mr. DITTER. Will the gentleman express an opinion as to the feasibility of what I understand to be the A.A.A. program with regard to the diminution of the production of fluid milk?

Mr. WITHROW. I would rather not go into that subject at this time.

Mr. BOILEAU. Mr. Chairman, will the gentleman yield?

Mr. WITHROW. I yield.

Mr. BOILEAU. As I understand the division provided for in the Agricultural Relief Act, it merely means that not less than 40 percent nor more than 60 percent can be used for the relief of either of these two industries?

Mr. WITHROW. That is true.

Mr. Chairman, I yield back the balance of my time.

Mr. SANDLIN. Mr. Chairman, I yield 5 minutes to the gentleman from Texas [Mr. KLEBERG].

Mr. KLEBERG. Mr. Chairman, I do not want to go into detail in bringing this matter to the attention of the House. I wish to advise the Membership that three companion bills have been introduced and reported out by the Committee on Agriculture. They are now on the calendar. These bills have to do with the conservation of wild life—migratory game birds and other wild life. They are essentially companion bills. One is the so-called "coordination bill" introduced in the House by myself and in the Senate by Senator WALCOTT. The second is a bill by Senator JOE ROBINSON, of Arkansas, having to do with the utilization of the national forests and public domains as sanctuary. The third is the "duck stamp" bill introduced by me.

Mr. Chairman, I ask unanimous consent to include in the RECORD at this point an article by Mr. Darling, a nationally known sportsman and conservationist, and possibly one of our best-known cartoonists. This article contains considerable information on the subject of the conservation and protection of American wild life.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. KLEBERG. Mr. Chairman, I yield back the balance of my time.

The article referred to by Mr. KLEBERG follows:

[From the Sunday Star, Feb. 25, 1934]

SAVE AMERICA'S WILD LIFE—POOR LAND CONDEMNED UNDER OUR FARM PROGRAM SHOULD BE RETURNED TO NATURE—THEN WILD LIFE WILL COME BACK TO ITS OWN—A FAMED CARTOONIST AND SPORTSMAN TELLS WHY A NEW DEAL FOR NATURE IS IMPORTANT

By J. N. Darling ("Ding")

The absent-minded professor who came down to breakfast, poured the maple sirup on his bald head and scratched his buckwheat cakes, was no more disorderly in his progress toward the goal of his physical needs than have been the inhabitants of this North American Continent in their misdirected utilization of the Nation's natural resources. The mess which we have created for ourselves is equally astonishing and inexcusable. We have just had a look at ourselves in the mirror of depression and realized that we ought to do something about it. A national program for the restoration of America to herself is just beginning to take form. And in that plan to conserve and restore our national resources the recovery of our lost legions of game and wild life has a very logical place.

Since restoration of wild game must be primarily dependent upon turning back to nature large areas of marshes and upland nesting grounds, any national game program will have to be predicated upon a more pressing economic necessity than just to give the boys something to shoot at. Fortunately, or unfortunately, that economic necessity is urgently present in the plight of agriculture. A greatly overexpanded agricultural plant must curtail its production just as surely as an overexpanded industry must let some of its factories lie idle.

The Federal Government is now committed to the retirement by purchase of several million acres of farm land. As in any other industry, the worn-out equipment, the least efficient, will be the first to be dropped out of production. Nothing could be better suited to the restoration of game than turning these marginal lands back to nature. Industry has retired its unprofitable units from operation for so long a time that it is accepted as a natural law. Agriculture is now beginning for the first time to consider ways and means of backing out of a situation which we have come to realize was socially intolerable and nationally suicidal.

Overexpansion of agriculture came about like all overexpansions—by overpromotion, with all the profit going to the promoter. Land seekers' excursions to the wilderness! Extravagant promises of easy fortunes and ideal climate! Whole telephone directories full of people, lured by the call of the open spaces, vibrantly dramatized by promotion literature, were led like the Pied Piper's rats out into the lean and unproductive acres of the border lands, there to be trapped in economic nooses from which there was no escape. The thin soil was soon exhausted or washed away, but the discouraged inhabitants are still there—all those who could not get away—contributing their meager harvest to help overbalance the markets. When the human family moved in, the game families had to move out.

Other unheeded acres were added to cultivation by slashing away the protective vegetation from the hillsides and exposing the prolific endowment of rich topsoil to erosion. The net result of this has been to smother the once clear stream beds under a blanket of mud. Thousands of cubic miles of America's richest soil are now in deltas at the mouths of our rivers.

Water, the one indispensable element of which nature bestowed a balanced ration in the lakes and sloughs of our uplands, we have hurried off like an unwelcome guest—only to drown the inhabitants in the lower valleys and periodically inundate their fields and riverside towns. (It would be enlightening to see a balance sheet on which the annual loss by floods was set over against the value of the crops raised on artificially drained lands.) Draining off the water from its natural reservoirs has done even more than this. It has started hundreds of millions of acres of once productive land—whole States, in fact—on a speedy road to Sahara. The subterranean water table has fallen so far below the surface of the ground that vegetation can no longer thrive.

And down this path of heedless destruction went also the great flocks of migratory waterfowl, upland game birds, and mammals. They were crowded out of their native haunts by a civilization which could not live on the land after it had been reclaimed.

That is a complete picture of the submarginal lands you hear so much about these days. Their withdrawal from agriculture has two purposes back of it—first, to provide the tiller of good soil a fair market, free of destructive competition with starvation farming; second, to rescue the army of stranded human beings who have exhausted their savings, their strength, and their hope trying to wrest a living from sterile acres. Eleven percent of the farm crops overbalance the markets of the whole farm population. Eleven percent of farm production comes from marginal and submarginal lands. So what?

Well, this, for instance. Wild ducks, geese, plover, snipe, prairie chicken, partridge, wild turkey, and several fleets of Noah's Ark full of mammals, great and small, used to do a great job of living and bringing forth of their young on those same submarginal lands which have made economic tramps out of thousands of human beings who tried to farm them. When we drained the lakes and lowlands we sucked dry the great nesting grounds of our wild waterfowl. When there were no more nesting grounds there were no young ducklings to grow up and take the place of those killed in the annual barrage that greets the seasonal migrations. Even if men had never hunted at all there would still be the same problems of disappearing wild fowl today, due to the destruction of their nesting grounds.

Removal of the underbrush from the hillsides and waste lands, together with use of the mowing machines—their activities coincide with the intensive nesting season of upland game birds—have done the same thing to those species that drainage has done to the ducks.

A sheep rancher's dead lamb out on the desert's rim, with the marks of a coyote's teeth on his throat, led to a campaign to destroy the depredator. Destruction of the coyotes, whose preferred diet is jack rabbits, allowed the latter to multiply until they became a menace to the crops. Now we must go out and poison a million jack rabbits—and we have more mutton than we know what to do with.

Thousands of acres of marshes once produced a greater annual profit in muskrat skins—that's where your fedora comes from—than any crop that has been raised on those same marshes since they were drained. And the drainage bonds are still unpaid.

In fact, we have at great expenditure of money and human energy robbed nature of something we do not want. We have stolen something we cannot use, wish we didn't have, and want to give back. Those sportsmen and friends of wild life who have been collaborating under the direction of the President and Secretary of Agriculture to find ways and means of giving it back see a chance to post a reward for the return of the stolen property. That reward would be the measurable economic returns from a restoration of the wild life and game species for which the 12,000,000 sportsmen of the country would be willing to pay handsomely.

Those 12,000,000 sportsmen already pay at least $12,000,000 a year for fishing and hunting licenses, to say nothing of the cost of guns, ammunition, hip boots, and traveling expenses. Industrially, the hunter's bill for all accessories runs annually to a total of eight or nine million dollars. That figure could be trebled if an ample supply of game were made available. Game would make a rapid and satisfactory comeback if the marginal lands were restored to it and breeding and rearing of their young could be carried on unmolested by man. If the Federal Government will buy back the pilfered lands and return them to nature, the sportsmen will pay the reward and no questions asked.

There really isn't anything mysterious or difficult about conservation. No incubators or artificial brooders are necessary if we will only give the mother bird a chance. Marauding man has been making unkind remarks about the crow, the chicken hawk, and the house cat, and casting upon them the blame for the disappearance of game. He has passed the buck to everyone and everything but himself, when, as a matter of fact, he is the one who pulled the chair from under mother nature. Now he has been sent to his room without any supper to think it over. And he has plenty to think about; polluted streams, drained lakes, denuded hills, and an unmarketable surplus of farm products—not to mention the poor souls who have no money to buy, even at depression prices.

In Washington at the present are hundreds of thoughtful, well-informed men who have dedicated themselves to the job of restoring a balance between man and nature, between agriculture and industry, and between man's work and his needs. They hope that by wise planning a way may be found to prevent the mutually dependent from strangling each other. Retirement of unprofitable agricultural lands and their use for the restoration of game for the sportsman and wild life for the nature lover constitute only one branch of a studied plan to help balance the human equation.

Since there seems to be a staggering surplus of everything that the land produces, with the one exception of wild life, it seems logical to expect that game may be allowed to take its place in the new planned economy of things.

The President, through the Secretary of Agriculture, some weeks ago appointed a committee of three to study this question. That committee, after careful consideration, arrived at some definite conclusions that should be helpful if its recommendations are not lost in the conflicting plans of uncoordinated bureaus.

Some of those conclusions, as set forth in their report to the President and Secretary of Agriculture, read as follows: "The plan to withdraw by purchase submarginal lands unsuited for profitable agricultural use affords an unusual opportunity to carry out a vast and pressingly urgent national program for wild-life restoration. * * * We find the plan in its general aspects and intent practical, vitally necessary, national in scope, and of great economic and social importance. * * * There is incontrovertible evidence of a critical and continuing decline in our wild-life resources, especially migratory waterfowl, due to the destruction of vast natural breeding and nesting areas by drainage, the encroachment of agriculture, and the random efforts of our disordered progress toward an undefined goal. * * * The economic values are enormous and the cost less than one great bridge or housing project.

"Projects comprising about 5,000,000 acres have, at this writing, been selected and are herein submitted for immediate consideration." (The 5,000,000 acres are submarginal lands which before opening to cultivation were natural breeding areas for game.) * * * "An ironic commentary on our neglect of waterfowl nesting areas is had in the proclamation of President Theodore Roosevelt setting aside Lower Klamath Lake, Oreg., as a sanctuary, in which he said: 'This is one of the greatest wild-fowl nurseries in the United States—an outdoor museum—which will prove of great value', and in the report of F. L. Lathrop in 1932, which states: 'Lower Klamath Lake was drained after much difficulty and expense and dried up—devastated by numerous fires and abandoned as unfit for agricultural development.'"

"The rapid depletion of the migratory-waterfowl resources now universally admitted to be a fact is, in a large part, the direct result of the universal exploitation of submarginal lands. * * * This destruction of nests by drainage, grazing, and mowing of the lake shores and sloughs has reduced the annual increase from a normal expectancy of 300 percent to a point so low that the annual hatch from all the nesting grounds no longer equals the annual sportsman's bag, to say nothing of the losses from other causes. * * * Natural propagation has been curtailed to such an extent that no amount of further restriction of the take or methods of taking will suffice to restore wild waterfowl. * * * There is need for prompt and decisive action."

And as to the upland game, the report said, in part: "Our supply of native upland game birds, once the finest in the world, has been reduced to a remnant of its former abundance on large areas in the United States. * * * Extensive restoration of wild turkey, grouse, quail, and all other upland game, including fur-bearing animals, will provide profitable utilization for millions of acres of rural land which is unprofitable for farming and stock raising and much of which is ideally suited to the production of game crops. * * * The destruction of our abundant wild-life resources through waste and neglect constitutes one of the sorriest chapters in our national history.

"The knowledge, the facilities, and the funds necessary for restoration are available if we put them to work. * * * Extensive restoration of one wild life will re-create a national resource of incalculable value which will add immeasurably to the health, happiness, and prosperity of the people of the United States."

The President's Committee on Wild Life Restoration in its recommendations included an extensive program for song, insectivorous, and ornamental birds of nongame species which are approaching extinction, believing that their spiritual and recreational values were equal to the more tangible economic profits of the game species. Big game, including bear, elk, pronghorned antelope, and deer are to have their quota of native range when and if the committee's report is carried out. But books will have to be balanced by counting the economic returns from the flocks of migratory waterfowl and upland game birds for which the sportsman is willing and anxious to pay. At the present time the supply of game falls so far below the demand that the sportsman is roughly estimated to pay an average of $34 for every game bird that he shoots. Here, then, is a margin of profit which would make even an air-mail contract look like a piker.

Question. How to collect that margin of profit and apply it on the production of more game?

Answer. Give nature a chance.—Q.E.D.

If there is a margin of profit in the price the sportsman is willing to pay for the privilege of hunting, obviously there is a visible means of supporting at least a fair percentage of the former inhabitants of retired farm lands. The subsistence farm-home principle has been theoretically applied to provide a maintenance personnel and custodianship for the game areas. Technical supervision of the custodians would be provided by district game superintendents. The economic benefits can be shown to more than balance the cost of maintenance.

Roughly estimated, the contemplated work of dam building and restoration of the nesting areas for migratory waterfowl would furnish employment for 100,000 men—a figure which must adjust itself to employment conditions and available relief funds.

Permanent employment is calculated to run approximately two men to every 1,000 acres put under game management, and would pay for itself.

Many "ifs" stand in the way of a complete realization of the national program for restoration of wild life, but if submarginal lands are to be retired from agriculture, the plan is fundamentally sound. To the devotee of rod and gun the situation affords more tangible hopes than have been visible since our game species began to disappear.

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, when my colleague [Mr. PATMAN] yielded to me the other day I referred to the hearing of Gen. Rice W. Means by quoting what a high official of the American Legion, who has been connected with Congress for a good many years, said about it. I quoted the exact words of this official. I am afraid that I did General Means an injustice, because I am convinced that the quotation I made was too harsh. I have a very nice letter from General Means stating his war record, and I think in justice to him it ought to go into the RECORD.

Mr. Chairman, I ask unanimous consent to extend my remarks and to print in connection therewith General Means' letter.

Mr. BOILEAU. Mr. Chairman, reserving the right to object, does the gentleman subscribe to the views as expressed by General Means in the letter?

Mr. BLANTON. I did not in any way criticize his military record. I do not know anything about his record. In justice to him, however, I am presenting his side of it, as he seems to think that what the said official said about his hearing, which I quoted, might be a reflection on his record.

Mr. CULKIN. Mr. Chairman, reserving the right to object, does the writer say anything about the attitude of the Director of the Budget on Spanish-American veterans?

Mr. BLANTON. No; he only gives his own record.

Mr. CULKIN. I understood that General Means was particularly interested in this.

Mr. BLANTON. No; he only gives his own record.

Mr. PATMAN. Mr. Chairman, reserving the right to object, may I ask the gentleman this question: It is my understanding the incident came about in this way, that General Means was president of the National Tribune Co. and the National Tribune had a headline in substance to the effect

that the Members of the House had betrayed the veterans by voting for the gag rule.

Mr. BLANTON. May I say I think that he must realize now that he did every one of the 197 Members who supported the President and who voted for that rule an injustice, and I think he will do the fair thing and correct his erroneous statement in some later issue.

Mr. PATMAN. Is the gentleman convinced that General Means was wrong about it and that he has done the Members of the House an injustice?

Mr. BLANTON. I know he is, because there was nothing in the rule that affected veterans in any way.

Mr. PATMAN. Since the gentleman has been kind enough to make the correction for him—and I am glad that he is—the gentleman is hoping that he will make a correction for us?

Mr. BLANTON. I am hoping he will be just as fair to the 197 Members of Congress who supported the President as I have been to him.

Mr. MARTIN of Colorado. Will the gentleman yield?

Mr. BLANTON. I yield to my friend for a short question. I have some other matters that I want to cover and my time is very limited.

Mr. MARTIN of Colorado. May I say that the action of the gentleman from Texas [Mr. BLANTON] in inserting Colonel Means' letter in the CONGRESSIONAL RECORD is in accordance with his usual forthright and magnanimous nature in a matter of this character. I have had the opportunity of reading that letter, and I want to say that in addition to the references which Colonel Means makes in it about his military record—and it is a long and brilliant record of service in both the Spanish-American and World Wars, for which he was awarded the Distinguished Service Cross—that he has also been national commander of the Spanish-American War Veterans, the Veterans of Foreign Wars, and United States Senator from the State of Colorado.

Mr. BLANTON. And because of such service I do not want any injustice to be done him.

Mr. MARTIN of Colorado. I can assure the gentleman that Colonel Means has many thousands of friends among the veterans throughout the country who will appreciate the fact that he has been permitted to have this letter printed in the CONGRESSIONAL RECORD.

Mr. BLANTON. I in no way attacked his war record. But in discussing emergency officers who had been retired on pay, I quoted what a prominent American Legion official had said about the hearing of General Means. I would not do him an injustice for my right arm.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BLANTON. Mr. Chairman, the following is General Means' letter:

Rice W. Means, president.

NATIONAL TRIBUNE,
Washington, D.C., February 21, 1934.

Hon. THOMAS L. BLANTON,
House Office Building, Washington, D.C.

DEAR CONGRESSMAN: My attention has been called to a statement derisively made by you on the floor of the House of Representatives, January 30, 1934, relative to my military record and physical injuries resulting from such service. Believing that your statement was the result of lack of information as to the true facts, I write this letter for the purpose of reciting what the records disclose.

I was attending college at the University of Michigan when War with Spain was declared. Immediately enlisted in the First Colorado Infantry. On May 1, 1898, was commissioned a second lieutenant, being the youngest officer in the Philippines during the Spanish War. Was promoted to first lieutenant in October 1898. Participated in all the engagements with my regiment during its service in the Philippines.

Was placed in command of a company of scouts under the direct command of General Lawton. Was twice recommended for Medal of Honor. Mentioned in orders three times. Awarded the Distinguished Service Cross for bravery in the performance of acts over and beyond the call of duty. Mustered out with regiment September 9, 1899.

Was the trial court member of one of the largest legal firms in Colorado when war with Germany was declared. Completed the formation of the First Colorado Infantry by organizing one battalion, the headquarters and supply companies. Was commissioned lieutenant colonel of infantry and assigned to that regiment. Under the new organization it became known as the One Hundred and Fifty-seventh Infantry.

Organized and commanded the Fortieth Division School of Arms. Graduated from officers' school at Langres, France. Commanded the Fourth United States Infantry in the Meuse-Argonne offensive. Was the first civilian soldier ever permitted to command a Regular Army regiment in the front line. Regiment was relieved from front-line duty and sent to the reserve for replacements on the night of October 26–27, 1918. Early in the morning of the 27th I received a severe gassing. My regiment was camped just 1 kilometer east of Montfaucon.

Maj. Gen. Preston Brown, the then division commander, visited our regiment and announced that I was to be promoted and would be permanent commander of the regiment. I tried in every way to throw off the effects of the gassing, knowing full well that if I was required to go to a hospital I could not be promoted, as I would not be available for the physical examination necessary under regulations before promotion could be made. I became so ill I was unconscious. The division medical officer directed that I be taken to the hospital. I was evacuated by division surgeon to base hospital no. 6, at Bordeaux, France. The hospital record as secured by the Veterans' Administration from the War Department shows:

"Treated from June 17 to 25, 1918, for otitis media, acute, suppurative, left. In line of duty. Clinical records show: History—Began at San Diego, Calif., June 16, 1918, at 4 p.m., while attending theater as severe pain in left ear. Cause unknown. Returned home, tried home remedy, came to Camp Kearny, Calif., at 9 p.m. Ear worked at infirmary by surgeon without relief. Referred to base hospital 10:30. Ear drained much pus during night. June 17, 10:30, officer free from pain, ear draining.

"Treated from October 30 to November 10, 1918, for: (1) Colitis, acute, catarrhal. Cause undetermined. In line of duty. (2) Broncho-pneumonia. In line of duty. Gassed; vomited. Trouble with breathing. Diarrhea. Blood-streaked sputum. Crepitant râles left axilla.

"Clinical records show: November 2, 10 days ago gassed (?) phosgene, followed immediately by vomiting, gradually getting worse, but kept on for 4 days. Had to give up 6 days ago, but went to hospital 3 days ago. Difficulty in breathing; quite marked. Some blood-streaked sputum 5 or 6 days. Diarrhea for about 9 days. Has had about 101 temperature every day; cold and feverish.

"For the Secretary.

"C. H. BRIDGES,
"Brigadier General,
"Acting The Adjutant General."

After release from the hospital I saw service with the Fourth Infantry in the Army of Occupation on the Rhine, Germany.

My discharge contains the following: "Wound chevrons authorized (one) Meuse-Argonne, October 27, 1918."

Upon orders from G.H.Q. I was ordered to take command of my old regiment, One Hundred and Fifty-seventh Infantry. I brought it back to the United States and mustered it out at Cheyenne, Wyo., on May 15, 1919. Prior to that by letter I called General Brown's attention to my promised promotion, whereupon he sent me copy of a letter he had written to The Adjutant General, which is as follows:

"1. I attach herewith a letter from Lt. Col. Rice W. Means, which is self-explanatory.

"2. Colonel Means was assigned to command the Fourth Infantry at a time when it needed a commander. He distinguished himself as a regimental commander, led his regiment through the Bois de Foret, and demonstrated on the field of battle his right to the rank of colonel.

"3. I earnestly request that, as a matter of justice to this officer, he be promoted to the rank of colonel, as he requests, if such promotion can be made under existing regulations.

"PRESTON BROWN,
"Brigadier General, General Staff."

Although entitled to compensation from date of discharge, I never applied for or received any compensation. However, on August 9, 1922, the following certificate of injury was issued to me by the Director of the Veterans' Bureau:

"CERTIFICATE OF INJURY

"UNITED STATES VETERANS' BUREAU,
"MEDICAL DIVISION,
"Washington, D.C., August 9, 1922.

"This is to certify that the records of the United States Veterans' Bureau show that Rice W. Means, Kittredge Building, Denver, Colo., formerly lieutenant colonel Infantry, One hundred and Fifty-seventh Infantry, Fortieth Division, was discharged or resigned from active service of the United States on May 15, 1919, and that a medical examination made on May 15, 1919, under the provisions of section 306 of the act of October 6, 1917, and amendments thereto, shows that at the time of discharge or resignation from the service he was suffering from the effects of otitis media, acute, suppurative, left, and broncho-pneumonia, both service incurred, which injury is likely to result in death or disability. Subject to the provisions of the War Risk Insurance Act and amendments thereto, compensation shall be payable for death or disability, whenever occurring, proximately resulting from said injury.

"C. R. FORBES, *Director.*

"A. J. MCINTYRE,
"Acting Medical Adviser."

On May 24, 1928, the Congress passed the Disabled Emergency Officers' Act providing therein that any officer to receive the bene-

fits of said act must make application within 1 year or he would be forever barred from receiving the benefits provided under that act. As a protection to my family I made application in the regular way through one of the clerks in the cooperative section of the Bureau on September 6, 1928. I have subsequently been told my case was considered and determined by what was known as the toughest board in the Bureau. It consisted of Dr. D. O. Smith and Dr. T. B. Cracroft. I never spoke to the Administrator of Veterans' Affairs, or any of his assistants, relative to that application. It was determined upon the records in existence.

The membranes of my throat and nose were so diseased as the result of the gassing and resultant broncho-pneumonia that I was compelled to be operated on by Dr. Robert Levy, of Denver, Colo., in 1921.

It was impossible for me to take up my profession where I left off to enter the service, because of this disability. Commander Ross McIntyre, of the Naval Hospital, Washington, D.C., at present the personal physician to President Roosevelt, has treated my throat and nose for more than 5 years, seeing me at least once every week. Never a week goes by at the present time that I do not have to be treated by nose and throat specialists at the naval hospital.

As stated in my certificate of injury, my left ear is of no value to me. Luckily my right ear was not affected, and it permits me to carry on my present vocation.

In 1926, while a Member of the Senate, I was stricken while engaged in my duties in that official position, was taken to Walter Reed Hospital and under the care of that eminent surgeon, Colonel Keller, because of the condition of my abdominal tract, the result of the gassing received in service. Since that time I again was a patient in Walter Reed Hospital and also a patient in Fitzsimons Hospital, Denver, Colo., for the same disability.

From a robust athlete my Army service has so affected my physical being that I am unable to carry on my chosen profession, that of attorney at law.

I am proud of my military record and am willing that not only the record of my service but the record of my physical disabilities be made known to anyone who is desirous of examining the same. I sincerely hope you will cause the facts herein stated to be examined into as to their truth or falsity as evidenced by the records as they exist in the offices of the War Department and Veterans' Administration.

You, in your official position, have deemed it advisable to cast some aspersions upon my military record and upon my physical disabilities. I sincerely hope that after examination of the records as above suggested that your sense of fairness and justice will prompt you to correct the impressions that undoubtedly have been caused by the inferences contained in the statement herein referred to as having been made by you upon the floor of the House of Representatives.

Very truly yours,

RICE W. MEANS.

My main purpose in taking the floor just now, Mr. Chairman, is to reply to my colleague [Mr. PATMAN] respecting his criticism of William W. Bride. The gentleman from Texas [Mr. PATMAN] and I are close personal friends, and I have for him the highest respect, admiration, and affection. It is rarely the case that we are on opposite sides of any question. We are usually together fighting side by side. He is usually so very fair and just about everything that I cannot understand how he has become possessed of such a warped opinion of William W. Bride.

In speaking of the office of corporation counsel, held by Mr. Bride since 1927, and of Mr. Bride's application to be reappointed to same, the gentleman from Texas [Mr. PATMAN] says:

If that is a nonpolitical office I see no reason why Mr. Bride's application should not be given consideration, but if it is an office that a Democrat should hold, certainly Mr. Bride should not ask for it.

In making the above statement my colleague admits that Judge William W. Bride is a man of honor and integrity, able, efficient, and qualified to hold it, if Republicans were making the appointment. He raises but one issue—that Bride is a Republican.

But even his charge of Republicanism is not so very grave, because in the next breath, he [Mr. PATMAN] said:

It happens that up until 1928 everything Mr. Bride says about his politics is true. I think he had a good Democratic record, but I think he changed in 1928 and I think since that time he has been a Republican.

I note that in revising his remarks he [Mr. PATMAN] has changed "1928" where it twice appears in speech to "1927", and has inserted the word "loyal" before Republican. Then in his speech he [Mr. PATMAN] said:

1928 was the year of the campaign between Mr. Hoover and Mr. Smith.

I hope that every person interested in the persecution which Mr. Joseph P. Tumulty started against Mr. William W. Bride will read his irrefutable Democratic record, which I placed in the CONGRESSIONAL RECORD last Saturday, February 24, 1934, on pages 3161, 3162, 3163, 3164.

It is funny and an extremely peculiar situation that Bride had a good Democratic record, admitted by Mr. Patman to be good, up to 1928, but that he changed to a Republican in 1928, when Hoover ran against Smith, and yet Hon. Alfred Emanuel Smith, Democratic candidate for President of the United States in that campaign, now endorses William W. Bride, and has urged that he be reappointed Corporation Counsel. If he had turned Republican in 1928 and supported Hoover, and had refused to support Smith, would Governor Smith now endorse him? Certainly not. Would the present Democratic Chairman of the Senate Committee on the District of Columbia now endorse him? Certainly not. Would the present Democratic Chairman of the House Committee on the District of Columbia now endorse him? Certainly not. If he had turned Republican in 1928, having had a good Democratic record all of his life before, which Mr. Patman admits he had had, would Hon. John F. Costello, the present Democratic national committeeman of the District of Columbia, give him the glowing endorsement dated January 16, 1934, which I placed on page 3164 of last Saturday's RECORD, in which Mr. Costello urges National Chairman Farley to reappoint Bride as Corporation Counsel? Certainly not. Would Hon. Benjamin C. Perry, president of the Democratic Government Club of Bethesda, Md., certify, as he did, that William W. Bride, his wife, and his two daughters, have always been supporters of the Democratic Party, not only by votes, but through the press? Certainly not. If Bride had turned Republican in 1928, would Hon. Emory H. Bogley have sworn that for 25 years he had looked after Democratic registrations in Montgomery County, Md., and that both William W. Bride and Adelaide W. Bride registered and voted in the Democratic primary in 1928, as Mr. Bogley did swear, as shown on page 3163 of last Saturday's RECORD? Certainly, he would not have so sworn, if Bride had not so voted, and had turned Republican.

WHO'S WHO

Oh, but my friend from Texas [Mr. PATMAN] says that Bride deliberately listed himself as a Republican in Who's Who. Does Mr. PATMAN object to all persons listed as Republicans in Who's Who holding Democratic appointments? If he objects to Mr. Bride, who holds a poor little corporation counsel's office, he ought for the same reason object to those listed Republicans who hold big Cabinet jobs. He ought to hang the big fish, not the little minnows. This reminds me of what happened a few weeks ago.

On January 31, 1934, as the ranking Republican on our Expenditures Committee, the gentleman from Massachusetts [Mr. GIFFORD] made a partisan Republican set speech, viciously attacking the A.A.A., the C.W.A., and the P.W.A. administrations. He said there was being given away, in lavish fashion, billions of dollars. He said he was told that his committee would not make an investigation unless he was prepared to show that fraud and corruption did exist. He said the newspapers from coast to coast have carried articles and editorials on the corruption and political favoritism which has been brought to light—enough to satify any individual that it exists.

Continuing this partisan Republican speech for his Republican side of the House, the gentleman from Massachusetts [Mr. GIFFORD] then said: "Mr. Hopkins says that the C.W.A. program, too, has been a flop." And he said: "Your A.A.A. is falling down. Secretary Wallace has acknowledged it." And our distinguished friend from Massachusetts [Mr. GIFFORD] concluded his set partisan Republican speech by stating:

I see Members on the other side who have proved themselves remarkable investigators. I wish that now you might be freed of your political chains and could get up on this floor and tear the hide off of such methods of spending as now prevail.

Until the above partisan Republican attack, Mr. Speaker, was made on this floor against our Democratic administra-

tion, I had never in any way mentioned any of the Republicans whom our President had seen fit to place in key positions here in his administration. I knew that our President realized that for the Democratic Party to be a majority party it was necessary for it to enlist under its banner men of progressive thought, regardless of former Republican affiliation. And I realized that our President intended, if possible, to keep all partisanship out of emergency relief matters. But it was my duty to defend the administration against the partisan attack mentioned above.

It so happened that the gentleman from Massachusetts [Mr. GIFFORD], in his partisan Republican censure, had attacked only the A.A.A. administered by Mr. Henry Agard Wallace, Secretary of Agriculture, and the P.W.A., administered by Mr. Harold L. Ickes, Secretary of the Interior, and the C.W.A., administered by Mr. Harry L. Hopkins, and the N.R.A., administered by Gen. Hugh S. Johnson. So in defending the President and our Democratic administration it became my duty to call the attention of the Republican spokesman to the fact that all of these four gentlemen in charge of the spending happened to be Republicans, who had been members of his own political household, and in attacking them he was befouling his own nest.

Personally, I believe in the old slogan, "To the victor belong the spoils." I wish this were in force in Washington and in the United States today. If I had my way about it, I would turn out of office this very minute every single Republican officeholder from the top to the bottom. I would replace them all with good Democrats. I would not have one in public office under a Democratic administration. They are misfits. I would put a good, loyal, sound, 100-percent Democrat into every office of the United States.

Mr. SHOEMAKER. Will the gentleman yield?

Mr. BLANTON. No. I am sorry; I have not the time. But I do not do the selecting; I do not do the appointing. Mr. Bride may be guilty of having grown intimate with Republicans at some time or other; but when I fish, I do not fish for minnows. I fish for the big ones. If I wanted to jump on somebody that was holding a Democratic office because he had run with a Republican occasionally, I would not jump on a poor little corporation counsel like Bride. I would jump on a big Cabinet officer.

Mr. HENNEY. Who?

Mr. BLANTON. You will find some of them in Who's Who at one time listed as Republicans. Does the gentleman deny that we have Republicans in some high Cabinet positions now?

Mr. HENNEY. I should say not.

Mr. BLANTON. Is there anyone here on this floor who denies that we have Republicans in Cabinet positions? If so, let them speak. I yield. Does the gentleman from Texarkana [Mr. PATMAN] deny that we have Republicans in some big, high Cabinet posts now?

Mr. PATMAN. I deny that they organized Republican clubs as late as 1932. They were loyal supporters of the President and his policies in 1932 and up to date.

Mr. BLANTON. Well, I will now turn to Who's Who, the authority of our colleague [Mr. PATMAN], and see how some of them are listed there. We will first take up the distinguished Secretary of the Department of Agriculture, Mr. Henry Agard Wallace, of Iowa, who in Who's Who for 1925, on page 3298 deliberately listed himself as a Republican. Was not his deliberate listing just as reprehensible in our colleague's eyes, if reprehensible it is, as was the so-called "deliberate listing" of William W. Bride? If not, why not? If our colleague gets after Mr. Bride, why does he not also get after Mr. Wallace? He has always preached get the higher-ups. And it is a good doctrine. I always go after the higher-ups. I let the small fry go.

Now, let us look at some more deliberate listing in Who's Who. In the 1925 edition of Who's Who, on page 1700, Mr. Harold L. Ickes, Secretary of the Interior Department, asserted that he was a member of the National Executive Committee that was in charge of Mr. Charles E. Hughes' campaign for President in 1916. He also asserts that he was a delegate to the Republican National Convention of 1920. Why does our colleague make fish of one and fowl of another? Why does he get after Mr. Bride of having been a Republican and not get after Mr. Secretary Harold L. Ickes? Why does he get after the little one and let the big ones go?

Usually the gentleman from Texas [Mr. PATMAN] is one of the fairest men in this House. Yet in his speech he said:

> My information is that Mr. Bride helped to organize the National Young Republican Organization here in the District of Columbia.

And elsewhere in his speech he spoke of Bride organizing the Young Republican Club. Now, the man who did organize this Young Republican Club was Hon. Douglas Whitlock, a lawyer here who has his office in the Shoreham Building, and whose telephone number is National 1906. I rang him up awhile ago, and he tells me that he organized this club, that he does not know William W. Bride, and that he never heard of Bride in connection with said club, and that he was the president of said club.

I have just talked with our good Democratic colleague from Nebraska, Governor SHALLENBERGER, who tells me that he has known William W. Bride intimately for over 30 years, lived as neighbor to him here, and that he knows that Bride and his entire family have always been loyal Democrats.

I am surprised that the gentleman from New York [Mr. O'CONNOR] would get up here and attack Bride simply because Bride took District legislation up with Senators. He has that inherent right. We may not agree on the gentleman's construction of Bride's attitude. I have found him a fair, square shooter.

Bride prepared a liquor bill that provided no distiller should own any interest in any retail liquor house and the attorney here for the National Distillers did not like it. He wanted his distillers to own interests in liquor establishments and he denounced Bride's bill as rotten. This was the beginning here in Washington of the whole furore about Bride.

Mr. PATMAN, Mr. WITHROW, and Mr. SHOEMAKER rose.

Mr. BLANTON. I am sorry I have not the time to yield.

Mr. PATMAN. I hope the gentleman will allow this suggestion. My comments against Mr. Bride were made a year ago and long before the said attorney had a word to say about him. I could not be misled by information that was not published until after my attack on Bride's politics.

Mr. BLANTON. I know my colleague from Texas is just as honest and conscientious as he can be, but he has been misled by this propaganda. The gentleman has gotten off on a wrong slant. If Bride has ever been guilty of any wrongful act and you can prove that to me, I will quit him like to hot rock; but I do not believe you can show any such guilt.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield to the gentleman from New York [Mr. CULKIN].

Mr. CULKIN. Mr. Speaker, the Great Lakes-Hudson River seaway is, to my mind, one of the most truly national projects now pending before Congress. This project involves Federal aid to the State of New York in the sum of $27,000,000. A detailed history and the economics of this project are set forth in House Document No. 20, Seventy-third Congress, second session. This waterway affects not only the teeming millions of the East but the residents of all the States bordering on the Great Lakes, and will, when improved as recommended by the engineers, give low-cost transportation, not only to the Great Lakes and New York but to the New England States, New Jersey, and Virginia. It is the connecting link between the systems of canals now projected in the Midwest with those on the Atlantic coast, the canals across the State of Florida, into the Gulf of Mexico, and through the intercoastal canal to the great ports of the South.

The report of the engineers recommends the deepening to 14 feet of the existing Oswego Canal between Lake Ontario

and Three Rivers, and from Three Rivers to the city of Albany, where it connects with the 27-foot waterway now provided by the Federal Government.

HISTORY OF THE CANAL

For the information of the House, I will state that New York State has spent on this canal by way of construction, operation, and maintenance the sum of more than $230,000,000. This disbursement has been a contribution by the State of New York to the national welfare; for this canal, on which 90 percent of the present tonnage is interstate, is toll free under the constitution of New York. This canal was the historic waterway over which, in the early days, passed the migratory frontiersmen who subsequently developed the great West. Over it passed the immigrant who had elected to make in America a home for himself and his descendents.

The Oswego and Erie Canals were opened about the year 1828. It is interesting to note that the original Welland Canal was opened in the year 1833. These waterways furnished the original water transportation between the Great Lakes and the Atlantic Ocean by way of the Hudson River. The Niagara barrier between Lake Ontario and Lake Erie was overcome by the Welland Canal. Without these canals National and State progress would have been materially retarded. Where formerly it cost $150 per ton to ship grain and flour from the Lakes to New York, these canals reduced the freight rates to $12 per ton. Its influence on the development of the Great Lakes region was most marked. This territory at this time was a wilderness. Ohio, Indiana, Michigan, Illinois, and Wisconsin came into their own when these avenues of transportation were provided.

I want to reemphasize to the Members of the House that this waterway route via the Great Lakes and through the State canals to the seaboard has served a great national purpose. It is still serving it. During the year 1933 more than 4,000,000 tons of traffic, valued at more than $100,000,000, went over these waterways and was distributed to the States of the Great Lakes region. It is noteworthy, according to the well-considered report of the engineers, that 90 percent of this traffic was interstate. It is noteworthy that the tremendous savings in transportation which are effected by this waterway benefit the farmer and manufacturer of the western and eastern States.

DESIRED BY THE GREAT LAKES STATES

Every locality, except Buffalo, and every transportation agency in the Great Lakes region, except the railroads, favor this development. This improvement will give the canal between Oswego and Albany a 14-foot navigable depth. It will straighten out the bends in the river where navigation is now difficult. It will give the bridges which cross the canal a 20-foot clearance. The project has had the careful examination and scrutiny of those great economists, the United States Engineers, who have reported favorably on it to the Rivers and Harbors Committee of the House.

CITY OF OSWEGO

The city of Oswego is the most easterly port on the Great Lakes. The harbor there has recently been deepened to 21 feet. For nearly two centuries Oswego has been the true route to the seaboard. At Oswego is the Lake Ontario terminus of the canal in question. It is only 191 miles from Albany, where a navigable depth of 27 feet to New York City has been obtained. It has three railroads which may be used for the shipment of grain and other commodities during the winter season when the canals are closed by ice. It will interest you to know that the port of Oswego, during the years that are passed, has collected duties amounting to over $23,000,000.

Oswego is an industrial city, manufacturing boilers, matches, textiles, shade cloth, and various other products. It has the largest paper-bag plant in the world. This plant uses wood pulp and pulpwood in its production. It has the largest valve plant in the world. The banks of Oswego have deposits of more than $26,000,000. The port tonnage there during the year 1932 was 502,836 tons, valued at $31,600,202.

The route via Oswego to the seaboard is materially shorter and faster than the route via Buffalo. Part of it is through the open lake, where the maximum speed may be obtained. Part of it is through canalized river, without the handicaps of land cuts, where the boats may move without reducing speed. Through it motor ships carry automobiles from Detroit, plumbing fixtures from Wisconsin, and corn and wheat from the great West. On the west-bound trip they carry sugar, rubber, molasses, and other raw materials to Canada and the West. There are no tolls on the Welland Canal. There are no tolls on the Oswego Canal. The Constitution of New York State provides that this waterway shall be tollfree forever.

At Oswego are two New York State terminals with a 1,000,000-bushel elevator constructed and operated by the State of New York. Other port developments are in process of completion. The present harbor is commodious and offers ample protection in the event of storms.

Nature intended this waterway through Oswego to be the route from the Great Lakes to the consuming East. It is economic and free from hazard. Every carrier of importance who is free from selfishness of locality favors this route. Nature and man has made it a connecting link between the North and South, the East and West.

The engineers voice their approval of this route in no uncertain terms. From their standpoint this waterway through Oswego has no adequate competing route. The Erie Canal between Three Rivers and Buffalo is merely a duplication of the route from Three Rivers to the Upper Lakes. The engineers state that the Oswego route offers greater ease and speed of navigation. The report shows that on the Oswego route to Albany there are 91 bridges. Between Three Rivers and Buffalo there are 170 bridges. This is a consideration of the highest importance.

OSWEGO ROUTE PREFERRED

The engineers show that in the 163 miles between Three Rivers and Albany there are 50 miles of land cuts. Between Buffalo and Albany, a distance of 170 miles, there are 123 miles of land cuts. In a land cut the bottom width is but 75 feet and it is impossible for two boats of modern type to pass in the canal as their beam is about 43 feet. This greatly hampers navigation and necessarily causes delays, which add largely to the cost of transportation.

The records show that between Three Rivers Point and Buffalo, a total distance of about 192 miles, the speed is restricted on 134 miles, or 70 percent of the distance, with a limited speed of about 4 miles per hour. Between the city of Oswego and the Federal lock at Troy, a distance of approximately 187 miles, but about 45 percent of the distance is restricted to 4 or 5 miles per hour, and on 90 miles, or 55 percent of the distance, and full 10-mile speed is permitted. Under these circumstances a boat going via the Welland Canal and the Oswego route can make 3 trips, while a boat going via Buffalo and the Erie Canal makes 2. The saving in the use of the Oswego route is therefore obvious. Under the inflexible law of economics the Oswego route has the commanding place.

With an increased depth in the canal, boats are able to carry an additional capacity running as high as 50 percent. This, of course, gives added economy to the cargoes moving over the Oswego route.

The cry is made that part of this route is through the Welland Canal. For over a hundred years we have been using this waterway. Under existing treaties the Welland is free from tolls due to reciprocal agreement between the United States and Canada. Nor should special heed be given to those who for the past 75 years have blocked the construction of an American ship canal. Time has caught up with them and the economic situation has shifted. Buffalo should not be permitted to take toll of every ounce of traffic that passes through the Great Lakes.

A TRULY NATIONAL PROJECT

I trust when the time comes the Members of the House will support this project. The deepening and improvement of these waterways as recommended by the engineers will give timely and needed aid to the eastern and western

farmer. It will enable the eastern industrialist to lay down his manufactured products in the Middle West at the lowest possible transportation cost. The manufacturer of the Middle West will enjoy a like advantage in sending his products to the eastern market. In both cases the consuming public will be the beneficiary.

I said in the beginning that this project was truly national in scope. It gives relief from oppressive and prohibitive freight rates to 52,000,000 people living on the Atlantic coast and in the region of the Great Lakes. It should be speedily enacted into law. [Applause].

Mr. SINCLAIR. Mr. Chairman, I yield 30 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Chairman, I have asked for this time to discuss a news item that was in the papers of February 4, relative to Democratic patronage by the gentleman from Missouri [Mr. LOZIER], and inasmuch as the gentleman from Texas [Mr. BLANTON] has just opened up the subject I am going to talk about, I shall reply to the gentleman from Texas also.

In the Washington Star of Sunday, February 4, 1934, we read a news item which states:

GOOD RELIEF JOBS SAID HELD BY G.O.P.—REPRESENTATIVE CLAIMS THEY WORK FOR PARTY WHILE IN DEMOCRATIC EMPLOY

Chairman LOZIER, of the Democratic patronage committee, said yesterday information supplied his committee disclosed Republicans not only held a majority of the more important relief jobs but were organizing Republicans while in Democratic employ.

"Reports from the districts and the States show that in the relief and C.W.A. work, Republicans dominate in the key positions", he said. "Many of them are partisan, stand-pat, reactionary Republicans who, while outwardly giving the President a lip-service loyalty, are engaged in thinly veiled activities for the organization and strengthening of the partisan Republican organization."

LOZIER reported that the department heads so far approached for information regarding appointments had shown a willingness to confer with the committee and that the conferences were making progress.

"Although no concrete accomplishments have so far been obtained", he said, "it is hoped and believed that something constructive will come out of the conferences."

While LOZIER's group was seeking more patronage for Democrats, removal of the question from the jurisdiction of Members of Congress and placing it with the National, State, and local party organizations was suggested in a letter to Postmaster General Farley by Representative KOPPLEMANN, Democrat, of Connecticut.

Asking that the suggestion be referred to President Roosevelt, KOPPLEMANN said Federal patronage matters did not belong in the legislative branch of the Government. He said if they were referred to the organizations where they "belong" a solution over personal matters would be found.

"Much of the time of Senators and Representatives now is taken up with these questions", KOPPLEMANN said.

"Particularly at a time like this, when the importance of pending and prospective legislation demands the full attention of each Member, the continuance of such a situation cannot be defended."

On January 12, Frank C. Walker, Executive Director of the National Emergency Council, announced that "by direction of the President" he had appointed 44 State directors to supervise field functions of the council, together with a chairman of a State advisory board to assist in handling the unusual volume of work in New York State. The list was published in newspapers of the following morning.

A few days thereafter 4 additional State directors were designated, making the list complete for the 48 States.

The written statement of the National Emergency Council, given to the newspapers, said:

In all cases every possible effort was made to obtain for this service an outstanding citizen of the State so situated that he could give it his full time and attention.

And according to reports appearing in newspapers of January 13, in answer to questions put to him regarding the announcement, Mr. Walker denied any connection between the emergency council and politics. He was quoted as saying:

I do not know that I know all of their political affiliations. We have tried to make it as nonpartisan as possible.

At that time announcement had not been made that Mr. Walker had resigned as treasurer of the Democratic National Committee, it having been announced a few days later that he had done so sometime previously, and newspaper men were naturally curious. His political connection had led to reports that only deserving Democrats, properly accredited by Mr. Farley, Postmaster General and chairman of the Democratic National Committee, would be selected.

But Mr. Walker denied this, according to newspaper accounts of January 13, asserting that the appointments had been made only after careful study of qualifications in which Gen. Hugh S. Johnson, of the N.R.A., and others had participated.

Further facts brought out were that salaries paid the State directors will range from $4,000 to $6,000, depending on the work involved. Assistants and clerical help also will be paid. Funds to operate the Emergency Council, which Mr. Walker estimated roughly at $1,250,000, according to press reports, will come from the Recovery Administration.

It was also announced that the Council will be associated closely with the National Recovery Administration, that reports will be made direct to the Recovery Administration in Washington in accordance with rules to be promulgated by General Johnson. The chief function of the Council, it was explained, would be the dissemination of information by which citizens may know how to obtain Government help from any one of the dozen relief agencies.

In accordance with the plan then announced, a national conference of the State directors was held in Washington last week. On Friday, February 2, President Roosevelt, sitting at his desk at the White House, addressed the State directors, grouped in a semicircle before him. Admonishing them, very properly, to keep partisan politics out of their task the President said:

This work has nothing to do with partisan politics—nothing at all. A great many of you are Republicans, a good many are Democrats—quite a number do not belong regularly to one party or the other. We are not the least bit interested in the partisan side of this picture.

Evidently not. Evidently not the least effort was made by the President and his advisers—Mr. Walker, General Johnson, and the others—to ascertain the political affiliations of the 48 State directors, or the President would not have arrived at the singular assumption that prompted him to say:

A great many of you are Republicans, a good many are Democrats, quite a number do not belong regularly to one party or the other.

Because a careful check of the list indicates no such happy balance as might be inferred from the President's remarks. Not more than two or three of the State directors may be classified as Republicans, even nominally, and at least one of these does "not belong regularly to one party or the other." Over 40 of the 48, or 49, to be exact, as 2 were appointed for New York, are well identified as Democrats. Aside from those appointed from States in the solid South, where naturally Democratic appointments were made, at least 20 have been active in Democratic councils in their States and some of them in national Democratic councils.

For instance, the last and final appointment made was that of Richard L. Metcalfe, of Omaha, as State director for Nebraska, widely known among his Democratic associates as "Dick" Metcalfe, assistant to William J. Bryan, editor of the Democratic World-Herald, of Omaha, in 1894; editor of the paper himself in the memorable campaign of 1896, later editor of Mr. Bryan's Commoner, who received one of those rewards reserved for the faithful when he was appointed civil Governor of the Canal Zone under the Wilson administration.

Of the 20 northern Democrats referred to, one has been a Democratic candidate for the United States Senate, and has been going as a delegate to Democratic national conventions, as have several others on the list. Some of them have been candidates for governor, others have been prominently mentioned as candidates for Congress or have served as Democratic members of their State legislatures. One and all they are Democrats who have been much more prominently identified with their party's activities than any Republican that can be found on the list.

By direction of the President, the Executive Director of the National Emergency Council has appointed 43 State

directors. In addition there is appointed a chairman of a State advisory board to assist in handling the unusual volume of work in New York State. In all cases every possible effort was made to obtain for this service an outstanding citizen of the State who was so situated that he could give it his full time and attention. The State directors designated by the Executive Director are as follows (the Executive Director, Frank C. Walker, referred to above, was formerly treasurer of the Democratic National Committee. Announcement was made a few days after this release was issued to the press that he had resigned his position of committee treasurer some time previously):

Alabama (Democrat): Judge John D. Petree, Russellville. Mr. Petree has served as probate judge of Franklin County for 11 years, and resigns this post to become State director under the National Emergency Council. He has served as chairman of the State Association of Probate Judges and County Commissioners. At the time of his appointment he was an unopposed candidate for Secretary of State. (Listed in Alabama Official Register as a member State Democratic Executive Committee.)

Arizona (Democrat): Steve A. Spear, Prescott. Mr. Spear has served as county chairman of the N.R.A. compliance board for Yavapai County, and has had considerable experience with the recovery program. He has been in business for himself for the last 10 years and prior to that time was connected with the Santa Fe Railroad, in various capacities. He is a bank director and is director and president of the Yavapai County Chamber of Commerce. He has served in the Arizona State Legislature for 4 years and is at present speaker of the house of representatives. He is 37 years old. (Democratic speaker Arizona House of Representatives.)

Arkansas (Democrat): J. J. Harrison, Little Rock. Mr. Harrison is an outstanding executive and business man. He has served for some years as the head of a large insurance organization and has been active in Little Rock banking circles. He has been particularly active in civic work and in this connection is widely known throughout the State.

California (Democrat): George Creel, San Francisco. Mr. Creel is an author and newspaper man. He was chairman of the committee on public information in Washington from 1917 until 1919. At the time of his appointment he was serving as chairman of the northern California recovery board and chairman of the regional labor board. (Nationally known Democrat who served as chairman committee on public information during World War under appointment by President Wilson.)

Colorado (Democrat): Thomas A. Duke, Pueblo. Mr. Duke is 57 years old and for some years has been head of a large wholesale grocery business. He is principal owner and the manager of one of the largest wholesale fruit and produce houses in southern Colorado. He formerly was city commissioner of Pueblo and has been a dominant member of the board of corrections for the State penal institutions and the State insane asylum. He has been serving as chairman of the Board of Public Works of Colorado. (Active in Colorado Democratic circles. Delegate to the Democratic National Convention, 1928.)

Connecticut (Democrat): William Meany, Greenwich. Mr. Meany is a former postmaster of Greenwich and is a successful business man. He has a wide association throughout the State. He is 50 years old. (Active in Connecticut Democratic circles. Delegate to last Democratic National Convention.)

Delaware (Democrat): Dr. Charles M. Wharton, Dover. At the time of his appointment Dr. Wharton was serving as a member of the N.R.A. State recovery board. He also was director and professor of physical education and health training at the University of Delaware at Newark. He formerly served as assistant director of the University of Pennsylvania. He was a captain in the Army Air Service in the World War. He served also as a member of the Delaware State Senate. He has made an extended study of the National Industrial Recovery Act. (Has served as Democratic member State senate.)

Florida (Democrat): Walter Hawkins, Jacksonville. Mr. Hawkins has an extensive and thorough State-wide association, having been for 20 years a freight and passenger representative of Florida railroad lines. For the last 20 years he has operated his own business of fancy fruit packing and shipping. He is particularly well informed upon business conditions in Florida.

Georgia (Democrat): Dr. Andrew McNairn Soule, Athens. Dr. Soule is a former president of Georgia State College of Agriculture and Mechanic Arts, and has had 39 years' service in agricultural teaching, research, and extension. He has been associated with the University of Missouri, Texas Agricultural and Mechanical College, University of Tennessee, Virginia Polytechnic Institute, Georgia State College, and the University of Georgia. He has spent many years studying cotton problems and has acted for this country at world cotton conferences. He was Federal food administrator for Georgia and director of the fifth zone in the World War period. He has been a thorough student of Georgia's economic problems.

Idaho (Democrat): Will Simons, Boise. Mr. Simons at the time of his appointment was serving as chairman of the Idaho N.R.A. State recovery board. He is the son-in-law of former Governor Alexander and operates the Alexander Clothing Co. He has administrative ability. (Father-in-law, former Governor Alexander, was a Democratic leader in Idaho for many years.)

Illinois (Democrat): John E. Cassidy, Peoria. Mr. Cassidy is 37 years old and a well-known lawyer. He was graduated from Notre Dame in 1917 and saw service overseas as a second lieutenant. For some years he was claims attorney for the Aetna Life Insurance Co. in central Illinois counties, and later entered general practice in Peoria. He is a member of the Peoria (Ill.), State, and American Bar Associations. He was a representative from the State at large at the Illinois repeal convention July 1933. (Active in Illinois Democratic circles. Delegate to last Democratic National Convention.)

Iowa (Democrat): John J. Hughes, Des Moines. Mr. Hughes served as chairman of the Iowa N.R.A. State recovery board, and is thoroughly familiar with the recovery program. He has been general agent for Iowa of the Northwest Mutual Life Insurance Co. He is known throughout the State as a man possessing the necessary administrative ability. (Well known in Iowa Democratic circles. Son of John N. Hughes, an old-time Iowa Democratic leader.)

Kansas (Democrat): Jonas Graber, Kingman. Mr. Graber is 45 years old, a farmer, a banker, and a member of the State legislature. He has the record of successful administrative activity. He is familiar with N.R.A. procedure. (Democratic member State legislature; has been prominently mentioned as Democratic candidate for Congress, Seventh Kansas District.)

Kentucky (Democrat): Judge J. R. Layman, Elizabethtown. Judge Layman has been active in N.R.A. work, and is thoroughly familiar with the recovery program. He is widely known lawyer with both judicial and administrative ability. (Long prominent Kentucky Democrat.)

Louisiana (Democrat): Edward J. Gay, Plaquemine. Mr. Gay, at the time of his appointment, was chairman of the Louisiana N.R.A. State recovery board. He is well known throughout the State and has a record of administrative success.

Maryland: Arthur E. Hungerford, Baltimore. Mr. Hungerford formerly was night editor of the Baltimore Sun. He was organizer of the publicity department of the National War Work Council of the Young Men's Christian Association. For 12 years he was chairman of the executive committee of the Alumni Association of the Baltimore City College. He prepared an important report for the railroad brotherhood in connection with the strike on the Western Maryland Railroad. (Not identified politically. Certainly not an active Republican.)

Massachusetts (Democrat): P. A. O'Connell, Boston. Mr. O'Connell is a member of the Massachusetts N.R.A. State recovery board. As president of the E. T. Slattery Co., of Boston, he is an outstanding merchant of the State. He has been very active in civic affairs.

Michigan (Democrat): Edmund C. Shields, Lansing. Mr. Shields is a member of the board of regents of the University of Michigan and a member of the State bar examining board. He is a well-known lawyer and a good executive. (Was once chairman Democratic State committee. Delegate to last Democratic national convention.)

Mississippi (Democrat): Simon S. Marks, Jackson. Mr. Marks has been a member of the district N.R.A. recovery board. He is an outstanding merchant in Jackson and has taken part in various public-spirited movements in that region. He is known throughout the State for his administrative ability and energy.

Missouri (Democrat): Robert K. Ryland, Kansas City. At the time of his appointment Mr. Ryland was serving as legal advisor to the director of compliance at Kansas City. He is thoroughly familiar with N.R.A. activities. He is a well-known Missouri lawyer. (Well-known Democrat.)

Montana (Democrat): Miles Romney, Hamilton. Mr. Romney is a successful fruit grower and also is editor of the Western News, of Hamilton. He was particularly active in the sponsorship of the primary law in the State of Montana. He has a State-wide association. He is 55 years old. (A brother of Kenneth Romney, Sergeant at Arms, National House of Representatives.)

Nevada (Democrat): Frank Ingram, Reno. Mr. Ingram has been particularly active in the practical work connected with the N.R.A. administration. He is an attorney and well known throughout the State. He is 45 years old. Mrs. Ingram has been an active leader of the women in support of the N.R.A. (Partisan and active Democrat.)

New Hampshire (Democrat): Charles E. Tilton, Tilton. Mr. Tilton is 46 years old. He was educated at Harvard University and Massachusetts Institute of Technology. From 1913 to 1917 he was a member of the New Hampshire House of Representatives. He was a delegate to the New Hampshire Constitutional Conventions in 1912 and 1930. From 1913 to 1915 and from 1922 to 1931 he was a member of the New Hampshire State Board of Public Welfare. He served with the United States Army from 1917 to 1919. (Has been a Democratic member New Hampshire House of Representatives.)

New Jersey (Republican): Charles Edison, West Orange. Mr. Edison has served as a member of the New Jersey N.R.A. State recovery board. He is a son of the late Thomas A. Edison and has been particularly active in the recovery movement of the State. He is familiar with compliance problems. He is president of Thomas A. Edison Industries. He is 43 years old. (Nominally a Republican. Not active.)

New Mexico (Democrat): J. J. Dempsey, Santa Fe. Mr. Dempsey has served as a member of the district N.R.A. recovery board. He has had extensive experience with N.R.A. problems and has been consulted frequently at the Washington headquarters. He has been a successful contractor and has special administrative ability. He served as vice president and general manager of the Brooklyn Rapid Transit Co. He has had extensive quasi-judicial experience.

New York (Democrat): Thomas Conway, Plattsburg. (Chairman of the advisory board for New York.) Mr. Conway is an outstanding lawyer with law practice in Plattsburg and New York City. He is a former Lieutenant Governor of New York State. (Upstate New York Democratic leader for many years. Announced his resignation as State director, Emergency Council, on February 4, to became candidate for United States Senator.)

New York (down State) (Democrat): Nathan Straus, Jr., New York City. Mr. Straus is a merchant with thorough experience and association with all metropolitan New York. He was a partner of R. H. Macy & Co. department store. He served as assistant editor of the New York Globe. He was a member of the New York State Senate and chairman of its committee on agriculture. He is president of Nathan Straus Foundation, Park Association of New York City, and Nathan Straus, Inc. He is a director of Abraham & Straus, Inc. While a member of the legislature he was active in advocating legislation for State-wide park development. He served in the United States Navy in the World War.

North Carolina (Democrat): J. G. Steed, Mount Gilead. Mr. Steed is 55 years old. He has been a successful business man covering the entire State of North Carolina, and is personally acquainted with the State's needs and problems. He has knowledge of the N.R.A. program.

North Dakota (?): Robert B. Cummins, Mandan. At the time of his appointment Mr. Cummins was serving as secretary of the North Dakota N.R.A. State recovery board. He was active in N.R.A. State organization from its inception. (Not identified politically. May be nominally a Republican but has been lined up with the independent faction.)

Ohio (Democrat): Benedict Crowell, Cleveland. Mr. Crowell is 64 years old, and is a mining engineer and contractor. At the time of his appointment he was chairman of the board of Crowell & Little Construction Co. He once served as Assistant Secretary of War. (Served as Assistant Secretary of War, in charge of munitions, under Wilson administration during World War.)

Oklahoma (Democrat): Frank Buttram, Oklahoma City. Mr. Buttram has served as chairman of the Oklahoma N.R.A. State recovery board. He has a record of exceptional administrative ability and was particularly effective in the N.R.A. organization in Oklahoma. He was a candidate for Governor against Gov. William H. Murray. (Was a Democratic candidate for the nomination for Governor against Gov. William H. Murray in 1930. Defeated by Governor Murray in Democratic "run-off" primary.)

Oregon (Democrat): Edgar Freed, Portland. Mr. Freed served as chairman of the N.R.A. committee of Multnomah County, and has been active in similar work in Portland. He is 39 years old and is an outstanding member of the Oregon bar. He is a graduate of the University of Pennsylvania and Harvard University. He formerly was chairman of the Portland chapter of the American Red Cross. He has served as a member of the Oregon State Child Welfare Commission, and the Oregon State Board of Bar Examiners. He has executive ability.

Pennsylvania (Democrat): Edward N. Jones, Pittsburgh. Mr. Jones is the publisher of The Construction Digest. He is 45 years old. He was born in South Wales of American parents and came to the United States in 1901. He has been actively employed in various construction activities and development of coal mining properties. He entered the newspaper business in 1911, and served as political editor and city editor of Pittsburgh newspapers. He was an important factor in the development of the ready-mixed concrete industry in Pittsburgh and throughout the country. (Has been a Democratic publicity man. Understood to be closely associated with Joseph F. Guffey, outstanding Pennsylvania Democratic leader.)

Rhode Island (?): LeRoy King, Newport. Mr. King is 45 years old and a graduate of Harvard Law School. He formerly served as private secretary to Ambassador Henry White in the Taft administration. He has practiced law in New York, but now makes his home in Newport. He knows the State thoroughly. (Not identified politically. Certainly not known in Rhode Island Republican circles as a prominent or active Republican.)

South Carolina (Democrat): Lawrence M. Pinckney, Charleston. Mr. Pinckney is 53 years old. He is thoroughly experienced in civic and business organizations and at the time of his appointment was a member of the Port Utilities Commission of Charleston. He has served as mayor pro tempore of Charleston. His business experience has been in real estate, insurance, and brokerage, covering the entire State.

South Dakota (Democrat): Guy H. Harvey, Yankton. Mr. Harvey has had extensive experience as an organizer and has administrative ability. He has had experience with the N.R.A. program. (Prominent South Dakota Democrat. Delegate to last Democratic National Convention.)

Tennessee (Democrat): Hugh Humphreys, Memphis. Mr. Humphreys is an outstanding business man with a thorough experience in administrative work. He was in charge of the cotton State division of the Food Administration in the World War. At the time of his appointment he was serving as a member of the Tennessee N.R.A. recovery board.

Texas (Democrat): H. P. Drought, San Antonio. Mr. Drought is a graduate in law of the University of Texas. He has had extensive legal and business experience, particularly in the fields of investment banking and real estate. He is widely known throughout the State. (Was formerly chairman of Bexar County Democratic committee.)

Utah (Democrat): Allen T. Sanford, Salt Lake City. Mr. Sanford is 50 years old. He is a lawyer with a good general knowledge of the State.

Vermont (Democrat): Henry C. Brislin, Rutland. Mr. Brislin served as mayor of Rutland for two terms and also has been a member of the board of alderrmen and of the school board. He served four terms as a member of the State Board of Arbitration and Conciliation. At present he is commissioner of public safety for Rutland and also is station master at the Rutland station, in charge of the mechanical and operating department. (Active Vermont Democrat. Has been candidate for postmastership at Rutland under present administration.)

Virginia (Democrat): D. R. Hunt, Roanoke. Mr. Hunt at the time of his appointment was city commissioner of revenue for Roanoke. He is 53 years old and has had extensive experience in governmental administrative work.

Washington (?): J. E. Bradford, Seattle. Mr. Bradford is an outstanding attorney, and at present is corporation counsel for the city of Seattle. He formerly acted as attorney for the port commission of Seattle. (Has been a Republican nominally at times, long radically inclined. Reported to have supported Roosevelt in 1932.)

West Virginia (Democrat): F. Witcher McCullough, Huntington. Mr. McCullough is an outstanding attorney with a governmental background gained when he served on the West Virginia State Board of Control under Governor Gore. He has been affiliated with numerous bond and mortgage and finance corporations, and at the present is president of two of these institutions. He was admitted to the bar in 1910 and served as first assistant United States attorney for the Southern District of West Virginia. In 1917 he served as acting United States attorney. At the time of his appointment he was acting as temporary attorney to the Public Works Administration. (Served as first assistant United States attorney and as acting United States attorney under Wilson administration.)

Wyoming (Democrat): Nels A. Pearson, Sheridan. Mr. Pearson has been a member of the Wyoming State Senate for many years. He is a contractor and builder, and has a wide association over the State. He has a reputation as an efficient executive and as an arbitrator who would be very effective in composing difficulties. (Has been Democratic member State senate and prominently mentioned as candidate for Governor and United States Senator.)

Maine (Democrat): Edward P. Murray, Bangor. Mr. Murray has served as vice chairman of the Maine N.R.A. State Recovery Board and has been its most active member. He is an outstanding lawyer. (Prominent Maine Democrat.)

Since this list was prepared the following selections have been made:

Indiana (Democrat): Fred Hoke, Indianapolis. Mr. Hoke is a widely known business man and manufacturer. He has been a national organizer and leader in the community chest movement. He has a State-wide association.

Minnesota (Democrat): Mrs. Anna Dickie Olesen, Northfield. Mrs. Oleson is an outstanding agricultural economist and thoroughly familiar with Minnesota recovery needs. She has been active in business. (Has long been active in Democratic politics. Was Democratic candidate for United States Senator in 1922. Delegate to Democratic National Conventions, 1928, 1932.)

Wisconsin (Democrat): A. Matt Werner, Sheboygan. Mr. Weerner is 49 years old. He is a lawyer and is outstanding in his profession in the State. He has had extensive experience in the publishing business. (Prominent Wisconsin Democrat. Delegate to last Democratic National Convention.)

Nebraska: As I read a short time ago, Richard Lee Metcalf, a very prominent Democrat, has been appointed.

I wanted to bring this to the attention of the House today. I am not objecting to Democrats being appointed. What I am objecting to is having men continually getting up on the floor of the House and making the statement that this administration has appointed prominent Republicans to all these key positions in the P.W.A. work. I wanted to get this information in the RECORD so we would know the men who have been appointed by this administration.

Mr. BLANTON. Will the gentleman yield for one question?

Mr. COOPER of Ohio. Certainly.

Mr. BLANTON. What is the politics of Mr. Secretary Harold L. Ickes?

Mr. COOPER of Ohio. I would not call him a Republican.

Mr. BLANTON. Has he not been a stanch Republican, and attended Republican conventions?

Mr. COOPER of Ohio. Not that I ever knew of. The only time I have heard him classified as a Republican has been when I heard the statement of the gentleman from Texas [Mr. BLANTON] here on the floor.

Mr. BLANTON. What is the politics of Mr. Secretary Henry Agard Wallace?

Mr. COOPER of Ohio. What was his politics in the last campaign? Answer me that question.

Mr. BLANTON. What has been his politics for many years out in Iowa?

Mr. COOPER of Ohio. Who was he for in the last campaign?

Mr. BLANTON. Does the gentleman deny that he has been a Republican for many years in Iowa?

Mr. COOPER of Ohio. I know his father was a good Republican; never heard of his son being a Republican.

Mr. BLANTON. Has he not been running a Republican newspaper?

Mr. COOPER of Ohio. That I do not know, but I know he was campaigning for Roosevelt and the Democratic Party in the fall of 1932.

Mr. BLANTON. What is the politics of Gen. Hugh S. Johnson?

Mr. COOPER of Ohio. I do not know anything about General Johnson, but I do not think he is a Republican.

Mr. BLANTON. Our good friend from Ohio [Mr. COOPER], although he sits on the other side of the aisle, has always been such a splendid citizen and able legislator, that he would qualify as a first-class Democrat himself, and he is not very familiar with all Republicans.

Mr. COOPER of Ohio. As I said a moment ago, I am not criticizing. I believe you people who have the responsibility of carrying on the affairs of this Government at this time should choose men upon whom you can depend and who will carry out the policies of the present Democratic administration, but do not stand on this floor and try to make the people of the country believe that all the mistakes that are being made by this administration come from Republicans who have been appointed by President Roosevelt. [Applause.]

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. BROWN of Kentucky. I do not rise to make any criticism of the administration but to make this observation: The gentleman quoted the remarks of the President of the United States to the C.W.A. relief workers, and then read the list of the P.W.A. officials.

Mr. COOPER of Ohio. Oh, no.

Mr. BROWN of Kentucky. If the gentleman will investigate he will find, as in the case of Colorado, that that is true in other States—the officials read are of the P.W.A. and not the C.W.A. And on further investigation, I do not say that I am not in favor of good Democrats being appointed, but I do not criticize the President where he has taken able men

from your party who supported him and used them to make effective the operation of the new deal. As one Democrat I am glad he is doing it, because we have to have progressives from your party to make our minority party a majority party. I am glad to see him take the strength from your party and add it to the strength of the Democratic Party so that now you are going to be the minority party while we will be the majority party. [Laughter and applause.]

Mr. COOPER of Ohio. I want to reiterate that I think the President, charged with the administration of this Government, should be careful whom he appoints. There is no question but a lot of these men who are chosen for this particular work are able, honest, conscientious men and will perform their duty very efficiently, but what I am objecting to is that someone like my friend Mr. BLANTON, from Texas, stands up, and if any little mistake has been made, blames it on some poor, insignificant little fellow that he calls a Republican.

Mr. BLANTON. Let me say to the gentleman that I did not refer to Republicans being in our Democratic administration until I was forced to answer the remarks of my friend from Massachusetts [Mr. GIFFORD], your new Republican spokesman, who was criticizing these Republican heads of departments. I told him he was criticizing his own household. He was befouling his own nest. I was defending our Democratic administration. I am making no criticism of the administration. I am standing by the President, who made his own selections, and he made them to suit himself.

Mr. COOPER of Ohio. The gentleman from Texas said 15 minutes ago that if he had his way he would abolish every Republican who had any place in the administrative affairs of the present administration.

Mr. BLANTON. I said that I would replace all Republicans with good Democrats if I were in the White House. But I am not in the White House. [Laughter.] But I am backing my Democratic administration 100 percent, regardless of the fact that it has some Republicans at the head of some of our departments. I am hoping that wholesome association will eventually make them good Democrats.

Mr. BOILEAU. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. BOILEAU. In the reference that the gentleman made in quoting the President's remarks, it has been said that he was speaking to a group of C.W.A. officials. I believe that that statement was made to a group of directors of the Federal Emergency Relief.

Mr. COOPER of Ohio. The gentleman is correct.

Mr. DE PRIEST. Will the gentleman yield?

Mr. COOPER of Ohio. I yield.

Mr. DE PRIEST. In answer to the gentleman, I want to say that the administration, if it wants efficiency, must take Republicans, and the Democrats know it.

Mr. BROWN of Kentucky. Mr. Chairman, will the gentleman yield?

Mr. COOPER of Ohio. No. I promised to take only a few minutes, and I yield back the remainder of my time.

Mr. SANDLIN. Mr. Chairman, I yield 7 minutes to the gentleman from Missouri [Mr. LOZIER].

Mr. LOZIER. Mr. Chairman, I hold my colleague, the gentlemen from Ohio [Mr. COOPER] in high esteem. He is a good legislator, and I am sure he would not knowingly create a wrong impression, but he has failed to prove the proposition he set out to establish. When Pope's translation of the Iliad was published, Jeffrey of the Edinburgh Review said, "It is a great poem, Mr. Pope, but don't call it the Iliad", meaning that the poem was not an accurate translation of Homer's great epic. And while the gentleman from Ohio has made a good speech, he has not shown the facts or demonstrated that Republicans do not in many States, counties, and cities dominate the C.W.A. and Federal Relief Administration.

The gentleman's remarks were prompted by an interview I gave the Associated Press on February 4 in which I said:

> Reports from the districts and the States show that in the relief and C.W.A. work Republicans dominate in the key positions. Many of them are partisan, stand-pat, reactionary Republicans who, while outwardly giving the President a lip-service loyalty, are engaged in thinly veiled activities for the organization and strengthening of the partisan Republican organization.

I stand on that statement and its accuracy cannot be questioned. The condition to which I have referred, I regret to say, exists in many cities, counties, and States, and this situation is a matter of general knowledge.

I might say in passing that the patronage problem is a subject over which Congress has no control. It is a subject that concerns Democrats and Democrats only, and this patronage problem will be settled and settled properly by a Democratic president to the satisfaction of Democrats.

Having been chosen by my Democratic colleagues as chairman of a special committee to make a survey of patronage conditions, to the end that under a Democratic national administration, Democrats may replace Republicans in positions that are essentially political; and as the work of my committee has not been completed, I do not think it would be proper for me to discuss patronage matters in detail in this body, because, as I have stated, the Congress has no control over patronage matters.

But in view of the remarks of my colleague from Ohio [Mr. COOPER], I am justified in saying that neither President Roosevelt nor the Democratic Party ever intended to make spoils organizations of the agencies created for relief and charitable purposes. At no time has President Roosevelt or the responsible heads of the administration intended to make these relief organizations an adjunct of the Democratic Party, and as convincing proof that the President did not play politics in his efforts to relieve human misery, I call your attention to the fact that our great Democratic President called to his aid many Republicans, to whom he assigned responsible positions, and this action merits the approval of every fair-minded person in America.

It was the President's purpose to divorce these charitable agencies from politics; but, unfortunately, in the C.W.A. and Federal Emergency Relief Administration an exceedingly large number of hard-boiled, reactionary Republicans were placed in responsible or key positions in counties, cities, districts, and States, and this particular group, running true to form, took advantage of their positions, injected partisanship into the administration of these charitable organizations, and in appointing agents and employees, and in employing labor Democrats were discriminated against and Republicans favored.

I am glad to state that in a large majority of cases Republicans who engaged in the relief and C.W.A. work were as free from partisanship as the Democrats, and in trying to relieve human suffering and improve conditions, the great mass of Republicans rendered patriotic and valuable service and did not seek to inject politics into the administration of these agencies.

I am not complaining because Republicans had a part in the C.W.A. and relief activities, but I am protesting against the action of a large number of Republicans who were given places in these organizations, and who forthwith proceeded to honeycomb the local, county, and State organizations with Republicans whose chief object seems to have been to build up the local, county, or State Republican organization.

In my statement to the Associated Press, in speaking of Republicans who held key positions in the relief and C.W.A. work, I stated that many, not all, were partisan, stand-pat, reactionary Republicans, who, while outwardly giving the President a lip-service loyalty, were nevertheless engaged in thinly veiled activities for the organization and strengthening of the partisan Republican organizations.

While I commend the millions of good Democrats and Republicans who patriotically, unselfishly, and successfully labored to relieve suffering and improve social, civic, and economic conditions, I just as strongly condemn the Republican or Democrat connected with these organizations, who played politics with them, or used them to promote the fortunes of either political party.

The gentleman from Ohio has read the names of a large number of persons connected with, not only the relief and C.W.A. work, but other emergency organizations, and he has

not shown that a majority of those persons are Democrats. Some of the persons he mentioned, if classified as Democrats, are of an off-brand.

When I speak of Democrats, I do not mean denatured Democrats, or fair-weather Democrats, or occasional Democrats, or persons who had been lifelong Republicans, but saw the handwriting on the wall in 1932 and voted for Mr. Roosevelt. I mean real, loyal, militant, dependable Democrats. When I said that a majority of the key positions in the C.W.A. work are filled by Republicans, I refer to men who throughout their lives have been identified with the Republican Party, who in the past have given their allegiance to that party and served it in responsible positions. I mean that group of Republicans who, when they were appointed to responsible positions in the relief and C.W.A. work, were unable to divorce themselves from their political predilections, or abandon their political activities. This group of Republicans selected their helpers from the ranks of Republican campaign workers, thereby mobilizing the Republican forces for the approaching election.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. LOZIER. Yes; I yield.

Mr. COOPER of Ohio. I do not believe there ought to be any politics in these relief organizations.

Mr. LOZIER. I agree with the gentleman. The Democratic Party never intended or desired that these relief organizations should become political agencies or machines, but, on the other hand, Democrats most vigorously protest against these organizations being manipulated by Republicans for political purposes. The President did not intend that politics should enter into the administration of these humane agencies, but in many towns, counties, and States certain groups of Republicans, who held their positions by the grace of a Democratic President and by the tolerance of the Democratic Party, failed to recognize the proprieties of the occasion and the sanctity of the situation, and, unmindful of their responsibility and unappreciative of the confidence the President had reposed in them and unable to resist their long-indulged partisan impulses, proceeded to inject politics into these relief activities.

Mr. COOPER of Ohio. I do not believe there ought to be any partisan politics in relief work. You cannot afford to play politics with destitution and misery. If you have men that are in this work and they are Republicans and playing politics, the gentleman's party is in power and you have the authority to remove them at once.

Mr. LOZIER. I have no power to remove them, and as the activities of the C.W.A. may terminate in a few months little could now be accomplished by their separation from the service. But, they should be admonished to discontinue their partisan activity. Republicans working in any capacity and in any activity, under President Roosevelt's administration should not be allowed to use their positions to build up the Republican Party and thereby defeat the Democratic Party in the approaching election, and the defeat of President Roosevelt in 1936, which is the main objective of the stand-pat, reactionary wing of the Republican Party.

The CHAIRMAN. The time for the gentleman from Missouri has expired.

Mr. SANDLIN. Mr. Chairman, I yield the gentleman 2 minutes more.

Mr. COOPER of Ohio. If you have Republicans on these boards, who are playing partisan politics with the relief program, I as one Republican stand ready to assist you in getting rid of them just as soon as we possibly can.

Mr. LOZIER. On that proposition I am in full accord with your views.

Mr. BLANTON. Will the gentleman yield?

Mr. LOZIER. I yield to my colleague from Texas.

Mr. BLANTON. I want to call the attention of my friend from Missouri to the fact that the first partisan criticism on this floor was the specially prepared, partisan, Republican speech of our friend from Massachusetts [Mr. GIFFORD] the other day, when he made his criticism against the administrators of the three great agencies, the A.A.A, the P.W.A, and the C.W.A. He is the one who brought it onto this floor from the other side of the aisle. It was an especially prepared Republican speech, attacking the administration, made in a partisan way, by one of the bellwethers of Mr. SNELL's Republican organization over there.

Mr. LOZIER. Neither Democratic nor Republican politics should have any place in these relief agencies, and in the interview I gave a few weeks ago, I stated that, while under the last three Republican Presidents the civil service law had been ruthlessly ravished and maladministered, I do not advocate the introduction of the spoils policy into such of the recently created agencies as are primarily charitable and organized to relieve human misery, but as to the personnel of these, while maintaining a fair balance between the political parties, I nevertheless believe that their management and administration should very largely be in the hands of those in political harmony with the administration, so as to insure success of the administration policies.

Subject to the foregoing limitation, I insist that Democrats should be appointed to all Federal positions that are essentially political, or which, under our long-established political system, are recognized as political appointments and customarily filled by representatives of the party in power. In this group I include the personnel of all newly created governmental agencies, except those organized primarily for charitable purposes.

Under Republican administrations Democrats did not complain because Republicans filled the Federal offices, but under a Democratic administration, undeniably these positions should be filled by deserving Democrats. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Indiana [Mr. LUDLOW].

Mr. LUDLOW. Mr. Chairman, I believe the time has come in the development of our national program when we should devote our thought to the advancement of recovery through natural processes. At the present time half of America is clamoring to get on a Federal pay roll. This is a very unhealthy condition. As rapidly as possible we should take the Government out of the employment equation by making it possible for industry to resume normal operations.

Let us make it possible for natural laws to operate in putting the country on its feet.

I am now thinking especially of the importance of getting business and industry in shape to take over the load of employment when the Civil Works Administration expires on or about May 1, and when we shall be faced with the problem as to how the multitudes now employed on Civil Works may be absorbed in normal activities.

I have asked for an allotment of time in this debate to call the attention of the House and the country to what I believe to be the most important proposition now before this Congress as an aid—I may say an indispensable aid—to the restoration of normal business activities and the resumption of employment, and that is a wisely safeguarded provision whereby direct loans may be made through the Reconstruction Finance Corporation to reliable firms and corporations for working capital to start the wheels of industry. On the opening day of the present session of Congress I introduced a bill, which follows:

To aid in the resumption and carrying on of normal business and industrial activities, the Reconstruction Finance Corporation is authorized to make direct loans to approved firms and corporations, such loans in all cases to be made under proper safeguards and to be based on securities that are adequate to guarantee repayment of principal and interest in full: *Provided*, That such loans shall be limited to providing funds for working capital.

All of us know that the United States Treasury will not stand for an unlimited time the drain caused by the Civil Works program, and I believe the enactment of the bill I have introduced, or one similar to it, will furnish the answer that is uppermost in so many minds: "What will come after Civil Works?"

POINTS WAY TO NORMALCY

I think it is quite clear that here is the way toward industrial normalcy. Here is the program that will erect the bridge between Civil Works and regular employment. Industry stands ready to do its part, but industry cannot do its part because, speaking broadly, it has no working capital. I am referring now not to the enormous businesses that may be better fortified financially but to the thousands upon thousands of smaller concerns that make up the bone and sinew of the American business fabric. They have valuable assets but no money to buy raw materials and to pay work hands, and if they take their securities to a bank to pledge them for working capital they cannot borrow a dime.

And be it said to the credit of these thousands upon thousands of business and manufacturing concerns that they are 100 percent patriotic and want to do their full duty toward lifting their country out of its distress. There is no doubt about that. Given an opportunity to borrow working capital they will call the millions now on Civil Works into the factories and workshops. Smoke will start in the factory chimneys, the wheels will whir once more, and business will begin to hum.

So I say, without criticizing the recovery program up to date, because it has been more or less a process of doing the best one knew how to do and trusting to luck, the time unmistakably has come when we should cease spending and begin lending; when the dollars of Uncle Sam should be loaned for working capital to reliable concerns on unimpeachable security with a warrant that ultimately every dollar will come back with interest to the Federal Treasury. This is a way to lend the credit of the Government to business and industry on a gigantic scale with assurance in advance of benefits to millions of people. This is a form of Government assistance that is sound and logical.

UNECONOMIC PUBLIC WORKS

Let us stop and think and analyze some of the things we are doing under the Public Works Administration and then consider how much better the money could be employed if it were loaned—not donated—to industries for working capital. At a time when we are cutting down crop allotments, killing off pigs to reduce livestock, and advising cotton farmers to plow up every third row, we have allocated through the Public Works Administration $15,000,000 to start work on the Columbia Basin reclamation project which will swell the food and livestock supply, and the cost of which, according to some estimates, may ultimately reach from three-quarters of a billion to a billion dollars. Let us take note of what could have been done with that $15,000,000 by way of furnishing working capital to dependable concerns that desire to start operations. Allotting $25,000 to each concern for working capital, that $15,000,000 which, I think, is wasted in the Columbia Basin as far as any national economic needs are concerned, would give capital to 600 concerns which would enable them to employ untold thousands of workmen now on the Civil Works rolls or on relief, and in the end nothing would be wasted, for the loans, with interest, would be repaid to the Government. I merely cite this as one example. There are many instances where the Public Works Administration has allotted from $500,000 to $5,000,000 and more to projects to relieve unemployment. These are in the form of direct outlays, and not loans on which the Government will recover principal and interest. Think of what even half a million dollars would mean toward relieving unemployment if loaned to industries as working capital. That would be $25,000 each for 20 factories. That would mean employment to thousands of men who, when they begin to earn, would pay their grocers and butchers and landlords, and their earnings would benefit the entire community, and finally the Federal Treasury, which represents the taxpayers of the country, would get back the $500,000 and the interest earned on it. That, I submit, is good business.

TESTIMONY OF JESSE H. JONES

But, asks someone, why do not the banks which receive large funds from the Reconstruction Finance Corporation make loans to industries for working capital? Without stopping to reason why, it is sufficient to state that they do not do so. I fear that there is a lot of substance in the remark of one man whom I heard express himself on this subject. He said:

We used to speak of banks of deposit and discount. Now we have banks of deposit but not of discount.

Jesse H. Jones, chairman of the Reconstruction Finance Corporation, revealed the naked truth in regard to the banking situation when he said in an address to the New York State Bankers' Association the other night:

The common cry almost everywhere is that the banks are not lending. Your Representatives in Congress continually get it, and there is a persistent demand upon them to authorize the R.F.C. to make direct loans. Unless deserving borrowers can get credit at the banks, you need not be surprised if Congress yields to this pressure.

The question therefore follows, Will our banking be continued in private hands or of necessity be supplanted by the Government? The answer is with you—the banker.

In the normal operations of business in normal times banks have a public-service relationship to the community. Theirs is the duty to assist business and enterprise to the extent they may be able to do so and at the same time keep good faith with their depositors. But it is true now, as it has been true for a year or longer, that the banks, generally speaking, are not lending money even on unchallenged security. I am not blaming them because they are not carrying out in full measure their public-service function. They are pursuing a safety-first policy of holding themselves in a state of the highest liquidity while the storm is blowing, and that is quite natural. I am not blaming the bankers at all.

INDUSTRIES ARE STARVING

But as long as this condition lasts, as long as bankers remain panicky and stay close to the shore, industries will starve for want of working capital, and there will be no prospect for a successful transition of men from Civil Works and the relief rolls to regular employment. The Reconstruction Finance Corporation knows that the banks are not making loans, even when the security is ample and the usual banking rules and regulations are complied with. Many specific instances of that kind have been brought to the Corporation's attention, illustrating most impressively the fatuity of Congress appropriating vast sums to the Reconstruction Finance Corporation to relieve industry by the circuitous route that has so far been followed. It simply does not work in times like we now have in this country. The other day we appropriated $850,000,000 to replenish the fund to be loaned by the Reconstruction Finance Corporation to banks. That vast sum, I predict, will be short-circuited before it reaches the industries that so greatly need it for working capital. The remedy is to make direct loans to industries under all proper safeguards.

BUSINESS MEN AROUSED

I have been immensely pleased by the support that has rallied to my bill, or, rather, I should say, to the principle of direct loans to industry, as I have no pride of authorship and am interested only in the principle. This support comes from conservative thinkers who deal with problems of recovery from a practical standpoint. I do not want to burden the RECORD with these expressions, but from a large sheaf of letters and telegrams I would like to cite a few excerpts to illustrate the trend of thought among hard-headed business men. The Indiana State Chamber of Commerce, an organization which represents the business life of our State, wired:

We heartily approve your efforts for industrial loans. Indiana industry must have relief to go forward.

W. H. ARNETT,
Managing director.

And here is testimony of the first importance in respect to the great impetus to industrial revival which may be expected if my bill becomes a law. The writer of this letter, Mr. T. P. Nickell, is president of the Great States Corporation, of Shelbyville, Ind. He writes:

There isn't any question about the fact that $500,000,000 loaned direct to industry would create at least a billion pay roll during the year 1934. This money would certainly be loaned at a loss not to exceed 6 percent, and the Government could be very liberal with

their loans and still not lose over 6 percent, so in any event it would be a self-liquidating proposition, as 6 percent could be charged for this money.

W. H. Insley, president of the Insley Manufacturing Co., of Indianapolis, writes:

This bill seems to me to fill a gap in the reconstruction program which is fundamental. Certainly until capital-goods industries get under way we can have no approach to prosperity in this country. Capital-goods industries are flat because working capital is no longer available.

Mark R. Gray, publisher of the Indianapolis Commercial, says:

I want to commend you on your effort to make easier the road of the business man who desires to take advantage of the R.F.C. This is a great work.

John F. Unger, of the Unger-Kramer Co., of Peru, Ind., writes:

Inasmuch as the money the Government is spending for C.W.A. labor will never come back it would seem a good proposition for the Reconstruction Finance Corporation to loan money direct to industries, as I believe that a greater part of this would be paid back. If $50,000 to $75,000 could be loaned to Peru industries it would assure employment of at least 500 of the 885 men that are now on C.W.A. projects. I fully believe that the great majority of this loan would be returned to the Government within a 5-year period, which should be the time limit of all loans. The money spent on C.W.A. projects will never be returned, and this seems the only way to taper off Government expenditures for relief purposes.

JOHN E. FREDRICK'S VIEWS

John E. Fredrick, of the Continental Steel Corporation, Kokomo, Ind., is one of the outstanding business men of the country. In Indiana he is hailed as one of our greatest leaders in manufacturing and civic enterprises and he is widely consulted on matters pertaining to business and industrial recovery. In a letter he says:

I think that you have treated this subject very well and are on the right track. Certainly, in the rehabilitation program, it is necessary that we keep our industries in position to absorb the men who are now being employed under the C.W.A. program. Many of these industries find at the present time their working capital impaired and they really need credit. In the beginning of the readjustment banks will probably not extend credit, which will cripple the industries' activities in the United States seriously. I believe that every manufacturing concern that has a stable line, the demand for which is established, with good management and a record of successful progress in the past, should receive the support of the Government in aiding them to get on their feet and employ labor.

At the present time there is considerable activity being manifested in industry. The public is buying rather liberally and the volume of orders coming out is mounting day by day, so that we can look forward in the not too distant future to a reestablishment of industrial activity in this country. But there are some manufacturers who, owing to their inability to secure credit, will fall by the wayside unless support is given them.

I wish to compliment you on the manner in which you presented this subject as well as the interest you are taking in returning men to employment.

And in another letter Mr. Fredrick says:

Referring further to your proposed financing, through the Reconstruction Finance Corporation, of the industries of the country, advise that I was in conversation with Mr. Arnett, managing director of the Indiana State Chamber of Commerce, in regard to this, and I understand that he is sending you the names of such concerns that need such help. No doubt there are great numbers of them in the country that should receive assistance from the Government.

The Civil Works program cannot be stopped without serious results unless the labor engaged in this work now is absorbed through the ordinary channels of industrial activity. It is certainly wise that we should promote such a program that will absorb this labor. The depression that we have gone through has crippled many of our industries, and they need cash for working capital. Many of them are running half time today because of the need of additional capital. These loans should, of course, be thoroughly dependable and the security should be the best, but I know of nothing that would probably contribute more to an advancing employment and ultimately removing the C.W.A. employment than such a program.

MR. FARLEY FAVORS DIRECT LOANS

There is no more capable business man in the membership of this national law-making body than my colleague from Indiana, whom I am proud to call my friend, Hon. JAMES I. FARLEY, an able member of the Committee on Banking and Currency. Mr. FARLEY formerly was president of the Auburn Automobile Co. He is a man trained in large business affairs, a wise adviser and safe counselor. Mr. FARLEY is a staunch advocate of the principle of direct loans to industry.

I believe that my bill, or one like it, must be passed before there ever will be a recovery in this Nation that will absorb into employment the multitudes now engaged in Civil Works Administration activities, and I appeal to Members of Congress to give this matter their thoughtful consideration to the end that by the time the additional Civil Works appropriation expires there may be a general transfer of men from the Civil Works rolls to the rolls of regular employment. The problem of what will come after Civil Works will soon be pressing and serious. We should have the vision to foresee it and to take steps in advance to bridge over the gap between synthetic employment and regular jobs. If we do not make such provision there will be a demand for the continuance of Civil Works to proportions that will bankrupt the Treasury and involve the taxpayers with unbelievable burdens.

Mr. SANDLIN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose, and the Speaker having resumed the chair, Mr. GREGORY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee having had under consideration the bill (H.R. 8134) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1935, and for other purposes, had come to no resolution thereon.

VETERANS' REGULATIONS (H.DOC. NO. 266)

The Speaker laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Expenditures, and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of section 20, title 1, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith certified copies of Executive Order No. 6606 (Veterans' Regulation No. 2 (c)), approved by me on February 17, 1934.

This veterans' regulation amended Veterans' Regulation No. 2 (a) approved by me on July 28, 1933, and was issued in accordance with the terms of title I, Public, No. 2, Seventy-third Congress, "An act to maintain the credit of the United States Government."

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

ADMINISTRATION OF NATIONAL CEMETERIES IN FOREIGN COUNTRIES (H.DOC. NO. 265)

The Speaker laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Expenditures and ordered printed:

To the Congress of the United States:

Pursuant to the provisions of section 1, title III, of the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, I am transmitting herewith an Executive order revoking so much of section 2 of Executive Order No. 6166 of June 10, 1933, heretofore transmitted to the Congress, as provided for the transfer to the Department of State of the administration of national cemeteries located in foreign countries, and transferring to the American Battle Monuments Commission the administration of the national cemeteries and memorials located in Europe.

This order leaves with the War Department the administration of one national cemetery located in a foreign country, namely, the national cemetery located in Mexico.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

FEDERAL COMMUNICATIONS COMMISSION (S.DOC. NO. 144)

The Speaker laid before the House the following message from the President of the United States, which was read, and, together with the accompanying papers, referred to the Committee on Interstate and Foreign Commerce, and ordered printed.

To the Congress:

I have long felt that for the sake of clarity and effectiveness the relationship of the Federal Government to certain services known as utilities should be divided into three fields—transportation, power, and communications. The problems of transportation are vested in the Interstate Commerce Commission, and the problems of power, its development, transmission, and distribution, in the Federal Power Commission.

In the field of communications, however, there is today no single government agency charged with broad authority.

The Congress has vested certain authority over certain forms of communications in the Interstate Commerce Commission and there is in addition the agency known as the Federal Radio Commission. I recommend that the Congress create a new agency to be known as the Federal Communications Commission, such agency to be vested with the authority now lying in the Federal Radio Commission and with such authority over communications as now lies with the Interstate Commerce Commission—the services affected to be all of those which rely on wires, cables, or radio as a medium of transmission.

It is my thought that a new commission such as I suggest might well be organized this year by transferring the present authority for the control of communications of the Radio Commission and the Interstate Commerce Commission. The new body should, in addition, be given full power to investigate and study the business of existing companies and make recommendations to the Congress for additional legislation at the next session.

FRANKLIN D. ROOSEVELT.

THE WHITE HOUSE, *February 26, 1934.*

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. WILSON, indefinitely, on account of illness.

ENROLLED BILLS SIGNED

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee had examined and found truly enrolled bills of the House of the following titles, which were thereupon signed by the Speaker:

H.R. 6574. An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes; and

H.R. 6951. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

The SPEAKER announced his signature to an enrolled joint resolution of the Senate of the following title:

S.J.Res. 80. Joint resolution authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive.

BILLS PRESENTED TO THE PRESIDENT

Mr. PARSONS, from the Committee on Enrolled Bills, reported that that committee did on this day present to the President, for his approval, bills of the House of the following titles:

H.R. 6574. An act to repeal Federal liquor prohibition laws to the extent they are in force in Puerto Rico and the Virgin Islands, and for other purposes; and

H.R. 6951. An act making appropriations for the Department of the Interior for the fiscal year ending June 30, 1935, and for other purposes.

ADJOURNMENT

Mr. SANDLIN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock p.m.), the House adjourned until tomorrow, Tuesday, February 27, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Tuesday, Feb. 27, 10 a.m.)

Hearings on House bills 7147, 7148, and 7149, in the committee room.

COMMITTEE ON EDUCATION

(Tuesday, Feb. 27, 10 a.m.)

Continue hearings on the Federal aid to education bill, in the Conference Room, House Office Building.

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Tuesday, Feb. 27, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. OLIVER of New York: Committee on the Judiciary. H.J.Res. 10. Joint resolution requesting the President to proclaim October 12 as Columbus Day for the observance of the anniversary of the discovery of America; with amendment (Rept. No. 848). Referred to the House Calendar.

Mr. KLEBERG: Committee on Agriculture. H.R. 7672. A bill to promote the conservation of wild life, fish, and game, and for other purposes; with amendment (Rept. No. 850). Referred to the Committee of the Whole House on the state of the Union.

Mr. KLEBERG: Committee on Agriculture. S. 2277. An act to establish fish and game sanctuaries in the national forests; without amendment (Rept. No. 851). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. BLACK: Committee on Claims. S. 489. An act for the relief of the J. M. Dooley Fireproof Warehouse Corporation, of Brooklyn, N.Y.; without amendment (Rept. No. 849). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8217) granting a pension to Irene H. Holbrook, and the same was referred to the Committee on the Civil Service.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. CROWE: A bill (H.R. 8278) to allocate the sum of $50,000,000 out of any sums appropriated to carry out the National Industrial Recovery Act, for expenditure in the continuation of the Federal building program in the District of Columbia, and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. WADSWORTH: A bill (H.R. 8279) to authorize the Reconstruction Finance Corporation to make loans to facilitate the repair and renovation of buildings; to the Committee on Banking and Currency.

By Mr. CUMMINGS: A bill (H.R. 8280) to amend section 36 of the Agricultural Adjustment Act to include companies and corporations organized for the purpose of distributing water to be used for irrigation purposes; to the Committee on Agriculture.

By Mrs. JENCKES of Indiana: A bill (H.R. 8281) to amend the act entitled "An act providing for the removal

of snow and ice from the paved sidewalks of the District of Columbia; to the Committee on the District of Columbia.

By Mr. KELLY of Illinois: A bill (H.R. 8282) to limit the working hours of all persons working on dredges or tugs on the Great Lakes to 8 hours a day, and for other purposes; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. DISNEY: A bill (H.R. 8283) to amend Public Law No. 2, Seventy-third Congress, entitled "An act to maintain the credit of the United States Government", and Public Law No. 78, Seventy-third Congress, entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1934, and for other purposes; to the Committee on World War Veterans' Legislation.

Also, a bill (H.R. 8284) to carry out certain obligations under certain tribal agreements; to the Committee on Indian Affairs.

By Mr. McCLINTIC: A bill (H.R. 8285) to authorize the Secretary of the Interior to convey the lands and property formerly used for the United States Indian School at Colony, Okla., to the Union Graded School District No. 1, of Colony, Okla.; to the Committee on Indian Affairs.

By Mr. WEIDEMAN: A bill (H.R. 8286) to authorize the Reconstruction Finance Corporation to make loans direct to municipalities and other governmental subdivisions organized pursuant to State law; to the Committee on Banking and Currency.

By Mr. BEITER: A bill (H.R. 8287) to limit the exemption from duty of certain articles imported by residents who have not been abroad 15 days or more; to the Committee on Ways and Means.

By Mr. PETERSON: A bill (H.R. 8288) to extend to the sea-food, sponge, or other marine-products industry all benefits, privileges, aids, loans, or other advantages provided in laws enacted by Congress for the relief of persons engaged in the agricultural industry; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. ROGERS of Oklahoma: A bill (H.R. 8289) to provide Federal aid for public schools, and for other purposes; to the Committee on Education.

By Mr. McSWAIN: Resolution (H.Res. 284) relative to the expenses of conducting the investigation authorized and directed by House Resolution 275; to the Committee on Accounts.

By Mr. McLEOD: Resolution (H.Res. 285) to investigate the condition of planes, equipment, and training facilities of the United States Army Air Corps; to the Committee on Rules.

By Mr. DISNEY: Joint resolution (H.J.Res. 284) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BRUNNER (by request): A bill (H.R. 8290) for the relief of Steven Bodnar; to the Committee on Claims.

By Mr. ENGLEBRIGHT: A bill (H.R. 8291) for the relief of Randall Corning Clapp; to the Committee on Naval Affairs.

By Mr. GIFFORD: A bill (H.R. 8292) for the relief of Henry Warner Lewis; to the Committee on Naval Affairs.

By Mr. HEALEY: A bill (H.R. 8293) for the relief of Albert Henry George; to the Committee on Naval Affairs.

By Mr. HIGGINS: A bill (H.R. 8294) for the relief of James S. Cuff; to the Committee on Naval Affairs.

By Mr. KELLY of Illinois: A bill (H.R. 8295) for the relief of James McHugh Sons, Inc.; to the Committee on Claims.

By Mr. LOZIER: A bill (H.R. 8296) granting a pension to Mattie Mayo; to the Committee on Invalid Pensions.

By Mr. O'BRIEN: A bill (H.R. 8297) for the relief of the Manufacturers' Equipment Co., of Chicago, Ill.; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8298) for the relief of Charles Young; to the Committee on Military Affairs.

By Mr. ROMJUE: A bill (H.R. 8299) for the relief of Dr. J. S. Gashwiler; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H.R. 8300) for the relief of Cornelia Claiborne; to the Committee on Foreign Affairs.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2559. By Mr. ENGLEBRIGHT: Petition of the executive committee, Oil Producers Sales Agency of California, urging elimination of Federal gasoline taxes; to the Committee on Ways and Means.

2560. Also, petition of the Gold Mining Association of America, through its secretary, Mr. J. C. KempVanEe, opposing provisions of House bill 2835, creating grazing districts within the several public-land States, etc.; to the Committee on the Public Lands.

2561. Also, petition of Sam H. Green, California Dairy Council, San Francisco, Calif., protesting excise tax on coconut oil and other oriental oils used in the United States; to the Committee on Ways and Means.

2562. By Mr. JOHNSON of Texas: Resolution of the Madisonville Chamber of Commerce, Madisonville, Tex., urging liberal appropriation for public-highway construction; to the Committee on Roads.

2563. By Mr. KVALE: Petition of members of the Judson Memorial Baptist Church of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2564. Also, petition of members of the Mayflower Community Church of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2565. Also, petition of Waverly Farmers' Union, Truman, Minn., urging passage of the Frazier bill; to the Committee on Banking and Currency.

2566. Also, resolution of the Farmer-Labor Club, Canby, Minn., urging passage of the Frazier-Lemke, Swank-Thomas, Patman, and Wheeler bills; to the Committee on Banking and Currency.

2567. Also, memorial of the Independent Union of All Workers, Albert Lea, Minn., urging passage of the Frazier bill; to the committee on Banking and Currency.

2568. Also, petition of members of the Civilian Conservation Corps, company 1785 (veterans), Grand Marais, Minn., urging immediate payment of the bonus; to the Committee on Ways and Means.

2569. Also, petition of members of the Powderhorn Park Baptist Church, of Minneapolis, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2570. By Mr. LAMBERTSON: Petition of Dr. Anna M. Foy and 38 other citizens, Dr. Estelle Porter and 33 other citizens, and Neva Darling and 19 other citizens, all of Topeka, Kans., opposing the passage of the Copeland bills, S. 2000 and S. 2355; to the Committee on Agriculture.

2571. Also, petition of A. W. Jones and 41 other citizens of Marshall County, Kans., urging the passage of the Frazier bill; to the Committee on Banking and Currency.

2572. Also, petition of the sodalists of the St. John's School of Nursing of Leavenworth, Kans., opposing passage of House bill 5978; to the Committee on the Judiciary.

2573. By Mr. PARKER: Petition of L. B. Bradley and 175 other citizens of Evans County, Ga., urging the passage of legislation providing for old-age pension; to the Committee on Pensions.

2574. By Mr. RICH: Petition of the Woman's Christian Temperance Union of South Williamsport, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2575. By Mr. ROMJUE: Petition of the Kirksville (Mo.), Building and Loan Association, by C. H. Sanders, secretary, asking that the same provision be given the depositors in thrift and home-financing institutions, as is now given

depositors in commercial banks; to the Committee on Banking and Currency.

2576. Also, petition of the Ladies Auxiliary to the Brotherhood of Railroad Trainmen, Victory Lodge, No. 28, St. Louis, Mo., favoring certain pending legislation; to the Committee on Labor.

2577. By Mr. SEGER: Petition of the Clifton City Council of Clifton, N.J., endorsing House bill 7598, known as the "Lundeen Workers Unemployment and Social Service Bill"; to the Committee on Labor.

2578. By Mr. SHALLENBERGER: Petition of James Pearson and 12,797 others of Shenandoah, Iowa; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

TUESDAY, FEBRUARY 27, 1934

(Legislative day of Tuesday, Feb. 20, 1934)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

THE JOURNAL

On motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the reading of the Journal for the calendar days of February 22 and February 26 was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE—ENROLLED JOINT RESOLUTION SIGNED

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the Speaker had affixed his signature to the enrolled joint resolution (S.J.Res. 80) authorizing the President to invite the States of the Union and foreign countries to participate in the International Petroleum Exposition at Tulsa, Okla., to be held May 12 to May 19, 1934, inclusive, and it was signed by the Vice President.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Costigan	Kean	Reynolds
Ashurst	Cutting	Keyes	Robinson, Ark.
Austin	Davis	King	Robinson, Ind.
Bachman	Dickinson	La Follette	Russell
Bailey	Dieterich	Lewis	Schall
Bankhead	Dill	Logan	Sheppard
Barbour	Duffy	Lonergan	Shipstead
Barkley	Erickson	Long	Smith
Black	Fess	McAdoo	Steiwer
Bone	Fletcher	McCarran	Stephens
Borah	Frazier	McGill	Thomas, Okla.
Brown	George	McKellar	Thomas, Utah
Bulkley	Gibson	McNary	Thompson
Bulow	Goldsborough	Metcalf	Trammell
Byrd	Gore	Murphy	Tydings
Byrnes	Hale	Neely	Vandenberg
Capper	Harrison	Norris	Van Nuys
Caraway	Hastings	Nye	Wagner
Carey	Hatch	O'Mahoney	Walcott
Clark	Hatfield	Overton	Walsh
Connally	Hayden	Patterson	Wheeler
Coolidge	Hebert	Pittman	White
Copeland	Johnson	Pope	

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] is absent on account of illness, and that the Senator from South Dakota [Mr. NORBECK] and the Senator from Delaware [Mr. TOWNSEND] are necessarily detained from the Senate.

Mr. VANDENBERG. I desire to announce the absence of my colleague the senior Senator from Michigan [Mr. COUZENS] on account of illness. I ask that this announcement may stand for the day.

Mr. ROBINSON of Arkansas. I desire to announce that the Senator from Virginia [Mr. GLASS] is unavoidably absent from the Senate.

The VICE PRESIDENT. Ninety-one Senators have answered to their names. A quorum is present.

REPORT OF BELLEAU WOOD MEMORIAL ASSOCIATION

The VICE PRESIDENT laid before the Senate a letter from the honorary president of the Belleau Wood Memorial Association transmitting, pursuant to law, the statement of receipts and expenditures of the association for the year ended December 31, 1933, which, with the accompanying papers, was referred to the Committee on Military Affairs.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate a paper in the form of a petition from Charles Forney, of Princess Anne County, Va., relative to the so-called "Fletcher-Rayburn bill" for the regulation of stock exchanges, which was referred to the Committee on Banking and Currency.

He also laid before the Senate a resolution of Local Union No. 3830, United Mine Workers of America, of Winton, Wyo., favoring the passage of the so-called "Wagner-Lewis bill" providing for unemployment insurance, which was referred to the Committee on Education and Labor.

He also laid before the Senate the petition of Edward X. Foster, of Duquesne, Pa., praying for the adoption of immigration measures looking toward the benefit of American actors and actresses rather than for the benefit of foreign talent in America, which was referred to the Committee on Immigration.

Mr. BARBOUR presented a resolution adopted by the council of Clifton City, N.J., favoring the passage of House bill 7598, known as the "Lundeen unemployment and social insurance bill", which was referred to the Committee on Education and Labor.

Mr. TYDINGS presented resolutions adopted by B'nai B'rith Lodge No. 915, of Camden, and United Juniors of the Brotherhood of Bickur Cholim, of Jersey City, both in the State of New Jersey; and B'nai B'rith Lodge and the Ladies Auxiliary of that lodge, of Cheyenne, Wyo., favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented petitions of several citizens of Cleveland, Ohio, praying for the adoption of a Senate resolution opposing alleged discriminations against Jews in Germany, which were referred to the Committee on Foreign Relations.

Mr. CAPPER presented resolutions adopted by the Wilson County (Kans.) Bankers' Association, favoring the prompt passage of legislation to discontinue the Postal Savings System, which were referred to the Committee on Post Offices and Post Roads.

He also presented memorials, numerously signed, of sundry citizens of Belleville, Buhler, Hesston, Hutchinson, Kingman, Naraka, Newton, Republic, Scandia, and Turon, all in the State of Kansas, remonstrating against the passage of the so-called "Tugwell bill", to prevent the manufacture, shipment, or sale of adulterated or misbranded foods and drugs and to prevent the false advertisement of such commodities, which were referred to the Committee on Commerce.

REPORTS OF COMMITTEES

Mr. THOMAS of Utah, from the Committee on Military Affairs, to which was referred the bill (H.R. 715) to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes, reported it without amendment and submitted a report (No. 366) thereon.

Mr. PATTERSON, from the Committee on Military Affairs, to which was referred the bill (S. 521) for the relief of Henry Poole, reported it without amendment and submitted a report (No. 367) thereon.

Mr. CAREY, from the Committee on Military Affairs, to which was referred the bill (H.R. 2509) for the relief of John Newman, reported it without amendment and submitted a report (No. 368) thereon.

Mr. REYNOLDS, from the Committee on the District of Columbia, to which was referred the bill (S. 2089) to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building and loan associations, reported it without amendment.

Mr. STEIWER, from the Committee on Indian Affairs, to which was referred the bill (S. 2860) to amend Public

Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land, reported it without amendment and submitted a report (No. 369) thereon.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. DIETERICH:

A bill (S. 2905) to confer jurisdiction upon the Court of Claims to hear, determine, and render judgment upon the claim of the Velie Motors Corporation; to the Committee on Claims.

By Mr. HATCH:

A bill (S. 2906) for the relief of Ransome Cooyate; to the Committee on Indian Affairs.

By Mr. THOMAS of Oklahoma:

A bill (S. 2907) for the relief of Kee-sheck-ko-thah, a Kickapoo Indian woman; to the Committee on Indian Affairs.

A bill (S. 2908) granting a pension to Harmon C. Harris (with accompanying papers); to the Committee on Pensions.

By Mr. PATTERSON:

A bill (S. 2909) for the relief of Augustus C. Hensley (with an accompanying paper); to the Committee on Military Affairs.

(Mr. DILL introduced Senate bill 2910, which appears under a separate heading.)

By Mr. STEIWER:

A bill (S. 2911) authorizing the payment to the Snake or Piute Tribe of Indians of the former Malheur Indian Reservation of Oregon of damages for the restoration of certain lands to the public domain; to the Committee on Indian Affairs.

By Mr. FLETCHER:

A bill (S. 2912) to prevent Government officials from accepting any fidelity or surety bond running to the United States in certain cases, and for other purposes; to the Committee on the Judiciary.

By Mr. SHIPSTEAD:

A bill (S. 2913) to provide for controlled expansion of the currency and the immediate payment to veterans of the face value of their adjusted-service certificates; to the Committee on Finance.

By Mr. ROBINSON of Indiana:

A bill (S. 2914) to correct the military record of John Pate; to the Committee on Military Affairs.

REGULATION OF COMMUNICATIONS BY WIRE OR RADIO

Mr. DILL. Mr. President, I ask unanimous consent to introduce a bill providing for a Federal communications commission. This is a bill that has been prepared in accordance with the message of the President sent to the Senate on yesterday.

The VICE PRESIDENT. The bill will be received and appropriately referred.

The bill (S. 2910) to provide for the regulation of interstate and foreign communications by wire or radio, and for other purposes, was read twice by its title and referred to the Committee on Interstate Commerce.

CHARGES AGAINST SUPETINTENDENT OF SHILOH NATIONAL PARK, TENN.

Mr. McKELLAR submitted the following resolution (S.Res. 198), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That a select committee of 5 Senators, 3 of the majority party and 2 of the minority party, be, and the same is hereby, authorized to be appointed by the Vice President to examine into charges of incompetency and abuse of official duties by the superintendent of the Shiloh National Park at Pittsburg Landing, Tenn., and specifically the following charges of wrongdoing at said park:

First, as supervising officer for the Civil Works Administration, the said superintendent did, on or about January 11, 1934, make a false certification of certain pay rolls.

Second, that in November 1933 it is alleged that he offered a bribe of a position to be paid out of Government funds.

For the purposes of this resolution the committee, or any duly authorized subcommittee thereof, is authorized to hold such hearings, to sit and act at such times and places during the sessions and recesses of the Senate in the Seventy-third Congress, to employ such clerical and other assistants, to require by subpena or otherwise the attendance of such witnesses and the production of such books, papers, and documents, to administer such oaths, to take such testimony, and to make such expenditures, as it deems advisable. The cost of stenographic services to report such hearings shall not be in excess of 25 cents per hundred words. The expenses of the committee, which shall not exceed $2,000, shall be paid from the contingent fund of the Senate upon vouchers approved by the chairman.

THE SUGAR-BEET INDUSTRY

Mr. ERICKSON. Mr. President, I ask unanimous consent to have printed in the RECORD and referred to the Committee on Finance a letter from Hon. W. M. Johnston containing an interesting discussion of the effect of pending legislation on the sugar-beet industry of the country.

There being no objection, the letter was referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

BILLINGS, MONT., *February 23, 1934.*

Hon. J. E. ERICKSON,
Senate Chamber, Washington, D.C.

DEAR SENATOR: I thank you for your letter of the 17th instant, enclosing copy of the Costigan sugar bill as published on pages 2388 and 2389 of the CONGRESSIONAL RECORD of February 12.

Acting upon your suggestion, I took the matter up with Mr. Doherty, manager of the Great Western Sugar Co. at Billings, and with Mr. F. E. Huddleston, president of the Montana-Wyoming Beet Growers Association.

I own two irrigated farms and have an interest in another irrigated farm upon which sugar beets are grown, so I have a personal interest in this matter in addition to my interest as a citizen of Billings, where the sugar-beet industry means so much to our people.

Mr. Huddleston, Mr. Doherty, and I are agreed that the Costigan bill would be a detriment to the beet growers of the United States. If any action is taken by Congress, it should be in support of amendments to the Costigan bill suggested by Mr. Kearney to the following effect:

1. That the Secretary of Agriculture be empowered, at the end of the processing period for the sugar-beet crop in any year, to determine as accurately as possible the amount of beet and cane sugar produced and processed in the United States for that year, and then subtract that amount from the estimated consumption in the United States for the next year, and allot the difference between the two among the Philippines, Cuba, Puerto Rico, Virgin Islands, and Hawaiian Islands in such proportions as Congress may deem advisable.

2. That $25,000,000 be advanced by the Government to the beet farmers of the United States on their 1933 crop pending final settlement between them and the beet-sugar companies.

3. That the Government be the third party to contracts entered into between beet farmers and the sugar-beet companies with power to act as an arbitrator as to all differences arising between the growers and the companies under such contracts.

We are agreed that there is no reason whatever why Congress should take any action with reference to the production of sugar in the United States. No effort should be made to curtail that production.

The administration has widely heralded its desire to aid the farmers and is seeking to do so by curtailing the acreage seeded to surplus crops such as wheat and cotton, paying the farmers many millions of dollars in order to secure such curtailment. It is difficult to understand the present attitude of the Government with reference to sugar in view of the fact that it is the one farm product of which we do not produce a surplus and therefore there should be no governmental interference with that crop. Why penalize our farmers, who are producing a nonsurplus crop, for the benefit of foreign and insular sugar producers? We are ageed that it looks very much as though the Government were trying to protect the American investments in Cuba at the expense of the beet farmers of our country. We understand those investments total nearly $1,000,000, practically all of which will prove unprofitable and most of them a loss if something is not done for the benefit of the producers of sugar in Cuba.

It will be something new in American politics, to say nothing of statesmanship, if we are to be penalized for the benefit of foreigners. That is carrying altruism a little too far.

The estimated production of beet sugar in the United States in 1933 is, according to Willett & Gray, 1,450,000 long tons. Based upon the average sugar content and the number of tons per acre, this would indicate that there are 1,000,000 acres of the most fertile land in the United States devoted to the cultivation of sugar beets. If the sugar-beet industry is killed in this country, as it seems that Secretary Wallace, and especially his subordinates and advisers, Tugwell and Weaver, desire, that million acres will be devoted to the raising of corn, wheat, and other surplus crops in this country to the detriment of our farmers. It will be cheaper for this country to keep that million acres out of wheat and corn production by allowing the sugar program to stand as it is rather than to legislate it out of existence and then pay farmers for allowing an additional million acres of good land to lie idle.

The sugar policy of the Government seems diametrically opposed to its policy of aiding our farmers. On the theory that it costs the consumers of sugar more because of our sugar tariff, it also

costs the consumers of wheat, meat, butter, eggs, and beans more because of our tariffs on those items. It is frequently claimed by many people, especially Democrats, that the tariffs on farm products are of no benefit to the farmer. In that they are mistaken. For the past year or two the Minneapolis price of wheat has been from 18 cents to 25 cents per bushel more than the Winnipeg price.

It would be manifestly unfair to allow the Secretary of Agriculture to fix the 3-year base for our sugar allotment on any of the years between 1925 and 1933. The amount produced in this country has increased from 804,000 long tons in 1925 to 1,450,000 long tons in 1933. If the Costigan bill were to become a law, the Secretary of Agriculture, hostile to the beet-sugar industry as we believe Secretary Wallace to be, would doubtless fix the basis for our beet farmers for the 3 years beginning in 1925 and ending with 1927, which would give us an annual allotment of approximately 850,000 long tons, less than 60 percent of what we produced last year. I am sure that the beet farmers of our country would not be willing to confer such arbitrary power upon the Secretary of Agriculture.

It might not be objectionable to the beet farmers if the sugar tariff were repealed and foreign sugar allowed to enter our country free of duty, provided the producers of sugar in the United States were allowed a bonus of $2.20 for each 100 pounds of sugar produced in our country, except for the fact that the prejudice against paying a bonus to any class of persons is so strong that the law authorizing the payment of the bonus would doubtless be repealed in a short time.

If the bill is passed and the Kearney amendments are not adopted, certainly the quota allowed to our beet farmers should not be less than the amount raised last year, 1,450,000 long tons of sugar.

It is inconceivable to me that the processing tax will be of any benefit to the farmers. Under the proposed law it will rest in the discretion of the Secretary of Agriculture, but in no case could it exceed the amount of reduction in tariff on sugar so that the farmers could never benefit more than under the present tariff and might receive much less benefit than they do under the present tariff. As you probably know, under the depressed conditions in the industry in the last few years, the farmers are not guaranteed any price by the sugar companies. They are simply given a contract which allows them 50 percent of the net profit derived from the sale of sugar, not counting the costs of processing. If the refineries were compelled to pay the processing tax, the amount so paid would be deducted from the selling price of sugar in their settlements with farmers under the present contracts.

If any plan could be devised, which I do not believe is possible, under which the processing tax would always equal the amount the tariff on sugar is lowered and that tax paid direct to the farmers in such a manner that it could not be charged back as a part of marketing sugar by the refineries, and our farmers were not limited in their production of sugar below the amount produced last year, then I believe that the sugar-beet farmers would be satisfied. Anything short of that will not be satisfactory and will seriously cripple the one branch of farming in Montana which has been our only bright spot during the past 4 years. Our beet farmers now are just about making a modest living out of the raising of sugar beets, something which cannot be said for any other branch of farming in Montana, for the past 3 years.

In conclusion I want to add that Mr. Huddleston requested me to ask you and our entire congressional delegation to support the proposed amendments of Mr. Kearney or to do everything in your power to defeat the passage of the Costigan bill.

Last fall Secretary Wallace had an opportunity to approve an allotment agreement which, while not satisfactory to sugar producers in any country, was believed by all of them to be the best possible solution of the question. He set up his own judgment, or possibly the theories of Mr. Tugwell, in opposition to the seasoned judgment of all sugar producers, who are interested in the American market, for no reason apparent to anyone unless it is to protect American investments in Cuba.

I am sending a copy of this letter to Senator WHEELER and Mr. AYERS.

With kindest regards, I remain, very truly yours,

W. M. JOHNSTON.

P.S.—I should add that Mr. Doherty was not consulted with reference to the amendments proposed by Mr. Kearney.

WORLD COURT

Mr. SCHALL. Mr. President, I ask leave to have printed in the RECORD an editorial from today's Washington Herald, calling attention to a drive now conducted to put us into the World Court. Considering the turmoil now existing in Europe and our domestic troubles, no one can urge any valid reason for entering this discredited and unpopular organization. The people have turned it down time and again, and it has been demonstrated by conditions now existing that they were right.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[The Washington Herald, Feb. 27, 1934]

LEAGUE COURT MISCHIEF

It would seem that we have enough trouble on our hands, a sufficiency of grave and pressing problems to engage our attention and energies, without having to face at this time a revival of the pestilent question of our adherence to the World Court.

The proposal that the United States should link itself with this discredited appendage of the League of Nations has so many times been rejected, and it has so repeatedly been shown that public opinion in this country will have none of it, that the attempt to bring it forward again, and particularly at such a time as this, is a strain upon the patience of the country which it will hardly endure.

It has been disclosed that the most comprehensive campaign of propaganda ever yet attempted is now in progress.

It is engineered by various groups long identified with pacifist and internationalist propaganda.

The zealots and the infatuates who cannot get it into their heads that this country will never be inveigled into the League of Nations have from some source, governmental or other, imbibed unexpected encouragement and taken on a new lease of life.

Petitions are flowing in upon the Senate demanding approval of the League court at the present session of Congress.

It is said that not only the League of Nations Association but 14 other similar organizations are responsible for this deluge of petitions.

Each of these organizations in turn is working through local groups. The blank petitions have been widely disseminated. They are being forwarded to Washington from innumerable points. Were it not for their identical form, the uninitiated might conclude that a Nation-wide movement of significance and power was in progress.

But it is nothing of the sort.

Such activity simply shows that these well-financed and tireless—and, we might add, mischievous—organizations, are up to their old tricks.

It means that at a time of great absorption in domestic problems—problems of the greatest complexity and difficulty—the attention of our elected representatives is again to be distracted by a crusade which has no foundation in national sentiment and not the dimmest prospect of general support.

The United States is urged in the old and dreary formulas of the era of the League of Nations to state the terms under which it "would accept full membership in the League", and to appoint an official diplomatic representative to the League who would participate in its deliberations.

It seems inconceivable that any group of intelligent Americans, however limited their number, could believe in the possibility of a favorable reception to such appeals.

The League of Nations is dead so far as America is concerned. The World Court has already been demonstrated to be a purely political appendage to the League of Nations, and even less worthy of respect than the parent body.

Let us have done with such nonsense as this belated attempt to resurrect and revive an extinct and almost forgotten issue.

Congress has too much to do to waste a moment upon such petitions. It has too many actual and pressing duties to give thought to such hollow unrealities, such remote and unsubstantial questions as the World Court or the League of Nations.

It is not sensible—it is not right, from any point of view, to harass the public attention with these subjects.

The attempt will not be tolerated.

THE MODEL LEGISLATURE—ADDRESS BY SENATOR NORRIS

Mr. BONE. Mr. President, I ask unanimous consent to have inserted in the RECORD an address delivered by Hon. GEORGE W. NORRIS, senior Senator from Nebraska, at Lincoln, Nebr., on February 22, 1934, on the subject The Model Legislature.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

THE MODEL LEGISLATURE

The object of all government is the happiness of the people comprising the government. Democratic governments are established among peoples for the purpose of attaining this object. Orginally, when civilization was in its infancy, governments were established by chiefs, by monarchs, by rulers, who assumed authority over their fellow men and were able to sustain that authority by physical power and by the ignorance of the people comprising the government. Kings and monarchs were supreme. They claimed a relationship to Deity. By reason of the ignorance of their subjects they were able to retain their authority and to impose their rule upon their superstitious followers. But as the people became more civilized and as superstition began to give way to education the mystery surrounding such governments gradually disappeared and the people began to claim more and more of human liberty and human freedom. There arose contests between the power of the ruler and the claims of the people. The king claimed the right to take the property, and even the life, of his subjects if he found it necessary to do so to retain his power. In these contests the monarch was attempting to retain the powers he had assumed, while the people were striving to take some of the power away and place it more directly in the hands of the people themselves. Many of these contests were fought on the field of battle. Later on many of them were fought in the courts of reason, but the principle involved was always the same. On the one hand, it was to retain power; on the other, it was to take it away. The history of our civilization is, in the main, the story of these contests. The contest is still going on. The people are still striving to gain more power in government.

DEMOCRACY

Out of these controversies have grown the present democratic forms of government. A pure democracy is one in which all the people assemble in one body and make the laws for their own government. Manifestly, such a government, while perfect in theory, is impossible in application. Our own Federal Government is an apt illustration of the outcome of one of these great historical contests. A successful revolution from the mother country brought forth 13 independent Colonies. This revolution marked in the world's history one of the greatest steps that has ever been taken in removing power from the king and placing it in the hands of the people themselves. It was not known, even after the victory at Yorktown, just what form of government was going to spring up in the New World. The leaders in the cause of human freedom did not know what was going to be the result of their heroic sacrifices. Another great step toward realization for those who believed in human liberty was taken when the confederation was formed, but a still greater step was taken when these 13 Colonies united and formed the Constitution of the United States. The form of government was to a great extent experimental. The only precedents they had to guide their future steps were the historic instances of the then past wherein legislatures had been set up to make the laws that should govern the people. Our forefathers, knowing that they were taking a new step in advance, were yet fearful that they should make mistakes that might injure, if not destroy, the beneficial effects of the Revolution.

THE LEGISLATURE

In setting up new State institutions under the Federal Government, our forefathers followed the precedents established by the Federal Government in dividing the legislative authority between two houses. In a general way, out of it grew the common and universal rule of a two-branch legislature, usually termed a "senate" and a "house of representatives." The theory back of this kind of a legislature was a beautiful one. The object to be attained was to have one branch of the legislature as a check upon the other. It was a system of checks and balances. But the dominant reason was one which had descended from a time in the history of the world when the common people comprising the government were not sufficiently civilized and sufficiently educated to govern themselves. The Senate of the United States was originally a body elected by the legislatures. This precaution was taken on the theory that this body would be more aristocratic, and would, if thus elected, be more likely to protect the rights of property, than if elected directly by the people. The President of the United States was elected by a college of electors, who, it was assumed, would select the Chief Magistrate with more deliberation than if that official were elected directly by the people. The House of Representatives was elected directly by the people. And thus in the new Government, the only place where the people had a direct voice and vote was in the election of the House of Representatives. This House was intended to represent the people, as against property, and thus the checks and balances were completed with the idea that the rights of property should always be safeguarded and protected, and the people themselves should not have a direct voice, either in the selection of Members of the Senate, or in the selection of the President.

But civilization continued to advance. Universal education improved the ability of the people to act more directly in their Government. And again the age-old contest between retaining the power of aristocracy as against the people exhibited itself in our own Government. As civilization advanced and as education increased the people again demanded a change. We provided by amendment to the Federal Constitution for the direct election by the people of the Members of the United States Senate. The electoral college still lingers, but it has been modified to such an extent that, although retained, it is only a body of men pledged to vote for a particular man without regard to deliberation or discussion. The government of the people is gradually being placed in the hands of the people themselves.

Our people are sufficiently civilized and educated to know what kind of government they want and the laws they want enacted to enforce government among themselves. If we can now improve upon our lawmaking bodies, and if we can give to the people a more direct voice in their State governments, why should we not eliminate some of the things which have been found unnecessary and cumbersome, as well as expensive, in these State legislatures? Why should the Legislature of Nebraska have two branches instead of one? We have in this great State one dominating and all-controlling industry—agriculture. Every person in the State, every business in the State, is dependent, for his or its success, upon agriculture. If agriculture is prosperous, the people of our State are happy; if agriculture fails, then the happiness of our people is necessarily taken away. The qualifications of members of both branches of our State legislature are exactly the same. They represent exactly the same idea. The official duties they are to perform are of exactly the same nature. Why should we then have two bodies instead of one, and burden our taxpayers with the necessarily increased expense, to attain the object that can be fully attained by one house instead of two?

CONFERENCE COMMITTEE

But if we analyze our present Government we find we have 3 Houses instead of 2. We have the conference committee—a necessary adjunct wherever two houses are provided for by the constitution. The conference committee, in reality, constitutes a third house. The members of this "house" are not elected by the people to serve as members of the conference committee. The people have no voice as to who these members shall be. They have nothing to say in regard to their selection. This conference committee is many times, in very important matters of legislation, the most important branch of our legislature. There is no record kept of the workings of the conference committee. Its work is performed, in the main, in secret. No constituent has any definite knowledge as to how members of this conference committee vote, and there is no record to prove the attitude of any member of the conference committee.

When a bill passes one branch of the legislature and passes the other branch in a different form, the matter is referred to the conference committee. This conference committee, arbitrarily selected by the presiding officers of the different branches, takes the dispute and molds it into a law. It then submits the report to the house and to the senate. The conference committee report cannot be amended by either branch. It must be voted up or voted down, as a whole. Members must take what they believe to be bad, in order to get what they believe to be good. If it is rejected entirely, it may mean, and often does mean, the entire defeat of the legislation. If the conference committee does not agree upon a bill then it must necessarily fail in its entirety. As a practical proposition we have legislation then, not by the voice of the members of the senate, not by the members of the house of representatives, but we have legislation by the voice of five or six men. And for practical purposes, in most cases, it is impossible to defeat the legislation proposed by this conference committee. Every experienced legislator knows that it is the hardest thing in the world to defeat a conference report.

Those who are clamoring for a large legislature, those who are asking for a check and balance between the two houses of the legislature, because they claim this represents the voice of the people, do not realize that such a condition results in legislation by a much smaller number of men than is proposed in the contemplated amendment to our constitution. Those who clamor for 133 legislators in our State, because they say that is the only way in which the voice of the people can be heard, forget that in hotly contested matters of legislation, where the most vital issues are at stake, they are, in effect, retaining a legislature of five or six men which enacts the laws that shall govern the entire State.

I am not complaining because of the existence of the conference committee. If we are to have a legislature composed of two branches, the conference committee is an absolute necessity. No man has ever suggested a plan, so far as I know, which would do away with this third branch of the legislature, where the constitution provides for two branches of the legislature. In all the history of the various States of the Union I do not know of an instance where any provision is made, either by the constitution or by the laws, which takes away from this third branch, known as the "conference committee", the power to hold its sessions in secret, the power to hold them without anyone being able to know how the votes are cast, or the power to avoid keeping a record of any of its deliberations or votes.

It would be possible, it is true, to provide by a constitutional amendment that the people themselves should elect a third branch of the legislature to perform the duties of the conference committee, but no one has ever suggested this third branch. If we are to retain the two-branch legislature, it would be a vast improvement to provide by constitutional amendment that the people should elect directly a third branch to take over the jurisdiction and the powers of the conference committee. But no one in this State, so far as I have ever heard, has ever suggested such an amendment. It would be an improvement over present conditions, but would add greatly to the expense and the delay now existing.

It is in conference-committee rooms that jokers frequently creep into our laws, and it is in the conference committee that good things are often taken out of our laws. It seems to me to be sufficient to say that this third branch, under our present two-branch system, is an absolute necessity, and that the people—in the most vital part of this legislative government—are now helpless. If our people are sufficiently educated and sufficiently intelligent to honestly and efficiently govern themselves, then all this machinery can be remodeled and put into the one-branch legislature, and the people, through it, can then secure the kind of laws and the kind of government which they desire. To deny this principle is to deny that the people are qualified to govern themselves. To deny this principle is to deny the theory of democratic government. To deny this principle is to put upon the shoulders of the taxpayers of Nebraska unnecessary expenses and, in addition, to deny them the right to have the kind of government they wish.

One of the necessities is a provision in the constitution which will make it impossible for any member of the legislature to shift responsibility. I can point to an instance of recent history in Nebraska where a majority of both branches were pledged in writing to vote for a bill embodying a particular principle of legislation. Notwithstanding this pledge, the legislature adjourned without enacting any such law. It does not follow from this that any member of this legislature was necessarily dishonest in making this pledge. But whether he was honest about it or not, he could go back to his people and tell them truthfully that he voted for a bill embodying this particular item of legislation. The difficulty there was, and the difficulty is, in such cases, that when the Senate passes a bill on a subject, and the House passes a different bill on the same subject, if the conference committee fails to agree upon a report, the legislation is dead. The bill has died the death that many bills must die in this third branch of the legislature, known as the "conference committee."

A one-house legislature would have made this impossible. It often occurs in the two-house legislature that the senate bill and the house bill are intentionally made different. They die the death in the conference committee that special interests desire them to die. The lobby, composed of experts hired by machine politicians and special interests, is successful in killing legislation before these four or five men who hold their deliberations in secret, and who make no record of their proceedings. The present system affords an opportunity to a dishonest legislator which he could not possess in a one-house legislature. It is, therefore, an open invitation to the disreputable man to seek office in the legislature. He is often enabled to introduce bills with the very object of getting something either of a financial or political nature which he otherwise could not get. Such a legislator sometimes introduces bills which he expects to be killed; he wants to be paid for helping to kill them: and he kills them by getting them into a parliamentary tangle where his own record may appear on the surface as perfect. His constituents will therefore perhaps reelect him, without knowing his real record.

THE STATE LIKE A GREAT CORPORATION

The State of Nebraska and its officials may be likened to a great corporation. The Governor is the president of the corporation, the legislature is the board of directors, and the people are the stockholders. The stockholders have a right to know what their board of directors does and how it is done. They have a right to be able, by the record of the votes, to know whether the members of the board of directors have properly represented the stockholders. With the complexity which comes from a two-house legislature, it is impossible for them to know this.

In order to fully understand the action of the board of directors, the stockholders would have to become parliamentary experts. They would have to spend a large amount of their time in following the intricacies of parliamentary procedure that winds up finally in the conference committee. A one-house legislature would obviate all this difficulty. The stockholders would then be able to tell just how every member of the board of directors voted on every question coming up for consideration. It would then be impossible to shift any responsibility. The members of the board of directors would be compelled then to make a record that any person could understand, and the stockholders could readily ascertain whether the members of the board of directors should be continued in office or whether they should be replaced. It would then be possible to punish the unfaithful and it would also be possible to reward the man who had done his duty.

THE FUNDAMENTAL IDEA IS THE ONE-BRANCH LEGISLATURE

The fundamental principle involved in the proposed change of our constitution is to embody the legislative authority in a legislature consisting of one house. Upon this principle there can be no compromise. As to the qualifications of the members of the one-house legislature, as to the number of members, as to their term of office, and as to their salaries, there can well be a difference of opinion. On these subjects, those who believe in a one-house legislature ought to be willing to compromise in order to attain the fundamental object to be achieved. While some of these subjects are of vast importance, yet honest men and women can disagree, and some compromise is going to be necessary in order to attain the fundamental principle which we seek.

MEMBERSHIP OF THE LEGISLATURE SHOULD BE SMALL IN NUMBER

One of the evils of our present legislatures is that they are entirely too large. In theory, a large legislature is supposed to give to a legislature more complete representation of the entire citizenry. In practice, however, it has been demonstrated that a membership too large is detrimental to real representation of the people. A large body of men is not deliberative, and in order to accomplish any legislative results they must necessarily surrender many of their independent rights and prerogatives. In large bodies, members must deny themselves, in some degree at least, the right of debate, and even the right to offer amendments. They must surrender to a smaller number of men, or committees, the right to determine procedure. The very size of the body sometimes makes it impossible for the necessary and proper deliberation and discussion which should always take place before legislation is enacted into law.

We must remember, also, that the larger the body, the greater the expense to the taxpayer. One of the important questions in the proposed amendment is the saving of money to those who have to bear the burdens of taxation. The members of a legislative body may be both able and conscientious, they may be moved by the highest possible motives, but the very size itself is sometimes an impediment to the transaction of business. Unlimited debate cannot take place where the membership is too large. Full consideration can never be given to a pending measure if the membership is so large that deliberation is absent. In a large body, the members are, therefore, often compelled, even against their own wish, to vote for bills containing provisions which in their own judgment are wrong, in order to get what, in their judgment, is right and proper. Or they are, on the other hand, compelled to vote against measures because, in their judgment, the evil contained is greater than the good. Full discussion and the right to offer amendments and to debate them fully is necessary for the best results in any legislative body. In a smaller body of men they would always have an opportunity to offer amendments, to debate them, and to move to strike out bad provisions which in their judgment ought to be eliminated.

The number of members that ought to comprise a legislature would undoubtedly vary somewhat with the different States. Where there are varied and conflicting interests involved, the membership ought to be larger. From my experience of 30 years, and from my study of State legislatures during the many years of my public service, I have reached the conclusion that a fair membership in a State like Nebraska should not exceed 20 or 25 members. As I first proposed this amendment I fixed the membership at 21. When this number was given publicity I received hundreds of letters from representative men and women all over the State of Nebraska. Some wanted a smaller number, but the most of them wanted a larger number. Personally, I would not have objected if the membership had been decreased to less than 21. I have no objection, either, to an increase. It is a subject, it seems to me, upon which honest students may reach different conclusions.

As a compromise I have suggested in the amendment which is now pending a membership which shall not be less than 30 per more than 50. The exact number could be fixed by the legislature itself, in redistricting the State from time to time, and I think the wise plan would be to start at 30. If experience found that number to be too small, it could easily be increased anywhere up to the maximum number by the legislature redistricting the State in accordance with their wisdom and experience. In a State like Nebraska, where the great, predominating interest is agriculture, it seems to me that 30 members would be amply sufficient, although I do not want to set my judgment up against the judgment of my fellow citizens. I think on this question all of us should meet the proposition with a mind open to compromise and conviction. The chief thing, after all, is to fix responsibility and to make it impossible for any member of the legislature to avoid this responsibility.

It is extremely important on this proposition that the members of the legislature should be paid a sufficient salary to enable them to study and consider the various propositions of legislation, and it must be remembered that whenever we increase the membership we increase the burden of the taxpayer. In these days of depression this is a consideration that should not be lightly avoided.

SALARY OF MEMBERS

Closely allied to the number of members is their salary. The model legislature, it seems to me, would be one in which the members were paid a sufficient salary so they could devote all their time to the business of their offices. They would become experts in legislation. They would familiarize themselves with all the State institutions and they would be able to improve our laws and our institutions by their study of the various subjects submitted to their keeping. They would, of necessity, in such cases strive to give to the State the benefit of their time and their knowledge. As their experience as legislators increased, they would become more valuable to the State. They would not have their mind and attention taken from matters of state to private business matters. They would be able to give to the State better laws and more intelligent consideration to the institutions of the State. I realize that economy is one of the objects of this proposed amendment. I realize, too, that their active duties in the legislature itself would take but a comparatively small portion of their time. I have tried to reach in my own mind a compromise on this subject—the necessity on behalf of the taxpayers of the State, on the one hand, for a decrease in expenses, and the desirability, on the other hand, of getting the most efficient government possible.

In the amendment which I first proposed I fixed the salary at $2,400. From letters from all over the State, and from conferences with a good many people, I reached the conclusion that my idea of the number ought to be increased, and as I increased the number I felt of necessity that the salary ought to be decreased, and in the proposal now before you I have suggested the sum of $50,000 to pay the annual salary of the members, and that this amount should be divided equally between the members, whatever may be its membership. If we should have a membership of 30, the salary of each member would be approximately $1,650. On the other hand, if experience should show that the membership should be increased to 50, the salary would be $1,000 each. The salary of the members is a very important consideration. I want to be indulged while I am talking on this subject to refer to my own personal experience. When I was a practicing lawyer at Beaver City I had an opportunity on several occasions when I could, I think, without any great effort have been elected to the Legislature of the State of Nebraska. I always declined. I did not decline because I would not have liked the position. On the contrary, I had an ambition to become a member of the legislature, but I necessarily declined to become a candidate for the simple reason that I could not afford to do so. I would have been delighted to have been a member of the legislature and to have remained in the legislature, and to have spent my life in the upbuilding of our great State. I knew, however, I could not afford to do this without great financial loss to myself, so great that to me at that time it would have meant absolute poverty. I had a desire to be of service to my State, but it seemed to me had I followed my ambition and my inclination my business would have disappeared, and I would have found myself in the end an old man without having laid by a sufficient amount of money to keep me and those dependent upon me from abject poverty. I believe my experience can be multiplied by the thousands. If the salary is so low as to keep poor men out of the legislature the tendency will be to have men of wealth control our legislation, and this is a condition that cannot be tolerated in a democracy.

While it is desirable to economize and make our governmental expenses as small as possible, we must not forget that we cannot

expect always to get good men to work for the public without pay. Moreover, a salary that is extremely small affords inducements to dishonest and corrupt men to avail themselves of the opportunity to become candidates for the legislature, with a view of recouping after election, by their official activities. Men sometimes go to the legislature for this purpose. They sacrifice financially and fall into temptation to recoup their financial losses by their official votes. This does not mean there would not be honest men in a legislature, even without salaries. There are men who are so situated financially they could afford to give their time to their State, and there are many honest men who would be willing and glad to do this.

But the point is, if we pay a salary which is too small, we exclude from the legislature many men who would become useful and valuable servants of the people.

PROPOSED PLAN WOULD BE ECONOMICAL

The plan outlined in the proposed amendment to the constitution would save money for the taxpayers. It would not only do away with many of the evils which now exist but the business of the State would be transacted at less cost. Many thousands of dollars would be saved annually to our taxpayers. The expense of the legislature is not only the salary that is paid to its members. There are hundreds of other items which enter into the expenses of a legislature, all of which increase as the membership increases.

One of the objects to be attained in the proposed plan is to decrease taxation. We have reached a time in this depression when the importance of this subject cannot be overestimated. Most of us are compelled to sacrifice all of the luxuries and many of the comforts of ordinary life in order to save our Government and our State and bring happiness and comfort to our people.

A democracy is more expensive than a monarchy. We want to retain our democracy, and in these times when there may be a possibility of some danger of the destruction of democratic principles, we must reduce the cost of democratic government as low as we possibly can. Those who are opposed to democratic ideas and who believe in monarchial government would be glad to see democracy become so expensive that that fact could be used as one of the reasons why democracy should be abolished and some form of monarchy established in its stead.

PARTISANSHIP WOULD BE ABOLISHED

The proposed amendment to the constitution provides that members of our legislature should be elected on a nonpartisan ballot. Our State ought to be a business institution. Its government should be conducted on business principles. The issues which divide the great political parties in our country should in no way interfere with the business operations of our State. And yet, under present methods, such conditions exist. The Legislature of Nebraska has nothing to do with the tariff; the Legislature of Nebraska, in its official capacity, has nothing to do with shipping on the great oceans. It has no jurisdiction over interstate commerce. It has no official connection with the appointment of postmasters and other official appointments which under our system of government are dealt out to faithful partisan workers. There is no issue involved in the election of a member of the Nebraska Legislature that is the same as the issue involved in the election of a United States Senator or a Member of the House of Representatives. Yet men are often elected as members of a State legislature simply and solely because they are members of a political party pledged to some issue on the tariff, or some other issue of national concern. The citizen who goes into his booth ought not decide the question of the election of his member of the legislature simply because he agrees with the voter on some national question. Neither should he be defeated for the office of member of the State legislature merely because the voter does not agree with him on some question of international importance. We have our State questions and our State institutions, and these should be the guiding star when we come to elect a member of the legislature.

If politics were eliminated, members would be elected to enact our laws according to their qualifications for the State legislature, without being handicapped by any partisan matters. Members of the legislature should be able to give the best that is in them to the welfare of the State. They should be elected on business principles rather than as a result of partisan considerations. Men may disagree as to whether the Federal Government should pay a subsidy to the international mercantile marine, but the Legislature of the State of Nebraska has nothing to do with that question, and its members should neither be elected nor defeated on that issue. Men may disagree as to whether our country should join the League of Nations, but the Legislature of the State of Nebraska has nothing to do with that subject.

Why should we not divorce the business of our State completely from partisan matters affecting only national legislation? We ought to have a legislature entirely divorced from partisan politics—a legislature elected on a business basis, transacting its duties along business lines. We should make of our State a great business institution. We cannot do this unless we eliminate partisan politics.

Moreover, men in the legislature, elected on a partisan political platform, are inclined to follow the bidding and the dictates of party machines and party bosses. We have taken our school officials out of partisan politics. We have done the same thing with our judges. Ask yourself the question, Why? If the divorcing of our judges and our school officials from partisan politics is a good thing, if their official duties have no connection with partisan politics, why not extend the same theory to members of the legislature, whose official duties nowhere, nor in any degree, connect them with partisan politics? Partisanship is one of the great evils of our Government, when carried into avenues and into places where, officially, there is no politics.

For instance, our legislature makes the laws which govern the property and the legal rights of our people. The judges enforce those laws. How inconsistent it is to elect the one on the basis of his belief in the tariff, and yet remove the other from the same category.

TERM OF OFFICE

The proposed amendment we are now considering provides for a term of office of 2 years. When I submitted the tentative draft of this amendment to the public for its commendation or criticism I had provided for a 4-year term. I still believe a 4-year term is preferable to a 2-year term, but from the Nebraska people with whom I have conferred and from the thousands of letters I have received I believe the people are afraid of a 4-year term for their legislators or, at least, they prefer that the term be for 2 years instead of 4.

I do not regard this as fundamental, but I should like to keep members of our legislature out of political contests as much as I can. I should like to have them hold office for a sufficient length of time so that they will have ample opportunity to make a record for the people to either approve or disapprove. I believe a 4-year term is none too long to do that. It would also relieve the expense necessarily connected with the campaign of the various candidates for the legislature.

But, in order to compromise and in order to meet the wishes of the people in this respect, I have changed the proposition so that the term of office shall be for 2 years instead of 4. Personally I think all our State officials ought to be elected for a term of 4 years. I think Members of the National House of Representatives should be elected for a term of 4 years instead of 2. I have gained this idea from my experience as a legislator and from my observation of members of State legislatures. But the question is not fundamental. If the people are not ready to agree to a 4-year term of office, I am perfectly willing, so far as I individually am concerned, to accept the 2-year term. Later on, it would be simple indeed to adopt an amendment to our State constitution providing for the election of all State officials for a term of 4 years instead of 2 years.

ELIMINATION OF CORRUPTION

A one-house legislature, composed of a comparatively small number, would be much more free from corrupt influences than would a two-house legislature or a legislature composed of a large number of members. I know many people, at first blush, will not agree with this statement There was a time in my life when I did not believe it, but I have reached the conviction from my observation that special interests, by unfair and unjustifiable means, are able to influence and corrupt a two-house legislature much more easily than they could a one-house legislature. I have been told by lobbyists that the easiest legislature to control is the one which is large in number. Where the number is large they necessarily have to handle only a few men, who, in turn, do their work with the legislature itself. In a two-house legislature the control of the conference committee is, in fact, for all practical purposes a control of both branches.

There are thousands of ways in which this is done. A conference committee can often be controlled by one man—the man who appoints the conference committee. The control of a large body of men can be handled by the control of two or three men who constitute the committee on rules, or who otherwise have a dominating parliamentary influence in the body.

The smallest legislature, which is now under consideration, may be likened to our judiciary, where the power is vested in one man. We know that our judiciary is comparatively free from such influences. A small legislature such as is suggested would be very similar to our judges. The lobbyist who desires to control the membership does not, as a rule, seek out the individual member, and go through the legislature in that way. He undertakes to deceive men by various methods, mostly of a parliamentary nature. The cases of direct sale of votes are very few. Men in Congress or in the legislature are, as a rule, not bribed individually. They are led astray by placing them in hopeless parliamentary predicaments, in which they are deceived. In fact, the actual cases of honest men being misled are far more numerous than the purchase of dishonest men. If the opportunities for hiding beneath the parliamentary cloak brought about by a two-house legislature were taken away, the dishonest man would not be so likely to become a candidate for the legislature. He would know to begin with that he could not shift responsibility, he could not conceal his vote, or his official conduct, which would have to take place in the open before all the people of the State, and he would, therefore, seek other avenues of enriching himself. In other words, it would have a tendency to eliminate the dishonest man from the legislature, and if you eliminate the dishonest man and make it impossible to deceive the honest man, you have attained as near perfection as is possible in a legislature.

The plan proposed would therefore tend to decrease deception, and the man who tried to practice deception would be almost powerless, and we would then have a legislature which would be untrammeled, and, to a great extent, untainted. The possibility of covering up the tracks of those who wanted to deceive would be practically eliminated, and it would be impossible to place the honest legislator in a false light.

THE IDEAL IMPOSSIBLE

I reach the conclusion, therefore, that the proposed amendment would save money to the taxpayers. It would go far toward the reestablishment of a democratic form of government. It would make it more difficult for dishonest men to get into office and make it more difficult for dishonest men to retain office. It would give the honest legislator an opportunity to have his record known to the people, and it would make it possible for the people of the State to readily ascertain and comprehend the record of the members of the legislature. It would enable the people to reward the honest servants and to defeat the dishonest ones.

There would, of course, always be a possibility of dishonest men getting into office. There would be a possibility of dishonest men who were in office deceiving the people. But these possibilities would be very much minimized. Nothing has ever been said that is truer than the saying that "Eternal vigilance is the price of liberty."

To get a good government, and to retain it, it is necessary that a liberty-loving, educated, intelligent people should be ever watchful, to carefully guard and protect their rights and liberties. The proposed amendment is not offered with the idea that it is perfect. It is not offered with the idea that it will eliminate wrong entirely, or that it will make it unnecessary for the people of the State to always keep a watchful eye upon their servants, but it will help them to know and to find out what is wrong. It will enable them to get better laws enacted and better men into office, and to this extent it will be a guidepost along the road to human advancement and a higher civilization.

AMERICA MUST CHOOSE—THE THREE PATHS

Mr. BARKLEY. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in last Sunday's New York Times, written by the Secretary of Agriculture, entitled "'America Must Choose'—The Three Paths."

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the New York Times, Feb. 25, 1934]

"AMERICA MUST CHOOSE!"—THE THREE PATHS—SECRETARY WALLACE SAYS THAT WE MUST SET OURSELVES FOR NATIONALISM, INTERNATIONALISM, OR A PLANNED MIDDLE COURSE, AND POINTS OUT THE "ENORMOUSLY DIFFICULT ADJUSTMENTS" WE MUST MAKE IN ANY CASE

(America must make her choice; she must take one of three paths: self-containment, full participation in world trade, or a planned middle course. This is the momentous decision that confronts the Nation, as Secretary Wallace sees it. His view is strikingly set out in the following article, made up of extracts from a study issued under the auspices of the Foreign Policy Association and the World Peace Foundation.)

By Henry A. Wallace, Secretary of Agriculture

During the recent war period certain things happened which made it certain that the United States would never go back completely to the old happy individual sort of thing which had marked our expansion as a Nation. If during the post-war years of "normalcy" we had made certain adjustments, we might possibly have regained some measure of that happy individualism. But we did not do so, and now enormously difficult adjustments confront us, whatever path we take.

There are at least three paths—internationalism, nationalism, and a planned middle course. We cannot take the path of internationalism unless we stand ready to import nearly a billion dollars more goods than we did in 1929. What tariffs should we lower? What goods shall we import? Which goods? Tariff adjustments involve planning just as certainly as internal adjustments do. Even foreign loans might involve a certain amount of planning. When we embarked on our terrific post-war expansion of foreign loans, we did not plan. We plunged in blindly, and soon any reasonable observer could predict that the whole thing was bound to blow up.

SHORTNESS OF VIEW

We did not then in our boisterous youth have the same view that England had after the Napoleonic wars. Rather consciously Great Britain placed its loans with a long-time program of imports and an exchange of goods in view. Our own adventure was only from the short-time profit consideration. What tariffs to lower? What goods to accept? How readjust our own farming operations and industrial operations to the planned inflow of foreign goods? We scarcely gave such things a thought.

I am interested now to observe in people who come to Washington the spirit of '21 ablaze again. If we can only get some trade going with Russia, they think; or open up some business in the Orient; or ship out some cotton or wheat this way or that, then everything will open up again. I cannot too sharply emphasize my conviction that internationalism must be even more carefully planned than a program of economic nationalism.

The middle path between economic internationalism and nationalism is the path we shall probably take in the end. We need not go the whole way on a program involving an increase of a billion dollars a year in imports. There are intermediate points between internationalism and nationalism, and I do not think we can say just where we are headed yet. We shall be under increasing difficulties, no matter which way we tend, as our people become more and more familiar with the discomforts of the procedure.

FACING THE FACTS

My own bias is international. It is an inborn attitude with me. I have very deeply the feeling that nations should be naturally friendly to each other and express that friendship in international trade. At the same time we must recognize as realities that the world at the moment is ablaze with nationalist feeling, and that with our own tariff impediments it is highly unlikely that we shall move in an international direction very fast in the next few years. Therefore we must push with the greatest vigor possible our retreat from surplus acres and seek to arouse the intellectual stamina necessary to meet and triumph over unpopular facts.

With as little bias as possible, I shall try to sketch the probable price—in terms of the actual and psychological pain of readjustment—of following the national, the international, or a rigorously planned middle trail out of the woods.

There is still another trail—I mean the back trail, letting things drift, trusting to luck, plunging on toward internationalism as sellers and trying at the same time to huddle behind nationalist barriers as buyers. Even this, probably the most painful trail of all, is worth mentioning, for thousands of our people vociferously yearn to head that way; and the number of such people is likely to increase rather than diminish, I am afraid, in the next few years.

WAR-TIME AGRICULTURE

The war rushed us out headlong to world markets. Fifty million acres of Europe, not counting Russia, were out of cultivation. Food prices rose. A new surge of pioneers strode forth upon those high and dusty plains, once called the Great American Desert, and found that they could grow wheat there. Throughout the country sod was broken. Before the surge was over, we had put to the plow a vast new area. To replace the 50,000,000 lost acres of Europe America had added 40,000,000 acres to its tilled domain and thrown its whole farm plant into high gear.

When the war ended, Europe no longer needed those extra 40,000,000 hard-tilled acres of ours, or for only a little longer at best. We went on producing for the world market just as if that market was still there. Worse than that, instead of putting fewer acres we actually put more acres into crops for export.

REALITIES EVADED

The marvel is not that we are now moving so fast, but that we were able to delay so long facing the realities of the post-war situation. It is a tribute to our great resources and our technical productive ability that our fields and factories from 1914 to 1930 were able to send to the outside world $25,000,000,000 more in goods than we received. It is a reflection on our leadership that not until 1933 did we do any effective thinking as to the steps the United States may have to take because it is simultaneously a great exporting nation and a great creditor nation.

We went into the World War owing other nations $200,000,000 annually on interest account and came out with other nations owing us $500,000,000 annually. Moreover, the production of our farms and factories was enormously stimulated during the war.

Our financial and political leaders tided over the situation, or glossed it over, by maintaining a false market for our surpluses abroad. To do so we loaned an average of more than $500,000,000 a year to foreign countries. While this false foreign market for American exports was being maintained, Congress, amid general consent, twice raised tariffs. Schedules were raised in 1922 and again in 1930.

REALIZATION DAWNS

When the present administration came into power on March 4, 1933, it had been for several years apparent that there is no longer an effective foreign purchasing power for our customary exportable surplus of cotton, wheat, lard, and tobacco at prices high enough to assure social stability in the United States. It was apparent that more than 40,000,000 acres of American soil were producing material which could not be consumed within the country, and which could probably not be consumed even were all our industrial pay rolls again to blossom magically to the pumped-up boom-time levels of 1929. It was apparent that, with things as they are and with our inherited attitude as to tariffs, it would be impossible to reestablish a large American trade abroad at once, or in the next few years.

Accordingly, the present administration is conducting an orderly retreat from surplus acreage. In essence, it is a program of governmental adjustment payments to cooperating farmers, rewarding a cooperative adjustment of acreage pro rata, farm by farm. In the administration of this and of auxiliary or fortifying measures the Farm Act of May 12, 1933, gives us wide permissive powers. Of the present Congress (1934) we shall probably ask amendments permitting an even wider and far more selective retirement of acreage on a more permanent basis.

ELASTICITY NEEDED

Our adjustment program must in its very nature be kept elastic. If or when world trade revives, we still can use to excellent advantage our new social machinery for crop control. We can find out how much of our crops they really want in other countries, and at what prices; then we can take off the brakes and step on the gas a little at a time, deliberately, not with the reckless disdain to world traffic signals that we exhibited in years past.

By the end of 1934 we shall probably have taken 15,000,000 acres out of cotton, 20,000,000 acres out of corn, and about 500,000 acres out of tobacco. Add to that the 7,500,000 acres that we used to sow to wheat and now shall not, and you get a total of 43,000,000 acres which may be no longer planted to our major export crops.

Forty-three million acres is nearly one eighth of all the crop land now harvested in the United States.

We do not claim that the action taken under the Agricultural Adjustment Act or the National Recovery Act, or any other of the emergency acts, helpful as they may have been temporarily, constitutes a fundamental plan for American agriculture. What we have done has been frankly experimental and emergency in nature, but we are working on something that is going to be permanent. We are well aware that our present machinery for production adjustment may not be at all like the machinery we shall have to design and operate for the longer future.

Using Government money derived from processing taxes, we have asked the voluntary cooperation of the American farmer in making emergency adjustments to present world conditions. Thus we are sparring with the situation until the American people are ready to face the facts. The bare, distasteful facts, I mean, on such matters of policy as exports, imports, tariffs, international currency exchange, export quotas, import quotas, and international debts. These are the weapons of economic warfare which are more deadly than artillery. These economic weapons are so subtle that they have a nasty way of bouncing back on you with redoubled force when you think you are using them against the enemy. Fundamentally these weapons are spiritual in nature, although this is not recognized by business men and by very few statesmen.

I. Nationalism

The failure to adopt any nationally approved plan during the post-war years has, of course, been disastrous for all of our major producing groups, but it has been most disastrous in its effect on agriculture. The loss of billions of dollars of agricultural income can be charged directly to this cause. The foreign loans we made to sustain our expanded productive capacity after the war merely concealed the true nature of our situation. When the loans ended—as they were sure to, since we refused to accept sufficient goods in payment—our artificial market for the surplus disappeared overnight.

In hurriedly making adjustments to a changed, chaotic world, we have been forced rapidly in the same nationalist direction which other nations have been taking more gradually and deliberately since the war.

Of course there are a few of our manufacturing industries which would require readjustment if we continue to follow the national plan exclusively, but for the most part the burden of the adjustments will fall on agriculture. International planning, on the other hand, would throw the greater burden of adjustment on factories rather than on farms.

The more I study our trouble the more I am convinced that it calls for far more than emergency action and patchwork on top of patchwork. It is imperative that we get down to fundamentals at the earliest possible moment that we have a plan in line with our world position and with the genius of our people, and that we stick to that plan through thick and thin, no matter how great the pressure of opportunists.

PAINS OF NATIONALISM

Under nationalism we must be prepared to make permanent the retirement of from 40,000,000 to 100,000,000 acres of crop land. Forty millions if we take out good land; one hundred millions if we take out the worst. Furthermore, if we continue year after year with only 25,000,000 or 30,000,000 acres of cotton in the South instead of 40,000,000 or 45,000,000 acres, it may be necessary after a time to shift part of the southern population, and there is a question as to just what kind of activity these southern farm laborers should engage in. We find exactly the same dilemma, although not on quite such a great scale, in the Corn and Wheat Belts.

If we finally go all the way toward nationalism, it may be necessary to have compulsory control of marketing, licensing of plowed land, and base and surplus quotas for every farmer of every product for each month in the year. We may have to have Government control of all surpluses, and a far greater degree of public ownership than we have now. It may be necessary to make a public utility out of agriculture and apply to it a combination of an Esch-Cummins Act and an Adamson Act. Every plowed field would have its permit sticking up on its post.

Frankly, I do not think we should go this far until we have had a chance to debate all of the issues with the utmost thoroughness. This whole problem should be debated in such a lively fashion that every citizen of the United States will begin definitely to understand the price of our withdrawing from world markets, and the price of going forth for foreign trade again.

MEANING OF TRADE

If we allow ourselves again to approach world trading as if it were a sacred and impenetrable mystery, then we are likely again to get into another jam. The considerations which make international business desirable are plain. Recently I heard for the first time a saying popular in Arkansas. It was that Arkansas could build a wall a mile high around its borders and go right on living and doing business. That may be true; but I doubt if even the noisiest orator in Arkansas would claim that the people there could live as well or as spaciously as they do even now, exchanging goods and services with the people of other States. It is equally obvious that we take only meager advantage of this opportunity to exchange special products or special capacities if we coop up the process within national boundaries.

I say, then, that in respect to raw materials and handicraft products, world exchangeability is as desirable now as it ever was; and I deny that mechanization wipes out national differences in skill and ingenuity.

The great virtue of trade, as it entered into our pioneer or primitive farming society, was the release it afforded each man and woman to develop special skills and follow a special bent. The settler who was no hand at making his own shoes but who liked to breed fast horses could spend more time with horses and trade his special skill as a horseman for shoes. On the other hand, the man who delighted in the craft of shoemaking could devote more of his life to that and own a far better horse than any he himself would ever manage to breed and rear.

This is a very elementary example of how civilization is advanced by specialization and trade. We all know the aberrations and injustices which have accompanied the process; but the fact remains that a peaceful trading society based on natural advantages leads to a better way of life for all. To the degree that trade is artificially bounded, the world as a whole falls short of developing regional advantages and native skills.

NATIONAL DISCIPLINE

To a free people the pain of nationalism is actual. As yet, we have applied in this country only the barest beginnings of the sort of social discipline which a completely determined nationalism requires.

The question is whether we as a people have the patience and fortitude to go through with an international program when the world seems with varying degrees of panic to be stampeding the other way. It is quite as serious a question whether we have the resolution and staying power to swallow all the words and deeds of our robust, individualist past, and submit to a completely army-like nationalist discipline in peace time. With the world as it is today, thorough-going nationalism often requires no less. If you doubt that, consider even the little news of strictly nationalized countries, under dictatorships, which leaks into American newspapers and magazines, still clamorous and free.

Our own maneuvers of social discipline to date have been mildly persuasive and democratic. We have paid cash to farmers to cooperate in necessary reductions of acreage, pro rata. We have appealed to the patriotism of corporate and individual manufacturers, transporters, and storekeepers, with a passing part-way appeal to consumer sentiment for a necessary reduction in working hours and raises of pay. We have called for criticism and have heard it, so far as the pressure of events allowed, receptively. Following since March 4 last a new design for American life, we have been letting people out of jail for the crime of expressing disagreement, instead of putting them in.

A "SPIRITUAL" PRICE

I want to see things go on that way. I should hate to live in a country where individual thought is punished and stifled and where speech is no longer free. Even if the strictest nationalist discipline reared for us here at home, exclusively, a towering physical standard of living, I would consider the spiritual price too high. I think, too, that this would be pretty much the temper of the rest of the country, but there is no telling. A rampant nationalist feeling grows by what it feeds on, and it swells to unpredictable proportions with marvelous speed. Once it gets going headlong, it puts down objections brutally, and the speed of the march is thus accelerated.

That might prove just as true in this country as elsewhere. Regimentation without stint might indeed, I sometimes think, go further and faster here than anywhere else, if we once took the bit in our teeth and set up for a 100-percent American conformity in everything. We are a people given to excesses.

The ruthless development of nationalist peace-time programs permits much of the exalted frenzy of war time and generally requires more and more of the same as it goes along. I am aware of the higher possibilities of such a ferment. William James wrote most persuasively of the need of a moral equivalent for war. Cautiously and tentatively, the new deal in America has already evoked a little of this spirit. If we go on trying to keep things whirling within nationalist limits, it seems certain that we shall count less on social discipline voluntarily aroused and more on direct compulsion. Under such conditions the traditional American spirit would soon be, it seems to me, as a spring, tightly coiled, and ready to burst out dangerously in any direction. I wonder if we could stand the strain.

FARMERS' LETTERS

A surprising number of farmers, after a year of voluntary production control, are writing me letters insisting that hereafter the cooperation of all farmers be compelled absolutely; and that every field, cotton gin, cow, and chicken be licensed; and that the strictest sort of controls be applied to transportation and marketing. I believe they mean it, but I wonder very seriously whether they are ready for such measures, and if they really know what they are asking for.

Great prosperity is possible for the United States if we follow the strictly nationalist course, but in such a case we must be prepared for a fundamental planning and regimentation of agriculture and industry far beyond that which anyone has yet suggested. To carry out such a program effectively, with our public psychology as it is, may require a unanimity of opinion and disciplined action even greater than that which we experienced in the years 1917–19.

SELF-CONTAINMENT

Nevertheless, the national path remains wide open to us. We can travel it if we want to. We can get along completely on sugar

raised at home, even though the cost may be twice what it otherwise would be. We can completely substitute the use of rayon for silk. We can raise our own tea and get along without coffee. We can even raise our own rubber for perhaps 30 cents a pound.

If the national will is completely bent in this direction, we can arrive together at a self-contained life, but the process of transition to this self-contained utopia is certain to be extremely difficult. It may require a great amount of governmental aid to take care of people formerly engaged in import and export businesses. It will mean the shifting of millions of people from the farms of the South. But these are minor considerations, in comparison with the extraordinarily complete control of all the agencies of public opinion which is generally necessary to keep the national will at a tensity necessary to carry through a program of isolated prosperity.

II. Internationalism

If we are going to increase foreign-purchasing power enough to sell abroad our normal surpluses of cotton, wheat, and tobacco at a decent price, we shall have to accept nearly a billion dollars more goods from abroad than we did in 1929. We shall have to get that much more in order to service the debts that are coming to us from abroad and have enough left over to pay us a fair price for what we send abroad.

This will involve a radical reduction in tariffs. That might seriously hurt certain industries and a few kinds of agricultural businesses, such as sugar-beet growing and flax growing. It might also cause pain for a while to wool growers and to farmers who supply material for various edible oils. I think we ought to face that fact. If we are going to lower tariffs radically, there may have to be some definite planning whereby certain industries or businesses will have to be retired. The Government might have to help furnish means for the orderly retirement of such businesses, and even select those which are thus to be retired.

AN IMMENSE SURVEY

Closing down some of the factories would be of grave national concern, not only because of the resulting unemployment but also because some types of factories are needed in time of war. It would seem, therefore, that international planning must include a complete survey, item by item, of all the products that enter into our annual output, and a conscious decision as to which kind of products we might receive in large quantities from abroad in time of peace without jeopardizing those industries which we absolutely require in time of war.

We begin here to touch on one of the most potent arguments invoked in this country against international trading and world-wide dealings of any sort. We are instinctively suspicious of "entangling alliances" in matters of trade and of world government alike. We are afraid of the dog fight which international trade in the past has very often been. We picture international trade as even more cutthroat, remorseless, and unscrupulous than the most piratical performances of our home barons of commerce and finance in New York and Chicago.

I doubt if international trade at its worst is any worse than that. I see the seeds of war alike in laissez faire, accumulating pressing surpluses at home and in seeking by hook or crook to thrust such surpluses abroad. Whether such a system is permitted freely to secrete and discharge its own poison within national borders or about the world at large, the pressure of ungoverned surpluses seems to me an equal stimulant to ruination and slaughter before and during wars.

Some say that world trade leads to world-mindedness, world sympathies, world peace. Others say that world trade just gets you out among strangers who trim you, and step on your feet, and have you fighting before you know it. All such talk seems to me, if weighed in the balance, to come to nothing either way. The real question is how the trading is done. If it is done blindly in response to expansive greed, without planning or governance, it is likely to get you into serious trouble, whether you are trading at home or abroad.

TRADE AND WAR

A clean-cut program of planned international trade or barter would be far less likely to get us into war, I think, than the attempts to function internationally as sellers, yet nationalistically as buyers, inaugurated under Presidents Harding and Coolidge, and followed by President Hoover. Such tactics pursued in the past by older nations led to bloody foreclosure proceedings, at the point of guns. Not dissimilar current programs in other countries have created a dangerous degree of tension throughout the civilized world, and there are many who think that sooner or later the pressure will be bound to blow itself off in another orgy of human killing. We have blown off pressure that way very often in the past.

No sane and conscientious man will count lightly the risk of another great war, nor fail to do all in his power by every means possible to lessen that tragic risk. Straight, cool-headed thinking about the sort of economic warfare which is followed by actual warfare was never more needed than now.

It comes to this: If we insist upon selling without buying, we have to lend our surplus to foreign countries, and never take it back. It stays abroad. But we think we still own it, and that makes us figure out ways and means of keeping the investment safe. We must have some security that transcends the good faith of the borrower. There is no surer path to war.

A WAY TO PEACE

The method of reciprocal trade, on the other hand, leads to peace. It makes no sales without providing opportunities for the buyers to pay the bill. Since the bill does not remain outstanding indefinitely, and does not have to be collected at the point of a gun, it makes new business easy to get, and profitable.

A neighborhood of trade—with actual goods exchanged, not goods for promises to be collected on later at any cost—here, admittedly is a situation far from present realities; but it is worth considering. In our pioneer neighborhoods the idea worked. And the civilized world as a whole today is still, by any measure you choose to apply, in a pioneer or primitive condition, or worse.

In all civilized lands today we stand appalled by the tragic nonsense of misery and want in the midst of tremendous world stocks of essential goods. Science has given us control over nature far beyond the wildest imaginings of our grandfathers. But, unfortunately, those attitudes, religious and economic, which produced such keen scientists and aggressive business men the civilized world over, make it impossible for us to live with the balanced abundance which is now ours as soon as we are willing to accept it with clean, understanding hearts.

This Nation, and all the developed part of the world, has been terribly under the weight of the need to subsist, to keep body and soul together, in the past few years. We can throw off that miserable burden. We can stand as free men in the sun. But we cannot dream our way into that future. We must be ready to make sacrifices to a known end.

THE IMMEDIATE TASK

The immediate job is to get rid of differentials in the rigidity of the various parts of our social machinery, rural and urban, and to maintain a decent balance between the incomes of major producing groups within this and other countries. If this can be done, in time we shall all be ready to move toward any objective we really want to attain. It is true that the blueprints of the new order cannot now exist. We are all of us still educating one another to face the fact that we must sacrifice, each of us, some inherited concept or some childish fable learned at our mother's knee, for the sake of the day to come.

Here at home, as elsewhere, the problem fundamentally is one of deciding what this people wants to do soon, how much they want to accept from abroad and how much they wish to send abroad. Our resources and scientific inventiveness are so great that the problem would be very simple if it were not for the fact that we are continually being lost in superficialities because of the warring selfishness of men who are more interested in keeping themselves above their fellows than they are in cooperating with their fellows so that we may all move forward in a world companionship.

We are approaching in the world today one of the most dramatic moments in history. Will we allow catastrophe to overtake us and, as a result, force us to retire to a more simple, peasantlike form of existence, or will we meet the challenge and expand our hearts, so that we are fitted to wield with safety the power which is ours almost for the asking? From the point of view of transportation and communication, the world is more nearly one world than ever before. From the point of view of tariff walls, nationalist strivings, and the like, the nations of the world are more separated today than ever before. Week by week tension is increasing to an unbelievable degree. Here reside both danger and opportunity.

III. Middle course

No matter how fervently nationalist or free-trade in principle our planned future policy may be, the jostle of world circumstances will be almost certain to take us across middle ground. With the modern world as it is, absolutely free trade is a dream probably never to be realized; and so is a completely independent national economy. Somewhere between these improbable extremes lies the proper course; and that is the course we are following now. But the trouble is that we have at present no markers set up to guide us. With great spirit, but with no commonly understood destination, we are veering off this way and that as obstacles arise.

A middle course need not be indefinite. It can be clear-cut and uncompromising if we choose to make it so. To begin with, we can set up tentative markers and discuss the gain and the cost of a resolute march along that line. And as a result of our discussion we can far more definitely reset the markers in accord with the common will for the long pull.

The widest range of alternatives between nationalism and internationalism I have roughly stated thus: If we continue toward nationalism, we must be prepared to make permanent the withdrawal from cultivation of over 50,000,000 acres of fairly good farm land and face the consequences of all the social and economic dislocations which are bound to ensue. If, on the other hand, we choose not to put our agriculture under so high a degree of interior tension and discipline, we must drastically lower tariffs and reorganize industry, so that we can receive from abroad another billion dollars' worth of goods each year.

THE SUGGESTION

The planned middle course I propose as a basis for present discussion is one precisely half way between these two extremes—a line of march along which we would lower tariffs enough to bring in another half billion dollars' worth of goods annually and permanently retract of our good agricultural land some 25,000,000 acres.

To depict the pain this course would cause industry on the one hand and agriculture on the other would be but to restate, in less demanding terms, facts and speculations developed in previous sections of this article in respect to the price of unmodified isolation on the one hand and of an unmodified drive for world mar-

kets on the other. The fact that agriculture would suffer far the more under isolation and that industry would bear the brunt of changes necessary to wide-spread renewal of world trade may here, however, be briefly reiterated, for here is a fact suggesting that a planned middle course is the fairest and wisest for all concerned.

Whatever course we choose, I should like here to emphasize that—agriculture, finance, labor—every man and every woman in this country have a common stake in seeing that we go back to simple horse-trading common sense in our dealings with other countries, and lay off all such intricate paper deals and debts as put us where we were on March 4 last. It would pay us all to become more import-minded. Let us get it straight in our heads that we should not make loans abroad until we have first achieved a lowering of tariffs that will permit the repayment of our loans. This, in essence, should be our new-deal method of dealing abroad.

A NEW TARIFF POLICY

Foreign loans are all right, provided at the time we make them we know that we are certain to have a tariff policy which permits their repayment. This means a totally different kind of tariff policy than we have ever had in the past. It means a considerable change in the psychology of the American people. Ideally it means when we make a loan anywhere outside the United States that we know approximately the quantities of the different kinds of goods which we are going to accept from that nation in repayment.

A truly practical readjustment of our own tariff policy would involve the careful examination of every product produced in the United States or imported, and the determination of just which of our monopolistic or inefficient industries we are willing to expose to real foreign competition. This problem should be approached from the point of view of a long-time national plan which we are willing to follow for at least 20 or 30 years, even if some of our friends get hurt and howl continuously to high heaven.

We should not conclude, from the fact that international trade has declined heavily throughout the world since 1929, that it is destined to decline permanently. Compared with the developed parts of the world, the relatively undeveloped parts are still very large. Among these we may include vast areas in Africa, India, China, Russia, South America, and elsewhere. Moreover, the nations that we consider well developed are probably nowhere near the limit of their possible development in civilized purchasing power. It would be mere guesswork to infer from the experience of the last few years that expansion in the world trade has passed the zenith. It may be that we have seen only the early stages. Expansion on sound lines, with trade based on genuine reciprocity of one sort or another, may furnish scope for expanding economic energy indefinitely.

THE PRICE TO PAY

There is world trade to be had. By paying the price the United States can get its share. What is that price? It must buy abroad as well as sell abroad. It must import as well as export. In its general form this proposition excites no opposition; but its particular applications do. Arrangements to bring in more goods, so that more may be sent out, involve pains as well as profits, and neither the pains nor the profits affect all citizens equally. It does not appeal strongly to an American manufacturer to be told that if he will sacrifice a part of his domestic market to his foreign competitors, our farmers will have a better foreign market. He wants to know at once if there is not a way to do the trick without hurting anyone. There is none.

There will be actual pain from dislocations in the business structure, and psychological pain from dislocations of traditional attitudes, and from denials of the traditional American opportunity to rule or misrule one's own business in one's own way, regardless of general consequences, whatever course we choose.

It should be recognized that our surplus problem here in the United States, and the resulting necessity of keeping parts of our factories idle and withdrawing acreage, or of widening foreign markets, or of doing these things in combination, is really part of a world surplus problem. This country has more industrial as well as more agricultural capacity than it needs for home consumption. Surplus capacity in industry shows up mainly in unemployment, rather than in a persistent accumulation of commodities; but in all branches of our economic life there is an identical tendency for production to outrun consumption. Other nations have just the same trouble, as we know from the prevalence of unemployment and dole systems throughout the world.

It happens that in this Nation the surplus problem is most acute because most of our customers already owe us more money than they can pay.

Now, it is this discrepancy between production power and domestic consumption which makes all nations wish to sell more abroad than they buy abroad and gives rise to economic nationalism in its most determined forms. There can be little doubt that the trouble traces, in whole or in part, to a maldistribution of income. That doctrine is implicit in our new deal, which seems to me to rest on irresistible logic. We are trying to build up consumption per capita at home as a substitute for the continual search for new consumers abroad. Our new method involves a planned redistribution of the national income, in contrast with the unplanned redistribution that takes place regularly, usually unhappily, in every major economic crisis the civilized world over.

In the typical business break-down, wealth tends to become more concentrated than ever. Creditors get more of the national income; debtors and wage earners get less. Consumption of commodities declines, since buying power gravitates away from need and toward satiety. Those who need goods cannot buy. Those who can buy have no need. To force exports, with no provision for payment in kind, seems to be the only way out.

Our new deal seeks to promote consumption more soundly. It directs purchasing power to those in need by wage advances and alleviations of debt. It lessens the need to force exports. It looks toward balancing production with consumption at home.

INCREASED DEMAND

Increased consumption so promoted does not absorb every surplus. Boom wages would not melt our total cotton or wheat supply. Even at the 1929 levels, we would still be in a jam. Better distributed purchasing power does tend, however, to create a larger demand. If we cannot eat all our wheat or wear all our cotton, we can swap what we have left over for something that we want. A wage earner with purchasing power left over after his family has all the necessaries may want some luxuries from abroad. With the money he sends away in payment, a foreign customer may pay for some of our wheat or cotton.

There is no more effective way to melt surpluses in any country than to put buying power in the hands of the people there. Our new deal method has great advantages in that it tends to simplify not only the domestic but the foreign-trade problem. It does so first by diminishing the quantities that must perforce be sold abroad, and secondly by blunting the objection to accepting imports in payments. Well distributed purchasing power permits the country to buy more foreign as well as more home products.

It is evident that the chief factors in our problem are linked, and cannot be separated. First, there is the retreat from excessive farm production for export. How far the retreat should go depends, of course, on the state of the demand abroad and at home. The foreign demand will vary with the facilities we afford other nations to send us goods in exchange—that is to say, how much we dare lower tariffs. Plainly, the farm retreat ties up with our tariff policy, which in turn hangs upon the success of the new deal.

TARIFF PROSPECTS

Revision of our tariff downward will have far better prospects if our new deal succeeds than if it fails. Success in the new deal will mean an increase in and a better distribution of purchasing power. Manufacturers and wage earners will be no longer in terror for their businesses or their jobs and will be quicker to acknowledge the necessity for the country to buy where it expects to sell. If we can set our own chaotic system into better order, there will be not only more willingness, there will be more power to buy abroad. With a margin over necessities, the average citizen will be able to pay for useful and desirable foreign goods. And at the same time he will be able to continue supporting home industry. He will buy more farm goods too.

Thus the farm surpluses will come under an attack from three quarters simultaneously—from the farm retreat, from a more enlightened tariff policy, and from an improved purchasing power, which will aid agriculture by increasing domestic consumption directly and also by increasing the ability of our foreign customers to sell goods here.

I have spoken of the wrench that strict nationalism gives the free spirit, the painful degree of discipline involved. It would be unfair not to point out also, in concluding, that a steadfast national allegiance to any fixed course, international or intermediate, also requires a certain degree of regimented opinion. To lower or to tear down certain tariff walls, and to keep them down, would require on the part of the general public great solidarity of opinion, and great resolution. The degree of education and of propaganda required to make the great body of American consumers, rural and urban, stand firmly together for lower tariffs would have to be rather intense.

PUBLIC OPINION

And yet I do not feel that the public opinion behind such a program would have to be strait-jacketed as much as it would have to be under pure nationalism. You would not have to impose as many unwelcome restraints on as many people. Any formulation of international attitudes in this country is certain to come under heavy fire from special interests protected by tariffs. But I do not feel that the resultive struggle of wills will do as much violence to our democratic traditions as would a call, sustained by the Government, for nationalism to the hilt.

I should like to see the campaign for a middle-ground policy conducted as a campaign of reason, with millions of personal contacts and arguments, man to man. The opposition will be bitter and powerful; but I am convinced that the time has come for the great body of Americans to formulate a long-time trading program for this country which they are willing to stand behind, no matter how plausible the appeals of special pleaders.

What I have tried to show is that there are sound arguments on both sides of this question. The nationalist rests his case on the idea that we cannot expect any longer to trade with the world as we used to. He does not expect an adequate natural revival of foreign demand, and believes it would be folly for us to stimulate the demand artificially by loans.

The internationalist position, on the other hand, is less pessimistic about natural foreign-trade prospects. The internationalist does not regard loans as the only means of brightening those prospects and enlarging them. He holds that there is no possible way of making loans eventually secure unless we become import-minded. He would rather trust to tariff concessions and other

means of developing trade reciprocally. He considers the pains of this course to be less than those of a nationalist program.

I lean to the international solution. But it is no open-and-shut question. It needs study and, above all, dispassionate discussion. Unfortunately, those arguments which appeal to fear, to suspicion of neighbor nations, to narrow self-interest, and to ingrained hatred of change are the arguments which will be most loudly invoked. I want to see the whole question examined by our people in a new spirit.

DEBUNKING BUNK—ADDRESS BY JOHN A. SIMPSON

Mr. THOMAS of Oklahoma. Mr. President, I ask unanimous consent to have printed in the Appendix of the RECORD a copy of an address delivered by John A. Simpson, president of the National Farmers' Union, over the National Broadcasting Co. chain on Saturday, February 24, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

It is indeed a pleasure on this 24th day of February, the fourth Saturday of the month, to greet the large audience I can feel is listening in at this particular minute.

I have been broadcasting over National Broadcasting Co.'s hookup the fourth Saturday of each month, from 12:30 to 1:30, eastern standard time, for more than 3 years.

In response to the talks I make we seldom receive less than 5,000 letters requesting copies, and we have received more than 20,000 letters within a few days after a radio talk. We nearly always hear from every State in the Nation. We never fail to hear from Canada. We have received letters from Hawaii, Mexico, Cuba, Puerto Rico, and the Virgin Islands.

At this time I want to greet a new-found friend in Central Africa. If she is listening in today, the Farmers' Union of this Nation greets her and those who may be listening in with her. The following is from her letter:

"I was listening in here in Central Africa, Lusaka, to your most interesting broadcast from W3XAL, Bound Brook, N.J., on Saturday, December 23, and was so struck with what you said that I am writing to ask you to please send me a copy of your speech and others you make.

"We need such new ideas as you put forward. If Farmers' Union would only exchange ideas more freely, it would be to the benefit of all farmers.

"Please give me permission to publish your speeches in our papers.

"MRS. W. R. HARVEY."

I greet the radio party being held at Lake Preston, S.Dak., by Kingsbury County Farmers' Union.

Greetings to Reedsburg Local, near Baraboo, Wis., the newest local in that State. I have just had word from your secretary and president, Mr. Beaver and Mr. Riley, that you are having a radio dinner party.

I greet the Farmers' Union of Columbia County, Ark., gathered at the courthouse at Magnolia.

I greet those listening in at the annual oyster stew and radio party of Larsan Local, Montana.

I am happy to greet those listening at the district court room at Portales, N.Mex. I know it will encourage our members in the Midwestern States to learn that the farmers are now organizing in New Mexico. This is another State added to the 33 we already have.

Hello, Arizona; you Farmers' Union folk picnicking at Glendale today. I just received your wire telling me about it. Keep up the good work you are doing out there. Write your Representative in the House to sign the petition to bring the Frazier-Lemke bill out of the committee; not one of you but each of you. I shall be seeing you in May.

They commenced organizing locals of the Farmers' Union in Michigan about a year ago. They now have nearly enough members to set up a State union, the required number being 5,000. Some of you other States better hurry a little.

I greet Farmers' Union members of Croswell Local in Croswell, Mich., who are now listening in as a radio party. The wire says to me there are several hundred of you. I congratulate you on the splendid work you are doing for the Farmers' Union and for the national program. Nine Congressmen from your State have signed the petition.

A message from Buffalo, Wyo., tells of a radio party of Johnson County Local No. 1. They state they are for the Wheeler bill, the Frazier bill, the Swank-Thomas bill, and the whole Farmers' Union program.

A wire just received shows a local organized at Goshen in Elkhart County, Ind., with 406 dues-paying members, besides 142 women and juniors. I am sure this is the most members a local ever had at the time of receiving its charter. I expect this local to have a thousand members before the sun is very warm this summer.

A message from Brother Cronquist tells me of a radio party now in session in the Legion Hall in Haxtun, Colo.; everybody participating, Farmers' Union members and town people. My advice to the members of the Union there is to let no farmer escape until you have his application for membership.

Here is another message just received from Carl Morris away down in the big State, "Radio party listening in right now at Quanah, Tex." Carl says membership in that State is growing rapidly.

Here is a message from Centerville, Ind., saying radio party being held in the school building at that place. They will organize a local at the close of this talk. Good luck to you. I hope you get a big local and send in resolutions to your Congressman asking him to support the Frazier bill, the Wheeler bill, and all the rest of the Farmers' Union legislative program.

A wire from E. E. Kennedy, national secretary, Kankakee, Ill., says membership of February 20 this year is 42 percent greater than of February 20 last year.

Hello, President Stewart and members of Wogufka Local No. 1 in Alabama. I hope you enjoy your radio party. I am going to visit you in April. Have a big membership by the time I get there.

The Farmers' Union is growing. This statement is not bunk. Consequently, it needs no debunking. The Farmers' Union has a right to grow. It is the only farmers' class organization in the United States. Farmers need a class organization if for no other reason than that other groups have their class organization.

A class organization is an organization whose members are limited to those of that class. The bankers' union is a class organization; no one but a banker can be a member. The teachers' union is a class organization because no one but a teacher is eligible for membership. The doctors' union, barbers' union, lawyers' union; these are all class organizations. Mr. Farmer, when you join an organization where the banker, the merchant, the lawyer, the grain dealer, and those of similar occupations greet you at the door, you will know you are not joining a farmers' class organization.

Some of you have joined organizations and were bunked into thinking you were in your class organization. That is the reason I am calling your attention to this. I want to debunk such bunk.

If the banker restricts the membership of his union to bankers, you ought to be in an organization that restricts its membership to farmers.

It is your duty to investigate any organization you join claiming to be a farmers' class organization. Investigate and find out for yourself whether or not they are feeding you bunk.

The Farmers' Union is the only Nation-wide farm organization in the United States represented here in Washington demanding of Congress that farmers receive cost of production instead of a parity price for their products; demanding the passage of the Frazier bill, providing for the Government refinancing farmers at 1½-percent interest instead of 4½ under the present law. The Farmers' Union is the only farm organization asking for passage of the Wheeler bill, S. 70, which provides for remonetizing silver. The Farmers' Union is the only organization here in Washington demanding that this Government cease issuing interest-bearing bonds when it needs money and instead issue the money itself, thus saving to the taxpayers the interest now being paid to bankers to furnish us the money.

If you would like to have cost of production, be refinanced at 1½-percent interest, and see this Government adopt real monetary reform, the first thing for you to do to help bring it about is to become a member of the farmers' only Nation-wide class organization in the United States, the Farmers' Educational and Cooperative Union of America.

WAR

The subject selected today furnishes an opportunity to write not a book but volumes. It is my candid opinion that there are more and larger bunk factories running 24 hours a day in the United States than in any other nation or, for that matter, in the rest of the world.

One of the oldest and smoothest running of these bunk factories is operated by the war lords of the country. One of their cleverest pieces of bunk is the statement that land-grant colleges would lose the Federal aid they receive if they did not compel male students to take military training.

A number of years ago in the State of Oklahoma this question came up. I asked a Congressman from Oklahoma to get a ruling from the Secretary of the Interior. The Secretary of the Interior placed the question up to the Attorney General of the United States. His decision was as follows and is found in Rulings of the Attorney General to the Secretary of the Interior, on page 302:

"I, therefore, advise you that you are justified in considering that an agricultural college which offers a proper, substantial course in military tactics complies sufficiently with the requirements as to military tactics in the act of July 2, 1862, and the other acts above mentioned, even though the students at that institution are not compelled to take that course.

"Respectfully,

"WILLIAM D. MITCHELL, *Attorney General.*"

The Farmers' Union, of Oklahoma, has a standing offer to any student in the land-grant college of that State, who does not want to take military training, to refuse and the case will be carried through all the courts at the expense of the State Farmers' Union. This has been our position for the last 10 years and in every instance the student has been exempted from military training without going to the courts.

If I debunk nothing else than this one subject of military training, this talk is worth the time you spend in listening to it.

The militarists of this country continually feed the people the bunk that the United States is doing nothing for preparing the country against the next war. The figures debunk this bunk. The figures show that every year for more than 40 years this country spends a greater sum on wars, past, present, and future

than any other country in the world. If we have nothing for spending so much money, then it is folly to spend more.

During the World War this Nation spent a billion dollars on airplanes and never had one airplane that was fit to use in an air battle. All the fighting our soldiers did in the air was with second-rate French and English planes. These second-rate planes were so much better than any of the planes built in this country that ours were never used.

The grafting shipbuilders, controlled by the big bankers, are here demanding unlimited appropriations to build a large Navy. A big battleship will prove a hundred percent bunk in the next war. A half dozen airplanes can destroy the most modern up-to-date battleship in less than 30 minutes.

War bunk alone would furnish material to write volumes.

Here are the Hearst papers publishing monstrous war pictures of the great World War, the purpose of which is to frighten Congress into passing unlimited funds for the Navy bill. The bunk is that every picture is of the sufferings and destruction in countries that have kept large standing armies, have had compulsory military training, and large navies for hundreds of years. It shows that those who prepare for war get what they are looking for. There is no argument for this country building battleships that are obsolete so far as modern fighting equipment is concerned.

Those who glorify war should be compelled to memorize Mark Twain's War Prayer. It is as follows:

"O Lord our God, help us to tear their soldiers to bloody threads with our shells; help us to cover their smiling fields with the pale forms of their patriot dead; help us to drown the thunder of their guns with the shrieks of the wounded, writhing in pain; help us to lay waste their humble homes with a hurricane of fire; help us to wring the hearts of their unoffending widows with unavailing grief; help us to turn them out roofless, with their children, to wander unfriended through wastes of their desolated lands—for our sakes, who adore Thee, Lord, blast their hopes, blight their lives, protract their bitter pilgrimage, making heavy their steps; water their way with their tears; stain the white snow with the blood of their wounded feet! We ask of One who is the Spirit of Love and who is ever-faithful refuge and friend of all that are sore beset, and seek His aid with humble and contrite hearts. Grant our prayer, O Lord, and thine shall be the praise and honor and glory now and ever. Amen."

The most awful bunk on the subject of war is the use of falsehood. The war lords misrepresent the reasons for the war.

In the World War they had 90 percent of the people believing we were going in to make the world safe for democracy. The facts are we went in because the House of Morgan lent a very large sum to Great Britain. To save that loan of not quite a billion dollars, the taxpayers of this Nation spent thirty billions and sacrificed the lives and health of thousands of our best young men.

It is a matter of public record, found in the CONGRESSIONAL RECORD of August 20, 1919, before the Foreign Relations Committee of the United States Senate, that President Wilson, who had just returned from Europe, testified that we would have been in the war even though Germany had committed no acts of war against this country, or acts of injustice against any citizen of this country. He said it was a commercial war and not a political war.

We went in to save the filthy dollars of the House of Morgan, not to make the world safe for democracy.

TAXATION

In the Chicago Herald Examiner of February 9 you will find a cartoon entitled "The Plunderers." This cartoon shows a huge gorilla labeled "Income Tax" literally destroying the Nation. It also shows the oppressed taxpayer begging the Congress to do away with the unfair income tax and substitute the fair sales tax.

This is the grossest kind of bunk. An income tax never destroyed a home. It never caused a man to lose his home. It never caused the death of a child because the father was unable to employ medical care. It never caused the death of a wife and mother because the father had too little money to give her medical care. If there is such a thing as a giant gorilla destroying homes, murdering mothers and children, it is the sales tax. It taxes the poorest human in the country. It taxes the pennies dropped in the tin cup of the blind beggar on the street. When at eventide he goes to the hovel he calls his home and stops in the grocery store to buy a little coffee and sugar, the sales tax, a consumption tax, taxes the pennies he spends. It taxes him the same amount on those pennies he spends as are the pennies of the richest man of the Nation when he buys coffee and sugar.

Shame on a newspaper that will attempt to feed such bunk to the citizens of this country.

PEASANTS—WOODEN SHOES

Those who have their hands in the farmer's pockets feed him the bunk of the terrible condition of the peasants of France. They ask him how he would like to wear wooden shoes as they do in Holland and Denmark. This bunk works. The poor, debt-ridden, half-clothed, ragged American farmer sticks out his chest and feels like he is a big upstanding man.

Allow me to debunk that bunk. Thirty-five percent of the peasants of France live in modern homes. By this I mean their homes are lighted by electricity, have radios, running water, etc. In this country only 10 percent of the farmers live in modern homes. In France the name of a farmer is peasant. It does not indicate he is a slave, and is not a name of reproach.

Now, debunking the bunk about wooden shoes. Wooden shoes in Denmark have no more association with poverty or slavery than rubber boots in this country. Eighty-five percent of the farmers of Denmark live in modern homes and own their homes. They wear wooden shoes out in the cow barn, but they do not wear those shoes in their ballroom.

About 2 years ago wife and I visited farmers all over Denmark. We never saw such beautiful homes in any country. We visited one man who had 200 cows in the stanchions that he was milking. Out in his cow barn he had on wooden shoes. There were 25 rooms in the house in which he lives. I am sure the ballroom was not less than 40 by 50 feet. He did not wear the wooden shoes in the ballroom.

COOPERATION

Cooperation is one of the two topics in the name of the Farmers' Union. The other is education. Cooperation, just like man, has two legs on which to stand. These two legs are cooperation in business and cooperation in legislation. Each supports the other. Neither can get along without the other.

A man who bemeans those who preach two-legged cooperation is not a cooperator himself. He is emitting bunk.

If farmers attempt to cooperate in a business way alone, one little act of a State legislature or a National Congress can take from them all the savings they make in their business cooperation. The more cooperative business farmers have the more they need to look after the other leg of cooperation, legislation.

One of the most far-reaching cooperative institutions of the Farmers' Union is in handling livestock on the terminal markets. Legislation and changing the rules in the Department of Agriculture necessitates continuous legislative work to protect these cooperative business institutions.

To those of you listening in I call your attention to the fact that I always preach and advocate cooperation in a business way and cooperation in a legislative way. He who does not preach both, he who condemns either is not a cooperator.

ENEMY OR FRIEND

The ultra rich largely control the press of the country. Through this control, they bunk the farmers of the country into believing that the farmers' enemy is his friend and his friend is his enemy. If a Congressman votes in the interest of farmers, the daily papers lead the farmers of his district to believe that he is their enemy, and in the next election they politically assassinate him. On the other hand, if a Congressman votes against the interest of farmers, the newspapers lead the farmers to believe he is their friend and they walk up at the next election and vote to return him.

There is no more striking illustration of this bunk than what the newspapers feed their readers concerning Senator HUEY P. LONG.

I am personally acquainted with Senator LONG. He is a high-class, intelligent, courageous United States Senator. His whole public career is 100 percent for the farmers, laborers, and other poor people of the country.

To those not acquainted with Senator LONG the newspapers would lead them to believe that he is dishonest, disreputable, and not even intelligent.

Let us debunk, briefly, some of the bunk the press of the country put out about Senator LONG.

When Senator LONG became Governor of Louisiana there were only 80 miles of hard-surfaced roads in that State. When he quit as Governor there were over 2,500 miles, not to say anything about a great increase in the number of miles of graveled roads.

When he took charge as Governor half the children of school age of the State did not attend school. They could not—their parents did not have the money to purchase textbooks for them. As Governor he put through a free textbook law, and today every child in Louisiana has an opportunity for education. As Governor he opened night schools, and during his administration more than 240,000 adult men and women learned to read and write.

These are some of the crimes Senator LONG committed as Governor.

When he took charge as Governor there were 1,500 students in the State university and the university was graded class C. Before the end of his term as Governor the university had 5,000 students and was graded class A.

For a large portion of the citizens in the territory of New Orleans the toll bridges charged $8 for a round trip to the city over their toll bridges. Governor LONG committed the crime of building free bridges over which the people now pass without pay.

In grafting, Louisiana for a hundred years has been in a class by itself. They were the aristocracy of racketeers. They did the job in silk hats and long-tail coats. They were the personification of dignity and culture in their operations of public theft.

I have read much of the testimony in the hearings to oust Senator LONG and those associated with him who now hold official positions in the State of Louisiana. One man, Sam D. Hunter, of Shreveport, on direct examination testified to the unclean political methods used by Governor LONG. On cross-examination, Mr. Hunter admitted he donated $75,000 in cash to help defeat the candidate Governor LONG was supporting as his successor. The candidate is now Governor Allen, of Louisiana.

Mr. Zomurray testified that he had spent $325,000 in an effort to defeat the Long candidates.

Ex-Governor John N. Parker admitted that he raised $200,000 to be used against Senator LONG and his followers.

Senator HUEY P. LONG's program of national legislation is in complete harmony with the program of the Farmers' Union.

I hope those of you listening in will never let the misrepresentation of Senator LONG's conduct and program ever influence you against him. What we need is more Huey Longs in the United States Senate.

FINANCING

The Agricultural Adjustment Act is bunking the people of the Nation, other than farmers, into thinking that it provides for relief to farmers who are hard pressed financially. The figures up to date show that less than half the farmers even get temporary relief under the Agricultural Adjustment Act's refinancing. More than half sink financially, lose their homes, and become tenants, day laborers, or outcasts.

Mr. Harriman, president of the United States Chamber of Commerce, was one of those who prepared the Agricultural Adjustment Act. His name will be found as one of the authors in the testimony of the Secretary of Agriculture before the Senate Agricultural Committee hearings on the farm relief bill.

The Farmers' Union prepared and supported the Frazier-Lemke bill, which provides for the Government refinancing farmers at 1½-percent interest and double the amount that the Agricultural Adjustment Act will lend on a farm. It takes less dollars to retire a $10,000 loan at 1½ percent than it does a $5,000 loan at 4½ percent. The Frazier-Lemke bill also provides for the Government receiving the 1½-percent interest instead of the present 4½ percent going to the coupon clippers of the country.

This talk will be published in most of the State Farmers' Union papers. The Farmers' Union paper at Oklahoma City will furnish anyone writing for a copy of March 1 issue, which contains this talk.

The Frazier-Lemke bill is smothered in the Committee on Agriculture in the House. A petition is on the Speaker's desk that 98 Congressmen have signed. When 145 sign it automatically takes the bill out of the committee and brings it to a vote in the House. In March 1 issue of the Oklahoma Union Farmer you will find the list of Congressmen who have signed. If yours has not, write him at once asking him to sign.

There is a companion measure that has been introduced by Congressman SWANK, of Oklahoma, providing for the Government refinancing home owners in towns and cities on the same basis as the Frazier-Lemke bill does for farmers.

The farmer knows that the Agricultural Adjustment Act's refinancing provision is bunk. I hope I have debunked the bunk you who are not farmers have been fed on this subject.

MONEY AND CREDITS

Of all the bunk that has been fed the people of this Nation for more than half a century none is more deceptive and more destructive than that concerning the system of money and credits in this Nation.

You are told, through the press and the textbooks in the public schools, that paper money is unsound. The facts are, outside of change, from half dollars down to pennies; we have no other kind of money than paper money used in this country. Ninety percent of the paper money we use is money signed by bankers instead of by the Government. Why should a $20 bill signed by a national banker be better money than a $20 bill signed by Uncle Sam?

You are given the bunk that it is sound and safe for the Government to tax the 125,000,000 common people of this country to pay $1 principal and $1 interest to have bankers sign and make money for us to use. You are taught it would be unsound for the Government to tax us $1 to retire full legal tender non-interest-bearing currency issued by the Government. In other words, it is safe to use banker money upon which we pay principal and interest, but unsafe to use Government money upon which we only pay the principal.

Silver was demonetized in 1873. Gold was demonetized in 1933. It is the position of the Farmers' Union that these two metals should be remonetized and given to the people of the Nation to use as money.

Write your Congressmen and Senators, asking them to vote for the Wheeler bill (S. 70), which remonetizes silver.

Your surpluses will vanish when silver is remonetized. Half the people of the world are on a basis of silver for their money. They cannot now purchase our farm and other products. Remonetize silver and they can.

OVERPRODUCTION

We are fed the bunk that the farmers of this Nation have produced too many good things to eat and too much of the raw material out of which clothing is made.

The present policies of the Department of Agriculture and the administration in Washington are to destroy property, restrict production, and in that way get prosperity. Their policy is for the American farmer to reduce his production so that foreign farmers can ship more of their products into this country.

I hold in my hands the latest Government Statistical Abstract. It shows that for dairy, poultry, and meat products we are importing more into this country than we export.

About 10 days ago the President of the United States asked the Boy Scouts of the Nation to solicit cast-off clothing from the more fortunate families of the Nation to distribute among the millions of men, women, and children of this Nation who have had no new clothing in the last 5 years.

Overproduction is bunk. These facts debunk the bunk on that question.

I quote from the agricultural speech made by the President in Topeka, Kans., September 14, 1932.

I might say I received a wire at a Farmers' Union picnic I was addressing in Central City, Nebr., the afternoon of the 19th of August 1932, asking me to meet the Democratic candidate for President the next afternoon in Columbus, Ohio. To make the thousand miles so quickly I traveled most of the way by airplane. When I arrived in Columbus the Democratic candidate for President told me about the agricultural speech he would make in Topeka a month later, and said he called me in for my advice.

His speech was published by the National Democratic Committee. I have a copy. You can get one by writing them, Washington, D.C.

On page 17 I quote the following from the Democrat candidate's agricultural speech made that day in Topeka, Kans.:

"The Farm Board's efforts resulted in squandering hundreds of millions of the taxpayers' money. The Farm Board's speculative operations must and shall come to an end.

"When the futility of maintaining the prices of wheat and cotton through so-called 'stabilization' became apparent, the President's Farm Board, of which his Secretary of Agriculture was a member, invented the cruel joke of advising the farmers to allow 20 percent of their wheat lands to lie idle, to plow up every third row of cotton, and to shoot every tenth dairy cow. Surely they knew that his advice would not, indeed, could not, be taken."

On page 16 he also said, "The idea of limiting farm production to the domestic market was simply to threaten agriculture with a terrific penalty. It meant allowing wheat land in Kansas to remain idle, forcing foreclosing of farm mortgages and wrecking farm families."

Again, on page 18 he said, referring to his Republican opponent, "Reduced to its lowest terms, the present administration is asking the farmers of the Nation to put their interests into the hands of their bitterest opponents—men who will go to any and all lengths to safeguard and strengthen a protected few—men who will coldly say to the American farmer: 'One third of you are not needed. Run a race with bankruptcy to see which of you will survive.'"

This is the doctrine we were fed during the campaign of 1932.

What do we get? We get the Farm Board program with increased emphasis. The Farm Board only advised cotton farmers to plow up every third row. This administration paid them over $11 an acre to do it. The Farm Board only advised killing every tenth dairy cow. This administration paid millions of dollars to destroy 6,000,000 pigs and 1,000,000 sows ready to farrow 5,000,000 more pigs.

Let us go a little further in debunking the bunk that is being fed to farmers and others as to the benefits farmers are receiving.

While they handed you a small check for reducing your wheat acreage, for plowing under cotton, for cutting the throats of the little pigs, at the same time they were fastening on you a debt, through the issuance of interest-bearing Federal bonds, far in excess—yea, 10 times in excess the benefits you received.

There are now about twenty-seven billions of interest-bearing bonds outstanding in this Nation. Each billion is a debt on the average family of about $50. That means that every average family has a debt over them of $1,350, represented in the Government bonds. You are being taxed to pay. This is not all. This administration is issuing a billion dollars more each month.

All that interest goes to Shylock coupon clippers and is known among the bankers' fraternity as the "bankers' cut." The bankers' cut now is a billion dollars a year, which is more than the total cost of Government prior to the World War.

Mr. Farmer, Mr. Business Man, Mr. Lawyer, Mr. Laboring Man, don't let them feed you bunk that prosperity is here; that they are doing something for you. They are doing it to you.

I find that in all the glowing reports about increased sales of chain stores and other mercantile institutions the increase is in dollars and not in volume of business.

The sales of the Atlantic & Pacific Tea Co. in January increased 4½ percent in number of dollars of business, but in tons of goods handled there was a decrease of over 4 percent.

I have a letter from J. E. Frost, of Washington Courthouse, Ohio, in which he tells me this story: "We sold during the last week of 1933 a 5-gallon can of cream for $1.78; butter fat test was 41." Mr. Frost's daughter lives in Newark, Ohio. The same week she paid 22 cents for a half pint of cream that tested only half as much butter fat as the 5-gallon can her father sold. Five gallons of cream purchased by consumers in Newark, Ohio, cost them $32.07. Mr. Frost received for the 5 gallons $1.78. Such a condition is worse than bunk.

It is a shame that this Government is spending billions of dollars foolishly when they could spend a few millions wisely and do the people of the Nation much more good.

CLOSING

In closing let me appeal to you farmers listening in, members and nonmembers, go out from this hour determined to do everything in your power to build up a farmers' class organization in the United States that can legitimately speak for every farmer in the Nation.

Go from this hour to become a member of the Farmers' Union if you are not a member. If you are a member, get some neighbor who is not one to join.

To you who have self-organized recently, let me urge you to use both legs of cooperation. Find something you can do in a business way cooperatively and save yourselves money.

Let me also remind you old locals, and new ones, too, have regular meetings. In this kind of times you ought to have them once every week.

Your local and your organization is a machine, given to you to use. If you do not use it, it will not do you any good. In fact, like any other machine, if you do not use it, it will rust out and soon be in the scrap pile. Some locals use their machine for every purpose it can be used. They use it as a neighborhood gathering to promote good feeling and general interest in the community. They use it to cooperatively buy the things they need and to sell their products. They use it as a means to let their members of the legislature and their Members of Congress know their desires on measures pending in those bodies. When the machine is used in all these ways it is doing the members some good and is not rusting out. In fact, locals that practice using their machines this way grow, not only in numbers but also in accomplishment.

Now, some locals just use their machine for a part of these purposes, and that is very well and makes the machine profitable. Others do not use their machine at all and the machine gets rusty and squeaks awfully. In its squeaking it is always complaining about getting no good out of the organization. It is always finding fault with its county and State officers, always predicting the collapse of the organization. Now, we want the members everywhere to think about this and see if they cannot find some use for their local other than to have it just a squeaking, fault-finding, old rusty machine.

We are going to get the 145 signers to the Frazier-Lemke bill petition; especially if you members and you who are not members do your duty in writing your Congressmen.

When the 145 names have been secured and the date set for discussion and vote, I shall notify you, through your State organizations, and where you have no State organization, through the national secretary, to come to Washington and help secure the votes necessary to pass this measure in the House and the Senate.

Last year over 200 delegates came from 21 Farmers' Union States, and we were successful in getting our cost of production amendment into the Agricultural Adjustment Act in the Senate, but were defeated in the House.

I hope a thousand of you respond if I make the call. I shall not ask you to come unless there is a chance for you to do good, a chance to get our bill through.

The Farmers' Union national program includes endorsement of the Patman bill, which pays the soldiers' bonus right now; does not wait until 1945.

I am happy to announce that this petition secured the 145 signers to bring it out of the committee. It will probably come to a vote early in March.

DIRECT BUYING

The big livestock packing companies bunk many farmers into believing that direct buying is a good thing for livestock farmers. They lead the farmer to believe that by selling his hogs, cattle, and sheep to the packer instead of through the regular terminal marketing facilities he escapes all the expenses at the terminal.

The facts are the big packers in their direct buying divide the territory and thus completely eliminate competition. They also use the livestock directly purchased of the farmers to depress the public markets. They do this when they buy a sufficient number direct to permit them to stay off the market temporarily. They also use the culls and low grades as a depressing influence on the public market. They likewise escape the Government regulation that prevails at the large public markets.

The National Farmers' Union and the cooperative livestock commission firms of the United States are supporting the Capper-Hope bill, which provides a proper remedy for the present evils of direct buying. There will be hearings on this bill within the next 10 days. Write your Congressman and Senators to support it.

Those desiring information concerning the Farmers' Union, write E. E. Kennedy, our national secretary, Kankakee, Ill.

Those desiring a copy of this talk write Farmers' Union, Oklahoma City, Okla.

Until I greet you again the fourth Saturday in March, which will be the 24th, and at this same hour, I bid you good-bye.

INDEPENDENT OFFICES APPROPRIATIONS

The Senate resumed the consideration of the bill (H.R. 6663) making appropriations for the Executive Office and sundry executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1935, and for other purposes.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER] on behalf of himself and the Senator from Nevada [Mr. McCARRAN] in the nature of a substitute for the first section of the amendment of the Senator from South Carolina [Mr. BYRNES].

Mr. STEIWER. Mr. President, I hope that I may make perfectly clear any question which may exist in the minds of some Senators concerning the estimated cost of the proposal now pending before the Senate.

This proposal in its first paragraph merely reestablishes to a service-connected status certain veterans who, prior to the passage of the Economy Act, were recognized as service connected by benefit of statutory presumption. The first paragraph does not provide any rates of pay; it merely prescribes the entitlement, as the Veterans' Administration uses that phrase.

The second paragraph of the substitute offered by the Senator from Nevada and myself and on behalf of the Senator from Pennsylvania [Mr. REED] goes further and provides what is known as a "protective clause." It also provides certain relief for widows of soldiers whose death resulted from disabilities incurred during war service, and provides, in addition, a method by which new applications may be received in case a veteran is eligible for disability compensation but had not heretofore applied.

The first paragraph, taken separately, therefore, would cost nothing. The mere reestablishment of a broken service connection in and of itself results in no cost to the Government. The cost is in the second paragraph, and that requires a little analysis before we can reach a correct conclusion concerning it.

In response to a letter which I wrote some days ago to the Administrator of Veterans' Affairs, I received an estimate that the cost would be between $44,000,000 and $45,000,000 per year. That figure, however, was calculated on the basis of expenditures under the law as they existed at that time. Obviously, this estimate is not the difference in cost between the substitute proposal and the amendment offered by the Senator from South Carolina [Mr. BYRNES]. It is impossible for any Senator to determine the exact number of veterans who would ultimately be restored to the rolls under the provisions of the first paragraph of the amendment offered by the Senator from South Carolina. Immediately there would be restored to the rolls all the presumptive cases removed by the special review boards. That would cost, so it is said, nearly $1,000,000 per month, but within 6 months or a year or 2 years or some other undetermined time these cases would have been adjudicated, and then and thereafter the only ones remaining upon the rolls would be those found entitled under the decisions of the Board of Veterans' Appeals.

If that review is to be anything other than a mere mockery, if it is to restore any substantial number at all, then that number must be considered in the cost comparison between the proposal made by the Senator from South Carolina and the pending substitute proposal. If it be taken at one fourth or one fifth the total number merely for an assumed figure, we should exclude that many veterans in calculating the difference in cost.

Another angle that is most important is that the substitute proposal contains a proviso, the effect of which is to exclude three different classes of veterans' cases from the benefits of restoration. The Legion has estimated that that proviso with its three exceptions will prevent restoration in nearly one third of the 29,000 cases involved.

Senators who have been following the subject know that the special review boards reviewed something like 51,000 cases. They granted service connection in approximately 22,000 of those cases and dropped from the rolls approximately 29,000 veterans. If we assume the proposal made by the Senator from South Carolina will restore one fourth of the whole group of 29,000, then the number with which we are concerned in considering the difference between the amendment offered by the Senator from South Carolina and the pending substitute is not the whole figure of 29,000, but is a substantially reduced figure which might be 10,000, 12,000, 15,000, or 18,000.

This number is not known, it will not be known, and cannot be known except by actual application of the law to the cases under the administration of the Veterans' Bureau. But the difference in cost between the two amendments is fixed by this indeterminate figure, and I hope Senators will bear that in mind.

The average rate of compensation paid to the veterans of the World War before the passage of the Economy Act was about $46 per month. In the tubercular group it was higher. In the neuropsychiatric group it was higher. If we take $50

as the average figure and apply it to a group of 15,000 or 18,000 veterans, it will be seen that the amount at stake is not the original figure of $45,000,000 estimated by the Veterans' Administration, but it is an amount that would be considerably less than that figure. I should judge that the total ultimate difference in the cost of restoration of these presumptives would not exceed $6,000,000 or $7,000,000 per year.

There is in the substitute amendment a greater cost which lies in the fact that under its provisions the service-connected cases would also be benefited by being restored to their former rate of compensation as paid to them prior to March 20, 1933.

The two elements combined make a very substantial difference between the two proposals. I think there is no way of calculating the exact amount. I believe, and it is the belief of those of us who have undertaken to make the calculation, that the difference in the two proposals may be as much as $15,000,000 or $18,000,000 or $20,000,000 per year. I refer to it because I want no Senator to assume that the original estimate of $44,000,000 submitted by the Veterans' Administration marks the net additional cost of the proposal. That estimate was made on the basis of the cost of these proposals without taking into consideration the additional expenditure contemplated in the amendments submitted by the Senator from South Carolina. The actual cost is the substantially reduced sum to which I have referred.

Mr. President, in the limited time that is allotted to me I cannot attempt to make the kind of explanation that I should like to make. I want to leave with Senators this thought: It is believed nearly everywhere that the special review boards in the field have been a failure. It is believed that their results have been unsatisfactory, that they have taken 29,000 veterans off the rolls, many of whom ought to have been continued as service connected. They operated under instructions which denied to thousands of veterans any fair chance to establish the war origin of their disabilities. Their determinations result in inequalities between veterans of different States and show a difference in service connection ranging from 23 to 75. The Byrnes amendment does not correct this faulty system; it perpetuates that system. Appeal to the Board of Veterans' Appeals is bound to be unsatisfactory to the veterans affected and to Members of Congress. This is true because the appeals will be determined under the harsh restrictions of the Economy Act—the same restrictions which prevented the special review boards from doing justice.

The VICE PRESIDENT. The time of the Senator from Oregon has expired. The question is on the amendment offered by the Senator from Oregon [Mr. STEIWER] on behalf of himself and the Senator from Nevada [Mr. McCARRAN] in the nature of a substitute for the first section of the amendment of the Senator from South Carolina [Mr. BYRNES].

The amendment to the amendment was agreed to.

Mr. GOLDSBOROUGH. Mr. President, I desire to call up an amendment which I have offered and which is lying on the table. I ask that it may be read.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 38, after line 14, it is proposed to insert the following:

SEC. —. Notwithstanding any provision of law to the contrary, in no event shall the compensation being paid on March 19, 1933, under subsections (3) and (5) of section 202 of the World War Veterans' Act, 1924, as amended, to veterans for the loss of the use of both eyes, where such veterans were, except by fraud, mistake, or misrepresentation, in receipt of compensation on March 19, 1933, be reduced or discontinued, except in accordance with the regulations issued under the act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, pertaining to hospitalized cases.

Mr. GOLDSBOROUGH. Mr. President, I offer this amendment as an amendment to the amendment of the Senator from South Carolina [Mr. BYRNES]. I have just one word to say about it.

I think the amendment needs no explanation. It merely provides for the restoration of the compensation received prior to the promulgation of the regulations or Executive orders in the case of men who have lost the use of both eyes, the injury being service connected. They received heretofore $200 per month—$150 in compensation and $50 for an attendant. They were cut to $175, and this amendment places their compensation back where it originally was—$200.

I hope the amendment will be agreed to.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Maryland [Mr. GOLDSBOROUGH] to the amendment of the Senator from South Carolina [Mr. BYRNES] as amended.

The amendment to the amendment was agreed to.

Mr. STEIWER. Mr. President, I send to the desk an amendment on behalf of the Senator from Nevada [Mr. McCARRAN] and myself.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. 2. Section 6 of Public Law No. 2, Seventy-third Congress, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended by adding thereto the following proviso: "*Provided*, That any veteran of any war who was not dishonorably discharged suffering from disability, disease, or defect, who is in need of hospitalization or domiciliary care, and is unable to defray the necessary expenses therefor (including transportation to and from the Veterans' Administration facility), shall be furnished necessary hospitalization or domiciliary care (including transportation) in any Veterans' Administration facility within the limitations existing in such facilities, irrespective of whether the disability, disease, or defect was due to service. The statement under oath of the applicant on such form as may be prescribed by the Administrator of Veterans' Affairs shall be accepted as sufficient evidence of inability to defray necessary expenses."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon on behalf of himself and the Senator from Nevada, to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

Mr. STEIWER. Mr. President, I am not sure that I have made the parliamentary situation of the amendment perfectly clear. This amendment is offered as a substitute for the second paragraph of the amendment offered by the Senator from South Carolina.

I will take just a minute, if I may, to explain the difference between the two.

The second paragraph contained in the amendment offered by the Senator from South Carolina extends aid with respect to hospitalization by providing that, under a certain prescribed system of priorities, the veterans of the wars and the peace-time veterans may be received into the Veterans' Administration facilities. The difference between the proposal of the Senator from South Carolina and the one offered by the Senator from Nevada and myself is that the proposal of the Senator from South Carolina is merely permissive. If Senators will look at it, they will see that it merely authorizes this service to be rendered. It requires nothing at all.

If Senators will also look at section 6 of the Economy Act, they will find that under that section a permissive authority is extended to the President enabling him to grant this hospitalization service. Therefore there is nothing new; there is nothing added to the law by the amendment offered by the Senator from South Carolina, save to fix the order in which veterans and peace-time ex-service men may be received in the hospitals.

The amendment which is now offered as a substitute for that amendment is a part of the Legion's program. It is to the same effect so far as extending hospital treatment to veterans is concerned, but it is mandatory in its requirement. It provides that such treatment shall be furnished within the limits of the Veterans' Administration facilities to veterans who are unable to pay for treatment.

Mr. President, this proposal was offered here and was printed some time ago in an amendment offered by the Senator from Georgia [Mr. GEORGE]. The language included in the proposal now submitted is almost identical with the proposition that the Senator from Georgia sub-

mitted to the Senate some time ago. It occurs to us that there is no objection at all to making mandatory the furnishing of hospital treatment within the limitations of existing facilities when the United States has the facilities and the personnel to furnish the service and when there are indigent sick veterans unable to care for themselves, who, if they are not cared for through the agencies of the United States Government, must be cared for by charity in private hospitals or in State or other local institutions.

We hope that the Senate will take favorable action so as to make mandatory the use of these vacant beds. There are now some 7,000 vacant beds in these facilities. Prior to the liberalization of Veterans' Administration policy and to the use of the facilities for the C.C.C. and other Federal agencies, there were nearly 13,000 vacant beds, made vacant by the drastic restrictions under the Economy Act. The object of this proposal is to bring about the utilization in behalf of sick and indigent soldiers of these available unused facilities.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon, on behalf of himself and the Senator from Nevada [Mr. McCARRAN], to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

The amendment to the amendment was agreed to.

The VICE PRESIDENT. The question is on the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

Mr. STEIWER. Mr. President, on behalf of the Senator from Nevada [Mr. McCARRAN] and myself, I desire to submit one more amendment for the consideration of the Senate. I send it to the desk and ask that it may be stated.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 38, between lines 14 and 15, it is proposed to insert the following:

SEC. —. Section 10 of Public Law No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows:

"Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., supp. VI, title 38, secs 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, shall be entitled to continue to receive retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty; except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section: *Provided*, That nothing in this section, as amended, shall be construed so as to prejudice or destroy any rights of appeal, or any monetary benefits payable because of any such appeal, heretofore conferred upon retired emergency officers by this act and regulations issued pursuant thereto."

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Oregon.

Mr. STEIWER. Mr. President, I should like the indulgence of the Senate long enough to permit me to state what this proposal is.

It will be remembered that there were four points in the program of the American Legion. One of those four points provided pensions for widows in the death cases that were nonservice connected. I am not offering that point, and shall not offer it in connection with this amendment.

The points heretofore considered were the points that made up the first three of the Legion's four-point program; namely, first, restoration of full compensation in the direct service-connected cases; second, restoration of the benefits of the old law in the presumptive cases; and, third, mandatory extension of the use of hospital facilities to veterans unable to pay for treatment. These three points have been considered and voted upon. The fourth point, as I say, respecting the widows' pensions to non-service-connected cases, I shall not offer.

I have offered in this amendment two very minor proposals, and I hope that the Senate may consider them favorably.

The first merely provides, in effect, that where a veteran is injured because of malpractice, he shall receive compensation just the same as though his disability were of war-service origin.

Mr. BORAH. Mr. President, there was so much noise in the Chamber that I did not quite understand that statement.

Mr. STEIWER. The first proposal is that where, in a veterans' hospital, a veteran is disabled by reason of mistreatment on the part of a Government agent, as in a case of malpractice by a Government surgeon, that disability shall be treated just the same as a war disability, and the veteran shall be compensated in the same way.

Mr. BORAH. Are we undertaking to cover cases of malpractice upon the part of physicians?

Mr. STEIWER. Incidentally, we would. Of course, what we are trying to do is to protect the men who suffer from malpractice at the hands of Veterans' Administration physicians. That was in the old law; it was repealed by the Economy Act; and the effort at this time is to restore it.

The second proposal contained in the amendment is to provide relief for certain of the retired emergency officers who were receiving benefits prior to the passage of the Economy Act. The amendment proposes to restore about 1,900 or 2,000 of those officers to the rolls. It will be remembered that before the Economy Act there were approximately 6,500 emergency officers on the retired list. The Economy Act cut that number down to approximately fourteen or fifteen hundred by reason of the application of what is called the "causative factor." This provision merely effects restoration to the rolls of those upon whose military record there is an Army history of the disability for which they were retired; and I am told by the Veterans' Administration that it will apply to 1,900 or 2,000 of these officers.

Mr. GEORGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Georgia?

Mr. STEIWER. I am happy to yield to the Senator.

Mr. GEORGE. The purpose of this amendment is simply to abrogate the causative-factor rule that was introduced in the Emergency Officers' Act, as I understand.

Mr. STEIWER. Yes; that is right, as to a limited group of these officers; and the amendment merely restates the existing law and provides an exception, which I will read:

Except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section.

There are those who feel that still others of this group should be restored, but we wanted this amendment to be a conservative amendment. We wanted to approach the matter in the most temperate way. Therefore, we limited the restoration to those who have written into their military records a history of their disability.

Mr. BORAH. Mr. President, coming back to the first proposition, I am curious to know how it is provided that we shall determine that there has been a case of malpractice.

Mr. STEIWER. Mr. President, I do not know that the Veterans' Administration can determine that there has been a case of malpractice, but they do determine that the veteran is suffering from disability, and in some cases they have determined that the disability was caused by or aggravated by some mistreatment upon the part of the veterans' agencies. I do not think there has ever been any trial of a doctor to determine malpractice, and I am told—and I ought to say in fairness to the Veterans' Administration—that in

recent years there have been very few of these unfortunate cases. Originally the veterans' hospitals were not as effective and the doctors not as competent as they are now. There are only a limited number affected by this amendment—I think it is 65—who have suffered at the hands of Veterans' Administration physicians. They were swept off all the rolls by the Economy Act. We seek by this amendment to put that little group back where they can be dealt with generously by their Government.

Mr. CONNALLY. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. CONNALLY. Senators may speak 10 minutes on the bill and 10 minutes on each amendment, under the order, may they not?

The VICE PRESIDENT. Under the unanimous-consent order, any Senator may speak 10 minutes on the bill and 10 minutes on any amendment which may be pending.

Mr. CONNALLY. Mr. President, in view of the vote in the Senate on yesterday regarding Spanish War pensions, I desire to submit some remarks with reference to veteran legislation and its course through the Senate.

Those of us on this side of the aisle who voted against the Steiwer amendment to modify the Byrnes amendment by providing a limitation of only 10 percent as to Spanish War veterans instead of 25 percent in the Byrnes amendment did so because we favored the Byrnes amendment providing a limitation of 25 percent, and the reinstatement on the rolls of Spanish War veterans through the reenactment of the prior law on Spanish-American War pensions as to veterans and widows with their old rates, and a limitation that such rates could not be reduced more than 25 percent. We took that position because we had been in conference with representatives of the administration, and we believed that while President Roosevelt would accept a 25-percent limitation he would not accept a 10-percent limitation, and that the result would be a veto of the measure if it carried a 10-percent limitation.

Mr. President, I feel that it is unnecessary for me to state in this Chamber my interest in veterans' legislation of a character which is just both to the veteran and to the Government. My record here is well known. When the last general Spanish-American War Pension Act was passed it was on my motion in the Senate that the measure was passed over the veto of President Hoover.

Mr. ASHURST. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. ASHURST. I am quite interested in and am grateful for the Senator's statement and realize that not a few Senators voted on the Byrnes amendment as they did for the reason that they regard the Senator from Texas [Mr. CONNALLY] as the outstanding champion of the rights and privileges of ex-service men of the Spanish-American War. I know that the Senator from Texas [Mr. CONNALLY] has, in season and, some say, though I do not say so, out of season, here and elsewhere, championed, spoken for, and urged legislation in behalf of the Spanish-American War veterans. Doubtless there is some measure of sentiment connected with his particular efforts on that behalf. Sentiment is not unnatural under such circumstances. The Senator may be moved because he was a valorous soldier of the Spanish-American War, and if he has made any error or has done any injustice to the Spanish-American War veterans, I leave him, the outstanding champion here of their rights, to explain.

Mr. CONNALLY. I thank the Senator. I must, however, not accept at full value the Senator's compliment about my being a valorous soldier in the Spanish-American War. I was in the Army, but I never got to the war. I was stationed in Florida most of the time.

Mr. ASHURST. Mr. President, I said the Senator was a valorous soldier. Every man who offers his life for his country is valorous, no matter in what capacity he may serve.

Mr. CONNALLY. Mr. President, I am very grateful to the senior Senator from Arizona for his kind reference.

Mr. COPELAND. Mr. President, will the Senator yield to me?

Mr. CONNALLY. I yield.

Mr. COPELAND. I want to add just one word to what the Senator from Arizona has said. I know how loyal the Senator from Texas has been to the Spanish-American War veterans and to the World War veterans. He did not vote as I did yesterday, but I know his heart, and I am familiar with his uniform support of the Spanish-American War and World War veterans. I wanted to add this word to what was said by the Senator from Arizona.

Mr. CONNALLY. I thank the Senator. I should like to ask the Presiding Officer when my time will expire.

The PRESIDING OFFICER (Mr. DUFFY in the chair). The Senator has 12 minutes more on the amendment and the bill.

Mr. CONNALLY. Mr. President, I was a member of the Finance Committee when the economy bill was before the Congress at the last session. In the committee I voted against reporting that mesaure when it was reported, because I did not believe that sufficient time for its consideration was given to the committee. We were advised that it had been voted upon in the House of Representatives without the bill ever having been printed. It was said that Members of the House voted for it without ever having seen a copy of it, and pressure was brought to bear upon the Senate Finance Committee to consider the bill and bring it out within the short duration of 2 hours' time. I voted against reporting it, but I did so with the reservation that I would vote in the Senate as I saw fit, in view of possible amendments that might be adopted.

When the measure came to the Senate, it was amended in something like 30 particulars. About 30 amendments were adopted. The amendments improved the measure and removed some of the injustices of the economy bill. It was an administration measure. The Senate Democrats had a caucus on the measure, and it was made a Democratic caucus measure, and I supported the measure on final passage in the Senate.

Mr. President, I want to call to the attention of Senators the fact that when the economy bill was before the Senate I proposed an amendment relating to Spanish-American War pensions and World War veterans' compensation which is almost identical with the amendment which I supported on yesterday with regard to Spanish-American War veterans. On the 15th of March 1933, as appears on page 449 of the permanent RECORD, I offered an amendment, as appears from a quotation from the RECORD:

Mr. CONNALLY. Mr. President, I offer an amendment, which I send to the desk.

The VICE PRESIDENT. The clerk will report the amendment.

The CHIEF CLERK. On page 10, line 14, the Senator from Texas proposes to insert:

"SEC. 19. Notwithstanding any of the provisions contained in this title, in no event shall World War service-connected disability compensation of any veteran or the pension of any veteran of a war prior to the World War be reduced more than 25 percent of the amount thereof according to existing rates and subject to any rerating of disability under this act."

The amendment received 28 votes, but was defeated, there being 45 votes in the negative, as appears on page 551 of the RECORD for March 15, 1933.

Last year, when the independent offices bill was before the Senate, I renewed, in substance, the offer of the same amendment, which would have limited the cuts in Spanish-American War pensions and World War service-connected pensions to a 25-percent reduction. Under that amendment every Spanish-American War pensioner and World War service-connected veteran drawing compensation would have continued on the rolls and his pay could not have been cut more than 25 percent of the amounts they were drawing. That amendment was offered, and appears in the RECORD of the proceedings of June 2, 1933, as is shown by a quotation from the RECORD:

Mr. CONNALLY. Mr. President, I offer an amendment in the nature of a substitute for the amendment of the Senator from Florida.

The PRESIDING OFFICER. The Senator from Texas offers an amendment in the nature of a substitute for the amendment of the Senator from Florida, which the clerk will report.

* * * * * * *

Mr. CONNALLY. Mr. President, I ask to have the amendment stated.

The PRESIDING OFFICER. Without objection, the amendment will be restated.

The legislative clerk read as follows:

"Notwithstanding any of the provisions of the act approved March 20, 1933, entitled 'An act to maintain the credit of the United States Government', in no event shall World War service-connected disability compensation of any veteran, or the pension of any veteran of a war prior to the World War, or the pension of any widow and/or dependents of such veterans, be reduced more than 25 percent of the rate being received prior to March 15, 1933.

* * * * * * *

The VICE PRESIDENT. On this question the yeas are 42, the nays are 42. The Chair votes "yea", and the amendment is agreed to.

Mr. President, when that amendment went to the House of Representatives it was defeated by a vote of the House at the last session, as appears from the RECORD, but it formed the basis of the compromise arrived at between the House and the President of the United States, which resulted in a great improvement over the drastic provisions of the then existing Economy Act. If that amendment had been enacted into law when I offered it and when it passed the Senate, it would have solved the question and prevented many hardships. It provided for a 25-percent limitation on the cuts which could be placed against Spanish-American War pensions and World War direct service-connected pensions. It did not direct any cut whatever, but provided that no cut could be made for more than 25 percent.

The Senator from Massachusetts [Mr. WALSH], the Senator from Georgia [Mr. GEORGE], and myself are members of the subcommittee on veterans' affairs of the Senate Finance Committee. During the past week we have been trying to work out this problem. We have had conferences with representatives of the White House, we conferred with the President, and we had every assurance from representatives of the White House that if the Senate would agree upon an amendment in regard to Spanish-American War veterans providing that cuts should not be more than 25 percent of their old rates that amendment would be approved by the White House and would become the law, but that a limitation of 10 percent would be vetoed. That was why we supported on yesterday the Byrnes amendment providing for a limitation of 25 percent, rather than the amendment providing 10 percent. We wanted action. We wanted results. We were not in favor of making idle gestures to the veterans in order to obtain a favorable reaction from them. We wanted to help them, rather than simply to appeal for their favor. We were concerned with obtaining concrete results, and if the Byrnes amendment covering the Spanish-American War veterans' pensions had been adopted yesterday, I am confident that the President would approve the measure and that it would become the law.

Mr. President, these are practical considerations, it is true; but we are living in a practical world. The only way to obtain results is to face the consequences of our action. We have been assured that these are the maximum concessions that could be obtained from the administration, and believing that it was to the interest of the veterans of the Spanish-American War and the World War that we arrive at some settlement of this question which would receive approval and would become the law, we pursued the course we followed yesterday.

Let me say that everything that has transpired since the passage of the economy bill has vindicated the position of those of us who at the time said that a 25-percent limitation on World War service-connected disabilities and Spanish-American War pensions would meet the question. Every development and everything that has transpired since that time has proven the wisdom of the course we then undertook to pursue, and had the House concurred in the action of the Senate in adopting such an amendment it would today be the law and thousands of veterans would have been spared suffering and privation.

At the last session of the Congress, it will be remembered, the Senate adopted my amendment limiting cuts in World War compensation and Spanish-American War pensions to 25 percent. There was a tie vote, and Vice President Garner voted for my amendment and carried it. That was the sentiment of the Senate; that was the solemn expression of the will of the Senate, and had it been concurred in by the House of Representatives these matters would now be history and the World War veterans and the Spanish-American War veterans would have been receiving a rate of compensation with which most of them would have been satisfied under existing conditions.

Mr. President, in closing, allow me to say that these are stressful times, and I believe that the veterans of the World War and of the Spanish-American War want to do their part in this emergency, just as they did their duty in time of war. They understand that it is necessary for the Government to use measures of economy. A flat 25-percent limitation on reductions a year ago would have been accepted.

Today, Mr. President, and on yesterday, those of us on this side of the Chamber who stood by the Byrnes amendment on Spanish War pensions were doing so because the Senate had heretofore expressed its will. We did so because we thought it represented the maximum concession that could be obtained from the administration, and we did so because we thought more of the real interests of the Spanish-American War veteran and the World War veteran than we did of any temporary measure of personal gratification through arousing the enthusiasm of the veterans throughout the land. We were more concerned with substance than we were with form. We did not propose to spend our time in idle gestures when we could obtain concrete results. We were trying to get increased benefits for the veterans instead of pleasing them by our votes and having them later disappointed by failure to secure such benefits. We were given assurances by the leadership on this side of the aisle that to have pursued any other course would result not in benefit to the veterans but in disaster to them.

I ask unanimous consent to have printed at the end of my remarks a statement issued by the Democratic members of the veterans' subcommittee of the Finance Committee.

The VICE PRESIDENT. Without objection, it is so ordered.

The statement referred to is as follows:

FEBRUARY 26.

Statement of Senators GEORGE, WALSH, and CONNALLY, the Democratic members of the veterans' subcommittee of the Finance Committee.

"The Byrnes amendment with respect to the rates of Spanish War veterans' pensions which was defeated today, and which we supported, was the result of many conferences with representatives of the administration, and we supported the amendment because we had every assurance that if adopted it would be accepted by the administration and become law.

"It provided for the immediate reinstatement on the pension rolls of practically all Spanish War pensioners at rates not less than 75 percent of pensions which they were drawing prior to the enactment of the economy law and reenacted all laws affecting Spanish War veterans that were in force prior to the economy law.

"It represented the maximum concession we were able to obtain and the most generous provision for the Spanish War veterans which the administration was willing to concede. It represented tremendous liberalization of the drastic provisions of the Economy Act insofar as it relates to the Spanish War veterans. The increased cost to the Government would be $50,000,000.

"In view of our negotiations and the liberality of the concessions obtained, we felt in duty bound to oppose any amendments which exceeded the 75-percent rate and which we believed was not acceptable to the administration."

Mr. COPELAND. Mr. President, I should like to ask a question of the Senator from Oregon [Mr. STEIWER]. As he knows, I have been concerned about the emergency officers, not because of the law but because of its administration. Does the Senator feel that the amendment he proposes will cover that particular matter so that the regulations which have been set forth may be more lenient in dealing with emergency officers?

Mr. STEIWER. As to those covered by the exception created by this amendment, the answer would, of course, be

in the affirmative, and the treatment would be more lenient as to them. I think it would have no effect at all on the others who are not covered by the exception.

Mr. COPELAND. Mr. President, last night I had inserted in the RECORD a report submitted to me regarding the emergency officers. I hold in my hand a letter from General Hines, the Administrator of Veterans' Affairs, which I ask to have inserted in the RECORD at this point.

The VICE PRESIDENT. Without objection, it is so ordered.

The letter referred to is as follows:

VETERANS' ADMINISTRATION,
Washington, February 26, 1834.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

MY DEAR SENATOR COPELAND: In pursuance to your request, the following report will supplement the information contained in my letters to you of February 15 and 21, 1934, relative to the number of former emergency officers' cases which have been reviewed by the Board of Veterans' Appeals on appeal from denial decisions under the provisions of Public, No. 2, Seventy-third Congress.

The Board of Veterans' Appeals, through February 24, 1934, rendered final decisions in 94 cases involving emergency officers' retirement benefits. Of the 94 disposed of, 16 were found entitled to continue to receive retirement benefits with pay, and 78 were found not entitled to continue to receive retirement benefits with pay.

In the letter of February 15, 1934, 12 cases were reported to you with the identifying information that you desired, and in the letter of February 21, 1934, one case was reported. These cases were those wherein the officer was found entitled to continue to receive retirement benefits with pay. Since that date three cases were considered by the Board and the veterans were found entitled to continue to receive retirement benefits with pay, and the following information is given:

Name	Case No.	Date of decision	Disability for which retired	Incurred in combat
X	252,439	Feb. 23, 1934	Hysterical paraplegia	Yes.
Y	179,527	Feb. 21, 1934	Myocarditis, arteriosclerosis with marked hypertension.	Yes.
Z	1,196,210	do	Arthritis	Yes.

In keeping with your desires, a daily report will be submitted to you of the actions taken by the Board of Veterans' Appeals in emergency officers' retirement claims.

Very truly yours,

FRANK T. HINES, *Administrator.*

Mr. CAPPER. Mr. President, I favor the amendment just offered by the Senator from Oregon [Mr. STEIWER], and I want to state briefly my reasons for supporting the joint program of the Senators from Oregon and Nevada, including the amendments to restore service men with presumptive service-connected disabilities to the rolls. It seems to me that is only a matter of justice and right. I was glad to vote for that part of the Steiwer-McCarran amendment adopted yesterday giving deserved recognition to the veterans of the Spanish-American War.

I want to say at this time that the Congress, as well as the ex-service men, have been deceived by the Veterans' Administration, as the result of the passage of the so-called "Economy Act" which we enacted last spring. I am making no apologies for my vote in favor of the passage of that act. Even a United States Senator is entitled to be fooled by a person or a bureau once, without being too severely criticized. But if he is fooled by the same person or bureau the second time, that is his fault, and he has no excuses to offer. For myself, I do not intend to assist in another possible betrayal of the veterans through leaving a too wide discretion with the Veterans' Administration, such as was left to that Bureau last spring.

At that time many of us in the Senate attempted to protect the veterans from what we feared might happen from granting in the Economy Act too much dictatorial power over veterans' payments and compensation. The Senate lost its fight to make it mandatory upon the administration to give just treatment in service-connected disability cases. We lost our fight to insure just and humane treatment to presumptive service-connected cases, and to give a measure of justice to the veterans of the Spanish-American War. We yielded to implied promises that in administering the Economy Act these classes of disabled veterans would be taken care of.

Fears were expressed at the time that too much power was being given. The entire power to deal with veterans was surrendered to the President and his bureaus. But the debates on the measure, and the language in which those powers were handed over to the President were believed to be explicit enough to outline a humane program that would be fair to veterans and to taxpayers alike.

Mr. President, as I understood at the time and understand now, it was the will of Congress, so strongly implied that it might almost be said with justice to have been expressed, that no veteran whose disabilities are directly service connected should have his compensation reduced more than 25 percent. That was not in the form of a legal mandate, but the suggestion was strong enough to indicate the intention of Congress that it should be guiding.

I understood then, and I understand now, it was the intention of Congress in granting the very broad powers to the Executive that in the presumptive cases the veterans would be continued on the rolls in fact, as well as in name, pending a determination of each case, and that the burden of proof in these cases would rest upon the Government and not upon the individual veteran. In a third class of cases, where the disability is neither directly nor presumptively service connected, the veterans were to go off the rolls, except under certain circumstances where they are permanently and practically totally disabled.

It seemed to me that the language in regard to hospitalization was plain enough, at least to justify, if not to direct, that the hospital regulations be modified, and that the hospitals were at least to be humanely administered.

I must regretfully say, however, because of the grave injustices done the veterans, that the broad, practically dictatorial powers given the executive branch of the Government have been gravely abused.

Thousands of men, wrecked for life while serving their country in its time of need, or as a result of such Army services, have been either cut off the pension rolls entirely or have had their compensation reduced below the point of living necessities.

Congress never intended that should be done, Mr. President. Congress does not, in my judgment, intend to allow that program to continue.

I realize that in this emergency it is necessary to grant unusual powers, broad powers, in some instances even dictatorial powers, to the executive branch of the Government. But when Congress learns, as we learned very early, that the unusual powers given not only have been abused but apparently are to continue to be abused if retained, then I believe it is the plain duty of Congress to take back some of the unusual powers granted the Executive.

As I see it, the powers over veterans' compensation and pensions and allowances have been abused, not only once but several times. Soon after the present session of Congress convened a new set of regulations was issued by the Veterans' Administration. The new regulations modified, to some extent, those issued earlier, but did not do justice to the service-connected disabled, nor did they really make much change in the hospital regulations, as I understand the matter.

As I understand them, the latest regulations do not restore to the rolls a single service-disabled World War veteran who had been cut off the rolls by the so-called "Economy Act." Neither did they, in fact, as I understand, restore any hospital treatments not already authorized by administrative regulations and instructions.

Mr. President, I am not one of those who insist that we return to the system which was being followed—and which, I will say very frankly, also had been abused—before the so-called "Economy Act" was passed. In fact, I was one of those who refused to vote to repeal that act when the repeal legislation was proposed in this Chamber a few days ago. We cannot correct one injustice by doing another injustice. But I do say that the amendments to restore men with presumptive service-connected disabilities to the rolls merely propose to correct an injustice by doing justice, and I intend

to support that program. I hope that when we get through with the pending legislation substantial justice will have been done the veterans of our wars.

May I also express the hope—I should like to say confidence—that the administration will see the wisdom as well as the humanity of accepting this program which the Senate is adopting in the interest of justice and in the interest of the common welfare.

Mr. WALSH. Mr. President, I should like very briefly to explain what I consider to be the relationship of the amendments relating to restoration of salaries and veterans' benefits to the administration's recovery program. I think we all concede that the fundamental and necessary policy of our Government, to bring about any industrial and commercial recovery in this country, depends upon the credit of the United States being kept sound. The first act of the present administration was a request that the Congress give the President authority to balance the Budget. He asked this authority on the belief that there could be no rebuilding of the economic conditions in this country unless that fundamental requirement for economic recovery was established. So, the Congress proceeded to give the President of the United States full and ample authority to remove a situation that might have made it practically impossible for the Federal Government to borrow money for the purpose of the large public expenditures for relief and employment that have followed since. It was this first act of the President—namely, his purpose to balance the Budget—that laid the foundation for the confidence the country has continued to place in him.

I assume it is general knowledge to everybody in and out of the Government that when a borrower goes to a banker and asks for money, the first question put to him is, "Is your budget balanced? Are your receipts on an equality with your expenditures?"

Is it possible for the Government of France or Great Britain, or any other country, to borrow money on their bonds in this country, or elsewhere, if they come to the bankers of this country with an annual expense statement of $4,000,000,000 and an income of only $2,000,000,000 a year? No!

Of course, we all know that a balanced budget is a primary necessity to obtain loans through the issuing of bonds or other securities. A country that does not balance its annual budget is on the road to serious impairment of its credit, and an unbalanced budget long continued means bankruptcy. This is what is the trouble with many of our cities. It is not that they have lost their wealth, but it is because they are unable to balance their budget.

The billions of dollars that have been raised by the Federal Government since the 4th of last March have been raised due to the fact that this first and fundamental act was performed by this administration, namely, balancing the Budget and keeping it balanced. The moment we get away from a balanced Budget we will not be able to raise the additional billions of dollars which are necessary for emergency works and relief.

The first act, I repeat, of the present administration was to balance the Budget. We increased taxes, and we gave the President of the United States the power to reduce the expenses of the Government, so that we would be able to say to the world that, no matter if we do pile up a large bonded indebtedness, we are keeping our Budget balanced, and therefore the Government is sound and safe financially. The fact that the bonds of the Government are as high as they are today is perhaps the best proof that we have pursued a sound policy in that respect.

We hear a good deal of talk about the looseness with which money has been expended in connection with the C.C.C., the C.W.A., and other emergency activities of the Government; but, mark you, Mr. President, those moneys are borrowed moneys, and have nothing to do with the current expenses of the Government. If we are wasteful, if we are negligent, if we spend money unnecessarily in that direction, we are not affecting the immediate fundamental financial policy, namely, the necessity of a balanced Budget in order to have any borrowing credit.

The amendments with which we have been dealing all relate to the Budget; they all are seeking to increase current annual expenses that go into the Budget. The amendment to restore the full salaries of Federal employees, which every Senator in this Chamber desired and hoped, if possible, to restore had a direct effect on the balancing of the Budget. We were told by those who are most responsible for the recovery program that it was unwise to restore all the cuts at this time. The administration warned us that if we went too far in that direction it would be an interference with the program of recovery. So we have been told with respect to many amendments affecting the veterans, including such proposals as the cash bonus.

As long as I have been in this Chamber, during the time when this country was prosperous, when it was easy to levy taxes for revenue purposes, when revenues were rolling in, I supported and voted for every proposal designed to aid the ex-service men. I myself even advanced some of such proposals; in fact, I was the first Senator on this floor to propose the idea of veterans being given compensation in presumptive cases involving tuberculosis and neuropsychiatric diseases. That amendment presumed if those diseases appeared 2 years after the World War that they were contracted in the military service. So in the past we have been generous, and properly generous.

I say on this floor now, as I said a year ago, that there was scarcely a law enacted in behalf of the veterans, though we were criticized for our generosity, that could not be justified in view of the prosperity, in view of the wealth rolling into the Treasury of the United States at the time, but the situation is different today, and, Mr. President, whatever else may come out of this depression, whatever may be the cross-currents and catastrophies, whatever may be the whirlpool of destruction that may come to commerce and business—and those things we cannot foresee—it seems to me it is our duty to keep inviolate the credit of the United States, thereby affording a means upon which to rebuild in the future if necessary. If the credit of the Nation is gone, all is gone, and there will be nothing upon which to rebuild.

Is the depression over? Can we now legislate on the basis of an early return to the prosperity we formerly enjoyed? No one dares to give us that assurance. Indeed the President himself, the leader in the new-deal program, has assured us that many of his undertakings are experimental and he gives us no positive assurance that this depression has ended.

Coming down to these amendments, I have repeatedly stated that in my opinion the regulations affecting veterans issued by the President following the Economy Act were too drastic; that they went too far. I have, again and again, asked that they be modified, by personal plea to the President and by personal plea here in the Senate and by pleading with those who are in a position to bring about a modification through contact with those who have drafted the regulations. Those efforts were in part successful. I now ask that they be modified further; but I recognize there is a limit to the extent we can go, and we on this side of the Chamber at least ought to uphold the hands of our President in helping him keep the Budget balanced. We owe that duty to him as our leader.

It is just as hard for me as for any man in this Chamber to refrain from voting a hundred percent return benefits to the Spanish-American War veterans instead of 75 percent; it is just as hard for me to refrain from voting for everything that the World War veterans want; but I think in view of economic conditions we ought to make reasonable compromises. When the administration was willing to make the compromise suggested yesterday, we ought to have accepted it, and have said to the President, "We know you have yielded a good deal and and in return we will continue to support you and support your efforts to balance the Budget." So, with regard to these pending amendments, it seems to me, we ought to reach a compromise, a fair com-

promise, with the administration and those who are in favor of giving back much that the veterans were asked under the economy law to surrender. We ought to reach a reasonable compromise in making increased benefits whereby we will not upset and will not destroy the policy of balancing the Budget. Surely we cannot yet extend all the benefits that were possible when the revenues of the Government were nearly 100 percent more than now.

Mr. President, I have said all I desire to say, except that I am supporting the amendments offered by the Senator from South Carolina on the theory that I owe it to the President of the United States to help him maintain the credit of the United States. If these funds could come from borrowed money and did not have to be charged to current expenses, I might pursue a different policy, but they are yearly Budget expenses; they are fixed expenses; they are current expenses; they relate to the question, not how loosely and carelessly we are expending borrowed money, but how are we managing from day to day the current finances of our country. Because of the importance of doing that, in accord with what the President requests and desires, I am going, so far as I can, to support his views, after urging upon him modifications, as I have done, and which, in part at least, have been granted. When I feel grave and serious injustice is being perpetrated I shall not hesitate to vote to remove it even if I differ with the President. But in the present instance the President has indicated a disposition to yield much more than he formerly did, to the enlargement of veterans' benefits. In other words, he has gone far in surrendering his personal views to the desires of the Congress. We ought not to exact the last and extreme demand under these circumstances, especially if we want actual accomplishments in behalf of the veterans.

Mr. BORAH. Mr. President, may I ask the Senator a question?

The VICE PRESIDENT. Does the Senator from Massachusetts yield to the Senator from Idaho?

Mr. WALSH. I yield.

Mr. BORAH. I am not so familiar with this matter as is the Senator from Massachusetts. What additional expense will be incurred by the Government as between the two amendments, one providing for a restoration of 75 percent in the case of the pensions of Spanish-American War veterans and the other a restoration of 90 percent?

Mr. WALSH. Ten million dollars; but I want to say to the Senator—and I think he will appreciate it—that the administration consented to the 75-percent restoration after influence and pressure was exerted by the Senator from Texas [Mr. CONNALLY], the Senator from Georgia [Mr. GEORGE], and particularly the Senator from South Carolina [Mr. BYRNES], as well as myself. When the President finally yielded, against what appeared to be in part his own convictions, and said, "I will go that far, but no farther", I felt in duty bound to accept it, although it would cost only $10,000,000 more to go to the other extreme.

Mr. BORAH. Of course, some of us are not familiar with the manner in which the figure was raised to 75 percent; but, as I understand now, there is only a difference of $10,000,000?

Mr. WALSH. That is the fact.

Mr. ROBINSON of Arkansas. Mr. President, that statement is not accurate, I think. It was intended by the Senator from Massachusetts to be accurate, but the one amendment to which the Senator from Idaho referred—namely, the amendment affecting Spanish-American War veterans, constitutes a difference, as I understood the debate yesterday, of approximately from ten to eleven million dollars. Is that correct, I will ask the Senator from South Carolina?

Mr. BYRNES. The statement is perfectly correct.

Mr. ROBINSON of Arkansas. Mr. President, it has been apparent from the beginning of the present session of Congress that a majority in the Senate favored modification if not the repeal of the Economy Act insofar as it relates to veterans' compensation and pensions. A prolonged consideration of the subject has been had. Efforts under the direction of the Senator from South Carolina [Mr. BYRNES], the Senator from Texas [Mr. CONNALLY], the Senator from Massachusetts [Mr. WALSH], the Senator from Georgia [Mr. GEORGE], and myself, and other Senators whom I do not specifically name, have sought to avert the defeat of the pending bill through the overzeal of those who wish to respond to the demands that are made for legislation on the subject of veterans' pensions. These efforts, manifestly, have not been successful. A number of very important amendments presented in the names of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN] affecting almost every phase of the important subject matter in controversy have been incorporated in the bill. In spite of the concessions made under the leadership of the Senator from South Carolina [Mr. BYRNES], who, as chairman of the subcommittee of the Committee on Appropriations, to whom this bill was referred, has clearly and ably presented the issues to the Senate, the votes on the amendments referred to, indicate a disposition on the part of all Republican Senators and some Democratic Senators to decline any form of compromise with respect to the subjects matter in dispute.

It will be recalled that last week the proposal of the committee to restore 5 percent presently, and on July 1 an additional 5 percent, leaving the remaining 5 percent of the salary reduction subject to decision by the President, in accordance with rules fixed by law in relation to living costs, was defeated by a vote of 41 to 40 in favor of the so-called "Steiwer-McCarran provision", fully restoring salaries on July 1 at the rates existing prior to the passage of the Economy Act. The committee plan recognized and anticipated substantial increases which are believed to have occurred and others soon to be anticipated in living expenses, and sought to continue and preserve the relationship between salaries and living expenses under the formula carefully worked out and enacted by the Congress.

It seems to me, after all the debate that has taken place on the subject, that the committee plan should have been accepted as a satisfactory compromise. I realize and appreciate, of course, the pressure, the almost irresistible pressure, put upon individuals on this side of the Chamber to induce them to restore those salaries to the full amount. It must be recalled, however, that those who receive Government salaries are in a sense secure in their positions. They are secure against the many disasters which others in private life have been compelled to encounter. Where there was one who might complain of the compromise proposed by the Senator from South Carolina respecting salaries, there were hundreds of Government employees who, in my judgment, recognized the fact that standing outside the Government service were thousands of persons equally competent who had not found an opportunity to earn a living and who were ready and qualified to accept their places if the opportunity to do so were afforded them.

Passing then to the second Steiwer-McCarran amendment, on yesterday an amendment proposing to restore 90 percent of the compensation awarded Spanish War veterans prior to March 1933, prevailed over an amendment offered by the Senator from South Carolina [Mr. BYRNES], which reenacted the pension laws with relation to classes of veterans other than World War veterans on the basis of 75 percent.

As stated by other Senators this morning during the course of the debate, the proposal submitted by the Senator from South Carolina was the result of much consideration, not only on the part of members of the Appropriation Committee, but also on the part of representatives of the administration, including the President himself. I heard Senators say yesterday, on the floor of the Senate, that the compromise proposal was acceptable to them and ought to be incorporated in the bill, and yet that they felt constrained to vote against it and support the Steiwer-McCarran amendment, no doubt because they had committed themselves to that proposal.

It is proposed in a third amendment, offered in the names of the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN], and I believe also the Senator from Pennsylvania [Mr. REED], to restore to the pen-

sion rolls permanently World War veterans with presumptive disabilities without regard to evidence, while the amendment of the Senator from South Carolina [Mr. BYRNES] in that particular contemplated restoring to the rolls all such cases pending review on appeal.

There are, of course, other relatively minor provisions in the amendments to which specific reference need not now be made.

The plan carried in the several amendments of the Senator from South Carolina in my humble judgment represents approximately the maximum of what may be actually accomplished in legislation under present conditions. If the Steiwer-McCarran amendment remains in the bill, more than probably it will encounter an Executive veto. This, I think, is well understood, and has been understood from the beginning.

From the standpoint of those favoring the effective modification of legislation relating to pensions the question is well worthy of consideration and should, it seems to me, be controlling with respect to what is the wise policy to be pursued.

The disposition of a majority of Senators is well defined and unmistakable. It may be suggested that, insofar as results are to be looked for, the plan of the Senator from South Carolina should have commended itself.

It is recalled that early in the debate, the Senator from Nevada [Mr. MCCARRAN] asserted that the subject matter is essentially nonpartisan and should be free from the influence of political advantage. Nevertheless the fact that the whole subject matter is affected with political purpose cannot be overlooked or forgotten in the light of circumstances well known to every Senator.

At the beginning of this session, under the able leadership of the Senator from Oregon [Mr. MCNARY], the minority of the Senate held a conference and announced a program to repeal all provisions of the economy law affecting either compensation or pensions to be paid veterans. Now we have the fact that the Steiwer-McCarran amendments are being adopted by a solid vote of Republican Senators assisted and supported by a number of Democrats who give their support to a program colored, as I have said, with partisan purposes as defined by the conference of Republican Senators to which I have referred.

I do not raise any question as to the right of Senators to hold partisan conferences or other conferences whenever they choose, but let no man be deceived. This subject has not been dealt with in disregard of political considerations. It has been dealt with largely as a political matter, and, in my humble judgment, it has resulted or will result in a conclusion that means defeat of the legislation through the Executive veto.

Mr. MCNARY. Mr. President, I am quite sure Republicans cannot be charged with any partisan attitude regarding the amendment, known as the "Steiwer-McCarran amendment", which yesterday was adopted. It is true that when Congress first convened I called Republican Members of the Senate into conference. This question was discussed rather informally, and it was unanimously agreed that we would at some appropriate time, when an opportunity afforded, endeavor to remove from the Economy Act some or all of the injustices that had been made manifest by the operation of the law. There was no effort made in any way to discuss repeal of the Economy Act.

I invite the attention of the Senator from Arkansas [Mr. ROBINSON] to the fact that a few days ago, when the able Senator from West Virginia [Mr. HATFIELD] offered an amendment repealing the Economy Act, nearly all the Members on this side of the Chamber voted against that particular proposal.

The purpose of my colleague's amendment, in association with the able Senator from Nevada [Mr. MCCARRAN] is to remove the injustices and inequities from the Economy Act and not to repeal it.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator from Oregon yield for a question?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from Arkansas?

Mr. MCNARY. I yield.

Mr. ROBINSON of Arkansas. I based my statement on the press reports that were published at the time the conference was held. The report was that while a number of Senators belonging on the other side of the Chamber had not attended the conference, nevertheless, the action had been unanimous in recommending a program which the Senator from Pennsylvania [Mr. REED] was to initiate.

Mr. HATFIELD. Mr. President, will the Senator yield?

Mr. MCNARY. Certainly.

Mr. HATFIELD. The Senator from West Virginia was not in attendance on that conference.

Mr. MCNARY. That is quite true. The Senator from West Virginia did not attend the conference. The able Senator from West Virginia has stated on a number of occasions that at the first opportunity he would move to amend or repeal the Economy Act, which statement he carried into execution a few days ago.

Mr. KEAN. Mr. President, will the Senator from Oregon yield?

The VICE PRESIDENT. Does the Senator from Oregon yield to the Senator from New Jersey?

Mr. MCNARY. I yield.

Mr. KEAN. Mr. President, I should like to ask the Senator how many Senators were at the conference referred to, because I was not there.

Mr. ROBINSON of Arkansas. I can give the Senator the information from the press. I am not an expert on Republican conferences, as the Senator well knows. [Laughter.] But the press report was that there were 20 Members present, and that the remaining Members had not attended. Some were necessarily absent.

Mr. MCNARY. I am not altogether certain as to the number who were present. A majority were there. All were there who could attend. Some were kept away because of illness, and some because of committee work. But, Mr. President, the economy bill was not discussed in relation to the veterans. The four-point proposition offered by the Senator from Pennsylvania [Mr. REED] is not, in its effect, a repeal of the Economy Act. Three of the points of the four-point program were embodied in the amendment offered by my colleague the junior Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN]. The fourth point has not been offered, nor is it embodied in the pending bill.

As to partisanship, Mr. President, every one of the Senators voting here yesterday believed that the Economy Act, which I supported, worked an injustice upon the soldiers. At the time of the support of the economy bill, with a desire on the part of most Members on this side, to effect economies which have not been effected, it was not thought the administration of that bill would be so harsh to the soldiers. I think the Senator from Arkansas may well question the propriety of the statement he made that unless some change is made in the vote on the Byrnes amendment, this bill will be vetoed.

Mr. President, I have been in the Senate for 16 years, and I doubt if upon any other occasion, or at any other time, any leader or any Member of this body has stood on his feet and said, "If you do not take back your vote, the President will veto this measure." That is a proper speech to make after a measure has been disposed of; but to anticipate a veto, to thrust it out here nakedly and defiantly during the consideration of a bill, is something which I question the propriety of any Senator doing.

Mr. MCCARRAN. Mr. President, inasmuch as the learned leader of the majority has seen fit to imply that there may be a political advantage coming to those who presented the amendments known as the "Steiwer-McCarran amendments." I have a reply to make that I did not intend to make.

I am not interested in politics in a question of this kind. Politics is one thing; human hearts are another. I do not

happen to be under the gun during the next campaign, and I do not know that I ever shall be under the gun again; but while I am on the floor of this body and in the Senate I shall exercise my independent, individual judgment as best God gives me the light to see, to the end that fair play and justice may be rendered to a great body of the people of this country who may depend upon my vote at some particular moment.

If the verdict be that I must never again come back here, well and good; but I say, Mr. President, that no leader of my party can ever lead me by saying, "If you do not do this there will be a veto."

I believe that the voice and the will of 96 sworn Senators, the representatives of sovereign States, is as much to be heard from and listened to as the voice of one Executive, although I admire him beyond words, and would support him everywhere and at all times so long as I believed the elements and the essence of right abided with him; but I cannot be led by a threat. I might be led with a crook of the finger, but not otherwise.

To say that those who voted for the amendment to restore their base pay to the Federal employees the other day were voting on party lines is to say something that is untrue, so far as I know. I doubt if there is a Senator on the other side of the aisle who can say that I ever went to him and asked him for his support.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. McCARRAN. I yield for a question.

Mr. ROBINSON of Arkansas. The Senator recognizes the fact that every Senator on the Republican side of the aisle who was here but one, the Senator from Michigan [Mr. COUZENS], voted for the amendment.

Mr. NORRIS. Mr. President, let me correct that statement.

Mr. McCARRAN. I thought it might be subject to correction.

Mr. NORRIS. As I understood the Senator, the statement should be corrected. I was not here.

Mr. ROBINSON of Arkansas. No; I said "every Senator who was here."

Mr. NORRIS. I was paired.

Mr. ROBINSON of Arkansas. Yes; that is entirely true, and other Senators were paired; but my statement applied to every Senator who was here and voted.

Mr. NORRIS. I was paired in favor of the administration's policies.

Mr. ROBINSON of Arkansas. Yes; that is true.

Mr. McCARRAN. Mr. President, I hope that it was not intended, by the statement of the learned Senator from Arkansas, to do me the honor of implying that I had any control on the other side of the aisle. I should love to have that power, but I have not, by a long way. When Senators on the other side vote, I take it that they vote as I do, independently, with the idea of doing the best for the greatest number.

I hate to take issue with the leader of the majority, but I do not like the attitude of leadership. I am sorry that I cannot agree. I only wish that instead of throwing a threat at me he would take me into his confidence once in a while and show me what might be done. I only wish that the learned Senator from South Carolina [Mr. BYRNES], instead of throwing an amendment in here in mimeograph form, might have seen fit to take some others into his confidence and say, "Here, let us study this matter over, and get around a table and work it out." That, however, was not done; hence the result.

Mr. NORRIS. Mr. President, it was not my intention to take any part in this debate; but since I have decided to indulge myself for just a few moments I desire to say at the beginning that I have no fault to find with the attitude taken on either side of the Chamber. I simply want to go on record as saying that to me this vote, as well as every other vote, has no politics in it.

I do not even claim that I am right in taking that attitude, but I am taking it. I am responsible for my vote. I do not desire to shift the responsibility; and I admit that the question is a close one. I admit that there are, to me, very good arguments on both sides. I have, however, reached a conclusion that is satisfactory to my own conscience, or as nearly so as possible, and I am going to carry it out.

I still have an open mind. I still believe that the argument made by the Senator from Massachusetts [Mr. WALSH] about a balanced Budget has great weight and much logic in it. I still believe that if we could look into the heart of every man here, perhaps, we would find that there are some Members over here and some over on the other side who are voting for partisan reasons; and, if so, I do not find fault with them. I realize that the party man conscientiously and honestly believes that it is better to follow his party in all cases; and I realize that some men take the view that it is best to make matters as embarrassing as possible for the other party and vote against it, everything else being equal. That may not be true in a single instance, though I anticipate that it is; but it has no effect on me, and I think it has no effect on a large number of Members of the Senate on both sides. There is no party advantage sought; there is no party thought entering into the consideration of the subject.

I confess that I am moved to a great extent by my sympathy. That sympathy did not go to the general employees of our Government to the same extent; and had I been here when the vote regarding them was taken I should have voted as I was paired, against the amendment. I should have supported the administration's theory, not because it was the administration's theory but because I believed it was right; because I believed, under all the circumstances, the decision ought to have been that way.

If I had no sympathy in my heart, perhaps I should feel that way on this question; but for more than 30 years I have been in Congress, and I have never hesitated to sympathize 100 percent with anything that was just, in my mind, to the soldiers of any war and of all wars, notwithstanding I voted against the declaration of the World War. While I have been mistaken many times in my votes, and have gone wrong because, as some may have thought, I did not understand anything, there is one vote on which I think I was right as much as in any vote I ever cast during those 30 years, and on the same question I would vote the same way again if I had the opportunity, and that was my vote against the declaration of war.

That, however, made no difference with my attitude toward the soldiers. I saw the soldier boys serving for $30 a month, risking their lives, and then almost every day, somewhere, I saw someone demonstrating that profiteers had made money out of the war, drawing salaries, as was related here yesterday, ranging from $100,000 to $1,000,000 a year, coining the blood of the soldiers into money. When I said in my speech against the declaration of war that I thought it was putting the dollar sign into the American flag, I was burned in effigy; I was condemned all through the country; but I think time has proven my statement to be true.

Every day we see our country failing in some respect on account of this terrible depression. We see that a few favored ones have made millions and billions out of the sacrifices of their fellow citizens on the field of battle and others who were getting ready to go to the field of battle.

Whenever I have gone into the great West, as I did last summer, I have listened to the tales of woe of some of the ex-service men who had been over in France and had come back. I have heard their pitiful stories of suffering for the very necessities of life, and I knew all the time that there were some few thousands, perhaps millions, who had robbed our people and brought on this depression, had robbed our people by floating worthless bonds of foreign nations; that our ostensible leaders of finance, leaders of the financial world, had been robbing the people of the United States, crushing us down to the earth, while they were living in luxury and receiving salaries which were simply beyond all degree of fairness when anything they did to earn them

was considered, getting money away from the poor people. I saw the soldiers in the great West, with their wives and with their children, pleading for mercy, asking on bended knees, as it were, from the war-made millionaires to give them food and to give them clothing. I could not forget those things, and I do not forget them when I vote.

It may be that the adoption of the amendments increasing the pensions to the ex-service men will increase the hardship of the administration; I cannot help it if it does. It may be that I am wrong, and I cannot help that; I am going to vote for the amendments, anyway. I am going to remember the classifications that hoarded gold has made of the people, and I am going to give some of that gold, if I can, to those who bared their bosoms in the great war, however unjust and cruel I believe that war to have been.

Mr. President, I am not finding fault with my fellow Senator because he says I ought to vote the other way in order to balance the Budget. I know there is much reason for that position. I am not complaining of any man's vote. But I am not going to let any man, no matter who he is, control my vote, and I want to say, honestly and openly, that no man has ever undertaken to do that, so far as I know.

I am not finding fault with the administration. So far as I know, they have done nothing unfair. I am willing that the President of the United States should take the position he does take. He is responsible, and I honor him for doing what he believes to be his duty. I have not changed my mind since I supported him. I am not sorry for having supported him. I am not now apologizing. But I will take my stand and do what I think is right in my sphere.

The PRESIDING OFFICER (Mr. CLARK in the chair). The Senator's time has expired.

Mr. BYRNES. Mr. President, because of statements which have been made, I myself desire to make a few remarks.

Prior to the convening of the present session of the Congress, the service organizations presented to the President their program, and among the proposals submitted was what is known as the "American Legion four-point program." Prior to the convening of this session, the President had requested the Veterans' Administration to make a report to him as to that program. As a result, on the second day Congress was in session, I was advised that the President was considering the issuance of regulations granting further benefits to the veterans. I conferred with the President on the subject, and on January 19, 1934, such regulations were issued, adding $21,000,000 to the benefits to be paid to the various ex-service men entitled under the existing law. Service-connected disabilities were paid $100 instead of $90 per month; veterans granted hospitalization to the extent of our facilities; and 9,700 Spanish-American War veterans restored to the rolls.

Thereafter there was presented to the Committee on Appropriations the so-called "Reed amendment", which resulted in hearings. Later it became apparent that there was considerable sentiment in the Senate for some additional aid to Spanish-American War veterans, and in the hope of bringing about a compromise, I submitted to the President the proposal with reference to the Spanish-American War veterans.

I do not know what the President told other Members of the Senate; I simply wish to say, in order that there may be no doubt and in order that the record may be straight, that I described to him my compromise proposal to pay to the Spanish-American War veterans 75 percent of what they had received prior to the enactment of the economy law, restoring to the rolls all who were included in the amendment which I presented to the Senate upon yesterday and providing they could be paid only when in need. I estimated to the President that that amendment would cost approximately $42,000,000. Thereafter, in conference with some members of the committee who have been sympathetic with the program of the administration, I drafted the amendment. When completed I was advised that it would cost approximately $50,000,000.

The amendment as drawn was never submitted to the President by me. I have no reason for saying that the final draft, which was completed only a few moments before the Senate met yesterday, would meet with the President's approval, other than his statement to me some days previous that he would approve 75 percent with a suitable need clause. I wanted to make this statement in view of what has been said.

With reference to the statement of the Senator from Nevada, I have only this to say: That the amendment was presented to him at the same moment when it was presented to every other Member of the Senate, after the convening of the Senate. I know of no obligation on me to present it to him before it was presented to other Members of the Senate. As a matter of fact, if I had had the opportunity, I would have presented it to the other Members of the Senate who had been cooperating with me in trying to arrange a compromise before I would ever have presented it to the Senator from Nevada, in view of the fact that I knew his attitude as to this measure.

Mr. President, I desire to make a statement as to the cost involved in the bill. On January 19, as I have said, by the regulations $21,000,000 were added, and there has been included in the pending bill an appropriation of $21,000,000.

The Steiwer amendment, which was presented on yesterday and agreed to, adds $61,487,000.

The emergency officers' amendment adds $2,942,000.

The provision affecting Spanish War widows, included in the Steiwer amendment, adds $8,077,000.

The Steiwer amendment restoring presumptives, if it shall result in all the presumptives being put back on the rolls and retained there, will add $44,933,000.

If we add the amount which has been included in the bill by reason of the increase in the salaries of employees of the Federal Government, which amount is $215,993,124, it means that as a result of the action of the Senate upon the pending bill we will have added to our appropriations $354,432,124.

I make this statement solely for the information of the Senate.

Mr. STEIWER. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. STEIWER. When I sent the pending amendment to the desk, I thought I had sent up two amendments. I am informed that I am in error. May I ask whether I did in fact send to the desk two amendments or only one?

The PRESIDING OFFICER. The Chair is informed that only one amendment was sent to the desk by the Senator.

Mr. STEIWER. Relating to the retired emergency officers?

The PRESIDING OFFICER. That is correct.

Mr. STEIWER. May I ask, in view of the confusion which may have resulted from my own misunderstanding, that the pending amendment be stated?

The PRESIDING OFFICER. Without objection, the amendment will be reported for the information of the Senate.

The CHIEF CLERK. On page 38, between lines 14 and 15, it is proposed to insert the following:

SEC. —. Section 10 of Public LAW No. 2, Seventy-third Congress, approved March 20, 1933, is amended to read as follows: "Notwithstanding the provisions of section 2 of this title, any person who served as an officer of the Army, Navy, or Marine Corps of the United States during the World War, other than as an officer of the Regular Army, Navy, or Marine Corps, and who (1) entered the active service between April 6, 1917, and November 11, 1918, (2) was honorably discharged therefrom, (3) made valid application for retirement under the provisions of the Emergency Officers' Retirement Act of May 24, 1928 (U.S.C., supp. VI, title 38, secs. 581 and 582), and (4) prior to March 20, 1933, was granted retirement with pay, except by fraud, misrepresentation of a material fact, or unmistakable error as to conclusions of fact or law, shall be entitled to continue to receive retirement pay at the monthly rate being paid him on March 19, 1933, if the disability for which he was retired directly resulted from the performance of military or naval duty; except that retirement pay under this section shall not be denied to any person who was receiving on March 19, 1933, retirement pay under such act of May 24, 1928, on account of disease or injury incurred or aggravated in line of

duty, and whose disease or injury or aggravation of disease or injury was at any time during his service made a matter of record by competent military or naval authorities, if such person is otherwise qualified under clauses 1 to 4, both inclusive, of this section: *Provided*, That nothing in this section as amended shall be construed so as to prejudice or destroy any rights of appeal, or any monetary benefits payable because of any such appeal, heretofore conferred upon retired emergency officers by this act and regulations issued pursuant thereto."

The PRESIDING OFFICER. The Chair understands that this amendment is proposed to be inserted at the end of the Byrnes amendment as amended.

Mr. STEIWER. That is correct.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER] to the amendment of the Senator from South Carolina [Mr. BYRNES].

The amendment to the amendment was agreed to.

Mr. GEORGE. Mr. President, I send to the desk and ask to have stated an amendment which I ask to be added at the end of the Byrnes amendment and appropriately numbered.

The PRESIDING OFFICER. The Senator from Georgia offers an amendment, which will be stated.

The CHIEF CLERK. On page 38, after line 14, after the amendment of Mr. WHITE heretofore agreed to, it is proposed to insert:

SEC. —. That notwithstanding the provisions of section 17 of title I of an act entitled "An act to maintain the credit of the United States Government", approved March 20, 1933, and section 20 of an act entitled "An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1934, and for other purposes", approved June 16, 1933, any claim for yearly renewable term insurance under the provisions of laws repealed by said section 17, wherein claim was duly filed prior to March 20, 1933, and on which maturity of the insurance contract had been determined by the Veterans' Administration prior to March 20, 1933, and where payments could not be made because of the provisions of the act of March 20, 1933, or under the provisions of the act of June 16, 1933, may be adjudicated by the Veterans' Administration, and any person found entitled to yearly renewable term insurance benefits claimed shall be paid such benefits in accordance with and in the amounts provided by such prior laws.

Mr. GEORGE. Mr. President, a word of explanation of this amendment. It applies only to war-risk insurance cases where claim has been made and where the Veterans' Bureau or Administration has actually found that the policy had matured because of the death or the permanent and total disability of the insured prior to the passage of the Economy Act of 1933. The act has a very narrow application, but it seems to me it is eminently just that the cases affected should certainly be provided for in case any part of the veterans' legislation with which we are now dealing finally shall become law.

There probably are slightly more than 100 cases that will be affected by the amendment. The amendment takes care of those war-risk insurance cases that had been actually adjudicated when the Economy Act was passed but upon which no payment had been made; and as a result of that act and of the appropriation bill just referred to it was held that payments could not be made on these war-risk insurance claims, although there had been an actual finding by the Veterans' Administration that the policy had matured and was payable.

It will be remembered that so far as war-risk insurance claims are concerned, the Economy Act provided for the payment only of such claims as had been adjudicated by the courts; that is, where final judgment had been rendered, or where suits had been commenced which ultimately might or should result in a final judgment of the courts. But, of course, the act did not prevent the payment of the war-risk insurance claims that had been adjudicated where there had been the initial payment made under the adjudication. As the result both of the Appropriation Act and of the Economy Act, if the adjudication, though made, had not been actually followed by one payment, the claim was outlawed by the legislation to which I have referred. This amendment takes care of that very limited number of cases that had been actually adjudicated by the Administrator; that is, cases in which there had actually been found by the Administrator to be a just claim because of the majority of the policy.

Mr. CUTTING. Mr. President, I rise merely for the purpose of endorsing what the Senator from Georgia has said. I feel that this amendment is one of utmost justice and importance, and I hope it will be agreed to.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. GEORGE] to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

The amendment to the amendment was agreed to.

Mr. STEIWER. Mr. President, I offer an amendment, which I send to the desk and ask to have stated.

The PRESIDING OFFICER. The Chair inquires of the Senator from Oregon if he desires to offer this amendment to be placed at the end of the Byrnes amendment as an amendment, or at the end of his own amendment.

Mr. STEIWER. At the end of the Byrnes amendment.

The PRESIDING OFFICER. The amendment to the amendment will be stated.

The CHIEF CLERK. On page 38, between lines 14 and 15, it is proposed to insert the following:

SEC. —. Where any veteran suffers or has suffered an injury, or an aggravation of any existing injury, as the result of training, hospitalization, or medical or surgical treatment, awarded him under any of the laws granting monetary or other benefits to World War veterans, or as the result of having submitted to examination under authority of the War Risk Insurance Act or the World War Veterans' Act, 1924, as amended, and not the result of his misconduct, and such injury or aggravation results in additional disability to or the death of such veteran, the benefits of Public Law No. 2, of Public Law No. 78, and of this title shall be awarded in the same manner as if such disability, aggravation, or death were service connected within the meaning of such laws; except that no benefits under this section shall be awarded unless application be made therefor within 2 years after such injury or aggravation was suffered, or such death occurred, or after the passage of this act, whichever is the later date. The benefits of this section shall be in lieu of the benefits under the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, as amended.

SEC. —. The last sentence of section 9 of Public Law No. 2, Seventy-third Congress, is hereby repealed.

SEC. —. Service-connected money benefits payable to World War veterans under this title and Public Law No. 2, Seventy-third Congress, shall be entitled "compensation" and not "pension."

SEC. —. This title shall take effect on the date of enactment of this act, and no payments of any benefits conferred under the provisions of this title shall be made for any period prior to such date.

Mr. STEIWER. Mr. President, I should like to make a brief explanation of the amendment I have just offered.

The first portion of the amendment relates to injuries occurring or being aggravated in veterans' facilities. It is the portion that I thought I had offered when I sent to the desk the amendment respecting the retired emergency officers. I have already explained it, and I shall not explain it further, except to say that the language employed in this amendment, as nearly as I can remember, is a mere reenactment of the law as it existed prior to the Economy Act. I am not sure that I remember the section, but I think it was section 213 of the World War Veterans' Act of 1924.

I secured from the Veterans' Administration an estimate of the cost of this part of the amendment, and was advised that it would cost about $25,700 per year.

This proposal is a part of the Legion's four-point program, although it is not numbered literally as one of the four points.

In addition to this matter of caring for those who suffer injuries or aggravation of injuries in veterans' facilities there are two or three formal matters that require but little explanation. One of them is to provide that the benefits payable under the act shall be termed "compensation" and not "pension."

The other, at the end of the proposal, is probably the most important of any, because it provides the effective date of this enactment, if it is agreed to by the Congress, and provides that no payments of any benefits conferred under this provision shall be made for any period prior to the date

of the enactment. It is a purely mechanical matter, but an important one, and I hope that the Senate may see fit to adopt the amendment as offered.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Oregon [Mr. STEIWER] to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

The amendment to the amendment was agreed to.

Mr. WHITE. Mr. President, I offer an amendment, which I ask to have read at the desk and inserted at the proper place.

The PRESIDING OFFICER. The clerk will state the amendment.

The CHIEF CLERK. It is proposed, on page 38, after line 14, to insert the following:

SEC. —. Notwithstanding the provisions of any law or regulation issued pursuant to authority of law, in any case where a veteran of the World War has been adjudged for insurance purposes by any court of competent jurisdiction to be totally and permanently disabled as the result of disease or injury, or the aggravation of a disease or injury, incurred in the active military or naval service, such veteran shall be rated for the purpose of payment of pension, compensation, or retirement pay not less than totally and permanently disabled.

Mr. VANDENBERG. Mr. President, will the Senator from Maine explain the proposed amendment?

Mr. WHITE. Mr. President, the amendment merely provides that wherever, in an insurance case, a court of competent jurisdiction has held a veteran to be permanently and totally disabled, the veteran in any compensation or pension case, shall be considered as totally and permanently disabled. In other words, the amendment imposes upon the Veterans' Bureau the determination and the judgment of a court of competent jurisdiction.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Maine [Mr. WHITE] to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

The amendment to the amendment was agreed to.

Mr. LONG. Mr. President, I offer an amendment which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The CHIEF CLERK. At the proper place in the bill it is proposed to insert the following:

SEC. —. Title V of the World War Adjusted Compensation Act, as amended, is amended by adding at the end thereof three new sections to read as follows:

"PAYMENT OF CERTIFICATES BEFORE MATURITY

"SEC. —. (a) The President of the United States, in his discretion, is authorized to pay to any veteran to whom an adjusted-service certificate has been issued, upon application by him and surrender of the certificate and all rights thereunder (with or without the consent of the beneficiary thereof), the amount of the face value of the certificate as computed in accordance with section 501.

"(b) No payment shall be made under this section until the certificate is in the possession of the Veterans' Administrator, nor until all obligations for which the certificate was held as security have been paid or otherwise discharged.

"(c) If at the time of application to the Administrator of Veterans' Affairs for payment under this section, the principal and interest on or in respect of any loan upon the certificate have not been paid in full by the veteran (whether or not the loan has matured), then, on request of the veteran, the Administrator shall (1) pay or otherwise discharge such unpaid principal and so much of such unpaid interest (accrued or to accrue) as is necessary to make the certificate available for payment under this section, and (2) deduct from the amount of the face value of the certificate the amount of such principal and so much of such interest, if any, as accrued prior to October 1, 1932.

"(d) Upon payment under this section the certificate and all rights thereunder shall be canceled.

"(e) Any veteran may receive the benefits of this section by application therefor, filed with the Administrator of Veterans' Affairs. Such application may be made and filed at any time before the maturity of the certificate (1) personally by the veteran or (2) in case physical or mental incapacity prevents the making or filing of a personal application, then by such representative of the veteran and in such manner as may be by regulations prescribed. An application made by a person other than a representative authorized by such regulations, or not filed on or before the maturity of the certificate, shall be held void.

"(f) If the veteran dies after the application is made and before it is filed it may be filed by any person. If the veteran dies after the application is made, it shall be valid if the Administrator of Veterans' Affairs finds that it bears the bona fide signature of the applicant, discloses an intention to claim the benefit of this section on behalf of the veteran, and is filed before the maturity of the certificate, whether or not the veteran is alive at the time it is filed. If the death occurs after the application is made but before the negotiation of the check in payment, payment shall be made to the estate of the veteran, irrespective of any beneficiary designation, if the application is filed (1) before the death occurs, or (2) after the death occurs but before the mailing of the check in payment to the beneficiary under section 501.

"(g) Where the records of the Veterans' Administration show that an application disclosing an intention to claim the benefits of this section has been filed before the maturity of the certificate, and the application cannot be found, such application shall be presumed, in the absence of affirmative evidence to the contrary, to have been valid when originally filed.

"SEC. —. If at the time this section takes effect a veteran entitled to receive an adjusted-service certificate has not made application therefor, he shall be entitled, upon application made under section 302, to receive at his option either the certificate under section 501 or payment of the amount of the face value thereof under section —.

"SEC. —. The Administrator of Veterans' Affairs, in the exercise of his powers to make regulations for payment under section —, shall to the fullest extent practicable provide a method by which veterans may present their applications and receive payment in close proximity to the place of their residence."

SEC. —. Payment of the face value of the adjusted-service certificates under section — or of the World War Adjusted Compensation Act, as amended, shall be made in United States notes of the character described in subsection (b) (1) of section 34 of this act; and the Secretary of the Treasury is authorized and directed to issue such notes in an amount sufficient for such purpose. The amount of the notes authorized by such subsection is hereby reduced by the amount of the notes issued pursuant to this section.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from Louisiana [Mr. LONG].

Mr. McNARY. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from New York [Mr. COPELAND] has the floor. He yielded to the Senator from Louisiana for the purpose of offering the amendment which has just been read.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state it.

Mr. McNARY. I observed that the present occupant of the chair was about to place before the Senate for consideration the proposal offered by the Senator from Louisiana.

The PRESIDING OFFICER. No; what happened, the Chair will state to the Senator from Oregon, was that the Senator from New York [Mr. COPELAND] obtained the floor and yielded to the Senator from Louisiana [Mr. LONG] only for the purpose of offering the amendment which has just been read. If the Senator from New York desires to resume his right to the floor, he is entitled to it.

Mr. COPELAND. Mr. President, I will yield in a moment to the Senator from Oregon. I did not rise for the purpose of giving consideration to the amendment offered by the Senator from Louisiana, but, since he has offered it, I desire to say that if we are anxious to do something to relieve distress in the United States we cannot do better than by the payment of the bonus. That would provide money that would go to every hamlet, every part of the country, every community; and I have no doubt that there would be from it a reaction in the way of a return of business which we could not otherwise have.

The purpose of my rising, however, was to place in the RECORD another statement regarding the amendment, on page 37, relating to automatic increases. The other day the Senator from South Carolina [Mr. BYRNES] stated that his information regarding the automatic increases came from General Coleman, of the Army. I have in my hand, and ask that there may be included in the RECORD as part of my remarks, a letter which I have received from General Coleman.

The PRESIDING OFFICER. Without objection, it is so ordered.

The letter is as follows:

WAR DEPARTMENT,
OFFICE OF CHIEF OF FINANCE,
Washington, D.C., February 24, 1934.

Hon. ROYAL S. COPELAND,
United States Senate, Washington, D.C.

MY DEAR SENATOR COPELAND: I have read with much interest the debate on the floor of the Senate as reported in the CONGRESSIONAL RECORD of February 21, 1934, on the subject of the restoration of the longevity pay for officers of the military services which has been denied them by the amendment of the Senate committee to section 201 of the economy provisions of the independent offices bill. The action of the Senate in continuing this denial seemed to be predicated upon the fact that the representatives of the military services agreed to an amendment before the subcommittee which would restore certain portions of the "pay freeze" and continue the restriction on longevity increases.

I feel that you should know the full facts in connection with this matter, and I am, therefore, setting them forth below for your information.

When the independent offices bill passed the House, it continued certain discriminatory provisions against the military services as well as against the civilian services, one of them being a continuation of the denial to all employees of the Government of their right to longevity increases for the fiscal year 1935.

The attitude of the War Department is, and always has been, that whatever reduction in compensation is considered necessary by the Congress to meet the existing economy situation should be applicable alike to all employees in the Federal service, and in view of the restriction as to longevity pay which the House made applicable alike to all, I, as the designated representative of the War Department, concurred before the Senate committee in a continuation of this restriction, understanding as I did that it was the wish of the committee to continue the restriction as to longevity pay for all Federal personnel. Exact equality of treatment was desired for military personnel and not preferential treatment.

However, this basis was not continued, because the following day the Senate subcommittee removed this restriction for all civilian officials and employees of the Government, thereby creating a discrimination against the military services. Because of this changed basis, I immediately invited attention to this fact and pointed out that the persons affected thereby were for the most part junior officers of the military services, nurses, and enlisted men. The subcommittee rewrote the provision of the bill covering this subject and restored the longevity increases to the nurses and enlisted men, but continued the restriction against the officers.

Under no circumstances would the War Department have come back to the Congress for a modification of section 201 if it had been so drafted as to place all personnel of the Government on the same basis, the only fair yardstick to apply to do justice to all concerned. It was my understanding that this condition of equality was what the committee was striving to attain. The Army wants no preferential treatment, but it does not relish the discriminatory treatment now inherent in section 201; and because the basis of equality, which I understood was to exist between civil and military personnel has been changed by the action of the Senate committee in reporting out the present amended section 201, and only because of this changed situation, did I as a representative of the War Department feel it necessary again to petition the Congress asking for equal treatment.

The result of this action as it stands today by the acceptance by the Senate of the committee amendment is that every vestige of discrimination provided for in section 201 of the independent offices bill has been removed therefrom, except the sole remaining restriction against the longevity pay of officers. The total amount involved in this restriction for all the services is only $1,400,000, and $850,000 of this amount represents a continued discrimination against the Army.

The officers affected by this provision are those of less than 30 years service. It does not affect any of us older officers with long service. It is a discrimination not only between Federal employees, but within the military services themselves. At great personal financial sacrifice practically all of the officers who have been serving with the Civilian Conservation Corps for the past year in remote places throughout the United States—maintaining two establishments while on this duty—are affected adversely by the existing provision, as are practically all of the younger officers of the Air Corps, who are today risking their lives in the conduct of the Air Mail Service.

In view of the peculiar construction of the bill in this respect as it exists today, the simplest way of amending it to give this fair and equal treatment to all concerned is as follows:

In H.R. 6663, as reported by the Senate Committee on Appropriations, page 37, line 16, change the comma, following the figures "1935", to a period, and strike out the language appearing in lines 16 to 19, inclusive, reading as follows: "except to the extent that it suspends the longevity increases provided for in the 10th paragraph of section 1 of the Pay Adjustment Act of 1922."

Sincerely yours,

F. W. COLEMAN,
Major General, Chief of Finance.

Mr. COPELAND. Mr. President, in order to carry out the desire expressed by General Coleman and the one which I myself expressed the other day that we might restore the longevity pay of lieutenants and captains of the Army, this argument has been presented. To accomplish what we desire, it will be necessary, on page 37, line 16, to strike out after the date "1935", the three lines following and place a period after the date. Then, in that event, there would be a restoration of longevity pay to the captains and lieutenants of the Army and the corresponding officers in other services.

I am not pressing the matter now, because the other day it was apparent that it was not desired that we should do so, but this question will be in conference, and I think that the committee of conference should ascertain the facts, because, if we do not make this provision, we will have given justice to every other employee of the Government in the way of promotion, and so forth, but we will have kept it away from those who have been in the military service less than 30 years. So, if we want to do justice to the captains and the lieutenants, we will make this change in the amendment proposed by the committee.

Mr. BONE. Mr. President, I am not aware whether or not the Senator from Louisiana [Mr. LONG] is going to seek a vote on his amendment at this time. If not, I should like to call up for disposition an amendment offered by me to this bill dealing with the pensions of widows and dependents of officers and enlisted men who served on the airships *Akron* and the *J–3*.

The PRESIDING OFFICER. The Chair will state to the Senator from Washington that the amendment of the Senator from Louisiana [Mr. LONG] is pending. The Senator from New York [Mr. COPELAND] yielded to the Senator from Louisiana for the purpose of offering it. The question is on agreeing to the amendment offered by the Senator from Louisiana.

Mr. McNARY. I now suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Oregon suggests the absence of a quorum.

The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Copeland	Johnson	Pope
Ashurst	Costigan	Kean	Reynolds
Austin	Cutting	Keyes	Robinson, Ark.
Bachman	Davis	King	Robinson, Ind.
Bailey	Dickinson	La Follette	Russell
Bankhead	Dieterich	Lewis	Schall
Barbour	Dill	Logan	Sheppard
Barkley	Duffy	Lonergan	Shipstead
Black	Erickson	Long	Smith
Bone	Fess	McAdoo	Steiwer
Borah	Frazier	McCarran	Stephens
Brown	George	McGill	Thomas, Okla.
Bulkley	Gibson	McKellar	Thomas, Utah
Bulow	Goldsborough	McNary	Thompson
Byrd	Gore	Metcalf	Trammell
Byrnes	Hale	Murphy	Tydings
Capper	Harrison	Neely	Vandenberg
Caraway	Hastings	Norris	Van Nuys
Carey	Hatch	Nye	Wagner
Clark	Hatfield	O'Mahoney	Walcott
Connally	Hayden	Overton	Walsh
Coolidge	Hebert	Patterson	White

The PRESIDING OFFICER. Eighty-eight Senators have answered to their names. A quorum is present.

Mr. LONG. Mr. President, while the opportunity presents itself to do so, I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. ROBINSON of Arkansas. Mr. President, it is not my intention to make a lengthy speech; in fact, I could not do so under the circumstances. The amendment is presented under a limitation of 10 minutes for debate, but less time than that will suffice for what I have to say.

The amendment is the bonus amendment in form substantially the same as what is known as the "Patman bill." It not only contemplates anticipating by 11 years or more the maturities of the bonus or adjusted-compensation certificates, but it also contemplates the printing of currency as a means of meeting the obligations carried in the bill. Of course, if we can safely print the money necessary to pay these obligations in advance of maturity, we certainly can print money to pay the obligations as they mature. That would obviate

the necessity of collecting taxes. It would drive us to the practice of employing the printing presses in order to meet the requirements of the Government.

This is a subject, of course, which could be discussed at very great length. In my judgment, it matters little what action is taken regarding the amendment, in view of the facts that I have heretofore detailed respecting the failure of the legislation, but I did not feel justified in permitting the occasion to pass without expressing my opposition to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Louisiana [Mr. LONG].

PAYMENT OF SOLDIERS' BONUS

Mr. LONG. Mr. President, I want to say only a word or two. We will have this soldiers' bonus to pay, anyway, in 1945. The money must be paid in the next 11 years. Every effort is being exerted on the part of our Government to put money among the people where it will do the most good and come up from the bottom to the top. This is a Democratic measure that was passed by the last Democratic House when our distinguished Vice President was serving as the Speaker in that body. It was worked out by very careful hands. It was worked out by one gentleman who helped to write the Federal Reserve Act.

The time is much more opportune now, when we are having to discontinue the C.W.A. and the E.R.A. rolls, when the Government has already realized a profit of $2,000,000,000 on the gold it has brought into the Treasury. We will be saving many heartaches for the people who need this money if we adopt the amendment, and we will be paying an obligation which we are going to have to pay anyway within 11 years. We are serving every cause of human good and government soundness, and I hope we will have almost a unanimous vote for the amendment.

Mr. ASHURST. Mr. President, I shall not vex the ears of Senators by speaking, but I ask unanimous consent that the clerk read a copy of a letter I have sent to a constituent who respectfully asked me to vote for the adjusted compensation bill.

The VICE PRESIDENT. Without objection, the clerk will read, as requested.

The legislative clerk read as follows:

DECEMBER 18, 1933.

Mr. W. H. PETERSEN,
16 South Twentieth Avenue, Phoenix, Ariz.

DEAR FRIEND: Your letter of December 10 received requesting the payment of the adjusted-service (compensation) certificates before their maturity.

During the years when no deficit existed in the Federal finances I supported the adjusted-service (compensation) legislation, and I do not believe I made any mistake in so voting.

The question of cashing the adjusted-service (compensation) certificates before their maturity depends now upon the condition of the Federal Treasury.

If the Treasury may without disaster cash these certificates before they fall due, I should, so far as I am able to perceive at this time, be inclined to vote to cash the certificates now, provided always the Treasury may stand the strain.

If, however, the Treasury may not meet this demand and could not pay the certificates before maturity, I would not vote, and could not be expected to vote, to bring a collapse of our national credit. It is a principle of my personal and political conduct, and the same principle should guide governments, never to hold out a promise where such promise is obviously incapable of fulfillment; in other words, do not make promises unless you are certain you can translate the promises into actuality.

I decline to make promises that cannot be fulfilled.

I refuse to raise up hopes that I know will be dashed to the ground.

I shall indeed give careful consideration to and make a close investigation of the question of the ability of the Treasury to pay these certificates before their maturity.

I realize that the phrase "give careful consideration and make a close examination" is sometimes used as a polite euphemism for postponed negation, but I am not using the phrase in that sense, for I shall examine the subject in the hope of finding that the Treasury's condition may justify my voting to pay the certificates before they are actually due; and if, upon investigation, the facts show that the Treasury cannot stand that strain, I shall not be a party to an insincere gesture of pretending to pay an immature obligation out of an empty Treasury.

Kind regards.

Cordially yours,

HENRY F. ASHURST.

Mr. LONG. Mr. President——

The VICE PRESIDENT. The Chair wishes to learn whether the Senator from Louisiana is complying with the rule. He is informed that under the unanimous-consent agreement the Senator from Louisiana may now speak on the bill. The Senator from Louisiana is recognized.

Mr. LONG. Mr. President, to my friend from Arizona I wish to say that the bill takes into contemplation just what he has mentioned. It authorizes the President in his discretion to make payment of the bonus, to issue certificates, and to make the allotments. I wish to say that this is provided in order that there shall be nothing that will be embarrassing at any point to the security and safety and solvency of the Treasury.

Mr. ASHURST. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Louisiana yield to the Senator from Arizona?

Mr. LONG. Certainly.

Mr. ASHURST. The Senator from Louisiana need not have any solicitude about embarrassing me. Men who are embarrassed by their votes do not belong here.

The Treasury cannot now pay this without a collapse of national credit. Valuable as my services here may be, they are hardly worth a collapse of national credit.

Mr. BONE. Mr. President, will the Senator from Louisiana yield?

Mr. LONG. I yield.

Mr. BONE. I should like to ask the Senator from Louisiana a question. In view of the substantial advances that have been made to veterans on their certificates, I should like to know how much actual money would now have to be paid to the veterans if his amendment should be adopted. It would not be the full amount of the certificates. Can the Senator now advise us how much actual money would have to be distributed to the veterans in order to pay the balance due on their certificates?

Mr. LONG. The amount has been given several times, but I would hesitate to state it exactly. I understood it would be about $1,000,000,000.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. LONG. I yield.

Mr. ROBINSON of Arkansas. The statement was made in the press the other day, coming from another body at the other end of the Capitol, that the amount required would be $2,400,000,000.

Mr. LONG. That estimate I have seen disputed. I understand that former Senator Owen, of Oklahoma, who was at one time in this body, had estimated it as considerably less than that figure. Furthermore, the amendment does not contemplate that every man must cash his bonus certificate. He can still retain the Government obligation if he wishes to do so. The veterans do not necessarily have to cash their certificates.

Furthermore, this matter is placed in the discretion of the President. My friend from Arizona did not understand me. I was not speaking of embarrassing the Senator from Arizona.

Mr. ASHURST. The Senator from Louisiana could not do that. [Laughter.]

Mr. LONG. But the Senator will certainly let me state what I had in mind. I was talking about embarrassing the Treasury of the United States in this matter. The amendment does not do that. It provides for the issuance of currency to be retired within a given number of years. The veterans have to be paid anyway within the next 11 years. We are not giving the soldier a thin dime. We have to pay the veterans in the next 11 years whether we vote to do it in this bill or not. The amendment will not take a dime out of the Treasury. It would not take much more than the profit we have realized on the gold that has been brought into the Treasury. Assuming that we have today a gold supply of $4,500,000,000, and that we have outstanding currency of around $6,000,000,000 or $7,000,000,000, on a 40-percent gold basis, which is the basis on which we have already

operated, this would not cause any embarrassment whatever to the Treasury. There is a sinking fund created by which to retire this currency within 11 years, to pay a debt that we have to pay anyway in 11 years.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield for a question?

Mr. LONG. Yes; I yield.

Mr. ROBINSON of Arkansas. I ask the Senator to yield only because my time has been exhausted.

It is noted that the Senator makes this payment discretionary with the President, and seems to justify his amendment in part on that ground. Of course, the Senator knows that the President does not favor the payment of the adjusted-compensation certificates at this time. Therefore, I ask him what he thinks would be accomplished by giving the President discretion to do something that it is well known he will not do?

Mr. LONG. Mr. President, the Senator from Arkansas and I are in agreement that while the President did not favor at the last session of Congress certain benefits to veterans, yet the amendment offered by the Senator from South Carolina [Mr. BYRNES] today proposed many of those things that the President did not favor a few weeks ago.

Mr. ROBINSON of Arkansas. Am I to understand that the Senator thinks the President would now favor this amendment?

Mr. LONG. I believe the President is a man of very wide knowledge, and that when he sees this matter as I believe he will see it, in the proper light, he will be disposed to do everything he can to end this depression and scatter money among the masses; and if he does not so feel, I shall not consider that we have done any harm about the matter. I am willing to trust him with this discretion, and I am willing to empower him to make this payment. I know only good can come from paying now an obligation that has to be paid in 11 years anyway. It is a Democratic measure, and if it passes a Democratic Congress, I see no reason why we should not be able to expect Presidential approval of it.

Mr. BARBOUR. Mr. President, I should like to make just a brief statement, so long as this question comes before us in this form.

I favor now, as I have always favored, the payment of the soldiers' bonus when it falls due in 1945, or earlier if it can be shown that the liquidation of this debt to World War veterans will effect some benefit or saving to taxpayers as a whole as well as to the veterans themselves.

At the present time the Nation is carrying a tremendous burden entailed by the C.W.A., the P.W.A., and other vast, extraordinary expenditures. The funds spent under these agencies are for the purpose of relieving unemployment and distress among the people as a whole, veterans as well as others. The law clearly provides, moreover, that veterans shall be given preference. While this law is in effect, that, of course, should be done; and I do not believe it would be wise to endanger or supersede this general program of relief by anticipating a payment not yet due to any individual group.

Furthermore, it seems to me to be a cheap political gesture simply to try to fool the veterans by passing a bonus measure at this time, when it is known that President Roosevelt will veto it and that he has sufficient votes in the Congress to uphold his veto.

Mr. CUTTING. Mr. President, for years I have been in favor of the immediate payment of the adjusted-compensation certificates. I believe that program is absolutely sound, and I do not believe it will affect the credit of the United States.

I voted for such a measure 2 years ago when proposed by the Senator from Oklahoma [Mr. THOMAS]. I supported it again the other day on the motion of the Senator from Indiana [Mr. ROBINSON], though at that time we did not have a record vote.

I appeal to the Senate, however, not to vote for this amendment today; not to attach it to a bill which deals with the disabled veterans. The country is already sufficiently confused as to the rights of the disabled. One of the leading newspapers of Washington yesterday headlined an article dealing with the present debate, "Friends of bonus seek action"; and the body of the article did not mention the bonus at all, but merely the amendments proposed by the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN].

I shall be glad to vote for the amendment proposed by the Senator from Louisiana [Mr. LONG] if he will present it on its own merits tomorrow or at any other time. I never expected to have to vote against the proposal in any form; but the primary duty of the Congress of the United States, is, in my conception, to the disabled. The duty which it owes to the able-bodied veterans of the World War is entirely secondary.

I do not think we should confuse these two issues. I do not think we should allow the public to confuse them, and I do not believe we should allow the Executive of this country to confuse them by presenting him with the two combined in one bill.

For that reason, Mr. President, I am going to vote against the amendment proposed by the Senator from Louisiana, and I hope all friends of the disabled ex-service men will do the same thing so far as the present measure is concerned.

Mr. MCCARRAN. Mr. President, the amendments offered by the learned Senator from Oregon [Mr. STEIWER] and myself were offered in seriousness. They were offered to accomplish the greatest good for the greatest number, pursuant to the legislation pending before this body under the rules.

I cannot, I will not, support the amendment now proposed, because it will destroy the possibility of benefit to those who otherwise may gain a benefit from the amendments that we have studied out and offered here. It will destroy everything that we have tried to build up.

I make these expressions in order that there may be no confusion as to the position I occupy in this peculiar place.

During the special session of Congress I voted for the payment of the bonus. I will vote again, at a proper time and under proper conditions and in proper surroundings, for the payment of the bonus. The rank and file of those who suffer today, however, who bared their breasts in an hour of need, do not clamor for the payment of the bonus, because there is something more essential at the moment, and that essential thing is to give to them the sustenance of life for those who may be dependent upon them now.

I am not ready to believe that the Army that sustained this Nation in the hour when they were called are now inclined to have their friends vote for something that would tear it down. This amendment, coming in here at the last moment, I am sorry to say, is tied to a bill that has merit in it; to a measure which, taken together with the amendments we have offered here, has sustenance in it for those who require sustenance. I am not ready to believe that those who would gain the greatest benefits from the bill are calling upon us to support this amendment. Neither do I believe that this is the time to bring it up. I think it is an embarrassment that should not be thrown in here, and I shall vote against the amendment.

Mr. SHIPSTEAD. Mr. President, I have voted for the bonus bill every time it has been offered here in the Senate. Last week I offered an amendment to the pending bill providing for the payment of the bonus. However, this morning, because of the certain veto of the entire bill which would result, I came to the conclusion that it would not be fair to the legislation now pending to offer that amendment, and so I decided not to offer it.

For the reasons I have stated, and for the reasons that have been so ably stated by the Senator from Oregon [Mr. STEIWER] and the Senator from Nevada [Mr. MCCARRAN], while I believe the payment of the bonus is justified, and as an economic measure would be beneficial to the country, I shall vote against the amendment at the present time. However, when it again comes before the Senate on its own feet I shall vote for it.

Mr. BARKLEY. Mr. President, I have no desire to detain the Senate more than a moment or two. I realize the futil-

ity of Members of the Senate or any other legislative body always attempting to explain their votes, and that is not my object in occupying the very few moments that I shall occupy at this time.

In the beginning I voted for the adjusted-compensation act. At that time I felt that the ex-service men ought to have been paid in cash, instead of being handed a 20-year insurance policy. We were able at that time to have paid them in cash, and I am more convinced now than I was even then that it would have been better for the country and for them and for all of us if cash had been paid instead of a certificate being given. But the adjusted certificate was all we could get.

I voted, also, to accord to the ex-service men the right to borrow money on the certificates. I sought to reduce the rate of interest on the money which they borrowed; and I favored at the time, and I think I should favor now, a bill that would remit the interest, and apply the amount they have already received as a payment on account, instead of a loan upon which interest is to be charged.

I have voted on two or three occasions to pay the cash bonus since the certificate was issued; but, Mr. President, whenever this money is paid to the ex-service men I want it to be paid in the same kind of money in which the United States discharges every other obligation that it is bound to discharge out of the Treasury. I have never been able to convince myself that the ex-service man ought to be handed a cheap money, turned out by the printing press, merely in order to get rid of this obligation. I am not willing to pay the ex-service man in a sort of currency that would cheapen all of our money.

The only result of the adoption of this amendment would be to take the soldiers' bonus off our doorstep and put it on the doorstep of the President. As much as we might rejoice at being able to settle this thing and get it out of our way once for all, I do not believe we are justified in passing the buck to the President, and that is all this amounts to.

I do not believe the Treasury could stand the payment of the bonus at this time. I do not believe we could levy enough taxes to pay it in cash. I do not believe the kind of currency which is proposed to be used in paying the bonus, even if the President acted upon the discretion given him, is the kind which ought to be required to be paid to the ex-service men, and I cannot see any good whatever the amendment would accomplish. It would clutter up the situation and confuse and embarrass the beneficial provisions which have already been put into the bill by the Senate of the United States, and I join with other friends of the veterans here in hoping that the amendment will not be agreed to, and I should hope that the Senator from Louisiana, in view of the situation, might feel that he was justified in withdrawing the amendment.

Mr. LONG. Mr. President, will the Senator yield to me?

Mr. BARKLEY. I yield.

Mr. LONG. The only reason why I ask the Senator to yield is that I have no more time.

Mr. BARKLEY. I do not think I have much; but I yield to the Senator.

Mr. LONG. Does the Senator know of any objection to paying the bonus now?

Mr. BARKLEY. I have never had any objection. It has always been a question of advisability as to the time element and the capacity and condition of the Treasury. As I said a while ago, I have from the very beginning favored the payment of the bonus in cash. I favored that at the time we passed the original bill, but I do not believe that, in the situation which exists now in the Treasury and in the country, in the midst of these efforts to bring about a recovery of all the people, including, of course, the veterans, as well as everybody else, it is wise to attempt in this way to bring about payment of the bonus.

Mr. LONG. Does not the Senator think the $2,000,000,000 turned loose in this country would do great good, when there is an obligation to pay the bonus anyway? We have been trying to put money into circulation. We will have to pay the bonus in 11 years anyway. The gold reserve is four and a half billion dollars, and we are supposed to be allowed to issue a dollar in currency to 40 cents in gold; so on that basis, instead of embarrassing the Treasury we would be saving money.

Mr. BARKLEY. To use the Senator's expression, the question of whether it is wise to "turn loose" two and a half billion dollars of paper money now is a question which requires very serious discussion, and one upon which many men differ, and it also involves the kind of money we propose to turn loose.

Mr. LONG. No; we do not differ as to that.

Mr. BARKLEY. I would not like to see our country embark on a course which would result in a desire to have the Government discharge other obligations in the same sort of printing-press money that is provided for in the amendment. I happened to be in Germany in 1921, when they were resorting to the same method of payment, and I recall that I went across the street to get a hundred-dollar bill changed into German money, and when I got it it took two wheelbarrows to get it back to the hotel. I do not mean that two and a half billion dollars of printing-press money would create that kind of a situation, but it might start us upon a course that would create such a situation, and that is a thing I do not believe our economic structure could stand at this time.

Mr. LONG. I think the Senator voted in the Senate for the law which provides for a 40-percent gold reserve against all currency. In this instance, with ony $6,000,000,000 in currency outstanding, as against four and a half billion dollars in gold, the Senator could very well be in favor of this amendment, even if it ran the circulation up to twelve billion.

Mr. BARKLEY. In the whole monetary history of the country we have never gone the full limit in circulating as much paper money as we could have circulated on a 40-percent gold basis. I do not believe it would be wise to do that, admitting that we have the legal right to do it. If business and agriculture and labor and the economic situation in the country required that much money, we already have the power to issue it, instead of turning it loose from the printing press on an unsound basis.

Mr. LONG. The thing I am calling to the Senator's attention is that we would not be creating any additional obligations upon the Government, because the Government has to pay the bonus anyway.

Mr. BARKLEY. I realize it would not be creating any new obligation, but it would be creating a new situation, brought about by the sudden circulation of two and a half billion dollars, not the kind of dollars we now have in circulation, not the kind of dollars based upon a 40-percent gold reserve, but a special form of currency printed for this particular purpose.

Mr. LONG. Backed up by gold the Government has four and a half billion dollars of gold in the United States Treasury. We have already taken the view that we need more currency. Everyone of us has taken that view.

The VICE PRESIDENT. The time of the Senator from Kentucky has expired.

Mr. TYDINGS. Mr. President, a word ought to be said about the American Legion. The American Legion has not asked for the payment of the bonus at this time. With commendable patriotism, realizing that twelve or fourteen million of their fellow citizens are out of employment, that the Government is passing through a crisis, that the world is passing through a crisis, in spite of the great need of many of those veterans, as a body they have not petitioned the Congress, through their organization, for the payment of the bonus at this time. I think that example of patriotism, by men who have served their country in time of great need, who have risked their lives, might be emulated by those who sit in the United States Senate, many of whom have never risked their lives at all, but who, it seems to me, are about to vote to embark this country upon a program which would have very disastrous results.

I know this is election year. I am not going to impugn the motives of anyone who votes for the payment of the bonus; but it does seem to me, as I am sure it appears to those who sit in the galleries, that there is perhaps not much, but some little, politics in the amendment now pending, and I think that to play politics when 12,000,000 people are out of employment, when the world is in the chaotic state in which it is, with recovery a thing that is far, far away, with unemployment taken up in the main only by appropriations out of the Federal Treasury, which have to be paid for in taxes, is not the proper function of this body at this time, and would put the country in a condition which would be very bad.

Every Senator here knows that the Federal debt is now $32,000,000,000, knows that we are borrowing money which will have to be repaid, and knows that the only way in which it can be repaid will be by taxing the American people. There is no short cut whatsoever.

We are now taking in only about two and a half billion dollars a year. The interest requirement on the national debt, plus the sinking fund, will take $1,600,000,000 a year, paying it off over a 50-year period. That leaves about $900,000,000 for all the other activities of the Government; and what we already had in the pending bill and what we have added to it, outside of the bonus, will require more money than $900,000,000, without any provision at all for Government employees and other expenses, such as irrigation, rivers and harbors, the Federal judiciary, and what not.

We are not going to serve anyone, then, whether he be a Democrat or a Republican, by maneuvering the Federal Treasury into such a condition that any recovery which we might have will be delayed. My friend the Senator from Michigan [Mr. VANDENBERG] the other day was recounting the terrible conditions in Detroit, and in advocating a guaranty of deposits in the banks there he sketched conditions in his State. Those are not conditions far off in time; they are very recent; and this country is in no condition today to permit largess such as this amendment would allow to be paid out of the Treasury.

Mr. President, I know the impulse to vote for the amendment is strong. If I were on the other side of the aisle, it would be strong with me to make some political capital out of this situation. But we owe a higher duty than that to this country and to the world, which we hope will soon emerge from the chaos which has embraced it for the past 3 or 4 years.

I hope Senators will think twice, and that the amendment will be voted down by a substantial majority.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Louisiana [Mr. LONG]. The yeas and nays have been ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a general pair with the senior Senator from Virginia [Mr. GLASS]. I am advised that if he were present he would vote as I shall vote, and therefore I am at liberty to vote. I vote "nay."

The roll call was concluded.

Mr. LEWIS. I am authorized to announce the absence of the Senator from Montana [Mr. WHEELER], occasioned by illness. If present, I am permitted to say, he would vote "yea."

I announce the absence of the Senator from Virginia [Mr. GLASS], occasioned by illness, and I am authorized to say that were he present and voting he would vote "nay."

I also desire to announce that the Senator from Nevada [Mr. PITTMAN] is detained on official business.

Mr. HEBERT. I am directed to announce that the Senator from Delaware [Mr. TOWNSEND] is paired with the Senator from Montana [Mr. WHEELER]. If present, the Senator from Delaware would vote "nay", and the Senator from Montana would vote "yea", if present and voting.

I am also directed to announce that the Senator from Pennsylvania [Mr. REED] is paired with the Senator from South Dakota [Mr. NORBECK]. If present, the Senator from Pennsylvania would vote "nay", and if present the Senator from South Dakota would vote "yea." The Senator from Pennsylvania [Mr. REED] is detained from the Senate by illness.

Mr. BARKLEY. Mr. President, the Senate Committee on Banking and Currency is in session holding hearings at this time, which accounts for the absence of the Senator from Florida [Mr. FLETCHER] and some other members of that committee. I am not authorized to say how any of them would vote if present.

Mr. ROBINSON of Arkansas (after having voted in the negative). I have a general pair with the Senator from Pennsylvania [Mr. REED], but I understand that a special pair has been arranged between the Senator from Pennsylvania [Mr. REED] and the Senator from South Dakota [Mr. NORBECK], so I allow my vote to stand.

Mr. VANDENBERG. I should like the RECORD to show that my colleague the senior Senator from Michigan [Mr. COUZENS] is unavoidably absent on account of illness.

The result was announced—yeas 24, nays 64, as follows:

YEAS—24

Adams	Dill	Long	Reynolds
Black	Erickson	McGill	Robinson, Ind.
Bone	Frazier	Nye	Russell
Bulow	Hatfield	Overton	Schall
Caraway	La Follette	Patterson	Thomas, Okla.
Copeland	Logan	Pope	Van Nuys

NAYS—64

Ashurst	Coolidge	Hayden	O'Mahoney
Austin	Costigan	Hebert	Robinson, Ark.
Bachman	Cutting	Johnson	Sheppard
Bailey	Davis	Kean	Shipstead
Bankhead	Dickinson	Keyes	Smith
Barbour	Dieterich	King	Steiwer
Barkley	Duffy	Lewis	Stephens
Borah	Fess	Lonergan	Thomas, Utah
Brown	George	McAdoo	Thompson
Bulkley	Gibson	McCarran	Trammell
Byrd	Goldsborough	McKellar	Tydings
Byrnes	Gore	McNary	Vandenberg
Capper	Hale	Metcalf	Wagner
Carey	Harrison	Murphy	Walcott
Clark	Hastings	Neely	Walsh
Connally	Hatch	Norris	White

NOT VOTING—8

Couzens	Glass	Pittman	Townsend
Fletcher	Norbeck	Reed	Wheeler

So Mr. LONG's amendment was rejected.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

Mr. STEIWER. Mr. President, I desire to submit a unanimous-consent request, and I should like the attention of the Senator from South Carolina [Mr. BYRNES]. Various sections agreed to this morning have contained references to the words "this title." There is no title to the amendment of the Senator from South Carolina. Will not the Senator agree that the words "Title III, Veterans' Provisions" be employed as a heading to his amendment as amended?

Mr. BYRNES. Mr. President, I ask that the amendment be so modified.

The VICE PRESIDENT. Without objection, the amendment of the Senator from South Carolina will be modified as requested.

Mr. BORAH. Mr. President, we are now considering the amendment of the Senator from South Carolina, are we not?

The VICE PRESIDENT. The question is on the amendment of the Senator from South Carolina, as amended.

Mr. BORAH. Mr. President, I have an amendment to the bill, which I desire to offer. I will not lose any advantage by failing to offer it at this time, will I?

The VICE PRESIDENT. The Senator can offer it when the amendment of the Senator from South Carolina, as amended, is agreed to or rejected.

Mr. LA FOLLETTE and other Senators demanded the yeas and nays, and they were ordered.

Mr. BONE. Mr. President, before the bill shall be passed I desire to have some disposition made of an amendment which I propose to offer.

The VICE PRESIDENT. The Senate is not disposing of the bill on the present vote. It is disposing of the amendment of the Senator from South Carolina [Mr. BYRNES] as amended. The bill will still be open to amendment after the present amendment shall have been agreed to or rejected. The amendment of the Senator from South Carolina cannot be amended after it shall be agreed to, unless it shall be reconsidered. Does the Senator from Washington desire to amend the amendment of the Senator from South Carolina?

Mr. BONE. I am not certain whether, under the rule, it may not be necessary to offer my amendment at this time. It deals with the matter of the widows and dependents of the officers and men who died on the *Akron*. I am not certain but that, under the rule, it is necessary that the amendment be offered at this time. I do not want the bill to be passed without the amendment's first being disposed of.

The VICE PRESIDENT. Is the amendment legislative in nature?

Mr. BONE. It is.

The VICE PRESIDENT. Then the Senator from Washington should offer it as an amendment to the amendment of the Senator from South Carolina, because the Senator from South Carolina received unanimous consent of the Senate to consider his amendment, which is legislative in its nature. Any amendment germane to that amendment is in order at this time. After the amendment of the Senator from South Carolina shall be agreed to, the Chair is very doubtful whether any other amendment of legislative character can be had.

Mr. BONE. I now offer the amendment and ask for its consideration.

The VICE PRESIDENT. The amendment will be stated.

The CHIEF CLERK. On page 38, after line 14, it is proposed to insert a new section, as follows:

SEC. —. In the case of widows and dependents of officers and enlisted men of the Army, Navy, or Marine Corps who served on the airships *Akron* and *J–3*, and who died in the accidents resulting in the destruction of such airships in April 1933, the amount of pension allowed shall be double that authorized by law or regulation of the President to be paid in cases where death results from an injury received or disease contracted in line of duty not the result of an aviation accident.

Mr. DILL. Mr. President, this amendment refers to the *Akron* and the *J–3*. If it is to be adopted, the *Shenandoah* should be included also in the amendment, because the widows and dependents of the officers and men who died on the *Shenandoah* should be treated exactly like the widows and dependents of those who perished on the *Akron* and the *J–3*. Therefore I ask my colleague if he will not consent to insert the word "*Shenandoah*" in line 3 after the word "*Akron*"?

Mr. BONE. Mr. President, that suggestion is entirely acceptable to me.

Mr. WALSH. Mr. President, will the Senator from Washington state what the pension under the existing law is?

Mr. BONE. That is exactly the information I was about to give, Mr. President.

Mr. WALSH. I should like to know what the present pension of the widows and dependents of these victims is, and to have the Senator from Washington explain what is proposed by his amendment.

Mr. KEAN. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state it.

Mr. KEAN. The roll call has already begun, has it not?

The VICE PRESIDENT. No response has been made to the roll call.

Mr. WALSH. Will the Senator from Washington answer my question?

Mr. BONE. Mr. President, in answer to the question of the Senator from Massachusetts, I will say that I am advised that under the old law—that is, the statute in existence prior to the enactment of the economy act—a flat pension of $30 per month was provided for the widows of officers and men who lost their lives in accidents such as that which befell the *Akron*. The law on the statute books until March 20, 1933, the date of the enactment of the economy act, provided that in the case of those in the flying service in the Navy and Army in the event of death in line of duty a double pension should be paid their widows, so that under the old law the widows of the officers and men would have received $60 per month.

Under the authority of the Economy Act the President issued an Executive order on March 31 abrogating the double-pension provision of the law and fixing in such cases a pension of $22 a month for the widow of an admiral down to the widow of an enlisted man. The Executive order was issued on Friday, March 31. On the following Monday, April 3, the *Akron* started on her ill-fated cruise. I am advised that the officers and men, when they embarked on that fateful day, had not learned over the week-end of the issuance of the order; and so they responded serenely to the call of duty, feeling confident that if death should overtake them, their widows would be provided for at least to the extent of $60 a month.

It is, perhaps, unnecessary to say that the premiums charged by private life insurance companies on the lives of officers and men engaged in the flying service are unusually high, rendering it practically impossible for those engaged in the aviation branch, particularly for junior officers and enlisted men, with their small salaries, to avail themselves of that form of protection for their loved ones. Even, however, if this had not been so, it would have been impossible for the *Akron's* complement to have taken out insurance after the Executive order, for they did not know of its existence, and went down with their ship before they ever had a chance even to apply for insurance from private companies.

It seems to me that, under all the tragic circumstances, a pension of $22 a month is ridiculously small for the widows of these men, who went into the flying service of the Navy under the solemn assurance of the Government that in the event they lost their lives in the performance of this hazardous duty their widows would be paid a double pension. As a matter of fact, if my memory serves me aright, under the present law a pension of $45 per month is granted to the widow of a member of the Civilian Conservation Corps or a worker under the C.W.A. who meets death in the course of his employment. Certainly we can afford to be as generous to the widows of those who went down to death on the *Akron* as we can to the widows of members of the C.C.C. and the C.W.A. who may be accidentally killed.

As I have indicated, the widow of Admiral Moffett is now entitled to but $22 a month, which is the same as the rate paid to the widows of the other officers and the enlisted men. I understand, though as to this point I am not absolutely certain, that in some cases the sliding scale of pensions according to rank has been restored, but only where such rates were applicable and were being paid under the old law. The sliding scale, however, cannot now be applied in the cases of the widows of officers of the *Akron*.

Mr. WALSH. Mr. President, what pension do the widows whose husbands were shot and died on the battlefields of France get?

Mr. BONE. The Senator is probably better informed about the rate of those pensions than am I.

Mr. WALSH. If this proposal is to give to the widows whose husbands met death in this particular disaster a sum larger than is given to the widows of men who died on the battlefields of France, we should proceed with full realization of the precedent we are establishing.

Mr. BONE. Even so, under the Economy Act, the *Akron* widows would have now about $44 a month, if the old law providing double pensions had not been repealed. I do not know that that is an outrageous pension to give a widow whose husband died on the *Akron*.

Mr. WALSH. I think it is quite possible that there ought to be distinctions made in the case of widows and dependents who have been made such as a result of particular accidents, but I think to pick out one particular accident of the many accidents that happen in these times will afford a very dangerous precedent. These rates ought to be considera-

tions in their relations to all rates of all widows receiving benefits.

Mr. BONE. I will say, first, to the Senator that I would not have offered this amendment except for the very unhappy circumstance in this case to which I have alluded, involving an ethical consideration that gives it a gloomy aspect. These men went to their death with the idea that if they died their widows would get a double pension. Now their widows are getting $22 a month, and I know of several cases where they are suffering great hardship. At the request of those who are directly interested, I offer this amendment.

The Senator from Maryland [Mr. GOLDSBOROUGH] has, I think, some further information which I am sure he will be happy to give the Senate. If Senators feel that the amendment is an untoward gesture and should not be adopted, of course, I shall bow to the judgment of the Senate.

Mr. WALSH. What about the widows of the flyers who have just been killed while carrying the air mail?

Mr. BONE. They, too, should be cared for.

Mr. WALSH. Should not they be cared for in the same way as these widows are cared for? They died while rendering a public service.

Mr. BONE. My only answer to the Senator is I think that a pension of $22 a month is too small.

Mr. BARKLEY. Mr. President, I should like to ask the Senator from Washington how many are involved?

Mr. BONE. I am reliably informed that the number of widows involved is 50, in addition to numerous children. All but two of the officers' wives had children, and practically all of the enlisted men who were married also left children. I think the Senator from Maryland [Mr. GOLDSBOROUGH] perhaps can give the Senator from Kentucky the further information.

Mr. GOLDSBOROUGH. Mr. President, I do not know that I can add to the statement made by the Senator from Washington; but I should like to state that I concur in the view that the widows of officers who lost their lives on the *Shenandoah* and the *Akron* should have greater pensions than they receive, for $22 a month in those cases is, in my judgment, an exceedingly paltry amount to be paid. I therefore hope the amendment of the Senator from Washington will receive favorable consideration.

Mr. GORE. Mr. President——

The VICE PRESIDENT. The Senator from Oklahoma is recognized.

Mr. GORE. Mr. President, the principle is not affected by the number who would receive the pensions, and I merely wish to suggest that we double the pensions of the widows of those who went down on the *Maine*, and probably we might go back in a similar way to the origin of the Government.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

Mr. KEAN. Mr. President, I offer the following amendment to the amendment:

That the widows of the Army officers who have been lost in the Air Service of the United States during the last few days in carrying the mails shall receive pensions equal to those paid the widows of officers who lost their lives in the *Akron* disaster.

The VICE PRESIDENT. The Senator offers an amendment to the amendment of the Senator from Washington, which in itself is an amendment to an amendment, and, being in the third degree, the amendment of the Senator from New Jersey is not in order at the present time. If the Senator has an amendment to offer after the amendment of the Senator from Washington shall have been disposed of, the Chair will recognize him for that purpose. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE] to the amendment of the Senator from South Carolina [Mr. BYRNES] as amended. [Putting the question.] The ayes appear to have it. The ayes have it, and the amendment to the amendment is agreed to.

Mr. BORAH. Mr. President, I wish to offer an amendment, and, in view of the suggestion of the Chair, I think I had better offer it at this time lest I not "get under the wire."

The VICE PRESIDENT. The amendment of the Senator from South Carolina, as amended, is still pending before the Senate. The Senator is recognized for any purpose he desires. [Laughter.]

Mr. BORAH. Mr. President, I shall read the amendment before sending it to the desk, because it is in my own handwriting. It is as follows:

That no part of the appropriation carried in this act shall be used in payment in excess of 85 percent of any salary or compensation of any officer or employee of the Government, except judicial officers, when such salary or compensation is in excess of $8,000.

Mr. President, this amendment presents the question of retaining the 15-percent cut in the case of all salaries over $8,000. There has been a desire upon the part of the majority of the Senate to aid the low-salaried employees of the Government, and I think that was a wise conclusion. There has also been a desire manifested to aid veterans, especially those who received injuries in the war, and it seems to me that that is just. But, owing to a difference of view as to the amount which should be provided in these several instances, a crisis has been created with reference to this proposed legislation. The President evidently entertains the view that we have gone beyond what is reasonable and fair in this matter. In view of that fact, Mr. President, I think that those drawing salary or compensation in excess of $8,000 ought to be willing to agree to such reduction in their salaries as will assist in preserving the bill within reasonable limits as to appropriations.

This amendment, if adopted, will more than take care of the difference between the proposed restoration of 75 percent of the pensions heretofore paid Spanish-American War veterans and the 90-percent restoration which has been provided, and it will also aid in other directions. Mr. President, at this time, under present circumstances, in view of the condition of the Government, and in view of the feeling which the President entertains with reference to the Budget—a feeling which we should all entertain so far as that is concerned—I do not think that we ought to insist upon eliminating the 15-percent deduction or cut in salaries above $8,000 a year.

As stated by the able Senator from Maryland [Mr. TYDINGS] a few minutes ago, we are passing through a great crisis, and we are not through by any means; there are troubles ahead. All officers and employees of the Government who are enjoying a salary of over $8,000 a year have an income in excess of the incomes enjoyed by 90,000,000 of the people of the United States. Ninety million people of the United States today have an income of less than $10,000 a year. In view of the conditions which still prevail and I fear will long prevail, we should reduce expenses where it is possible to do so.

Mr. ROBINSON of Arkansas. Mr. President, will the Senator yield?

Mr. BORAH. I yield.

Mr. ROBINSON of Arkansas. In that view of the matter, why does not the Senator fix the maximum amount that shall be exempt from reduction at a lower figure than $8,000 a year?

Mr. BORAH. To speak frankly to the Senator, I fixed it at an amount which I thought I could get through. I am perfectly willing to put it at $6,000. If it meets with more support in that respect, I will change it to $6,000.

Mr. WALSH. I suggest that the Senator make it $6,000.

Mr. BORAH. I will change it to $6,000.

The VICE PRESIDENT. Without objection, the amendment is so modified and the amount is changed to $6,000, instead of $8,000.

Mr. BORAH. Mr. President, I have said all I desire to say in regard to the matter. Certainly we ought to face the country and we ought to meet the President with perfectly clean hands in this matter of enlarging expenditures.

Let it be known that if there is a difference of opinion it is a difference of opinion with reference to the low-salaried employees and the veterans who received injuries in the war. We ourselves can afford to bear our share of carrying the burden which is now resting upon the Government. I trust, Mr. President, that the amendment will be adopted.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Idaho to the amendment of the Senator from South Carolina [Mr. BYRNES], as amended.

Mr. BYRNES. Mr. President, I should like to ask the clerk to what part of the bill this amendment is offered? I did not hear it read at the desk.

The VICE PRESIDENT. The clerk will read the amendment. The Senator from Idaho said it was in his own handwriting, and therefore he read it himself.

Mr. BORAH. I ask that it may be inserted at the appropriate place in the bill.

The CHIEF CLERK. At the end of the so-called "Byrnes amendment", as amended, it is proposed to insert the following:

That no part of the appropriation carried in this act shall be used in payment in excess of 85 percent of any salary or compensation of any officer or employ of the Government, except judicial officers, when such salary or compensation is in excess of $6,000.

Mr. STEIWER. Mr. President, will the Senator from South Carolina yield to me?

Mr. LONG. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. LONG. Is this offered as an amendment to the amendment of the Senator from South Carolina?

The VICE PRESIDENT. It is.

Mr. LONG. Is it not legislation; and if so, is it in order on this bill?

The VICE PRESIDENT. The amendment of the Senator from South Carolina is itself legislation; the amendment of the Senator from Idaho is an amendment to that amendment, and is germane.

Mr. LONG. I object to it.

Mr. STEIWER. Mr. President, will the Senator from South Carolina yield for a question.

Mr. BYRNES. I yield.

Mr. STEIWER. Is not the proposal made by the Senator from Idaho merely a limitation upon the appropriation carried in the bill, and if so, may it not appear at any place in the bill and be entirely dissociated from the legislative provisions that have been added to the amendment of the Senator from South Carolina?

Mr. BYRNES. The Chair has already ruled that the amendment was offered at the proper place, and was germane, and I think that is a very complete answer to the statement of the Senator from Oregon. I merely want to call attention to the fact that the Senate has heretofore acted upon the question of the compensation of employees. The Senate adopted an amendment which provides that the percentage of reduction shall apply alike to all officials of the Government, making no distinction as between employees of the Government. The amendment now offered by the Senator, as I understand, would make a distinction as between employees receiving more than $6,000, and those receiving less than $6,000.

I have not upon my desk at this time the tables I had at the time the other provision of the bill was under consideration, and therefore I can make no positive statement as to the number of employees who would be affected. However, I should be greatly surprised if there should be such a number of employees affected as the Senator from Idaho has in mind. I regret that I cannot give exact information as to the number.

Mr. BARKLEY. Mr. President——

The VICE PRESIDENT. Does the Senator from South Carolina yield to the Senator from Kentucky?

Mr. BYRNES. I yield.

Mr. BARKLEY. As I understand, the amendment is only a limitation upon the payment of salaries above $6,000 carried in this bill. It would not affect salaries above $6,000 in any other branch of the Government except those provided for in this bill.

Mr. BYRNES. Of course, if that is the language of the amendment, that is true.

Mr. BARKLEY. So we would have a different standard for salaries of $6,000 and over carried in this bill, and for salaries of $6,000 and over not carried in this bill.

Mr. HAYDEN. Mr. President, will the Senator yield?

Mr. BYRNES. I yield.

Mr. HAYDEN. I have seen the figures to which the Senator referred. My recollection is that the saving of 15 percent by the cut in salaries of $6,000 and over is merely nominal. It is a very small sum compared to the total appropriation for salaries. Does not the Senator remember the figures?

Mr. BYRNES. I do not. I know a vast majority of the employees of the Government are in the classification from $2,000 to $2,400. After we get above the classification of $2,400 the saving is so negligible that it amounts to very little.

Mr. HAYDEN. The Senator from Idaho seemed to be of the opinion that the adoption of his amendment would save the Government money enough to pay the difference between the allowance of 75 percent and the allowance of 90 percent to the Spanish-American War veterans. Does the Senator from South Carolina agree to that in the light of the knowledge he has?

Mr. BYRNES. Absolutely no. I stated to the Senate that I have not the figures, but I certainly have no idea that any such saving would be made.

Mr. BORAH. Mr. President——

The VICE PRESIDENT. The time of the Senator from Idaho on the amendment has expired.

Mr. BORAH. Then I will take my time on the bill. I will undertake to modify the amendment so as to satisfy those who wish to include all Federal officers. I modify the amendment by inserting the words "or any other general appropriation bill for the fiscal year ending June 30, 1935." I perfect the amendment in that way by adding those words.

The VICE PRESIDENT. The question is on the amendment of the Senator from Idaho as modified by him.

Mr. WALSH. Mr. President, whatever may be the financial result of the adoption of the amendment offered by the Senator from Idaho, it is a good example to the country and I am for it 100 percent. We have not given the veterans of the Spanish-American War all they want. We have not given the veterans of the World War all they want. In all probability when the bill is completed the Government employees will not have all that they want. We are dealing with economy and we are refusing them all the money to which they would be entitled under ordinary circumstances.

I do not know of any better way of showing that we are sincere and in earnest and believe in economy and intend to support the President in his efforts to bring about these economies that will lead to a balancing of the Budget than by setting the example ourselves. This is our opportunity. Let us go on record for continuing the reduction in our own salaries.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Idaho to the amendment of the Senator from South Carolina. [Putting the question.] Apparently the amendment is rejected.

Mr. VANDENBERG. Let us have the yeas and nays.

The yeas and nays were not ordered.

Mr. VANDENBERG. I ask for a division.

Mr. LONG. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. LONG. The Chair has announced his decision, has he not?

The VICE PRESIDENT. In view of the confusion the Chair is going to ask for a recount to determine whether a sufficient number seconded the demand for the yeas and nays. Is there a second to the demand for the yeas and

nays? [After counting.] The yeas and nays are ordered, and the clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. Not knowing how he would vote, I withhold my vote. If permitted to vote, I would vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a general pair with the senior Senator from Pennsylvania [Mr. REED], which I transfer to the senior Senator from Virginia [Mr. GLASS], and vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the affirmative). I have already voted, but I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I understand that if he were present he would vote as I have voted, and so I let my vote stand.

Mr. LEWIS. I rise to announce that the absence of the Senator from Montana [Mr. WHEELER] is occasioned by illness.

I also wish to announce that the senior Senator from Florida [Mr. FLETCHER] is engaged in a hearing before the Banking and Currency Committee.

I also announce that the Senator from Alabama [Mr. BLACK] and the Senator from Washington [Mr. BONE] are detained on official business.

Mr. HEBERT. Mr. President, may I ask how the Senator from Tennessee [Mr. McKELLAR] voted?

Mr. McKELLAR. I voted in the affirmative.

Mr. HEBERT. I ask that question because I am informed that the Senator from Delaware [Mr. TOWNSEND], with whom the Senator from Tennessee is paired, would have voted in the affirmative on this question had he been present.

Mr. McKELLAR. I so stated when I voted.

Mr. HEBERT. I wish further to announce that the Senator from Vermont [Mr. AUSTIN] is absent on official business, attending a committee meeting. I am informed that if present he would vote "yea" on this question.

I further announce that the Senator from Pennsylvania [Mr. REED] is detained by illness, and that the Senator from Maine [Mr. WHITE] is absent on official business.

The result was announced—yeas 45, nays, 39, as follows:

YEAS—45

Ashurst	Costigan	Lonergan	Stephens
Bailey	Davis	McCarran	Thompson
Barbour	Fess	McKellar	Trammell
Borah	Frazier	Metcalf	Tydings
Brown	Gibson	Murphy	Vandenberg
Byrd	Goldsborough	Norris	Van Nuys
Byrnes	Gore	Patterson	Wagner
Capper	Hastings	Pittman	Walcott
Caraway	Hatch	Pope	Walsh
Carey	Hebert	Robinson, Ark.	
Connally	Kean	Sheppard	
Copeland	King	Shipstead	

NAYS—39

Adams	Dieterich	La Follette	Overton
Bachman	Dill	Lewis	Reynolds
Bankhead	Duffy	Logan	Robinson, Ind.
Barkley	Erickson	Long	Russell
Bulkley	George	McAdoo	Schall
Bulow	Hale	McGill	Smith
Clark	Harrison	McNary	Steiwer
Coolidge	Hayden	Neely	Thomas, Okla.
Cutting	Johnson	Nye	Thomas, Utah
Dickinson	Keyes	O'Mahoney	

NOT VOTING—12

Austin	Couzens	Hatfield	Townsend
Black	Fletcher	Norbeck	Wheeler
Bone	Glass	Reed	White

So Mr. BORAH's amendment to Mr. BYRNES' amendment was agreed to.

The VICE PRESIDENT. The question is on the amendment of the Senator from South Carolina [Mr. BYRNES], as amended. On that question the yeas and nays have been demanded and ordered.

Mr. BYRNES. Mr. President, as to that amendment I simply desire to say that the proposal submitted by me has been eliminated, and there have been substituted quite a number of other proposals. I doubt whether the Members of the Senate know exactly how many proposals have been substituted. Therefore, even though the Chair may put the question on what is called the "Byrnes amendment", the Senator from South Carolina is going to vote "nay."

The VICE PRESIDENT. The clerk will call the roll.

The Chief Clerk proceeded to call the roll.

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER]. I transfer that pair to the senior Senator from Vermont [Mr. AUSTIN], who is detained in a committee hearing, and, if present, would vote as I intend to vote. I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I have a pair with the Senator from Pennsylvania [Mr. REED], which I transfer to the Senator from Virginia [Mr. GLASS] and will vote. I vote "nay."

The roll call was concluded.

Mr. KING (after having voted in the negative). I have a general pair with the senior Senator from South Dakota [Mr. NORBECK], and therefore am compelled to withdraw my vote.

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND], but I am informed that he, if present, would vote as I have voted, so I will allow my vote to stand.

Mr. HEBERT. I have been requested to announce the unavoidable absence because of illness of the Senator from Pennsylvania [Mr. REED]. I understand that if present he would vote "yea" on this question.

Mr. LEWIS. I desire to announce that the Senator from Alabama [Mr. BLACK], the Senator from Colorado [Mr. COSTIGAN], the Senator from Florida [Mr. FLETCHER], and the Senator from Mississippi [Mr. STEPHENS] are detained in committee meetings.

The result was announced—yeas 69, nays 15, as follows:

YEAS—69

Adams	Dill	Lewis	Reynolds
Ashurst	Duffy	Logan	Robinson, Ind.
Bachman	Erickson	Lonergan	Russell
Barbour	Fess	Long	Schall
Barkley	Frazier	McAdoo	Shipstead
Bone	George	McCarran	Smith
Borah	Gibson	McGill	Steiwer
Bulow	Goldsborough	McKellar	Thomas, Okla.
Capper	Hale	McNary	Thomas, Utah
Caraway	Hastings	Metcalf	Trammell
Carey	Hatch	Neely	Vandenberg
Clark	Hatfield	Norris	Van Nuys
Connally	Hayden	Nye	Wagner
Copeland	Hebert	O'Mahoney	Walcott
Cutting	Johnson	Overton	White
Davis	Kean	Patterson	
Dickinson	Keyes	Pittman	
Dieterich	La Follette	Pope	

NAYS—15

Bailey	Byrd	Harrison	Thompson
Bankhead	Byrnes	Murphy	Tydings
Brown	Coolidge	Robinson, Ark.	Walsh
Bulkley	Gore	Sheppard	

NOT VOTING—12

Austin	Couzens	King	Stephens
Black	Fletcher	Norbeck	Townsend
Costigan	Glass	Reed	Wheeler

So Mr. BYRNES' amendment, as amended, was agreed to.

The amendments were ordered to be engrossed and the bill to be read a third time.

The bill was read the third time and passed.

Mr. BYRNES. Mr. President, I ask that the bill be printed with the amendments of the Senate numbered, and that the clerks be authorized to make the necessary changes in section numbers.

The VICE PRESIDENT. Is there objection to the request of the Senator from South Carolina? The Chair hears none, and it is so ordered.

Mr. BYRNES. I move that the Senate insist upon its amendments and ask for a conference with the House of Representatives upon the bill and amendments, and that the Chair appoint the conferees on the part of the Senate.

The VICE PRESIDENT. The question is on the motion of the Senator from South Carolina.

The motion was agreed to; and the Vice President appointed Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER conferees on the part of the Senate.

Mr. BYRNES. Mr. President, I ask unanimous consent to have printed in parallel columns in the RECORD the Byrnes

amendment relating to the Spanish-American War veterans and the Steiwer amendment as first offered and as subsequently modified.

The VICE PRESIDENT. Is there objection?

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

BYRNES AMENDMENT

Amendment intended to be proposed by Mr. BYRNES to the bill (H.R. 6663) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes, viz: On page 33, after line 14, insert the following:

"SEC. 24. Notwithstanding the provisions of Public Laws Nos. 2 and 78, Seventy-third Congress, and except for fraud, mistake, or misrepresentation, 75 percent of the payments being made on March 20, 1933, shall be payable from the date of passage of this act to the date of decision by the Board of Veterans' Appeals in all cases disallowed by the Special Boards of Review authorized under section 20 of Public Law No. 78, Seventy-third Congress: *Provided*, That the Board of Veterans' Appeals is hereby authorized and directed to review all such cases at the earliest practicable date: *Provided further*, That the Administrator of Veterans' Affairs is hereby authorized and directed to develop such cases by correspondence and investigation to the end that all available material evidence shall be secured and made a part of the claim before decision by the Board of Veterans' Appeals is rendered: *Provided further*, That in those cases where, as a result of the review, service connection is granted by the Board of Veterans' Appeals, pension shall be payable, effective July 1, 1933, at the war-time service-connected rates under Public Laws Nos. 2 and 78, Seventy-third Congress, subject to deduction of the amount of pension paid for any period subsequent to June 30, 1933: *Provided further*, That in no event shall the rates of compensation payable for direct service-connected disabilities, or for presumptive service-connected disabilities where service connection was or is continued under the provisions of Public Laws Nos. 2 or 78, Seventy-third Congress, or this section, to those veterans who entered the active military or naval service on or before November 11, 1918, and whose disabilities are not the result of their own misconduct, where they were except by fraud, mistake, or misrepresentation, in receipt of compensation on March 20, 1933, be reduced more than 25 percent, except in accordance with the regulations issued under Public Law No. 2, Seventy-third Congress, pertaining to Federal employment, hospitalized cases, and cases of beneficiaries residing outside of the continental limits of the United States, and notwithstanding any change in the physical or mental condition of such veteran, the 25-percent limitation in reduction of rates of compensation shall continue to be applicable.

"SEC. 25. That section 6 of Public Law No. 2, as amended by Public Law No. 78, Seventy-third Congress, is hereby amended to read as follows:

"'SEC. 6. The Administrator of Veterans' Affairs is hereby authorized, within the limits of Veterans' Administration facilities, to furnish medical and hospital treatment for diseases or injuries and domiciliary care for permanent disabilities, in the following order of preference and subject to the following requirements:

"'(a) To honorably discharged veterans of any war, including the Boxer rebellion and the Philippine insurrection, who are suffering with injuries or diseases which were incurred or aggravated in line of duty in the active military or naval service when in need of hospital treatment for such injuries or diseases; and to any other person entitled to pension for disease or injury incurred in line of duty during the World War when in need of hospital treatment for such injury or disease;

"'(b) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty who are suffering with injuries or diseases which were in-

STEIWER-M'CARRAN AMENDMENT AS FIRST SUBMITTED

SEC. —. The fifth paragraph of section 20 of the Independent Offices Appropriation Act, 1934, is amended to read as follows:

"Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax."

STEIWER-M'CARRAN AMENDMENT AS MODIFIED AND AGREED TO

Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, no pension being paid on March 19, 1933, to any veteran of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, or to the widow and/or dependents of any such veteran, shall be reduced by more than 10 percent, except in accordance with the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to hospitalized cases: *Provided*, That the provisions of this section shall not apply (1) to persons to whom payments were being made on March 19, 1933, through fraud, clear or unmistakable error as to conclusions of fact or law, or misrepresentation of a material fact, except that decisions as to the degree of disability rendered prior to March 20, 1933, shall be conclusive, or (2) to any person during any year following a year for which such person was not entitled to exemption from the payment of a Federal income tax.

All laws in effect on March 19, 1933, granting monetary benefits to veterans of the Spanish-American War, including the Boxer rebellion and the Philippine insurrection, are hereby reenacted in their entirety, and such laws shall be effective from and after the effective date of this act, subject to the limitations of this section and to such reduction in pensions as may be made hereunder.

BYRNES AMENDMENT—continued

curred or aggravated in line of duty in the active service when in need of hospital treatment for such injuries or diseases;

"'(c) To veterans of any war, including the Boxer rebellion and the Philippine insurrection, who served in the active military or naval service for a period of 90 days or more and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, who have no adequate means of support and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living;

"'(d) To persons honorably discharged from the United States Army, Navy, Marine Corps, or Coast Guard for disabilities incurred in line of duty in the active service, who have no adequate means of support, and who are suffering with permanent disabilities or tuberculous or neuropsychiatric ailments, or such other conditions requiring emergency or extensive hospital treatment as may be prescribed by the Administrator of Veterans' Affairs, which incapacitate them from earning a living.'

"SEC. —. That paragraph 5 of section 20 of Public Law No. 2, Seventy-third Congress, is hereby amended to read as follows:

"'Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, all persons who served 90 days or more in the military or naval service of the United States during the War with Spain, the Philippine insurrection, or the China relief expedition, and who have been honorably discharged therefrom, or who, having served less than 90 days, were discharged for disability incurred in the service in line of duty, and who are now or who may hereafter be suffering from any mental or physical disability or disabilities of a permanent character not the result of their own vicious habits which so incapacitates them for the performance of manual labor as to render them unable to earn a support, as defined by regulations in force upon March 19, 1933, and the dependents of such persons who so served, shall, upon making due proof according to such rules and regulations as the Administrator of Veterans' Affairs may provide, be entitled to pensions for age, disability, or death in accordance with the laws in effect on March 19, 1933, and as to such persons such laws are hereby reenacted and made applicable, except that the rates of pension payable shall be 75 percent of the rates in effect on March 19, 1933: *Provided*, That payment of pension under this section shall be subject to the regulations issued pursuant to Public Law No. 2, Seventy-third Congress, pertaining to persons maintained in Government institutions: *Provided further*, That no pension shall be payable under this paragraph where the income of the person, if unmarried, exceeds $1,000 per annum computed monthly, or, if married or with minor children, exceeds $2,500 per annum computed monthly: *Provided further*, That pensions payable under this section shall commence on the first day of the month following the month during which this section is enacted, and the Administrator of Veterans' Affairs is hereby authorized and directed to accept for the purposes of payment of pension, without application or examination, the degree of disability in effect on March 19, 1933.'"

GRAZING ON THE PUBLIC DOMAIN

Mr. HAYDEN. Mr. President, on behalf of the Senator from Oregon [Mr. MCNARY], the Senator from Washington [Mr. DILL], the Senator from South Dakota [Mr. BULOW], the Senator from Idaho [Mr. POPE], the Senator from New Mexico [Mr. HATCH], the Senator from Washington [Mr. BONE], the Senator from Arizona [Mr. ASHURST], the Senator from Utah [Mr. THOMAS], and myself, I am offering several amendments to the bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes.

Several of the Senators who have joined in offering these amendments believe that the proper solution of the problem is to transfer the remaining public domain to the States,

but we are all of the opinion that if there is to be Federal regulation of grazing on the public lands, the United States Forest Service is the agency best equipped by experience to undertake that work.

We all agree that stockmen who graze their flocks and herds on both the national forests and the public domain should not be required to obtain permits from different authorities at different seasons of the year. In order to have unity of administration, the Forest Service should have entire control of all grazing on both classes of lands owned by the United States.

I ask that the amendments be printed in the RECORD.

There being no objection, the amendments were ordered to be printed in the RECORD, as follows:

Amendments intended to be proposed by Mr. HAYDEN, Mr. MCNARY, Mr. DILL, Mr. BULOW, Mr. POPE, Mr. HATCH, Mr. BONE, Mr. ASHURST, and Mr. THOMAS of Utah to the bill (H.R. 6462) to stop injury to the public grazing lands by preventing overgrazing and soil deterioration, to provide for their orderly use, improvement, and development, to stabilize the livestock industry dependent upon the public range, and for other purposes, viz:

On page 1, line 4, strike out the words "Secretary of the Interior" and insert in lieu thereof the words "President of the United States."

On page 2, strike out all of lines 17 to 23, inclusive, and insert in lieu thereof the following:

"SEC. 2. (a) The Secretary of Agriculture (hereinafter referred to as the Secretary) is hereby authorized to make provisions by suitable regulations for the administrative use, including the revegetation and restoration of the herbaceous cover, of lands included in grazing districts under authority of this act, which regulations shall, unless herein otherwise provided, conform as nearly as practicable with the regulations adopted for administering grazing on adjacent or nearby national forest lands.

"(b) The Secretary, through the United States Forest Service, shall make provision for the protection, administration, regulation, and improvement of such grazing districts as may be established under authority of this act, and he shall make such rules and regulations and enter into such cooperative agreements, and do any and all things necessary to accomplish the purposes of this act."

On page 3, in lines 10 and 24, strike out the words "of the Interior."

On page 4, in lines 3, 19, and 22, strike out the words "of the Interior"

On page 5, in lines 22 and 23, strike out the words "of the Interior."

On page 7, in lines 12 and 22, strike out the words "of the Interior."

On page 8, in lines 4, 6, 11, and 22, strike out the words "of the Interior."

On page 9, in line 23, strike out the words "of the Interior."

On page 10, after line 4, insert as a new section the following:

"SEC. 13. The Secretary of the Interior and the Secretary of Agriculture are hereby authorized to put into practice such conservation measures as they may deem necessary, for preventing further soil erosion, including the construction of such words as may be found desirable for that purpose."

EMPLOYMENT CONDITIONS IN GEORGIA

Mr. GEORGE. Mr. President, I desire to have printed in the RECORD a letter from the director of the National Reemployment Service in Georgia, Mr. Lincoln McConnell. There are parts of the letter, however, to which I desire to refer for the information of the Senate.

Let me say that Mr. McConnell, the writer of this letter, is a gentleman of the highest character and of marked ability. As director of the National Reemployment Service in the State of Georgia, he has given a great deal of time and attention to his duties and a great deal of thought to the problem with which he has been connected.

Georgia is predominantly an agricultural State, and has a population of 3,000,000. The population of the State should be multiplied by 40, therefore, in order to get the entire population of the country. I think the figures given in this letter are illuminating, and that they have a very definite bearing upon the whole problem which is now before the country and with which the country has been struggling for the last 3 years; that is, the problem of profitable employment of our people.

The director of the National Reemployment Service in the State of Georgia finds that the total number registered, not placed, in the National Reemployment Service reached 230,000. The C.W.A. workers total 88,000. Therefore, the total number of unemployed in the State is 318,000. From this total of 318,000 the director suggests that 36,800 should be deducted because they were farmers and engaged in farming but registered under a misapprehension, the registration having occurred after the actual farming operations of the year of these particular farmers had been completed.

The director suggests that 8,000 housewives should be deducted; that is to say, housewives do not usually seek employment outside of the home, and he suggested that, 8,000 of them having registered, there be a deduction of that item. He also suggested that 23,184 young men and young women who had not theretofore been employed will become of age during the current year. So there should be a total deduction of 67,984 from a total registration of 318,000.

There are left unemployed in the State, therefore, 250,016 people. If that number be multiplied by 40, we have a total of unemployed in the United States today of 10,000,000 plus.

Taking the total number registered with the director who were not placed in any employment, even the temporary employment afforded by the C.W.A., the figures indicate, if they should apply uniformly throughout the 48 States, that there are in the United States more than 9,000,000 people unemployed.

From this total are excluded housewives, from the total are excluded young men and young women who became of age during the registration and who had not previously been employed, and from the total are also excluded those who had registered under a misapprehension.

So, Mr. President, assuming that the State represents a fair cross section of the entire population of the country, the unemployed figures are startling at this hour. The State of Georgia is largely, as I have said, agricultural. It is not likely that the State does represent a true cross section, but it is probable that the indicated unemployment is not far out of line with the figures which the director has gathered with a great deal of care, and, knowing him as I do, I believe that his figures may be accepted as a trustworthy index of the unemployment situation in the country at this time.

I ask, Mr. President, that the letter addressed to me, and which explains this tabulation, as well as the tabulation, be printed in the CONGRESSIONAL RECORD, because I believe it to be of material information to anyone who is interested in this question.

The PRESIDING OFFICER (Mr. DICKINSON in the chair). Without objection, it is so ordered.

The letter referred to is as follows:

UNITED STATES DEPARTMENT OF LABOR,
UNITED STATES EMPLOYMENT SERVICE,
Macon, Ga., February 19, 1934.

Hon. WALTER F. GEORGE,
Senate Office Building, Washington, D.C.

DEAR SENATOR: We have had a great curiosity to know what conditions were responsible for the unemployment of more than 250,000 men and women registered in the national reemployment offices of this State. About 3 weeks ago, therefore, I directed each county office manager to conduct an economic survey of his county, to interview large groups of employers in various lines of industry, and to make a careful study of agricultural conditions.

Our registration, as you know, does not include those men who were transferred into C.W.A. from work relief. These, of course, should be added to the number of our registrations, therefore, inasmuch as they are unemployed except for their temporary C.W.A. jobs.

From our registrations there should be deducted men who are actually engaged in farming but who registered under a misunderstanding as to the purpose of the Civil Works Administration. The estimated number of these is 36,800. We estimate, also, that approximately 8,000 housewives have registered in our offices, these being women who, for the most part, have never before had employment and who normally do not seek employment. Critical conditions have stimulated them to look for employment now, but on the ground that they constitute a duplication of registration we are deducting them likewise.

We estimate, also, that of the number of registrations 23,184 represent young men and young women who have reached maturity but who up until now have never held a job.

The total of these deductions is 67,984. In round figures, the registration, plus the people on C.W.A. employment, amounts to 318,000. This leaves a net of 250,016 who, we estimate, have lost former employment.

As careful analysis as possible has been made of the surveys which have been sent in to our office, and it appears that there are 75,000 people who have been thrown off the farms by reason of the acreage-reduction programs, mortgage foreclosures, tax sales, and acute shortage of farm credit. These constitute wage hands, tenant farmers, and owners. I am enclosing a schedule which shows this picture clearly. Please understand that these

are only estimates, but they are estimates based on economic reports, and we believe they will not fall far short in any particular.

I think the agricultural condition should be one of particular concern to all of us. These thousands of unemployed men from the farms constitute a permanent menace to our prosperity. Under our present system they must be carried, for the most part, on our relief rolls. They will be a migratory, shifting element of our population, contributing to social unrest and disorder. This labor surplus will make it almost impossible for the normal return of prosperity to other industries.

I think something ought to be done about it. I am not a farmer, and I am only a amateur economist but it strikes me that the most reasonable answer to the problem is to put these people back into the only industry for which they are trained. My thought is that the worst aspect of the condition can be met in Georgia by arranging for approximately 25,000 of these people to be reinstated on small farms.

I believe a program of farm rehabilitation could be developed to supply small capital loans to these people to be repaid over a period of 3 to 5 years. Their production of cotton or other money crops would not be of sufficient volume to disturb our national output. Exclusive of land, I am informed such rehabilitation could be effected at a cost of approximately $500 to $600 per family.

I am well aware that this may not constitute a permanent answer to the problem, and that we probably have, in fact, too many farmers in the Southeast. It strikes me that this is the least expensive way to deal with the problem for the present, and that at the same time the problem is of such a serious nature as to demand some solution.

There are probably four or five States throughout this section in this identical condition. South Carolina and Alabama are, almost certainly, Mississippi and North Carolina, probably. The entire program should not cost $100,000,000, and in the judgment of one of the leading bankers of this section of the State, a very high percentage of repayment would be experienced.

May I not commend this to your serious consideration?

Sincerely yours,

LINCOLN MCCONNELL,
State Reemployment Director.

Total registered not placed in national reemployment	230,000	
Estimated number of these to be actually farming	-------	36,800
Estimated number housewives who have never been employed	-------	8,000
Young men and young women who are approaching maturity but have never been employed before	-------	23,184
C.W.A. workers	88,000	
	318,000	67,984
Those who have lost former employment	-------	250,016
	318,000	318,000

LOSS OF EMPLOYMENT

From farms due to acreage reduction, acute shortage of credit, foreclosures, and tax sales	75,000
Construction	19,500
Lumber and timber	9,000
Railroads	8,000
Naval stores	6,000
Clothing manufactures	1,132
Domestics	20,000
Clay products	600
General industries	30,000
Clerical	8,000
Salesmen and saleswomen	12,000
Miscellaneous occupations	60,000

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

The PRESIDING OFFICER. The question is on agreeing to the amendment offered by the Senator from Washington [Mr. BONE].

Mr. ROBINSON of Arkansas. Mr. President, I assume that the chairman of the committee, the Senator from Florida [Mr. TRAMMELL], in charge of the bill, will indicate his pleasure about the amendment.

The PRESIDING OFFICER. The Chair understands that the Senator from Washington desires to modify his proposed amendment. Is that correct?

Mr. BONE. Mr. President, that is correct.

The PRESIDING OFFICER. The Senator from Washington has that privilege.

Mr. BONE. Mr. President, one of the few matters that had not been determined, aside from the amendment that I wanted to offer, was a feature in the bill as it came over from the House relating to a restriction of profits. The chairman of the Senate committee [Mr. TRAMMELL] has in his hands an amendment which I understand he desires to offer at this time; and I should prefer not to proceed with the discussion of my amendment until that amendment shall have been disposed of.

The PRESIDING OFFICER. Does the Senator from Washington hold his amendment in abeyance pending the consideration of the amendment of the Senator from Florida [Mr. TRAMMELL]?

Mr. BONE. I should prefer that the amendment of the Senator from Florida first be gotten out of the way. The amendment of the Senator from Florida deals with restriction of profits.

The PRESIDING OFFICER. The amendment of the Senator from Washington will be laid aside temporarily, and the clerk will state the amendment of the Senator from Florida.

Mr. TRAMMELL. I send to the desk the amendment I propose, which I ask to have stated.

The PRESIDING OFFICER. The amendment will be stated.

The LEGISLATIVE CLERK. On page 4, in section 3, it is proposed to strike out all of the proviso in lines 11 to 15, inclusive, and in lieu thereof to insert the following:

Provided, That any profit resulting from any contract, or subcontract, of $10,000 or more, payable from such funds as may hereafter be appropriated for the vessel or vessels and aircraft authorized herein, or vessels heretofore authorized but not yet contracted for, or payable by the contractor to any subcontractor, shall not exceed 10 percent of the cost of performing such contract or the subcontract, respectively. All contractors and subcontractors shall report the net profits from such contracts, under oath, to the Secretary of the Treasury of the United States, upon the completion of the work under such contract or subcontract. Such report shall provide such information and be on such forms as shall be prescribed by the Secretary of the Treasury. All profits of either the contractor or subcontractor in excess of said 10 percent shall be and become the property of the United States of America and shall be collected by the Secretary of the Treasury by suit or otherwise, and be paid into the Treasury of the United States under such rules and regulations as the Secretary of the Treasury may prescribe.

Mr. TRAMMELL. Mr. President, I ask favorable consideration of this amendment by the Senate. The amendment deals entirely with the question of limiting the cost of the construction of vessels, work on which is to be undertaken under the pending bill, the object and purpose being to restrict the profit to not exceeding 10 percent of the cost of the construction. It is not a cost-plus proposition. We have competitive bidding, but under that competitive bidding the contractor is not to be allowed to make a profit in excess of 10 percent of the expenditures he makes in the execution of his contract.

That is the object and purpose of the amendment. We believe the amendment as prepared covers the idea we have in mind and the policy sought to be established. Unless the Senate wishes to oppose the amendment, I hope we can have it adopted, and we can then resume consideration of the amendment offered by the Senator from Washington [Mr. BONE].

Mr. KING. Mr. President, will the Senator consent to a further amendment? Perhaps it is not quite harmonious with the amendment which he has just offered, but it seems to me to be germane to the question. I suggest an amendment in substantially the following language:

That no expenditures whatever shall be made under the terms of this act, and no contracts or agreements shall be entered into, until and unless Congress shall have made appropriations therefor.

Mr. TRAMMELL. Mr. President, I think that proposal should come up for consideration on its own merits. I should not like to incorporate it in my amendment. I should not like to place that restriction in the bill anyway, because more or less of this work is being done through funds that have been allocated from the Public Works Administration appropriation. In fact, the funds for most of the ships now under construction have been obtained in that way. The

proposal of the Senator from Utah would not be in harmony with the purpose of the bill as far as present plans are concerned. Of course, in the future a different situation might prevail. The plans for the present funds are now completed The funds have been practically all provided. They have all been appropriated.

Mr. KING. May I inquire of the Senator from Florida whether contracts which have been obtained as the result of competitive bidding have been entered into for the expenditure of the two hundred and thirty-odd million dollars which were allocated by the Public Works Administration.

Mr. TRAMMELL. I think that work has very largely been contracted for. That is my information. The amount allocated by the Public Works Administration has very largely been contracted for. Of course, it was allocated under authority given to the Public Works Administration by the original act itself. That general authority, as the Senator will recall, was carried in the Public Works Administration Act.

Mr. KING. May I ask the Senator whether the amendment he now has offered is retroactive and would cover the contracts which have been entered into pursuant to the allocation of funds for public works?

Mr. TRAMMELL. The amendment is not retroactive. We discussed that question, and felt that there was a constitutional restriction against making a measure of this character retroactive. It is intended to be applied to all funds and appropriations that have not been contracted for. If there are any funds that have been appropriated, and no contracts have heretofore been made with regard to them, this amendment would apply to cases of that character. It is the desire of the committee to prevent the making of excess profits as far as possible. Of course, the amendment does not apply to contracts previously made. No effort has been made to make the amendment retroactive, the committee feeling that it would not be constitutional to attempt to do so.

Mr. HEBERT. Mr. President, will the Senator yield?

Mr. TRAMMELL. I yield.

Mr. HEBERT. Does the Senator's amendment apply only to contracts for the building of naval vessels?

Mr. TRAMMELL. It applies to aircraft and every other character of work authorized under the bill.

Mr. HEBERT. As I understand, the amendment proposes to limit to not exceeding 10 percent the profits which contractors may realize upon their contracts.

Mr. TRAMMELL. That is the purpose and object of the amendment.

Mr. HEBERT. Does the amendment go to the extent of guaranteeing a profit of 10 percent to the contractor?

Mr. TRAMMELL. No, Mr. President. We presume the contractors will look after that. They look after their interests.

Mr. HEBERT. In other words, the contractor may lose 10 percent, but the amendment the Senate proposes would not apply to that feature of the contract?

Mr. TRAMMELL. Certainly not, Mr. President. We feel that there is a condition in the country which justifies the Senate and the Congress in an endeavor to prevent excessive profits being made from Government work. The object and purpose of this provision is to place a check upon such excessive profits. As to the question of losses, of course the contractor represents himself in that regard. We are here as the representatives of the Government, trying to give the proper protection, as we see it, to the Government in dealing with these matters.

Mr. KING. Mr. President, the amendment now pending, I think, is perhaps unobjectionable, although I should be glad if it went further and provided that no contracts shall be entered into or agreements made with respect to any of the naval craft authorized in the bill until and unless Congress shall have appropriated an adequate sum for the purpose of meeting such contracts.

I know the statement will be made, as it always is made where authorizations are carried in bills, that that does not mean that appropriations will follow; but we know that when we authorize an executive agency to enter into contracts or to do certain things the situation will be so changed and altered that there will be some sort of a moral obligation upon Congress thereafter to make appropriations to carry out the contracts entered into.

Later I shall discuss some of the features of the bill, but at the present, Mr. President, I purpose to devote some little time to the consideration of what is known as "the Filipino problem".

Mr. TRAMMELL. Mr. President, may I ask the Senator from Utah if he would object to the amendment I sent to the desk being acted upon at this time, because I think I misled the Senator from Washington in asking him to permit the amendment to come up first so that we could agree to it? I should not like to displace his amendment purposely for the afternoon or the day.

The PRESIDING OFFICER. Is there objection to the amendment offered by the Senator from Florida?

Mr. McNARY. Mr. President, I just stepped into the Chamber, and I do not know what the nature of the amendment is. I will inquire what is the request of the Senator from Florida?

Mr. TRAMMELL. The amendment offered by me is an amendment that deals with the question of cost and the limitation of cost of construction of naval vessels. The amendment has been read and discussed briefly. On account of the situation, I offered the amendment and thought we could dispose of it in a few seconds, and that then we could recur to the amendment of the Senator from Washington. I am anxious to carry out the rather tentative offer or suggestion made to him in this regard.

The PRESIDING OFFICER. The Senator from Utah [Mr. KING] has the floor.

Mr. FRAZIER. Mr. President, will the Senator from Utah yield to me?

Mr. KING. I yield.

Mr. FRAZIER. The amendment of the Senator from Florida is rather an important amendment, and, if it is to be discussed, I shall desire to call for a quorum, so that the discussion may be heard. I do not, however, wish to take the Senator from Utah from the floor.

Mr. KING. Mr. President, obviously the amendment will require some discussion, as indicated by the Senator from North Dakota, and, having been interrupted heretofore when I attempted to defend the Filipinos against the unjust, unwise, not to say tyrannous, legislation which was passed by the Congress, I should like to continue for some little time uninterruptedly.

Mr. TRAMMELL. Very well.

[Mr. KING resumed the speech, begun by him on Feb. 9, 1934. After having spoken for a little more than 30 minutes he yielded the floor for the day. His speech is published entire on p. 3459.]

REPORT OF THE HOME OWNERS' LOAN CORPORATION (S.DOC. NO. 145)

The PRESIDING OFFICER (Mr. DICKINSON in the chair) laid before the Senate a letter from the Chairman of the Federal Home Loan Bank Board, transmitting, in response to Senate Resolution 143, a report of operations of the Home Owners' Loan Corporation from date of opening to January 15, 1934, which, with the accompanying report, was ordered to lie on the table and to be printed.

DEATH OF REPRESENTATIVE HOOPER, OF MICHIGAN

The PRESIDING OFFICER. The Chair lays before the Senate resolutions from the House of Representatives, which will be read.

The legislative clerk read the resolutions (H.Res. 280), as follows:

Resolved, That the House has heard with profound sorrow of the death of Hon. JOSEPH L. HOOPER, a Representative from the State of Michigan.

Resolved, That a committee of two Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying

out the provision of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That, as a further mark of respect, this House do now adjourn.

Mr. VANDENBERG. Mr. President, I send to the desk resolutions which I ask to have read and immediately considered.

The resolutions (S.Res. 199) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOSEPH L. HOOPER, late a Representative from the State of Michigan.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Mr. VANDENBERG. As a further mark of respect to the memory of the deceased Representative, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 4 o'clock and 50 minutes p.m.) the Senate adjourned until tomorrow, Wednesday, February 28, 1934, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES

TUESDAY, FEBRUARY 27, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Most merciful God, enlarge our hearts, teach us Thy word, and more and more give us the sign of the golden age. Thou, O Christ, Thou who art the exemplar of human life, bless us with self-forgetful devotion. In the long sweep of past years success has been nothing but simple, patient obedience to the divine will. In the back of all minds and in the center of all hearts may there be the resolute desire to seek it; and when we know it, may we love to follow it. It is in Thee that we may find all that gives life its highest glory and its fullest splendor. Heavenly Father, make us stronger for our weakness, richer for our poverty, and happier because of some sorrow which seemed to shatter our hopes. In the holy name of Jesus. Amen.

The Journal of the proceedings of yesterday was read and approved.

COMMITTEE ON THE JUDICIARY

Mr. RUFFIN. Mr. Speaker, I ask unanimous consent that during the remainder of the week the Committee on the Judiciary be permitted to sit during sessions of the House.

The SPEAKER. Is there objection to the request of the gentleman from Missouri?

There was no objection.

SALE OF TIMBER ON INDIAN LAND

Mr. PIERCE. Mr. Speaker, I ask unanimous consent for the present consideration of House Joint Resolution No. 278, to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land.

Mr. SNELL. Mr. Speaker, let the joint resolution be reported.

The Clerk read the joint resolution, as follows:

Resolved, etc., That the last proviso in the act of June 16, 1933 (Public, No. 81, 73d Cong., 1st sess.; 48 Stat.L. 311), relating to the sale of timber on Indian lands, be, and the same hereby is, amended to read as follows: "*And provided further*, That the authority granted herein shall terminate on the 4th day of September 1934."

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman from Oregon inform the House from what committee this joint resolution comes?

Mr. PIERCE. It comes from the Committee on Indian Affairs with the unanimous support of the committee. It relates to the sale of timber on Indian land by Indians to private contractors.

Mr. SNELL. Was it a unanimous report of the committee?

Mr. PIERCE. Yes; there is no dispute in regard to it.

Mr. SNELL. I do not know anything about it, I will admit. I do not see any minority members of the committee on the floor at the present time. Are they all for it?

Mr. PIERCE. All the members of the committee are for it.

The SPEAKER. Is there objection to the request of the gentleman from Oregon?

There was no objection.

The joint resolution was ordered to be engrossed and read a third time, was read the third time, and passed.

A motion to reconsider was laid on the table.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, 1935

Mr. ARNOLD, from the Committee on Appropriations presented the following conference report on the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 25, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 37, and 38, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$18,500,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$98,500,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$47,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$12,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,325,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 31, 32, 33, and 34.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
JOHN TABER,
CLARENCE J. MCLEOD,
Managers on the part of the House.

CARTER GLASS,
KENNETH MCKELLAR,
PARK TRAMMELL,
FREDERICK STEIWER,
L. J. DICKINSON,
Managers on the part of the Senate.

STATEMENT

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making ap-

propriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TREASURY DEPARTMENT

On amendment no. 1: Appropriates $150,000, as proposed by the Senate, instead of $25,000, as proposed by the House, for salaries in the office of the Secretary of the Treasury.

On amendment no. 2: Appropriates $18,500,000, instead of $18,400,000, as proposed by the House, and $18,593,397, as proposed by the Senate, for the Bureau of Customs and collecting the customs' revenue.

On amendments nos. 4 and 5: Eliminates the additional sum under mints and assay offices of $22,000 and the provision inserted by the Senate for reestablishment of the assay office at Helena, Mont.

On amendment no. 6: Appropriates $225,792, as proposed by the Senate, instead of $162,675, as proposed by the House, for salaries and other expenses of administration of the supply branch of the Procurement Division.

On amendments nos. 7, 8, 9, and 10: Makes typographical corrections in the text of the bill.

On amendment no. 11: Appropriates $400,000, as proposed by the Senate, instead of $335,000, as proposed by the House, for completion of the addition to the Washington, D.C., post office.

On nos. 12 to 24, inclusive, relating to the Public Works branch, Procurement Division (public buildings): Makes technical corrections in the text of the appropriations for public buildings, etc., incident to the transfer of the Supervising Architect's Office to the Procurement Division, and incident to the transfer of certain jurisdiction over certain public buildings from the Treasury Department to the Post Office and Interior Departments.

POST OFFICE DEPARTMENT

On no. 25: Appropriates $500, as proposed by the House, instead of $1,500, as proposed by the Senate, for payment to employees for rewards for inventions.

On no. 26: Appropriates $135,000, as proposed by the Senate, instead of $132,000, as proposed by the House, for inland transportation of mail by star routes in Alaska.

On no. 27: Appropriates $98,500,000, instead of $98,000,000, as proposed by the House and $98,980,447 as proposed by the Senate, for inland transportation of mail by railroad routes.

On no. 28: Appropriates $47,200,000, instead of $47,000,000, as proposed by the House and $47,401,684 as proposed by the Senate, for salaries in the Railway Mail Service.

On nos. 29 and 30, relating to domestic air mail: Appropriates $12,000,000, instead of $14,000,000, as proposed by the House and "not exceeding $12,000,000" as proposed by the Senate, and strikes out the words "under contract" as proposed by the Senate, so that the appropriation may be administered "as authorized by law" as the paragraph provides.

On amendment no. 35: Appropriates $14,500,000, as proposed by the House, instead of $14,858,614.55, as proposed by the Senate, for rent, light, fuel, and water, for first-, second-, and third-class post offices.

On amendment no. 36: Appropriates $13,325,000, instead of $13,250,000, as proposed by the House, and $13,400,000, as proposed by the Senate, for motor-vehicle service.

On amendment no. 37: Inserts section 4, proposed by the Senate, prohibiting the use of any money appropriated under this act from being paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of the nomination of said person.

On amendment no. 38: Corrects a section number.

DISAGREEMENTS

The committee of conference have been unable to agree on the following amendments of the Senate:

On amendment no. 3: Appropriating $25,032 for demonstration work in and special studies of rural sanitation under the United States Public Health Service.

On amendments nos. 31, 32, 33, and 34: Relating to the mail bag repair shop and mail equipments shops appropriation under the Post Office Department.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
JOHN TABER,
CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. TABER. Mr. Speaker, in view of the fact there is at least one important item in this conference report, will not the gentleman from Illinois tell the House when it is proposed to call up the conference report for consideration?

Mr. ARNOLD. It does not make any particular difference to me. If it is agreeable to the leadership and if it does not interfere with the program, I would be willing to take it up tomorrow. It depends upon the program of the House.

EXTENSION OF REMARKS

Mr. POWERS. Mr. Speaker, I ask unanimous consent to revise and extend my remarks by inserting therein a radio address made by Lt. Col. Richard Stockton, 6th, Quartermaster Reserve Corps, during national defense week. This was delivered on February 22.

Mr. BLANTON. Mr. Speaker, reserving the right to object, has the gentleman conferred with his minority leader and obtained his permission to put extraneous remarks from outsiders in the RECORD?

Mr. POWERS. I have not.

Mr. SNELL. I thought it was understood the other day that Members on the majority side would take charge of what went into the RECORD by way of the extension of remarks.

Mr. BLANTON. The minority leader has indicated he was not favorable to this practice. I see him present. If he does not want to speak up and stop it, we will not do it.

Mr. SNELL. The gentleman will speak up whenever it is necessary.

Mr. SABATH. Mr. Speaker, reserving the right to object, will the gentleman inform the House whether these are his own remarks or the remarks of an outsider?

Mr. POWERS. They are the remarks of Lt. Col. Richard Stockton, 6th, Quartermaster, Reserve Corps.

Mr. SABATH. Mr. Speaker, I object.

WASHINGTON IN THE LIGHT OF PRESENT DAY PROBLEMS

Mr. GREENWOOD. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech delivered by my colleague, the gentleman from West Virginia [Mr. RANDOLPH] on the subject of George Washington, at Clarksburg, W.Va., a few days ago.

The SPEAKER. Is there objection to the request of the gentleman from Indiana?

There was no objection.

Mr. GREENWOOD. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following speech delivered by my colleague, the gentleman from West Virginia, Mr. RANDOLPH, on the subject George Washington, at the annual convention of the Sons of The American Revolution of West Virginia, at Clarksburg, February 22, 1934:

We have met here today to pay our respects to George Washington, the man who gave to this country its first birth of national freedom, and if I were to follow established custom, I would mention the long list of virtues with which Washington has been credited, expecting you to join in applause at the end of my remarks, even though I said nothing that was not well known to every schoolboy in America.

But, with your permission my friends, I shall not follow custom. That Washington was a great and virtuous man we all believe. I am not so sure that he cut down his father's cherry tree; in fact, it has been pretty thoroughly proved that there were no cherry trees on the place at the time; nor am I so sure that this great man was so totally lacking in ordinary human qualities that he never, never told an untruth, but I do believe that he had qualities of citizenship and of leadership which might well be emulated by those in charge of the affairs of this Nation at this time.

Washington's star rose high in ascendancy because of the great national crisis through which he led this country. To be sure, he possessed unusual qualities of spirit and of mind, but the light of his personality might have shone unseen if he had not come upon the horizon of our history at a time when the Nation needed a great leader with the exact qualities he possessed.

This country is now passing through another crisis which calls for leadership of the quality possessed by Washington. In many ways this present crisis is more stupendous than the one we passed through during the American Revolution, because it extends throughout the civilized world and involves the people of practically every country on earth, while the emergency through which Washington led us safely was practically confined to our own country and England. I am forced, with regret, to confess that a careful inventory of the more prominent men of this country who are known as leaders would seem to indicate that they are lacking in many of the qualities possessed by Washington. With the lone exception of President Franklin D. Roosevelt, if we have leaders in this country who are even remotely comparable to Washington, they are not serving the people as Washington did, but they are running great banking combinations, managing railroad and steamship lines, operating department stores, and apparently a few of the keener minds have stooped to the questionable occupation of squeezing profits out of public office.

To be perfectly plain, we have an emergency greater than the one we faced during Washington's time, but we lack sufficient leaders of his caliber to carry us safely through this period of chaos, unless the present occupant of the White House turns out to be a leader of this type, as his first year's record in office indicates he may do.

George Washington succeeded despite the opposition of vastly superior forces which were arrayed against him, and there is no alternative but to accept the assumption that he succeeded because he possessed and made use of certain qualities of leadership which were superior to those employed by his opponents. An inventory of these qualities may be helpful, in this hour of national emergency, not alone to the men in charge of public office but to those who manage our banks and assume the responsibility of operating the vast business and industrial enterprises of this country. As a matter of fact it might be well worth the while of any individual, no matter what may be his calling, to study and emulate the principles which left an indelible impress upon every American's heart, of the name of Washington.

Judging from the historical records of Washington's life, I gather that some of his more prominent qualities were these:

(1) Unfaltering courage: Washington undoubtedly possessed great moral and physical courage. His faith was greater than any opposition with which he met during the American Revolution. He believed that right was more powerful than might, and that right would endure if backed by an abiding faith in infinite intelligence.

We need courage and faith in our present crisis, no less than these virtues were needed by Washington, and no one knows better than our President how true this is, because he said, on the day he accepted office last March, "Our first and greatest task is to restore faith in the minds of our people."

(2) A keen sense of justice: Washington showed clearly, by his official as well as his private actions, that he possessed an exceedingly keen sense of justice toward the rich and the poor, the weak and the strong, the illiterate and the learned. The Father of our Country did not believe in caste distinctions, and while he was born with the proverbial silver spoon in his mouth, his entire life is one unbroken record showing clearly that he staked everything he owned, including his own life, to insure freedom to every citizen of this country, regardless of his color, race, or creed.

I am afraid we cannot boast of very many great public men today who, like Washington, would be willing to stake both their lives and their fortunes to insure equal rights and opportunities to all. I fear that if we examined our most capable men today we would find that a majority of them are engaged in a mad scramble to gather in a few more millions of dollars for themselves and theirs. I fear that Washington's commendable quality of a keen sense of justice has been supplanted by the deplorable qualities of personal greed and avarice and selfishness. And I suspect that this departure from one of the major virtues of Washington has been responsible, more than most of us imagine it has been, for the collapse of business through which we have passed during the last 4 years.

(3) Definiteness of decision: Washington had the ability to reach decisions quickly and definitely. In contrast with this great virtue we are, as the actions of the past 4 years will indicate, a nation of procrastinators. Until President Roosevelt went into office our habit of procrastination was actually sponsored by the example of the man who should have been a man of ready and definite decision. President Roosevelt has shown this Nation beyond the question of a doubt that definiteness of decision is an essential quality and that it must be put into use during emergencies. I have no doubt that the willingness of Washington's soldiers and fellow countrymen to follow him was largely the result of his quickness at decision. Procrastination may pass without doing obvious damage during times of normal human relationship, but it will be fatal to successful achievement if relied upon during the time of emergencies such as the one Washington carried this country through or the one through which President Roosevelt is leading us.

(4) Cooperation: Washington made effective use of an army that was both outnumbered and outarmed by the opposing army because he knew how to induce men to coordinate their efforts in a spirit of harmony. The one great lesson we have learned, or should have learned, from the 4 years of business depression is the value of cooperative effort between business men and financiers. If the depression has taught us nothing else of commercial value it has taught us the futility of trying to succeed by causing the other fellow to fail. Washington caused this country to move against the foes of his day as if it were but a single mind, and out of that perfect cooperative effort came victory and freedom. Successful leadership always is the result of power, and power is attained through harmonious coordination of the hearts and brains of men. Washington had great power because he understood and applied intelligently the principle of cooperation. That principle is as effective today as it was in Washington's time, but our trouble is that we have left it to gangsters and kidnapers and professional criminals to make use of it. Legitimate business seems to have gone in for single-mind, cut-throat competition, every individual being stimulated by a desire to get all he could and to keep it.

(5) Willingness to assume full responsibility: Without doubt Washington had the courage to assume full responsibility for the success or failure of all his own plans. In this respect he was in broad contrast with the majority of the men of today. We have the habit in this country of "passing the buck", to use the parlance of the street; and while we go out of our way to claim credit for successful achievements, we are as ready to look for a suitable alibi with which to cover up our mistakes. To use plain English, our people of today are entirely too much inclined to look at their responsibilities as business leaders and American citizens, not through clear vision but through smoked glasses. "Let George do it" has become a popular slang phrase. The collapse of our banking system and the flattening out of industry indicate clearly that we lacked in these fields leaders who possessed the stamina to assume responsibility and to lead when the crisis came. The more prominent of our so-called "leaders" in banking and industry took the first boats to Europe when the clouds of depression began to gather, and they remained there until they thought the worst of the storm had passed.

I am aware, my friends, that this is rather outspoken language, but it seems to me that it would be cheap mockery to presume to pay tribute to our great Washington in any other than plain language, for it is well known that frankness was one of his virtues.

With all due respect to the vanquished, I feel privileged to say that if President Hoover had been willing to assume the responsibility which was rightfully his, under his oath of office, he would have begun to put into action some of the very plans which he left to be carried out by his successor in office. His failure to act left his successor the most unenviable heritage of problems ever met by any newly elected President. Let it be said in his behalf that President Roosevelt has not failed to assume the full responsibility that goes with his office. He has let it be known that, no matter what the future may prove his mistakes to have been, if any, he holds himself fully responsible for them, and let it be remembered that the President's success in inducing Congress to grant him greater powers than any other President of the country has ever wielded, was largely due to his obvious willingness to assume full responsibility for the use of that power.

(6) Definiteness of purpose and of plans: Washington knew what he wanted to accomplish and created practical plans for attaining that objective. At no time, according to the history of his life, was he ever found wavering between definiteness and uncertainty. The history of civilization indicates that definiteness of purpose is a quality which must precede noteworthy achievement. The world will make way for the man who knows where he is going, but it will step all over the toes of the man who hesitates. If Mr. Hoover had known this, the record of his occupancy of the White House might have been written in different terms.

I do not know whether or not President Roosevelt is aiming to emulate the Father of our Country in all his official acts, but I do know and, for that matter, we all know, that the President moves with definiteness of plan and of purpose. He has clearly stated that his major purpose is to restore faith in the minds of his fellow men and thereby overcome the economic depression. Toward this desirable end he has marshaled all the forces of this country, whether they be forces of money, experienced men, or spiritual qualities. I believe the depression through which our President has carried us would have ended at least 2 years ago if the men in charge of this Government and those in charge of our larger business and banking institutions had joined hands and had moved solidly back of the program which President Roosevelt later inaugurated. Washington's major definite purpose was to give this country enduring freedom, and because he was definite and knew what he wanted to accomplish, he handed over to us more freedom, I fear, than we have used wisely.

(7) Initiative: The Father of our Country was a man of quick initiative and alertness of mind. That old axiom proclaiming that he was "first in war, first in peace, and first in the hearts of his fellow men" was more than a mere figure of speech. Washington not only was first wherever cooperative service was needed, but he was first by choice, on his own initiative. In contrast with this quality, we find but few men today volunteering for service in behalf of mankind. When Washington crossed the Delaware River, in the dead of winter, and took the British by surprise, he was merely putting into action his native talent of initiative. We today need men who have this quality of initiative as badly as we needed them in 1776. Our President is a man of quick initiative,

but he needs the help of a great army of men and women who are similarly gifted with this rare quality. Not only this country but the whole world has been paralyzed through inaction for almost 4 years, and men of keen initiative are needed to arouse us from our state of spiritual and economic indifference.

(8) Loyalty to country and fellow men: Washington was a perfect example of loyalty, the quality without which one is poor, no matter what else one may possess. Loyalty is one of the major requirements of sound character. Criminals and racketeers double-cross one another when it is profitable or expedient to do so; they have no sense of loyalty. The much overpublicised habit of criminals who "take the rap", as they call it, when caught in the meshes of the law, without informing on their associates in crime, is a habit that is in no sense based upon loyalty; it is the result of fear. Honest men of sound character always are noted for this very great virtue of loyalty to their fellow men, loyalty to their Government, loyalty to their business and professional associates, and loyalty to their God.

(9) Applying the Golden Rule: Washington not only believed in the soundness of the Golden Rule philosophy, as it was laid down by the Master, in the Sermon on the Mount, but he actually applied and lived by it in all his relationships with men. I fear that in our mad rush to accumulate wealth we, of this generation, have strayed far afield as far as practicing the Golden Rule philosophy is concerned. Rather have we interpreted this great rule of human conduct negatively by "doing the other fellow and doing him for all we could", instead of treating him as we would wish to be treated. I, for one, am still old-fashioned enough to believe that anything civilization gains on any other than the Golden Rule basis it must and will eventually lose. I do not believe any individual can succeed permanently, and hold the net gains of his success, unless he lives by the Golden Rule, for I have observed that gangsters and racketeers and sometimes dishonest men in high places who acquire wealth by a negative application of the Golden Rule, are eventually overtaken by stronger forces through which they lose their gains. In this age of greed we need not only men who will preach the Golden Rule but we need much more men who, like the immortal Washington and our own President Roosevelt, will apply that rule of conduct in their dealings with others. We can learn more about the Golden Rule by example than we can by precept and preachment.

Washington possessed other virtues than the nine I have described, but it seems to me that these nine qualities for which he was distinguished are substantially the same qualities that our leaders require in our present-day emergency. These nine qualities are not only the major essentials of able leadership but they are the warp and the woof of sound character, and I am sure you will rejoice with me when you carefully analyze the man who now leads this Nation and observe that he possesses and applies all the nine principles I have described.

It has been said that when a great national crisis arises it brings with it some great leader capable of converting chaos into order and fear into faith. The American Revolution produced the immortal Washington; the Civil War produced the emancipator, Lincoln; the World War gave us Woodrow Wilson; and may I conclude by suggesting that by the grace of God the world depression has given us Franklin D. Roosevelt, who I believe with all my heart and soul will lead us safely out of the jungle of selfishness into the bright sunshine of faith and understanding.

DEPARTMENT OF AGRICULTURE APPROPRIATION BILL

Mr. SANDLIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H.R. 8134) making appropriations for the Department of Agriculture and for the Farm Credit Administration for the fiscal year ending June 30, 1935, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H.R. 8134, with Mr. GREGORY in the chair.

The Clerk read the title of the bill.

Mr. SINCLAIR. Mr. Chairman, I yield 15 minutes to the gentleman from Massachusetts [Mr. GIFFORD].

Mr. GIFFORD. Mr. Chairman, in view of certain remarks made on the floor yesterday, I am moved to continue the protest that I made on January 31—speaking as ranking member of the minority on the Committee on Expenditures in the Executive Departments—relative to the failure of the committee to hold meetings for the purpose of friendly and constructive criticism of the activities of the Government's various spending agencies.

I want it now fully understood that it was on the motion of a Democrat that one meeting has been held, dealing with C.W.A. activities. It was not my own intention to select any one agency exclusively. However, the Administrator of Federal Emergency Relief appeared before our committee, and I wish to report to the House that the session was immediately characterized an "inquisition" by my friend from North Carolina [Mr. WARREN], who declared that I was the only one who wished to conduct it; that I might as well proceed. Thus a most unfriendly situation was at once created by the majority members of the committee. Apparently realizing that the fullest protection was to be given him, the Administrator himself almost immediately said to me—a gratuitous insult—that he could not talk with me regarding the subject of unemployment relief, since I knew nothing about it. This was practically the gist of the report carried by the press, and one publication characterized the hearing as one which put me "in a hole" and handed me what I deserved. Naturally, the Administrator's statement was merely one of opinion, and I would not agree to it.

And in this connection I may say, Mr. Chairman, that I should know something about the methods of dispersing relief funds by now. My file has grown very large with complaints which have come to me from all over the country. Because the committee was apparently not to be allowed to look into them I wrote as polite a letter as possible to the Administrator himself, asking him to come to my office or stating that I would go to his, if he wished, so that we might go through them together. It was my thought that possibly we could come to some agreement as to which of them constituted meritorious complaints and which might be disregarded.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman had some letters which he brought before the committee when Mr. Hopkins was there. Mr. Hopkins was before the committee for 2 hours. The gentleman from Massachusetts pointed to his letters a half dozen times, but not in one instance did he take a letter from the file and read it to the committee or read it to Mr. Hopkins. How could Mr. Hopkins answer the complaints when the gentleman did not read them?

Mr. GIFFORD. In reply to the gentleman's statement, may I say that for an hour and a half I questioned the Administrator regarding his general rules and regulations for the giving away of these relief funds. I endeavored to learn something of his methods and the reasons therefor. In line with the declaration which I have twice made on this floor, I inquired relative to the general policies of the administration in these matters; first, as to why money should continue to be given away to wealthy communities which did not seem to need it, since their financial condition was better than that of the Federal Government. Members of the committee immediately demanded that I name particular communities in my own State which might fall within this category, as though I would be foolish enough to do this under the existing conditions! They tried to make me the witness. Well, I have since sent Mr. Hopkins the names of a number of municipalities from several different States, which clearly fulfilled the conditions mentioned. I have asked him to inform me which of them appeared really to need relief money. I want all of these funds to go to needy communities—those with insufficient resources—as it should.

In my speech of January 31—and the gentleman from Texas should not try to distort it—I stated that I was going along with the President's relief program, as it was the only one given us. That was not in any sense a partisan speech. It was not a set, prepared address, any more than is this one, although he and a few others seem to desire to make it appear as a strongly partisan speech and that I was put up to delivering it by members of my political party.

Mr. BLANTON. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Texas.

Mr. BLANTON. Is not the gentleman one of the new leaders over there?

Mr. GIFFORD. No. I will say to the gentleman that I have been here for many years and can assume personal responsibility in matters where I am supposed to do so, but I rarely move in any matters except those where my duty

plainly demands that I do so. I am the ranking member of the minority party on this committee. Republicans need the allocation of some of these relief funds as much as Democrats do. Members of the minority party seem to dare say but little in criticism of the way these agencies have functioned for fear that they may be punished by the administration through the withholding of funds from their States or districts.

Mr. BLANTON. Does not the gentleman from Massachusetts know his rights as a Congressman? Does he not know that he has a right to go down there and call on Mr. Hopkins, or on Mr. Johnson, or on Mr. Ickes, or on Mr. Wallace and have them explain?

Mr. GIFFORD. I know what my rights are.

Mr. BLANTON. Does the gentleman know he can call on these men and have them listen to him?

Mr. GIFFORD. For 1½ hours we questioned the Administrator on the methods followed in giving this money away, and I then informed the committee that I had complaints enough in my files to require his presence before us for several days. However, it is now evident that no further inquiries are to be permitted—we have but 6 Republican members on the committee to 15 Democrats. In reply to my statement the chairman the other day said that I ought to be court-martialed if I originally made this request without consulting my party leaders. I can only assume that he has consulted his leaders and been instructed not to investigate the expenditures of his own administration.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GIFFORD. I yield to the gentleman from Missouri.

Mr. COCHRAN of Missouri. The gentleman is far from the truth when he says that I consulted my leaders. As chairman of the committee, as far as I am concerned I have no leader but the committee itself. If the committee desires to call anyone, any official of the Government, the gentleman, being a member of the committee, can always be recognized in the committee to make such motion. The chairman of the committee does not take it upon himself to direct someone to come before the committee simply because a member makes the request. That is going to be left to the committee. The committee did bring Mr. Hopkins before it for the gentleman from Massachusetts, and when we had Mr. Hopkins he failed to make his case. I could not see anything but a waste of time in having brought him before the committee.

Mr. GIFFORD. I assumed that the gentleman talked with his leaders. I do not, of course, assert that he did so; but I repeat that the gentleman said that I ought to be court-martialed if I had not consulted with mine. So it would seem that my assumption was a fair one.

Mr. Chairman, it seems to me that all this is most unfair, in view of my remarks of January 31, which I ask Members to read again. That was a partisan speech only in that I took the lead in the situation which existed. The only attack made on my position by the gentleman from Texas, who immediately took the floor in an effort to give me an official spanking, was that I was once a school teacher and came from the little village of "Co-tweet." I do not know exactly where in Texas the gentleman himself hails from, for I have not read his biographical sketch, but I think his town is called "A-bee-line." That was the sort of defense put up by the gentleman. I asked Mr. Hopkins in the committee meeting, if he had read Mr. BLANTON's remarks, and he replied that he had. I inquired if he had noticed that Mr. BLANTON asserted that he (Mr. Hopkins) was a Republican. The response was, "I did not know that there were Republicans any more." We have read Mr. Ickes' answer to Ogden Mills, and he does not sound to me like a Republican. I agree with Mr. BROWN of Kentucky in his remarks appearing in yesterday's RECORD. These are the type of men you are trying to entice into your party through the hope that it may continue to be in the majority.

Well, to revert. It now appears in the RECORD that I was a school teacher, many years ago. Sometimes I wish that I might resume that fine profession, against which nothing unsavory can be said. I am not a lawyer. The gentleman from Texas is, and I should like to share a little pleasantry with him. The scene is a little town, about the size of the community in which the gentleman lives—but not in Massachusetts. A wayfarer passing through asks one of the natives, "How many lawyers have you in this town?" The native replies, "Fo-teen." "Have you any criminal lawyers?" he is asked, and responds, "Yes; but we can't prove it on 'em." [Laughter.]

Mr. BLANTON. Will the gentleman yield?

Mr. GIFFORD. Not now. The gentleman rarely yields to me. I have tried to get him to, many times, but he seldom will do so. Yesterday the gentleman from Texas stated that he would have Democrats 100 percent in all these governmental positions and asserted that the present incumbents to whom reference has been made were "misfits." That is in the RECORD. Let Messrs. Hopkins, Ickes, Johnson, and the others read and enjoy that, if they can. All "misfits", according to the gentleman from Texas.

Mr. BLANTON. Will the gentleman yield?

Mr. GIFFORD. I will rest a moment; yes.

Mr. BLANTON. What is it that the gentleman wants us to go along with him on? I am willing to go along with investigations if they are necessary. Is it the gentleman's community and district which, of course, are among the most influential and wealthy of the country? Is that where all this trouble is?

Mr. GIFFORD. No; my State and my district are marvelously free from complaints.

Mr. BLANTON. Then, the gentleman is after the other fellow's district?

Mr. GIFFORD. Yes; and my own, as well, if such a condition exists.

Mr. BLANTON. Why does not the gentleman first pick the mote out of his own district's eye?

Mr. GIFFORD. We will gladly do that.

Mr. BLANTON. Before the gentleman goes into someone else's district.

Mr. GIFFORD. We have had a very efficient board in my State.

Mr. BLANTON. Then the gentleman's State is all right. There is no chance of misconduct there.

Mr. GIFFORD. Not a chance from the gentleman's point of view.

But, Mr. Chairman, I rise as one of the minority Members of this House, and I repeat that we Republicans want as large allocations of this public money as you do.

Mr. BLANTON. Oh, that is what the gentleman wants?

Mr. GIFFORD. Yes; we do. Our people on this side of the aisle have, many of them, been docile because they desire to return to Congress, just as you do. A week ago certain Democrats in my own district endeavored to censure me, proclaiming that I was against the relief provided by the C.W.A. This is not a fact. I have never been, and am not, opposed to the C.W.A. It is the only agency which you have created which has produced direct results in bringing relief to the needy. How could I possibly be against it? But I am most certainly opposed to many of the methods which have been adopted in spending this money, with the results which are now a matter of unsavory record, and I demand that our committee impartially study them with those in control of these huge expenditures and endeavor to improve upon them. Congress appropriates this money; Congressmen alone should be answerable for the results.

Are we not disrupting wage scales in various parts of the country, for example, by paying more to farmers than they have been accustomed to receive even in good times? Mr. Hopkins' answer was "No." He stated that from all the information secured by his investigators there was not a farmer in the country today who could not get all the help he needed at the old wages. This was too much even for the Democrats on the committee.

Mr. BYRNS. Will the gentleman yield?

Mr. GIFFORD. Yes; I yield.

Mr. BYRNS. I know nothing, of course, as to what occurred in the committee to which the gentleman refers. I understand the gentleman requested the committee to have

the Federal Administrator come to the committee for the purpose of explaining what he was doing and to give the gentleman an opportunity to interrogate him. By the gentleman's own admission the Federal Administrator was brought to the committee and the gentleman consumed one hour and a half in his examination.

Mr. GIFFORD. And I should like to have 3 days.

Mr. BYRNS. Since that was done and since the gentleman had at least an hour and a half in which to interrogate the Administrator, I fail to see the cause of the gentleman's complaint.

Mr. GIFFORD. Oh, I needed an hour and a half to defend myself against insults from the Administrator and the unfriendly interruptions from members of the committee.

Mr. BYRNS. I may say to the gentleman that the committee is composed of members of both parties. I happen to know the members on that committee and I cannot believe any member of that committee would deliberately or intentionally——

Mr. GIFFORD. No; I said the committee made it hard for me, and I state that the Administrator himself was encouraged to hand me some very sarcastic rejoinders. He was a most impertinent witness. Many Congressmen have had their experiences with him. Has not the gentleman read the papers and read of them?

Mr. BYRNS. I do not know what occurred in the committee, I will say to the gentleman.

Mr. GIFFORD. And I wrote the Administrator a letter.

Mr. BYRNS. I should like to know the cause of the gentleman's complaint. The gentleman had an hour and a half in the committee.

Mr. GIFFORD. I believe that this committee should now be in session much of the time, as was plainly intended when the committee was formed. And the gentleman from Tennessee helped to create it. After appropriations of this nature have been made, there should be some committee constantly on guard to see to it that they are properly spent. This could, and should, be done in a friendly, helpful manner, with criticisms, constructive ones. That is what I hoped might eventuate. I was not trying to "throw mud." The demand which I made was in line of duty. When I was put on this committee I was told that it was to be an extremely busy one and in its way as important as the Committee on Appropriations. The gentleman from Tennessee should read the Manual and refresh his memory as to the duties of this committee, in the inception of which he had a very important part.

[Here the gavel fell.]

Mr. SINCLAIR. I yield the gentleman 5 additional minutes.

Mr. GIFFORD. The mayor of one of the Massachusetts cities recently came to Washington to see the Civil Works Administrator. The newspaper of his city reports his having said that he was confronted with my speech and hinted that as a result he might have had difficulty in getting funds from the Administrator. It therefore seems that if we dare to utter any criticism here, even of methods, we are in grave danger of being refused our fair and proper share of these Federal funds. Certainly I am not demanding inquiry into C.W.A. matters to the exclusion of other spending agencies of the Government. A Democrat on the committee made the motion to summon the Civil Works Administrator. I refused to make a motion to examine into this activity only.

Mr. BLANTON. Did not the gentleman say the C.W.A. was a flop?

Mr. GIFFORD. I put in the RECORD just exactly what Mr. Hopkins told the newspapers.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. GIFFORD. Yes.

Mr. COCHRAN of Missouri. Did not the gentleman himself tell Mr. Hopkins that there were communities in his section that did not need the money and should not have received the money. Therefore, if one of your mayors came to Mr. Hopkins, was not Mr. Hopkins doing exactly as you wanted him to do in finding out from that mayor whether they really needed the money before he gave it to them?

Mr. GIFFORD. I made no such statement and the gentleman well knows that I refused to name any particular community in my State. Mr. Chairman, at this point I ask unanimous consent that I may revise and extend my remarks, especially by inserting in the RECORD a few phrases written or spoken by Thomas Jefferson.

Mr. BLANTON. Mr. Chairman, reserving the right to object, and I shall not object, I want to ask the gentleman from Massachusetts two questions. Did not the gentleman say that the C.W.A. was a flop?

Mr. GIFFORD. I quoted from a newspaper a statement made by Mr. Hopkins himself. Now I do not yield further.

Mr. BLANTON. I am reserving the right to object, to ask a question.

Mr. SNELL. Mr. Chairman, the gentleman from Massachusetts does not yield.

The CHAIRMAN. Is there objection?

Mr. BLANTON. Reserving the right to object.

Mr. GIFFORD. Does the gentleman object to the statement of Thomas Jefferson being put in the RECORD?

Mr. BLANTON. Reserving the right to object, to ask a question.

Mr. GIFFORD. If the gentleman does not wish to read Thomas Jefferson's opinions, let him object.

Mr. BLANTON. Well, I will yield and let him put in the statements of Thomas Jefferson.

Mr. GIFFORD. I will read a little recent editorial comment:

These huge expenditures still criticism and paralyze discrimination. Under such circumstances an opposition party becomes almost as quiet as the party in power. Republican Senators and Representatives are as interested in generous allocations for projects back home as are their Democratic brethren. Certainly we cannot continue pouring out money as though there would never be a day of reckoning.

I wish I might be granted sufficient time to read a part of the President's message of last March, when we were asked to maintain the credit of the Nation, and then square it with the actions of the past year. After the recent spending of some $10,000,000,000 it is even urged upon us that the Nation's credit is actually better than before! But our committee must wait until the opposition party returns to power before making further inquiry into how this huge debt was brought into being, although in both Houses of the Congress there are special committees assiduously digging away to bring up anything that may involve the last administration.

You have the votes; you have the power; you employ the gag rule. Yours is the full responsibility for refusing to permit a regular committee of the House to function, in plain disregard of its particular duty.

I wish particularly to call to the attention of the gentleman from Missouri [Mr. LOZIER], who spoke yesterday, the following quotations from, or concerning, Jefferson, especially because of his expressed views on patronage. This year Republicans must celebrate the birthday of Thomas Jefferson. Assuredly the present-day Democrats cannot do so. As has been truly said recently, "Jefferson would have decided that the Republicans were a rather sensible lot. They were against all this silly business of concentrating every sort of power and authority in the Federal Government at Washington."

THOMAS JEFFERSON ON STATE RIGHTS

[From a letter to Gideon Granger in 1800]

Our country is too large to have all its affairs directed by a single government. Public service at such a distance, and from under the eye of their constituents, must, from the circumstance of distance, be unable to administer and overlook all the details necessary for the good government of the citizens; and the same circumstance, by rendering detection impossible to their constituents, will invite the public agents to corruption, plunder, and waste. And I do verily believe that if the principle were to prevail of a common law being in force in the United States, it would become the most corrupt government on the earth. * * * What an augmentation of the field, for jobbing, speculating, plundering, office building, and office hunting would be produced by an assumption of all the State powers into the hand of the general Government! The true theory of our Constitution is surely the wisest and best, that the States are independent as to

everything within themselves and united as to everything respecting foreign nations.

[From a letter to Destutt Tracy in 1811]

But the true barriers of our liberty in this country are our State governments, and the wisest conservative power ever contrived by man is that of which our Revolution and present Government found us possessed. Seventeen distinct States, amalgamated into one as to their foreign concerns, but single and independent as to their internal administrations, regularly organized with a legislature and Governor resting on the choice of the people, and enlightened by a free press, can never be so fascinated by the arts of one man as to submit voluntarily to his usurpation. Nor can they be constrained to it by any force he can possess.

[From a letter to James Monroe in 1797]

It is of immense consequence that the States retain as complete authority as possible over their own citizens.

[From a letter to W. C. Nicholas, 1799]

We are willing to sacrifice to the Union and the Constitution everything but the rights of self-government in those important points which we have never yielded, and in which alone we see liberty, safety, and happiness; we are not at all disposed to make every measure of error or of wrong a cause of scission; we are willing to look on with indulgence and wait with patience till those passions and delusions shall have passed over, which the Federal Government have artfully excited to cover its own abuses and conceal its designs, fully confident that the good sense of the American people and their attachment to those very rights, which we are now vindicating, will, before it shall be too late, rally with us around the true principles of our Federal compact.

[Quotation from James Parton's Life of Thomas Jefferson, p. 442]

Describing a conference between Washington and Jefferson in February 1792, the historian writes, "Jefferson's tongue was loosed, and he expressed himself without reserve, in words like these: 'In my opinion, there is only a single source of these discontents—the Treasury. A system has been contrived for deluging the States with paper money instead of gold and silver; for withdrawing our citizens from the pursuits of commerce, manufactures, buildings, and other branches of useful industry, to occupy themselves and their capitals in a species of gambling destructive of morality, which has introduced its poison into the Government itself.'"

[Quotation from James Parton's Life of Thomas Jefferson, pp. 609–613]

Writing on Jefferson as President, Parton says, "He would not appoint men to office merely because they were conspicuous partisans. * * * He would not give an appointment to a relative. * * * He turned no man out of office because he opposed him in politics. Yet he did during the first 2 years of his first term remove 26 Federalists and appoint Republicans in their stead. * * * The outcry caused by this moderate exercise of the President's power cannot be imagined by readers of the present day. Jefferson, indeed, stood between two fires—the Federalists shrieking with most vigorous unanimity as each head dropped into the basket; and the Republican host muttering remonstrance that the decapitating instrument worked so slowly. * * *"

The following conversation is reported by a deputy from the Tammany Society of Baltimore who made known to the President the society's discontent at seeing so many Federalists still in office:

"PRESIDENT. I should be very glad to gratify my friends in Baltimore by turning the Federalists out of office and filling their places with men of my own party. But there is an obstacle in the way which I cannot remove—a question which I have not been able to solve. Perhaps you can do this for me.

"YOUNG TAMMANY. I despair of solving any problem that puzzles Mr. Jefferson, but I desire to hear what it is.

"PRESIDENT. Well, sir, we are Republicans, and we are contending for the extension of the right of suffrage. Is it not so?

"YOUNG TAMMANY. Yes, sir.

"PRESIDENT (who had not read his Plato for nothing). We would not, therefore, put any restraint upon the right of suffrage as it already exists?

"YOUNG TAMMANY. By no means, sir.

"PRESIDENT. Tell me, then, what is the difference between denying the right of suffrage and punishing a man for exercising it by turning him out of office?"

The deputy could not answer this question. The President held firmly to his course, unmoved by the execrations of Federalists and the remonstrances of Republicans.

Jefferson reduced the patronage of the Government to the minimum. We might sum up his policy in this particular in one sentence: The men you do employ, pay adequately; make it worth the ablest man's while to serve the Government, but employ no two men to do one man's work.

Mr. SANDLIN. Mr. Chairman, I yield 25 minutes to the gentleman from Pennsylvania [Mr. BERLIN].

Mr. BERLIN. Mr. Chairman and gentlemen of the Committee, I am in favor of this bill and shall vote for it. I wish to speak, however, of a commodity closely allied to agriculture, inasmuch as its manufacture entails largely the products of agriculture.

Now, I wish to place on the table several exhibits which I believe will be of interest to the Committee [placing four quart bottles of liquid on the table].

Mr. BANKHEAD. A parliamentary inquiry, Mr. Chairman. I would like to know if this is a new subterfuge for getting a quorum. [Laughter.]

Mr. BERLIN. Mr. Chairman, I wish to use these exhibits to try and show to the Committee that the manufacture of this commodity is, to my mind, perpetrating a legalized robbery on the consuming public.

I have here a very interesting document. I would like to call to the attention of the House certain information it contains. Printed across the top appears the legend, "Retail dispensary liquor prices." Reading down the left side of the page we come presently to a heading which says, "Whiskies bottled in bond." There are six brands under that heading. There is, for instance, Mount Vernon Rye, and there is Old Grand Dad Bourbon and Old Taylor, all names with which, I dare say, a few Members, at least, of this House are not entirely unfamiliar.

Set out to the right of the name "Mount Vernon" is the figure "$7.35." To the right of Old Grand Dad is the figure "$7.35"; and opposite Old Taylor is the figure, "$6.90."

Now, then, looking up to the top of the column in which these figures appear we find not the word "gallon", as we might have expected, perhaps, but the word "quart." So, we learn that to purchase 32 ounces of whisky of one of these famous old brands we must put on the counter almost $7.

Of course, I may be in error, but to me there is more than a vague analogy between pointing a cash register at a man and taking $7.35 from him for 32 ounces of whisky and pointing a gun at him and doing the same thing. In other words, we are confronted by a condition that I feel is akin to robbery, legalized though it seems to be.

It is a condition to which the legislative branch of this Government may well turn its attention promptly. Indeed, if we do not give the matter more than mere lip service now, it is quite likely that the persistence of this legalized robbery will presently force us to take even more drastic action than would seem advisable, perhaps, at this moment.

Going back to this list which I have in my hand, let me note another pertinent circumstance. I find another heading, which says, "Seagram's Canadian whisky." This whisky, gentlemen, I am told is matured and bottled in Canada, as the name indicates, and at this point I might state that I believe that I am somewhat of a connoisseur of good liquor and it is my unbiased and honest opinion that Seagram's V.O. Canadian whisky is the best whisky sold in the United States today. This whisky, then, is an importation. As such, it pays a duty of $5 per gallon upon entry into the United States. It then pays an excise tax of $2 per gallon, and finally a State tax, usually $1 per gallon. We have, therefore, something like $8 per gallon levied upon this Canadian whisky before it gets into commercial circulation in the United States, you might say. Eight dollars per gallon is $2 per quart, and even then you are not including the quart's proportionate share of the local license fee and other local levies that may apply.

Taking, for example, "Seagram's V.O.", we look out into the price column and find the figure "$5.25" under the heading "Quart." This Canadian whisky has paid at least $5 more tax, or duty, per gallon than, let us say, Mount Vernon rye, which is made in this country; yet 32 ounces of this excellent Canadian liquor can be purchased for $2.10 plus $1.25 tax, $3.35 per quart less than Mount Vernon rye. That seems to me to be a most peculiar condition, and one requiring more than passing attention by us.

What is the distiller's answer to this business? Why, merely, I suppose, that they have so little of that old whisky in this country that the good old law of supply and demand, which has become another economic fable in the last 4 years, puts the price up.

This explanation seems to me both inadequate and deceptive and almost no answer at all. If American-type

whisky is not available in quantity at a decent price in the United States and is available in Canada, then I cannot see, for the life of me, why the American people should be confronted with the necessity of paying an altogether excessive premium to American distillers, who have shown no shred of decency in their relations with the consuming public since their business was handed back to them on the 5th of December last.

And at this juncture I would like to point out that the tariff on whisky, a purely prohibition tariff, I might add, is the equivalent of 1,000 percent on what many qualified persons agree to be cost of production of whisky in this country. Five dollars a gallon tariff against an American production cost of 50 cents a gallon is the way I read it.

I am sure that in their wildest moments of ecstasy over so-called "protective tariffs" my colleagues on the other side of the aisle did never envison a levy of 1,000 percent on a common commodity. It is therefore a little anomalous, I think, for the great Democratic Party to have within its power the changing of this outrageous levy and still take no step to bring about the necessary readjustment.

This is not even a protective tariff. It is an out-and-out gift to the American distiller, who in his present circumstances cannot even supply a quarter of the market for bottled-in-bond whisky. This tariff merely permits him to boost his prices to the last penny the traffic will bear; and, gentlemen, the United States distiller appears able to do this without even the trace of a blush. As a matter of fact, he even attempts to justify it.

The President's interdepartmental committee, which made a study of the liquor traffic in anticipation of repeal, recommended that this prohibition tariff be reduced. To date I know of no action that has been taken to that end, sorely as such action is needed. And in this connection I would like to throw out the suggestion that if it is internal revenue that we are interested in obtaining, then this tariff adjustment is absolutely essential, and the longer we delay the more it is costing the Government. In 1913 no less than 67 percent of internal revenue received at the Treasury was derived from liquor taxes and levies. I hazard the guess that such will never be the case again so long as the American distiller has the market to himself, and so exacts an inexcusable toll from every customer, a toll that restricts and seriously hampers the sale of his product for who, in this day, can pay $7.35 per quart for liquor—only the so-called "carriage trade"—only the carriage trade. The ordinary citizen, in the face of such prices, such profiteering, must, if he wants liquor, continue to buy from the bootlegger.

It is my feeling that the more the legitimate sale of liquor is restricted by tax and regulation the more the illegitimate sale is increased. Not only that but the citizen who abuses the law by patronizing the bootlegger seems always to abuse himself and his liquor in the drinking. The ill-considered use of intoxicants seems to be a corollary of ill-considered taxes and regulation, whereas the legal acquisition of alcoholic beverages appears to have a more temperate effect upon the buyer and consumer. There enters into this phase of the control of alcohol very deep-seated and fundamental aspects of psychology which, I am sure, we all recognize. I will not go into them, but I want to say that this human equation should not and as a matter of experience it cannot be ignored.

Turning now briefly to the subject of the cost of production of whisky I suggest, Mr. Chairman, that this House has not sufficiently informed itself upon this essential element in the intelligent taxation and control of the whisky traffic.

I should like to call your attention to the testimony and subsequent extension of testimony before the joint committee studying the tax on intoxicating liquor of Mr. Harvey H. Smith, a lawyer. Mr. Smith appeared before the joint committee as the representative of four independent Kentucky distillers.

I quote this interesting statement from Mr. Smith's testimony. He said, speaking to the members of the joint committee:

I tell you I will make this proposition if you gentlemen are in a position to accept it, which, of course, I know you are not; but we would be glad to sign a contract for 10 years to manufacture whisky and sell it to you for $5 a case, provided you did not make the taxes too high.

That statement is interesting enough in itself as an indication of the cost of whisky production, but Mr. Smith subsequently introduced into the record a detailed study of the costs as worked out by experts of the four independent distillers he represented. And what do these figures show? They show, gentlemen, that these four distilleries are in a position, according to their own estimates, to deliver a good quality of liquor in lots of 1,000 barrels at a price of 26 cents per gallon laid down in bonded warehouses on the distillers' premises. I want to emphasize that price—26 cents per gallon; not $26, as we might expect from the advertisements for quarts that we see in the papers, but 26 cents, and that includes profit, all materials, overhead, obsolescence and depreciation of plant and machinery, insurance, and all other items that must be figured in your selling price.

So, on the basis of Mr. Smith's figures, it is possible for you, or me, or anyone else, assuming we were in the wholesale whisky business, to buy in 1,000-barrel lots—50-gallon barrels—good Kentucky whisky for 26 cents per gallon. Now, then, compare that price with the retail figure of approximately $7 per quart, of which less than $1 is taxes, I might add, or, putting it in another way, the spread between cost to wholesaler and cost to consumer may be the spread between $13 a barrel of 200 quarts and $1,400 per barrel of 200 quarts when it finally reaches the consumer, who buys 1 quart at a time at retail.

The figures are, presumably, extremes; but that is no reason why they should be ignored. I think we well might pause for a little consideration of them, and not cast them off as being merely interesting but not of general application. I suspect very strongly that Mr. Smith's figures of 6½ cents a quart as distillery price is much closer to the general costs on the industry than 50 cents per quart, the figure cited by representatives of the so-called "Whisky Trust" at the tax hearings.

I should like to call to your attention the fact that Mr. Smith's independent distillers appear to have been the only ones represented at the hearings who saw fit, or were willing, to submit detailed statements of cost, profit, and allied facts. Perhaps this is significant or perhaps it is not. But why is it a matter of major undertaking to discover costs of production in the whisky trade? Certainly it is not a particularly complicated corporate problem, this distilling of whisky. Yet there seems to be a dense aura of mystery, an impressive cloud of obscurity, surrounding this question whenever it is raised. Why should that be the case, except that the distillers are afraid to let their costs be known when they are reaping a harvest of $7.35 a quart for this product?

Do you suppose that the American Medicinal Spirits Co. would enthusiastically respond to an invitation from the Government of the United States to explain precisely what goes into their price of $60.40 for one case of Mount Vernon rye? The $60.40, gentlemen, is the price to the wholesaler, not to the consumer. Do you suppose that this manufacturer or distiller would show us dollar for dollar how any such fabulous price is justified? I think he would be very reluctant to even attempt it, because I feel certain that $60.40 per case wholesale is a robber's price. Do you suppose that the American Medicinal Spirits Co. would be any more eager to disclose their cost and profit figures on any one of the 56 brands they control and sell to wholesalers at $56.90 per case?

Here is a company, this Medicinal Spirits concern, which is affiliated with the National Distillers Corporation. In fact, Medicinal Spirits appears to own some 40,000 shares of National Distillers. Medicinal Spirits are getting from wholesalers, if they sell their whisky, which I presume they do, an average of $19.55 per gallon, according to figures they have filed with the Federal Alcohol Control Administration. This works out to something like $4.88 per quart wholesale, bottled in bond, whereas for 37 cents per quart more the

consumer can buy at retail a quart of Seagram's Canadian-aged whisky that has paid at least $5 more tax than the American brand.

Such a situation is, to my way of thinking, utterly intolerable.

I say, by paying 37 cents more a consumer can get this Canadian-aged whisky. But the point is that the consumer should not have to pay anything like such prices for good American whisky, and I, for one, am determined that, insofar as it is within my power, such conditions shall not continue to make fools and goats of those who can pay, and deprive those who cannot pay.

But we are told in high quarters and on good authority that the price of whisky will come down as soon as the whisky business gets what it calls "organized" again. It is my impression that further organization, as they glibly refer to the process of selling whisky again, means but one thing, and that one thing is monopoly. To say that conditions akin to monopoly exist in the whisky business right now is not to be guilty of too great exaggeration.

What have we in that industry right now?

Well, we have National Distillers Corporation. We have the Schenley Distillers' Corporation and we find that on the day the eighteenth amendment was repealed these two concerns had succeeded in capturing at least 75 percent of the United States whisky stock on hand. I am not going into the corporate details of these organizations, but I would like to point out that in the case of National Distillers, for instance, twentieth century, boom-time, "big business" strategy is being employed to establish an organization that strings together everything from a Wall Street banking firm to peddle its stock to a giant yeast firm to proyide its fermentation, so to speak.

I mean by this, gentlemen, that when you examine the set-up of National Distillers you find tied together in one knot, through interlocking directorates, complimentary stock interests, and such, National Distillers, Adams Express, American Medicinal Spirits, U.S. Industrial Alcohol, Owens-Illinois Glass, which makes the bottles, Fleischmann's Yeast, Canada Dry Corporation, and the enormous food manufacturer and distributor, Standard Brands, of J. P. Morgan & Co. fame. It is a handsome tie-up, gentlemen, and one that is hard to beat when it comes to prices, particularly high prices.

It appears that the potential production of this whisky giant is in excess of 50 percent of the entire capacity of the whole industry at this time.

Through the Penn-Maryland organization, set up by National Distillers and U.S. Industrial Alcohol, some 17,000,000 gallons of whisky and alcohol will be blended annually for the common man's palate and pocketbook. The little pure whisky that goes into this concoction that will come from Penn-Maryland will be distilled, apparently, in half a dozen other plants of National Distillers.

This organization owns outright some 7 distilleries and 52 warehouses. It controls better than 100 famous brand names. Since its organization in 1924, when whisky was contraband in all save very special uses, National Distillers, under the management of Mr. Seaton Porter, worked itself into a most enviable financial position so that today its vast interests are represented by a mere 623,000 shares of common stock. It has no bonded indebtedness, so far as I can find out, and no preferred stock. It had on hand when prohibition was made obsolete, nearly a million and a half gallons of so-called "priceless whisky"—an apt description, indeed—and some 8,000,000 gallons of whisky distilled since 1929, a good deal of which is probably also priceless, at least to the ordinary man's pocketbook.

I think it would be interesting to know the price that this whisky of National Distillers actually cost that organization. Much of their stock, I understand, was not distilled in their plants, but bought in warehouse lots. A part of it, I am told, was acquired at auction at highly advantageous prices to National Distillers. Some of it was acquired through purchases of warehouse receipts, of which I would like to say more in a moment.

Certainly none of this liquor could by any stretch of the imagination have cost National Distillers in excess of $1.50 per gallon, and that is stretching the figure, I believe, a very long way to their advantage. Say they paid an average of $1.50 per gallon. It appears from their prices to wholesalers, which I have already quoted, that they are getting for such of this whisky as they are selling in its native, unrectified state something like $20 per gallon.

I am curious to know if such a condition was contemplated by this Government when it repealed the eighteenth amendment. I am sure it was not. And if it was not, then why do we permit it to exist? Certainly it is within our province to prevent such abuses by the Whisky Trust. Why do we sit idly by and permit these monopolistically inclined corporations to abuse the privilege of doing business that the people of the United States have restored to them?

And now to return for just a moment to the business of trading in warehouse receipts. That, as you may or may not know, accounted for some of the worst abuses of the preprohibition whisky trade. It was, in a way, unavoidable. A distiller, let us say, manufactured 1,000,000 gallons of whisky. For the benefit of those who object to the bottom costs of production I cited earlier, let us say that this million gallons represents an investment of $500,000, or 50 cents a gallon. Under the bond law it must mature 4 years in bonded warehouses. Meanwhile the $500,000 is tied up. So what did the distillers do? They sold their warehouse receipts to anyone who would buy. The warehouse whisky was then no longer theirs. They had no more responsibility for it. The buyer would, in many cases, then take the whisky, cut it with water, or blend it with alcohol, and market it himself as blended whisky. You can see the possibility of abuse here, the compounding of 1 gallon of whisky that may have been 4 years old with a gallon of new whisky and adding to the 2 gallons, 48 of water and alcohol to make a barrel of what the seller was pleased to call whisky, but which was something quite beyond description in many cases.

So there is one advantage to the organization of a large whisky corporation today, such a corporation as I have described above as monopolistically inclined. That advantage is one of distribution. Economic developments which have taken place in food and beverage industries since prohibition came and went, make it possible for a distiller now to enter into an agreement with a large distributor of ginger ale, let us say, as, indeed, is apparently the case of National Distillers and Canada Dry. Through this agreement the distiller is in a position to market his product through a vast distribution organization that is already in existence. It is not necessary for him to finance such an organization for himself for the exclusive distribution of whisky, a project that previously has been impossible because of the excessive cost and which would doubtless be impossible now.

This distribution system available today is to the definite advantage of the great whisky combines such as National Distillers and Schenley. I am not contending that the distilling of whisky should be confined to small, independent distilleries to the exclusion of the big fellows. But neither am I arguing that the little fellows should be made to suffer merely because of this modern distribution system. There is plenty of room for the independent distiller. In fact I am of the opinion that there is something of fine craftsmanship in turning out a good whisky, and I would trust the small independent to take far greater pride in his product than some vast combination that turns out whisky like an automobile factory turns out cars—mass production. I, for one, do not relish mass-production whisky; and when it is possible to market first-class whisky at a decent profit and decent price, as it is, then I insist that we force, if necessary, National Distillers and such corporations to do so.

The granting of permits for the creation of new distilleries comes under the authority of the F.A.C.A. There is, I am advised, and, indeed, it is fairly obvious, a concerted movement on foot by National Distillers and their allies to bring pressure to bear upon the Government to

refuse applicants who would offer the trust substantial competition. This campaign, I presume, is to be expected; and its goal is, of course, to further strengthen the strangle hold that the trust wants to keep on the whisky business in this country.

I think that the evil inherent in permitting national distillers to exert any influence whatsoever in the granting of permits for new distilleries is such that I need not treat it at length. I merely wish to go on record as warning this House that the pressure has been turned on, so that it behooves us to watch closely the course of such applications through the F.A.C.A. and the disposition made of each and every one. If an application is rejected, I think we should be told fully and frankly why. There will be many and good reasons, I dare say, for refusing a number of applicants, but the reasons should be publicly stated in their entirety. This country has too long found the whisky business obscured in secrecy.

The people of the United States are sorely in need of some sound education in matters pertaining to whisky. They should not be dependent upon what they read in distillers' advertisements in the newspapers and magazines.

And as a suggestion along that line, I want to say that I feel that the names of all stockholders, executives, and bankers of every distilling interest in the country should be on file in the F.A.C.A. or the Federal Trade Commission, with the amount of stock they own in the distillery, their salary, if they are executives of the industry, and a record of any other connection they may have with the whisky trade.

This public education should go into all aspects of the business, so that a man may know when he buys a quart of whisky what he is buying and whether he is paying a fair price.

Here we have the ridiculous situation of a distiller, and these are Government figures, producing whisky at 30 cents a gallon, storing it 4 years at a cost not to exceed 20 cents a gallon, making a total of 50 cents. Add to that your tax of $2 a gallon, making an aggregate of $2.50. Put another $1 tax on it for the State in which it is sold and you have just about $3.50 per gallon cost, taxes paid. Then consider that your distiller is charging the wholesaler something like $20 for this same gallon, and you will see, perhaps, my reason for saying that a little public education in matters pertaining to whisky is of the utmost importance.

We have seen whisky go from $30 a case to $75 and $80 a case within the past few months, and when the distillers tell us, through Dr. Doran, that prices are coming down substantially they do not mean the price of bonded whisky. They mean, without saying so, that they will doctor up a gallon of the old with a little of this and that, which cost even less than whisky, and so put onto the market a whisky that they will sell for $2 a quart. They will then say, "Look, you wanted $2 whisky, and here it is." Mr. Chairman, the bootleggers have been doing just that for years. Has prohibition taught the distiller nothing except the bootleggers' tricks? That would seem to be the fact, and that is why I think I am justified in taking up so much valuable time of this House. This is not a matter to be taken at our leisure, gentlemen. Nor is it a matter to be treated lightly. It is our responsibility to inform ourselves completely about the whole whisky traffic and then act accordingly.

I will say for myself that if I become convinced that we cannot cope with the Whisky Trust in the usual legislative and regulatory manner, then I shall introduce a bill to take the whole industry out of private hands and put it where a man who wants a drink can get a good one at a fair price that he can pay—and that place is in the hands of the United States Government.

I never want to see prohibition in this country again. But I declare to you gentlemen here and now, that as surely as we permit the trust, National Distillers and their Medicinal Spirits Corporation, and the Schenley interests to abuse the privilege which the people have returned to them—as surely as we permit them to continue this abuse unrestricted—then as surely will prohibition return, and who can say the fanatical dry, "nay"?

A former Member of this body, a man whose experience in the distilling of whisky entitles his judgment to our respect, once remarked, and this was before repeal, that if he could be guaranteed 50 cents a gallon for all the whisky he could make, he would crawl on his hands and knees from this building to Chicago to reenter the business.

Compare that, Mr. Chairman, to whisky at $20 a gallon, and you will understand my ardent feelings in this matter.

THE LIQUOR CONTROL BOARD FOR MONTGOMERY COUNTY—DISPENSARY LIQUOR PRICES

General office and warehouse 8404 Georgia Avenue, Silver Spring, Md., Shepherd 2305; board room, County Building, Bethesda, Md., Bradley 437; dispensaries, Silver Spring, 8400 Georgia Avenue, Shepherd 3452; Bethesda, 6702 Wisconsin Avenue, Wisconsin 1564; Rockville, opposite courthouse, Rockville 81. Open week days, 9 a.m. to 9 p.m.; Saturdays, 9 a.m. to 10 p.m. February 17, 1934.

The Montgomery County Liquor Board reserves the right to change the above-listed prices without notice at any time. As wholesale prices become more certain or lower, the retail prices of liquor at the Montgomery County dispensaries will be lowered accordingly. All of the net profit from the operation of the Montgomery County dispensary system is dedicated by law enacted by the Maryland Legislature, to pay off Montgomery County school, road, and other general construction bonds.

The following are the current retail liquor prices at the Montgomery County dispensaries, including State tax and increased Federal tax:

	Pint	Fifth	Quart
BLENDED WHISKIES			
Sweepstakes		$1.50	
Snug Harbor	$1.00		$1.95
Tom Hardy	1.40		2.65
Black Thorn	1.85		3.65
Old Thompson	2.00		3.95
Cedar Brook			3.75
Kentucky Beauty	1.60		3.00
Old Log Cabin			3.75
Two Naturals	1.50		2.85
STRAIGHT RYE			
Old Crow, 4 summers, 93 proof	$2.90		
Rewco Rye, 1-year old	1.70		$3.25
Anchorage, 100 proof	1.25		2.40
WHISKIES BOTTLED IN BOND			
Mount. Vernon Rye	$3.85		$7.35
Old Grand Dad Bourbon	3.50		6.90
Old Reserve	3.25		
Old Taylor	3.75		7.35
I. W. Harper Rye	3.50		
HIRAM WALKER'S WHISKY			
DeLuxe American Rye	$2.75		$5.25
Canadian Club	2.75		5.25
Ridgewood	1.35		2.50
Black Hawk Rye	1.60		2.95
SEAGRAM'S CANADIAN WHISKY			
Seagram's V. O	$2.75	$4.25	$5.25
Seagram's American Rye	2.75		5.40
Seagram's Bourbon	2.65		
Lincoln Inn Rye	2.75	4.50	5.35
Double Eagle Bourbon	2.65	4.40	5.25
Seagram's "83"	2.60		4.95
STRAIGHT BOURBON			
Old Crow	$2.85	$4.95	$5.50
Crab Orchard [1]	1.45		2.85
IRISH WHISKY			
George Roe		$4.75	
Bushmill's		4.75	
Jameson's		4.50	
IMPORTED BRANDY (COGNAC)			
Bisquit X		$5.00	
Bisquit XXX		5.50	
XXX Hennessy		5.50	
Monnet		4.75	

[1] One sixteenth, $0.80.

DOMESTIC BRANDY

	Pint	Fifth	Quart
Sterling		$3.75	
Gibraltar	$2.25	3.25	
Palais Royal Cognac Brandy		2.50	

SCOTCH LIQUEURS

A.B. Gold Label, 10 years		$5.25	
A.B. Gold Label, 7 years		4.75	
Glendronach Liqueur, 10 years		5.00	
Glendronach Liqueur, 7 years		4.75	
Glendronach O.V.G., 5 years		4.50	
Huntley Royal, 7 years		4.50	
Johnnie Walker:			
Red		4.60	
Black		5.60	
Nip-O-Mac		4.85	
Sommerville Perfection, 10 years		5.25	
Trower's Special Reserve		4.25	
Black and White		4.60	
White Horse Scotch		4.95	
Sandy McDonald		4.65	

RUM

Bacardi, white		$4.25	
Ron Rovira Carta D'Oro		4.50	
Old Club Jamaica		4.50	

IMPORTED GIN

Gordon Dry		$4.25	
Coate's Plymouth		4.50	

DOMESTIC GIN

Canada Dry		$1.85	
Cavalier		1.45	
Dixie Belle			$1.95
Royal Guard		1.65	
Oxford Club Dry		1.85	
London Dry		1.75	
Sloe Gin		2.25	

VERMOUTH AND COCKTAILS

Italian:			
Fratelli Carlino		$2.35	
Cinzano, 30 ounces			$2.35
Fratelli Cora, 30 ounces			2.25
Martini Rossi (regular), 30 ounces			2.35
French:			
Noilly Prat		2.50	
Cocktails:			
Manhattan		2.40	
Martini		2.10	

DOMESTIC CORDIALS

Palais Royal Blackberry		$2.25	
Palais Royal Apricot		2.25	
Palais Royal Absinthe			$3.00
Palais Royal Cherry		2.25	
Creme de Menthe		2.00	
Kümmel		2.75	
Peach		2.25	

IMPORTED CORDIALS

Maraschino	$4.50		
Creme de Cocoa			$5.25
Creme de Menthe		$4.95	
Chartreuse, large bottle	$7.85		
Benedictine, one half bottle	3.75		
Benedictine, 1 bottle	6.85		
Curacao (orange)		4.95	
Apricot		4.95	
Cherry		4.95	
Anisette		4.95	
Kümmel		4.95	

BITTERS

Renault Orange Bitters, 12 ounces	$1.00
Renault Bitters, 8 ounces	.75

IMPORTED WINE

Article	Pint	Fifth
Sherry:		
Eldorado		$2.75
Solera Real		2.35
Viejo Superior		2.60
Vino de Pasto		2.50
Duff Gordon		2.50
Amontillado		3.00

IMPORTED WINE—continued

Article	Pint	Fifth
Sherry—Continued		
Sandemann XXX Pale Dry		$2.25
Sandemann XXXXX Dry		2.65
Sandemann Pale Dry Nutty		2.75
Oloroso, vintage 1914		2.75
Port:		
Cockburn Convalescent		2.75
Feuerheerd's Invalid		2.50
Hooper's Invalid		2.60
Hooper's Constitutional		3.00
Sauterne, White Bordeaux:		
Graves Superieur		2.10
Barsac	$1.35	
Cruse Haut Sauterne		2.25
Sauterne Superieur		2.40
Haut Sauterne		2.50
Chateau Yquem		5.75
Haut Barsac		2.25
Real Sauterne		2.25
Chianti:		
Treitis Chianti, white: 1 liter, $2.25; half liter, $1.25		
Carlino, red	1.25	
Rhine Wine:		
Johannisberger		3.60
Liebfraumilch		2.50
Hochheimer		2.65
Niersteiner		2.10
Burgundy:		
Pommard		2.65
Chablis Village		2.50
Cruse Chablis		2.35
Darvand Chablis, white		2.50
Cotes de Beaune		2.75
Macon Red		2.50
Red Claret:		
Real Medoc		2.15
Pontet Canet		2.25
Leoville Poyferre		3.25
Marsala		3.25
Chateau LaRose:		
One half bottle, $1.50		
Bottle, $3		
St. Emilion		2.00
Moselle:		
Zeltinger		2.35
Brauneberger		3.00
Miscellaneous:		
Dubonnet		3.00

IMPORTED CHAMPAGNE

	Half bottle	Bottle
St. Marceaux	$3.25	$6.00
Cliquot Yellow Label	3.00	5.75
Cliquot Gold Label	3.50	
Mumm's (German)		5.75
Lanson Brut		5.85
Lanson Dry Extra	3.00	5.85
G. H. Mumm's (French) Extra Dry (1928)		6.00
G. H. Mumm's (French) Cordon Rouge (1926)		6.50

SPARKLING BURGUNDY

Chauvenet Red Cap	$2.50	$4.75
Montreal Red Cap		5.25
Cruse	2.65	5.25

DOMESTIC WINE

	Fifth
Over 14 percent:	
Greystone Muscatel	$1.50
Renault Muscatel	1.50
Greystone Port	1.50
Renault Port	1.50
Virginia Dare Port	1.50
Taylor's Port	1.50
Greystone Sherry	1.50
Renault Sherry	1.50
Virginia Dare Sherry	1.50
Renault Tokay	1.50
Renault Madeira	1.50
Not over 14 percent:	
Greystone Burgundy	1.15
Renault Burgundy	1.15
Virginia Dare Burgundy	1.15
Greystone Claret	1.15
Taylor's Claret	1.15
Renault St. Julien Claret	1.15
Greystone Sauterne	1.15

SPECIAL DOMESTIC WINE

Not over 14 percent:	
Greystone Barbera	1.25
Greystone Haut Sauterne	1.25
Greystone Reisling	1.25
Valley Sherry	1.25
Valley Port	1.25

DOMESTIC CHAMPAGNES, SPARKLING AND CARBONATED WINES

	Bottle
Renault Extra Dry Champagne	$3.75
Renault Sparkling Burgundy (red)	3.75
Taylor's Chateau Rheims	2.35

ALCOHOL

	Gallon can
Pure grain alcohol in 1-gallon cans, including Federal tax:	
For druggists	$6.50
For doctors and dentists	6.90
For beverage purposes	[1] 7.85

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. BOLTON].

Mr. BOLTON. Mr. Chairman, as the various appropriation bills come before us it is apparent that we are undergoing a change in our method of appropriating moneys, and it is upon that phase that I rise to speak briefly today. Even a cursory study of them will indicate a point in common, the fact that all call for appropriations less than those made for similar purposes last year. A further investigation will reveal, however, that in many instances appropriations for divisions of the various departments only augment the allotment of funds made to these divisions during the past 6 months by agencies of the Government not under congressional scrutiny. We find allotments from the P.W.A., the C.W.A., and other alphabetical agencies for many and various operations of our several departments, referred to under the caption of "Unusual expenditures" but dealing with activities considered regular functions of Government in the past. The result, of course, is a greater amount for expenditure by each department instead of the reductions, as at first supposed. Thus we find the actions of Congress, suggested by duly authorized committees, who in the past have endeavored to conform to the recommendations of the Director of the Budget and hold expenditures of the taxpayers' money as low as consistent, overruled and made of little avail by Executive action.

The excuse assigned for this, of course, is the national emergency and only in conformity with the purpose of congressional action which confers unusual powers upon the executive branch of our Government in the right to direct the use of moneys authorized under the National Recovery Act. It is only too true that this act authorized the creation of a Federal Emergency Administration of Public Works, directed the preparation of a comprehensive program of public works, appropriated the sum of $3,300,000,000 for this purpose and, with a view to increasing employment quickly, authorized and empowered the use of this huge sum for the construction or financing of many public-works projects in the program referred to. Many of the Members of this body did not approve of such blanket authority, but it is questioned if even those who favored it had in mind the disregard of congressional action that has been indicated in some of these appropriation bills. Not only have appropriations been augmented by allotments from the P.W.A. and similar agencies, which action only a few months previous had been refused, but in some instances departmental projects either have been granted allotments in the face of congressional refusal, or without the usual authority for appropriations. In several instances, allotments have been made for future years which cannot qualify in any sense of the word as "increasing employment quickly"—in some for purposes quite opposed to the announced policy of reducing production. A study of the recent Interior and naval appropriation bills will show huge sums allotted for construction projects in 1936 and 1937, and also irrigation and reclamation projects to the extent of nearly two hundred millions provided for. When the War Department appropriations are presented, similar huge allotments from P.W.A. will appear, many of which are far in excess of congressional authority. A more complete analysis will undoubtedly result when the last appropriation bill for the coming fiscal year has been passed, but even today it is apparent that many of the duties imposed on Congress by law and precedent have been foregone and we are now operating under a dual system of appropriating moneys for governmental activities, one by the legislative branch, one by the executive.

Perhaps I can better illustrate by considering what has taken place in rivers and harbors activities with which I am probably more familiar than many, because of my membership on that committee. First, let me point out that the last rivers and harbors bill was passed in June 1930 during the session of the Seventy-first Congress. Rivers and harbors legislation has sometimes been referred to as "pork barrel" legislation, but consideration of the various steps necessary to obtain authorization of a project should correct that impression.

Mr. SNELL. Mr. Chairman, will the gentleman yield?

Mr. BOLTON. Yes.

Mr. SNELL. Could the gentleman tell offhand what proportion of the annual expenditures we are appropriating or passing on here in Congress?

Mr. BOLTON. I cannot tell that offhand, but I think less than half.

Mr. SNELL. Is it not much less than one half? If the gentleman has the figures on that I think it would be a good idea to put them in at this point in his address.

Mr. BOLTON. You will recall that authority for the survey of a waterways project desired must first be authorized by Congress. Since 1902, when the basic law for consideration and study of specific projects was adopted, the procedure has been amplified and made more specific by legislation. Today the procedure for the adoption of a project requested of Congress for rivers and harbors work first calls for a preliminary examination to be made by the Army engineer in charge of the district in which the proposed project is located. This is done for the purpose of ascertaining the probable suggested usefulness of the proposed project. The report of the district engineer goes in turn to the division engineer for approval, then the Board of Engineers for Rivers and Harbors, the Chief of Engineers, and finally to the Secretary of War. If recommendations are favorable, these reports, together with estimates of costs, are transmitted to Congress, and here in the House are referred to the Rivers and Harbors Committee for study. This committee considers the various reports, examines witnesses, and gives the entire project consideration and thorough study. The amount of tonnage, actual and potential, to be carried by the improvement, the region affected, the effects of this commerce in its relation to other public enterprises, are all considered and balanced against the estimated cost both of construction and of maintenance. If it can be shown that the project can be advantageously carried forward, the project, usually with others, is recommended to Congress for authorization and eventual appropriation.

As previously stated, the last rivers and harbors bill was passed in 1930. Certain appropriations have been made in the ensuing years to cover some of the projects in that bill, but on June 30, 1933, according to the annual report of the Chief of Engineers for the fiscal year ending that date, there remain projects or parts of projects authorized, but unappropriated for, amounting to $115,896,000. Of this sum, approximately $73,000,000 was estimated as the cost of completing works necessary in the interest of commerce and navigation. No rivers and harbors bill was passed by Congress in 1931 or 1932, nor during the past year, at the express wish of the President, who made such a request of the Rivers and Harbors Committee late in the session; however, suggesting the presentation of a bill to Congress in order that the recommendations of such a bill might be followed as closely as possible if the Public Works Administration were authorized. The suggestion referred to was followed. A bill carrying over 100 projects and authorizing expenditure of $83,320,665 was drafted and introduced, and the committee believed that with these projects supplementing those previously authorized, but unappropriated for, amounting to approximately $200,000,000 in all, for river and harbor works, the Public Works Administration would have ample suggestions for employment on river and harbor projects.

What has been the result?

[1] Includes Federal and State taxes.

Mr. FITZPATRICK. Mr. Chairman, will the gentleman yield?

Mr. BOLTON. Yes.

Mr. FITZPATRICK. Why were there no projects worked on in 1930, 1931, and 1932, if the money was allotted?

Mr. BOLTON. I did not mean to convey the impression that the projects were not worked on, but that Congress did not pass any further bills.

Mr. FITZPATRICK. The gentleman said that Congress appropriated a certain amount up to a certain date.

Mr. BOLTON. Yes; that was the accumulation.

Mr. FITZPATRICK. Why did they not work on those projects in 1931 and 1932?

Mr. BOLTON. Large sums were appropriated in 1931 and 1932, but not on new river and harbor projects passed by the Congress.

Mr. FITZPATRICK. But the present administration has been in power only since March 1933.

Mr. BOLTON. That is correct.

Mr. FITZPATRICK. What was wrong before that, that they did not go ahead with that work?

Mr. BOLTON. The gentleman does not understand. In 1930 a river and harbor appropriation bill totaling well over $100,000,000 was passed. In 1931 and 1932 certain appropriations were applied against the projects in that bill, authorized by Congress, $25,000,000 to $30,000,000.

Mr. FITZPATRICK. Why did not they start the projects in 1931 and 1932?

Mr. BOLTON. They did; $25,000,000 to $30,000,000 were appropriated each year for specific projects in the bill which was passed in 1930. As I say, no bill was passed in 1933 at the express wish of the President.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. SINCLAIR. Mr. Chairman, I yield 10 additional minutes to the gentleman from Ohio.

Mr. BOLTON. Mr. Chairman, after the authorization of the Public Works Administration and upon the enactment of legislation creating the Civilian Conservation Corps, under authority granted in that latter measure, all unexpended and unobligated funds appropriated for various rivers and harbors projects in the Engineer Corps of the Army were transferred to the C.C.C., amounting to approximately $9,000,000. Following this contradiction of congressional direction in the cancelation of funds appropriated for river and harbor works and during the months following the adjournment of Congress, there were allotted up to the 31st of December of last year to the Engineer Corps by the P.W.A. a total of $249,475,000, of which approximately $155,000,000 was for river and harbor works, $45,500,000 for flood control, and $49,000,000 for miscellaneous projects, partly conservancy and power measures. Of the river and harbor allotments, $82,373,000 covered specific projects authorized in whole or in part by Congress; $35,250,000 covered specific projects recommended to Congress by the Rivers and Harbors Committee but not authorized; and $37,313,000 covered specific projects neither authorized by Congress nor presented to it by its committee but recommended by the Chief of Engineers.

And yet in the first of these river and harbor groups covering so-called "authorized projects" one allotment appeared for a project which Congress had previously adopted, but only authorized and appropriated $7,500,000 for, and last year recommended but never authorized an additional $11,650,000 to complete a 6-foot channel. For this project $33,500,000 was allotted by the Public Works Administration, or $22,000,000 more than had been authorized or recommended by Congress. In the third group of rivers and harbors projects referred to, namely, those recommended by the Chief of Engineers, appeared a project which had previously been disapproved by both the division engineer and the board of Army engineers, but for which $25,000,000 was allotted. Of this group, the reports on several projects had never been received nor acted upon by Congress. And in the last group, namely, miscellaneous projects, appeared one for $20,250,000, of which Congress, by its refusal to consider, had clearly indicated its disapproval. In other words, the total allocations for those projects not authorized or recommended by Congress, including additions to estimated costs, for river and harbor work is the astonishing figure of $78,575,000.

On the other hand, even with these allotments, there remained projects authorized by Congress and recommended to the P.W.A. amounting to over $25,000,000 for which no allocations were made.

And still more startling is the huge fund, totaling in all approximately $300,000,000, required to fully complete many of the projects, a number of which, again I repeat, were never authorized by Congress, and the usefulness of which depends upon their completion. The action of the P.W.A. apparently has obligated Congress for further expenditures if commerce is to benefit from its actions.

I have before me a list of these various projects, together with the amount alloted in each instance, which I ask unanimous consent to incorporate at the conclusion of my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio [Mr. BOLTON]?

There was no objection.

Mr. GOSS. Will the gentleman yield?

Mr. BOLTON. I yield.

Mr. GOSS. In response to the colloquy which the gentleman had with our distinguished leader, I think when he checks those figures he will find it is more nearly one quarter than one half; and I want to call the gentleman's attention to the fact, to have him put in there the permanent appropriations, that are not within the purview of Congress, and which are considerably over $100,000,000.

Mr. BOLTON. Yes; the gentleman is correct. The regular appropriation bills for 1934 approximated $1,879,000,000, whereas the amount which the P.W.A. was granted and that covered by permanent appropriations total approximately $5,692,000,000 of which $1,422,653,000 are permanent, indefinite, and specific appropriations.

These projects were chosen by the Public Works Administration partly from lists submitted by the Chief of Engineers, partly from studies made independent of the Chief of Engineers. A study of these lists might lead one to believe that the charge of "pork barrel" legislation in this instance might be made of a branch of our Government other than Congress. For from the lists it must be apparent that while a sum necessary to complete those projects previously authorized by Congress and believed necessary in the interest of commerce and navigation was allotted by the P.W.A., only partial consideration was given to the recommendations of a major congressional committee appointed for the purpose of reporting to Congress on public works for the benefit of navigation, and an amount even greater than the proposals of that committee allotted for projects without congressional consideration or authority.

It is only fair to recall that under title II of the National Recovery Act, the authority for the creation of the P.W.A., it is stated:

> No river or harbor improvement shall be carried out unless they shall have heretofore or hereafter been adopted by Congress or are recommended by the Chief of Engineers of the United States Army.

Under this the P.W.A. acted according to the letter of the law within its authority, but certainly it is difficult to believe any group of officials could interpret such a law as to conclude Congress had so far relinquished its legislative powers and abrogated its prescribed duties as to permit an official holding only an advisory position in the field of determining the desirability of navigation projects the right to change and overrule congressional decisions. A more

correct understanding would have been a conclusion that Congress made mention of the Chief of Engineers in the law to make certain that recommendations of Congress could be carried out to advantage at the time funds were available.

There seems no more justification for the belief that the Chief of Engineers was not subject to the limitations of Congress than that the Chief of Staff was not bound in his recommendations on Army housing projects to keep within the limits of the plan adopted in 1927, nor the Chief of Naval Operations to keep his recommendations for ships within the limits of the naval treaty. A study of the the discussion of the provision relating to rivers and harbors improvements in the National Recovery Act in the Senate and reported in the CONGRESSIONAL RECORD (pp. 5545, 5546) will clearly indicate that the intent of Congress was to permit recommendations by the Chief of Engineers only in the event "there was more work to be done than Congress had approved." Under what circumstances these recommendations were made is not known or of import. Suffice it to say the Administrator of Public Works indicated by the choice of projects that the actions of Congress were either not considered or not looked upon as limiting his decisions on river and harbor developments and that full authority and latitude was given him in this field of activities. The fact still remains that, by such action as allotting funds for projects not authorized or considered by Congress, the procedure of Congress was entirely ignored, its duty to appropriate distinctly disregarded, and projects forced upon it to approve if those projects are to be maintained and to be of value. Most rivers and harbors developments rapidly lose their usefulness unless annually maintained, and Congress cannot appropriate for the maintenance of activities which have not been authorized. The question very naturally arises as to why those projects duly authorized by Congress were not chosen and that list exhausted insofar as practical before projects on which Congress had not authorized appropriations were considered. It would seem to indicate a lack of confidence in, even disregard for, the study and action of Congress in that respect and the direct implication that the actions of the legislative branch, made up of the chosen representatives of the people, was subservient to the executive branch of our Government.

It is not my desire to unfairly criticize the Chief of Engineers nor the corps of which he is the Chief. On the contrary, I have the greatest respect for the integrity and ability of that branch of the Army. The manner in which the Engineers have handled expeditiously and successfully the tremendous responsibility placed upon them by the actions of the Public Works Administration cannot help but call for the admiration of all familiar with that feat. The fact that certain projects not acted upon by Congress were recommended is unfortunate, but, as pointed out, the reason for these recommendations is not known.

Nor do I wish to appear as questioning in general the authority for the actions of the Administrator of Public Works who, generally speaking, selected projects submitted to him as prescribed by law. I do seriously question the right of allotting the huge sum named for the development of the Columbia River at Bonneville, Oreg., without approval of Congress, as this project clearly has to do with navigation as well as with the erection of a power dam. The same is true in a lesser degree of the Tygart Reservoir in West Virginia, where the completion of the work projected has an indirect effect on navigation. With the vast amount of proposals before the Administrator and even with the urge for prompt expenditure of funds, action such as taken does not seem justified.

But I do wish to call attention to the indifference to congressional action which not only is evident in river and harbor matters but may be found in many of the appropriation bills. Even though Congress authorized this huge sum of $3,300,000,000 for expenditure in Public Works, I cannot believe it intended to have its own actions or considerations disregarded to the extent that is so apparent. Certainly the Public Works Administration and the heads of various departments affected must have recognized this fact. It is true, because of the belief that unemployment might be successfully met in this manner, Congress delegated its authority to the executive branch to expend this vast sum, but it is just as true, in so doing, it was with the thought that congressional action and policies would be supplemented, not supplanted.

Mr. FITZPATRICK. Will the gentleman yield?

Mr. BOLTON. I yield.

Mr. FITZPATRICK. What is the amount of money allotted to these projects not approved by Congress, that has been spent?

Mr. BOLTON. I have not been able to find out.

Mr. FITZPATRICK. Because they do make allotments sometimes and withdraw them again.

Mr. BOLTON. Yes. I know of two or three instances where allotments have been made and withdrawn.

What has transpired is only another example of the extent to which bureaucracy has grown and an indication of the belief on the part of those responsible for the direction of the P.W.A. that projects approved or disapproved by Congress are not conclusively binding upon the Public Works, but only in the nature of a recommendation. The continuation of such a policy is equivalent to an admission that the work of committees of Congress, their recommendations to Congress, and congressional action itself is of small importance in comparison to the decisions of the executive agencies of the Government. If Congress is to function as intended, it should promptly correct this growing tendency of the executive branch of our Government to take upon itself functions of the legislative, a situation which has been denied, but which a study of the appropriation bills clearly indicates to be a fact. [Applause.]

The table referred to is as follows:

Projects authorized by Congress for which funds have been allotted by the Public Works Administration

Project	Amount allotted	Additional amount required for completion
Bay Ridge and Red Hook Channels, N.Y.	$175,000	
East River, N.Y.	1,400,000	
Buttermilk Channel, N.Y.	131,000	$1,373,300
Hudson River Channel, N.Y.	200,000	1,000,000
East Rockaway (Debs) Inlet, N.Y.	70,000	390,000
Delaware River, Philadelphia to the sea	380,200	480,000
James River, Va.	595,000	2,199,000
Cape Fear River, N.C., to Winyah Bay, S.C.	900,000	1,370,000
Charleston Harbor, S.C.	176,400	
Brunswick Harbor, Ga.	180,000	205,000
St. Johns River, Fla., Jacksonville to the ocean	285,000	105,000
Caloosahatchee River and Lake Okeechobee drainage areas, Florida	4,200,000	11,139,500
Jacksonville to Miami waterway, Florida	2,600,000	
Alabama River, Ala.	140,000	439,350
Black Warrior, Warrior, and Tombigbee Rivers, Ala.	80,000	60,400
Mobile Harbor, Ala.	50,000	
Gulfport Harbor and Ship Island Pass, Miss.	50,000	79,600
Louisiana-Texas waterway, New Orleans to Corpus Christi, Tex.	787,000	5,400,000
Brazos Island Harbor, Tex.	2,800,000	
Mississippi River, Ohio to Illinois Rivers	3,000,000	1,690,000
Mississippi River between Illinois and Minneapolis	33,500,000	(92,000,000)
Missouri River, Kansas City, Mo., to Sioux City, Iowa	14,153,108	(45,000,000)
Missouri River, Kansas City to the mouth	4,960,000	3,184,000
Illinois River, Ill.	910,000	
Ohio River:		
Lock-and-dam construction	2,945,000	350,000
Open-channel work	930,000	4,700,000
Green and Barren Rivers, Ky.	60,000	
Allegheny River, Pa.	1,033,000	575,000
Kanawha River, W.Va.	700,000	1,293,000
St. Marys River, Mich.	175,000	
St. Clair River, Mich.	1,700,000	2,650,000
Detroit River, Mich.	1,474,000	3,226,000
Niagara River, N.Y.	100,000	700,000
San Diego Harbor, Calif.	114,500	
Los Angeles and Long Beach Harbors, Calif.	1,650,000	5,400,000
Columbia and Lower Willamette Rivers below Vancouver, Wash., and Portland, Oreg.	369,500	
Total	82,373,708	185,009,150

Amounts included for Mississippi River between Illinois River and Minneapolis, and Missouri River, Kansas City to Sioux City, represent amounts required to complete projects adopted by Congress and as extended by Public Works Administration.

Projects adopted by Rivers and Harbors Committee for which allotments have been received from the Public Works Administration

Project	Document No.	Amount allotted	Additional amount required for completion
Boston Harbor, Mass	H. 244 (72d Cong., 1st sess.)	$800,000	$4,000,000
Cape Cod Canal, Mass	H. 795 (71st Cong., 3d sess.)	4,600,000	5,400,000
New Haven Harbor, Conn	H. 479 (72d Cong., 2d sess.)	292,000	100,000
Hudson River Channel, N.Y. and N.J	H. 309 (72d Cong., 1st sess.)	500,000	265,000
Hudson River, N.Y. (Troy-Waterford)	S. 155 (72d Cong., 2d sess.)	236,000	
Cut-off channel, Raritan River to Arthur Kill, N.J	H. 50 (73d Cong., 1st sess.)	600,000	200,000
New York and New Jersey channels	Rivers and Harbors 17 (71st Cong., 2d sess.)	390,000	390,000
Delaware River at Marcus Hook, Pa	Rivers and Harbors 5 (73d Cong., 1st sess.)	524,800	
Ocean City Harbor and Sinepuxent Bay, Md	Rivers and Harbors 38 (72d Cong., 1st sess.)	281,600	
Knapps Narrows, Md	H. 308 (72d Cong., 1st sess.)	68,700	
Tangier Channel, Va	Rivers and Harbors 51 (72d Cong., 2d sess.)	37,000	
Pamlico Sound to Beaufort, N.C., channel	H. 485 (72d Cong., 2d sess.)	41,400	
Upper Thoroughfare, Deals Island, Md	Rivers and Harbors 37 (72d Cong., 1st sess.)	47,000	
Cape Fear River, N.C., to Winyah Bay, S.C., waterway (bridges)	Rivers and Harbors 14 (72d Cong., 1st sess.)	350,000	
Winyah Bay, Charleston, S.C., waterway	Rivers and Harbors 11 (72d Cong., 1st sess.)	1,000,000	500,000
Cape Fear River above Wilmington, N.C	H. 786 (71st Cong., 3d sess.)	1,520,000	
Fort Pierce Inlet, Fla	H. 252 (72d Cong., 1st sess.)	250,000	
Tampa Harbor, Fla	S. 22 (73d Cong., 1st sess.)	727,500	2,947,500
St. Andrews Bay, Fla	H. 33 (73d Cong., 1st sess.)	435,000	
Pensacola Harbor, Fla	H. 253 (72d Cong., 1st sess.)	177,000	
Lake Charles Deep Water Channel, La	H. 172 (72d Cong., 1st sess.)	80,000	
Sabine-Neches Waterway, Tex	Rivers and Harbors 27 (72d Cong., 1st sess.)	1,500,000	500,000
Galveston Harbor and Channel, Tex	Rivers and Harbors 31 (72d Cong., 1st sess.)	15,000	
Texas City Channel, Tex	Rivers and Harbors 4 (73d Cong., 1st sess.)	219,000	
Houston Ship Channel, Tex	Rivers and Harbors 28 (72d Cong., 1st sess.)	1,500,000	1,043,000
Freeport Harbor, Tex	Rivers and Harbors 15 (72d Cong., 1st sess.)	126,500	
Port Aransas, Tex	Rivers and Harbors 35 (72d Cong., 1st sess.)	210,000	
Petit Anse, Carlin, and Tigre Bayous, La	H. 225 (72d Cong., 1st sess.)	38,500	
Wolf River, Tenn	Rivers and Harbors 26 (72d Cong., 1st sess.)	603,000	
Agate Bay Harbor, Minn	Rivers and Harbors 17 (72d Cong., 1st sess.)	48,700	
Duluth-Superior Harbor, Minn. and Wis	H. 482 (72d Cong., 2d sess.)	1,096,000	223,000
Ashland Harbor, Wis	Rivers and Harbors 46 (72d Cong., 1st sess.)	208,000	
Marquette Harbor, Mich	Rivers and Harbors 20 (72d Cong., 1st sess.)	79,200	
Port Washington Harbor, Wis	H. 168 (72d Cong., 1st sess.)	590,000	
Green Bay Harbor, Wis	Rivers and Harbors 40 (72d Cong., 1st sess.)	625,000	89,500
Milwaukee Harbor, Wis	H. 289 (72d Cong., 1st sess.)	25,000	100,000
Calumet Harbor and River, Ill. and Ind	H. 494 (72d Cong., 2d sess.)	3,058,700	1,220,000
Indiana Harbor, Ind	Rivers and Harbors 29 (72d Cong., 1st sess.)	897,000	1,130,000
Channel between Mackinac and Round Islands, Mich	Rivers and Harbors 2 (72d Cong., 1st sess.)	434,000	
Channels in Lake St. Clair, Mich	Rivers and Harbors 3 (72d Cong., 1st sess.)	382,300	910,000
Detroit River, Mich	Rivers and Harbors 1 (72d Cong., 1st sess.)	17,000	
Toledo Harbor, Ohio	Rivers and Harbors 21 (72d Cong., 1st sess.)	3,690,000	
Lorain Harbor, Ohio	H. 469 (72d Cong., 2d sess.)	170,000	600,000
Sandusky Harbor, Ohio	Rivers and Harbors 2 (73d Cong., 1st sess.)	407,500	
Cleveland Harbor, Ohio	H. 477 (72d Cong., 2d sess.)	485,000	
Ashtabula Harbor, Ohio	H. 43 (73d Cong., 1st sess.)	431,000	379,000
Conneaut Harbor, Ohio	H. 48 (73d Cong., 1st sess.)	927,000	723,000
Fairport Harbor, Ohio	H. 472 (72d Cong., 2d sess.)	355,000	225,000
Huron Harbor, Ohio	H. 478 (72d Cong., 2d sess.)	471,500	102,700
Buffalo Harbor, N.Y	H. 46 (73d Cong., 1st sess.)	709,000	1,059,000
Ogdensburg Harbor, N.Y	H. 266 (72d Cong., 1st sess.)	187,000	
Monterey Harbor, Calif	Rivers and Harbors 45 (72d Cong., 1st sess.)	224,000	
San Francisco Harbor, Calif	Rivers and Harbors 50 (72d Cong., 2d sess.)	265,000	334,000
Columbia and Lower Willamette Rivers, Oreg. and Wash	H. 249 (72d Cong., 1st sess.)	77,000	
Columbia River, Bakers Bay, Wash	H. 44 (73d Cong., 1st sess.)	54,000	
Willapa River, Wash	Rivers and Harbors 41 (72d Cong., 1st sess.)	80,000	
Grays Harbor and Chehalis River, Wash	H. 53 (73d Cong., 1st sess.)	58,000	
Tacoma Harbor, Wash	Rivers and Harbors 55 (72d Cong., 2d sess.)	56,000	
Lake Washington Ship Canal, Wash	H. 140 (72d Cong., 1st sess.)	177,000	
Wrangell Narrows, Alaska	H. 647 (71st Cong., 3d sess.)	145,000	
Honolulu Harbor, T.H	H. 54 (73d Cong., 1st sess.)	792,000	
Port Allen Harbor, T.H	H. 30 (73d Cong., 1st sess.)	680,000	
Mayaguez Harbor, P.R	H. 215 (72d Cong., 1st sess.)	179,000	
Total		35,250,300	22,440,700

PROJECTS RECOMMENDED BY THE CHIEF OF ENGINEERS FOR WHICH ALLOTMENTS HAVE BEEN RECEIVED FROM THE PUBLIC WORKS ADMINISTRATION

Delaware River, Philadelphia to Trenton	Rivers and Harbors 11 (73d Cong., 1st sess.)	$1,000,000	$3,700,000
Savannah River below Augusta, Ga	Not printed	1,775,000	
Miami Harbor, Fla	Rivers and Harbors 15 (71st Cong., 2d sess.) (not printed)	140,000	
		2,000,000	1,311,000
Missouri River (Fort Peck)	Not printed	25,000,000	41,500,000
Cumberland River, Tenn. and Ky	H. 38 (73d Cong., 1st sess.)	868,000	
Kanawha River, W.Va	H. 31 (73d Cong., 1st sess.)	5,315,000	8,200,000
Richmond Harbor, Calif	Rivers and Harbors 7 (73d Cong., 1st sess.)	105,000	
San Joaquin River, Calif	Not printed	990,000	
Olympia Harbor, Wash		92,000	
Kaunakakai Harbor, Hawaii	H. 35 (73d Cong., 1st sess.)	120,000	
Total		37,405,000	54,711,000

Flood-control projects authorized by Congress for which funds have been allotted by the Public Works Administration

Project	Amount allotted	Additional amount required for completion
Mississippi River and tributaries	$44,000,000	$96,846,576
Sacramento River, Calif	1,500,000	2,191,620
Total	45,500,000	99,038,196

Miscellaneous projects for which funds have been allotted by the Public Works Administration

Project	Amount allotted	Additional amount required for completion
Columbia River at Bonneville, Oreg	$20,250,000	$12,168,000
Tygart Reservoir, W.Va	3,000,000	9,000,000
Muskingum Valley Reservoirs, Ohio	22,590,000	
Winooski River, Vt., completion of work being done under Conservation Corps	1,555,000	

Miscellaneous projects for which funds have been allotted by the Public Works Administration—Continued

Project	Amount allotted	Additional amount required for completion
Puerto Rico (roads and drainage)	$1,500,000	
Repair break in water main, Intracoastal Canal, La.	8,000	
Rio Grande, flood control, vicinity of San Benito, Tex.	120,000	
River Styx, Fla.	15,000	
Total	49,038,000	$21,168,000

Cost to complete authorized projects recommended to Public Works Administration for which no allotments have been received

Pollock Rip Shoals, Mass.	$16,500
New Bedford and Fairhaven Harbor, Mass.	414,400
Fall River Harbor, Mass.	90,000
Taunton River, Mass.	567,600
Connecticut River above Hartford	1,000,000
Housatonic River, Conn.	425,000
Bridgeport Harbor, Conn.	136,100
Glen Cove Creek, N.Y.	26,750
Jamaica Bay, N.Y.	7,575,000
East Chester Creek, N.Y.	283,000
Port Chester Harbor, N.Y.	106,800
Bronx River, N.Y.	1,900,000
Harlem River, N.Y.	2,783,000
Flushing Bay Harbor, N.Y.	365,000
Manhasset Bay, N.Y.	63,000
Great Kills, Staten Island, N.Y.	62,000
Newtown Creek, N.Y.	384,800
Port Jefferson Harbor, N.Y.	152,700
Hudson River, N.Y.	1,478,000
Manasquan River, N.J.	32,200
Delaware Bay Harbor of Refuge, Del.	287,000
Chesapeake and Delaware Canal	Indefinite
Baltimore Harbor, Md.	1,126,900
Cockrells Creek, Va.	59,000
Horn Harbor, Va.	6,000
Carters Creek, Va.	8,000
Norfolk-Beaufort Inlet Waterway	190,000
Cashie River, N.C.	5,000
Northeast (Cape Fear) River, N.C.	25,375
Shipyard River, S.C.	23,200
Winyah Bay, S.C.	158,800
St. Johns River, Palatka to Lake Harney, Fla.	63,000
Youghiogheny River, Pa.	3,670,400
Manistee Harbor, Mich.	45,000
Waukegan Harbor, Ill.	25,000
Grand Haven Harbor and Grand River, Mich.	21,000
Holland River, Mich.	150,800
Cleveland Harbor, Ohio	400,000
Erie Harbor, Pa.	30,600
Oswego Harbor, N.Y.	393,300
Richmond Harbor, Calif.	68,000
Oakland Harbor, Calif.	207,500
Grays Harbor and Chehalis River, Wash.	125,000
Skamokawa (Steamboat) Slough, Wash.	8,300
Swinomish Slough, Wash.	50,000
Seattle Harbor, Wash.	10,000
Total	25,019,025

Mr. SANDLIN. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. TRUAX].

Mr. TRUAX. Mr. Chairman, my remarks shall be confined to a subject in which I believe every Member of this House, regardless of party affiliations, regardless of profession, is intensely interested; namely, the future of American agriculture. I know that my esteemed colleague from Ohio [Mr. BOLTON], who just addressed you, is vitally interested in that subject, because for years he has owned and operated one of the large dairy farms in northern Ohio.

A year ago, or approximately a year ago, this Congress enacted a law that we thought would solve this age-old riddle of agricultural pauperism. As a matter of fact, since 1926 the Congress of the United States has shown itself at all times ready and willing to pass measures that the majority of farm leaders decided was in their best interests. I say 1926, because it was in that year that the first McNary-Haugen bill was passed by both branches of the Congress, and again in 1927.

As we are debating the Department of Agriculture appropriation bill, which carries the largest appropriations ever budgeted for this Department, and as we observe this mammoth agricultural edifice known as the "Department of Agriculture", which is not yet completed, and then as we go to our respective districts throughout the United States and observe the great devastation that has been wrought on American farms, buildings with roofs rusting and falling in, fences going down, the inability of farmers to pay their taxes, the number of foreclosures that are still in evidence, amounting to nearly 500 a month in my State of Ohio, as we observe these two propositions, these two organizations, we might well in wonderment ask the question: "Are these huge appropriations year after year justified by the results and the needs that are attained?"

May we now draw a comparison? To use a homely, old-fashioned illustration, there are men within the sound of my voice whom I know in the past have been breeders of beef cattle, and some of them are breeders today. They will all tell you that to raise a bull calf that can compete successfully in the show ring the calf must not only nurse his own mother but he must have a dairy cow usually in addition, which is known as a "nurse cow." In the end the bull calf comes out fat and sleek and is a good show animal, but his own mother and the nurse cow are very thin and emaciated. May not that comparison apply to American agriculture? While the real farm plant, a profitable plant until 1921, has been going down year by year, steadily depreciating in value, the bureaucracy in Washington, and which permeates every State in this Union from Washington, has been steadily building up its own selfish plant. That plant, my friends, is not manned by actual farmers. I know of no other institution, department, or branch of Government that is not manned by men who have had the benefit of years of actual experience in their own particular line of business or work. Therefore, I should like to say today that in my own mind there exists a very grave question of doubt as to the ultimate success of the legislation that we have enacted here as to its pulling the farmer out of the slough of bankruptcy and depression in which he has wallowed for the past 12 or 13 years.

As prima facie evidence of the justification of that doubt, I want to give to you the basic schedule of price levels that we were told 1 year ago would be restored by the enactment of the farm relief bill. The basic price levels that were given then for seven commodities are as follows:

Cotton, 12.9 cents; wheat, 91.9 cents; corn, 66.8 cents; hogs, 7.53 cents; cattle, 5.41 cents; butter fat, 26.7, almost 27 cents a pound; lambs, 6.14 cents.

Now, you Members of this House of Representatives can use your own minds, your own impressions and observations, to detemine whether or not those price levels have become an actuality.

Mr. PIERCE. Will the gentleman yield for a question?

Mr. TRUAX. I would prefer to yield at the end of my remarks, if the gentleman will wait a few moments.

I do not wish to criticize the President of the United States. I do not wish to particularly criticize the Secretary of Agriculture, Henry A. Wallace, or the Assistant Secretary of Agriculture, Dr. Rexford Tugwell, because those gentlemen are merely mouthpieces of the bureaucratic system that has existed and grown up and permeated the United States Department of Agriculture for years and for decades.

I would not criticize the President because naturally he has to, and does, depend upon his Secretary of Agriculture.

I think Secretary Wallace came here with honest intentions to correct this great inequality and injustice; but after his arrival in Washington and residence here for some time he was taken over by the bureaucrats in the Department of Agriculture, who since time out of mind have made a living by farming the farmers of this great country. [Applause.] Mr. Chairman, as one farmer I am sick and tired of the so-called "farm prosperity" that exists only in the mind of, and manifests itself only in the public utterances of, the Secretary of Agriculture. [Applause.]

Who is the real power behind the throne in the Department of Agriculture? He is a gentleman by the name of Mordecai Ezekiel, a young man about 40 years of age who began life as a newsboy on the streets of Washington. He is not to be criticized for that, because it was a laudable attempt to get a start in life. But to my knowledge

Mr. Ezekiel, or Dr. Ezekiel as he should be called, has never had any practical experience in farming.

The price level I have given you today came directly from the notebook of Dr. Ezekiel nearly 1 year ago.

Mr. Chairman, the theory, the premise, upon which the present plan of agricultural relief is based, is that since the World War American farmers have been overproducing, particularly overproducing wheat; that the high prices prevailing during the World War caused a great stimulation of production and due to the stimulation great surpluses have piled up; therefore, the farmer is penalized today because he produces too much food to eat and too much raw materials for clothing.

Referring to the Department of Agriculture Year Book for 1933, we find the following statement made by the Secretary with reference to wheat:

> Many changes affecting the economic position of wheat in the United States have occurred in the last 10 years. Outstanding among them has been a marked increase in world wheat production, increases in tariffs, and the loss of the foreign markets.

Now, it seems that this is not a new complaint. It is an old, old evil. I shall read to you now from the Yearbook of the Department of Agriculture for 1886. We find the Secretary of Agriculture 47 years ago making this statement:

> The increase of wheat is seen to be more rapid than the increase of population while the market for the surplus has declined in consequence of the better harvests of other countries and of the increased facilities for handling the surplus of India and South America.

Let us for a moment deal with the tremendous overproduction that has been called to our attention so many times; and the figures I use are taken from the 1933 report. We find that the total world production of wheat in 1933 was 3,760,000,000 bushels. Our own production last year was 726,000,000 bushels. Bear these figures in mind.

In 1909, the year upon which is predicated our farm relief bill, 25 years ago, we find that the world production of wheat was 3,624,000,000 bushels as against 3,700,000,000 bushels, in round figures, in 1933. The production of wheat in this country that same year was 737,000,000 bushels, or 11,000,000 bushels more than the amount of wheat we produced last year, the current wheat-crop year. So it is evident, Mr. Chairman, that the assumption that our agricultural ill is due to overproduction inspired by the war is laid upon a false premise.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. THOM. What were the exports of wheat in 1909 as compared with the exports of wheat in 1933?

Mr. TRUAX. I may say to the gentleman that tariffs have been a great determining factor in the export of wheat. Under the Payne-Aldrich tariff bill from 1909 to 1913, a high-tariff measure, our exports of wheat were only 14 percent of the world total importations. In 1914 and 1915, under the Underwood tariff bill, which is a low-tariff bill, our exports rose to 44 percent.

Mr. McGUGIN. However, a war intervened there.

Mr. TRUAX. There was a war; yes. We also had a low tariff, however, and our exports rose to 44 percent.

During the period from 1922 to 1930, while the Fordney-McCumber tariff law was in operation, our exports dropped to 25 percent. In the years 1931, 1932, and 1933, under the Hawley-Smoot tariff law, our exports have dropped further, until they reached 15 percent; yet during the 3-year period I have just named the world's importations of wheat increased by 100,000,000 bushels. So this refutes the premise that the world's importation of wheat has declined while our own production has increased.

Mr. FISH. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. FISH. With the exception of what the gentleman said about the tariff, I think the gentleman is making the best speech he has made in the House.

Mr. TRUAX. I thank the gentleman.

Mr. FISH. Does the gentleman know whether Prof. Mordecai Ezekiel had anything to do with the shaping of, the framing of, or advising with reference to the fluid-milk licensing system based on the price of butter on the Chicago exchange? Does the gentleman know whether Professor Ezekiel had anything to do with that?

Mr. TRUAX. I may say to the gentleman from New York that as I understand it that policy was determined upon by the A.A.A. which is under a different administration and supervision than the United States Department of Agriculture.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. TRUAX. I yield.

Mr. CHRISTIANSON. The gentleman has ascribed the falling off of our exports of wheat to the tariff.

Mr. TRUAX. I merely recited the facts.

Mr. CHRISTIANSON. Is not the gentleman aware of the fact that the change in the debtor-creditor relationship with Europe has also affected Europe's capacity to absorb our products?

Mr. TRUAX. Answering the gentleman I may say that following the enactment of the Hawley-Smoot tariff law all European countries immediately built up reprisal tariff walls. For instance, in some of the European countries the tariff against our wheat is as high as $2 per bushel. All the countries of Europe produce less wheat than they consume. Consequently, because of our high tariff and their high retaliatory tariffs, we find the people of France paying the French farmer an average of $1.71 a bushel for wheat during the past 3 years; and we find that Germany has been paying her farmers around $1.50. Notwithstanding this, the price of a pound loaf of bread in these two countries has only ranged from 3 to 4 cents. On the other hand, in our country during the year 1932, when the average price of our wheat was 47 cents a bushel, the price of a pound loaf of bread averaged around 7 or 8 cents.

The point I wish to make is that throughout the years of the Hoover administration and the administrations of Mr. Coolidge and Mr. Harding this same group—or aggregation, as the gentleman from Indiana would say—this same aggregation of bureaucrats was in power. They and not the Secretary of Agriculture have determined the agricultural policy of this great country of ours.

[Here the gavel fell.]

Mr. CHRISTIANSON. Does the gentleman think he is doing full credit to the present Secretary of Agriculture by charging that he is permitting the so-called "bureaucrats" who have been there for many, many years to determine his policies?

Mr. TRUAX. I would say in answer to the gentleman that the present Secretary of Agriculture, Mr. Henry A. Wallace, a product of the greatest corn-growing State in the Union and a Republican, in my judgment is very largely influenced by the bureaucrats who have been in the Department for years.

Mr. PIERCE. Will the gentleman yield?

Mr. TRUAX. I yield to the gentleman from Oregon.

Mr. PIERCE. I believe I attended practically every meeting of the Agriculture Committee last spring when these bills were under consideration. Secretary Wallace and the so-called "bureaucrats" appeared many times. I never heard one of them say that these bills would restore the prices that the gentleman has mentioned. They did say repeatedly that their hope was that they could bring back to the farming world the parity that existed from 1909 to 1914 and this compares with the figures that the gentleman read. They never said it would do it, but they said, "That is our dream."

Mr. TRUAX. That is the whole trouble. They are a bunch of dreamers, a bunch of crystal gazers.

In analyzing this problem, first let me point out a few respects in which agriculture is at a profound and fundamental disadvantage as compared to other industries, respects as to which the farmer can do nothing practically himself. The manufacturer can determine in advance upon his production program and carry it out to the ton or the piece, or the Ford car, or the suit of clothes, pair of shoes, or what not. The farmer cannot do that. He may plant

100,000,000 acres of corn and get a two and one quarter billion bushel crop, or he may plant 101,000,000 acres of corn and get a 3,000,000,000-bushel crop, and he cannot do anything about it except suffer after he has done it. The manufacturer can determine his costs in advance within a few cents per unit of production. The farmer cannot determine his in advance because the season determines his yield and the yield determines his cost. The manufacturer can determine his selling price in advance, and if he sells a good service and a good line of goods, he can maintain that selling price.

The farmer can decide on all the selling prices he pleases, and someone else will finally make the price at which he sells. The manufacturer can speed up his production program any time he pleases to meet additional market demand or increases in price or any other condition in the market. The farmer can do nothing of the kind. Once his seed is in the ground, he waits another year before he can plant another crop, and it takes a dairy cow several years to be profitable, from 2 to 3 years to produce a fat steer, and an apple tree from 7 to 10 years to come into good production, depending on the variety.

The manufacturer can slow down his production just as well as he can speed it up. Any time the price does not suit him he can close his factory, lay off his hands, and be presented with a bill for overhead. The farmer cannot slow down his production. It will be what it will be, despite his efforts, once the seed is in the ground. People in thinking of agriculture, give too little weight to these inherent difficulties, so when anyone makes the statement that the agricultural problem can be solved by regulated production, better business methods, loaning the farmer more money, diversification, or an extension of cooperative selling, one of two things is true—either he does not know what he is talking about, or, for reasons best known to himself, he is deliberately trying to deceive the public.

It would be possible by universal agreement among 6,500,000 producers and by strict adherence to that agreement and with the Creator himself, so that the sun, the wind, the rain, and frost may be regulated to suit the growers' need and fancy, to so regulate output as to advance prices to the point where they are profitable, but everybody knows that is not feasible. And again, the American farmers do not want to take the responsibility of great curtailment of production, because a crop failure might ensue, which would be followed by extremely high prices, and disaster to the cities, and possibly even bread riots such as were witnessed in the European countries during the war.

It is possible theoretically to bring about higher prices by curtailment of production, but industry does not wish to pursue such a method. Industry uses the tariff to charge higher prices, for the domestic consumption, and dumps the surplus abroad without a profit or a loss.

All that the American farmers ask is a fair exchange of products—justice for all.

The American farmers do not wish to tear down the protection for other favored classes and groups. They simply ask to be taken into the circle, that, as Abraham Lincoln said, "Will be continued when this poor tongue of my own shall be silent." We have summed it up in our slogan, "Protection for all or protection for none." That protection can be attained only by straight price fixing.

It is a far cry from the cradle and the flail to the reaper, the binder, and now the combine, which cuts, threshes, and cleans wheat for the market at one operation, but this is only one indication of increased agricultural efficiency. It was only a few years ago that the 500-pound cow was a marvel of efficiency. Several years ago a Jersey cow established a world's record of 1,000 pounds of butter fat. A decade ago a 1,200-pound litter of pork was considered a real achievement. Then came the ton litter, and today 2-ton litters are not uncommon. Forty-bushel wheat clubs, 100-bushel corn clubs, 300-bushel potato clubs abound in all good farm sections. You can readily see the American farmer has done just as well as anyone else in our economic structure in increasing his efficiency, and when you consider the difficulties he has had to meet I am prone to say he has done better than the rest of the crowd.

And yet this country today is engaged in one of the most vitally important struggles the world has ever witnessed—a test of whether an independent agriculture formerly enjoying the benefits and advantages of life on a level comparable with that prevailing in the cities can endure. Except in America, farming is practiced largely by a peasant class. Monetary rewards are so uncertain and frequently so low that farming has attracted only those who are content with longer hours, harder work, and lower standards of living. That is the standard of living of our farmers today.

As long as the farm was a self-contained unit, aided by a little barter, contentment was with the farmer. That day is definitely past, just as the day of the horse-drawn vehicle is gone forever. And no more will rising land values compensate for unprofitable crop prices. The issue which the present struggle will determine is whether our advanced American agriculture, as distinguished from and on a higher level than the peasant agriculture, can endure. [Applause.]

Percent of total purchases of United States wheat, including flour, by leading importing countries, and by all countries during periods covered by different tariff acts

	United Kingdom	Germany	Italy	Belgium	France	Netherlands	All countries
Payne-Aldrich 1909–13	14.7	7.6	4.3	9.4	6.6	15.2	14.3
Underwood pre-war 1914–15	30.9	-------	60.2	-------	51.6	68.0	44.5
Underwood post-war 1920–21	42.0	44.5	54.6	65.5	28.7	100.0	53.3
Fordney-McCumber 1922–23 to 1929–30	15.6	12.5	14.7	18.4	15.5	53.1	25.3
Hawley-Smoot 1930–31 to 1931–32	9.0	13.3	4.7	10.2	12.6	30.3	15.4

Sources: Total imports by countries and for the world and United States exports from Year Book, U.S. Department of Agriculture. Imports of United States wheat compiled by Bureau of Agricultural Economics, U.S. Department of Agriculture, from Foreign Commerce and Navigation of the United States.

[Here the gavel fell.]

(Mr. TRUAX asked and was given permission to revise and extend his remarks in the RECORD.)

Mr. SANDLIN. Mr. Chairman, I yield 3 minutes to the gentleman from Iowa [Mr. WILLFORD].

Mr. WILLFORD. Mr. Chairman, I wish to discourse for a few moments the status of the Spanish-American War veterans and all veterans of wars prior to the World War. I am personally acquainted with hundreds of men who served in the Spanish-American War. They were all volunteers. The country called them to their flag and they readily responded. They were taken down into the swamps of Florida and transported to swamps in the Philippines, Puerto Rico, and Cuba. They suffered greatly for the lack of food, for the lack of shelter, and for the lack of medical attention. They had none of the privileges granted to our World War soldiers, and these men offered their all for the flag, served their time faithfully, and many of them died from fever and diseases over which there was no control at that time. And then, after 22 years had elapsed, they asked for a pension. They were granted from $12 to $20 and some $30 per month. This was carried along for 12 or 14 years, and then the bill was passed whereby they were put in the same class as the World War veterans, and they were compelled to furnish service-connected disability. Bear in mind, these men at this time are from 55 to 65 years old and many of them were beyond the age of being able to produce the necessities of life when their pensions were taken away from them on this account. Hundreds of thousands of the records of the men who served in the Philippines were in storage and were destroyed by the termites that infest that country, and the entire records of these men were lost. When they tried to establish their service record they were not able to do it, and for the lack of evidence they have been cut off the pension list.

In the war of '98 they did not keep the fine records they do today. The system was far from perfect and the loss was

great. These men joined the colors, not with a thought of receiving a bonus or pension but because it was the patriotic duty of every man to respond, which they did. Even the records on the field were not kept as they should have been on account of the field service, and they were denied the help that is rightfully theirs because of something they had no control over. Friends, I am in favor of the Spanish-American War veterans. I want them put on the same status as the Civil War veterans or all wars prior to the World War. I promise you I will never be in favor of the return of the balance for Federal employees until the Spanish-American and all veterans of wars prior to the World War have been thoroughly taken care of. I do not believe there is any Federal employee in the land today who has to go to the bread line or take charity, and I do know that many Spanish-American War veterans have had to do this very thing, and until such time as they have been rightfully taken care of I shall be opposed to the return of the pay cut to the Federal employees.

I have no fault to find with the World War veterans. I believe these veterans who can trace their disabilities directly to war service should be completely compensated for it and his family taken care of. I know it was the intention of our President when this bill was passed that this is what he thought would happen. He was trying to separate the gold-brickers and chiselers from those who are in need and rightfully deserving. I am in favor of paying the bonus, but I am not in favor of borrowing the money to pay the said bonus. I believe the Government could issue money—currency, if you please—against the stock of gold and silver, against the credit of this whole United States, and pay the $2,400,000,000 to the soldiers. Put this money in circulation through these men. It was promised to them; half of it was advanced to them and interest charged in such a way that by the time the balance was due it would be eaten up by the interest. I am in favor of paying the bonus in full right now and the Government issuing money to pay it and not sell a bond. I am against interest-bearing bonds. Enough money could be saved in 2 or 3 years on interest we pay out for money loaned, which is rightfully ours, to pay the soldiers' bonus and care for them the rest of their natural lives. I know economy had to be practiced, and it is necessary to practice it yet to the utmost. I believe this is false economy. Our President told me the object of this administration was to get all the men to work, get money in circulation so that the purchasing power could be increased, and then our commodities that are on the market, and now the necessities of life, there would be a market for them. That is the only way to start the wheels of our factory moving. It is the only way to pay the farmer what is rightfully his for the produce he raises. Pay the soldier his bonus, pay the Spanish-American War veteran his pension, so that money may get in circulation. Let the Government issue money and not borrow it. I assure you, my friends, as time goes on this proposition is going to be brought home to us as never before. Let us look it square in the face and not dodge the issue for fear that we may have to go home and meet another election. I, for one, stand for the payment of pension to the Spanish-American War veteran for all he is rightfully entitled to; I stand for the payment of every soldier his adjusted compensation or his bonus who can trace his service disability to the war; also, for hospitalization for those who need it, and the care of widows and orphans. This, I think, they are entitled to; and I pray that you will bear with me and bring this to a happy conclusion. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. THOMASON].

Mr. THOMASON. Mr. Chairman, I commend the subcommittee of the Appropriations Committee on the time and work they must have put forth in this appropriation bill. I join with the gentleman from California [Mr. BUCK] as well as many other Representatives in the southwestern part of the country, in rejoicing over the fact that the committee has seen fit to restore the appropriation covering experimental stations and likewise the appropriation for the destruction of predatory animals. Those of us out in my part of the country, where there are many sheep and cattle, very much appreciate the fine work that has been done by the Department of Agriculture in the matter of the destruction of predatory animals which have in the past brought such a great loss to our ranch people.

I have taken this time to ask permission of the House to insert some correspondence with the Department of Agriculture relative to the section of the bill which deals with the pink bollworm control. I observe that the committee appropriated $254,959 for the 1935 Budget covering the subject of control of the pink bollworm. In my judgment, the Department of Agriculture is doing an injustice to a great many farmers in my section of the country. There are 12 counties in my congressional district along the Mexican border, and likewise a small part of the agricultural areas of New Mexico and Arizona, that are infested with the so-called "pink bollworm." Those of you from the cotton-growing sections are familiar with the much-talked-of boll-weevil about which we used to hear so much, but the Department of Agriculture by numerous bulletins which it has issued in the last 10 years has stated that the pink bollworm is just as great a menace to the cotton industry.

The pink bollworm has come to us from old Mexico and, of course, it was first discovered along the Mexican border some 10 years ago. The Federal Department of Agriculture at first threatened to put all of the cotton-growing part of my district into a noncotton zone, but later relented to some extent and made most of it a quarantine district, although a small area was placed in a noncotton zone. The complaint I am making is that the Federal Department of Agriculture, after stating that the pink bollworm was the most destructive of anything that had ever infested the cotton-growing country and was a menace to the cotton industry of the whole country, declared by public order that we could not ship our cotton or our cottonseed without fumigating the cotton and sterilizing the seed. The result was that they put this added cost on to the farmers of my district, and for about 10 years the farmers of these 12 counties near the Mexican border in southwest Texas have had to pay on an average of about $2 per bale, in round figures, before they could ship their cotton or cottonseed anywhere for marketing. This was done for the protection of the cotton industry of the whole country.

Only recently a bulletin issued by the Department of Agriculture states they have found the pink bollworm in south Georgia and north Florida. They have also made the statement repeatedly that unless the pink bollworm is controlled it would do great damage to the entire cotton-producing area, especially in sections where there is much rain.

Mr. PARSONS. Will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Illinois.

Mr. PARSONS. Did I understand the gentleman to say that the bollworm sprung from these 12 counties that the gentleman is talking about?

Mr. THOMASON. No. The pink bollworm, so the experts say, has come across the river from Mexico. They say that if the cotton from this infested area is not fumigated and is shipped to Houston, Galveston, and New Orleans for marketing it would spread over the entire cotton-growing area of the country.

My country has an altitude of approximately 3,500 to 4,000 feet. It has a very dry climate, with 330 sunshiny days in the year, according to the weather records in Washington, so, in my judgment, the damage has been comparatively slight. But if the experts of the Department of Agriculture know what they are talking about to the effect that if the pink bollworm ever gets down into east Texas, Louisiana, Georgia, Mississippi, Alabama, and Florida, and this map issued by the Department shows they are now in Georgia and Florida, I accept the Department's word for it, that it would almost destroy the cotton business of the South. I repeat that they have not hurt us so much as most of ours is an irrigated country, where we turn the water on whenever we need it, and with so much sunshine and dry, purified air, they have not got much of a foothold yet. In

our section of the country we produce from 1 to 1½ bales to the acre through the irrigation system. But may I say, Mr. Chairman, that it is not right, fair, or just to penalize my people approximately $2 a bale for the protection of the cotton industry of the whole United States. The Department of Agriculture—the Government itself—ought to take care of the fumigation and sterilization charges, if they are going to say to the people of these 12 counties in southwest Texas, "You farmers, no matter how hard you work, cannot ship your cotton or cottonseed anywhere until you fumigate according to scientific methods." I am not trying to minimize the danger. The worms are there by the thousands. I went all over the infested area last fall. I went into the fields and cut open hundreds of bolls that had worms in them. I bottled a lot of them and can exhibit them to interested Members. I want the Department of Agriculture to keep them under control and eradicate them if possible. What I complain about is being penalized as well as discriminated against. We cannot help being neighbors of Mexico. We like the Mexican people and they are our friends. We are not responsible for this menace. But if we are to protect a great industry that extends over many States, we should not be made to suffer. There is ample precedent in the way the Federal Government has taken care of the expenses in connection with tubercular cattle, hoof-and-mouth disease, cornborers, and other diseases of plant and animal life.

We have had to stand this charge of from one to three dollars per bale for the past 10 years, and it is not right.

Mr. THURSTON. Will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Iowa.

Mr. THURSTON. May I ask my friend from Texas if the Mexican Government cooperates with our Government in this matter?

Mr. THOMASON. Yes; to some extent; but the truth of the matter is that the pink bollworm still exists opposite Presidio, Tex.

Mr. BAILEY. Will the gentleman yield?

Mr. THOMASON. I yield to my friend from Texas.

Mr. BAILEY. What has become of the bill that the gentleman introduced for this purpose?

Mr. THOMASON. I am just coming to that. On April 10 of last year I introduced H.R. 4807, which is now before the Claims Committee awaiting a hearing as soon as important administrative matters are out of the way, providing that the Federal Government shall share with the State of Texas in a refund to these cotton farmers who have been out this vast sum of money for the past 10 years.

My bill has merit and I think I can convince the committee just as soon as they will give me a hearing. There are precedents for it, too. In those cases where they provided for noncotton zones in Texas, where they could not plant cotton at all, the Federal Government came along and agreed to match funds with the State of Texas. The result was that the man who grew no cotton at all and whose land lay idle was refunded, but the man who went ahead and produced what he could and then had to fumigate his cotton and sterilize his seed, at a cost of approximately $2 per bale, incurred an expense which has amounted to four or five million dollars in the last 10 years.

The Legislature of Texas, at a recent session, did appropriate $500,000 to make some refund to these farmers. This was all the treasury of Texas could then stand, and it was not a drop in the bucket.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 5 additional minutes to the gentleman from Texas.

Mr. BAILEY. Will the gentleman yield?

Mr. THOMASON. I yield.

Mr. BAILEY. Is there anything we can do to get the committee to report this bill?

Mr. THOMASON. I hope so. That is the reason I am now consuming the time of the House. I hope to build up a sentiment that will force the bill out. I have done my best to get a favorable report. I hope to get a favorable report soon. Frankly, I do not think it is so much the fault of the committee as it is the Department of Agriculture. They have not been willing to subscribe to the principle and the doctrine, because they say it would set a dangerous precedent with respect to the hoof-and-mouth disease or the Mediterranean fruit fly or the corn borer; but I repeat, that they set the precedent in noncotton zones when they did pay for it under their order that you could not plant cotton at all in those heavily infested areas. My bill provides for an appropriation to refund these charges in the sum of $5,000,000; but do not forget that the State of Texas must pay one half of any amount paid out.

I want to state to the Committee that in my judgment it is only fair, just, and right that the Department of Agriculture should, first, take care of the fumigation and sterilization charges itself, if it is for the protection of the cotton industry of the whole Nation, rather than penalize the farmers of my country for the protection given to all the cotton-producing States.

Then I go further and say that as a matter of common justice, if the Department of Agriculture forcibly put a quarantine on the people of these 12 counties in west Texas to protect the cotton industry of the South and of the whole country, then they should be refunded the money they have been out.

Mr. TRUAX. Will the gentleman yield?

Mr. THOMASON. I yield to the gentleman from Ohio.

Mr. TRUAX. Can the gentleman justify or reconcile huge appropriations on the one hand for the control of the bollweevil and other menaces to cotton and then huge appropriations on the other hand to plow it under after the crop has matured?

Mr. THOMASON. I am not trying to justify that, because that is not what I am interested in right now. I am talking about what I regard as an injustice that ought to be corrected.

I do not think the Federal Government, with the great power and authority it has, ought to go into any section of the country and finding there some menace which they say is inimical to the welfare of a great industry penalize a small group of farmers who are already having a great struggle in order to live. I do not believe it is that serious. As I said awhile ago, I do not think it has done such tremendous damage in my country, because of our high and dry climate, but the Department thinks it a very serious situation, and they come along in this bill and appropriate more than $300,000 to control it. Maybe this is necessary. I have no quarrel about that. My people do not want to be a menace to anybody, but inasmuch as the quarantine has been forced on them, I express the very fervent hope that the Federal Government will go on and do what I conceive to be its duty, and that is to pay the fumigation and sterilization charges themselves rather than to put a penalty on a few hundred farmers to protect millions of farmers and to penalize a few thousand acres to protect 45,000,000 acres; and in addition to this, I say they ought to refund us the money we have been out during these 10 years in order to protect this industry. I hope you will encourage the committee to report out my bill and then that you will help me pass it. [Applause.]

[Here the gavel fell.]

Mr. THOMASON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD by incorporating certain correspondence with the Department of Agriculture, as well as a bulletin issued by the Department on December 13, 1933.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The matter referred to follows:

SEPTEMBER 18, 1931.

Hon. R. E. THOMASON,
House of Representatives.

DEAR MR. THOMASON: Your letter of September 3 requests information which is only partially available at Washington at present. It is, therefore, necessary to refer your request to our field office at San Antonio, Tex., for further attention. In the mean-

time, however, since you ask an immediate reply, the following partial answer is made to your questions pending the receipt of further data:

1. The first pink bollworm quarantine issued was quarantine no. 46. It became effective on August 1, 1920, and applied only to parts of the States of Texas and Louisiana. Quarantine no. 52 became effective on September 10, 1921, and covered parts of the States of Texas, Louisiana, and New Mexico. Arizona was first brought under restriction on account of this pest in a revision of quarantine no. 52, which became effective on August 1, 1927. The Thurberia weevil quarantine (no. 61), however, became effective as to parts of three Arizona counties on July 15, 1926. This quarantine places restrictions on cotton shipments similar to those required under the pink-bollworm quarantine regulations. The periods during which each county has been under quarantine and the crops during which the fumigation requirements have been in effect are shown in accompanying tables 1 and 2.

2. Federal quarantine no. 52 is still in effect with respect to Texas, New Mexico, and Arizona. Louisiana was tentatively released from regulation under a revision which became effective on March 1, 1926, and was entirely released from quarantine effective August 1, 1927.

3. The exact areas specified in the various editions of the regulations and amendments thereto are shown in the copies of the quarantine orders which are being sent you under separate cover. Tables 1 and 2, enclosed, give the names of the counties involved, but where the counties are divided the exact descriptions of the regulated territories are given in the regulations themselves.

4. State quarantines governing the shipment of cotton and cotton products and other articles which may carry pink bollworm or Thurberia weevil infestation are in effect in Texas, New Mexico, and Arizona. These are not exact duplicates of the Federal quarantine, but place substantially similar restrictions on intrastate movement as those required as to interstate movement under the Federal regulations.

5. The total number of bales produced county by county for each year cannot be supplied, as we do not have this information. The counties now under restriction are all located outside the main cotton belt and most of them have such a small production of cotton that no estimate is made by the Bureau of Agricultural Economics or the State authorities as to the total number of bales produced. Since you are apparently primarily interested, however, in the extent of cotton fumigation, you can secure the best available information on this phase of the subject from the enclosed table no. 3, which gives the number of bales fumigated at each fumigation plant each year since vacuum fumigation was begun. In most cases cotton is fumigated in one of the plants nearest to the point of production.

6. The vacuum-fumigation plants in operation last year were located at Big Spring, Tex.; Lamesa, Tex.; Marfa, Tex.; Fabens, Tex. (two plants); El Paso, Tex.; Roswell, N.Mex.; Las Cruces, N.Mex. (two plants); Tucson, Ariz.; and Phoenix, Ariz. These plants are operated by private capital and we do not have at Washington the names of the corporations owning them. I am writing our field office for this information, however, and will supply it to you later.

7. The amounts charged for fumigation vary from year to year and are different in the different fumigation plants. We do not have a schedule of the charges on hand here, as this Department does not have jurisdiction over the amount of such charges. The amounts have ranged from $1 to $2 per bale. The price charged at the El Paso plant from the beginning of operation, October 6, 1924, until November 1925 was $2, but on the latter date was reduced to $1.50. During the 1925 crop year the other plants in operation—namely, those at Pecos and Marfa, Tex., and Roswell and Las Cruces, N.Mex.—charged $2 per bale. I am asking the field offices to secure all the information they can as to the fumigation charges made by the different plants since each started operation.

8. The total cost of vacuum fumigation cannot be given until the charges per plant are obtained. They may be roughly estimated, however, by multiplying the number of bales fumigated by an estimated average charge of $1.50 per bale, pending receipt of more accurate information on the subject.

GENERAL COMMENTS

The periods during which each county or part thereof has been under quarantine should not be interpreted to mean that fumigation of all cotton produced in that county was required during that period. Prior to March 1, 1926, the pink-bollworm quarantine did not authorize fumigation locally, but provided for the movement of baled cotton lint either (a) for direct export without permit, or (b) for storage in specified warehouses for later export, or (c) for movement under permit after storage for 2 years, a period which the pink bollworm does not survive or (d) movement by an all-water route for entry at specified northern ports, at which points the lint and linters were then entered in the same manner that imported cotton is entered into the United States. Under clause (d) from 1,000 to 3,000 bales reentered the United States at northern ports each year and those which came from the regulated areas were fumigated on such reentry.

The first vacuum fumigation plant in the pink bollworm infested regions was erected at El Paso in 1924 and began operation on October 6 of that year. Special permits were issued for the interstate shipment of cotton produced in the regulated areas fumigated at this plant during the crop year of 1924. Eight thousand three hundred fifty-four bales of cotton produced in Texas and New Mexico were fumigated that season. As these preliminary trials of the method seemed promising, a revision of the regulations was drafted, as a result of a conference held at El Paso on April 6, 1925, prescribing vacuum fumigation within the regulated areas as a condition under which permits for interstate movement might be issued. Due to various delays, however, these regulations were not officially issued by the Secretary of Agriculture until March 1, 1926. Four additional vacuum fumigation plants were constructed in 1925 and during that crop year (that is from Oct. 1, 1925 to Aug. 31, 1926) 84,740 bales of cotton of domestic production were fumigated, and permits were issued by the Department for their interstate movement.

I trust that, with this explanation and the additional notes appended to the attached tables, the tables will supply the information you desire, so far as it is available at Washington, at present.

Yours very truly,

LEE A. STRONG,
Chief of Administration.

P.S.—While the figures given on the number of bales of cotton fumigated are substantially correct, it has not been possible to check them in all details and they are subject to such correction as subsequent information may warrant.—L. A. S.

UNITED STATES DEPARTMENT OF AGRICULTURE,
PLANT QUARANTINE AND CONTROL ADMINISTRATION,
Washington, D.C., November 28, 1931.

Hon. R. E. THOMASON,
House of Representatives.

DEAR MR. THOMASON: In further reference to your letter of September 3 and my reply of September 15, additional information has now been secured as to the data you request. This information is sent herewith in the form of a revision of table 3, which was transmitted to you with my previous letter, and new tables nos. 4 and 5.

The only change in the revision of table 3 consists in the addition of the names of the corporations which operate the fumigation plants at the various points, and in the separation of the fumigation figures for the two different plants at Fabens and at Las Cruces, respectively. The totals remain the same.

Table 4 gives the schedule of fumigation rates for the various years as supplied to our field office by the companies concerned. As you have been informed, this Department does not have jurisdiction over fumigation charges, and in several instances it was impossible to secure the rates during certain years. In case you wish to estimate the probable rate at such plants, your estimate might be based on the charges at other plants in the same or nearby towns the same season.

Table 5 gives the estimated cost of cotton fumigation for the entire period from the time the work started in 1924 to the end of the crop year 1930 so far as we are able to determine it at present. As indicated in footnotes attached to this table, the figures are actual gross receipts from fumigation reported to us by the corporation operating the plant. Should it be desired to determine the probable receipts in those cases where the actual returns are not reported, such a figure might be obtained by multiplying either the known fumigation rate given in table 4, or an estimated probable rate, by the Department's records as to the number of bales fumigated, as shown in table 3.

The additional information herein presented shows that the average actual fumigation rate for the entire period was considerably (10 to 15 percent) lower than the $1.50 suggested in my letter of September 15 as a probable average.

All tables should be considered as subject to correction, but they have been carefully checked and include all information at present available to us on the cost of cotton fumigation under the pink bollworm and Thurberia weevil quarantine regulations.

An extra copy of this letter and the attached tables is enclosed for your convenience.

Very truly yours,

LEE A. STRONG,
Chief of Administration.

DEPARTMENT OF AGRICULTURE,
Washington, October 16, 1933.

Hon. R. E. THOMASON,
House of Representatives.

DEAR MR. THOMASON: Your letter of October 2, transmitting one from J. C. Dale, Midland, Tex., dated September 25, asks about the view of this Department as to the reimbursement of cotton farmers in the pink bollworm regulated areas for the expenditures incurred in fumigating their cotton in compliance with the pink bollworm quarantine regulations. Mr. Dale's letter refers particularly to such expenditures incurred by the growers of Midland County, Tex. In response it is necessary to advise that no Federal appropriation has been made for this purpose.

For your information it may be stated that the fumigation requirement to which Mr. Dale's letter refers applied to the Midland County area only for the crop years 1928, 1929, and 1930, having been in effect in that area only from April 25, 1928, to August 1, 1931. Mr. Dale is incorrect in referring to a promise to pay, so far as the Federal Government is concerned, although an appropriation to cover the losses incurred in case noncotton zones had been established was passed by Congress. This appropriation was not expended in the Midland County area, as the State of Texas did not establish a noncotton zone covering that territory.

An appropriation such as is suggested in your letter would, of course, originate in Congress and during its consideration it

is believed that similar claims of a comparable nature would be presented by several industries, both plant and animal, which have incurred similar expenses in complying with Federal quarantines and other Federal restrictions on interstate shipments. Action on the special proposal made by Mr. Dale might thus lead to the establishment of a far-reaching precedent. It is suggested that the views of the Department might be more accurately presented if the exact scope of the proposal could be more definitely outlined.

If such a measure comes up for consideration by Congress it would no doubt be referred to this Department by the appropriate committee for consideration and report. In the event that such a request is made upon the Department, you are assured that careful consideration will be given to it.

Sincerely,

H. A. WALLACE, *Secretary.*

DEPARTMENT OF AGRICULTURE,
Washington, January 8, 1934.

Hon. R. E. THOMASON,
House of Representatives.

DEAR MR. THOMASON: Receipt is acknowledged of your letter of December 22 asking for information as to the pink-bollworm situation in Texas.

Your first question, the extent of the pink-bollworm infestation in Texas at this time may be answered by directing you to the latest revision of the pink-bollworm quarantine which became effective December 23. Copy is enclosed, and on pages 4 and 5 you will find the description of the areas known to be infested.

Next, you ask for what period of time the fumigation requirements have been in effect and what the fumigation costs to the farmers have been. Local fumigation of cotton in the regulated area began in 1924, but it was not until 1926 that there were enough fumigation plants to permit full authorization of this treatment locally. As to the charges for that work I am informed that Mr. Lee A. Strong prepared tables showing the rates charged and quantities fumigated covering the crop years 1924–30, inclusive, which he sent you under date of November 28, 1931. Since that time you are advised that 28 bales were fumigated at Big Spring, Tex.; 3,367 at Alpine, and 4,557 at Fabens, in the crop season of 1931, and 1,070 bales were fumigated at Alpine and 1,741 at El Paso in the crop season of 1932. The present season, of course, is not far enough advanced to permit of definite figures yet.

You also ask whether it is believed the situation is under control and whether the fumigation requirement may have to be continued indefinitely. The situation is under control to the extent that methods of finding new infestations and bringing them under control are highly developed. Natural spread of the insect by flight or when carried by winds and perhaps by water is not under control, though study is being given these factors to determine their importance. As to whether the fumigation requirement may have to be continued indefinitely, there are two answers to this question. No doubt you are aware of the modifications in procedure which have enabled the Department to release from the fumigation requirement all parts of the regulated area except those rather limited sections which are classed as heavily infested. If ways are found to reduce the extent of these heavily infested areas, there should be a corresponding decrease in the amount of cotton to be fumigated. Furthermore, the other answer to your question lies in the fact that fumigation as such may be replaced by a much cheaper method of sterilization which will be substituted for fumigation as now practiced. In fact, trial of such a substitute is under way this year at two points in Texas, and results thus far obtained justify the hope that sterilization costs can be reduced to a fraction of the cost of fumigation.

With respect to your suggestion that the Department should recommend reimbursement for the cotton growers for the fumigation charges they have paid, you are referred to the last two paragraphs of my letter of October 16, 1933. In this letter this matter was discussed and the attitude of the Department was stated.

Sincerely,

H. A. WALLACE, *Secretary.*

UNITED STATES DEPARTMENT OF AGRICULTURE,
Washington, D.C., December 13, 1933.

PINK-BOLLWORM QUARANTINE REVISED—SALT RIVER VALLEY RELEASED

The cotton-growing areas of the Salt River Valley of Arizona surrounding Phoenix have been released from the restrictions of the pink-bollworm quarantine, under a revision of that quarantine announced today by the Secretary of Agriculture. Other changes included in the revision consist of the addition to the regulated areas of 2 counties in New Mexico, part or all of 7 counties in Texas, 1 county in Florida, and parts of 3 counties in Georgia. The revision will become effective December 23, 1933.

Completion of an extermination program, apparently successful, which has been carried on for the last 4 years in the Salt River Valley in Arizona has made it possible to remove the pink-bollworm quarantine from that section. The insect was originally found there in October 1929. The infestation proved to be severe and by 1930 the insects were widely distributed throughout the valley. Suppression measures included creation of noncotton zones, field clean-ups, the restriction of planting dates, seed sterilization, and other requirements, in which the State and Federal Governments cooperated with the growers. These efforts proved to be so successful that only a very few pink bollworms were found in that valley in the 1931 crop and none whatever have been discovered in either the 1932 or 1933 crops in that region. The only counties remaining under the pink-bollworm quarantine in Arizona under the new revision will be Cochise, Graham, and Greenlee, in the southeastern corner of the State.

The extension of the quarantine to Georgia became necessary owing to the discovery of the pink bollworm at Enigma in that State in September 1933. The first findings consisted of the discovery of larvae in gin trash and it was not until October 27 that an infested field was found. The infestation is light and the infested area in Georgia is believed to be very small. The regulated area covers the ginning territory of such gins as are located within a few miles of the infestation and involves parts of Berrien, Cook, and Tift Counties.

The only other extension of the regulated area in the Eastern United States consists of the addition of Madison County, Fla., due to the finding of one specimen of the pink bollworm in that county on September 22, 1933.

In the Southwestern States, several findings of the pink bollworm in the staked plains region of New Mexico and Texas made it necessary to add Lea and Roosevelt Counties, N.Mex.; all of Cochran, Hockley, Terry, and Yoakum Counties in Texas; and parts of Bailey, Lamb, and Dawson Counties in the same State, to the regulated areas.

(Revision of quarantine and regulations, effective Dec. 23, 1933)

UNITED STATES DEPARTMENT OF AGRICULTURE,
BUREAU OF PLANT QUARANTINE.

PINK BOLLWORM QUARANTINE—QUARANTINE NO. 52—REVISION OF QUARANTINE AND REGULATIONS

INTRODUCTORY NOTE

The following revision of the pink bollworm quarantine and regulations is issued in order to bring under restriction parts of 3 counties in Georgia, to add 4 entire counties and parts of 3 other counties in Texas, 1 county in Florida, and 2 counties in New Mexico, to the regulated areas of those States, and to release the Salt River Valley of Arizona from restriction. The measures required for the control and prevention of spread of the pink bollworm remain substantially unchanged. The revision incorporates an amendment issued on October 24, 1933.

SUMMARY

The regulated areas under this revision include 3 counties of southern Arizona, 7 counties of north central Florida, parts of 3 counties of southern Georgia, 9 counties of southern New Mexico, and 15 entire counties, and parts of 3 additional counties of western Texas. Of this area, 5 counties and part of another in Texas are designated as heavily infested, and the other areas as lightly infested. (See regulation 3.)

No stalks, bolls, or other parts of either cultivated or wild cotton plants and no gin waste are allowed to be transported interstate from any regulated area and no permits will be issued for such movement, except that the local transportation of gin waste between regulated areas is authorized after freezing weather starts. (See regulation 5.)

Seed cotton must not be transported interstate from any regulated area, except between contiguous regulated areas for ginning. (See regulation 6.)

Cottonseed, cotton lint, linters, cottonseed hulls, cake, and meal, and bagging, wrappers, and containers which have been used for cotton or cotton products must not be transported interstate from any regulated area expect under permit. Cottonseed produced in the heavily infested area must not be moved interstate therefrom and no permits will be issued for such movement. (For the conditions governing the issuance of permits, see regulations 7 to 12, and 15.)

Railway cars, boats, and other vehicles, farm household goods, farm equipment, and other articles must not be moved interstate from regulated areas unless free from contamination with cotton and cotton products. (See regulation 13.)

Permits are required to accompany the waybills covering shipments of restricted articles, or in the case of highway vehicles, they must accompany the vehicle. (See regulation 15.)

To secure permits, address the local inspector or the Bureau of Plant Quarantine, 521 Avenue A, San Antonio, Tex.

AVERY S. HOYT,
Acting Chief Bureau of Plant Quarantine.

NOTICE OF QUARANTINE NO. 52 (REVISED)

(Approved Dec. 11, 1933; effective Dec. 23, 1933)

I, R. G. Tugwell, Acting Secretary of Agriculture, have determined that it is necessary to quarantine the States of Arizona, Florida, Georgia, New Mexico, and Texas, to prevent the spread of the pink bollworm (Pectinophora gossypiella Saunders), a dangerous insect new to and not heretofore widely prevalent or distributed within and throughout the United States.

Now, therefore, under the authority conferred by section 8 of the Plant Quarantine Act of August 20, 1912 (37 Stat. 315), as amended by the act of Congress approved March 4, 1917 (39 Stat. 1134, 1165), and having duly given the public hearing as required thereby, I do quarantine the said States of Arizona, Florida, Georgia, New Mexico, and Texas, effective on and after December 23, 1933. Hereafter, under the authority of said act of August 20, 1912, amended as aforesaid, (1) cotton, wild cotton, including all parts of either cotton or wild cotton plants, seed cotton, cotton lint, linters, and all other forms of unmanufactured cotton fiber, gin waste, cottonseed, cottonseed hulls, cottonseed cake and meal; (2) bagging and other containers and wrappers of cotton

and cotton products; (3) railway cars, boats, and other vehicles which have been used in conveying cotton or cotton products or which are fouled with such products; (4) hay and other farm products; and (5) farm household goods, farm equipment, and, if contaminated with cotton, any other articles, shall not be shipped, offered for shipment to a common carrier, received for transportation or transported by a common carrier, or carried, transported, moved, or allowed to be moved from the States of Arizona, Florida, Georgia, New Mexico, or Texas, into or through any other State or Territory or District of the United States in manner or method or under conditions other than those prescribed in the rules and regulations hereinafter made and amendments thereto: *Provided*, That the restrictions of this quarantine and of the rules and regulations supplemental thereto may be limited to the areas in a quarantined State now, or which may be hereafter, designated by the Secretary of Agriculture as regulated areas when, in the judgment of the Secretary of Agriculture, the enforcement of the aforesaid rules and regulations as to such regulated areas shall be adequate to prevent the spread of the pink bollworm: *Provided further*, That such limitation shall be conditioned upon the said State providing for and enforcing such control measures with respect to such regulated areas as in the judgment of the Secretary of Agriculture shall be deemed adequate to prevent the spread of the pink bollworm therefrom to other parts of the State.

Done at the city of Washington this 11th day of December 1933.

Witness my hand and the seal of the United States Department of Agriculture.

[SEAL]

R. G. TUGWELL,
Acting Secretary of Agriculture.

REVISED RULES AND REGULATIONS SUPPLEMENTAL TO NOTICE OF QUARANTINE NO. 52

(Approved Dec. 11, 1933; effective Dec. 23, 1933)

Regulation 1. Definitions

For the purpose of these regulations the following words, names, and terms shall be construed, respectively, to mean:

(a) Pink bollworm: The insect known as the "pink bollworm" of cotton (Pectinophora gossypiella Saunders), in any stage of development.

(b) Cotton and cotton products: Cotton, wild cotton, including all parts of cotton or wild cotton plants (plants of any species of the genera Gossypium and Thurberia); seed cotton; cotton lint, and linters, including all forms of unmanufactured cotton fiber; gin waste; cottonseed; cottonseed hulls, cake, and meal.

(c) Lint: All forms of unmanufactured fiber produced from seed cotton.

(d) Linters: All forms of unmanufactured fiber produced from cottonseed.

(e) Sterilized seed: Cottonseed which has been sterilized as a part of the continuous process of ginning at a temperature of not less than 145° F. in an approved plant, under the supervision of an inspector, for such a period and in such manner and method as is authorized by the Bureau of Plant Quarantine.

(f) Inspector: An inspector of the United States Department of Agriculture.

(g) Moved or allowed to be moved interstate: Shipped, offered for shipment to a common carrier, received for transportation or transported by a common carrier, or carried, transported, moved, or allowed to be moved from one State or Territory or District of the United States into or through any other State or Territory or District.

Regulation 2. Limitation of restrictions to regulated areas

Conditioned upon the compliance on the part of the State concerned with the provisos to Notice of Quarantine No. 52 (revised), the restrictions provided for in these regulations on the interstate movement of the articles enumerated in said notice of quarantine will be limited to such articles moving from the areas in such State now or hereafter designated by the Secretary of Agriculture as regulated areas: *Provided*, That restricted articles may be moved interstate without permit from an area not under regulation through a regulated area when such movement is on a through bill of lading.

Regulation 3. Regulated areas; heavily and lightly infested areas

Regulated areas

In accordance with the provisos to Notice of Quarantine No. 52 (revised), the Secretary of Agriculture designates as regulated areas, for the purpose of these regulations, the following counties in Arizona, Florida, Georgia, New Mexico, and Texas, including all cities, districts, towns, townships, and other political subdivisions within their limits:

Arizona area: Counties of Cochise, Graham, and Greenlee.

Florida area: Counties of Alachua, Baker, Bradford, Columbia, Gilchrist, Madison, and Union.

Georgia area: All of Berrien County except (a) the portion located northeast of the Alapaha River, and (b) the portion located south of a line drawn across the county just south of the railway station of Allenville along the south side of lots 323, 324, 325, 326, 327, 328, 329, 330, 331, and 332 of the tenth land district; that part of Cook County located north of a line starting on Little River at the bridge marked "Kinard Bridge" on the soil survey map of said county issued by the Bureau of Chemistry and Soils, Series 1928, No. 11; thence following the old Ty Ty-Nashville road southeast past Spring Hill Church through the village of Laconte; thence in an easterly direction along the road to Nashville past Grovania School to McDermott Bridge over the New River; all that part of Tift County located east of Little River.

New Mexico area: Counties of Chaves, Dona Ana, Eddy, Grant, Hidalgo, Lea, Luna, Otero, and Roosevelt.

Texas area: Counties of Brewster, Cochran, Culberson, El Paso, Gaines, Hockley, Hudspeth, Jeff Davis, Pecos, Presidio, Reeves, Terrell, Terry, Ward, and Yoakum; that part of Bailey County lying south of the following described boundary line: Beginning on the east line of said county where the county line intersects the northern boundary line of league 207; thence west following the northern boundary line of leagues 207, 203, 191, 183, 175, and 171 to the northwest corner of league 171; thence south on the western line of league 171 to the northeast corner of the W.H.L. survey; thence west along the northern boundary of the W.H.L. survey and the northern boundary of sections 68, 67, 66, 65, 64, 63, 62, 61, and 60 of block A of the M. B. & B. survey to the western boundary of said county; that part of Dawson County lying north and west of the following described boundary line: Beginning on the western boundary line of said county at the northwest corner of section 113 of block M; thence in a northeasterly direction on the northern boundary line of sections 113, 90, 83, 72, 65, 54, 47, and 36 of block M to the northeast corner of section 36; thence in a northwesterly direction along the western boundary line of section 21 to the northwest corner of section 21; thence northeasterly along the northern boundary line of section 21 to the northeast corner of section 21; thence northwesterly along the western boundary line of sections 27 and 30 in said block M to the northwest corner of section 30; thence southwesterly along the northern boundary line of section 29 of block M to the southwest corner of section 17, block C–41; thence north along the western boundary line of sections 17 and 16 of block C–41 to the Dawson County line; that part of Lamb County lying south of the following described boundary line: Beginning on the east line of said county where the county line intersects the northern boundary line of section 9 of the R. M. Thomson survey; thence west following the northern boundary line of sections 9 and 10 of the R. M. Thomson survey and the northern boundary line of sections 6, 5, 4, 3, 2, and 1 of the T. A. Thompson survey and the northern boundary line of leagues 637, 636, and 635 to the southeast corner of league 239; thence north on the eastern boundary line of league 239 to the northeast corner of said league; thence west on the northern boundary line of leagues 239, 238, 233, 222, 218, and 207 to the western boundary line of said county.

Heavily infested areas

Of the regulated areas, the following counties and parts of counties are hereby designated as heavily infested within the meaning of these regulations: Counties of Brewster, Culberson, Jeff Davis, Presidio, and Terrell, in the State of Texas, and all of Hudspeth County in the same State except that part of the northwest corner of said county lying north and west of a ridge of desert land extending from the banks of the Rio Grande northeasterly through the desert immediately west of the town of McNary, such ridge being an extension of the northwest boundary line of section 11, block 65½.

Lightly infested areas

The following areas are designated as lightly infested: The counties of Cochise, Graham, and Greenlee, in Arizona;[1] the counties of Alachua, Baker, Bradford, Columbia, Gilchrist, Madison, and Union, in Florida; the regulated parts of Berrien, Cook, and Tift Counties in Georgia; the counties of Chaves, Dona Ana, Eddy, Grant, Hidalgo, Lea, Luna, Otero, and Roosevelt, in New Mexico; the entire counties of Cochran, El Paso, Gaines, Hockley, Pecos, Reeves, Terry, Ward, and Yoakum, the regulated parts of Bailey, Dawson, and Lamb Counties, in Texas, and that part of the northwest corner of Hudspeth County, Texas, lying north and west of a ridge of desert land extending from the banks of the Rio Grande northeasterly through the desert immediately west of the town of McNary, such ridge being an extension of the northwest boundary line of section 11, block 65½.

Regulation 4. Extension or reduction of regulated areas

The regulated areas designated in regulation 3 may be extended or reduced as may be found advisable by the Secretary of Agriculture. Due notice of any extension or reduction and the areas affected thereby will be given in writing to the transportation companies doing business in or through the State in which such areas are located, and by publication in newspapers selected by the Secretary of Agriculture within the States in which the areas affected are located.

Regulation 5. Stalks, bolls, gin waste, etc.

Stalks, bolls, and other parts of cotton or wild cotton plants (plants of any species of the genera Gossypium or Thurberia), and gin waste shall not be moved or allowed to be moved interstate from a regulated area, except that gin waste may be moved interstate without permit from a gin in a lightly infested area[2]

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[1] Part of the lightly infested area in Arizona is regulated on account of the Thurberia weevil under quarantine no. 61, and shipments therefrom must comply with the requirements of that quarantine.

[2] Except from the area in Arizona regulated on account of the Thurberia weevil (quarantine no. 61).

to farms in another regulated area within the contiguous ginning territory thereof, on condition that in the judgment of the inspector such movement would not, owing to the arrival of freezing weather, increase the risk of spread of the pink bollworm.

Regulation 6. Seed cotton

Seed cotton (including grabbots) shall not be moved or allowed to be moved interstate from regulated areas to nonregulated territory, but, for the purpose of ginning, seed cotton may be moved [2] interstate without permit from a lightly infested area to a contiguous regulated area.

Regulation 7. Cottonseed

Heavily infested areas

Cottonseed produced within a heavily infested area shall not be moved or allowed to be moved interstate from that area, and no permit will be issued for such movement.

Lightly infested areas

Cottonseed produced in a lightly infested area shall not be moved or allowed to be moved interstate therefrom unless a permit shall have been issued therefor by the United States Department of Agriculture.

Permits may be issued for the interstate movement of sterilized seed produced in a lightly infested area on condition that it either is to be moved to another regulated area [2] without passing through any territory not regulated under this quarantine or under the Federal quarantine on account of the Thurberia weevil; or is a sample to be moved to an approved laboratory in nonregulated territory for analysis; or is a sample to be moved for some other approved purpose.

Permits may also be issued for the interstate movement of sterilized seed produced in a lightly infested area to an authorized oil mill in nonregulated territory for crushing; as one of the conditions for such authorization, oil mills in nonregulated territory must agree to maintain such safeguards against the spread of infestation and to comply with such restrictions on the subsequent movement of the linters and other products manufactured from the seed concerned as may be required by the Bureau of Plant Quarantine.

Permits may be issued for the interstate movement of seed from lightly infested areas to any destination on condition that it has been given a special heat treatment at 145° F., maintained under approved conditions for a period of at least 1 hour, and subsequently has been protected from contamination or has been given such other treatment as may later be approved by the Bureau of Plant Quarantine.

In cases where, in the judgment of the Bureau of Plant Quarantine, the carrying out of the treatments required in this regulation becomes impracticable owing to the lack of satisfactory facilities or for some other sound reason, permits may be issued for the interstate movement of cottonseed from lightly infested areas on such conditions as may be prescribed by that Bureau.

Cottonseed produced outside the regulated areas

Cottonseed produced outside of, but brought within, a regulated area may be moved interstate from such area under permit on condition that while in the area the seed has been protected from contamination in a manner satisfactory to the inspector.

Regulation 8. Lint and samples

Lint and samples thereof shall not be moved or allowed to be moved interstate from a regulated area unless a permit shall have been issued therefor by the United States Department of Agriculture.

Permits may be issued for the interstate movement of lint or samples thereof, produced in a regulated area, on condition that the said lint was produced in a gin operated, as to seed sterilization and the prevention of contamination, to the satisfaction of the inspector, and on compliance with the following additional requirements which shall be carried out under the supervision of an inspector, and in manner and by method approved by the Bureau of Plant Quarantine:

Baled lint produced in a heavily infested area (regardless of destination) must be given both vacuum fumigation and either compression or roller treatment, unless and until the said Bureau shall approve some other treatment or treatments for the purpose; baled lint produced in a lightly infested area to be moved to nonregulated territory must be either fumigated under vacuum, or compressed, or roller treated, or given such other treatment as may later be approved by the said Bureau; baled lint and samples thereof produced in a lightly infested area may be moved interstate under permit to another regulated area [2] without fumigation or other treatment on condition that the material will not pass through any cotton-growing territory outside the areas regulated under this quarantine or the Federal quarantine on account of the Thurberia weevil; samples (except when moved as above from a lightly infested area to another regulated area), whether produced in a lightly infested or heavily infested area, must be either fumigated, inspected, or otherwise treated as may be required by the inspector.

Permits may be issued for the interstate movement of baled lint or samples thereof grown outside of but brought within a regulated area and to be moved therefrom, on the furnishing of evidence satisfactory to the inspector that the said materials have been protected from contamination.

In cases where, in the judgment of the Bureau of Plant Quarantine, the carrying out of the treatments required in this regulation becomes impracticable owing to the lack of satisfactory facilities or for some other sound reason, permits may be issued for the interstate movement of lint from the regulated areas on such conditions as may be prescribed by that Bureau.

Regulation 9. Linters and samples

Linters and samples thereof shall not be moved or allowed to be moved interstate from a regulated area unless a permit shall have been issued therefor by the United States Department of Agriculture.

Permits may be issued for the interstate movement of linters or samples thereof produced in a regulated area on condition that said linters were produced from sterilized seed and protected from contamination to the satisfaction of the inspector, and on compliance with the following additional requirements which shall be carried out under the supervision of an inspector and in manner and by method approved by the Bureau of Plant Quarantine:

Baled linters produced in a heavily infested area (regardless of destination) must be either fumigated under vacuum or roller treated, or given such other treatment as may later be approved by the said Bureau; baled linters produced in a lightly infested area to be shipped to nonregulated territory must be either fumigated under vacuum, or compressed, or roller treated, or given such other treatment as may later be approved by the said Bureau; baled linters and samples thereof produced in a lightly infested area may be shipped interstate under permit to another regulated area [2] without fumigation or other treatment on condition that the material will not pass through any cotton-growing territory outside the areas regulated under this quarantine or the Federal quarantine on account of the Thurberia weevil; samples (except when moved as above from a lightly infested area to another regulated area), whether produced in a lightly infested or heavily infested area, must be either fumigated, inspected, or otherwise treated as may be required by the inspector.

Permits may be issued for the interstate movement of baled linters or samples thereof grown outside of but brought within a regulated area and to be moved therefrom on the furnishing of evidence satisfactory to the inspector that such materials have been protected from contamination.

In cases where, in the judgment of the Bureau of Plant Quarantine, the carrying out of the treatments required in this regulation becomes impracticable owing to the lack of satisfactory facilities or for some other sound reason, permits may be issued for the interstate movement of linters from the regulated areas on such conditions as may be prescribed by that Bureau.

Regulation 10. Mill waste, unbaled lint and linters, and other forms of unmanufactured lint and linters

No form of cotton lint, linters, or fiber shall be moved or allowed to be moved interstate from a regulated area unless a permit shall have been issued therefor by the United States Department of Agriculture, except that no permit is required for the interstate transportation of materials which have been woven or spun from cotton lint or linters and are uncontaminated with other cotton or cotton products, nor for the interstate transportation of mattresses, pillows, cushions, or upholstery which have been commercially manufactured in compliance with the pink bollworm regulations of the State concerned and in which any unwoven lint or linters used are completely enclosed in the finished product.

Permits may be issued authorizing the interstate movement from a regulated area of mill waste and of all other forms of unmanufactured cotton fiber for which permits are required under these regulations and which are not specifically covered in regulations 8 and 9, on condition that the material has been fumigated and compressed or roller treated, or has been given such other treatment or handling as will, in the judgment of the Bureau, eliminate risk of spread of the pink bollworm.

Regulation 11. Cottonseed hulls, cake, and meal

No cottonseed hulls, cake, or meal shall be moved or allowed to be moved interstate from a regulated area unless a permit shall have been issued therefor by the United States Department of Agriculture.

Permits may be issued for the interstate movement from a heavily infested area to any destination of cottonseed hulls obtained from sterilized cottonseed and subsequently protected from contamination to the satisfaction of the inspector on condition that they are given such additional treatment as may be required by the inspector. Permits may be issued for the interstate movement from a lightly infested area [2] of cottonseed hulls produced from sterilized cottonseed and subsequently protected from contamination to the satisfaction of the inspector on condition that they are either to be moved to another regulated area without passing through any territory not regulated under this quarantine or under the Federal quarantine on account of the Thurberia weevil, or are to be moved to nonregulated territory and have been given such additional treatment as may be required by the inspector.

Permits may be issued for the interstate movement from a regulated area to any destination of cottonseed cake and meal produced either from sterilized cottonseed or from cottonseed obtained from nonregulated territory on condition that the cake and meal have been protected against subsequent contamination with cottonseed to the satisfaction of the inspector.

Regulation 12. Bagging and other wrappers and containers

Bagging and other wrappers and containers which have been used in connection with or which are contaminated with cotton

[2] Except from the area in Arizona regulated on account of the Thurberia weevil (quarantine no. 61).

[2] Except from the area in Arizona regulated on account of the Thurberia weevil (quarantine no. 61).

or cotton products shall not be moved or allowed to be moved interstate from a regulated area unless a permit shall have been issued therefor by the United States Department of Agriculture. Permits may be issued on condition that such bagging or other wrappers or containers have been cleaned or treated to the satisfaction of the inspector.

Regulation 13. Cars, boats, vehicles, household goods, and equipment

Railway cars, boats, and other vehicles which have been used in conveying cotton or cotton products or which are fouled with such products, and farm household goods, farm equipment, and other articles, if contaminated with cotton or cotton products, shall not be moved or allowed to be moved interstate from a regulated area until they have been thoroughly cleaned or treated to the satisfaction of the inspector. No permit is required for the movements allowed under this regulation.

Regulation 14. Hay and other farm products; cottonseed oil

Hay and other farm products, the interstate movement of which has not been specifically restricted or provided for elsewhere in these regulations, and cottonseed oil may be moved interstate without permit or other restriction until further notice.

Regulation 15. General permit provisions; marking and labeling; storage, cartage, and labor costs

To obtain permits under these regulations, application should be made either to the nearest local inspector or to the Bureau of Plant Quarantine, 521 Avenue A, San Antonio, Tex.

Permits may specify a destination point or a limited destination area for the shipment, and, in that event, the material concerned shall not be moved or allowed to be moved interstate, directly or indirectly, to destinations other than those specified in such permit.

Copies of the permits required under these regulations shall be attached to the articles or to the waybills or other shipping papers which accompany the shipment. In the case of movement by a road vehicle, copies of the permit shall accompany the vehicle. The products or articles so moved shall bear such marking and labeling as may be necessary, in the judgment of the inspector, to identify the material.

All charges for storage, cartage, and labor incident to inspection, other than the services of inspectors, shall be paid by the shipper.

Regulation 16. Shipments by the United States Department of Agriculture

Products and articles subject to restriction in these regulations may be moved interstate by the United States Department of Agriculture for experimental or scientific purposes, on such conditions and under such safeguards as may be prescribed by the Bureau of Plant Quarantine. The container of articles so moved shall bear, securely attached to the outside thereof, an identifying tag from the Bureau of Plant Quarantine showing compliance with such conditions.

These rules and regulations shall be effective on and after December 23, 1933, and shall supersede on that date the revised rules and regulations issued under Notice of Quarantine No. 52 (revised) on September 19, 1933, as amended to date.

Done at the city of Washington this 11th day of December 1933.

Witness my hand and the seal of the United States Department of Agriculture.

[SEAL]

R. G. TUGWELL,
Acting Secretary of Agriculture.

Mr. SINCLAIR. Mr. Chairman, I yield to the gentleman from Ohio 2 minutes.

Mr. COOPER of Ohio. Mr. Chairman and members of the Committee, yesterday, during the course of my remarks on the floor, the gentleman from Texas [Mr. BLANTON] asked me the question if I knew what was the politics of Gen. Hugh S. Johnson, and intimating that he was a Republican. I told him I did not know what General Johnson's politics was, but I would find out and put it in the RECORD.

ASSOCIATED PRESS DISPATCH

WASHINGTON, August 11, 1933.—Hugh S. Johnson, head of the N.R.A., cleared up today the question of whether he was a Democrat.

Asked at his press conference about reports that he was a Republican working for the Democratic administration, Mr. Johnson said, "My father was a Democrat, my grandfather was a Democrat, and my great-grandfather was a Democrat. They were all pretty good and active leading Democrats.

"So I am a Democrat by inheritance, conviction, and belief, and I have never given anybody cause to believe that I am anything else."

I put that in the RECORD for the benefit of the gentleman from Texas [Mr. BLANTON]. [Laughter and applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Kansas [Mr. MCGUGIN].

Mr. MCGUGIN. Mr. Chairman, I was much interested in the discussion of the farm question by the gentleman from Ohio [Mr. TRUAX]. I am quite willing to agree with him that the Agricultural Department is not properly functioning, but whatever may be the cause for the failure of the Agricultural Department under Secretary Wallace to function properly, the cause or causes are not that Secretary Wallace is a Republican, as the gentleman from Ohio said. Secretary Wallace voted for Mr. Smith in 1928 and for Mr. Roosevelt in the last election. I take it that when a man votes for two Democratic candidates for President in a row that is sufficient proof of his Democracy.

Mr. TAYLOR of Tennessee. When does a Republican cease to be a Republican?

Mr. MCGUGIN. I think voting for two Democratic Presidential candidates in a row would be sufficient to make a citizen a Democrat.

Another thing: I was interested in the remarks of the gentleman pertaining to the tariff. He said that the Hawley-Smoot tariff law is responsible for the loss of our foreign markets in agriculture. Of course, that is not true. If that were true the Seventy-second Congress under the leadership of Mr. Garner would have brought in legislation changing the Hawley-Smoot tariff law. If that were true certainly this Congress, with three quarters of its Membership of each House Democratic, and with a Democratic President, would bring in a bill changing the Hawley-Smoot Tariff Act.

Here is the situation as far as wheat is concerned. We have lost our foreign market in Europe. We have lost the foreign markets in Europe, not on account of the tariff but for European military reasons. It is a matter of national defense. Hitler recently said that the allied army never defeated the German Army but that it was starvation which whipped Germany. European countries have quit looking to America for food. They are preparing to feed themselves in peace or war time. England is looking to her colonies for wheat rather than to the United States.

Mr. HOPE. Will the gentleman yield?

Mr. MCGUGIN. Yes.

Mr. HOPE. Is it not true that with Argentina laying down wheat at 45 cents a bushel we cannot go into the foreign market with wheat?

Mr. MCGUGIN. Most assuredly we cannot.

When we come to the new deal, certainly the two principal pieces of legislation are the National Industrial Recovery Act and the Agricultural Adjustment Act. Both of those acts have for their purpose the forcing up of American prices of commodities above the world price level. Let us consider the N.R.A. Shorter hours of labor and higher wages in the United States is a program to which we are all glad to subscribe, but this much is certain, we cannot carry on this program without eventually increasing the present tariff rates. When the Hawley-Smoot bill was passed, the British wage scale was 51 percent of the American wage scale. Today the British wage scale is 35 percent of the American scale. The German and French wage standards 5 years ago were 35 percent of the American standard, while today they are 25 percent of the American standard. If there is any hope for N.R.A. to survive, it is certain that American industry and labor must have the American market for American consumed manufactured goods.

Let us come now to the Agricultural Adjustment Act. As my distinguished colleague from Kansas [Mr. HOPE] has just suggested, the purpose of it is to hold the American price of wheat above the world level. If we do that, we cannot ship wheat abroad. That is self-evident. Therefore, all there is left for American wheat is the American market. If the Agricultural Adjustment Act survives, it simply means that the entire American market for food must be reserved for the American farmer. The same is true as to the N.R.A. If the N.R.A. is to survive and we are to have higher wages and shorter hours, then the American market for manufactured products must be reserved for American industry. We cannot talk about junking present tariff laws unless we are then and there ready and willing to junk the N.R.A. program and put American labor on a competitive basis with foreign labor. We cannot talk about a free market in America for foodstuffs unless we are willing to have the American farmer go down to the same standard of living as the foreign farmer.

Coming to the point of the Agricultural Department, it is doing a lot of things which are wholly inconsistent, which cannot be justified by common sense or reason. For instance, the President and the Agricultural Department are calling upon the Congress to enact legislation which will give away a part of the American sugar market which at this time belongs to the American sugar producer. What about sugar? America is producing 25 percent of the sugar used in this country. Instead of talking about giving away a part of this sugar market, we should put a tariff on sugar until the American sugar producer enjoys the entire American market for sugar. The long-range planners in the Agricultural Department, the dreamers, the idealists, those who have been advocating collectivism on the Russian type, tell us that it is uneconomic to produce sugar in America.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. No; I cannot. They say it is uneconomic to produce sugar here, that we cannot produce it as cheaply as sugar is produced elsewhere, and that we cannot produce sugar in America unless we make the American sugar consumer pay a premium. Therefore they say we should give away a still greater part of our sugar market. That kind of argument will not match up with N.R.A. or A.A.A. Why is it that we cannot produce sugar as cheaply in America as sugar can be produced in Cuba, Puerto Rico, the Philippines, or other islands? I will tell you why. Corporation farming is operating in those islands, producing sugar with peon labor.

European factories can produce manufactured articles more cheaply than American factories can because they employ labor longer hours and they are operating at sweatshop labor costs. Sweatshop labor in industry is what peonage is in agriculture, as it is being practiced in the production of foreign sugar. If we are going to declare as an economic principle that we must stop the production of that which the American farmer cannot produce as cheaply as it is produced by foreign competitors, with peon labor, we must take the position that American manufactured goods are not produced economically and that American factories should therefore compete with foreign factories operating with sweatshop labor and longer hours.

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. THURSTON. Mr. Chairman, I yield 10 minutes more to the gentleman from Kansas.

Mr. McGUGIN. Mr. Chairman, there is not a single sugar beet or a stalk of sugarcane produced in the district that I represent. Since we no longer have a foreign market for our wheat, I submit that the program of the United States should be to reduce our wheat production and turn some of our wheat land over to the production of sugar beets or sugarcane. In doing this, we should give the American farmer the greater part of the remaining 75 percent of the sugar market in America. The American consumer of sugar is not being robbed at 5 cents a pound for sugar. The American consumer of sugar paying 5 cents a pound is not being robbed half as much as the American farmer when he found that with the coming of N.R.A. the price of the overalls which he wears increased 50 percent overnight. I say that we should retain for our American farms the American consumption of any kind of food that can be produced in America.

I shall tell now what I think is the reason for the Agricultural Department doing much that is inconsistent. The Department is doing things which are inconsistent with the present economic welfare of the farmer and not in keeping with the philosophy of either N.R.A. or A.A.A. Mr. Rexford Tugwell is the dominating influence in the American Agricultural Department, and his interest is not in the welfare of the farmer of today. His basic and fundamental purpose is to use the Agricultural Adjustment Act to nationalize the farms of this country, and that is not what we thought was the purpose of the Agricultural Adjustment Act.

It is not what the people of this country believed that Mr. Roosevelt meant when he sent his message to this Congress asking for the A.A.A. Let me read to you some of the statements that Mr. Tugwell himself has made in a recent speech at Philadelphia. His theory of using this agricultural act is far more in keeping with the precepts and principles of Karl Marx than in the principles of traditional Americanism. In his Philadelphia speech he said:

> Toward the turn of the century doubts began to arise, some few questionnaires began to ask whether the use of land solely in the interest of each individual holder was the only possible way to proceed. Possibly the criticism of Karl Marx and Henry George had begun to awaken the skepticism, even if many had not accepted their conclusions.

Further in his speech he said, speaking of the present program which is now being administered:

> We are now engaged in a drastic program of controlling agricultural products for the emergency.

But let us see what he says that means. The following are his words:

> This in itself means that we are trying to control the entire utilization of all agricultural land. There are other methods already in use by which governmental agencies control the use of lands for other purposes—police regulations in towns, zoning ordinances or laws in cities and suburbs, and even local or regional planning boards.

Those are the words of Mr. Tugwell. It is his visionary idea that farm lands should be zoned as city real estate. There is no justification for that kind of a policy. That is what Russia is doing, zoning her farm lands to the like, not of the man who owns the land but to the like of a governmental official.

In the course of his speech he complained bitterly because 2,000,000 men had gone from the towns back to the country during the depression, and referred to that as a mere phenomenon of the depression. I ask this question: Where would those 2,000,000 people be today if they had not gone back to the small farms? They would be in the cities suffering the distress and misery of unemployment.

But that is not half of his philosophy. It is his philosophy to make agriculture so efficient that we do not need over half our present farmers. Let me read you his words on that subject:

> In fact, we had had too many commercial farmers before the depression. * * * If full use were made of the technique of farm production, we could probably raise all the farm products we need with half our present farmers, or 12½ percent of our total working population.

Let us see what it means to drive one half the present farmers from the farms of America to the cities. You and I know that will increase the armies of unemployed. Of course, Tugwell has the visionary, socialistic idea that he can make a Utopia out of industry, increase the unemployed by millions and still so divide the work of industry so that everyone will live off the fat of the land.

But that is not in the scheme of things yet a while. Before we talk about increasing unemployment in this country we had better first develop a system whereby we can put those who are now unemployed back on a living wage. As cruel as the economic law has been with the American farmer, it has not been as cruel and as ruthless as would be this plan of Tugwell's.

What is his fundamental idea? What is his very purpose in the administering of this act? Let me read the closing words of his speech:

> Private control has failed to use wisely its control of land. * * * For the first time the Government is thinking of the land as a whole. For the first time we are preparing to build a land program which will control the use of that greatest of all natural resources, not merely for the benefit of those who happen to hold title, but for the greater welfare of all citizens of the country.

Government controlling land not for the benefit of the individual owner, but for the greater benefit of all the people is not an American philosophy. That is the philosophy of Stalin and Marx. That is the philosophy of the Russian Soviet.

The Soviet is controlling all the lands of Russia for the benefit, not of the man who happens to hold title, but for what the Soviet thinks is for the general welfare. I am not

yet ready to concede that there is any occasion for government to set up a superownership over the land of this country. I still believe that the man who owns a farm or home and pays taxes on it has a greater interest in that farm or that home than has all the rest of the 126,000,000 American people. I still believe that when a free-born American citizen pays the taxes on his farm, rears his family, lives an honorable life, and produces food to sustain mankind, he pays his full debt to society. I still believe in the proposition that a man's home is his castle, that the winds may enter, but the king's army dare not. I believe that today, in the spirit of our fathers, American farmers should rise and declare that their homes are their castles, that the winds may enter, but the long-range planners in the Tugwell colony of the Department of Agriculture shall not enter. [Applause.]

The CHAIRMAN. The time of the gentleman from Kansas has expired.

Mr. THURSTON. I yield the gentleman 5 additional minutes.

Mr. McGUGIN. Laying down the proposition that land is to be used, not for the benefit of him who happens to hold title but for the greater good—and that being what Tugwell or some other bureaucrat believes to be the greater good—is not the kind of an agricultural act that the Democrats and Republicans alike in this House supported.

Mr. PETTENGILL. Will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. PETTENGILL. Assuming it is true, as has been stated, that the overwhelming majority of the cotton farmers of the South want Government control to protect them against the small minority of their own group, would the gentleman give it to them, or would he require the unanimous consent of every single cotton farmer before he would put it in operation?

Mr. McGUGIN. I would never use the Government as such, to prevent a man from performing the ancient and honorable occupation of producing food or clothing.

I would never use government to make it a crime for man to produce cotton or wheat. No; I would not subscribe to the Bankhead bill. The basic purpose of the Bankhead bill in the end is not for the general welfare and general benefit of the cotton producers but it is to bring vast quantities of land under the control and domination of a Washington bureau.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield?

Mr. McGUGIN. I yield.

Mr. PETTENGILL. If an overwhelming majority of the cotton farmers of the South actually want the Bankhead bill, would the gentleman deny it to them?

Mr. McGUGIN. If the majority of the farmers of the South want to make themselves vassals of this Government, good and well; but it will never be done with a vote from me. [Applause.]

My theory is that it is not the purpose or function of government to step in and tell men what they can do with the land which they own. [Applause.]

I resent such a slight regard for the ownership of land as uttered by Mr. Tugwell—"He who happens to hold title." Happens to hold title! I say to you that the man of America who owns a farm or a home does not just happen to hold title; he holds title because of his thrift and his hard work in earning the money to buy it. It is not something which just happened.

About the middle of the last century we had to decide that this country could not be half slave and half free. Before we are through with this thing we are going to have to realize that this country cannot be half Soviet and half American. [Applause.]

There is not going to be room for both the precepts of Sovietism and Americanism.

Coming back to the cotton farmer of the South, give to him his full amount of the sugar market and there will be acres and acres of cotton land that he can take out of the production of cotton. Preserve American markets for American clothing and food, for the American farmer, and then will be time enough to talk about taxing a man out of existence or jailing him for producing food or clothing. Yet, this same Department of Agriculture which would make it unlawful to produce certain of our farm commodities comes before the Committee on Agriculture and says that it is uneconomic to produce sugar in this country and asks that our sugar producers be made to give up a part of their present market in America. This in spite of the fact that our present American sugar production is only 25 percent of the American market for sugar.

Mr. PETTENGILL. Mr. Chairman, will the gentleman yield further?

Mr. McGUGIN. Certainly.

Mr. PETTENGILL. Does the gentleman agree that the will of the majority is a fundamental American doctrine? Does the gentleman think the dissenting, nonconforming minority of the cotton farmers in the South have the right to destroy what the great majority of the cotton farmers think would be for the well-being of all?

Mr. McGUGIN. I believe in some good old-fashioned traditional democratic doctrine which we cannot find much of in this House today. I believe there are certain inalienable rights of the individual [applause] as propounded by Thomas Jefferson which cannot be taken away from him and should not be taken away from him by a majority of us, or by all the rest of us. [Applause.] I do not believe that by mere majority vote we have the right to take away from a citizen economic and individual rights which should be inalienable. Certainly the right of an American citizen to produce cotton is an inalienable right. [Applause.]

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 10 minutes to the gentleman from Iowa [Mr. WEARIN].

Mr. WEARIN. Mr. Chairman, the gentleman who just preceded me has brought up some interesting subjects that enter into any discussion of agriculture. I think it is only fitting and proper that we go a little further at this time, however, and consider a few other angles of the question that the gentleman's remarks prompt me to discuss.

Our farm problem is rather extensive. In round numbers, there are approximately 6,288,648 separate, individual owners of tracts of land who enter into and compose the picture. This is an important item, and it leads me to do this little bit of reminiscing. I want to refer back to the days of the war, when the American farmer, and my father was one of them, was in the business of feeding not only the armies of the world but also was in the business of feeding the American people. What was the situation at that time and at that juncture in our economic period? Simply that the American Government, and rightfully so, was pressing the American farmer to produce just as much food as he possibly could. That was the theory, and I think it was the proper one; the emergency of the situation demanded such action. The war came to an end, and we were faced with an economic problem centering about that picture. Along about the year 1921 there came a change in administration at Washington; but let me remind you that neither then nor until the advent of the administration of Franklin D. Roosevelt was there any effort to urge upon the American farmer the necessity of curtailing the production he stimulated during the war.

What happened? We have been selling farm and other products to Europe right along over the whole period of the war years. We were in the situation where we owned from 50 to 60 percent of the gold supply of the world; I have been told, and reliably so, that it takes the balance of the gold to operate the incidental business and affairs of the other nations. All right, with that in mind let us remember that there are three major methods which can be used in buying and selling, namely cash, credit, and exchange. I have just indicated why the very circumstances were such we could no longer sell abroad for cash. We had a majority of the cash in our own pockets at that time. What was the situation with reference to credit? It is generally known that credit had been exhausted abroad. We had loaned to almost every foreign country of consequence beyond any

possibility of repayment under our present economic scheme. The only remaining method by which we could do business in foreign countries and sell this surplus we had been pressing the American farmer to produce, was exchange.

We followed the post-war period and condition I have described with a rapid increase in the tariff rates of this country. I do not care whether you are a Republican or a Democrat you must recognize the facts of this situation: We made it absolutely impossible for the nations of the world to do business with us on any basis, as I have endeavored to set forth.

Before I proceed further along this line, permit me to say—and with this I am through discussing the conditions that surrounded agriculture and business in America at the time of the general collapse of our financial affairs—whenever one starts to talk about the tariff somebody, now from one party and now from another, gets up on the floor, waves his arms, and makes a lot of "to-do" about the American standard of living. Having seen the bread lines of this country, as I have in the last 2 years, I, too, think it about time we gave some consideration to the American standard of living myself from a little different angle.

The standard of living we have had in the last 10 years has followed upon the footsteps of the highest protective tariff policy in the history of America.

Carrying the argument a little further, what happened on March 4 is a matter of general knowledge. There came another change in administration, and the leadership was faced with this problem. The same condition of surplus production, largely inspired by the leadership of the country at other periods in its history, was still with us. There was the same condition of a majority of the world's medium of exchange, and I refer to cash, being concentrated in America, and, thirdly, the same protective tariff that had walled this country for the past 10 years. There was only one of two courses to follow, either the course of nationalism or the course of internationalism. It was impossible to change the policy of this country to one of internationalism immediately, not that it would impair the so-called "standard" of American living—far from it—but because reciprocal trade treaties and certain mutually agreed-upon reductions in tariff rates that would further stimulate the demand abroad for American products require time to negotiate.

They could not be achieved within a period of a few months. The very fact that the new administration inaugurated a program of seminationalism, so to speak, as a temporary stopgap did not, as far as I am concerned, at least, commit me to this policy as a permanent program, but it served the emergency to the extent that it has endeavored to reduce agricultural production, that has been stimulated in this country largely by Government inspiration, with a view of increasing the price level of farm products, until such time as we are able to negotiate certain tariff reductions and reciprocal trade treaties that I believe will benefit the permanent prosperity of this country.

There has without doubt been a marked improvement in farm conditions in spite of the opposition that has been experienced here at times from various sources. I would have you know that after 1 year of the administration of Franklin D. Roosevelt we can note a marked improvement in the condition of American business and of American agriculture. If you do not believe this statement, I will refer you to the facts as indicated in statistical figures.

The Standards Statistics Co., of New York, states that in 1929 the national farm income was $11,911,000,000. In 1932 it had shriveled to $5,240,000,000.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield the gentleman 2 additional minutes.

Mr. WEARIN. In 1933 a preliminary estimate on the part of the same concern indicated that the national farm income would probably total $7,500,000,000, or an approximate increase in farm income of 40 percent, which I am certain is a considerable boon to the welfare of American agriculture.

I have repeatedly stated during the past few months that I trust the program of nationalism which we have inaugurated as a temporary measure will eventually make it possible for the condition of this country to improve. In the meantime we should be negotiating what I believe will be beneficial tariff reductions and reciprocal trade treaties that will result in a more permanent and stable prosperity, predicated not entirely upon a program of nationalism but upon the more stable and economically sound plan of opening trade channels to the access of American producers of raw products.

Mr. CULKIN. Will the gentleman yield?

Mr. WEARIN. I yield to the gentleman from New York.

Mr. CULKIN. Is the gentleman in favor of reducing the production of beet sugar in America in favor of sugar from Cuba and the Philippines?

Mr. WEARIN. I may say to the gentleman that I did not get up to discuss the specific problem of sugar. I am primarily interested in the general aspect of agricultural relief, and I am not qualified to discuss the intricacies of the sugar problem at this time. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes to the gentleman from Missouri [Mr. CANNON].

Mr. CANNON of Missouri. Mr. Chairman, I hold in my hand a document which ought to be reprinted in every newspaper in the United States. It is the first message issued by President Hoover after his inauguration in 1929.

In this message President Hoover announced to the American people that farm prices were so low, that the condition of agriculture was so desperate, and the resulting national emergency so acute as to require drastic remedies. He explained, therefore, that he had taken the extraordinary step of calling Congress into special session—8 months in advance of the regular session—in order to enact legislation which would restore agricultural values, increase farm prices, and thereby insure continued national prosperity.

In all the archives of the American Congress there is no document so significant, so eloquent in its tragic explanation of the causes leading up to the devastating depression which shortly thereafter overwhelmed the Nation, so revealing in its exposition of the ruthless exploitation of the American farmer, as this solemn and momentous message from the President to the Congress transmitted on April 16, 1929.

On that date wheat was selling at $1.38 a bushel, and the President states in his message that he considers $1.38 so inadequate and so unfair to the farmers who produced the wheat, that for the first time in the history of the Republic, the situation warrants the calling of an extra session of Congress for the purpose of passing laws to raise the price.

The price today is a fraction below 90 cents per bushel. If a price of $1.38 a bushel was so low as to invoke such extreme measures in 1929, what must the situation require today when, after 5 starvation years, wheat is selling at less than 90 cents per bushel?

Every other farm product shows the same ruinous decline below the cost of production. On the day President Hoover issued his message, corn was selling for 93 cents per bushel. Today it is down to 48 cents per bushel. Oats, which were quoted that day at 51 cents per bushel, now sell for 38 cents. Prime steers that day were bringing $13.75 per hundred in St. Louis. They were quoted yesterday at $5.50 on the same market. The day the extra session convened to raise prices hogs sold at $11.45 per hundred. Today they are selling at $4.75 a hundred. Eggs were 24½ cents. Today they are 15½ cents. Butter was quoted in the St. Louis Globe-Democrat at 45 cents per pound. The quotation in the same paper reaching Washington this morning is 28 cents per pound. Poultry sold at 29 cents. The same grade of poultry is quoted in today's reports at 10½ cents. Milk was bringing $2.50 a hundredweight. The latest price is $1.94, and the announcement has been made that the price will go lower in the next few days. Cotton brought 20 cents. The price today, after plowing under a third of the crop, is 12 cents.

If a President of the United States, just elected to office by the largest majority ever received by a Presidential candidate up to that time, considered the price of farm products so low as to justify the hurried convening of Congress

in extra session in 1929, what extraordinary measures are warranted by the farm prices of today?

Mr. REILLY. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Wisconsin.

Mr. REILLY. Will the gentleman at some time in his remarks discuss the prices that these articles brought on March 4 last? I think that is very important to a discussion of this matter.

Mr. CANNON of Missouri. I am glad to have the gentleman's suggestion. It is particularly pertinent just at this point. He asks that a comparison be made of prices current today with prices on March 4, 1933, when President Roosevelt assumed office.

Let me quote the prices of farm products on that day in connection with the prices on April 16, 1929, the day on which President Hoover convened Congress in extra session for the relief of agriculture, and tabulate with them the prices of the same commodities on February 24, 1934, of this week, at the close of the first year of the Roosevelt administration. For the sake of comparison let me also include the peak war prices received by the farmer in order to indicate the trend of farm prices as contrasted with the trend of industrial prices following the war:

Farm prices quoted in the St. Louis Globe-Democrat

	Peak	1929	1933	1934
Wheat	$3.40	$1.18	$0.49½	$0.89½
Corn	1.70	.93	.23½	.48½
Oats	1.08	.51	.16¼	.38
Cattle	18.75	13.75	6.25	5.50
Hogs	28.00	11.45	3.80	4.75
Eggs	.80	.24½	.11½	.15½
Butter	.89	.45	.20	.28
Poultry	.46	.29	.08½	.10½
Milk		2.60	1.45	1.94
Cotton	.39	.20	.06	.12

It will be observed from a comparison of farm prices for 1929 with the peak prices of the war that President Hoover's alarm was amply justified. The contrast is especially striking when we take into consideration the fact that industrial prices in 1929 were even higher than the peak prices of the war, while agricultural prices had fallen to half the peak quotations.

Equally significant is the contrast in the prices for March 4, 1933, and a year later, on February 24, 1934. The first year of the Roosevelt administration brought a substantial increase. But even that increase is infinitesimal as compared with the increase which must be made before farm prices are brought back to the 1929 level—so deplored by President Hoover in his message to Congress—much less the price to be reached before farm prices regain parity with the prices now paid industry and organized labor. This table of comparative prices emphasizes the magnitude of the task before this Congress and this administration in carrying out their pledges to agriculture made in the last campaign.

Mr. TRUAX. Will the gentleman yield?

Mr. CANNON of Missouri. Yes; I yield to the gentleman from Ohio.

Mr. TRUAX. Would the gentleman name the farm commodities which have been the principal beneficiaries from the advance in prices over March 1, 1933?

Mr. CANNON of Missouri. The figures speak for themselves. I suggest that the gentleman name his own ticket.

Mr. TRUAX. Cotton, tobacco—I think that is about all.

Mr. REILLY. Wheat and corn.

Mr. TRUAX. The advance in the price of livestock and in dairy products and in poultry has been practically nil. This is what our farmers in the Corn Belt largely depend upon for their existence and prosperity.

Mr. CANNON of Missouri. The gentleman's summary is correct. The slight increase in the general price of agricultural products has been largely in a few staples—cotton, grain, and tobacco. The increase in the price of all other farm products, including those which the Department of Agriculture's campaign for diversified farming has encouraged us to produce, has been comparatively negligible. Some of the staples are still selling at impossible prices. Hogs sold last December at the lowest price in 40 years, and are only nominally higher today. And the hog is one of the commodities by which the Corn Belt gages the adequacy of the farm income. Poultry and dairy products are not returning the farmer who produces them the cost of their feed, much less a return on his investment or a wage for his labor. Federal employees here in Washington are protesting because they are being paid only 85 percent of their basic wage scale—and I sympathize with them—but the farmer is working for nothing and, in addition, is frequently contributing gratis a part of the ration he feeds his stock and poultry to supply our Federal employees and other organized labor with their food and clothing.

Even on those prices in which there has been a slight increase, the increase has not kept step with the increase in the cost of the manufactured commodities which the farmer must buy to maintain his farm and family. The price of farm products for the period 1909–14, now by common consent taken as a yardstick to measure farm prices, were not, as a matter of fact, fair to the farmer. They did not give the farmer his share of the national income. No farmer ever accumulated a competency at such prices. From colonial days up to the close of the World War land slowly increased in value from year to year as the tide of migration moved westward; and if a farmer could maintain his family and pay his taxes and interest, he usually retired at the close of a long and strenuous career with a profit of just about the amount of the increase in the value of his land from the time he acquired it. He did not make it farming. It was merely the increment.

With the exception of a few brief periods following the Napoleonic, Civil, Spanish-American, and World Wars, the price of farm products has never been high enough to give the farmer a share of the national income in proportion to his investment and labor, or his rightful share of the wealth produced. And since the debacle in farm prices, he has been contributing not only his services free, but has also given all of any surplus he may have had at the close of the war. During the war every effort was exerted to hold down the price of his products, even to the extent of fixing the price of his wheat. Our financiers now raise their hands in horror at the suggestion of fixing farm prices to match industrial prices fixed under the N.R.A., but they were eager enough then to fix the price of wheat while prices of industrial products and wages of union labor ran riot. And as soon as the emergency had passed and "food had won the war", even this disproportionate ratio was abandoned. Wheat went down, and the binders which harvested it went up. Hogs dropped, and railroad rates for hauling them to market advanced. Corn fell, and the fertilizer for growing corn climbed higher. The price of all farm products dropped from the war peak like a bucket in the well, but the cost of every item entering the farmer's cost of production mounted to prices far above the peak of the war; and although they are somewhat lower since 1929, because the farmer has little left with which to pay them, they are still above the prices he paid for them when he was getting $2.40 a bushel for his wheat and $28 a hundred for his hogs.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CANNON of Missouri. I yield.

Mr. PETTENGILL. I have heard that statement a great many times. I am as friendly to the farmers as the gentleman. But what is the exact truth? The Bureau of Labor Statistics price index does not seem to corroborate the statement of the gentleman. Their recent figures show that the advance in agricultural commodities as a whole has increased faster, taking it by and large, than the advance of nonagricultural commodities as a whole. Is the gentleman familiar with those figures and has he any explanation to make of them?

Mr. CANNON of Missouri. Yes; I am thoroughly familiar with them, and as the gentleman seems also to be familiar with them let me ask him what the peak price of wheat was during the war.

Mr. PETTENGILL. That hardly bears on the question.

Mr. CANNON of Missouri. It is the crux of the question. The gentleman should have no difficulty in recalling the war-time price of wheat.

Mr. PETTENGILL. Two dollars plus.

Mr. CANNON of Missouri. It sold at from $2.40 a bushel to $3.20 per bushel. What did you pay for a binder at that time?

Mr. PETTENGILL. With respect to one farm commodity and one nonfarm commodity——

Mr. CANNON of Missouri. Well, we will take them all. Let us take the entire range of farm and nonfarm commodities. And to begin with the nonfarm commodities, what did you pay for a binder at that time?

Mr. PETTENGILL. I do not know the exact figure. It would vary in different places, owing to freight charges.

Mr. CANNON of Missouri. Unfortunately for the gentleman's recollection, the price of farm implements is standardized by the Farm Machine Trust, and binders sell at practically the same figure in continental United States. There may be a freight differential; but if so, it is too small to be considered and is offset by the transportation allowance in the price of grain. At the time wheat was selling for $2.40 in my State, binders could be bought for $175. After the war wheat dropped as low as 35 cents per bushel or less, but binders went up to $225.

Mr. PETTENGILL. The gentleman wants to be perfectly fair, and the gentleman will admit that you cannot pick out one agricultural commodity and set it off against another nonagricultural commodity—set off a hog against a lightning rod.

Mr. CANNON of Missouri. All right; take all the agricultural commodities. When cattle brought $16.50, a wagon could be bought for $120. Today cattle are $5.50, and the same wagon is $130. When corn was selling for $1.50, a corn planter was $75. The last quotations were 50 cents for corn and $80 for the corn planter. When oats were $1, 16-percent acid phosphate was $20 per ton. Now oats are 38 cents per bushel and the same phosphate is $21.30 per ton.

Mr. PETTENGILL. I want the gentleman to take all agricultural commodities in the price index and all nonagricultural commodities in the price index.

Mr. CANNON of Missouri. I just quoted them; and if the gentleman has any doubt as to their authenticity, I refer him to the St. Louis Globe Democrat, one of the great newspapers of the United States. If he will turn to the financial section for the dates mentioned and consult the prices current on the day on which President Hoover delivered his message to the extra session of 1929, the date of President Roosevelt's inauguration, and the issue reaching Washington this morning, he may check them for himself. Everything the farmer has to sell fell from the war peak, and everything the farmer had to buy advanced beyond the peak of war-time prices. The margin between the prices the farmer receives and the prices the farmer pays has widened constantly from the day the war closed.

The problem is not the low price the farmer is receiving or the high price he is paying. It is the disparity between the two. If the price of binders had come down in proportion to the drop in the price of wheat, he could have bought a $225 binder last year for $35. If hogs had advanced in price with phosphates, they would today be bringing over $30 a hundred. Advance the farmer's prices to the level of manufactured products, and he will be more than satisfied. Or bring industrial prices to the level of farm prices, and he will be satisfied. But do one of the two. To charge him more than war-time prices and at the same time pay him less than pre-war prices is legalized robbery. It reduced American agriculture to beggary and eventually undermined the whole structure of national prosperity.

Mr. WITHROW. Will the gentleman yield?

Mr. CANNON of Missouri. Certainly.

Mr. WITHROW. The gentleman said that machinery prices had materially increased while agricultural products had gone down. That is true, and in my opinion that is one of the worst things we suffer from now in America. For reapers and binders which the gentleman speaks of have more than doubled in price. Farm machinery of every kind has increased in price. Cultivators and plows have increased more than double the price, while the price of agricultural products has gone down. While everything else is being investigated, I think that we should investigate the prices of farm machinery and see whether or not they are controlled by some sinister influence that keeps prices up where they are.

Mr. CANNON of Missouri. I am certain the gentleman will agree that we all know exactly what the difficulty is. It is too apparent to require an investigation.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. JOHNSON of Minnesota. I think the gentleman from Missouri is not correct in the figures he has quoted on farm prices. The gentleman is a little too high. Now I bought a binder in Chicago for which I paid $200. And another thing, I bought a tractor for which I paid $100 less than I did 2 years ago. The price of other machinery has gone down some, although it may be that within the last 9 months the price of machinery has gone up.

Mr. CANNON of Missouri. How did it compare with the prices of 1920?

Mr. JOHNSON of Minnesota. And the gentleman quoted the price of wheat at 90 cents a bushel. We do not get it. My friend, Congressman ARENS, sold wheat about 6 weeks ago, and all he got was 70 cents a bushel in Minnesota.

Mr. CANNON of Missouri. I am glad to yield to the gentleman from Minnesota, who comes back to Congress as a Member of the House after a notable career in the Senate, where he rendered such distinguished service to agriculture. And I defer to his suggestions. He is an authority on the subject. But while it may be true, as the gentleman says, that the prices I have cited for farm products are higher than the prices the farmers in the gentleman's State are actually receiving, I am quoting the prices as reported in the St. Louis Globe-Democrat and am comparing them with the prices reported in the same paper, for the same commodities, on the day President Hoover delivered his emergency message to the special session of Congress in 1929. These two quotations from the same paper, 5 years apart, show unmistakably the astonishing fall in farm prices which has brought on these trying times.

And whether the price of a binder in 1920 was $175 or $200 is not material. The significant thing is that either price was lower in 1920 than the price now charged for the same binder and proves conclusively that while the returns received by the farmer for his crops fell steadily from 1920 to 1933, the price of the machinery required to cultivate those crops advanced from 1920 to 1933. And that is the fly in the ointment. If farm prices had advanced with industrial prices, national prosperity would have been maintained. Or if industrial prices had declined with farm prices, national prosperity would still have been maintained. But when farm prices fell and industrial prices rose and the margin widened too far for the farmer to bridge it, the foundation crumbled and prosperity collapsed.

Mr. HENNEY. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Minnesota.

Mr. HENNEY. In regard to the price index for consumers, I should like to ask if the figures that were given are not taken from prices in the city—prices that the consumers have to pay?

Mr. CANNON of Missouri. The farmer gets a very small proportion of that, sometimes as little as 10 percent of what the consumer pays. The National Biscuit Company is charging more for its crackers and cakes, and the manufacturers of breakfast foods are charging more for their bran and whole-wheat products today, when wheat is less than 90 cents, than they charged when wheat was $2.40 per bushel. The consumer pays but the farmer does not get it.

Mr. GRAY. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Indiana.

Mr. GRAY. Last year on my farm I needed a new cow barn, and my carpenter insisted that I build it then but I deferred. I came to Washington to attend the session of Congress; and when I went back after the session here, I found that I would have to pay more for lumber, more for cement, more for hardware, more for roofing, more for paint, and more for everything that went into a cow barn than I would have had to pay in the summer. The cow barn cost me $250 or $300 more to build than it would have cost last winter before the relief was provided. This resulted from the suspension of the antitrust law under the code of so-called "fair competition" and was the price demanded and paid by agriculture to the industrial magnates for their cooperation in the recovery program. The great industrial concerns controlling farm supplies and equipment secured their increase of prices and greater dividends promptly or in advance. But the farmer is still holding the sack and waiting for his benefits, cheered by the time-honored assurance of "prosperity just coming around the corner", told to think right and maintain "confidence" and be assured of the intangible asset of a "better feeling" while his taxes are in default and his interest goes delinquent.

Then I signed up under the cooperative plan to raise less and have more to pay for my cow barn. I raise hogs and cattle out there, or my tenant does; and while the cost of my cow barn and farm supplies and equipment went higher, our cattle and hogs went lower. Does that show farm prices keeping pace with what the farmers must pay? Will the gentleman explain that phenomenon to the House for the benefit of those claiming the farmers are being relieved?

Mr. CANNON of Missouri. I regret to have to agree with the gentleman. The general advance in farm commodities is not keeping pace with the general advance in industrial commodities. When you permit industry to fix its prices under the N.R.A. and refuse to fix the farmer's prices at parity, it amounts to putting a dollar in the farmer's pockets and taking another out. The farmer's increased profits are absorbed in his increased expenses. In order to secure parity and restore the ratio of 1914, industrial prices should mark time until farm prices can catch up with the procession.

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to my colleague from Missouri.

Mr. COCHRAN of Missouri. I think the gentleman has placed his finger on the seat of the trouble, when he compares the relative prices of bread and wheat, but he passes over it too fast. The trouble is in the spread between the producer and the consumer. When the farmer can take care of that, his troubles will be solved. What is the price of eggs today in the gentleman's district? What is the farmer getting for eggs today?

Mr. CANNON of Misssouri. When I left Missouri at the opening of this Congress, the farmers in my neighborhood were receiving 11 cents a dozen for eggs, and when I reached Washington I paid 44 cents a dozen for them.

Mr. COCHRAN of Missouri. And I paid 44 cents a dozen for those 11-cent eggs also.

The CHAIRMAN. The time of the gentleman from Missouri has expired.

Mr. SANDLIN. Mr. Chairman, I yield 20 minutes additional to the gentleman from Missouri.

Mr. COCHRAN of Missouri. As I say, I was here and I paid 44 cents a dozen for eggs, and that is where your trouble lies. It is in the difference between 11 cents on the farm and 44 cents on the table; and when you can bring the two together and let the farmer get some of that 33 cents profit, you will have solved his problem. That applies not only to eggs but to everything that the farmer raises.

Mr. CANNON of Missouri. The day before I left Missouri one of my neighbors was selling a 5-gallon can of cream for $1.53, which if retailed by the half pint at local prices would have brought $14.40 here in Washington.

According to a recent report from the College of Agriculture of the University of Illinois, out of the $1,656,000,000 which the consumer paid for meat the preceding year the packer got $861,000,000 and the farmer who produced it got only $721,000,000. For 14 years the farmer has been receiving the smallest fraction of his fair share of the consumer's dollar, while the consumer paid prices out of all proportion to the prices paid the farmer who produced the food.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. TRUAX. For the gentleman's information as to farm machinery, back in 1909, and that is the year that we are supposed to be getting back to, I bought a Moline grain binder for $115. In 1919–20, as the gentleman from Minnesota [Mr. JOHNSON] said, they cost around $190 or $200. Today they cost around $235. There was a time about a year or so back when they cost $250, and I give it to the gentleman as my judgment that this great wheat debacle started when Alexander Legge, the president and chairman of the International Harvester Trust, which has ground the farmer under its heel for years and years, was named Chairman of the Federal Farm Board in 1929. In a letter to me in the first year in which he was in office Mr. Legge predicted that we would have 40-cent wheat in this country.

Let me add another bit of information here for the gentleman's benefit. I have here the total agricultural income for 1909, the year that we are supposed now to be back to under Henry A. Wallace and his doctors and professors. This is a report of the Secretary of Agriculture in 1909. He says:

> Eleven years of agriculture beginning with a production of $4,417,000,000 and ending with $8,760,000,000 in 1909.

Eight billion seven hundred and sixty million dollars in 1909, and in 1932 it was down to $5,000,000,000, the lowest in history, and in 1933 it was $6,000,000,000, so that now we are nearly 33 percent under 1909, after a year's operation.

Mr. CANNON of Missouri. If the gentleman wishes to go back to the 1909–14 period, let me give him the official figures and, in parallel columns, the prices for both 1914 and 1933, the last year for which complete prices are available:

Comparative prices of farm and industrial products

	1914	1933		1914	1933
Wagon	$85.00	$130.00	Wheat	$0.813	$0.673
Corn planter	80.00	80.00	Corn	.69	.42
Binder	150.00	210.00	Cattle	6.04	3.12
Harness	40.00	60.00	Hogs	7.45	2.92
Phosphate	18.00	21.30	Eggs	.298	.216
Potash	52.00	54.80	Cotton	.118	.096

Apparently 1933 farm prices mark the lowest level of the depression, and the swing is now definitely upward. Unfortunately, industrial prices—already far above farm prices—are moving upward just as rapidly and maintaining the lead they have held for the last 15 years. The problem is to accelerate the advance of farm prices or to retard the increase in industrial prices until the wide gap between them is closed and the parity of 1914 reestablished. To this problem the Secretary of Agriculture is bending every energy. And in its solution he should have fullest cooperation. He is the ablest, best-equipped, and sincerest man to occupy that eminent station since the death of his distinguished father, and is probably the outstanding man in the Roosevelt Cabinet. No man has come to a Cabinet position with a more compre-

hensive knowledge of its problems or a more practical experience in his field—and certainly no one has brought to the position greater loyalty to the cause he serves than Henry A. Wallace. [Applause.] If the rank and file of the Department of Agriculture, and his colleagues in the administration, and especially the Membership of the Congress, can be brought to understand the problem as he understands it, and to appreciate the surpassing importance of its solution as he appreciates it, the rise in farm prices will continue until agriculture is again on a plane of economic equality with industry and labor—and the buying power of the farm provides a market to profitably absorb the product of every factory and the labor of every workingman.

Mr. CHRISTIANSON. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman.

Mr. CHRISTIANSON. Does the gentleman believe that the suspension of the antitrust law resulting from the enactment of the National Industrial Recovery Act may have had something to do with this increasing spread between what the farmer receives and what he pays?

Mr. CANNON of Missouri. Many considerations enter into the question. And while we cannot definitely determine the exact part played by any one of them, the fact remains that whatever the cause the——

Mr. CHRISTIANSON. Will the gentleman yield to a question there?

Mr. CANNON of Missouri. If I may be permitted to complete my statement on this point——

Mr. WITHROW. Mr. Chairman, before the gentleman gets off the subject of machinery, will he yield to me for a moment?

Mr. CANNON of Missouri. Yes. The subject of machinery and all other industrial products the farmer must buy and the prices he has had to pay for them ought to be discussed on this floor at every opportunity, until the crops they produce bring a price that will enable the farmer to balance his ledger.

Mr. WITHROW. I am very much interested in farm machinery. I think the gentleman is right, and that the spread is too great between the manufacturer and the farmer. I introduced a resolution calling for an investigation of the farm-machinery problem, and the Director of the Budget will not approve of the money that is necessary to carry on that investigation, which would amount to about $60,000, notwithstanding the fact that at a prior investigation that was made, when suit was brought against the International Harvester Co., because they controlled the manufacture and distribution of farm machinery and farm implements, it was decided and an order issued that they should dissolve three of their units. They have now again completed the cycle, and again absolutely control the manufacture and distribution of farm machinery. The gentleman from Missouri has considerable influence, I think, with the Director of the Budget; and if that gentleman will be so kind and condescending as to approve the appropriation of $60,000, we will get this very necessary investigation of the Farm Machinery Trust in the United States.

I am sure we will give material relief to the people who purchase that farm machinery.

Mr. CANNON of Missouri. I trust the gentleman will not get the impression that I am differing from his point of view when I say I do not know of any better way to waste $60,000 than to invest it in such an inquiry. It is a matter of common knowledge that the disparity in the present price of farm machinery and the price of the crops it produces is due to the fact that it is in the hands of a chiseling, profiteering monopoly. [Applause.]

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. CANNON of Missouri. I am glad to yield to the gentleman.

Mr. CHRISTIANSON. Does not the gentleman believe that it might be well to reinstate the Sherman antitrust law and make it possible for the Department of Justice to move to break up this monopoly of which he speaks?

Mr. CANNON of Missouri. Oh, it does not require reinstatement. The law has never been repealed. It is still in effect and can be invoked at any time.

Mr. CHRISTIANSON. But the operation has been suspended through the code, has it not?

Mr. CANNON of Missouri. I regret to say that approval by the N.R.A. of codes under which industries are meeting behind closed doors and fixing prices and establishing concert of action amounting to monopoly, is largely nullifying the benefits which agriculture is deriving from administrative and legislative measures employed up to this time.

The index number of farm purchasing power to which my friend from Indiana [Mr. PETTENGILL] referred just now, and which had fallen to 61 when the Agricultural Adjustment Act was signed on May 15, 1933, rose in response to the impetus supplied by that law, until on July 15, 1933, it stood at 71. The codes became effective that July, and immediately the index number, measuring farm prices in terms of industrial prices, started back down and has continued to decline until on February 1, 1934, the last date on which the United States Bureau of Agricultural Economics has reported, it stood at 60. In other words, the profiteering of the various industries through prices fixed under the codes has raised the cost of farm necessities until it has more than absorbed the increases in farm prices under the farm act, and the farmer is today one point worse off than when the act was passed last May. Hogs, for example, will buy less manufactured commodities today than at any time within the memory of any man now living, and many other farm products are just as low. Secretary Wallace recognized this when he said in his interview in the New York Times last September:

> Increased retail costs have taken up the farmer's additional income and left him no better off for meeting his interest, taxes, and fixed charges.

To illustrate further, cold-storage rates on apples in the Middle West have varied for a number of years up to a maximum of 26 cents per bushel for 6 months' storage. But with the adoption of the code last fall, all St. Louis storage companies met and fixed a universal price of 31 cents, an increase of 20 percent in the farmer's cost of storage, without a corresponding increase of 20 percent in its wage account. Simultaneously, the basketmakers who manufacture the containers in which apples are marketed also met and raised their prices. Manufacturers of chemicals convened on the invitation of the N.R.A. and adopted a code raising the cost of orchard spray materials. And when the farmer withdrew his apples from storage last month and put them on the market, he received $1.25 a bushel, when he had been offered $1.30 a bushel at the time he picked them.

And the code makers are taking further advantage of powers conferred by the N.R.A. to exploit their smaller competitors as well as the consumer. In my immediate section there are four factories producing moderately priced goods, largely for local consumption, which will be forced to close if the large firms located in the industrial centers are permitted to enforce code provisions which should not apply in the smaller communities and which have been adopted over the protest of smaller operators. The power to fix prices and dictate terms under the codes is taxing the consumer and throttling competition, and up to this time has offset the moderate advance in farm prices under the Farm Act.

And yet, strangely enough, farmers—while compelled to pay prices fixed by industry under the codes—are denied the right similarly to fix the prices they receive from industry. The day the lumber code was adopted, lumber advanced 30 percent. The adoption of a code advanced the cost of harness 40 percent. Cement, which had been selling for $1 in carload lots when the code was adopted, immediately went up 59 percent on carload lots, and the farmer, when he builds a barn or buys equipment, pays the bill.

Union labor has been given shorter hours and more pay. But the farmer is working longer hours and receiving less pay. He is receiving a purchasing power of 60 where he received a purchasing power of 71 before the codes and

the increased union scales were adopted. Why not give him the same power to fix his prices at pre-war parity, and sell wheat at $1.75 a bushel, corn at $1.25 a bushel, hogs at $12 a hundred, butter fat at 30 cents a pound, eggs at 50 cents, and milk at $2.50. Even at these prices farm products would be cheaper than industrial products at N.R.A. prices. In fact, European countries have already stabilized farm prices much higher. And the Nation prospered when they were in effect.

Hogs at $12 and wheat at $1.75 would be as reasonable as the freight rates the railroads are now charging to take those products to market. When wheat was selling above $1 and hogs above $7, freight rates were 20 cents a hundred. Now that freight rates are nearly 40 cents a hundred, $1.75 wheat and $12 hogs are modest in comparison.

Data compiled by the Interstate Commerce Commission show that enginemen on railroads transporting agricultural products were receiving an average salary of $1,925 a year in 1914, when hogs were selling for $7.45 per hundred; $2,810 in 1920, when hogs were $13.36; and $2,856 in 1933, when hogs were $2.92. Hogs went down and freight went up. Farm prices fell far below war-time prices, and union wage scales advanced far above war-time wage scales. Everything the farmer had to buy in service or commodities skyrocketed, while everything the farmer had to sell fell like a plummet.

Mr. PETTENGILL. Will the gentleman yield?

Mr. CANNON of Missouri. I yield again to the gentleman from Indiana.

Mr. PETTENGILL. How about the 700,000 railway workers who are not now and have not for the last 2 years been earning anything, and how about the labor people in the building trades?

Mr. CANNON of Missouri. And how about the two or three farmers for every one of them. These had their farms sold out from under them and lost not only their jobs but their capital and their homes—and lost them first.

Mr. PETTENGILL. I sympathize with both city labor and the farmers. In reality the welfare of each depends on the welfare of the other.

Mr. CANNON of Missouri. Most assuredly. Why is it that the railroads are not earning the dividends they earned from 1918 to 1929? Why are railroadmen out of employment today? Because the farmer was denied a fair wage for his labor and a fair return on his investment; when he no longer received the cost of production for his products, he could no longer afford to ship. And when the farmer no longer shipped, of course, the railroads could not employ men to operate empty trains. If they had continued to pay the farmer the price that they paid him for his products in 1920, every railroad would be busy and every railroadman would have a job.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CANNON of Missouri. I am always glad to have the comments of the gentleman from Minnesota.

Mr. JOHNSON of Minnesota. I understand railroad labor took a 10-percent cut some time ago?

Mr. CANNON of Missouri. That is true.

Mr. JOHNSON of Minnesota. The gentleman must agree on that.

Mr. CANNON of Missouri. But the gentleman overlooks the fact that even after the 10-percent reduction the engineman was still receiving more than he received when the wheat he hauled brought $2.40 a bushel and other farm products in proportion. Every cost of transportation is more today than it was then.

Mr. JOHNSON of Minnesota. I agree with the gentleman that if I now ship a carload of hogs to South St. Paul I have to pay the freight, of course, and the commission, yardage, weighing, inspection, and the corn, and 2 cents on the bank check. When I get that check home I have to pay upward of 10 to 30 cents. All of those things between us farmers and the consumer are set by law. Is that not correct?

Mr. CANNON of Missouri. Unfortunately, that is the exact situation.

Mr. JOHNSON of Minnesota. And I have to take what is left. For illustration, I shipped a truckload of hogs some time ago, shortly before I left for Washington, and we happened to have two cows in that truckload of hogs, and therefore in addition to my first statement I had to include hay, because the cows had to have hay for filling. From the amount of $281 which I received for this livestock $40 was deducted for expenses, which brings out the charges placed against the farmer in marketing hogs and cattle.

Mr. CANNON of Missouri. The gentleman has outlined the situation graphically. He describes the very conditions which helped to bring on the depression.

All these people who get higher wages for their services and higher prices for what they sell the farmer, but refuse to pay him an equal wage for his services and an equal price for what they buy from him, thought they could go on living at the farmer's expense indefinitely; but when the farmer could no longer pay, they were out of a job; and when they were out of a job, the depression started. This depression is due solely to the injustice practiced against the American farmer.

Mr. WITHROW. Will the gentleman yield?

Mr. CANNON of Missouri. Certainly.

Mr. WITHROW. With reference to what the gentleman stated as to wages paid railroadmen having an effect on the farmer, I think the gentleman is on the wrong track, for this reason: That it is not the pay rolls on the railroads that have increased the cost of transportation, but it is the fixed charges. That deals with the question of financing and refinancing of the railroads.

Just to bring this to the attention of the gentleman from Missouri, in 1920 the ratio of fixed charges and taxes to pay rolls was 50.8. In other words, 50.8 was the amount that was paid out in wages in 1920. In 1930 the ratio of fixed charges and taxes to pay rolls had been reduced to 24.4. So it is apparent that the difficulty with the railroads is not in pay rolls.

Mr. CANNON of Missouri. Only to this extent: That the farmer paid higher and higher railroad wages—for wages are paid out of the income from freight—and paid them from a constantly diminishing income. When the income was no longer sufficient to pay the wages, the railroadman lost his job. The real difficulty was not that the railroad pay rolls were high, but that the farmer's pay roll did not keep up with railroad pay rolls. If the farmer had continued to receive $2.40 for wheat and $18.50 for cattle, he would have been glad to continue to pay high freight rates, and the railroad could have continued to pay high wages.

Mr. WITHROW. Just a moment; this is very pertinent.

Mr. CANNON of Missouri. I much regret that my time is so limited——

Mr. WITHROW. Let me ask just this one question. The gentleman is wrong.

Mr. CANNON of Missouri. The gentleman has not demonstrated that fact. He takes the position that the wages paid railroad labor do not come out of the farmer's pocket.

Mr. WITHROW. I did not say that. I wish the gentleman would let me complete my question.

Mr. CANNON of Missouri. It came out of the farmer; he paid it. There is no one else to pay it. The farmer pays the freight on all he sells, and he pays the freight on all he buys. They get him going and coming.

Mr. WITHROW. No; the gentleman is wrong. I want to say also in reply to what has been said—the men took a reduction, a voluntary reduction.

Mr. CANNON of Missouri. My friend, the gentleman from Minnesota [Mr. JOHNSON] has already raised that question. They did take a reduction, but that is included in the statistics just cited, and, even with the reduction, the engineman driving a freight train is still getting more today than he got when the farmer was receiving $2.40 for his bushel of wheat and 60 cents for his eggs.

Now, if the gentleman will pause to consider my statements, he will see that not a word has been uttered in criticism of the high wages received by labor, or the high prices exacted by industry.

The farmer does not believe in low wages. The farmer believes in high wages and high prices. He would prefer to increase wages rather than lower them. But he also believes that if he pays high prices for what he buys, he is entitled to a fair price for what he sells. He believes that if he pays a high wage for services rendered him, he is entitled to a decent wage for his own labor. He cannot pay dividends unless he receives dividends, and he cannot pay high wages unless he receives comparable wages for his own labor from which to pay them.

Had I been permitted to proceed without interruption, you would have seen that I am not singling out railroad labor. It is only the first step in demonstrating that while capital invested in commerce, industry, and transportation was drawing unprecedented dividends from 1918 to 1929, dividends on capital invested in farm property were sinking to zero; that while wages paid the farmer for a working day extending from dawn to dusk practically reached the vanishing point, organized labor was drawing the highest wages ever paid at any period of the world's history. Railroad wages are but one of the disproportionate labor costs charged to agriculture. Pyramided wage scales have been the rule. When the farmer was receiving war prices, electricians, for instance, were receiving a wage of 69 cents an hour. According to the latest figures issued by the United States Department of Labor, the same electrician is now receiving for the same service a wage of $1.32 an hour. He pays the farmer about 0.1 the war-time price of the bacon and eggs the farmer delivers to him, but he charges the farmer about twice the pay he received during the war.

Mr. THOM. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. THOM. We ought to be entirely fair about this. The gentleman has quoted the hourly wage paid electricians. I live in a city of 100,000 population, where we have 300 or 400 electricians. Today not more than half a dozen of them are employed. So they are not receiving $1.32 an hour; they are receiving no wages whatsoever.

Mr. CANNON of Missouri. They still have their overalls, have they not? That is all they had to begin with. They did not have any capital invested. The farmer had heavy investments in land and stock and equipment. The electrician has not lost anything but his job. The farmer has lost his job and his farm and his stock and his equipment—everything he possessed, including his home and his profession.

And the average electrician has not lost his job, as the gentleman intimates. There were armies of them working last May when the United States Department of Labor reported that they were receiving a minimum scale of $1.32 an hour, twice the pay they were receiving when the farmer was getting $28 for the hogs he was selling them. If the farmer had received as fair a deal as the electrician received, and had his prices raised proportionately, he would be today getting $56 a hundred for his hogs and $1.80 a dozen for his eggs. Or if the electrician's wages had been as hard hit as the farmer's hog prices, the electrician would today be getting 7⅔ cents an hour for his work. It ought to be either one or the other. If you are going to be consistent, the farmer ought to have $56 a hundred for his hogs and everybody be as prosperous as they were during the war or the union-labor electrician ought to be willing to take 7⅔ cents an hour for his labor and everybody come down together.

Mr. GRAY. Mr. Chairman, will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Indiana.

Mr. GRAY. Is it not a fact that if the laboring man's wages had not been raised a cent, the reduction in prices that have taken place would be the equivalent of doubling his wages? Wages are not too high, but farm prices are too low.

Mr. CANNON of Missouri. That is the inescapable logic of it.

To continue the analogy, while the wages of electricians were going up, while the wages of railroadmen were going up, and the wages of farmers were coming down, the wages of bricklayers were also going up. At a time when they were paying the farmer 89 cents a pound for butter, union bricklayers were receiving 78 cents an hour for laying brick.

[Here the gavel fell.]

Mr. SANDLIN. Mr. Chairman, I yield 20 additional minutes to the gentleman from Missouri.

Mr. CANNON of Missouri. And last May, the last date on which Government statistics are available, when the farmer was being paid 20 cents a pound for butter, bricklayers were receiving $1.24 an hour.

Plumbers and gas fitters who were receiving 72 cents an hour during the war are now getting $1.30 an hour. The general carpenter, the artisan who builds such farm barns as that referred to by the gentleman from Indiana just now, was receiving 67 cents an hour at that time but now receives $1.10.

Let me carry this a little further and include the toilers who direct big business. The president of the Standard Oil Co. of California, for example, was receiving a salary of $75,000 in 1920. From 1920 to 1933 the gross income of all the farms in the United States dropped from $16,935,000,000 a year to $5,143,000,000 a year. During that period the total value of all farm lands in the United States shrank from $66,000,000,000 to $30,400,000,000, more than half. In that time the annual net income of the average farm family in the United States dwindled from $1,020 to $213, about one fifth. But the salary of the president of the Standard Oil Co., the firm that fixed the price of the gas the farmer used in his tractor, increased from $75,000 a year to $150,000 a year.

Likewise, the head of the American Tobacco Co., manufacturers of plug tobacco, one of the necessities of life, who was receiving a modest salary of $75,000 in 1920, was able through hard work and close attention to duty to increase the value of his services to the public until he drew an emolument of $825,000 in 1933. Doubtless he played more golf in 1933 than he did in 1920, but the pay of the farmer who pitched more hay in 1933 than he did in 1920 dropped to the lowest price paid for human labor since the promulgation of the emancipation proclamation.

Summarizing these statistics, the respective compensation paid for various classes of labor in 1920 and 1933 were as follows:

Comparative salaries per annum

	1920	1933
All railway engineers[1]	$2,810	$2,856
Freight engineers[1]	2,653	3,031
Federal employees in the District of Columbia[2 3]	1,321	2,134
Wall Street executive[4]	75,000	150,000
Farm family, 5 persons[5]	1,020	213

[1] Interstate Commerce Commission.
[2] U.S. Department of Labor, Bureau of Labor Economics.
[3] The Budget, 1933.
[4] Federal Trade Commission.
[5] Department of Agriculture, Bureau of Agricultural Economics.

Carrying the comparison into the day-labor class, the change in rates of pay per day were as follows:

Comparative wage scales per 8-hour day

	1920	1933
Carpenters, general[1]	$5.36	$8.80
Painters, general[1]	5.20	9.92
Plumbers and gas fitters[1]	5.76	10.40
Electricians, inside wiremen[1]	5.52	10.56
Bricklayers, building[1]	6.24	11.44
Farmers, field hands[2 3]	2.84	.75

[1] U.S. Department of Labor, Bureau of Labor Economics.
[2] With board.
[3] Department of Agriculture, Bureau of Agricultural Economics.

These statistics point out pitilessly the heart-breaking injustice to which the farmer has been subjected during the decade in which the general standard of living in American cities reached the highest point known in the history of any people. The farmer may be a college graduate, as many of them are. He may have large investments in his business.

And yet union bricklayers who may not have finished high school, and who have no investment in their calling beyond a trowel and a pair of overalls, received for an 8-hour day a wage which was not only higher in 1920 but increased while the farmer's income declined. And every other worker advanced with them. The farmer was the one exception. And, of course, the business and professional man of the inland towns supported by farm patronage starved with him.

It was not the mere fall in farm prices that bankrupted the farmer, and closed his banks, and eventually paralyzed national business. It was the disparity between the prices at which he was forced to sell and the prices at which he was forced to buy. Had industrial prices declined with agricultural prices, or if farm prices had advanced with factory prices, the prosperity of war and post-war times would have continued. But when farm prices were deflated while all other prices were inflated, national catastrophe was inevitable. At war prices a hundred bushels of corn would buy a binder. In 1933 it took over 1,300 bushels of corn to buy the same binder. During the war a dozen eggs would pay for 8 cakes of laundry soap. In 1933 there were times when a dozen eggs would not buy one cake of the same soap. And where a load of hogs would pay the taxes on many farms during the war, farm taxes are now so high, and the buying power of hogs so low, that in actual instances it requires 27 loads of such hogs to pay the taxes on the same farms. A farmer who borrowed $1,000 in 1920 could pay it back with 6 finished steers. Today the holder of the note demands, and the court awards, 20 finished steers to pay the same debt without adding the interest.

These statistics point infallibly to the solution of the problem. The difficulty to be remedied is not a matter of adjusting isolated schedules. It is fundamentally a matter of relativity—of disparity of compensation. It is a question of securing parity calculated on accepted standards, on the basis of which the laborer and the entrepreneur are rewarded in proportion to their respective services to society. The remedy is not to reduce wages or prices. The equitable, logical, inescapable course is to raise the farm income to a level corresponding with the industrial income calculated on the basis adopted, which could not be less than that of 1909–14, and should be more.

Mr. BRUMM. Will the gentleman yield for a question?

Mr. CANNON of Missouri. I yield to the gentleman from Pennsylvania.

Mr. BRUMM. Will the gentleman please tell me what effect he hopes to accomplish or in what way the deflation of the dollar will help the farmers in connection with these prices?

Mr. CANNON of Missouri. The deflation of the dollar will increase the price of farm products and, to that extent, will better enable the farmer to pay his debts and his taxes and all other items in his fixed overhead. His note at the bank and the premiums on his life insurance are fixed amounts. Deflation will make it easier for him to pay them. Prices are low when money is high and high when money is low. The cheaper you make the dollar, the higher you raise the farm income. Taxes and other farm overhead are stationary at fixed amounts. The lower we deflate the dollar, the higher the price of farm products rises and the more taxes they will pay. When we deflate the dollar, we are deflating back to high prices.

However, deflation cuts both ways and raises the price of the commodities we buy as well as the price of the commodities we sell and for that reason does not promote the return to parity. But it does not increase the amount of his taxes, or the total of his past account at the store, or the rate of interest on his mortgage, or the amount of his note at the bank. So the lower we deflate the dollar and the higher the price of hogs rises, the more taxes and debts a load of hogs will pay.

Mr. CHRISTIANSON. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Minnesota.

Mr. CHRISTIANSON. It will not help the hog farmer pay his taxes when he is getting two thirds as much for his hogs as he was getting a year ago.

Mr. CANNON of Missouri. On the contrary, it has been helping him in a spectacular way every week for the past month. Last month the price of hogs was $3.35 per hundred or lower. Today the price is $4.75 per hundred—a phenomenal increase in that short time and the first material increase in the last 5 years.

Mr. CHRISTIANSON. The price of hogs has been reduced over $1 per hundredweight since a year ago. Is not this the situation—that it will raise the price of those commodities, the price of which is fixed internationally in foreign countries, and cannot affect the price of those commodities the price of which is determined in the domestic market?

Mr. CASTELLOW. Will higher prices be of aid to the farmer in paying his debts unless he can secure a profit on what he produces?

Mr. CANNON of Missouri. Higher prices is the only method by which he can hope to secure a profit. Prices are not high enough. They will not be high enough until hogs will buy as much as hogs bought in 1914. But they have been rising higher every week, and will continue to rise higher; and every dollar more they bring over what they brought last month is a dollar more to pay debts and taxes.

Mr. CASTELLOW. If he has no profit in the hogs, he will have nothing to pay on his taxes or debts, either.

Mr. CANNON of Missouri. A comparison of today's prices with the prices published the day before the dollar was devalued shows an unprecedented increase in the price of all farm products. What brought about that increase? The rise is due to the devaluation of the dollar. And if the advance has not yet been sufficient to return a profit on hogs and other farm commodities, we are nevertheless that much nearer to a profit than we were last month, and we are getting still nearer every day to prices which will return a profit.

And the higher prices rise, the easier it will be to control production. Why does the farmer overproduce? It is rarely through choice. It is almost invariably the result of stern necessity. Every farmer has certain fixed charges to meet. He must meet his interest and pay his taxes or lose his farm. So when the acreage and the crops and stock he has been accustomed to produce no longer pays his overhead, he adopts the only recourse open to him to secure the amount he must have to escape the sheriff. He plants a larger acreage and increases his herd. He has no alternative.

When prices are again high enough to meet taxes and interest, he will be all the readier to return to normal production. The deflation of the dollar is rapidly bringing prices back to the level where he can eliminate the excess acreage and the surplus stock.

Mr. BRUMM. Does the gentleman want to encourage the farmers to do that?

Mr. CANNON of Missouri. It is one of the few remedies available. We must either control production or we must adjust the tariff to provide foreign markets for the surplus, and the deflation of the dollar is contributing to both objectives.

Mr. BRUMM. Will the gentleman tell me whether or not up to this time the deflation of the dollar has helped the farmer pay his bills?

Mr. CANNON of Missouri. It is contributing to that end every day. There is no longer room for any difference of opinion on that point. At $3.35, the price of hogs last month, it required one hundred and fifty 200-pound hogs to pay a debt of $1,000. Today after devaluation has raised the price of hogs to $4.75, it only requires 105 such hogs to pay the same debt. Devaluation has saved the farmer these 45 hogs up to this time, and the effect of devaluation is only beginning to be felt.

Mr. BRUMM. How long will this last? Does the gentleman think this is going to continue?

Mr. CANNON of Missouri. If the gentleman will but restrain his soul in patience, his question will answer itself. The farmer has already saved 45 hogs on a $1,000 debt and is now on the way to saving that many more.

Mr. JOHNSON of Minnesota. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Minnesota.

Mr. JOHNSON of Minnesota. What is the gentleman's opinion about the processing tax? Has that helped the American farmer?

Mr. CANNON of Missouri. If the gentleman is referring to the tax on hogs, not in the slightest. If the tax had been properly allocated, it would have proved one of the most helpful factors in the recovery program. But the packers took it out of the farmers' pockets. The processors deliberately and openly defied the administration and refused to assess the tax. Thomas E. Wilson, representing the Institute of American Meat Packers, in testifying before the Committee on Agriculture, flatly announced that the packers were passing the tax back to the farmers. As a result, the price of hogs instead of advancing $1.50 a hundred the week it became effective declined $1.50 a hundred. The refusal of the Packing Trust to cooperate with the administration in this emergency is one of the most indefensible chapters in the long record of exploitation of the producer by the packers. At the rate of $1.50 a hundred they have pocketed millions that belonged to the farmers.

Mr. JOHNSON of Minnesota. I agree with the gentleman in that statement.

Mr. CANNON of Missouri. And at the same time they have raised the price to the consumer. Market statistics show that the packers have been robbing both the producer and the consumer.

Mr. JOHNSON of Minnesota. The Secretary is going to increase this to over $2.

Mr. CANNON of Missouri. The increase would be fully justified, but provision must be made to establish a minimum price to be paid the producer so that the tax cannot be passed along to the farmer. It must be made mandatory, and, as a last resort, all packing plants should be licensed if necessary.

Mr. BEAM. Will the gentleman yield?

Mr. CANNON of Missouri. I yield to the gentleman from Illinois.

Mr. BEAM. The gentleman made the statement that the packers took it out of the farmers' pockets.

Mr. CANNON of Missouri. Yes. There is no question about that. Instead of raising the price $1.50 to the farmer as the administration intended, they reduced it $1.50, a loss to the farmer of $3 per hundred. Then they raised the price to the consumer approximately another $3 and put it all in their pockets.

Mr. BEAM. The gentleman will recall that we had a debate in the Seventy-second Congress on this processing tax. Is not the price of hogs today much greater than it was at the time the processing tax went into force and effect?

Mr. CANNON of Missouri. Not by virtue of the processing tax, but in the course of the general increase in the prices of commodities resulting from the readjustment of monetary standards.

Mr. JOHNSON of Minnesota. May I inform the gentleman that Swift & Co.'s Year Book admits they could not pass the processing tax on to the consumer, but they had to charge it to the cost of manufacturing their meat into finished products.

Mr. CANNON of Missouri. That is true. And the same admission is made in a pamphlet recently put out by the American Institute of Meat Packers called "The Packers, the Producers, and the Agricultural Adjustment Act." They concede that the process tax has worked well with wheat, cotton, and tobacco, but belligerently decline to make it effective on hogs and, in effect, ask, "What are you going to do about it?" So far the Government has done nothing about it.

Mr. JOHNSON of Minnesota. Then it fell back on the farmer, and this at a time when Armour & Co. made $8,000,000, which was their net profit last year.

Mr. BEAM. Does the gentleman know how much Armour & Co. had invested to yield the $8,000,000?

Mr. JOHNSON of Minnesota. When I asked the man in my own office about this profit, he said they did not make it in this country, that they had made most of it in South America.

Mr. BEAM. Does the gentleman know how much was invested in America to yield them a profit of $8,000,000, which the gentleman has just stated?

Mr. JOHNSON of Minnesota. The farmers have invested by far much more than all the packers, and they did not make anything on this investment. As a matter of fact they have been sustaining tremendous losses.

Mr. CANNON of Missouri. Mr. Chairman, in the short time remaining may I refer briefly to steps yet to be taken in rehabilitation of agriculture and recovery from the depression. The two are inseparably associated. There can be no recovery until the restored buying power of the farm again provides an adequate market for the output of industry and labor, and the buying power of the farm cannot be restored until the farmer receives as equitable a wage for his toil and as substantial a return on his investment as labor and industry have been exacting of him since the close of the war.

With this in view, various measures are already being employed which are materially improving farm conditions. In addition to the national monetary policy, the strengthening of rural banks, the guaranty of bank deposits, the drive against unemployment, the extension of rural credits, the reduction of interest rates, the levying of processing taxes, the withdrawal of marginal lands from cultivation, and other administrative measures are all being invoked to contribute to the new deal, of which agriculture is the principal beneficiary.

But the really effective remedies are yet to be applied. The advance in farm prices is only fractional in comparison with the stupendous losses incurred in the long slide from 1920 to 1929, while all other prices were rising. The longest and most difficult stretch of the road back to parity is yet to be traveled.

In this connection let me take advantage of the opportunity to protest against the half-truth statements pouring from the publicity bureaus of the Department of Agriculture. These releases invariably call attention to all minor increases in farm prices and emphasize them to an extent and in a manner which leads the consuming public to believe that the recovery program is nearing completion and the farmer's problems have been solved.

For example, here is a release from the Office of Information, Department of Agriculture, under date of February 17, 1934, entitled "Gross Farm Income Increases Twelve Hundred Million Dollars in 1933." It is followed by another bulletin announcing "Cash Income of Farmers Four Hundred and Eighty-four Millions in January." And here is one from the Farm Credit Administration to the effect that "Livestock Co-ops Report Sales Gain for 1933."

All these press releases are widely distributed and are reprinted in practically every metropolitan paper in the United States. They mention vast sums expressed in millions and billions of dollars, studiously avoiding any comparison of these relatively minor increases with the stupendous losses the farmers have sustained, and the disparity of the prices reported in the releases with industrial pre-war prices and wage scales. The daily papers avidly copy them in prominently featured articles, one of which I have here under the caption: "Increase in Farm Income Reported." (By the Associated Press.) "Bureau of Agricultural Economics Lists $1,240,000,000 Boost During 1933."

Editorial sections carry leading editorials under such headings as "Mounting Farm Prices." "Prices Received by Farmers Have Been Climbing Since Last December." And so forth.

Or Arthur Brisbane writes, in a column published in every city in the United States:

American farmers in 1933 received in cash $3,271,000,000, an increase of $1,158,000,000 over 1932. Much oratory and socialism would be needed to wipe out that fact.

It is just such statements—featuring a sop of one and a fifth billion increase when ten billions were due—as may be expected to drive farmers, the most conservative class in America, into socialism or worse.

The most objectionable feature of such deceptive ballyhoo is that it greatly retards farm parity through alienation of the sympathy and cooperation of the general public. Consumers reading these impressive figures naturally jump to the conclusion that the farmer is making a vast profit and is profiteering at their expense. The fallacy of such conclusions is apparent from an analysis of a statement just released by the Department of Agriculture to the effect that—

There was a sharp rise in the price of both live steers and dressed meat in February. The farm price of cattle went up from $3.33 to $3.67 a hundred pounds, from January 15 to February 15—a rise of around 10 percent. Some further rise in consumer prices is likely during the next few weeks.

Now, any consumer reading that release, coming directly from the Department of Agriculture, would, of course, get the impression that the farmer was making a very satisfactory profit—and making it at the consumer's expense. As a matter of fact, every farmer who sold cattle at $3.67 a hundred lost heavily on the transaction, but the release makes no mention of that fact. Nor does the release mention the further fact that this class of prime steers had dropped from a peak price of $18.75 at the close of the war while industrial prices and union wage scales were higher the day the cattle sold at $3.67 than they were the day they sold at $18.75; and if farm prices had kept pace with them, the steers would have brought $22.50 a hundred instead of $3.67 a hundred. The petty increase of 34 cents, so industriously broadcast to consumers by the Department of Agriculture and the city press, was not a drop in the bucket in comparison with the $22.50 the farmer would have received at parity prices for the labor and capital he had invested in the steers, but no mention of this ever reaches the consumer.

Again, the various publicity agencies maintained by the Department of Agriculture have tirelessly advertised the fact that the gross farm income increased one and a quarter billion dollars during 1933. But they carefully refrain from mentioning that the previous loss in the gross farm income was in excess of $12,000,000,000 and that the farmer still has ten and three quarter billions to make up before he gets back to where the prices he receives will match the prices he pays.

In 1928 the National Industrial Conference Board estimated that if our farmers received a return on their farm investments equal to the average interest rate on Government bonds—the lowest rate of income paid on securities—and if they received the wages of unskilled labor—the lowest wage paid anybody—their gross income that year would have been approximately $17,000,000,000. The farmer only received $5,000,000,000 that year, instead of the seventeen billion which should have been paid him. He was shortchanged $12,000,000,000, and yet the Department of Agriculture publicists emblazon to the world that he has received an increase of one and a quarter billion last year, and the casual reader never realizes that it is paying him dimes where he should have had dollars.

Is it to be wondered that a union-labor man, when told at the market that eggs have advanced 2 cents per dozen, remarks bitterly that the profiteering farmer is getting a rake-off of billions of dollars? He is but reflecting the impression left by these publicity bureaus in the departments. And when he wonders why business is poor and why the factory where he is employed is running on part time, the press releases offer no explanation.

In 1928 the farmer actually received a gross income of $12,000,000,000, and President Hoover considered the $12,000,000,000 so inadequate that he hastily convened Congress in extra session to increase it. If the President of the United States considered the situation of the farmer desperate in 1928 when he was receiving twelve billions gross income annually, what can be said of the condition of the farmer in 1932 when he was receiving a gross income of five billion, or in 1933 when he was receiving the six and a quarter billion dollars so enthusiastically reported by departments and the press, with no reference to the ten and three fourths billions yet to be made up before it reached the income which would be provided by the lowest rates on his investments and the lowest wage for his labor? In view of the amount of propaganda of this character carried in the daily papers, it is not surprising that the average consumer has an entirely erroneous impression as to farm conditions, or that he strenuously resists any effort to restore prices which will give the farmer the slightest semblance of an approach to his cost of production.

And is it any occasion for surprise that with the resulting bankruptcy of the farmer and his inability to buy even the necessities, the manufacturing plant in which the consumer works is unable to find a market for its output, and the consumer is either on part-time employment or on the streets.

The publicity bureaus of the departments charged with farm-relief activities are definitely delaying recovery by their short-sighted policy of emphasizing the comparatively infinitesimal progress the farmer is making from the bottom of the pit, instead of explaining to the public the disparity between the farm income and the national income, and stressing the importance of raising farm prices to the pre-war level in order to permit a return to the general prosperity enjoyed by the Nation when the farmer was receiving his share of the wealth he created and was able to buy the products of other industries.

President Roosevelt understands the situation perfectly. [Applause.] He has realized from the first that farm prices must be lifted. He has reiterated—in his preconvention interviews, in his campaign speeches, in his official messages, and in his radio addresses from the White House—that the objectives to be attained in beating back to national prosperity is a return to prices which will give the farmer the purchasing power he possessed before the deflation.

With this in view he has already taken steps to reduce production. The farmer has been producing too much. He is raising more food than can be eaten and more raw materials than can be manufactured. It may well be contended that too much food cannot be produced as long as hunger exists anywhere in the Nation; but as far as the farmer is concerned, he has produced a surplus when he has such a large supply in reserve that there is no longer a market through which he can profitably distribute to any who may be hungry, and no method by which he can fairly exchange the fruits of his labor for needed goods produced by his consumers. And this is just the situation in which the farmer finds himself today.

Mr. JOHNSON of Minnesota. Will the gentleman yield right there?

Mr. CANNON of Missouri. Certainly.

Mr. JOHNSON of Minnesota. Will we ever get out of this rut unless we see to it that while we are reducing our production of sugar, for instance, we do not let the Philippine Islands and Cuba come in here and replace us? Does not the gentleman, as well as his party, know that if we give the Philippine Islands their independence, so we will not need to compete with them, we will receive a little more for our butter and eggs? And on top of this I want to suggest to the distinguished gentleman, one of the leaders of the Democratic Party, that we should have cost of production, and, in addition to that, we should have the Frazier bill, instead of paying the high rates of interest that the farmers are paying night and day.

Mr. CANNON of Missouri. Unquestionably. While the return received by the farmer on the money he has invested in his land has steadily declined for the last 5 years, there

has been no reduction in the amount of interest he has been required to pay on borrowed capital, and the holder of the mortgage on his farm is still exacting the same rate of interest paid during the war. When farm prices come down, the rate of interest paid by the farmer ought to come down with them.

Mr. LEMKE. Will the gentleman yield?

Mr. CANNON of Missouri. If the gentleman will excuse me; the chairman in charge of the bill has extended my time so often that I cannot ask for a further extension.

To return to the question of controlling production, all authorities agree that we can never raise the price of farm products permanently so long as we are producing more than the market will absorb. And our surplus grows every year. We have not only been planting more acres and harvesting heavier yields, we are not only maintaining larger herds and producing livestock in greater abundance, but the foreign markets to which we formerly shipped these products, and which consumed our surplus, have practically disappeared. The explanation is simple. Before the war we owed Europe vast sums of money which we had borrowed to finance our commercial enterprises. We paid her millions of dollars every year in interest, and we paid them largely in the form of agricultural products. During the war the situation changed. Out of our war profits we not only paid our debts in full, but we lent foreign countries billions of dollars. As a result we no longer owe them interest, and the farm products we once sent over every year to pay our interest now stay at home to glut our domestic markets and hammer down our prices.

To further complicate the situation we have raised the highest tariff wall in the history of international commerce and completely shut out goods which we need and which can be produced more efficiently in foreign climates or with the natural resources of other countries. Since we no longer owe these countries interest, they must send us either goods or gold in order to buy our farm products. And since our high tariffs keep out their goods, and they have no gold, our surplus grows with every harvest.

Last year we cultivated 40,000,000 acres more of crops than we could market. Last year we exported 13,000,000 less hogs than we shipped abroad in 1919. In 1932 we sold Europe less than one seventh of the amount of wheat we sold her in 1922. Our domestic consumers cannot eat their own ration of wheat and then eat Europe's share as well. And we can never hope to get back to fair prices as long as we are trying to sell people more than they can consume.

The alternatives are either to curtail production and produce just enough for our own needs, or to lower the tariff and let in foreign goods in exchange for our surplus farm products.

Control of production is already demonstrating its value. It is proving to be both practical and effective. Although the general-commodity price level has advanced only 18 percent through inflation on January 1, 1934, cotton and grain, both of which had been subjected to control under the Agricultural Adjustment Act, have risen 99 percent during the year while livestock and dairy and poultry products, to which the act did not extend, rose only 8 percent.[1]

An even more striking illustration is supplied by the peach industry of California. In 1932 California farmers marketed 13,000,000 cases and received $6.50 a ton at the cannery, a total income for the season of $900,000. In 1933, under production control authorized by the Agricultural Adjustment Act, the output was limited to 10,000,000 cases, and the farmer received $20 per ton, aggregating a total income for the season of $5,000,000.

And control of production need not involve waste of idle land. In fact, our farms should be benefited by reducing the acreage devoted to the production of concentrates. We should raise less grain and grow more grass and legumes. A shift from wheat and corn, for example, to pasture and forages will preserve fertility, prevent erosion, substitute work stock for motorized machinery, and involve lower labor costs and less deterioration of the land.

Mr. JOHNSON of Minnesota. Then we would raise too much butter and cattle, because we could not burn it up, and would have to feed it.

Mr. CANNON of Missouri. Not in the end. The total annual tonnage of meat and milk would be decreased if the acreage of corn, the heavy feed for the production of these commodities, were materially reduced. Also lands turned to pasturage would naturally be selected from the less productive acres. On the whole, it is evident that the pasture contribution of these more or less marginal lands would not compensate for the decrease in the production of concentrates. Dr. W. C. Etheredge, of the University of Missouri College of Agriculture, has written a very interesting and convincing brochure on this phase of the subject, in which he draws this conclusion.

Mr. JOHNSON of Minnesota. Why does not the gentleman answer my question about the importations from the Philippine Islands and Cuba, as well as from the South American countries?

Mr. CANNON of Missouri. The gentleman and I are in fullest accord on that point. We both voted to free the Philippines. The Philippines should be given their independence and allowed to establish separate international relations instead of being encouraged to ship us cheap tapioca and cassava starches to lower the price of our grains. They should not be permitted to send their coconut- and palm-oil substitutes over here to destroy the market for American lards and tallows, or to bring in their nut and vegetable oleomargarines to interfere with the sale of the meat and dairy products from our own farms.

Two billion pounds of these inferior vegetable fats were shipped into the United States from the Philippine Islands in 1933 alone. They not only supplied the consumer with inferior food products, lacking in nourishment and vitamines, but they crowded out of our domestic markets over 2,000,000,000 pounds of American farm products which would have supplied farm purchasing power to keep manufacturing industries running in every major city of the Nation.

Our labor unions refuse to permit the importation of industrial products which bring American labor into competition with the pauper labor of Europe, and the American farmer should have the same protection against the products of the little brown men of Asia who wear nothing but a gee string and live on a handful of rice a day. The gentleman and I are in the heartiest agreement on that question.

But I trust he also agrees with me that there are tariffs which ought to be lowered. Many of our prohibitive tariffs against foreign manufacturers who do not seriously conflict with American industries ought to be readjusted with a view to permitting the importation of noncompetitive foreign goods in exchange for American farm products. We should import in order to export. The reduction of some of these excessive tariffs would benefit the American consumer by providing better goods at lower prices and, at the same time, would reopen foreign markets to our surplus farm products by permitting their exchange and by restoring foreign buying power to pay for them.

Foreign nations lost this buying power and our farmers lost the foreign markets when the war changed the United States from a debtor to a creditor nation. Instead of adjusting our tariffs to meet this change, our industrially minded statesmen adopted just the opposite course and added to the difficulty of the situation and the distress of our farmers by raising tariffs indiscriminately. They said, in effect, to the nations of the world, "We will sell, but we will not buy." Naturally, foreign countries promptly retaliated by imposing even higher tariffs against our products, and the American farmer was the principal victim. Within a short time every foreign market was closed against him, and huge quantities of the farm products he had been accustomed to sell abroad were thrown back on the domestic

[1] Wallace's Farmer.

consumer to break prices and demoralize our entire marketing system.

Italy, which had always taken large quantities of our surplus wheat, imposed a tariff on American wheat of $1.05 a bushel. Germany, which in 1923 bought $84,484,432 worth of American farm products, took only $12,492,224 worth in 1932. France and the Balkans closed their doors to American goods and proceeded to produce their own wheat and hogs, and other foreign nations followed suit. Prohibitive tariffs closed their ports and crowded our grain elevators and packing houses and warerooms with goods nobody would buy.

Simultaneously the tariff set aside the economic law of supply and demand and began to build up monopolies which increased the cost of everything the farmer consumed while it decreased the cost of everything he produced. This is the dilemma in which we find ourselves today. Obviously, we must reduce our production to actual demands, or we must lower the tariff. Effective control of production, which involves continuance and extension of the processing taxes, possibly even to the point of licensing every farmer and perhaps every field, will increase the farmer's income. Revision of the tariff will, in addition, reduce the farmer's cost of production. The most practical course would be to invoke both plans and, while withdrawing approximately 50,000,000 acres from cultivation through the extension of crop control, at the same time scale down the tariff sufficiently to admit approximately a billion dollars worth of foreign goods annually in exchange for surplus products of the American farm.

Mr. PIERCE. Will the gentleman yield?

Mr. CANNON of Missouri. With pleasure.

Mr. PIERCE. On what would the gentleman lower the tariff in the interest of the farmer? I am a farmer, and that is my business.

Mr. CANNON of Missouri. That would have to be determined. It should be a selective tariff. Some of the schedules doubtless would not be touched. Others would be reduced to a revenue basis. And still others could be modified, as circumstances required, to secure an adjustment between the two extremes which would best serve the interests of the industry and the consumers affected. It would involve careful planning and the establishment of elastic schedules permitting the fullest and freest intercourse with all nations consonant with the development of a foreign and domestic buying power which would absorb a maximum of American goods with the least disadvantage to American industry.

President Roosevelt answers the gentleman's question explicitly when he says in his recent book Looking Forward:

> We shall try to discover with each country in turn the things which can be exchanged with mutual benefit, and shall seek to further this exchange to the best of our ability. This economic interchange of goods is the most important item of our foreign policy.

In the President's opinion, foreign trade and the marketing of our surplus products are matters for negotiation and reciprocal agreement. We must buy abroad if we expect to sell abroad. We must lower our tariffs and accept their goods if we expect them to lower their tariffs and accept our goods. We must restore the buying power of our international customers if we expect to restore the buying power of the American farmer. In brief, we must adopt a more tolerant tariff policy under which we will buy where we expect to sell. And such a policy will in the end benefit our manufacturers and our wage earners as well as our farmers and those dependent on the farmer's patronage.

Of course, any proposal for a readjustment of the tariff, however logical, may be expected to meet with objections. Although the present tariff has proved incredibly disastrous to producer and consumer alike, it will have its supporters and apologists. But even where the immediate interests of labor or industry seem to warrant maintenance of the present tariff, an open-minded investigation of the subject, however superficial, should demonstrate that from the most provincial point of view, their individual interests, as well as the public welfare, will in the end be promoted by a tariff policy providing an outlet for surplus farm products.

The farmer is the ultimate consumer. He is the largest patron of the basic industries and the sole customer of many national business enterprises. National prosperity accelerates in proportion to the measure of his patronage, and business stagnates with every reduction of his income. President Roosevelt accurately estimates the volume of farm consumption when he says:

> There are in this country 32,000,000 people on the farm who earn their living through agriculture; and there are 20,000,000 more in the smaller towns who depend for their income on farm patronage.

These 52,000,000 people constitute a potential market for 50 percent of the industrial output of the Nation. Without their patronage every major business in the United States would close before the end of the year. It was the reduction of their purchasing power that brought business to the verge of bankruptcy, and President Roosevelt correctly diagnosed the situation when he wrote:

> The country cannot hope to return to good times until the buying power of the farm is adequately restored.

Elaborating on this statement, he later added:

> We need to give 50,000,000 people who live directly or indirectly on agriculture a price for their products in excess of the cost of production. That will give the buying power to start your mills and mines to work to supply their needs. They cannot buy your goods because they cannot get a fair price for their products.

And he might have added:

> And until they can buy your goods at the relative price at which they bought them before and during the war.

Strangely enough neither labor nor industry seems to realize this. Instead of coming to the relief of agriculture and cooperating in a program for its rehabilitation, they have devoted their attention to artificially bolstering up their own rates of income. They insist on treating the symptoms instead of the malady. Industry's idea of a recipe for recovery is to adopt codes, fix prices, centralize bank control, counteract inflation, and return to "sound money." While fixing its own prices and endeavoring to perpetuate advantages gained through deflation it is scandalized at the suggestion that the farmer be permitted to fix prices or perpetuate advantages gained through inflation. Organized labor's plan is to demand more pay for less work, and while asking a 30-hour week on 48 hours' pay, is perfectly content for the farmer to work 14 hours a day for $213 a year. If the United States Chamber of Commerce and the American Federation of Labor would accept President Roosevelt's diagnosis of their present ills and cooperate to increase farm prices to the standard of industrial prices and farm wages to the scale of union wages at the ratio of 1914 or 1926, they would solve their own problems and serve their own interests more expeditiously and effectively than they can ever hope to serve them by their present short-sighted efforts to put out the conflagration with gasoline.

There is no vested right which endows members of these two organizations with privileges above those due the man who provides their food and the raw material with which they are clothed and sheltered.

Jefferson said at the close of a long and attentive life—just 8 days before his death:

> The masses of mankind have not been born with saddles on their back nor a favored few booted and spurred ready to ride them by the grace of God.

The farmers of the Nation are entitled to equal privilege and equal compensation and equal consideration with every other class in America. Through the 150 years of the Nation's history they have been its chief reliance in the maintenance of law and order. Their homes have been a bulwark against communism and anarchy and all the hydra-headed doctrines spawned in the teeming hotbeds of the crowded cities. Let us not destroy the Nation's last line of defense, lest when the tidal wave of revolution sweeps out across the

continent there be no freemen left upon the farms to meet it. [Applause.]

And let it be well remembered that the farmers' love of liberty is tempered with a keen sense of justice; and when rankling oppression has become unbearable they have not hesitated to maintain their rights. It was from the farms that the Minutemen rallied at Lexington in the opening battle of the Revolution, and every patriot who died on Boston Common, in the heart of the New England metropolis, was a farmer.

The day of political tyranny is gone, and the day of economic tyranny is passing rapidly. No government which attempts to perpetuate the exploitation of one class by another can hope to endure, and the American farmer, who has supplied the Nation with the elements of life and wealth more generously and more efficiently for the last 15 years than ever before in the history of any other country, and who is being so shamefully requited with destitution and the galling slavery of debt and deprivation, is now looking to this administration and to this Congress to fulfill the solemn pledge given by every political party in every Presidential and congressional campaign since the war—to restore agriculture to a plane of economic equality with labor and industry. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 20 minutes to the gentleman from New York [Mr. FISH].

Mr. FISH. Mr. Chairman, I feel somewhat like the walrus in Alice Through the Looking Glass, when he said, "The time has come to speak of many things, of shoes and ships and sealing wax, of cabbages and kings, and why the sea is boiling hot and whether pigs have wings."

Everything has been discussed today except whether pigs have wings, and that may be next in order.

I have risen to discuss several issues, but I doubt if I will have time to touch on more than one or two.

Representing a farming district in New York, one of the great dairy districts of the country, I was very much interested as I listened to the gentleman from Missouri [Mr. CANNON]. Those of us who do not come from Missouri cannot always understand statements made by gentlemen from that State. He made the statement that whenever the new deal or the administration put a dollar into the pockets of the farmer it took $2 out. The trouble with the farmers of my district is that they have not the $2 to take out. [Laughter.]

I have to take it for granted that the gentleman from Missouri is telling the truth when he says that whenever the new deal put a dollar into the farmer's pocket it immediately took two out. That is probably the trouble with agriculture, not only in the West but throughout the country. It is certainly true of the proposed blanket licensing system for the dairy industry which bases the price for fluid milk on the cost of butter on the Chicago market. If this A.A.A. proposal is put into effect, it will ruin the milk producers in the New York milk shed where the cost of production is greater than in the Middle West.

I have just been informed, and I know I ought not to mention this because it is against the rules of the House, and the gentleman from Texas [Mr. BLANTON] is looking right at me—I know how he likes to protect the Rules of the House—but one of the most obnoxious rules of the House, and certainly the most stupid rule, is the one that we should not refer to what happened in the other legislative body known as the "Senate of the United States."

Mr. BLANTON. We will suspend the rules. Go on. [Laughter.]

Mr. FISH. I know that we are not supposed to do that if we abide strictly by our archaic rules, but a Senator can refer to anything that happened in the House of Representatives with impunity, and frequently does. What is sauce for the goose should be sauce for the gander.

Someone has just informed me that the bonus bill was defeated over in the other body—I assume that you know what body I refer to—by a vote of 64 to 24.

Mr. BLANTON. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BLANTON. I do not know what body the gentleman is talking about, because I know he conforms to the rules of the House, but is that the same body that voted full restoration of salaries to the 800,000 employees of the Government?

Mr. FISH. It is the same body, I understand from reading the press, that did it, and which we will have a right to sanction and approve when it comes over here. The gentleman knows that I advocated that and will vote for it, in view of the passage of the gold devaluation bill which resulted in a 59-cent dollar for the American wage earners.

Mr. BLANTON. Is that the body that voted full restoration of pay to all employees drawing under $6,000 per annum?

Mr. FISH. I am not familiar with the details of legislation at the other end of the Capitol, but I can assure the gentleman I am going to vote to restore the 15 percent in full, if it comes from the other side. Unless the gentleman's party has doubled the number of Federal employees within the last year, I should be inclined to believe that the gentleman's estimate is very much exaggerated.

Mr. BLANTON. And the gentleman does not care what becomes of the Budget.

Mr. FISH. I am glad to know that there is at least one Democrat that knows that a Budget still exists. [Laughter.]

I rose, among other purposes, to make some observations about the bonus bill that is due to come before the House on March 12; and if it is voted on then, I presume it will be passed by this body. I say that as one who is going to vote against it, because I do not believe in the printing-press method of issuing $2,000,000,000, which has always proved ruinous in every nation where it has been tried. If we are going to spend $2,000,000,000, it ought to go first to the unemployed as long as there are unemployed in America and also to restore the compensation in full of all veterans with war-service connected disabilities. The veterans in this country are getting tired of being kidded and kicked around for political purposes and taken for political rides. That is exactly what this bonus bill does and that is exactly what it means, when we know that the President of the United States will veto it, and when we know that the other body—and I am not mentioning any names—will defeat it by a 2-to-1 vote. If any one thinks he is going to gain credit with the veterans back home by giving them a political ride on the bonus bill here in the House of Representatives just prior to election, I think he will have another guess when he gets back home.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. FISH. In just a moment.

Mr. COOPER of Ohio. Mr. Chairman, will the gentleman yield?

Mr. FISH. Just a moment. It is perfectly clear to the veterans, and they are average intelligent American citizens, that the vote in the other body means that the bonus cannot pass at this session and they know that the President will veto it anyhow. They know that it is nothing but a political gesture. Any vote on the bonus in this House amounts to nothing but trying to kid the veterans along for political purposes. However, I shall submit a proposition to the House, if you want to do something constructive, that is not a kidding proposal and will be welcomed by almost all veterans and will not require starting the printing presses.

Mr. BLANTON. Before the gentleman does that, will he yield?

Mr. FISH. No. I want first to present my proposition. If you on the Democratic side want to do something constructive, something worth while, something fair for the veterans, then bring in legislation reducing the rate of interest on the adjusted-service certificate from three and a half percent to 1¾ percent. That is in line with the statement of the President of the United States, who has recently given out a public statement that he is in favor of reducing the interest rates wherever possible. If the three and a half percent that the veterans are paying on the loans made on adjusted-service certificates continues for another 10 years, there will be practically nothing left of the adjusted-service

certificates by 1945, when they are payable. Therefore there is a great deal of justification on the part of the veterans when they claim that they either want the bonus paid now so that they will get something or they want the rate of interest reduced so that if it is not paid until 1945 there will still be something left for them to receive.

I do not say that it should be exactly 1¾ percent. I believe there are Members of the House who would like to see the entire interest rate wiped out. I shall present figures of how much it will cost as best I can get at it. Two million seven hundred ninety-two thousand and thirty-one veterans have borrowed the full amount allowed to be borrowed on their certificates. Five hundred twenty-eight thousand and sixty-five have not borrowed at all. In other words, 82 percent of the veterans approximately have borrowed 50 percent of the full amount of their certificates. If we reduce the rate of interest from 3½ percent to 1¾ percent—50 percent—it would cost the Government an annual appropriation of $37,000,000 for the next 10 years. If you should wipe out all the interest from now on, it would cost approximately $68,000,000 annually.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I shall yield first to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, the gentleman spoke of being frank with the veterans. On the day that I signed the motion to discharge the committee on the Patman bill, H.R. 1, the gentleman will find my statement in the RECORD to the effect that if the President of the United States should tell us that that bill would disrupt the economic structure of this Government and be against his financial plan and policy, and the President should request that it be not passed, I would vote against passing the bill just now. I made that statement from this floor at the time I signed the motion to discharge the committee, and when I signed it the President had not then made a statement against it, and I wanted to give them a chance to have their legislation come before this body, and after I signed it the President later sent his statement to Mr. RAINEY for publication.

Mr. FISH. Is the gentleman against the bonus bill now?

Mr. BLANTON. Since the President has said today that he is going to veto it, I am not going to vote to bring it up, because such action would be futile and of no avail, and I am with the President because I believe every Legion post in my district wants me to back the President in all his plans and policies to get this Government out of the bog.

Mr. FISH. I think the American Legion posts want us to do our own legislating and not legislate as we are told. I am opposed to the bonus bill not because the President is opposed to it but because I do not think it is justifiable with millions of unemployed, and the issuance of fiat money would lead to disaster.

Mr. BLANTON. If the President would let us, I would vote in favor of——

Mr. FISH. Yes; if the President would let you pass it, you would go ahead and pass it in spite of our oath of office to do our own legislating and to uphold the Constitution.

Mr. BLANTON. He is my Commander in Chief; and just like my distinguished friend obeyed his Commander in Chief when he was abroad, I would obey mine.

Mr. McGUGIN. Mr. Chairman, will the gentleman yield?

Mr. FISH. Yes.

Mr. McGUGIN. As I understood it, the gentleman says that the extra cost, if we remit all the interest, would be $68,000,000 a year?

Mr. FISH. Yes.

Mr. McGUGIN. Is that based on the certificates on which money has been already borrowed, or is that based on all the outstanding certificates whether the money has been borrowed on them or not?

Mr. FISH. I just got those figures a few moments ago from the Veterans' Bureau, and I was told it would be less if there was some amortization arranged for, so I took the maximum figure of what it would cost and these are the maximum rather than the minimum figures.

Mr. McGUGIN. The gentleman will concede that if we remitted all the interest, then immediately everyone who has not yet borrowed would borrow.

Mr. FISH. Of course, there are several alternatives. I think most Members of the House would vote to give the veterans the full present value of the policy. That would not be giving them very much, because it would not cost anything if you gave them the full present value. There are others who would vote for it if you put on a sales tax; there are others who would vote for it if you put on an inheritance tax, and so on. I am offering you a proposition to do something for the veterans instead of playing politics with them and instead of voting for bonus bills that you know will not pass, why not reduce the rate of interest, and there will be something left to the adjusted-service certificates 10 years from now. This is a war debt to the veterans. It is now apparent that the debtor nations intend very largely to default and repudiate their war debts. We should, at least, reduce the interest rates on the adjusted-service certificates in view of the devaluation of the dollar to 59 cents by act of Congress at the behest of the President of the United States.

Mr. TRUAX. Will the gentleman yield for a question?

Mr. FISH. I am very glad to yield.

Mr. TRUAX. How does the gentleman know that the bonus bill will not pass the House of Representatives?

Mr. FISH. I have just said that I thought it would pass the House of Representatives.

Mr. TRUAX. If I heard the gentleman correctly, he said that the veterans should not be kidded by Members sponsoring a bill that they knew could not be passed.

Mr. FISH. I meant could not be enacted into law. The gentleman has been here long enough to know that this House does not enact laws. I said it would pass this House by a handsome majority, some days ago. I still think so, even if the President is opposed, as he is.

Mr. TRUAX. Will the gentleman yield for one further question?

Mr. FISH. Very well.

Mr. TRUAX. The gentleman has, on numerous occasions on the floor of this House, stated his unalterable opposition to the abdication of power by Members of this House.

Mr. FISH. Right.

Mr. TRUAX. With which I am in accord. Now, does the gentleman believe that because there is the threat of a veto message, all Members who are honestly and sincerely for the payment of the soldiers' bonus should lie down and quit and make no further effort?

Mr. FISH. The gentleman has heard what the gentleman from Texas [Mr. BLANTON] said. I do not agree with that political or legislative viewpoint at all. Members of the House were sent here to legislate according to their own best judgment and not merely to be rubber stamps. I agree that if you are for the bonus bill, you should help bring it out and vote for it when it comes up.

Mr. TRUAX. That is what I am for.

Mr. FISH. I go further. I am absolutely opposed to any of the alleged efforts of any leaders on either side to try to sidetrack the discharge rule. One hundred and forty-five Members signed the petition. They did it with their eyes open. They signed that petition to bring the bonus bill onto the floor of the House by discharging the committee. They are entitled to their day in court, and it would be unfair and unjust and, I think, very unwise, if the Ways and Means Committee should report it out unfavorably in order to prevent a vote in the House.

Mr. BANKHEAD. Will the gentleman yield?

Mr. FISH. I yield.

Mr. BANKHEAD. I do not apprehend that the Committee on Ways and Means will undertake to resort to the subterfuge which the gentleman has suggested.

Mr. FISH. I do not either.

Mr. BANKHEAD. In the event they did make an adverse report to this proposition, of course then a discharge against the Rules Committee would be proposed. I agree with the

gentleman that inasmuch as this discharge rule is a rule of the House, although I have always opposed it, when 145 Members vote to discharge a committee, we should have a straight vote on it.

Mr. FISH. I am glad to hear one of the outstanding Democratic leaders say that. I was fearful that an attempt might be made to vitiate this rule. I do not agree with the gentleman. I am 100 percent for the discharge rule. I am for a workable rule to discharge committees. I think committees should be the creatures of the House and not masters of the House, the way they have been for the last 20 years. The signing of a petition to get a bill out of a committee is the only possible way a committee can be discharged.

We are the only legislative body in the world that has no means of discharging their own committees. If it comes to a fight in the House, I will go along with anyone to maintain this rule, although I happen to be against this particular bill, because I should like to see representative government restored in the House of Representatives. I do not want to hurt the feelings of anybody, but I have been here long enough to know that representative government does not exist in the House, and that we have abdicated our powers, as the press says. I say it as one who has the highest regard for the ability, capacity, patriotism, and intelligence of the Membership of this House, but we cannot deny the facts which we all know.

When the independent offices appropriation bill was before the House, we were not allowed to offer amendments on certain sections of the bill under a vicious gag rule. Our hands were tied on the 15-percent reduction in the salaries of Federal employees. What an absurdity! I pointed out at the time that such gag rules were futile, as the Senate would throw such stupid restrictions out of the window, and it did. The main function of the House of Representatives, as opposed to the Senate, is to raise revenue, yet you and I, as representatives of our districts, were not even permitted, under a monstrous gag rule, to offer an amendment to a revenue bill. Not only we cannot offer and discuss amendments but we are not even allowed to vote on the items in the bill.

Mr. SIROVICH. Will the gentleman yield for a question?

Mr. FISH. I yield.

Mr. SIROVICH. As I understand my friend, he is opposed to abrogating his rights as a legislator. Is that right?

Mr. FISH. Not only my own rights but the rights of every individual in the majority and the minority.

Mr. SIROVICH. Did my distinguished friend vote for the economy bill that abrogated those rights?

Mr. FISH. Oh, an entirely different issue was involved. I voted for the economy bill because I believed the President of the United States when he made certain statements about the veterans. I almost regret my vote today. I should like to see certain amendments made to the economy bill but have not got the time to go into that this afternoon.

The CHAIRMAN. The time of the gentleman from New York [Mr. FISH] has expired.

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 5 additional minutes.

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. FISH. I do not yield.

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order the gentleman from New York is reading a statement without having secured permission of the House.

Mr. FISH. Is that a new rule or a gag rule?

Mr. COCHRAN of Missouri. That is the rule of the House.

Mr. COOPER of Ohio. The gentleman has not read anything yet.

Mr. SNELL. The gentleman has not started to read the article. He never reads a speech anyway.

Mr. FISH. I am waiting for a ruling on the point of order.

The CHAIRMAN. The gentleman will proceed in order.

Mr. FISH. I am awaiting for the Chair to act on this gag rule.

Mr. COCHRAN of Missouri. I am willing to withdraw the point of order if the gentleman will tell us in advance what the statement is and who is the author? I think I know.

Mr. FISH. I insist on having a ruling on the point of order.

The CHAIRMAN. Does the gentleman from Missouri insist upon his point of order?

Mr. COCHRAN of Missouri. Mr. Chairman, I make the point of order that the gentleman is reading or started to read a statement without having first received permission of the House to do so, which is in violation of the rules of the House.

Mr. SNELL. The gentleman from New York was not reading any statement.

Mr. COCHRAN of Missouri. He is preparing to do so; in fact, started to read when I asked him a fair question.

The CHAIRMAN. The rule covering this point reads as follows:

> When reading any paper other than one upon which the House is called to give a final vote and the same is objected to by any Member, it shall be determined without debate by a vote of the House.

Mr. BRUMM. Mr. Chairman, I demand the regular order.

Mr. SNELL. Then, Mr. Chairman, let us have a vote of the House.

Mr. Chairman, I move that the gentleman from New York be allowed to read the statement.

The CHAIRMAN. The question is on the motion of the gentleman from New York.

Mr. BLANTON. Mr. Chairman, we should like to know what he proposes to read so we may know how to vote.

Mr. MILLARD. Mr. Chairman, I demand the regular order.

The CHAIRMAN. The motion is not debatable.

The question was put.

Mr. SNELL. Mr. Chairman, I withdraw the motion.

Mr. FISH. What is the vote? The vote has not been announced.

The CHAIRMAN. The gentleman from New York has withdrawn his motion.

Mr. FISH. What was the vote?

Mr. COCHRAN of Missouri. The ruling was on the motion of the gentleman from New York [Mr. SNELL]; he withdrew the motion.

The CHAIRMAN. It was not concluded because the gentleman from New York [Mr. SNELL] withdrew his motion.

Mr. FISH. What is the situation? May I, or may I not, read this statement?

The CHAIRMAN. The gentleman may not read it unless he has permission of the House.

Mr. PETTENGILL. Mr. Chairman, I ask unanimous consent that the gentleman be allowed to read the statement.

Mr. COCHRAN of Missouri. Mr. Chairman, reserving the right to object, will the gentleman tell us by whom the statement is written?

Mr. BANKHEAD. Mr. Chairman, I understood the gentleman from Missouri withdrew his objection.

Mr. COCHRAN of Missouri. I will withdraw my objection if the gentleman will tell me in advance what he is going to read. What is this particular statement? I ask the gentleman a fair question and he refuses to answer.

Mr. FISH. Oh, I am going to answer.

Mr. COCHRAN of Missouri. Who is the author of the statement?

The CHAIRMAN. Does the gentleman from New York yield to the gentleman from Missouri?

Mr. FISH. Yes; I yield to the gentleman from Missouri. I am going to answer him. It is a statement made by a very distinguished——

Mr. COCHRAN of Missouri. Who is it?

Mr. FISH. A very distinguished Missourian.

Mr. COCHRAN of Missouri. Who?

Mr. FISH. The son of a former Speaker of the House of Representatives.

Mr. COCHRAN of Missouri. I thought so. It appeared in the RECORD. He made it on the floor of the Senate.

Mr. FISH. I have not seen it in the RECORD.

Mr. COCHRAN of Missouri. As long as it is by a Missourian I withdraw my objection, Mr. Chairman. [Laughter.] I always enjoy my friend from New York.

The CHAIRMAN. The gentleman from New York will proceed in order.

Mr. FISH. Mr. Chairman, we were, I think, interrupted while discussing the rules of the House. I thought I might with propriety quote what the son of a distinguished Speaker of the House of Representatives had to say in the public press in regard to the rules under which we are working.

He made this statement:

> Why should we continually give in to a branch of Congress which has ceased to be a representative body and is operating under gag rules which would make Nick Longworth blush with shame, Tom Reed green with envy, and Uncle Joe Cannon astonished at his own moderation?

Mr. COCHRAN of Missouri. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. COCHRAN of Missouri. Did not the gentleman who made that statement assist during the period he was Parliamentarian of the House in drawing rules that would at this time be subject to criticism by the gentleman from New York and his party?

Mr. FISH. Oh, no; oh, no; and he knows, of course, what he is talking about. Representative Champ Clark, his father, was one of the men in this House 25 years ago who voted to do away with the autocratic rules that existed at that time known as the "Cannon rules"; and I am proud to say that my father was 1 of 20 or 25 Republicans who voted with the Democrats to do away with those arbitrary rules at that time in order to restore representative government in this House. Under the leadership of Champ Clark, representative government was restored to the House of Representatives, but year by year, under my party and much more so under the gentleman's party during the last few years, the individual rights of Members have been destroyed and individual Members themselves humiliated and not allowed to participate whether they be Democrats or Republicans in framing legislation upon the floor of this House. A very few men who have been here 20 years or more from safe districts control all legislation; and the younger Democrats who have come to the House pledged to liberalize the rules, who have made repeated speeches back home that they were going to liberalize the rules of the House of Representatives have permitted and even voted for the most vicious gag rules in the entire history of the House of Representatives. They meekly followed the reactionary leadership of the Democratic leaders in the House which denied them the right to vote on the 15-percent wage cuts or on items in the revenue or tax bill. They have destroyed representative government by insisting on gag rules; so that nobody except a few leaders could legislate for the entire Membership of the House of Representatives.

Mr. WARREN. Mr. Chairman, will the gentleman yield?

Mr. FISH. I yield.

Mr. WARREN. The gentleman's party was in the majority here for a long time. Can the gentleman point out to the committee a single rule that he voted against which was proposed by his party?

Mr. FISH. I voted against 90 percent of the gag rules since I have become a Member of this House.

Mr. WARREN. Will the gentleman name one that he voted against?

Mr. FISH. There may have been some I voted for; but I certainly voted against 90 percent of them during the last 14 years.

Mr. WARREN. Will the gentleman name those he voted against?

Mr. FISH. On this short notice I could not name the ones I voted against over a period of 14 years. But before the gentleman came to the House, I was fighting against gag rules and for a workable rule to discharge committees, and I shall continue no matter what party is in power to oppose gag rules and support some workable procedure that will permit the Members of the House to discharge committees, legislate on the merits of the proposals, and not be rubber stamps incapable of offering amendments and formulating legislation.

One of the first speeches I made on the floor of the House was for a workable rule to discharge committees. I voted against my own party time and time again when they brought forth gag rules, and no one knows it better than my distinguished friend and colleague, the minority leader, the gentleman from New York [Mr. SNELL].

Mr. WARREN. Will the gentleman name a single rule of his party that he voted against?

Mr. FISH. If the gentleman is interested in them, he may look them up himself.

[Here the gavel fell.]

Mr. FISH. I rose to speak on various subjects, and I have gotten no further than the rules and the bonus. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Wisconsin [Mr. BOILEAU].

Mr. BOILEAU. Mr. Chairman, it is not my intention to enter into any controversy with the gentleman from Texas [Mr. EAGLE], who addressed the House yesterday afternoon on the dairy question. Neither is it my purpose to enter into a controversy with that group of Members of this House who met in the caucus room of the New House Office Building last Wednesday evening and adopted a resolution dealing with the dairy industry and protesting against the methods used by the Agricultural Adjustment Administration in relieving the dairy industry. I do, however, want to take this opportunity of presenting a different side to the question. I want to take this opportunity to present the problem confronting the so-called "surplus-milk farmers" at the present time. I want to call the attention of those of you who are not familiar with the terms used in the dairy industry to the fact that only about one third of the milk used in the United States is consumed as fluid milk. Only about one third of the milk produced in this country is consumed as fluid milk and distributed in this form among the consumers of the country. About two thirds of the milk produced in this country is milk used for manufacturing purposes of one sort or another. For some unknown reason we call this surplus milk. Two thirds of all the milk production is classified as surplus milk, and one third of the milk production is classified as fluid milk; and I want to use these terms in my remarks this afternoon so that you will understand what I mean by them, and I believe they are the terms quite generally accepted in the industry.

Last Wednesday evening a group of Members met, as I said before, and passed a resolution. The gentleman from Texas said that there were present 124 Members of this House at the meeting. Again I do not want to take issue with him. I believe that was an unintentional exaggeration, or perhaps a number of people in the room were counted who were not Members of the House. The fact remains that when a vote was taken on the previous question on the resolution there were 38 in the affirmative and 13 in the negative, or a total of 51 votes of Members of the House. I do not believe there were very many more Members present than that number.

Mr. RAMSPECK. Will the gentleman yield?

Mr. BOILEAU. I yield to the gentleman from Georgia.

Mr. RAMSPECK. I have a list of 95 Members in my office who were present at that meeting.

Mr. BOILEAU. I think that is more in accord with the fact. There may have been more than 51. I believe the gentleman will recall that there were but 51 who voted on the previous question that night. I do not deny the gentleman's statement.

One part of the resolution adopted reads as follows:

> *Resolved further*, That we use every means within our power to secure a change in policy on the part of the A.A.A., so as to prevent reduction in present prices and to insure producers in each area a fair price for fluid milk as near the parity price as feasible, thus complying with section 2 of the Agricultural Adjustment Act.

It goes on as follows:

Such policy to discourage overproduction through a low price for surplus milk not used for fluid consumption, thus preventing surplus milk from depressing the price of butter, cheese, and other dairy products.

I submit to you that in the general acceptance of the term "surplus milk" this resolution advocates that the dairy industry be stabilized and that relief be given to the dairy industry through a system that will encourage a lower price for surplus milk, notwithstanding the fact that two thirds of all the milk produced in the country is surplus milk. I also want to call attention to the fact that in some States of the Union, and I refer to my own State particularly, 70 percent of all the milk produced is classified as surplus milk, because this percentage of the milk production is used for manufacturing purposes, such as the manufacture of butter, cheese, condensed milk, and various other forms of manufactured products. I submit it is impossible to bring about relief to the dairy industry if we are to carry on a policy of reducing still further the depressed price paid for milk that is classified as surplus milk.

May I take a moment's time to give you the picture which I believe was responsible for this meeting and for an apparent activity on the part of a certain group in the House, and again I do not take issue with any individual Member. I believe some Members of the group who participated in this meeting did not fully appreciate the situation, and I do not mean that as any reflection against them. I believe they have not made a sufficient study of the requirements of the dairy industry as a whole. Perhaps some of them might have been misinformed. I want to do what I can in my own humble way to give them the information which I believe they should have before deciding on this important question.

First of all, an attack was made against the Agricultural Adjustment Administration, particularly those officials and employees who are working on the milk program. They are entitled to some criticism for delay in bringing forth a program. I think, however, that the only criticism that can justly be directed toward the Agricultural Adjustment Administration with reference to the milk question is that they waited so long before they did bring out a program and waited so long before they gave out any encouragement to people engaged in dairy farming. May I say that in my humble opinion they have men working in that Department who are as familiar with the dairy situation in this country as any men that could possibly be secured to assist them in perfecting a program.

May I say now, coming from a district which I believe produces more milk than any other district in the United States, that I have the utmost confidence in men such as Professor Froker. I have complete confidence in Mr. Christgau and in Mr. Davis, and in all the men who are working on this program, because I believe that they have found the solution to the entire dairy problem.

It is unfortunate that some Members of this House believe the program that they have just commenced is based on a false premise. Bear in mind that the program has not as yet been put into effect in its entirety, but they are headed in the right direction and should not now be subjected to adverse criticism.

These men in the Department have concluded that you cannot stabilize the dairy industry unless you stabilize the price of butter fats. It makes no difference for what purpose the milk is ultimately used, the milk should be paid for on a butter fat-content basis; and until we stabilize the industry by accepting this principle, there can be no permanent relief for the dairy industry.

Again, I do not want to have anyone misunderstand my meaning. I want to make it as clear as I possibly can that I recognize that a higher price should be paid to those producers who sell milk to be consumed as fluid milk. I recognize that they should have a substantially higher price than the price that is paid to those farmers who sell their milk for manufacturing purposes.

Mr. RAMSPECK. Will the gentleman yield?

Mr. BOILEAU. I yield for a brief question.

Mr. RAMSPECK. Does not the gentleman think that milk which is produced for fluid-milk purposes, to be consumed as such, is a different economic product from milk which is produced solely for manufacturing purposes?

Mr. BOILEAU. I admit there should be a substantial difference in price. I deny, however, that there is something substantially peculiar to one that is not peculiar to the other as well. It all comes from cows, and the cows have to be fed, and it is all a part of the dairy industry, and one branch of the dairy industry is the natural competitor of the other.

I want to say, however, that the men who sell their milk as fluid milk for consumption in that form have a greater expense because of sanitary regulations; they have more expense because of certain inspections, and, perhaps, the expense of their farm operations is greater because of increased taxes, and so forth, owing to the fact that they are closer to a metropolitan area. I want to say to the gentleman from Georgia that I realize as well as does he or any other Member of the House, that these farmers who sell their milk as fluid milk should receive a higher price. I believe, however, that there should be a just relation between the two prices.

First of all, we should fix the price for the two thirds rather than the one third. If we are to have stability in the industry, we must first pay a reasonable price for butter fat that is used for manufacturing purposes, and then after that, add whatever amount is necessary to give a fair price to those producers who supply fluid milk to the large consuming areas; but we cannot hope to stabilize the dairy industry by carrying out a policy that is based upon the false theory that the way to help the dairy farmer is to decrease the price paid for surplus milk.

Mr. RAMSPECK. Will the gentleman permit me to interrupt him further?

Mr. BOILEAU. I do not want to be discourteous to the gentleman from Georgia, and I wonder if I may have a little more time?

Mr. SINCLAIR. Yes; I shall yield the gentleman some more time.

Mr. RAMSPECK. I do not want to interrupt the gentleman's speech, but the gentleman knows that it was explained at this meeting that the term "surplus milk" as used in the resolution referred to surplus milk in these milk sheds, and related to fluid milk used for consumption as such. Of course, we were not referring to the milk produced as a manufacturing product as surplus milk, but were referring to the milk produced for consumption as such.

Mr. BOILEAU. I think I get the force of the gentleman's argument, and I may say that in every milk shed in the country it is necessary that they have more milk in their milk shed than they actually use in consumption as fluid milk, because they do not want to ever have a shortage. In order to protect themselves against a possible shortage or any great or unusual demand that might exist at any time, they must always have plenty of extra milk to take care of all emergencies, and it is this extra milk that the gentleman from Georgia [Mr. RAMSPECK] wants to refer to as the surplus milk. I am willing to take the gentleman's definition, even though that is not the usual definition of the term "surplus milk." Even this is a direct threat against the so-called "surplus milk" industry or the producers who sell their milk for manufacturing purposes, because this surplus that does accumulate in the milk sheds must be sold on the competitive market. They use it for cream. If there is any surplus over that, they use it for ice cream. If there is any surplus over that, they use it for butter or for cheese or for some other purpose, and each and every pound of that surplus milk that goes into the production of other forms of dairy commodities comes in direct competition with those sections of the country that are primarily engaged in the production of milk for manufacturing purposes. It has an unwholesome and demoralizing effect on the cheese and butter market.

I know that the gentleman from Georgia is as sincere in this proposition as I am, and I regret that he and I have a difference of opinion as to the methods to be employed to help out the dairy farmer.

I am firmly convinced that we can best help out the entire industry by paying a fair price for the butter fat content of milk used for manufacturing purposes and then add whatever is reasonable and just to that price and give it to the fluid-milk man. I say this is essential for this reason. If we try to fix a fictitiously high price for fluid milk on the milk-shed area of any large city, all the milk in the outlying areas that is now used for manufacturing purposes is potentially in competition with the producers who now have that fluid-milk market.

If we put the price of fluid milk too high and put the price of butter fat in milk going into manufacturing processes too low and have too great a disparity, there will be competition from farmers in further outlying sections who will want an opportunity to get this high price and will bring their milk into the market in the form of fluid milk. In this way you will have a greater surplus; and the higher the price goes for fluid milk, the more surplus you will have; and if you force down the price of surplus milk, there will be more of this low-priced milk coming in competition with those engaged in the cheese and butter industry and the condensory industry.

This is not any new philosophy in this proposal of the Agricultural Adjustment Administration, as the gentleman from Texas yesterday seemed to infer. You will recall his statements with reference to the Department. He spoke of the men at the Department as being impractical and as being visionaries. Let me quote from Technical Bulletin No. 179, of the Department of Agriculture, which was published in May 1930. This was before these so-called "Communists" ever got down there.

This was published under the authorship of Hutzel Metzger, senior agricultural economist, Division of Cooperative Marketing, Bureau of Agricultural Economics. You will find it on page 49 of the bulletin. Here is what he said in 1930, and which I believe is the correct principle, the principle the Agricultural Adjustment Administration will try to follow out and which will stabilize the dairy industry:

> The greater the quantity of milk in any milk shed in excess of that needed for fluid purposes, the nearer fluid prices must be to those of milk used in manufactured dairy products. Because of this large supply that might be used for fluid consumption, every producer within the milk shed is a potential fluid-milk producer; therefore the difference in prices for fluid milk and for manufactured milk can be only a little more than the increased care in producing milk for the fluid market costs the producer. If the spread between these is wide, it is impossible to keep distributors from purchasing this excess milk at lower prices and underselling their competitors. Milk for cream in such an area must also be sold at practically the same price as for the manufactured products.

I submit that the Department of Agriculture at the present time recognizes that principle. I submit further tnat the application of this principle is responsible for the agitation at the present time against efforts of the Agricultural Administration to put milk agreements in force in various areas based upon a sound philosophy.

I want to say that the Department of Agriculture in no case—in no case, and I emphasize that—will try to enforce an agreement in any milk shed unless the producers of that area want that agreement, and certainly the producers will not want that agreement unless they are in favor of the agreement and feel that it will give them a better price than they themselves can secure without the aid of the Agricultural Adjustment Administration. In no case will an agreement be forced on the farmer, and only where there is a demand on the part of the farmer for such an agreement will the power of the A.A.A. be invoked to secure a better price for milk.

I want to say further that in no case will the A.A.A. give the farmer a lower price than the farmer had before the Administration took a hand in the situation.

I wish I had more time to go into this phase of the program, but I want to say that the total amount that the distributors have paid for milk to the farmers has been greater after these agreements were put into effect than the producers were paid before the agreements were put into effect and before the licenses were issued.

The consumer has been protected. I call attention to the fact that they have classified different types of milk. In the old days one farmer sold his milk to the distributor and another farmer on the other side of the road sold to the same distributor. One farmer was told, "We are bottling your milk, and therefore we will give you a higher price"—perhaps $1.75 a hundred. The other farmer was told, "We are going to treat your milk as surplus, and therefore we can give you only $1 a hundred for your milk."

There were many instances where the distributor was buying that milk, paying the farmer the surplus price and actually selling the milk as fluid milk and charging the consumer for class 1 milk, making an exorbitant profit for the distributor. Under the new plans the farmers in the area pool their milk. In other words, the distributor buys a certain quantity of milk, 75 percent of which, let us assume, goes into fluid-milk consumption and 25 percent is classified as surplus milk. Instead of picking out favorite farmers, they take them all as a whole—all the farmers in that area who supply milk to that particular distributor—and pay each individual producer a class 1 price for 75 percent of his milk and the surplus price for 25 percent of his milk. It is true that perhaps a few individual farmers might get a little bit less, but the distributor pays more, and the farmers generally receive more under this new policy than under the old policy. The tendency might be to slightly decrease the price paid for class 1 milk, but this is accompanied by an increase in the price paid for surplus milk sufficient to more than make up the difference, and the farmer is better off in the end.

Mr. KVALE. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. KVALE. In connection with the possible reduction in the price of milk to some producers, it occurs to me that in highly specialized areas, such as the one that was described yesterday where there is no competition in any nearby territory, they would have nothing to fear, even though the price is higher.

Mr. BOILEAU. They would have nothing to fear so long as the prices are reasonable and enforceable; but if they get the price too high, it means that the farmers from other sections would be induced, because of the corresponding low prices, to try to get part of that fluid-milk business.

Mr. RAMSPECK. Mr. Chairman, Will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. RAMSPECK. The gentleman from Wisconsin points out just exactly what we are contending, but they will not give us that price in the area which does not produce milk which competes with milk in the gentleman's district.

Mr. BOILEAU. They are giving you as high a price as they can maintain, but any time that your community or any other community does not want such an agreement they will not force one upon you. They never have and never will force a fluid-milk program on an area that does not want it.

There is something to be taken into consideration, so far as prices are concerned, over and above the fictitious price quoted on the market. In the Philadelphia area alone it is proposed, and the administration believes it will work out an agreement whereby the farmers will save 6 cents a hundred on every hundred pounds of milk delivered in that area, because these agreements enable the administration to cut down the station charge from 22 cents a hundred to 16 cents. In this and other milk sheds they will reduce the freight rates. At the present time the distributor in many cases charges the farmer freight rates for the milk he ships into the market at less than carload-lot rates. They charge him l.c.l. rates, whereas as a matter of fact the distributor accumulates the milk at the station, and he sends it into the city market in carload lots, and he makes the difference at the expense of the farmer. In many instances they have

made great savings to the farmer in that respect, in these new agreements and licenses. There are many other methods, and I wish I had time to refer to the other methods that the Department contemplates using, for the purpose of increasing the price to the farmer. This is only the beginning of this program. I do not claim that this is complete by any means. As a matter of fact, the program they have started has not as yet helped out the cheese and butter industry, but they are starting in the right direction, and gentlemen should be patient. They have the right idea; they now have men in the A.A.A. who are capable and are desirous of stabilizing the dairy industry—men who are trying their best to give relief to all classes of the dairy industry.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. SINCLAIR. Mr. Chairman, I yield the gentleman 1 minute more.

Mr. JOHNSON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. BOILEAU. Yes.

Mr. JOHNSON of Minnesota. Can the gentleman tell the members of this committee what profits the distributors of this milk are getting in these different large cities?

Mr. BOILEAU. In my opinion the profits are unreasonable, and unjust in many instances. They have made tremendous profits, some of these great distributors. Furthermore, you did not hear anything from them until recently, when Secretary Wallace came out with the statement that he was going after them, and then for the first time we hear these fellows coming around here with their propaganda against the Agricultural Adjustment Administration. Yesterday the gentleman from Texas [Mr. EAGLE] spoke of a company which started in his district 20 years ago with $100,000 of capital, and now had $3,000,000. I know nothing of its capital structure, but the brief statement of the gentleman would indicate that that company probably fared pretty well.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. SINCLAIR. Mr. Chairman, I yield 5 minutes to the gentleman from Connecticut [Mr. GOSS].

Mr. GOSS. Mr. Chairman, I wanted to pause for a moment this afternoon to pay tribute to one of the men close to all of us in the House, and to say that some years ago a man came here to Washington from Chillicothe, Ohio, and was employed as a messenger in the Speaker's office, under the regime of former Speaker Nicholas Longworth. When it became known that Mr. FESS was going to resign as Parliamentarian, Mr. Longworth appointed this man as Assistant Parliamentarian. Night after night, week after week, after the hard work he has had in the House for many years, he would pause and study in his room, until finally he was appointed Parliamentarian of the House by Speaker Longworth. When the House changed and the Democratic Party took charge, former Speaker Garner saw fit to appoint the same gentleman as Parliamentarian. Then Speaker RAINEY appointed Lew Deschler as Parliamentarian.

I thought the Members on both sides of the aisle might like to join with me in congratulating him for this hard work over these many years, as he has just passed the bar examination in the District of Columbia, as I understand, with very high honors. [Applause.]

I thought it was just fitting to pause for a moment to pay our tribute to Lew Deschler. [Applause.]

Mr. SANDLIN. Mr. Chairman, I yield 2 minutes to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. Mr. Chairman, of course I did not know that this very happy episode was to occur in the proceedings this afternoon, but inasmuch as I have been for quite a while the ranking majority member of the Committee on Rules, I wish to add my voice of praise of the excellent services that have been rendered, not only to the Speaker of the House by our present distinguished Parliamentarian, but also acknowledge a debt of gratitude that the Committee on Rules owes to him for his most helpful and most expert services and advice as adviser to that committee on the many intricate and involved problems of construction of the rules of the House with which we are confronted.

The ordinary Member of the House who has not come into intimate contact with the various duties which the Parliamentarian must perform does not really appreciate the profound study he must give to all these questions of legislation. It requires a man of very analytical mind, a man of very studious habits, and also a man of fine poise and judgment. I am happy to say that my observation of our present Parliamentarian shows that he possesses an admirable combination of all these qualities. I join my congratulations with those of the gentleman from Connecticut. [Applause.]

Mr. SINCLAIR. Mr. Chairman, I yield 10 minutes to the gentleman from Minnesota [Mr. SHOEMAKER].

Mr. SHOEMAKER. Mr. Chairman, I would like to call attention to a rather sad situation that has been brought about in connection with the State of Minnesota by statements that have emanated from the city of Washington in regard to our fair State.

The Attorney General of the United States, for whom I have respect, and some of his assistants, have said that Minneapolis and St. Paul are the no. 1 gang hangout of all the criminals of the United States of America. They have broadcast this statement over the entire United States, much to the disgrace of the State of Minnesota.

I want to say to Mr. Cummings and Mr. Keenan and the rest of them that if they know the State of Minnesota and the Twin Cities are the no. 1 hangout of these racketeers, why do they not go there and get these so-called "criminals"? Why do they come out with a brass band and go duck hunting? This is absolutely false. We have two of the cleanest cities there are in the United States, as far as gangsterism is concerned. I mean the average type gangster; but I want to say that we have two of the blackest cities in the United States, as far as the gangsterism of organized grafters and bankers is concerned. I speak of the Northwest Ban Corporation and the First Ban Corporation of that territory, that have robbed the people of that State blind.

They say further that the police force of Minneapolis and St. Paul will not cooperate with the Federal agents. I happen to know something about that situation, and I am going to read, with your kind permission, one paragraph from a letter I received from one of the policemen high on the police force, and a highly respected citizen of the city of Minneapolis:

> They also say Federal agents do not trust our police. The truth of the matter is that our police have been double-crossed so much by Federal agents that the police do not trust the Federal agents and will not work with them.

This condition exists because the Government insists on keeping such men as Mel Harney and Clark Carhart in the service.

> I do not know where Carhart gets his drag, but I do know that Harney gets his through Judge Sanborn, of the State of Minnesota, a Federal judge, and through Pierce Butler, of the Supreme Bench.

Now, if the Department of Justice wants to find some crooks and criminals, here are two they can put in the penitentiary immediately, and one of them accused of holding his job by pressure of a Supreme Court Justice, Pierce Butler.

I think that before the Department of Justice blackens the fair name of the State of Minnesota, they might clean up the District of Columbia, if you please, right here at the seat of government. On Saturday night a man who was brought here at their request and whose expenses they paid to come here from Jersey City, N.J., was kidnaped on the streets by a bunch of gangsters led by the Department of Justice of this district, and by no one else. Several weeks ago a clerk at the District jail came into town and went downtown to a certain gambling house and liquor dump, a speak-easy. There were only two things he could go there for. One was to drink liquor, and the other was to gamble.

He became so intoxicated there that everything he had fell out of his pockets. The man who ran the gambling joint picked up these envelopes and put them in his safe, not knowing where they came from.

Two weeks later, the police of the District of Columbia raided that speak-easy and when they came to the safe they found in it $700 in money that had been paid to the District jailer in fines by prisoners; and on the outside of the envelopes containing the money was marked "District Jail, So-and-So, $200 fine," and so forth, and so on. The police force turned the money over to the court where it belonged. Determined to protect the welfare board and the police department, Barnard, Wilson, and that crowd put out a story in the newspapers that this clerk of the District jail had been suspended. Yes; they suspended him for 2 days and then put him back on the job.

Let me tell you that within the last few weeks this new man, Peek, who has been appointed at Lorton, has been handling money for Mr. Pitts to have a good time on, to buy liquor and various other things; this same Mr. Pitts who robbed the people here of millions of dollars, who caused people to go crazy, and commit suicide. St. Elizabeths still houses the patients who lost their minds as a result of his machinations. Pitts, right out here at Lorton Jail! The Department of Justice has been looking for his money to pay back to some of these poor people who lost it to him, but all they could find was an old house somewhere down in Florida; yet here is Peek, a man supposed to be working in cooperation with the Federal Department of Justice, an official at this penitentiary, handling the money that this fellow needs to put on a show out there.

They tried Friday night to get me but were not successful. The man who came here Saturday night from New Jersey is lying now in the surgical ward of Gallinger Hospital. I am going over there to see him just as soon as the House adjourns.

A week ago I called up this fellow Wilson, the head of the Welfare Board, and gave him 5 days in which to resign. He resigned Saturday afternoon, and he knows why. I say to the Members of the House that if they will go with me I will clean out this whole contemptible gang. I hope we can get the support and cooperation of Attorney General Cummings on this proposition.

Mr. SIROVICH. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. SIROVICH. I know the gentleman has always tried to be fair in the accusations he has cast against various people who have been responsible for the conditions he has complained about. I admire his courage in battling single handed to do justice to those who have sinned against society. However, he has made some remarks against Joseph Keenan, assistant to the United States Attorney General, who, in my opinion and in the opinion of the press of the country, is one of the most distinguished and brilliant prosecutors in the office of the United States Attorney General. Mr. Keenan is an indefatigable and persevering worker, an indomitable, courageous, and fearless public servant who has done notable work in behalf of the people of our country. I am sure my distinguished friend from Minnesota does not desire to cast any aspersions upon Mr. Keenan's brilliant record and achivements.

Mr. SHOEMAKER. Have I mentioned Mr. Keenan's name?

Mr. SIROVICH. Yes; and, by inference, created and left the impression that Mr. Keenan has failed to do his duty. I hope the gentleman will withdraw that remark, because Mr. Keenan is doing his duty with great distinction to himself and to our country.

Mr. TRUAX. Mr. Chairman, will the gentleman yield?

Mr. SHOEMAKER. I yield.

Mr. TRUAX. On numerous occasions since the gentleman was sworn in at the last session of Congress I have been very much in accord with his utterances and policies. I do not know that the name of Mr. Keenan has been drawn into these charges; but if so, I, too, rise in his defense to attest his fine character and unimpeachable record for honesty and integrity as I have known him, as his close friends have known him, and as the public and the press of Ohio know him in the city of Cleveland, where for almost 10 years he was one of the leading attorneys. He left the city of Cleveland to accept this position in Washington.

I think there has been a misunderstanding on the part of the gentleman from Minnesota.

[Here the gavel fell.]

Mr. SINCLAIR. Mr. Chairman, I yield 5 additional minutes to the gentleman from Minnesota.

Mr. SHOEMAKER. I think the gentleman from New York [Mr. SIROVICH] made a mistake. I have not used Mr. Keenan's name in a derogatory manner, and the reporter now taking the proceedings does not have it in his notes.

Mr. SIROVICH. If the reporter will read the beginning of the gentleman's speech, he will find certain sentiments expressed by my friend from Minnesota that might be misconstrued and misinterpreted. That is why I want him to correct his statement.

Mr. SHOEMAKER. If I mentioned his name, I said nothing derogatory about him. I contend right now that Mr. Cummings, Mr. Stanley, Mr. Keenan, and that whole group have been misinformed so far as Minneapolis and St. Paul are concerned. If they will send up there a few men in whom the police force can put their faith, I assure them they will get full cooperation.

I hope when the time comes this House will back a resolution to investigate all of these Federal penitentiaries; that they will hear some of the people who have been sent from Lorton, Leavenworth, and other penitentiaries, to St. Elizabeths who were declared insane because they knew too much about the wardens. They are no more crazy than this Congress is.

Now, these are just a few of the things that are transpiring right here in the District of Columbia. Lying in the hospital now is a man from New Jersey who was asked to come here, whose transportation was sent him. Within an hour after he got here he was left for dead in Potomac Park. This happened just last Saturday night. Talk about gangsters, their hideout, and their activities; the condition is present right here in the District of Columbia, if you please.

You have it right here in the District, if you please, and plenty of it.

Mr. Chairman, I yield back the balance of my time.

Mr. SANDLIN. Mr. Chairman, I yield such time to the gentleman from Missouri [Mr. LOZIER] as he may desire.

Mr. LOZIER. During the closing days of the last Congress I served as a member of a veterans' committee, appointed by the House Democratic steering committee, to confer with the President and bring about an increase in pensions and veterans' allowances and to secure a liberalization of the entirely too drastic regulations promulgated by the Veterans' Administration under the provisions of the Economy Act. Largely as a result of the work of that committee a compromise was reached which materially liberalized the regulations relating to pensions and compensations, and added $100,000,000 to the payments received by veterans for the current year.

This compromise also restored to the pension rolls the widows and dependents of 36,000 deceased World War veterans without any reduction whatever in their pensions. While this compromise materially increased Spanish-American War pensions and put back on the pension rolls many thousand Spanish-American War veterans whose pensions had been withdrawn under the regulations prescribed by the Veterans' Administration, still the compromise did not give the Spanish-American War veterans their just proportion of the $100,000,000 increase as a result of said compromise, nor did the compromise give to World War veterans all the increases to which they were entitled.

That compromise embodied the best terms that could be obtained at that time, but I cannot escape the conviction that we are dealing too parsimoniously with our veterans and that present conditions justify a more liberal policy toward veterans of all wars.

Some time ago I introduced H.R. 7853 to restore and increase pensions and compensation allowances to veterans of the World War and their widows and orphans. This bill embodies the clarified provisions and four-point program of the American Legion.

It provides that where service connection for a disease, injury, or death had, prior to March 19, 1933, been established, either directly or presumptively, under the laws then in force, and which service connection was severed by the Economy Act or regulations promulgated thereunder, which service connection and rates for payment for direct or presumptive service-connected disabilities are by my bill restored and reestablished, with the following exceptions: (a) Where the veteran enlisted after the armistice; (b) where the Government can prove that the disability occurred before or after service; (c) where the Government can show that the service connection had been established by fraud or misrepresentation.

My bill will provide for needy widows and children of World War veterans at the rate of $15 a month for the widow, $5 a month for the first child, and $3 for each additional child, on same conditions and rates provided for the widows and dependents of Spanish War veterans under the Economy Act. In other words, this bill will place the needy widows and children of World War veterans on the same basis as the widows and dependents of Spanish War veterans.

My bill restores hospitalization privileges restricted to Veterans' Administration facilities where a veteran needs hospitalization and is not able to pay for it. Under the provisions of my bill the additional cost to the Government will not exceed $80,000,000 a year. The American Legion officials estimated that the additional cost will not exceed $65,000,000.

No person who has studied the subject can escape the conviction that the economy act and regulations promulgated thereunder made an unreasonable and entirely too drastic reduction in veterans' pensions and compensation, and the bill I have introduced proposes to correct this injustice and substantially restore the rates in force before the enactment of the economy bill.

The Government is spending billions of dollars to aid and rehabilitate numerous industrial, financial, business, and other groups, much of which expenditure is in reality a gift or thinly veiled dole. Under these conditions a sound public policy demands that as to service-connected disabilities there should be a restoration of the rates that prevailed prior to the passage of the Economy Act.

As long as the Government deals with prodigal liberality with practically every other group of our citizenry, we should not deal stingily or penuriously with our veterans whose service-connected disabilities have substantially reduced, and in many cases destroyed, their capacity to earn their livelihood.

I also introduced H.R. 7868, an act to increase the pensions of Spanish-American War veterans. Unquestionably the pensions now paid this group of veterans is grossly inadequate. Following the enactment of the economy bill, Spanish-American War pensions were subjected to a more drastic reduction than pensions of any other group of veterans.

My bill proposes to correct this injustice and practically restore the Spanish-American pension rates that prevailed before the passage of the Economy Act.

Public Law No. 2, Seventy-third Congress, commonly known as the "Economy Act", placed the veterans of all wars prior to the Spanish War in one classification. Spanish War veterans, including the campaigns incident thereto, the Philippine insurrection, and the China rebellion were classed with World War veterans. The purpose of my bill is to place Spanish War veterans under the same classification and policy (not rates) for veterans of the Civil War.

At the time Spanish War veterans entered the service and when they were discharged there was in existence a well-defined and interpreted veterans' policy in this country. At the time we entered the World War a new policy was adopted for veterans of that war. It included increased pay, family allowances, insurance, compensation, vocational training, hospitalization, legal presumptions, and adjusted compensation. None of these benefits was ever accorded Spanish War veterans. On the contrary, in 1920 the Congress enacted a law which is in phraseology and terms almost identical with the act granting pensions to Civil War veterans. This was reiterated in the acts passed in 1926 and 1930.

My bill reenacts into law the benefits received by Spanish War veterans prior to March 20, 1933, save and except no pensions are given to men with less than 90 days' service, except those that were discharged for disability incurred in line of duty and who are now or may hereafter have suffered from any mental and physical disability or disabilities of a permanent character which so incapacitates them for the performance of manual labor as to render them unable to earn a support.

It will be seen that my bill takes Spanish War veterans out from under the rating schedule adopted by the Veterans' Administration based upon the employability experiences of World War veterans. Spanish War veterans are of the average age of 60 years. They should not, therefore, be rated as the result of the employability of World War veterans, who are of the average age of 39 years. The rates are $20 to $60 per month, proportioned to the degree of inability to earn a support.

My bill also includes pensions to widows of veterans who served 90 days or more in the service during the Spanish War, the Philippine insurrection, or the China relief expedition from April 21, 1898, to July 4, 1902, provided they married the veterans prior to September 1, 1922, at the rate of $30 per month during their widowhood, together with a pension to minor children under the age of 16 years in the sum of $6 per month.

As stated above, my bill is a reenactment of the law granting pensions to Spanish War veterans, their widows, and dependents in existence prior to March 20, 1933, with the exception that it does not grant pensions to those with 70 days' service.

Mr. SANDLIN. Mr. Chairman, I move that the Committee do now rise.

The motion was agreed to.

Accordingly the Committee rose; and the Speaker having resumed the chair, Mr. GREGORY, Chairman of the Committee of the Whole House on the state of the Union, reported that that Committee, having had under consideration the bill (H.R. 8134) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1935, and for other purposes, had come to no resolution thereon.

H.R. 8287

Mr. BEITER. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on H.R. 8287.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. BEITER. Mr. Speaker, I have introduced a bill, H.R. 8287, which is designed primarily to assist merchants on the Canadian and Mexican borders who have been penalized for years because foreign markets are open to their customers, while their wares are refused duty-free admission in other countries. This bill limits the exemption from duty of certain articles imported by residents who have not been abroad 15 days or more.

Much data on this subject was presented at the time the present tariff law was in the making, including circulars from Canadian stores mailed to residents of the United States as far as 100 miles from the border, showing them the advantage of buying in Canada and carefully pointing out what they termed "the unexpected generosity of the American Government" in the exemption from customs duties. It has come to my attention that circular letters are being addressed to residents of Buffalo, N.Y., by Canadian merchants in which the prospect is invited to purchase in Canada. These merchants stress their proximity to Buffalo, the ease with which the stores can be reached,

and point out that "British imports cost less in Canada." I am informed that a mimeographed sheet has been addressed to all Canadian retail merchants in which the stores are informed of our tariff regulations and how to take advantage of them. Several Treasury Department instructions are cited, precedents and cases are given, and so forth, to show just what allowances are made for "returning travelers to the United States." The closing paragraph of the circular to Canadian merchants is worth quoting in full, especially in the light of the fact that the Canadian Government allows no exemption whatever to their own returning citizens. It says:

> The privilege [of the United States exemption] should be of very great value to every merchant in Canada selling goods of a character to appeal to visitors, and the American Government must certainly be credited with manifesting a degree of neighborliness that should be warmly appreciated.

The unfairness of the tariff regulations allowing visitors to other countries to bring back $100 worth of merchandise duty free, while the same countries demand duty on a can of corn or a pocket handkerchief has been agitated for years. Every day the road across the line presents the peculiar picture of returning Americans calmly declaring $100 worth of merchandise, while the returning Canadian is fearing the discovery of two packages of cigarettes in an inside pocket. Thousands of dollars' worth of clothing and other things come into the United States without paying duty, while our neighborly country refused to let 50 cents' worth enter. There is something wrong about such an inequality. Many merchants in my district are at the point of being driven out of business, due to these unfair tariff regulations, and I am convinced the same thing is true of merchants in our other border cities.

I believe the original intent of the exemption clause has been distorted. The exemption of $100 was allowed to travelers to make incidental purchases as a necessary part of their journey, and the bill which I have introduced will still allow bona fide tourists this exemption.

I call attention to an article which appeared several months ago in the Montreal Star, which reads as follows:

> Attracted by a Santa Claus that hands them 15 cents or more extra on every dollar they spend in Canada, many residents of cities and villages on the other side of the line are crossing into Canada as Christmas approaches to do their shopping in Montreal and other cities. To the merchants in the communities south of the boundary it's no Santa Claus and some of them have expressed concern at the loss in business.

This matter is worthy of consideration for it is doubtless playing havoc with all border merchants. Even bread is now being brought over and peddled. And the peddler will not take his pay in Canadian currency—it's the exchange which makes the business profitable.

As a result of complaints made by retail liquor dealers along the border the Treasury Department recently ruled that not more than one bottle of distilled liquor could be brought across the Canadian border free of duty. The exemption of $10 as provided in my bill would allow one or more bottles to be brought in duty-free by the returning traveler but would prevent the importation of a large supply by tourists.

The following figures are of interest as they show the value of merchandise admitted to the United States free of duty during the fiscal year July 1, 1928, to June 30, 1929, the latest available. The figures do not include oral declarations made on merchandise valued at $25 or less. Also, only 11 ports of entry are included. Such ports as New York City, Rochester, N.Y., Nogales, Ariz., Los Angeles, Calif., San Antonio, Tex., and many others are not listed because I do not have these figures:

Detroit, Mich	$482,502.00
Duluth, Minn	62,043.67
St. Albans, Vt	444,720.00
Seattle, Wash	377,000.00
Great Falls, Mont	22,195.00
Buffalo, N.Y	577,713.00
Portland, Maine	385,623.00
Pempina, N.Dak	135,000.00
El Paso, Tex	$10,811.00
Ogdensburg, N.Y	1,942,000.00
Cleveland, Ohio	20,500.00
Total (11 ports)	4,460,107.67

In addition to the above, it is estimated that oral declarations of articles valued at $25 or less amounted to $450,000 more at Buffalo, $250,000 more at Pempina, N.Dak., and $2,900,000 more at Ogdensburg, N.Y. In the year 1928 3,645,445 automobiles were registered as tourist cars from the United States into Canada. Of these, 2,698,727 entered and returned in 24 hours or less.

INVESTIGATION OF EXPENDITURE OF PUBLIC FUNDS FOR NATIONAL DEFENSE

Mr. SMITH of Virginia, from the Committee on Rules, submitted the following privileged report, which was referred to the House Calendar and ordered printed:

House Resolution 275

Whereas there are a number of bills pending before the Committee on Military Affairs of utmost importance to the problem of national defense in general, and to the operations of the War Department; and

Whereas allegations and charges of a serious nature have been made relative to profiteering in military aircraft and aircraft engines purchased by the War Department; the leasing of public property by the War Department to private concerns under terms and conditions alleged to be contrary to public interest; profiteering in the purchase of War Department property; the awarding of contracts without competitive bidding, and methods of purchase of military aircraft under which the aircraft purchased is inferior in performance to the military aircraft of other world powers, and to the requirements of national defense: Therefore be it

Resolved, That the Committee on Military Affairs, or any subcommittee appointed by the chairman, be, and is hereby, authorized and directed to inquire into and investigate the allegations and charges that have been or may be made relative to profiteering and irregularities involving the expenditure of public funds for national defense, and other matters in which the problem of national defense in whole or in part is involved; be it further

Resolved, That the said committee, or such subcommittee thereof, shall make a thorough and exhaustive investigation of all allegations and charges that have been or may be made in connection with any and all matters pertaining to legislation or proposed legislation coming within the jurisdiction of said committee, and shall make a full and complete report to the House of Representatives, together with such recommendations as it deems advisable; and be it further

Resolved, That for the purpose of this resolution, the said committee, or any such subcommittee thereof, is authorized to hold such hearings, to sit and act during the sessions and the recesses of the present Congress, at such time and places, either in the District of Columbia or elsewhere, and to employ such expert, clerical, and stenographic services as may be found necessary, and to require by subpena or otherwise the attendance of witnesses, to administer oaths, to compel the production of books, papers, and documents by Government or private agencies, and to take and record such testimony as the committee or subcommittee may deem advisable or necessary to the proper conduct of the investigation directed by this resolution.

With the following committee amendment:

On line 6, after the comma, following the word "defense" and before the word "and", insert the following: "The use and disposition of surplus property"; and on lines 21, 22, and 23, after the comma following the word "elsewhere", strike out the following: "and to employ such expert clerical and stenographic services as may be found necessary."

COMMITTEE ON PUBLIC LANDS

Mr. BANKHEAD. Mr. Speaker, at the request of the Chairman of the Committee on Public Lands, I ask unanimous consent that that committee may sit during the session of the House tomorrow.

The SPEAKER. Is there objection to the request of the gentleman from Alabama?

There was no objection.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. CROWTHER, at the request of Mr. MILLARD, for the balance of the week on account of illness.

IOWA, "THE LAND WHERE THE TALL CORN GROWS"—THE APPROPRIATION BILL FOR THE DEPARTMENT OF AGRICULTURE

Mr. WEARIN. Mr. Speaker, I ask unanimous consent to revise and extend my own remarks in the RECORD.

The SPEAKER. Is there objection to the request of the gentleman from Iowa?

There was no objection.

Mr. WEARIN. Mr. Speaker and Members of the House, any bill in the Congress of the United States that deals with agriculture naturally brings to mind the great State of Iowa with all its wealth of fertile soil and farm resources. It is only fitting and proper that those of us who represent her here should be greatly concerned with such legislation, especially after the trying times the farm population of that State and this Nation have just experienced.

As an incident to the recent passing of an appropriation bill for the Department of Agriculture it would seem to be the proper place at which to call the attention of the Congress and the Nation to the importance of Iowa's position in the scheme of American agriculture. Her leadership therein, resulting in the greatest amount of foodstuffs produced in the fields and feed lots of any similar area in the world, makes her an important factor in the consideration of any appropriation for the industry or program that incorporates rehabilitating it.

When we speak of the fertile plains in that Midwestern State we mean, literally, the large areas of drift and loess soils that stretch for uninterrupted miles, between two rivers and sister States on the north and south, with a lower percentage of waste land than any other Commonwealth in the Union. It is litle wonder she ranks first in the production of different types of agricultural products. She is first in corn, producing 14 per cent of the total; oats, producing 15 percent of the total; hogs, 18.6 percent; and horses, 7 percent. Iowa is first in the number and value of fat cattle, first in the number and value of poultry, first in the number and value of egg production, first in popcorn, timothy seed, total value of grain crops, value of farms, buildings, implements, and percentage of improved farm land that is actually productive.

Iowa's agricultural products constitute the most important source of raw material for the production of a manufactured articles within the State; recent years have witnessed a rapid growth in packing houses for the processing of meat products and creameries that manufacture approximately 250,000,000 pounds of butter annually.

A large number of processors have found Iowa is an ideal and profitable location for the manufacture of products from grain to be consumed both by men and animals. The State is in the center of a surplus-producing area, where such articles can be made and shipped to consumers in other sections of the country, thereby gaining in distribution costs over other manufacturers located in more remote sections of the country. Even waste farm materials, such as corn stalks and oat hulls, have been utilized in recent years in the production of a basic product known as "cellulose", from which has been developed rayon, lacquers, wallboard, paper, and many other articles of commerce. Cedar Rapids boasts the largest cereal mill in the world, and it is something to talk about. That city and also Clinton and Keokuk are the homes of large plants for the conversion of corn into sirup, sugar, oil, starch, and dextrine.

But we still have room for a continued growth of industry along agricultural lines as I believe there is room for growth in other American fields where we sometimes think we have reached the point of saturation. Approximately three fourths of the livestock produced is shipped out of the State to be slaughtered and processed. A considerable portion of our surplus corn, oats, and other grains are likewise exported and processed elsewhere before reaching the consumer, who is frequently an Iowan. Cheese factories, canning and pickling establishments, flour mills, breakfast-food factories, sugar refineries, and soybean mills have come into being and achieved a marked degree of success, but have scarcely more than made a substantial beginning at handling the production of the Hawkeye State.

In discussing farming in the various localities of Iowa it is well to remember that, according to marketing statistics, livestock is the hub of the industry. Our farm program is centered upon this particular phase of the business. When we know that nearly 80 percent of the gross income of Iowa agriculture must be credited to livestock and livestock products, we have a much clearer conception of the principal factor in our farm problem out in that State where the tall corn grows. In other words, the farmer in my part of the country sends most of his produce to market on the hoof. Of course, I do not intend to minimize the production of feed crops because without them the livestock industry would not have developed and could not be maintained. Of the total number of livestock on farms in the United States on January 1, 1931, Iowa farmers could claim more than 9 percent, according to inventorial estimates of the Bureau of Agricultural Economics, United States Department of Agriculture.

Swine production constitutes the most important livestock enterprise in Iowa, the number on farms being 18.6 of the total in the United States. At least 40 percent of the agricultural income is derived from the hog industry. Surveys by the Federal Department of Agriculture, in cooperation with rural mail carriers, have indicated an average of about 90 hogs per farm in June and about 75 in November. Considering the average annual commercial movement of about 12,000,000 hogs from our farms to public markets and slaughtering establishments, and the average annual inventory of about 10,000,000 head, plus the regular winter killings for farm use and the customary death losses, the accountable annual hog population is represented by about twenty to twenty-five million head. Nearly 86 percent of the farms in the State are classified as hog-producing farms, according to the United States Bureau of the Census.

Beef cattle are produced on approximately 70 percent of the farms in Iowa and rank next to hogs as a source of agricultural income, with about 15 percent from cattle as compared to 40 percent from hogs. It is interesting to pause at this point and note that the cattle now in America came largely from two parent sources. One was the Mexican herd of early and dramatic origin; the other was assembled through periodical importation from Europe.

I cannot refrain from commenting briefly with reference to the more romantic branch of our breeds. Hernando Cortes, Spanish conquistador, landed on the shores of Mexico near Vera Cruz on March 4, 1519, with 16 military chargers and a few Andalusian cattle. After a brief dash of war Cortes's men settled down to agrarian pursuits and set up the business of raising livestock, founding the tribe of Texas "longhorns" that played a prominent part in the early cattle history of Iowa, Kansas, and Nebraska. Of more commercial importance, however, is our Atlantic source of supply, which includes the Herefords from England, the Angus from Scotland, and the Guernsey and Jersey breeds of dairy animals from the Channel Islands, all of which have become prevalent in Iowa and the Nation.

The importance of cattle to our State rests chiefly upon their ability to convert the coarse forage of the farm lands, such as stalks and grass, into a desirable and marketable crop. In spite of opinions to the contrary, however, the commercial cattle-feeding enterprise is not the most important aspect of the vast industry in the State. The general cattle-producing program is the larger phase as only about one third of the finished cattle marketed from Iowa farms are actually imported from western ranges or public markets.

The number of cattle on our farms has remained at practically the same figure since 1885. Production has fluctuated somewhat, as in the case of dairy cattle, but has kept within a range of 3,000,000 head as the maximum number on farms. A survey of past records indicates that during 1907, 1908, and 1909 the number on farms was greater than in any year previous or since. At that time Iowa had 9 percent of all the cattle in the United States, while her average is about 7 percent.

It should be remembered that the beef producers of our State furnish a greater proportion of grain-fed steers marketed through the public livestock markets of the Corn Belt than the producers of any other State in the Union. An

average of 48.5 percent of the beef-cattle receipts at the great central market of Chicago has been furnished by Iowa cattle feeders.

It does not always occur to those interested in agricultural problems that Iowa is an important dairy State and has made extensive contributions to the industry. We have increased the number of dairy cows in our possession from 345,000 in 1867 to 1,353,000 in 1931, which represented 5.9 percent of the total in the United States, or 11.3 percent of the total in 11 of the Corn Belt States.

For almost 60 years the purebred herds have been marching steadily toward improvement. According to the records of cow-testing associations, 65 percent of the dairy cows in the State are Holsteins or their grades, but that takes into consideration the commercial dairies and the farmers who are producing milk as more or less of an exclusive product. Other breeds, such as Guernseys, Jerseys, Milking Shorthorns, Ayrshires, and Swiss, are liberally represented, with the emphasis probably on the first two.

An Iowa cow held the first world's record over all breeds. Iowa had the honor of producing the first cow of any breed to make over 1,500 pounds of butter in a year. The first 30,000-pound cow, who was a lifetime champion of the breed for many years, was bred on the prairies of Iowa. The State has been just as successful in show-ring winnings. The first animal to win two grand championships at the National Dairy Show was an Iowan. The very rare distinction of being three times grand champion of the same show was also won by an early Iowa dairy cow. Many of the Nation's leading sires have been bred and developed in Iowa. The first National Dairy Show in 1906 gave the grand championship to one of our bulls. The fact that Iowa has retained her leadership is indicated by the recent announcement of a breed association that reads as follows:

> For the past 5 years the All-American Get of Sire, perhaps the most highly prized honor that can come to the showman, has been won by gets bred and owned in Iowa.

I have been informed that the coveted honor also went to the same bull in 1930.

Iowa leads all the Commonwealths of the Nation in poultry and egg prodnction. She leads in chicken population, dozens of eggs produced, and value of chickens raised. The State likewise ranks high as a producer of different kinds of poultry, meaning ducks, geese, and turkeys. Normally we have 7.35 percent of the chickens in the country. That is 2.19 percent more than is found in the entire Pacific Coast section and 2.41 percent more than in the combined New England and mountain sections. Egg production has increased 437 percent in our State and the number of poultry on farms 277 percent since 1885. Today poultry is exceeded as a farm income by only four other commodities, namely: Hogs, beef, cattle, corn, and dairy products.

The predominating type of producer is the general farmer who has a more or less diversified cropping system. The 1930 census reports indicate that approximately 45 percent of the farmers of Iowa are producing poultry of one variety or another. In 1925 the average size of flock was 137 while in 1930 it was in the neighborhood of 150. Specialized producers have been in the minority. There appears to be a trend, however, toward a type who might be classified as the specialized producer and the general farmer combined. As a result one often sees flocks of a thousand or more birds on farms that have now made that branch of production a major activity.

In 1930 our State owned 8.6 percent of all the horses in the United States. The average since 1900 has been slightly over 7 percent. Unfortunately early Iowa farmers did not have a very large number of purebred mares, but they used good stallions and soon gained a reputation for high-class horses, and buyers flocked to the territory from the far corners of the world. Up to the last decade Iowa was the leading surplus-horse-producing State in the Union, but during recent years has become an importer. We have grown some of the best Percherons, Belgians, Shires, and Clydesdales in America. We rank first in the number of Belgian horses produced and the number of Percherons registered.

One of the romantic horse industries of Iowa, in which the State made a great reputation as a source of supply, was the production of the American trotter or standard-bred horse, a popular breed for road driving in years gone by. Montrose Yet, a Morgan stallion of national fame, who stood on our farm for years, was a good example of many others of his kind in different parts of the State. Polk, Mills, Benton, Linn, Buchanan, Hardin, Clayton, Black Hawk, Marshall, Jones, Muscatine, and Scott Counties produced some of the very finest horses of this breed.

We also make our contribution to the Nation's production of mules, sheep, and wool. In the former instance we own more than 1½ percent of the total supply in the United States.

When we cease consideration of livestock production we come naturally to the product for which Iowa is nationally famous in fact, fiction, and song—corn. No one who saw it has ever forgotten, and I dare say they never will forget, Iowa's exhibit at the San Francisco fair in 1915 where a gigantic horn of plenty dominated the main floor of one building. From its spreading depths poured a golden stream of corn that piled itself riotously into a huge mound such as one so often sees in a farmer's barnyard in the fall of the year.

Rich as are the gold fields of Alaska, the corn grown within Iowa's boundary lines exceeds the value of the precious metal mined in our northern Territory and the States of the Union. It is the leading grain crop with approximately one third of the total area of the State devoted to it. Our entire farming system in all parts of the Commonwealth is built up around this major crop. As a rule we produce in the neighborhood of 18 percent of the Nation's total, which is more than any other State in the Union. This is true in spite of the fact that we have a considerable area in the northeast section and a like area toward the eastern portion of the southern counties where less than 20 percent of the land is devoted to corn growing. According to Federal agricultural statistics we produced during the crop season of 1933 an estimated yield of 413,250,000 bushels and in 1932 an estimated total of 509,507,000 bushels. This year our production was almost double that of any other State. Yields often run as high as 109 bushels per acre. Scientific breeding indicates that high yields are only in their infancy. Today a 70-bushel average is not out of the ordinary. The modern farmer has found that intelligent breeding gives a greater return from corn than from any other cereal.

The practice of scientifically breeding the grain has developed from the primitive into a modern art. Tradition has it that as early as 1002 Norsemen secured "ears of corn" in what is now Massachusetts. The grain has been found in early Indian burial mounds in old Mexico and Peru, while it is a matter of common knowledge and historical record that Columbus discovered corn when he first landed on American soil. It was one of the substantial foods of the tribesmen at that time who had inhabited the American continent for thousands of years. Almost invariably roasting ears and meal constituted a considerable portion of their diet in localities where the grain could be grown successfully. The Indians who occupied the territory now known as Iowa were probably the first farmers and they produced the corn of many varieties—red, white, blue, and yellow; "squaw corn", as the early settlers rather disrespectfully termed it.

It is a far cry from these rather crude beginnings to the several chief varieties of dent corn, the stock of which was originally imported from the East and South, in which the farmer specializes today. They are Reid's Yellow Dent, Boone County White, Golden Eagle, White Superior, Riley's Favorite, Pride of the North, Leaning Silver Mine, and Silver King. Of course there are variations from the above and specialized types that are meritorious grains. In fact almost every community has a local corn breeder who has produced a type that is more or less widely used in that vicinity.

One of the more recent developments of corn breeding is the hybrid variety that produces considerably higher yields. In fact, some rather phenomenal results have been obtained with it from that angle. It is generally agreed, however, that under normal conditions it produces approximately 6.7 percent more per acre than the open pollinated strains.

Today we are using corn in more than 100 ways that were unknown to commerce some 50 years ago. As I intimated in the beginning, we serve it at our banquets, we wear it on our backs, we write our thoughts upon it, we build our houses with it, and if we want, we can use it to blow ourselves to "kingdom come."

The corn-manufactures industry has developed enormously during recent years and is of vital importance to America, especially the Corn Belt, where Iowa wears the crown as the largest producer and most interested party. I have referred before to the fact that glucose, starch, sirup, and oils are only a few of the base products being produced from the grain. Not until recent years has an attempt been made by commercial chemists to explore the possibilities of corn as an integral part of the arts and sciences. Up to date we have little more than pioneered in the uses to which this great cereal is so admirably adapted.

At present there is a widespread interest in the development of corn alcohol to be used as a motor fuel. Several bills have been introduced here in the Congress of the United States with a view to promoting such a program. It would be of vast importance to the leading corn-producing State and others that are ranking members of the Corn Belt group. The move might serve to arrest the decline in the consumption of grain on the farm occasioned by substitution of power farming for horses and mules that eliminated about 9,000,000 head during the last 10 years, thus releasing for crop production between twenty-five and thirty million acres of land formerly devoted to pastures and the raising of food for animals. It is entirely feasible to enormously expand the present corn market in such a manner.

Iowa is frequently and correctly referred to as being the world-wide center for the production of popcorn. The scene of the most extensive operations of the industry is in Ida and Sac Counties where twenty to twenty-five thousand acres are planted annually. It is also produced to a lesser degree in other sections of the State, including Harrison County in my own district. The product is strictly American and was grown by the Indians long before the coming of the white man. In England it is sometimes called "the corn that explodes when it gets hot".

The two important commercial types are white rice and Japanese hull-less, the former being the dominant variety. Normally it yields 60 to 70 percent as many bushels as ordinary dent corn. During the 5-year period of 1926 to 1930 we planted on an average of 27,008 acres. The average per acre yield was 1,467 pounds. The average annual production in the State was 39,617,509 pounds that resulted in an annual income for the State of $1,057,200.

It is not alone in the staples that Iowa flourishes but in other fields as well. Rye, wheat, barley, buckwheat, flax, soybeans, sorghum, sugar beets, clovers and other varieties of hay. Of the latter product tame hays constitute about 90 percent of the total crop. Even though alfalfa occupies less than 1 percent of the total farm acreage, it is an important product in the State along the banks of the Missouri River and in the southwest corner.

Iowa is not generally regarded as an important producer of fruit but has been rapidly coming to the front of recent years. There was a time when my home county produced more apples than any other one county in any State in the Union. Fruit production has been largely confined to the southern counties for climatic reasons. Furthermore, most of the production from the standpoint of apples has been and is in farm and home orchards. According to the 1920 census 64.8 percent of our 210,000 farms had an orchard. The total number of trees and production, however, has been decreasing for the past 25 years. Fortunately, there has been an increase in commercial plantings of apples during the decade, 1920–29. In addition to apples, which constitute the most important item in our fruit crops, we are producing today a considerable volume of grapes, centered largely around Council Bluffs in my own congressional district and also in the neighborhood of Des Moines. At the former point is located the oldest and largest fruit cooperative in the State. We are growing strawberries, peaches, plums, pears, and other small fruits to a certain extent.

Vegetables cannot even be passed over lightly as a source of income with us, although our supply does not begin to satisfy the local demand. In this connection I am reminded that sweetpotato production, even though the plant is a native to South America, has a long and colorful history in Iowa. The industry centers down in the sandy soils of Muscatine County, in the southeast corner of the State, where growers often produce 150 to 200 bushels per acre. It will be remembered by some that the region was famous for the product in the old days when steamboats plied the upper stretches of the Mississippi River.

No one has ever taken the trouble to count our honeybees, but there are lots of them. Nectar is produced by nature in flowers as a natural resource to the State and is lost to man as a healthful food unless the bee converts it into honey. Twenty years ago we had very few commercial honey producers, but today the industry is well established. The largest proportion of honey, as is the case with poultry, is produced on farms as a side line in practically every county.

Estimates furnished to the Bureau of Agricultural Economics of the United States Department of Agriculture reported 200,000 colonies of bees in Iowa in 1929. That placed the State seventh in the number of colonies operated. The crop production for the same year was estimated at 16,000,000 pounds, placing Iowa third in the Union. Figures from the Department of Commerce indicate that we placed more honey in interstate commerce in 1929 than any other State.

Of course, the real value of the honeybee cannot be determind by the value of its production either of honey or wax, which is estimated to be over two and a half million dollars per year, but in its pollination of fruits and clovers. Thus the honeybee is of more value as an aid to agriculture in general than as a producer of a marketable product. Almost every commercial orchardist realizes this fact and operates a small or sometimes extensive apiary in connection with his orchard.

White clover has been one of the main sources of surplus honey production in many counties of the State during recent years. Sweetclover is also rapidly extending its area as a farm crop and has become a great boon to beekeepers as it is more regular than white clover. One county alone recently witnessed the planting of 10,000 acres of white sweetclover within the confines of its own boundaries. Colony yields have been high, sometimes totaling as much as 600 pounds per stand. In spite of the fact that there has been a large increase in the amount of honey produced during the last decade, there is still a potential crop in Iowa of at least 10 times what is being realized today.

Strange as it may seem to our northern neighbors, Iowa has always been one of the Nation's outstanding fur-producing States. Today we are developing the new industry of silver-fox farming that has already outgrown its swaddling clothes and is well on its way to maturity. What has always been the natural home of the red fox in its wild state is rapidly becoming the ideal home of the silver breed raised in confinement where it seems to thrive, especially in our northern counties. Fortunately, the precious skins of these beautiful animals are still much too scarce.

And then, speaking of flowers and stealing the eloquence of an able singer of songs, have you ever seen an Iowa spring with its

> Wild red roses and vagrant bees,
> Tasseled cornfields and willow trees.

The soil and the location of the State are even well adapted to the commercial production of such things of

beauty. The most recent figures obtainable indicate, conservatively speaking, that at least 4,386,091 square feet of Iowa loam, not including hotbeds or coldframes, are under glass. It is evident that there is a concentration of greenhouses along the rivers on either side of the State. Counties next the Mississippi deserve special comment, as they include important flower-growing centers. In Pottawattamie County is located one of the most successful rose-growing sections in the Middle West. Council Bluffs, the largest city of the region, is rapidly coming to be known as America's "City of Roses." I see no reason to prevent it from becoming as noted for the blossoms as the gardens of The Hague in Holland. The beautiful homes and the winding bluff and river drives of the countryside are often decked as a bride in the spring with the flower of flowers.

Some might say they are not a farm crop, but they are a product of the soil that are an inspiration to mankind. In Denmark agricultural colleges require a course in art in order that prospective farmers may have a better appreciation of beauty and the important part it plays in the lives of human beings. A prominent Dane once said to me in the city of Copenhagen, "Remember, young man, a slovenly farmer is almost always an unsuccessful one; thus we endeavor to teach our tillers of the soil an appreciation of the beautiful." His words expressed not a silly sentimentalism but a plain statement of fact.

The Weather Bureau at Washington says of our fair Commonwealth:

> Iowa has all the essential factors of climate to make it the most productive State in the Union. The cold of winter, while not as severe as in States farther north, is sufficient to disintegrate the soil; and the rains and heat of the summers, while not as intense as in the States farther south, are sufficient to insure bounteous crops every season. Situated near the geographical center of the United States, the climate of Iowa is continental in type. This implies a wide range in temperature, winters of considerable severity, summers of almost tropical heat, and a large percentage of sunshine.

Fertile, beautiful Iowa—she is first in corn, first in oats, first in hogs, first in horses, first in number and value of fat cattle, first in number and value of poultry and eggs, first in popcorn and timothy, first in total value of grain crops, first in total value of her farms and buildings, first in percentage of improved and productive farm land, and first in the hearts of the men and women who call her "home."

Little wonder we sing so lustily—

> Oh, we're from Iowa, Iowa,
> State of all the land,
> Joy on every hand.
> Oh, we're from Iowa, Iowa.
> That's where the tall corn grows.

COMMITTEE ON PATENTS

The SPEAKER laid before the House the following letter of resignation:

FEBRUARY 24, 1934.

Hon. HENRY T. RAINEY,
Speaker of the House of Representatives,
United States Capitol.

MY DEAR MR. SPEAKER: I hereby tender my resignation as a member of the Committee on Patents.

Very respectfully yours,

HENRY ELLENBOGEN.

CALENDAR WEDNESDAY

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the business in order tomorrow, Calendar Wednesday, be dispensed with.

Mr. SNELL. Mr. Speaker, reserving the right to object, will the gentleman tell us what he thinks will be the program for the balance of the week?

Mr. BYRNS. I understand from the gentleman from Louisiana that there will be about four and a half hours of general debate on the pending bill. It is hoped that we may be able to dispose of this bill on Thursday. The House has given consent to call the Private Calendar Thursday evening. At the close of the session Thursday evening it is proposed to ask unanimous consent that the House adjourn over until Monday.

Mr. SNELL. From Thursday evening?

Mr. BYRNS. From Thursday evening until Monday. I do not know of anything else that will come up. There is a conference report on the Speaker's table. Whether this will be called up or not I do not know.

Mr. SNELL. I think the understanding is that we will have notice on these conference reports, so that we may know when they are to be taken up.

Mr. BYRNS. I hope the conference report will not be taken up if it is going to interfere with the passage of the pending bill.

Mr. SNELL. I am of the opinion that the conference report will take some time if it is called up tomorrow.

ADJOURNMENT

Mr. BYRNS. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 55 minutes p.m.) the House adjourned until tomorrow, Wednesday, February 28, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Wednesday, Feb. 28, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

COMMITTEE ON MERCHANT MARINE, RADIO, AND FISHERIES

(Wednesday, Feb. 28, 10 a.m.)

Continue hearings on H.R. 7147, 7148, and 7149 in the committee room.

COMMITTEE ON THE PUBLIC LANDS

(Wednesday, Feb. 28, 10 a.m.)

Hearings on H.R. 6462, the grazing bill, in room 328, House Office Building.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

364. A communication from the President of the United States, transmitting a supplemental estimate of appropriation pertaining to the legislative establishment under the Architect of the Capitol, for the fiscal year 1935, in the sum of $180,000. This estimate is in substitution for and in lieu of supplemental estimate submitted under date of February 21, 1934, and contained in House Document No. 263, Seventy-third Congress, second session (H.Doc. No. 267); to the Committee on Appropriations and ordered to be printed.

365. A communication from the President of the United States, transmitting a supplemental estimate of appropriations pertaining to the legislative establishment, United States Senate, for the fiscal year 1934, in the sum of $5,000 (H.Doc. No. 268); to the Committee on Appropriations and ordered to be printed.

366. A letter from the Acting Secretary of the Navy, transmitting a draft of bill to amend in certain particulars the act approved February 28, 1925, entitled "An act to provide for the creation, organization, administration, and maintenance of a Naval Reserve and a Marine Corps Reserve", as amended, and for other purposes; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. SMITH of Virginia: Committee on Rules. House Resolution 275. Resolution authorizing and directing the Committee on Military Affairs to inquire into and investigate alleged profiteering in military aircraft, irregularities in the leasing of public property by the War Department, and profiteering in the purchase of property from public funds, and other matters in which the problem of national defense is involved; without amendment (Rept. No. 855). Referred to the House Calendar.

REPORTS OF COMMITTEES OF PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. THOMPSON of Illinois: Committee on Military Affairs. H.R. 5809. A bill to provide compensation for Robert Rayford Wilcoxson for injuries received in citizens' military training camp; with amendment (Rept. No. 853). Referred to the Committee of the Whole House.

Mr. CARTER of Wyoming: Committee on Military Affairs. S. 308. An act to authorize the award of a decoration for distinguished service to Harry H. Horton; without amendment (Rept. No. 854). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H.R. 7701) granting a pension to Mary Wyse Benson, and the same was referred to the Committee on Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. RAYBURN: A bill (H.R. 8301) to provide for the regulation of interstate and foreign communication by wire or radio, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. FARLEY: A bill (H.R. 8302) to establish a fish-cultural station at Nevada Mills, in Steuben County, in the State of Indiana; to the Committee on Merchant Marine, Radio, and Fisheries.

By Mr. SADOWSKI: A bill (H.R. 8303) to regulate sales in interstate commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. KNUTSON: A bill (H.R. 8304) to impose a tax upon the first domestic processing of palm, palm-kernel, and soybean oils; to the Committee on Ways and Means.

By Mr. WARREN: A bill (H.R. 8305) to authorize the appropriation of an emergency relief fund to be expended by the Secretary of Agriculture in the repair of highways and bridges damaged or destroyed by floods, hurricanes, etc.; to the Committee on Roads.

By Mr. BULWINKLE: A bill (H.R. 8306) to provide for the immediate redemption of adjusted-service certificates, and for other purposes; to the Committee on Ways and Means.

By Mr. KNUTSON: A bill (H.R. 8307) to amend an act entitled "An act authorizing the Chippewa Indians of Minnesota to submit claims to the Court of Claims", approved May 14, 1926 (44 Stat.L. 555); to the Committee on Indian Affairs.

By Mr. AYERS of Montana: A bill (H.R. 8308) to amend existing laws prohibiting the introduction of intoxicating liquors within the Indian country to permit its use as a medicine by practicing physicians for patients of Indian blood; to the Committee on Indian Affairs.

By Mr. BLOOM: A bill (H.R. 8309) to extend the period during which certain aliens may remain in the United States; to the Committee on Immigration and Naturalization.

By Mr. JOHNSON of Texas: A bill (H.R. 8310) for the prevention and removal of obstructions and burdens upon interstate commerce in cotton, by regulating transactions on cotton-futures exchanges, and for other purposes; to the Committee on Agriculture.

By Mr. GLOVER: A bill (H.R. 8311) to amend the Retirement Act approved May 20, 1930; to the Committee on the Civil Service.

By Mr. DICKSTEIN: A bill (H.R. 8312) to provide adjustment of status of certain aliens lawfully admitted without requirement of departure to foreign country; to the Committee on Immigration and Naturalization.

By Mr. AYERS of Montana: A bill (H.R. 8313) to repeal the act approved March 3, 1927 (44 Stat.L. 1365) entitled "An act to amend section 1 of the act approved May 26, 1926, entitled 'An act to amend sections 1, 5, 6, 8, and 18 of the act approved June 4, 1920, entitled "An act to provide for the allotment of lands of the Crow Tribe, for the distribution of tribal funds, and for other purposes" '"; and to prevent the execution of competent grazing and farming leases in advance of the expiration of existing leases affecting said lands by competent Crow allottees, and to make possible a unified system of leasing between competent and incompetent Crow allottees, and for other purposes; to the Committee on Indian Affairs.

By Mr. KOPPLEMANN: A bill (H.R. 8314) to provide for the construction of a vessel for the Coast Guard designed for ice breaking and assistance work; to the Committee on Interstate and Foreign Commerce.

By Mr. FITZPATRICK: A bill (H.R. 8315) to provide for the honorary designation of St. Paul's Church, together with the churchyard and the village green associated therewith in the town of Eastchester, Westchester County, State of New York, as a national shrine; to the Committee on the Library.

By Mr. BOLAND. A bill (H.R. 8316) to prevent the manufacture, shipment, and sale of adulterated or misbranded food, drugs, and cosmetics, and to regulate traffic therein; to prevent the false labeling and the false advertisement of food, drugs, and cosmetics, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LANZETTA: A bill (H.R. 8317) to extend the validity of declarations of intention beyond 7 years; to the Committee on Immigration and Naturalization.

By Mr. HOWARD: Resolution (H.Res. 286) to empower the Committee on Indian Affairs to have printed 5,000 additional copies of the hearing on H.R. 7902; to the Committee on Printing.

By Mr. EAGLE: Joint resolution (H.J.Res. 285) authorizing the President to invite the States of the Union and foreign countries to participate in the Oil Equipment and Engineering Exposition at Houston, Tex., to be held April 16 to April 21, 1934, inclusive; to the Committee on Foreign Affairs.

By Mr. McGRATH: Joint resolution (H.J.Res. 286) to authorize and direct the Secretary of the Navy to investigate the feasibility of acquiring by purchase or condemnation the Hunters Point Works, Union Plant (also known as "Hunters Point Dry Docks"), now owned or controlled by the Bethlehem Shipbuilding Corporation, Ltd., and the Union Iron Works owned or controlled by the Bethlehem Shipbuilding Corporation, Ltd., both located on San Francisco Bay, in the city and county of San Francisco, State of California, or any other shipbuilding plant or plants on the Pacific coast which may seem to him suitable for Government operations and to report his findings to Congress; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACON: A bill (H.R. 8318) for the relief of Franklin Scott Irby; to the Committee on Naval Affairs.

By Mr. CADY: A bill (H.R. 8319) granting a pension to Ellen Ceas; to the Committee on Invalid Pensions.

By Mr. CONDON: A bill (H.R. 8320) for the relief of Charles B. Malpas; to the Committee on Claims.

By Mr. CRAVENS: A bill (H.R. 8321) granting a pension to Mrs. Tony Jackson Coward; to the Committee on Pensions.

By Mr. CROWE: A bill (H.R. 8322) granting a pension to Maggie G. Herrod; to the Committee on Pensions.

By Mr. DIMOND: A bill (H.R. 8323) for the relief of Heber J. Hunt; to the Committee on Naval Affairs.

By Mr. EAGLE: A bill (H.R. 8324) to correct the naval record of John Edward Anderson; to the Committee on Naval Affairs.

Also, a bill (H.R. 8325) for the relief of Amy McLaurin; to the Committee on Claims.

Also, a bill (H.R. 8326) for the relief of Hugh R. Arnold; to the Committee on Military Affairs.

Also, a bill (H.R. 8327) authorizing the President to order Donald O. Miller before a retiring board for a hearing of his case, and upon the findings of such board determine whether or not he be placed on the retired list with the rank and pay held by him at the time of his resignation; to the Committee on Military Affairs.

Also, a bill (H.R. 8328) for the relief of the heirs of C. K. Bowen, deceased; to the Committee on Claims.

Also, a bill (H.R. 8329) for the relief of William M. Bartlett; to the Committee on Claims.

By Mr. EDMONDS: A bill (H.R. 8330) for the relief of William Zeiss; to the Committee on War Claims.

By Mr. HAMILTON: A bill (H.R. 8331) for the relief of Esaw Wright; to the Committee on Military Affairs.

By Mr. PARSONS: A bill (H.R. 8332) for the relief of Henry V. Pattin; to the Committee on Military Affairs.

By Mr. RANDOLPH: A bill (H.R. 8333) for the relief of Lewis Clark; to the Committee on Claims.

By Mr. REECE: A bill (H.R. 8334) to extend the benefits of the Employees' Compensation Act of September 7, 1916, to Sarah Ann Medley; to the Committee on Claims.

By Mr. ROBERTSON: A bill (H.R. 8335) to provide for the appointment of William J. Farrell as a warrant officer, United States Army; to the Committee on Military Affairs.

By Mr. ROBINSON: A bill (H.R. 8336) authorizing the Secretary of War to adjudicate claims caused by flooding of warehouse at Fort Myer, Va., August 18, 1931; to the Committee on Claims.

By Mr. SMITH of Virginia: A bill (H.R. 8337) for the relief of Samuel L. Steer; to the Committee on Military Affairs.

By Mr. WALTER: A bill (H.R. 8338) for the relief of William Hammond; to the Committee on Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2579. By Mr. BOYLAN: Telegram from the president of the Roosevelt Auxiliary, No. 3, Department of United Spanish War Veterans, New York, N.Y., favoring the Steiwer-McCarran amendment adopted by Senate relative to Spanish-American War veterans' pensions; to the Committee on Appropriations.

2580. Also, letter from the Carolina Bagging Co., Henderson, N.C., regarding cotton bagging; to the Committee on Ways and Means.

2581. Also, letter from the American Manufacturers Export Association of New York City, N.Y., regarding rate fixing on foreign trade freights; to the Committee on Interstate and Foreign Commerce.

2582. Also, telegram from Rice W. Means, chairman National Committee on Legislation, urging the acceptance by the House of the Steiwer-McCarran amendment pertaining to Spanish-American War veterans' pensions and included in the independent offices appropriation bill; to the Committee on Appropriations.

2583. Also, telegram from the commander of Manhattan Camp, No. 1, United Spanish War Veterans, favoring the Steiwer-McCarran amendment, and urging that it be accepted by the House; to the Committee on Appropriations.

2584. By Mr. CROWE: Petition of Ralph B. Applewhite Camp, No. 74, United Spanish War Veterans, of Brownstown, Ind., asking adoption of the following amendment: Notwithstanding any of the provisions of Public Law No. 2, Seventy-third Congress, the pension paid to veterans of any war prior to the World War, or to any widow and/or dependent of such veterans, shall not be reduced more than 10 percent of the amount being paid prior to March 20, 1933, signed by T. T. Newkirk and 347 others. Mr. CROWE recommends same, after careful consideration by committee; to the Committee on Appropriations.

2585. By Mr. DOBBINS: Memorial of the Illinois Commerce Commission, approving and endorsing the Johnson bill (S. 752) with respect to the jurisdiction of the district courts of the United States over suits relating to orders of State administrative boards; to the Committee on the Judiciary.

2586. By Mr. DONDERO: Petition of citizens of Oakland County, Mich., believing that the amounts recommended to Congress in the Budget for military and naval activities for the fiscal year 1934–35 are insufficient for our national defense needs, do hereby petition for favorable action on the program recommended by the Chief of Staff, United States Army, and by Chief of the Naval Operations; to the Committee on Military Affairs.

2587. By Mr. FORD: Resolution adopted by board of supervisors of Los Angeles, requesting special consideration to the unemployment situation; to the Committee on Appropriations.

2588. By Mr. HIGGINS: Petition of 33 citizens of Norwich, Conn., protesting against the passage of Senate bill 2000, amending the present Pure Food and Drug Act; to the Committee on Interstate and Foreign Commerce.

2589. By Mr. HOWARD: Petition of N. D. Evans, of Battle Creek, Nebr., and 174 other signers, residing in the Third Congressional District of Nebraska, urging the passage of the Frazier bill; to the Committee on Agriculture.

2590. By Mr. KRAMER: Resolution of board of supervisors of Los Angeles County, Calif., regarding Civil Works Administration operations and urging United States Senators and Congressmen, also Director of Administration at Washington, D.C., to continue projects in Los Angeles County beyond June 1, 1934; to the Committee on Ways and Means.

2591. By Mr. KVALE: Petition of the resolution committee, Farmer-Labor Association of Nobles County, Minn., urging passage of the Thomas-Swank cost of production bill; to the Committee on Agriculture.

2592. Also, petition of the Farmer-Labor Association, Nobles County, Minn., endorsing the Wheeler silver remonetization bill, the Lemke banking bill, and the Frazier bill, and urging for consideration of a measure to issue legal tender for the payment of all debts, public and private, as provided in section 1, article V, and clause 8, of our Constitution, to be retired when the commodity prices of the products reach the basis of cost of production; to the Committee on Banking and Currency.

2593. Also, petition of 20 citizens of New Ulm, Minn., and vicinity, urging enactment of the Frazier bill; to the Committee on Banking and Currency.

2594. Also, petition of 52 citizens of Sibley, Nicollet, and Crown Counties, Minn., urging passage of the Frazier bill; to the Committee on Banking and Currency.

2595. Also, resolution of the Farmer-Labor Central Committee of Lyon County, Minn., urging passage of farm-relief legislation; to the Committee on Agriculture.

2596. Also, petition of group of farmers of Canby, Minn., urging farm-relief legislation; to the Committee on Banking and Currency.

2597. By Mr. LAMNECK: Petition of F. E. Wilson, 412 Wyandotte Avenue, Columbus, and 600 citizens of Columbus, Ohio, requesting such changes in, and additions to, the Congressional Home Loan Act of June 13, 1933, as will enable the home-loan banks to act as agents of our Government to purchase with cash, in lieu of United States bonds or other securities, any or all of the outstanding mortgages in city, State, and Nation now held by building-and-loan and other mortgage companies, etc.; to the Committee on Banking and Currency.

2598. By Mr. MEAD: Petition of the New York County Andrew Jackson Chapter, United States Daughters of 1812, urging adoption of House bill 7051; to the Committee on the Judiciary.

2599. Also, petition of the Bi-County Rural Letter Carriers Association of Coudersport, Pa., opposing House bill 8097; to the Committee on the Post Office and Post Roads.

2600. Also, petition of Harvey D. Morin Post, No. 2940, Gardenville, N.Y., urging favorable action on veterans' legislation; to the Committee on World War Veterans' Legislation.

2601. Also, petition of the Builders Exchange of Buffalo, Buffalo, N.Y., opposing the St. Lawrence Waterway Treaty; to the Committee on Foreign Affairs.

2602. Also, petition of the George F. Lamm Post, No. 622, Williamsville, N.Y., urging favorable action on veterans' legislation; to the Committee on World War Veterans' Legislation.

2603. By Mr. ROMJUE: Resolutions adopted by the sixth district of Missouri, R.L.C.A., Mount Vernon, Mo., December 9, 1933, asking for full restoration of salary and equipment allowance, effective from January 1, 1934; to the Committee on Appropriations.

2604. By Mr. RUDD: Petition of L. Myerson, of 351 Rockaway Parkway, Brooklyn, N.Y., opposing the passage of House bill 7419; to the Committee on Merchant Marine, Radio, and Fisheries.

2605. By Mr. STRONG of Pennsylvania: Petition of Beaverdale Woman's Christian Temperance Union, of Cambria County, Pa., favoring the Patman motion-picture bill; to the Committee on Interstate and Foreign Commerce.

2606. By the SPEAKER: Petition of the Railroad Employees' National Pension Association Auxiliary Employees and Wives of C. B. & Q. and I. C. R.R.; to the Committee on Interstate and Foreign Commerce.

2607. Also, petition of the Rusk County Farmers' Union; to the Committee on the Post Office and Post Roads.

2608. Also, petition of Dr. A. L. Adams; to the Committee on Interstate and Foreign Commerce.

2609. Also, petition of the Virden Open Forum Society, of Virden, Ill.; to the Committee on Labor.

2610. Also, petition of Reserve Officers' Association of the United States, Department of Delaware; to the Committee on Military Affairs.

2611. Also, petition of Calhoun Post, No. 636, of the American Legion; to the Committee on World War Veterans' Legislation.

2612. Also, petition of the Council Chambers of Erie, Pa.; to the Committee on the Civil Service.

2613. By Mr. COCHRAN of Missouri: Petitions signed by residents of Missouri, protesting against discrimination by radio stations and broadcasting companies against Judge Rutherford and others, and urging the passage of legislation to prevent such discrimination; to the Committee on Merchant Marine, Radio, and Fisheries.

SENATE

WEDNESDAY, FEBRUARY 28, 1934

The Chaplain, Rev. ZeBarney T. Phillips, D.D., offered the following prayer:

O God, who art the life of mortal men, the light of the faithful and the strength of all who labor, who hast promised that when two or three are gathered together in Thy name Thou wilt grant their requests: Refresh our Nation with the spiritual wellsprings of life, as we seem to wander between two worlds, one dead, the other powerless to be born. Grant unto these Thy servants the light of Thy wisdom as we enter the realm of the unknown and the unlived, that they may walk in Thy light and lead Thy people in Thy path.

Give us Thy strength that we may overcome the manifold temptations which we daily meet with, that while the years engrave our brow Thine own indwelling Self may build our lives into a holy temple, of which our lips shall be the doors of praise. We ask it in the name of Jesus Christ, our blessed Lord and Savior. Amen.

THE JOURNAL

The Chief Clerk proceeded to read the Journal of the proceedings of the calendar day of February 27, when, on motion of Mr. ROBINSON of Arkansas, and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Haltigan, one of its clerks, announced that the House had passed a joint resolution (H.J.Res. 278) to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land, in which it requested the concurrence of the Senate.

COLLATERAL SECURITY FOR FEDERAL RESERVE NOTES

Mr. GLASS. Mr. President, from the Committee on Banking and Currency I report back favorably, with amendments, Senate bill 2766 and ask unanimous consent for its immediate consideration.

I make the request for the reason that only 3 days remain when it will be necessary to have this bill become a law. I will state, in a word, that it merely extends the time for 1 year when Federal Reserve banks may be permitted to use United States bonds as security for the issuance of their notes and credits. It extends the existing law 1 year, until March 3, 1935, with permission to the President, as existing law provides, to extend it 2 years further.

I may add that the bill was unanimously agreed to by the subcommittee of the Banking and Currency Committee, of which I am chairman, and was unanimously agreed to by the full committee.

The VICE PRESIDENT. The Senator from Virginia asks unanimous consent for the immediate consideration of the bill just reported by him. Is there objection?

There being no objection, the Senate proceeded to consider the bill (S. 2766) to extend the period during which direct obligations of the United States may be used as collateral security for Federal Reserve notes.

The amendments of the Committee on Banking and Currency were, on page 1, line 3, after the word "of", to insert "section 16 of"; and on page 3, line 3, before the word "call", to strike out "all times" and insert "any time", so as to make the bill read:

Be it enacted, etc., That the second paragraph of section 16 of the Federal Reserve Act, as amended, is amended to read as follows:

"Any Federal Reserve bank may make application to the local Federal Reserve agent for such amount of the Federal Reserve notes hereinbefore provided for as it may require. Such application shall be accompanied with a tender to the local Federal Reserve agent of collateral in amount equal to the sum of the Federal Reserve notes thus applied for and issued pursuant to such application. The collateral security thus offered shall be notes, drafts, bills of exchange, or acceptances acquired under the provisions of section 13 of this act, or bills of exchange endorsed by a member bank of any Federal Reserve district and purchased under the provisions of section 14 of this act, or bankers' acceptances purchased under the provisions of said section 14, or gold certificates: *Provided, however*, That until March 3, 1935, or until the expiration of such additional period not exceeding 2 years as the President may prescribe, the Federal Reserve Board may, should it deem it in the public interest, upon the affirmative vote of not less than a majority of its members, authorize the Federal Reserve banks to offer, and the Federal Reserve agents to accept, as such collateral security, direct obligations of the United States. On such date or upon the expiration of such period so prescribed by the President, or sooner should the Federal Reserve Board so decide, such authorization shall terminate and such obligations of the United States be retired as security for Federal Reserve notes. In no event shall such collateral security be less than the amount of Federal Reserve notes applied for. The Federal Reserve agent shall each day notify the Federal Reserve Board of all issues and withdrawals of Federal Reserve notes to and by the Federal Reserve bank to which he is accredited. The said Federal Reserve Board may at any time call upon a Federal Reserve bank for additional security to protect the Federal Reserve notes issued to it."

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CALL OF THE ROLL

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll, and the following Senators answered to their names:

Adams	Bone	Carey	Dieterich
Ashurst	Borah	Clark	Dill
Austin	Brown	Connally	Duffy
Bachman	Bulkley	Coolidge	Erickson
Bailey	Bulow	Copeland	Fess
Bankhead	Byrd	Costigan	Fletcher
Barbour	Byrnes	Cutting	Frazier
Barkley	Capper	Davis	George
Black	Caraway	Dickinson	Gibson

Glass	Lewis	O'Mahoney	Thomas, Okla.
Goldsborough	Logan	Overton	Thomas, Utah
Gore	Lonergan	Patterson	Thompson
Hale	Long	Pittman	Trammell
Harrison	McAdoo	Pope	Tydings
Hatch	McCarran	Reynolds	Vandenberg
Hatfield	McGill	Robinson, Ark.	Van Nuys
Hayden	McKellar	Robinson, Ind.	Wagner
Hebert	McNary	Russell	Walcott
Johnson	Metcalf	Schall	Walsh
Kean	Murphy	Shipstead	Wheeler
Keyes	Neely	Smith	White
King	Norris	Steiwer	
La Follette	Nye	Stephens	

Mr. LEWIS. I desire to announce that the Senator from Texas [Mr. SHEPPARD] is detained from the Senate by reason of a death in his family.

Mr. HEBERT. I desire to announce that the senior Senator from Delaware [Mr. HASTINGS], the junior Senator from Delaware [Mr. TOWNSEND], and the Senator from South Dakota [Mr. NORBECK] are necessarily absent from the Senate, and that the Senator from Pennsylvania [Mr. REED] is absent on account of illness.

Mr. VANDENBERG. I desire to announce that my colleague the senior Senator from Michigan [Mr. COUZENS] is absent on account of illness.

The VICE PRESIDENT. Ninety Senators have answered to their names. A quorum is present.

PETITIONS AND MEMORIALS

The VICE PRESIDENT laid before the Senate the petition of John D. Coover, of Tyrone, Pa., praying for the prompt passage of legislation providing cash payment of veterans' adjusted-service certificates (bonus), which was referred to the Committee on Finance.

He also laid before the Senate resolutions transmitted by the National Council of Jewish Women and adopted by various Jewish organizations of Brooklyn, N.Y., praying for the passage of the bill (H.R. 3521) to reduce certain fees in naturalization proceedings, and for other purposes, which were referred to the Committee on Immigration.

Mr. WALCOTT presented a memorial of sundry citizens of Norwich, Conn., remonstrating against the passage of the so-called "Copeland bill", amending the Pure Food and Drug Act, which was referred to the Committee on Commerce.

He also presented a resolution adopted by Hartford (Conn.) Typographical Union, No. 127, favoring the passage of legislation providing a 30-hour work week for industry, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the Bridgeport (Conn.) Section of the Council of Jewish Women, favoring the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented a petition of sundry citizens of Hartford, Conn., praying for the prompt ratification of the World Court protocols, which was referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Bridgeport (Conn.) National Council of Jewish Women and the New London (Conn.) Zionist District of the Zionist Organization of America, favoring the passage of Senate Resolution 154 (submitted by Mr. TYDINGS), opposing alleged discrimination against Jews in Germany, which were referred to the Committee on Foreign Relations.

He also presented the memorial of the Civics Group of Hartford, Conn., remonstrating against the lowering of present requirements for American citizenship and also against the passage of the so-called "Dickstein bill", which was referred to the Committee on Immigration.

He also presented a resolution adopted by the Bridgeport (Conn.) Section of the Council of Jewish Women, favoring full public discussion of proposed expenditures in connection with the so-called "Vinson-Trammell naval construction bill", together with an inquiry into profits made by shipbuilders and other manufacturers of war supplies, before the final passage of said bill, which was ordered to lie on the table.

PETITION OF NATIVES OF GUAM

Mr. GIBSON presented a petition of natives of the island of Guam, praying that they be granted American citizenship, which was referred to the Committee on Immigration and ordered to be printed in the RECORD, as follows:

ISLAND OF GUAM,
POSSESSION OF THE UNITED STATES OF AMERICA,
Agana, Guam, December 19, 1933.

The Honorable FRANKLIN D. ROOSEVELT,
President of the United States, White House.

PETITION FOR AMERICAN CITIZENSHIP

DEAR MR. PRESIDENT: The petition of the undersigned respectfully shows—

1. That we are natives of the island of Guam, possession of the United States of America.

2. That the island of Guam was ceded to the United States by Spain in accordance with the provision of article 2 of the Treaty of Paris, December 10, 1898.

3. That the island of Guam was placed under the control of the Department of the Navy, by Executive order, on December 23, 1898, and ever since it was governed by a naval officer appointed by the President of the United States from time to time.

4. That it was provided in paragraph 2 of article 9 of the Treaty of Paris, December 10, 1898, that "the civil rights and political status of the native inhabitants of the territories ceded to the United States shall be determined by the Congress", but no action has as yet been taken till the present time.

5. That the natives of the island of Guam under the age of 50 years were educated in the English language by the United States Naval Government of Guam.

6. That the course of study for the elementary schools for the natives of the island of Guam is based on the standards of the Bureau of Education of the United States (California standard).

7. That English, as the mother tongue, is the official language of the natives of the island of Guam.

8. That the natives of the island of Guam have no other flag than that of the United States—loyal subjects with love for the flag and the Nation.

9. That the natives of the island of Guam are not looking forward for separation from the protection and support of the motherland.

10. That the natives of the island of Guam fervently aspire to become citizens of the United States.

11. That the natives of the island of Guam are attached to the principles of the Constitution of the United States.

12. That the natives of the island of Guam have never pledged allegiance to any foreign prince, potentate, or sovereignty; that they are, therefore, not restrained from filing this petition by subjection to any such prince, potentate, or sovereignty.

13. That the natives of the island of Guam are not disbelievers in or opposed to organized government or members of or affiliated with any organization or body of persons teaching disbelief in organized government.

14. That the natives of the island of Guam are not polygamists, nor believers in the practice of polygamy.

15. That it has been previously recommended by former Governors of Guam in their respective annual reports to the Secretary of the Navy that legislation be enacted making natives of the island of Guam citizens of the United States. The natives, however, aspire to become citizens of the United States, and it would be a courteous act for the American people to make possible the fulfillment of their aspirations.

16. It may not be amiss for the petitioners to mention that the Virgin Islands, although a later acquisition, having been purchased from the Danish Government on January 25, 1917, have had full American citizenship granted to the natives on February 25, 1927.

Wherefore, the undersigned, in their respective names, in the name of their respective families in particular, and in the name of the natives of the island of Guam in general, kindly pray the Honorable Franklin D. Roosevelt, President of the United States, that they may be declared citizens of the United States. It is hoped that the President look with favor upon this request and to include same in his message to Congress, with such recommendations as he deems pertinent to the petition at issue.

Respectfully yours,

(Signed by 1,965 natives of Guam.)

REPORTS OF COMMITTEES

Mr. GIBSON, from the Committee on Claims, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 628. An act for the relief of Joanna A. Sheehan (Rept. No. 370);

S. 1114. An act for the relief of the estate of Harry F. Stern (Rept. No. 371);

S. 2324. An act for the relief of the Noank Shipyard, Inc. (Rept. No. 372); and

S. 2719. An act for the relief of A. Randolph Holladay (Rept. No. 373).

Mr. FLETCHER, from the Committee on Banking and Currency, to which was referred the bill (S. 2870) to require the publication of reports of condition of State member banks of the Federal Reserve System, and for other purposes, reported it without amendment and submitted a report (No. 374) thereon.

Mr. WHEELER, from the Committee on Indian Affairs, to which were referred the following bills, reported them severally without amendment and submitted reports thereon:

S. 838. An act for the relief of Anson H. Pease (Rept. No. 375);

S. 847. An act for the relief of the Nez Perce Tribe of Indians (Rept. No. 376);

S. 1498. An act authorizing the Secretary of the Interior to pay E. C. Sampson, of Billings, Mont., for services rendered the Crow Tribe of Indians (Rept. No. 377);

S. 1881. An act to authorize the creation of an Indian village within the Shoalwater Indian Reservation, Wash., and for other purposes (Rept. No. 378);

S. 1882. An act to authorize the Secretary of the Interior to issue patents for lots to Indians within the Indian village of Taholah, on the Quinaielt Indian Reservation, Wash. (Rept. No. 379);

S. 1887. An act to authorize the change of homestead designations on allotted Indian lands (Rept. No. 380);

S. 1888. An act to provide for the protection and conservation of the grazing resources of the undisposed-of ceded Indian lands, the tribal title to which remains unextinguished (Rept. No. 381);

S. 1889. An act to facilitate a more economical administration of forest and grazing lands on Indian reservations (Rept. No. 382);

S. 1890. An act to authorize the Secretary of the Interior to grant concessions on reservoir sites and other lands in connection with Indian irrigation projects and to lease the lands in such reserves for agricultural, grazing, or other purposes (Rept. No. 383); and

S. 2754. An act to add certain public-domain land in Montana to the Rocky Boy Indian Reservation (Rept. No. 384).

Mr. HAYDEN, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 2101) to prohibit the sending of unsolicited merchandise through the mails, reported it with amendments and submitted a report (No. 385) thereon.

EMPLOYEES IN FIELD SERVICE OF HOME OWNERS' LOAN CORPORATION (S.DOC. NO. 146)

Mr. HAYDEN. From the Committee on Printing I report favorably, with the recommendation that it be printed, a letter from the Chairman of the Federal Home Loan Bank Board transmitting a report showing the number of persons employed in the field service of the Home Owners' Loan Corporation. This is in response to a Senate resolution offered by the Senator from Iowa [Mr. DICKINSON]. The cost of the printing will be $1,195.02. I move that the letter and report be printed as a document.

There being no objection, the motion was reduced to writing and agreed to, as follows:

Ordered, That the letter of the chairman of the Federal Home Loan Bank Board dated February 7, 1934, transmitting in response to the resolution of the Senate dated January 23, 1934, submitting a statement showing the number of persons employed in the field service of the Home Owners' Loan Corporation, Washington, D.C., as of January 15, 1934, segregated by States and offices, together with the names and addresses of all persons receiving in excess of $2,000 per annum in each State, and the number of all persons in each salary grade thereunder listed by States and offices as reflected by the pay rolls submitted by State managers for the period January 1 to January 15, 1934, be printed as a Senate document.

BILLS INTRODUCED

Bills were introduced, read the first time, and, by unanimous consent, the second time, and referred as follows:

By Mr. NEELY:

A bill (S. 2915) requiring national banks to obtain indemnity bonds from State-qualified bonding companies; to the Committee on the Judiciary.

A bill (S. 2916) granting a pension to Melba Bates; to the Committee on Pensions.

By Mr. ASHURST (by request):

A bill (S. 2917) granting the consent of Congress to any two or more States to enter into agreements or compacts for cooperative effort and mutual assistance in the prevention of crime, and for other purposes; to the Committee on the Judiciary.

By Mr. WHEELER (by request):

A bill (S. 2918) for the relief of N. Lester Troast; to the Committee on Indian Affairs.

By Mr. BYRD:

A bill (S. 2919) for the relief of Cornelia Claiborne; to the Committee on Foreign Relations.

By Mr. CLARK:

A bill (S. 2920) for the relief of John Evans; to the Committee on Claims.

By Mr. BANKHEAD:

A bill (S. 2921) to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 2922) to amend the act entitled "An act to promote the circulation of reading matter among the blind", approved April 27, 1904, and acts supplemental thereto; to the Committee on Post Offices and Post Roads.

By Mr. HATCH:

A bill (S. 2923) to prohibit the shipment and transportation in interstate or foreign commerce of cannabis and its derivatives and compounds; to the Committee on Interstate Commerce.

AMENDMENTS TO REVENUE BILL—TAX ON SO-CALLED "BONUSES"

Mr. GORE. Mr. President, I send to the desk two amendments which I intend to propose to the revenue bill lately passed by the House of Representatives, being House bill 7835. I ask that the amendments be printed in the usual form and printed in the RECORD.

These amendments would impose a heavy tax on so-called "bonuses" paid to officers and directors of corporations. They are the same as the amendments which I offered 2 years ago to the revenue bill then pending, but they were rejected by the House conferees. I do not know why they were rejected by the House conferees, or why the Senate conferees receded.

There being no objection, the amendments were referred to the Committee on Finance, ordered to be printed, and to be printed in the RECORD, as follows:

On page 12, after line 24, to insert the following:

"(e) There shall be levied, collected, and paid for each taxable year upon the amount by which the compensation (including salaries, commissions, emoluments, and rewards, and any other reward or bonus, by whatever name known) of any individual for personal services exceeds compensation at the rate of $75,000 per year, a tax of 80 percent of such amount. The tax imposed by this subsection shall be in lieu of all other taxes under this title in respect of such amount."

On page 18, at the end of line 24, insert the following:

"The amount by which the compensation (including salary and any other reward or bonus, by whatever name known) of any person for personal services exceeds compensation at the rate of $75,000 per year shall not be deductible under this subsection."

MESSAGES FROM THE PRESIDENT

Messages in writing from the President of the United States were communicated to the Senate by Mr. Latta, one of his secretaries.

ORDER OF BUSINESS

Mr. ROBINSON of Arkansas. Mr. President, I ask unanimous consent that at the conclusion of morning business the Senate proceed to the consideration of unobjected bills on the calendar; and if that shall be concluded before the hour of 2 o'clock, that the Senate then resume the consideration of the unfinished business.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

FOREIGN-DEBT PAYMENTS

The VICE PRESIDENT. The Chair lays before the Senate a resolution coming over from a previous day, which will be read.

The Chief Clerk read the resolution (S.Res. 181), submitted by Mr. ROBINSON of Indiana on the 12th instant, as follows:

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the United States Senate with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation? (2) What steps have been taken to induce France, Belgium, or any other defaulting nations to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreements approved by the Congress? (3) What, if any, verbal or written understanding, assurance, or agreement has been entered into by the present administration offering to accept a reduction in the payment of principal or interest, or both, on any of the war debts since the joint resolution adopted by the Congress, approved December 23, 1931, expressly declaring against further reduction or cancelation of war debts? (4) What, if any, verbal or written assurances have been given or negotiations entered into by the present administration with any foreign nation regarding tariff concessions or trade agreements in respect to war-debt payments?

Mr. ROBINSON of Arkansas. Mr. President, I note that the Senator from Nevada [Mr. PITTMAN], Chairman of the Committee on Foreign Relations, is not present. I ask the Senator from Indiana if he is willing that the resolution shall be referred to the Committee on Foreign Relations?

Mr. ROBINSON of Indiana. I would not object if it would not delay action. I think the Senate ought to have the information. The resolution asks for it, if the President thinks it is not incompatible with the public interest. Therefore, I can see no objection to immediate adoption of the resolution.

Mr. ROBINSON of Arkansas. I shall have to move, then, that the resolution be referred to the Committee on Foreign Relations. I do this in the absence of the Senator from Nevada [Mr. PITTMAN], chairman of that committee.

Mr. ROBINSON of Indiana. Mr. President, the Senator having made a motion of that kind, it will have to be considered by the Senate. I did not suppose originally that there would be any objection at all to the adoption of the resolution. The resolution is simply one of the kind we have been adopting during the years I have been here, without any discussion of any kind. It simply asks the Executive for information which the Senate ought to have.

I would object to sending the resolution to the Committee on Foreign Relations for one reason only, and that is because I feel sure, if it goes to the committee that no action will be taken upon the resolution during this session of the Senate. In any event, it would necessitate considerable delay when there should be no delay.

Mr. President, the resolution is very brief. Permit me to read it:

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the United States Senate with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation? (2) What steps have been taken to induce France, Belgium, or any other defaulting nations to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreements approved by the Congress? (3) What, if any, verbal or written understanding, assurance, or agreement has been entered into by the present administration offering to accept a reduction in the payment of principal or interest, or both, on any of the war debts since the joint resolution adopted by the Congress, approved December 23, 1931, expressly declaring against further reduction or cancelation of war debts? (4) What, if any, verbal or written assurances have been given or negotiations entered into by the present administration with any foreign nation regarding tariff concessions or trade agreements in respect to war-debt payments?

Mr. President, I submit there is no reason why the Senate and the country should not have that information. If there is, all the President need do is to say so and he can refuse to give the information.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER (Mr. GEORGE in the chair). Does the Senator from Indiana yield to the Senator from Nebraska?

Mr. ROBINSON of Indiana. Certainly.

Mr. NORRIS. I want to ask the Senator about an expression in the first part of his resolution which refers to "token payments." What does the Senator mean by that expression?

Mr. ROBINSON of Indiana. I understand that the term "token payment" means a payment of a small percentage, say, 9 or 10 percent, of the regular installment that was due. The terminology adopted, at any rate in the press and, I suppose, in intercourse between the two countries, Great Britain and the United States, was token payment. The payment made by Great Britain was considered a token payment, and apparently not as a default.

Mr. NORRIS. Would it be fair to say that it is synonymous with partial payment?

Mr. ROBINSON of Indiana. I suppose so. Though I am not certain about it, I assume the payment was called a "token payment" because it was considered a partial payment in token of their intention not to repudiate the debt. That is the only reason I can ascribe for its being called a "token payment."

Mr. President, there has been a great deal of discussion on the subject in the press of the country and among the people. A great many people believe that the administration itself suggested to the debtor nations that they make these partial payments looking toward a day when they might influence the American public and the Congress to agree to a complete cancelation of the indebtedness.

I am sure that the Congress meant just what it said but a little more than a year ago when it insisted that there should be no reduction or cancellation of any of this indebtedness. Notwithstanding that fact, we constantly hear the rumor that the administration is about to ask Congress for full authority to negotiate settlement of this indebtedness, looking toward, if not cancellation, drastic reduction.

It seems to me the President himself should clear up this uncertainty.

All that this resolution does is to ask the President for the information that Congress certainly is entitled to have, and that the people ought to have; but if it develops—and the resolution so provides—that the President considers giving out such information as incompatible with the public interest, then adoption of the resolution would not require that he give the Congress and the country the information.

So the resolution is a perfectly fair one. I can see no reason in the world for sending it to the Senate Committee on Foreign Relations, excepting to delay it. Consequently, of course, I oppose the motion.

I desire to quote what has been said upon this subject and not denied, Mr. President. I read from a newspaper article by William Hillman, dated January 24, the following paragraph:

Agents of the administration at Washington have categorically informed European debtor nations that American public opinion must be prepared by gradual stages to accept the idea of war-debt revision.

The token payments by Great Britain and Italy are considered essential stages in this preparation.

Agents and spokesmen of the administration outlined a scheme for reducing war debts by $5,000,000,000 in a way that would make the plan appear especially advantageous to the United States.

This scheme, proposed by members of the American Treasury Department and discussed with European representatives both by American Treasury and State Department officials last spring, called for revision of war debts in the following way:

The final sum to be paid by each individual European debtor nation would be fixed, reducing the figures of the previous funded-debt agreements by about 50 percent.

Payment of the new sum agreed upon would be made:

First. Partly in gold and silver to be paid directly into the United States Treasury. This would represent a small percentage of the total payment.

Second. Notes for the remainder would be issued by European governments and deposited with the Bank of International Settlements at Basle. These notes would be secured by individual European debtor nations.

Mr. President, if this administration has made such an arrangement as that, or has entered into such negotiations looking to a drastic reduction of the indebtedness due the American taxpayers by these foreign nations, is it not proper that the President himself should tell us about it? Why should there be any dilatory action at all by the Senate in the matter? Why should a committee be charged with the responsibility of deciding whether the country is entitled to have information when it is so apparent on its face that it is information which the Nation ought to have?

I read again:

> One prominent spokesman of the administration suggested in the course of informal diplomatic conversations that the administration would favor according Great Britain similar terms accorded the French under the Mellon-Berenger agreement.

It is noted that this does not say "it is rumored", but the statement is directly made that the administration has conducted these negotiations. So far as I know, it has never been denied. None of the charges has been denied. Nobody even questions the charges. Therefore I am wondering why the people of the country and the Congress are not entitled to this information.

> Europe, nurtured by hopes of revision by spokesmen, authorized or unauthorized to speak the true sentiment of the administration, is impatient and insistent about war debts, and the basis of Europe's proposal for settlement is 10 cents on the dollar or less.

Mr. President, from another article by the same author—an article with wide circulation throughout the United States—I quote the following:

> The British were informed by American officials that the American administration would not consider it a default if Great Britain failed to pay the June 1933 installment.

Well, Mr. President, of course most of us thought it was a default. Congress, in accordance with its joint resolution adopted practically unanimously, and which stands today as the last word on the subject by the only authority that can pronounce the last word; namely, the Congress, evidently believed that failure to pay would be a default.

Mr. President, why should not the administration give this very simple information to the Congress of the United States and to the people of the country, and why should it be necessary to send the resolution to any committee before the Senate should act upon it?

I submit that the resolution ought to be adopted, and ought not to be referred to any committee.

Mr. ROBINSON of Arkansas. Mr. President, this resolution has been discussed in the Senate by the Senator from Indiana and myself, and perhaps by others, on a previous occasion.

I desire to take up the statements made by the Senator from Indiana in opposition to the reference or committal of the resolution.

He asserts that any reference to a committee means prolonged and indeterminable delay. It may be true—in my judgment, it is true—that the committee would find that the resolution ought not to be passed; but the Senator is a member of the Committee on Foreign Relations. There can be no valid objection on his part to the consideration of the resolution by the committee and a decision by the committee upon the subject.

There is a sound reason for referring the resolution; and, if it is not referred to the committee, it is my intention to take another course regarding it that will bring the matter to a conclusion.

The question naturally arises whether the Senate wishes to pursue a course or to take action that is calculated, and I believe designed, further to complicate and involve the war-debt problem and thus to make more difficult, if not impossible, the task of the President, who under the Constitution is charged with the responsibility for the conduct of foreign affairs.

The effort to compel the President, or to induce or to prompt the President, to relate what conversations he has had, what discussions have occurred, what negotiations he has in mind, cannot have any other effect than to increase the already difficult and complicated situation relating to this subject.

I respectfully say to the Senator from Indiana and others who are doing me the honor to hear me that the subject matter is not so simple that it can be resolved by simply saying that the debts must be paid. Anyone whose mind proceeds to that conclusion with a knowledge of the history and the circumstances which envelop the controversy is not entitled to the confidence of serious-minded and well-informed people.

Complaint is made by the Senator from Indiana that what he terms "token payments" were received by the Government from the debtor nations. It is entirely true that but for the token payments literal and technical defaults in the payment of these obligations would have occurred. As a part of the complicated problem it is true, in my judgment, that public opinion in the debtor countries and in the United States makes exceedingly difficult any resolution of this problem short of complete default and repudiation.

We know that in some of the debtor countries public sentiment is such that the governments fear that they cannot sustain themselves if the obligations are discharged in accordance with the terms of the contracts. It does not accomplish any very wholesome result for us to denounce that state of public mind. It is regrettable, it is unfortunate, but it is a circumstance which we, as Senators or as citizens, find it impracticable, not to say impossible, to overcome. We cannot make that state of public sentiment in the debtor countries which we would like to see prevail, and which it is necessary, in a sense, shall prevail if these debts are to be paid or to be composed.

I recognize the fact that the Senator from Indiana, in deliberately attempting to trespass upon the province of the Executive by insisting that the Executive shall tell what is in his mind before he sees fit otherwise to communicate it to the Senate, is seeking to take advantage of that state of public opinion in our own country which tends to make it impossible for us to participate in any action which will resolve this problem. We can take a course that will freeze the issue, so that the debtors will never pay, so that we will never compromise; and that is the trend of the effect of the procedure under the resolution of the Senator from Indiana.

Mr. LONG. Mr. President, will the Senator yield?

Mr. ROBINSON of Arkansas. I yield.

Mr. LONG. I want to ask the Senator whether he does not think that the quicker we unscramble ourselves from the complications of Europe, in which we were involved as a result of the Great War, the safer it will be for the United States?

Mr. ROBINSON of Arkansas. The Senator's question, to my mind, is somewhat indefinite. If he means by the question to inquire whether I do not think that the quicker we work out this debt problem the better it will be for the country, I agree with him absolutely. I agree with him that the pendency of the problem has had the effect of impairing interchange of commodities between our Nation and foreign nations, and that the problem has precipitated itself into almost every relation which we have with foreign governments, and it is desirable that we accomplish the end he suggests; but it will not help to do so to ask the Executive either to say that it is against the public interest to furnish the information, or to tell what he is thinking about the subject, to relate what his plan is; and I will give the Senate the very definite and conclusive reason why I say that.

If negotiations are to take place looking to a compromise or an adjustment of this problem, once it is announced publicly that this Government has in mind a plan, that plan then becomes the maximum which we can hope to have considered, with the result that further demands for concessions to the debtor nations will be made, further resistance will be encountered.

I wish with all my heart that the debtor nations would meet their obligations, and meet them promptly, but I make no apology for the Government's having accepted what the Senator from Indiana terms "token" payments, because, according to the information I have, if they had not been accepted, there would have been a literal default, and the situation would have been frozen, so that nothing could ever have come out of it.

Mr. President, the Senator from Indiana wants the President to tell the Senate now what, if any, verbal or written assurance or agreement has been entered into, what steps have been taken to induce certain of the debtor nations to fulfill their obligations; what, if any, understanding or agreement has been entered into to accept a reduction in the payment of principal or interest.

I can say that, so far as my information goes, nothing of that kind has taken place. I cannot say that suggestions have not been made, I cannot say that proposals will not be made; but why should the Senate attempt to anticipate what the President may determine he should do by calling on him to say at this time what is in his mind upon the subject? The only effect it could have would be further to complicate and involve the affairs of this Nation with other nations, and to prolong rather than to terminate the controversy.

Before any final action can be taken the matter will come to the Congress in its due course. When the President is ready to communicate to the Congress he will do so. His record discloses that he has been prompt in sending information and suggestions for legislation to the two Houses of the Congress.

Mr. President, I base my opposition to the resolution principally on the ground that it is intended primarily to embarrass the Government in its foreign relations, and could not accomplish any wholesome result.

Mr. NORRIS. Mr. President, from an examination of the resolution, so far as I am able to understand it, there does not seem to me to be anything in it that is discourteous, or which would in any way embarrass the President if he wanted to give us the information. There may be things about it which I do not understand. There may be some reasons why the President should not divulge the information, if he has any, at this time. If that be true, he would satisfy me completely, and I think he would satisfy the country, if he simply said that conditions were such that he could not communicate an answer at the present time. So far as I am concerned, that would end it.

In favoring the resolution I want it distinctly understood that if there is any intention to embarrass I do not share it, and I do not know anything about it. The Senator from Arkansas may be right—that the real intention, as he stated in concluding his remarks, is to make it embarrassing for the President.

Mr. President, one might perhaps be justified in some degree, I think, in taking that viewpoint from the fact that the resolution is fathered and introduced by a Senator who is regarded in the Senate, I believe, as rather critical of the administration.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield to me?

Mr. NORRIS. I yield.

Mr. ROBINSON of Indiana. I desire to assure the Senator that there is no attempt and no desire on my part to embarrass the administration in this connection.

Mr. NORRIS. I am going to assume that there is no such intention.

Mr. ROBINSON of Indiana. The Senator will recall that throughout the Republican administrations, so far as my humble ability would permit me to do so, I always insisted that the debts be paid, and paid promptly, and that the previous administrations give us all the information they possessed on the subject; so I think I am consistent in the matter.

Mr. NORRIS. Mr. President, on yesterday the Senator from Indiana made what I believe to be some unjustifiable criticisms of the President of the United States. I said nothing about it at the time, although I felt that something ought to have been said. I think his remarks were unjustified, I do not believe they were warranted; and that applies not only to what the Senator from Indiana said but to what some other Members of the Senate have said in regard to the air-mail contracts.

Mr. President, I was one of the Senators who believed, on the basis of the knowledge we had, that the President was acting within his rights, and while I did not have a full, comprehensive idea of everything that was before the President, what I did have knowledge of led me to the belief that he was justified in taking the action he did in regard to the cancelation of the air-mail contracts.

I have felt all during my life that if we assume the intention is right, even if the request comes from such a source that it might tend to embarrassment, if it is not an unfair one, and asks for that which can safely be given, the best way to deal with such a request is to comply with it and to give the information which is asked for, if it can be given.

I am one of those who have always believed and still believe that we should not cancel the war debts. I was one of those opposed to the settlements which were made on the ground that we were surrendering a lawful right, an honorable right, an honest debt which the nations that owed any of the money should have been willing to pay, and should not under any circumstances ask for a compromise. I was in the minority. We approved settlements by which, in round numbers, we forgave our debtors about one half of the debt, a debt which we had already saddled upon our taxpayers, and with which the taxpayers of the United States are burdened today. Our children will be paying the debts growing out of the European war, debts which exist as the result of borrowings from us by our allies, which debts have not been paid.

I realize that a man in debt or a nation in debt may sometimes be unable to pay, and under no circumstances would I demand of a nation payment if it could not pay.

I would not hesitate, if they did not pay because they could not pay, to say nothing in regard to the matter and let the debts run. I would not, however, of my own accord, unless I had evidence which I do not now have, under any circumstances agree to the cancelation of the debt, and so far as I know now I shall not agree to any further decrease in the debt. Rather would I write on the sky, where unborn generations may read, the obligations of our allies to us, as a warning to our children and our children's children never to go into an unholy combination, a wicked war, such as I believe the World War to have been, or any war.

I also realize that honest men think differently and feel differently on the whole debt question, and that many think we ought to cancel the debts. If they are in the majority and the question is properly put and the debts are canceled, I will have to abide by such action and smile while our people are burdened to pay this debt. I say that much, Mr. President, as preliminary to what I am about to say.

I believe there is considerable feeling in the country in regard to the war debts. I may be wrong, but my own idea is that a vast majority of the taxpayers of the United States are unalterably opposed to the cancelation of the debts or to their further reduction, and I do not want the idea to go out—and I think it would be harmful to the present administration if the idea did go out—that the administration is in any sort of a conference or agreement or understanding tending to nullify the act of Congress by which in very explicit words we said we were opposed to any further reduction of the debt.

I think, Mr. President, the fairest way to do is to openly meet the situation. If there is something that cannot be met now, or the President does not want to state what, if any, conferences have been had, or if the conferences are

incomplete, or anything of that kind, I think he will satisfy the entire country if he simply says in reply to the resolution that it is incompatible with public interest to divulge anything now.

Therefore I support the resolution, not because I want to criticize, but because I want to disarm the people who may be interested in making it embarrassing for the administration, and I think the way to do is to let the resolution go to the President for such action as he may see fit to take.

GET OUT OF EUROPE! GET OUT OF THE ORIENT!

Mr. LONG. Mr. President, I am not so particularly concerned with what is done with the resolution, but I do want to say a word on the war-debt situation and on the Philippine situation. I think we must unscramble this country from the complications which have come about as the result of the Spanish-American War and the World War. We were left with the Philippine Islands as a result of the Spanish-American War, which of course we would not have been obliged to take. The Philippine Islands have been a problem on our hands. They are still a problem. A bill has been passed regarding Philippine independence which the Filipinos have not yet accepted. I am now very sorry that we did not pass the King bill and decree absolute independence for the Philippine Islands, thus assuring ourselves of getting rid of them in a short time. I have in mind yet that the King bill should be passed at this Congress and our general effort to clear up matters ought to persude us to do so now.

We also have left with us as the result of the World War the European debt complications, and I think the quicker we get rid of the debt complications the better it will be. I have been opposed, Mr. President, to the Congress' being meddled with by any other department of the Government over matters that are strictly congressional matters, and in line with that principle I am no more in favor of meddling with affairs that are intrusted to the Chief Executive by the Constitution of the United States than I am in having the Congress interfered with.

I hope, Mr. President, the war-debt question will be settled. We are going to lose some of that money. There never was any question about that fact in my mind. It does not make any difference how many settlements, we have, we are going to lose some of the money.

We went into the World War, no doubt, with good motives. We have come out of the war with everybody in Europe hating America. We have come out of it with a loss of trade. We had no business ever going into the war. We have no business ever going into another one like it. But the sooner the war-debt question is settled the better it is going to be to keep us from quarreling until it gets us into another war.

I am glad for once to put myself on record as not being in favor of interfering with anything that the Executive wants to do, whether it is in secret or whether it is in the open, in an affair that concerns the Executive, with the hope that the President will settle this matter so that we can afford to approve it, and that we will also free the Philippines by passing the King bill, and that the administration will take us out of the Orient. Let us get out of the entanglements of Europe and the Orient in the quickest way possible.

Mr. President, I do not care what is done with the pending resolution. I do not care whether it is passed or not, but personally I am not going to do anything which, it might be said, will keep the Chief Executive from proceeding in the way he wants to in a matter primarily intrusted to him by the Constitution. Get out of Europe! Get out of the Orient!

The PRESIDING OFFICER. The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to refer the resolution to the Committee on Foreign Relations.

Mr. ROBINSON of Indiana. Before the vote is taken, Mr. President, I ask unanimous consent to have inserted in the RECORD the newspaper articles to which I referred a moment ago.

The PRESIDING OFFICER. Without objection, it is so ordered.

The newspaper articles are as follows:

[From the Washington Times, Jan. 24, 1934]

TOKEN PAYMENTS BY EUROPE PART OF SCHEME TO SELL DEBT REDUCTION TO UNITED STATES PEOPLE

By William Hillman

Agents of the administration at Washington have categorically informed European debtor nations that American public opinion must be prepared by gradual stages to accept the idea of war-debt revision.

The token payments by Great Britain and Italy are considered essential stages in this preparation.

Agents and spokesmen of the administration outlined a scheme for reducing war debts by $5,000,000,000 in a way that would make the plan appear especially advantageous to the United States.

PLAN DISCUSSED LAST SPRING

This scheme, proposed by members of the American Treasury Department and discussed with European representatives both by American Treasury and State Department officials last spring, called for revision of war debts in the following way:

The final sum to be paid by each individual European debtor nation would be fixed, reducing the figures of the previous funded debt agreements by about 50 percent.

Payment of the new sum agreed upon would be made:

First. Partly in gold and silver to be paid directly into the United States Treasury. This would represent a small percentage of the total payment.

Second. Notes for the remainder would be issued by European governments and deposited with the Bank of International Settlements at Basel. These notes would be secured by individual European debtor nations.

On the basis of the gold and silver paid by the debtors, the United States Treasury would issue non-interest-bearing Treasury bills. These bills would be taken up by the Federal Reserve banks which would use them as a basis of an issue of currency notes.

The notes deposited by the European debtors with the Bank of International Settlements would be used for loan issues which the United States Treasury, by a complicated and intricate banking arrangement, could also use for the issuance of American Treasury bills. And these bills would be converted by Federal Reserve banks into further issues of currency notes.

This plan, it was thought, could be represented as advantageous to the country for the purpose of furthering public works and other Federal schemes.

But $6,000,000,000 as a final settlement was considered too high by Europe.

Europe wants further drastic downward revision.

And giving up gold in any substantial amounts is not popular with Great Britain or France.

FURTHER CHANGES NECESSARY

Agents of the administration have conceded that further modifications to meet European objections are necessary.

But the machinery to utilize the Bank of International Settlements, whereby notes or bonds secured by debtor countries could be utilized by the American Treasury, is still considered in certain administration circles as a possible framework for making war-debt revision practicable and palatable to the American people.

Whatever the machinery adopted, one thing is clear.

Agents of the administration regard with favor further drastic reduction of war debts.

The disposition naturally is to give the most favorable consideration to Great Britain.

But it is admitted that any readjustment with Great Britain must proportionately be accorded other debtors.

One prominent spokesman of the administration suggested in the course of informal diplomatic conversations that the administration would favor according Great Britain similar terms accorded the French under the Mellon-Berenger agreement.

This is not acceptable to the British.

Another agent of the Government declared the administration favored cutting the British debt 80 percent.

During the negotiations last November in Washington between British Treasury officials and American Treasury and State Department officials, the question of a final settlement was again taken up.

But again the problem of the inability of the Executive to deal with war debts alone and the apparent hostility of Congress held up any progress.

Great Britain decided to make another token payment, but comment in official circles in London was bitter, and the token was reduced this time to $7,500,000, which represents less than a 10-cents-on-the-dollar settlement.

Europe, nurtured by hopes of revision by spokesmen authorized or unauthorized to speak the true sentiment of the administration, is impatient and insistent about war debts; and the basis of Europe's proposal for settlement is 10 cents on the dollar or less.

FIVE CENTS ON DOLLAR FOR FRANCE

Inasmuch as one half of France's debt has already been forgiven her, such a settlement with France would amount to 5 cents on the original dollar loaned—and France is unwilling to pay that.

If such settlements are unsatisfactory to the American Congress and the American people, they must be careful how they delegate extraordinary powers to the President regarding tariff adjustments, international fiscal policies, and treaty agreements, as these powers are likely to be employed for debt settlements in inextricable combination with other agreements; and the American Government, like the dog in Aesop's fable, will lose the bone while trying to secure an empty shadow.

[From the Washington Times, Jan. 23, 1934]

WASHINGTON HAS ENCOURAGED EUROPE IN BELIEF UNITED STATES WILL AGREE TO FURTHER CUT IN DEBTS

By William Hillman

European capitals were keenly disappointed when President Roosevelt, absorbed with domestic legislation, failed to ask the first short session of Congress which ended in July for powers to negotiate tariffs and debts.

Europe had direct and substantial indication that the administration and advisers of the administration were in favor of substantial debt reduction.

REDUCTION SCHEME PROPOSED

A tentative scheme was proposed by agents of the administration last April for a general all-embracing revision and settlement of war debts, involving the use of the Bank of International Settlement, and proposing the reduction of the $11,000,000,000 debt due to the United States to $6,000,000,000.

This meant an almost 50-percent reduction.

This payment was considered too great by Europe which envisages a figure no higher than around one billion or one billion and a half dollars. So the matter was temporarily dropped.

Further indication of the attitude of the administration was forthcoming shortly after.

TOKEN PAYMENTS RESULTED

The token payments made by Great Britain and Italy were the result of this indication.

What was little known at the time of Premier MacDonald's historic trip to Washington was that the British premier did not start for Washington until he was given assurances that it would be possible for Great Britain to hurdle the June 1933 payment without returning again to the payments provided under the Baldwin-Mellon funding agreement.

Great Britain was seeking a moratorium pending final solution of the war debts, and reiterated her position as previously outlined in the British war-debt note of December 1932.

Upon his arrival in Washington Premier MacDonald and the experts accompanying him took part in a number of conversations.

NONPAYMENT NOT DEFAULT

The British were informed by American officials that the American administration would not consider it a default if Great Britain failed to pay the June 1933 installment.

The President, the British were informed, was prepared to persuade Congress not to consider the failure to pay as default but as deferment, and that in view of the British record of payments be felt he could convince Congress.

The British, however, despite the attitude of a powerful group of the British cabinet who favored no further payment until the Baldwin-Mellon funding agreement was revised, were opposed to any step which could be regarded by public opinion as default. The British reiterated the necessity of a moratorium.

HESITATED ON MORATORIUM

Washington hesitated about a moratorium, and spokesmen of the administration again informed Great Britain that some means would be found to hurdle the June payment.

Premier MacDonald returned to London in a hopeful mood, although certain members of the British cabinet were critical of the vagueness of the situation.

As the date for the payment of the June installment approached, the British Government asked for concrete proposals to enable it to hurdle this payment.

Again it was suggested that British failure to pay would not be construed as default but deferment. But as congressional opinion was sounded out, administration officials realized that hurdling the June payment would not be easy.

Then spokesmen of the departments in Washington concerned with the matter suggested a token payment.

How large was this token to be, was the British inquiry.

The suggestion was that it should be:

Not too small to be ridiculous and not large enough to be important.

This suggestion came from Washington.

SMALL AMOUNT IS PAID

Hectic negotiations began in the early part of June. What was to be the sum? An agreement was finally reached on $10,000,000.

This sum represented roughly 10 percent of the installment due. The basis on which the English desired the whole war debt to be settled.

Then arose an important question. The British wanted to know whether this token payment was legal.

Would Congress construe a token payment as default, for the British Government insisted it did not want to be placed in a position of defaulting.

INQUIRY REVEALS OBSTACLE

Washington officials declared inquiry had not been made as to the legality of the token payment but that they would institute inquiry.

The highest legal authority was consulted. The answer given was far from satisfactory.

But the President declared his readiness to regard the token payment is not as default.

The British, therefore, made one of the conditions of the payment of this token of $10,000,000 that the President in acknowledging the receipt of the money state categorically that this payment was not default.

NEGOTIATIONS DELAYED

Again hectic days followed to find the correct formula for the payment, and the exact wording of the messages to be interchanged between the United States and Great Britain had to be agreed upon in advance.

Up to the very last few hours of the day on which the June payment was due conversations and negotiations continued by cable and telephone.

An impatient House of Commons kept questioning the British Chancellor of the Exchequer, and Mr. Chamberlain had to postpone a promised statement on what was being done about payment of the June installment for 24 hours in a tense and dramatic atmosphere until the zero hour of payment.

TOKENS ACCEPTED BY UNITED STATES

Then all he announced was the offer of the token payment, and the acceptance by the United States not as a default.

Nothing was revealed of the stages by which this payment had been reached.

Thus the June payment was hurdled, and Great Britain was encouraged by agents in Washington in the belief that Washington was willing to consider drastic and substantial reductions at some future date.

FRANCE SPURNS ANY PAYMENT

Through semiofficial and indirect diplomatic channels an effort was made to induce France to take similar steps, first by paying in full the December 1932 installment, and second by making a token payment for the June 1933 installment.

But France wasn't interested. France would pay nothing, not even 10 percent of the payment due. Members of the administration who had hoped for some progress in the erection of good will and machinery toward a final revision of war debts were bitter against France for obstructing settlement of a "reasonable basis."

WHAT CONSTITUTES FAIRNESS?

The question for the American public to consider is, What constitutes a reasonable basis?

All of France's actual war debt has been forgiven her.

America only asks repayment of moneys borrowed since the war.

Must that post-war debt be forgiven France also?

Is that a reasonable basis or a definitely dishonest basis?

Mr. ROBINSON of Indiana. Mr. President, I desire to say in answer to what was said by the Senator from Arkansas, that I do not seek by this resolution to anticipate anything that the President has in his mind. All the resolution seeks is to learn from the Chief Executive what has been done to date. I think on that question the Congress and the country have the right to be informed. The resolution asks nothing more than that.

So far as concerns any question about embarrassing the administration that may be raised in this connection, Mr. President, I think the Senator from Arkansas will admit that I have been thoroughly consistent on this proposition throughout administration after administration; I have always insisted that the people be informed as to what was going on in connection with the war debts. Therefore, I am consistently now continuing the course I have followed all along from the time the question was first raised.

Just a word about the war debts themselves. We have the bonds of the debtor nations in the Treasury of the United States. There they are as a warning to future generations if the debts are never paid. It is not good policy to lend great sums of money to other countries; and probably if they default completely and never pay the indebtedness, it will save the United States and the people thereof untold billions of dollars in the future. Furthermore, it would have a tendency to keep us out of many wars, very probably, and that would be a blessing. Therefore, I think of course, the debts should not be canceled; that no thought should be given to cancelation or even to reduction.

Mr. President, if we are to vote on the question now, I ask for the yeas and nays.

Mr. BORAH. Mr. President, does the Chairman of the Committee on Foreign Relations desire the resolution to go to that committee? I will say that I am in favor of the resolution, but I have no objection to its going to the committee if the chairman desires that course to be followed. I assume he will report the resolution back to the Senate.

Mr. PITTMAN. Mr. President, I was not in the Chamber at the time the resolution was called up and while it has been under discussion. Do I understand that a motion has been made to refer it to the Committee on Foreign Relations?

Mr. ROBINSON of Indiana. The Senator from Arkansas made the motion when the resolution was handed down that it be referred to the Committee on Foreign Relations.

Mr. PITTMAN. I am in entire agreement with that motion; I think that is the committee to which the resolution should go.

Mr. BORAH. Mr. President, as I said, I am in favor of the resolution; I do not think it will embarrass the President at all, for it permits him to say that if it is not compatible with the public interest he will not give the information; but, on the other hand, I think it is quite proper that it should go to the committee, because I am sure it will come out of the committee.

Mr. NORRIS. Mr. President, will the Senator yield to me there?

Mr. BORAH. I yield.

Mr. NORRIS. Personally I would not have any objection to voting on the resolution right now and adopting it; but if other Senators think it should go to the committee, and if we can have the assurance that it will not die in the committee but will come back in a reasonable time, I am perfectly willing that the resolution should be referred to the committee.

Mr. ROBINSON of Indiana. I will inquire from the Senator from Nevada what assurance we may have on that subject?

Mr. PITTMAN. The Senator may have only my own personal assurance that after the resolution shall have been discussed by the committee and such changes in language made as the committee may see fit to make, I myself personally will vote to report it out either favorably or adversely. Of course, as the Senator knows, he being a member of the Foreign Relations Committee, I cannot speak for the individual members of that committee.

Mr. ROBINSON of Arkansas. Mr. President, I do not want any misunderstanding; I am not begging the question at all. If this resolution shall go to the committee, unless I become satisfied that it will not embarrass the Executive in the conduct of foreign relations, I shall move an adverse report of the resolution, and do it with a great deal of pleasure. I do not want any Senator to get the idea that I am seeking to evade the issue now; and if the Senate would rather vote on such a motion, I will make the motion to lay the resolution on the table.

Mr. PITTMAN. Mr. President, will the Senator from Arkansas withhold his motion to lay the resolution on the table?

Mr. ROBINSON of Arkansas. Yes.

Mr. ROBINSON of Indiana. Mr. President, I understand there is a motion now before the Senate that is not debatable.

Mr. ROBINSON of Arkansas. No; I did not make the motion. I said if the issue were forced, I would make the motion.

Mr. PITTMAN. Mr. President, I asked the Senator from Arkansas if he withheld his motion to table, and he said he did. I desire to make a few remarks on the subject.

Mr. ROBINSON of Indiana. Very well.

The PRESIDING OFFICER. The Senator from Nevada has the floor.

Mr. PITTMAN. Mr. President, in stating that I would vote to report the resolution from the committee, I simply wished to intimate that I would not individually use my vote for the purpose of preventing action by the Senate on the resolution. My position, of course, would be entirely the same as that of the Senator from Arkansas in that when the resolution shall be voted on in the committee, I will vote my own conclusions with regard to it, whether favorable or adverse.

I wish, however, to call attention to the first part of the resolution, which reads:

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the United States Senate with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation?

The President's authority to accept "token payments", as they are called, from those countries is authorized by the so-called "Thomas amendment" to the agricultural relief bill of the last session of Congress. That portion of the Thomas amendment was prepared by me, whereby the President was authorized to accept on the war debts not to exceed 200,000,000 ounces of silver at a value of 50 cents an ounce, with a time limit on such acceptance, which, I think, was sometime in December. His authority was expressly limited, in that silver could not be accepted at more than 50 cents an ounce, that tenders must be made by December 15, if I remember aright, and that the total amount of the so-called "token payments" could be no more than 200,000,000 ounces of silver.

The words "token payments", of course, do not occur in the bill. I do not really know what is meant by "token payments" in such connection.

Mr. ROBINSON of Indiana. Mr. President, will the Senator yield at that point?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Indiana?

Mr. PITTMAN. Yes.

Mr. ROBINSON of Indiana. The Senator is, of course, familiar with the term "token payment" as used in connection with the war debts?

Mr. PITTMAN. I only know what I have heard as to such payments on the floor of the Senate and in the resolution.

Mr. ROBINSON of Indiana. The Senator has noted the expression in the press time and again since the question arose.

Mr. PITTMAN. I say it has not the meaning it had at the time the countries were on the gold standard.

Mr. ROBINSON of Indiana. I just wanted to know the Senator's view as to the term used in the resolution, because it has become, as he must be aware, a common expression.

Mr. PITTMAN. I am trying to guess what it means. I understand exactly what "token payments" might have meant before various countries which were previously on the gold standard went off the gold standard. I understand what a token payment by China, which is on the silver standard, would mean. If China instead of paying in silver, which is the money used by her, a debt she owed us should pay us in iron, iron would be a "token payment" as I understand. But our money today is token money in the sense that it is not gold-standard money; it is not silver-standard money; it is secured by nothing except the credit of the Government. Token money might mean non-legal-tender currency. There may be an analogy, possibly, between what we call "token payments" and what may be called "flat money"; but, as a matter of fact, what I am getting at is that the authority reposed in and the limitations imposed upon the President to accept something other than gold on the war debts were placed in the law itself.

As I understand the debt settlement act and remember its provisions, the war debts were payable in gold and there is no authority in the President, in my opinion, to accept payment in anything else except by virtue of the act to which I have referred. What happened? We did not provide for the payment in iron or goods or products. We provided not for the payment in token but by a metal that we use in this

country as money, a metal which in this country when coined is full legal tender for all debts, both public and private.

We have $800,000,000 worth of silver money in circulation in this country today. One twelfth of our entire circulating medium is silver—silver dollars and silver subsidiary coin. That silver is no more token money to us than any other kind of money that is circulating in this country today.

Let me say further that, under the authority given him, the President received from Great Britain 20,000,000 ounces of silver at a valuation of 50 cents an ounce. Today he has the authority, by a law which was passed a short time ago, under an amendment offered by me, to issue $26,666,666 as against that 20,000,000 ounces of silver, because there is 0.78 of an ounce of silver in a dollar. That proportion has not been changed, so that 20,000,000 ounces of silver will make $26,666,666 of silver dollars. Or the President can keep the bullion in the Treasury and issue and pay out in the ordinary course of business of the Government based on that 20,000,000 ounces $26,666,666, and they will be exactly the same kind of dollars as we have circulating now as full legal tender. As a matter of fact, they circulate in this country today at the rate of $1.29 an ounce-plus as against 50 cents an ounce paid for the silver. Their intrinsic value today in the world is over $8,000,000 at the present market price, and, according to our ratio, their value is $26,666,666.

Mr. KING. Mr. President——

Mr. PITTMAN. I yield to the Senator from Utah.

Mr. KING. The Senator, I think, would be accurate in further stating that under the so-called "Thomas amendment" the President would be authorized to open the mints of the country to the free and unlimited coinage of silver, to fix the ratio, and to provide that the bullion received, when coined or otherwise, should be receivable in payment of debts, public and private.

Mr. PITTMAN. Undoubtedly. As to that clause of the resolution, it is a matter that is absolutely governed by an act of Congress.

What next does the resolution ask—

> What steps have been taken to induce France, Belgium, or any other defaulting nation to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreement approved by the Congress?

I wonder what steps in these times we could imagine would be taken? One step was taken by the Congress practically prohibiting the sale in this country of the bonds and securities of a foreign government that is in default. That was an act of Congress. That was intended to bring pressure upon those governments to pay. Is it not perfectly obvious to any one that there has not been any agreement on the part of any of the major governments to pay their debts?

We are not entirely in the dark here in the United States Senate nor throughout the country. The press of the country is constantly publishing matters relating to this subject. We are hearing speeches made constantly. The condition in the country and in the world today is very intimately known to every Member of the Senate. We find today a distressing condition throughout the entire world. There never was a condition in the world since just prior to the last great war so acute as that which exists in the world today. It is an unhappy thing to think about. It is a more unhappy thing to be compelled to discuss it.

Not only are the physical and political conditions throughout the entire world today in a delicate, sensitive, uneasy, uncertain state, but the financial condition of the whole world is in exactly the same state. We know that. We do not have to have anyone tell it to us, because we know just as well as we know anything that there is an economic and financial war going on today among all the countries of the world. We realize that the dreadful situation in which they find themselves compels them to rely on the law of self-defense, and they are all relying on that law.

Mr. LONG. Mr. President, will the Senator yield for a question?

The PRESIDING OFFICER. Does the Senator from Nevada yield to the Senator from Louisiana?

Mr. PITTMAN. I yield.

Mr. LONG. I think the Senator was not in the Chamber a few moments ago. I think we ought to try to get the Philippine situation out of the way if we cannot get a satisfactory adjustment of the debt question, and get ourselves out of the complications in the Orient and not become involved in any entanglements in Europe. I should like to know what the Senator thinks about that matter?

Mr. PITTMAN. I thank the Senator, but I do not desire to be diverted from this question to a discussion of the Philippine question. It is so insignificant by comparison with the dangers that we see elsewhere that I prefer not to be diverted just at the moment, although the subject is worthy of consideration.

I say that the condition in the world is apparent to us today. There is a financial and economic warfare going on among all the countries, and we ourselves are engaged in it. We followed the example of other countries. We were forced into the attitude we took. We found other countries going off the gold standard. We found first one great country depreciating its currency 80 percent by means of reducing the gold content of its money 80 percent. By that very process of making its currency cheap it was inviting purchases in those countries where the exchange on foreign money for theirs was on very favorable terms.

Then we found another country and still another going off the gold standard ahead of us, and depreciating their currencies so as to give them a better opportunity in the export markets of the world. We found those countries taking away from us our export trade. We found countries with great funds manipulating our own dollar for the purpose of keeping it high in comparison with the currencies of the countries that were trying to keep theirs low.

We were forced into this economic and financial warfare. Today we are leading the fight. We are asking no quarter. We are asking no compromise. At the London Conference our President made the public declaration that there could be no international agreement that would in the slightest interfere with our domestic program. That proclamation then made stands today. We are working out a tremendous domestic program. We have reduced the gold content of our dollar substantially 40 percent. We are depreciating our currency by that act and by other acts in equal proportions.

Other governments by various financial means are attempting to overcome that condition by appreciating the value of our dollar while trying to hold down the value of their own currency. That is a war that is going on every hour of every day and every month. It not only involves our currencies, but it involves our export trade and our foreign markets.

The idea of attempting to negotiate war debts which are payable in gold when the price of gold is fluctuating as it is fluctuating and the prices of currencies are fluctuating as they are! The idea of talking about negotiating payment of war debts when by our very own acts we have undertaken the appreciation of the value of the very gold we demand in payment. We cannot discuss things in those terms. The war debts are to be paid in gold and we have appreciated the value of gold. We are doing it now and will continue to do it so long as it is essential to the program of recovery we are now undertaking.

Everyone should know that; everyone does know it. Everyone does not understand the delicate situation, however. They do know the difficulty at the present time of any government discussing with other governments any problem of the kind. Common sense should teach us that under these conditions there are no negotiations going on with respect to war debts.

But that is not the proposition. The idea is to have the President of the United States say, "I consider it incompatible with the public interest to have bandied around the world in the press in every country, subject to every misconstruction and criticism, the things that we may have been doing in the nature of diplomatic correspondence looking to

an amelioration or toning down of this desperate situation." We should not do it. Indeed, I might almost say it would be considered unpatriotic at this time on the floor of the Senate to force such a statement through the discussion of this resolution any further, and particularly a discussion of any reply the President of the United States might make to it. If it were not for thoughtlessness, we might even charge it as being unpatriotic, as a move that would tend rather to war than to peace throughout the world. It might even tend to disruptions in which our country would find itself involved, and probably inextricably involved.

In the threatening condition that hangs over the world today, when a war may break out at any moment anywhere from the slightest causes, not even now anticipated, as the great World War broke out—a war that we are determined, if it be humanly possible, to keep out of if it ever does arise—in such a condition it is the duty of every American citizen, in my opinion, and particularly the duty of the representatives of the people in this body, to see that nothing that can be prevented shall be done that may add to the unfortunate condition in the world, that may tend to break down our influence for peace in the world, that in the event of war may drag us into it.

The information that is sought here is not at all emergent, while other things are emergent. The information sought here would bring nothing to the Senate, and it must be apparent, because undoubtedly nothing has been done except that which was authorized by law, and nothing else can be done in the circumstances; but it would be very unfortunate at this time to express by these questions distrust in the President of the United States with regard to the handling of our foreign affairs.

There is no such distrust in this country. The people of the country know the burdens that are on the President. They know that he is handling our domestic affairs with great skill and with great success and that he is handling our foreign affairs in the same way. Why show to the people of the country and to the world an apparent distrust of the President of the United States by asking questions of this character?

Mr. LEWIS. Mr. President, I am moved to bring to the attention of the Senate some views touching the resolution of the Senator from Indiana [Mr. ROBINSON], who, though ever alert and ever industrious along the line of his thoughts, is in this instance pursuing error. I am moved because there seems to be current an intention on the part of some of our honorable opponents on the other side of the Chamber to hold up to the country that the President of the United States and this element of the Nation's parties, called Democrats, is forsaking any effort to collect the debts, and that the object of our abandonment is for some gain or material profit politically to the present administration. Such is the inferred charge.

Mr. President, a distinguished Member of this body lately made a speech in a neighboring State in which he charged that the President of the United States has failed to make any effort to collect this money due us from foreign countries. That Senator is now absent from the floor—absent from the city. Because of that absence I defer mentioning his name; but upon his return to the floor I expect to engage him in a colloquy to ascertain upon what foundation he made the statement. This speech was made by the eminent Senator before a gathering ostensibly called for political objects, known as a political organization. If it be the purpose on the part of our honorable opponents to make a campaign issue of the charge that the President has abandoned the collection of the debts, and that silence on the part of this element of the organization of the Senate indicates some profit politically or by any action a benefit to itself politically, we desire this distinguished Senator or any other Senators who shall make the charge to express themselves in detail as to what they really mean to accuse.

Mr. President, if my able friend from Indiana, whose capacity anyone might praise, however much one may differ from his views, shall engage himself with some interest as to "any agreement or understanding" any President of the United States may have made touching the war debts, I solicit this energetic and adroit Senator from Indiana, as I do that other Senator who is absent—I hope he will have his attention drawn to my observations, and take them up when he comes into the Chamber or returns to the city—to make a further close investigation as to what passed between the former President of the United States and representatives of foreign nations when the moratorium was granted, and this body was besought to approve it. I beseech them to inquire further what was meant by the statement of the English statesman, MacDonald, in the assertion that "there was an understanding that justified the belief that there would be no further pressure as to the debts."

It is now well known that something transpired between the honorable President of the United States who preceded the present occupant of the White House and the distinguished representative of the British Government, the officer of England, and later the matter transpiring there was duplicated between the then President and the representative of the French Government. Let us remember that after Mr. MacDonald was here, and the matter, whatever it was, transpired between himself as the representative of the English Government and the President of the United States, promptly there came bolting to this land, with a speedy haste attractive to the curious, the representative of the French Government, whose only purpose, it will not be forgotten, was to ascertain what had transpired between the previous President and the representative of the English Government, and to demand that whatever was transacted or agreed upon in the form of agreement or understanding be duplicated in behalf of France.

After the eminent statesman from France left the United States, we had no information afforded as to what it was which soothed the ruffled nature of the representative from England or appeased the frightened suspicions and seriously awakened doubts from the representative of France.

Mr. President, if my eminent friend from Indiana or any other Senator shall find some entertainment in ascertaining what had passed between this Government and some foreign government as to the debts, I submit that it would be interesting to follow with investigation, and would be informing if we should reach a conclusion, as to what transpired between the former President of the United States and these representatives, as to which, sir, every time it has been alluded to it has been followed with a blank silence as dull as the depths of a crevasse of the lower earth.

Mr. President, I am one of those who have ever demanded from this floor action, so far as could be, touching the collection of the debts. There is a phase just now which I fear all of us may overlook.

The eminent Senator from Nevada [Mr. PITTMAN], the Chairman of the Foreign Relations Committee, has made some allusions to the uncertain situation, political and financial, of the countries of the world. Our position suddenly takes a turn. The settlement of the debts as they now stand is greatly affected by whatever relation may be entered upon between the debtors and ourselves as to trade treaties and adjustments of the tariff. These essentially enter, sir, directly with interrelations with the debts these countries owe us.

I am not favorable, sir, to the suggestion of receiving goods in payment of the debts. I fear that if such were entered upon as a direct payment of the debts, the quantity and quality of the material which would be sent for the payment of these obligations would serve very far to close the factories of my own country. Removing the necessity of manufacture, the foreign goods would of course, sir, supply the demands of America; and to that extent such goods as could be brought in to pay the debts, if such were ever accepted, would wholly overturn all the present economic doctrine which applies to America for its own self-preservation.

But, sir, it must not be overlooked that if this Government is to enter—I may say, embark—upon some policy

respecting a reciprocity of trade, these countries which owe the debts to the United States will at once demand that the matter of their obligations be first considered, in order that they may know how far these exchanges may lighten their obligations, and to what extent any of them may be accepted, not in reciprocity for the goods that we should send them, but as part contribution to the debt, while the other part of the shipments may be treated as reciprocity in return for such goods which they may accept from the United States.

Mr. President, it must be seen that we are omitting at this time the necessary consideration which must be given to the subject matter of that which is now proposed, initiated some time past at London, lately revived in South America by the visit by our honorable Secretary of State, and now again proposed in the present era to be considered by the President so soon as conditions of our country permit the propositions to be formed—the reciprocity of international trade.

I make this suggestion not without some knowledge on the subject. I make it with the perfectly firm and free statement here that I am justified and authorized, by information I possess, to say that the whole question of the foreign debts will be considered shortly by the distinguished President of the United States and his Secretary of State, but will be considered in connection with the other matters of international importance, if they shall come to the point of a treaty, where all of the subjects, in one union, will be disposed of. Then, sir, this disposition will be submitted, after it has been reached, to the Senate of the United States, then to the Congress of the country, and openly to the people of the Nation.

Mr. President, with this done, we fulfill the mission, and any attempt in the meantime on the part of any Senator or any public character to hold up as a political issue the charge that we have abandoned the collection of the debts, or that we have failed to press them, is a manifest misrepresentation. If it is intended to serve a political object for party purposes by those who make the false declaration, it is beneath the dignity of their office, and is in violation of what they owe to truth before their country. If, on the other hand, they sincerely believe such when they make the statement, let it be understood now that they have fallen into error, and that the error will be corrected very shortly in action by those having control of the subject.

My attention is drawn to my eminent friend the Senator from Idaho [Mr. BORAH], the able former chairman of the Committee on Foreign Relations, returning to his seat, and I think I do no violence to my memory when I recall that he likewise indulged in an interesting query as to what was the meaning of the suggestion that came from abroad, quoted in the cables, and at other times alluded to, as to some kind of understanding entered into between the then President and the foreign representatives when the moratorium was agreed upon which has not been made manifest to the country, but which one of the eminent representatives from foreign countries abroad made free to state did exist.

Therefore, let me say to the Senator from Indiana, or other Senators, if these eminent Senators, or the eminent leaders of a great political party, are anxious to make a political issue of anything transpiring between the President of the United States and these foreign countries, let them look to themselves and attend to the clearing of their own houses, that they may find the truth, whatever it is, and have it revealed to the country, as to that which transpired between a former President of the United States and the representatives of these foreign countries, which now is greatly embarrassing the dealings and the movements touching this international question, and equally embarrassing to procedure on the part of the present President and his eminent administration, seeking to serve the welfare of the United States. Because of that, sir, if there be no other reason, this is sufficient to justify diligence on the part of the eminent Senators interested and their allies in turning their attention homeward and to themselves. In view, sir, of the justification of the motion of the Senator from Arkansas, I rise, for the reasons I have mentioned, to give it support.

Mr. ROBINSON of Arkansas. I suggest the absence of a quorum.

The PRESIDING OFFICER. The clerk will call the roll.

The Chief Clerk called the roll, and the following Senators answered to their names:

Adams	Davis	Keyes	Pope
Austin	Dickinson	King	Reynolds
Bachman	Dieterich	La Follette	Robinson, Ark.
Bailey	Dill	Lewis	Robinson, Ind.
Bankhead	Duffy	Logan	Russell
Barbour	Erickson	Lonergan	Schall
Barkley	Fess	Long	Shipstead
Borah	Frazier	McAdoo	Smith
Brown	George	McCarran	Steiwer
Bulkley	Gibson	McGill	Thomas, Okla.
Bulow	Glass	McKellar	Thomas, Utah
Byrd	Goldsborough	McNary	Thompson
Byrnes	Gore	Metcalf	Trammell
Capper	Hale	Murphy	Tydings
Caraway	Harrison	Neely	Vandenberg
Carey	Hatch	Norris	Van Nuys
Clark	Hatfield	Nye	Walcott
Connally	Hayden	O'Mahoney	Walsh
Coolidge	Hebert	Overton	Wheeler
Costigan	Johnson	Patterson	White
Cutting	Kean	Pittman	

Mr. LEWIS. I desire to announce the absence of the senior Senator from Texas [Mr. SHEPPARD], who is detained by a death in his family.

The VICE PRESIDENT. Eighty-three Senators have answered to their names. A quorum is present.

The question is on the motion of the Senator from Arkansas [Mr. ROBINSON] to refer the resolution of the Senator from Indiana [Mr. ROBINSON] to the Committee on Foreign Relations.

Mr. ROBINSON of Indiana. I ask for the yeas and nays.

The yeas and nays were ordered, and the legislative clerk proceeded to call the roll.

Mr. FESS (when his name was called). I have a pair with the senior Senator from Virginia [Mr. GLASS], which I transfer to the senior Senator from Delaware [Mr. HASTINGS], and will vote. I vote "nay."

Mr. HATFIELD (when his name was called). I have a general pair with the senior Senator from Florida [Mr. FLETCHER], which I transfer to the Senator from Vermont [Mr. AUSTIN], and will vote. I vote "nay."

Mr. McADOO (when his name was called). I have a pair with the Senator from Connecticut [Mr. WALCOTT]. I transfer that pair to the Senator from Iowa [Mr. MURPHY], and will vote. I vote "yea."

Mr. ROBINSON of Arkansas (when his name was called). I transfer my pair with the senior Senator from Pennsylvania [Mr. REED] to the senior Senator from Texas [Mr. SHEPPARD] and vote "yea."

The roll call was concluded.

Mr. McKELLAR (after having voted in the affirmative). I have a general pair with the junior Senator from Delaware [Mr. TOWNSEND]. I transfer that pair to the senior Senator from Alabama [Mr. BLACK] and allow my vote to stand.

Mr. TYDINGS (after having voted in the affirmative). I have a general pair with the senior Senator from Rhode Island [Mr. METCALF]. I transfer that pair to the junior Senator from Mississippi [Mr. STEPHENS] and allow my vote to stand.

Mr. ROBINSON of Indiana (after having voted in the negative). I have a general pair with the junior Senator from Mississippi [Mr. STEPHENS], whom I understand is absent, but in view of the statement of transfer made by the Senator from Maryland [Mr. TYDINGS] I am permitted to let my vote stand.

Mr. PATTERSON (after having voted in the negative). I inquire if the junior Senator from New York [Mr. WAGNER] has voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. PATTERSON. I have a general pair with the Senator from New York, and therefore withdraw my vote.

Mr. LEWIS. I desire to announce that the following Senators are necessarily detained from the Senate on official business: The Senator from Arizona [Mr. ASHURST], the

Senator from Alabama [Mr. BLACK], the Senator from Washington [Mr. BONE], the senior Senator from New York [Mr. COPELAND], the Senator from Florida [Mr. FLETCHER], the Senator from Virginia [Mr. GLASS], the Senator from Iowa [Mr. MURPHY], the Senator from Georgia [Mr. RUSSELL], the Senator from Mississippi [Mr. STEPHENS], and the junior Senator from New York [Mr. WAGNER].

I also wish to announce that the Senator from Texas [Mr. SHEPPARD] is necessarily absent from the Senate on account of a death in his immediate family.

Mr. HEBERT. I desire to announce that the Senator from Pennsylvania [Mr. REED] is absent on account of illness; that the Senator from Delaware [Mr. HASTINGS], the Senator from South Dakota [Mr. NORBECK], and the Senator from Delaware [Mr. TOWNSEND] are necessarily absent, and that the Senator from Vermont [Mr. AUSTIN] and the Senator from Rhode Island [Mr. METCALF] are detained on official business.

Mr. VANDENBERG. I should like the RECORD to show that my colleague the senior Senator from Michigan [Mr. COUZENS] is unavoidably absent on account of illness.

The result was announced—yeas 51, nays 25, as follows:

YEAS—51

Adams	Connally	Lewis	Reynolds
Bachman	Coolidge	Logan	Robinson, Ark.
Bailey	Costigan	Lonergan	Shipstead
Bankhead	Dieterich	Long	Smith
Barkley	Dill	McAdoo	Thomas, Okla.
Borah	Duffy	McCarran	Thomas, Utah
Brown	Erickson	McGill	Thompson
Bulkley	George	McKellar	Trammell
Bulow	Gore	Neely	Tydings
Byrd	Harrison	O'Mahoney	Van Nuys
Byrnes	Hatch	Overton	Walsh
Caraway	Hayden	Pittman	Wheeler
Clark	King	Pope	

NAYS—25

Barbour	Frazier	Kean	Schall
Capper	Gibson	Keyes	Steiwer
Carey	Goldsborough	La Follette	Vandenberg
Cutting	Hale	McNary	White
Davis	Hatfield	Norris	
Dickinson	Hebert	Nye	
Fess	Johnson	Robinson, Ind.	

NOT VOTING—20

Ashurst	Couzens	Murphy	Sheppard
Austin	Fletcher	Norbeck	Stephens
Black	Glass	Patterson	Townsend
Bone	Hastings	Reed	Wagner
Copeland	Metcalf	Russell	Walcott

So the motion of Mr. ROBINSON of Arkansas was agreed to.

INVESTIGATION OF AIR MAIL CONTRACTS

Mr. SCHALL. Mr. President, I ask leave to insert in the RECORD an item from today's Washington Times relative to the air mail situation and Mr. Farley's admissions before the Senate Air Mail Investigating Committee last Saturday. These admissions deserve more publicity than they have received thus far, as the editorial points out, and I therefore ask leave to make them part of the RECORD.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

[From the Washington Times of Wednesday, Feb. 28, 1934]

FARLEY ADMITS IGNORANCE, HASTE IN AIR MAIL ACTION

By James T. Williams, Jr.

As a witness before the Senate's special committee on investigation of air mail and ocean mail contracts, Postmaster General Farley gave sensational testimony last Saturday afternoon, which appears to have been almost wholly overlooked by many, if not most, of the Sunday newspapers of the country.

Many Senators in Congress did not hear of this testimony until they were told by several members of the committee within the last day or two that it had been given. Even now, some Senators are still ignorant of this testimony for the following reasons:

NOT IN PRINT

The up-to-date reports of the proceedings of this special committee, of which Senator HUGO LAFAYETTE BLACK, of Alabama, is chairman, are not yet available in printed form either to the Senate or the House of Representatives, much less to the press and the people of the United States.

Although the so-called "Black committee", which began investigating ocean mail contracts last September, did not reach air mail contracts until after Christmas, the printed copies of the hearing available at this writing cover only the testimony given up to and including January 18 of this year.

This means that neither the Senate nor the House can base any legislation regarding domestic air mail contracts on the testimony given on that subject before the so-called "Black committee", because none of the testimony since January 18 is yet in print. And the mimeographed copies of the testimony are distributed only to the members of the Senate's special committee.

It is from one of these mimeographed copies that the admissions of Mr. Farley of Saturday last, listed below, are taken.

Mr. Farley admitted that up to the 30th of January last he had ratified and confirmed domestic air mail contracts as entirely legal.

Mr. Farley admitted that he did not change his judgment regarding the legality of these contracts until sometime between January 30 and February 6.

Mr. Farley admitted that he did not write the letter which he signed on February 14 last notifying Senator BLACK, as chairman of the special Senate committee, of his intention to cancel all domestic air mail contracts upon the ground that they were illegal.

Mr. Farley admitted that this letter which he signed was prepared by the Solicitor of the Department, Mr. Crowley, with Mr. Ristine, and with the Attorney General of the United States.

Mr. Farley admitted that the following section of the postal laws and regulations had never been specifically called to his attention:

"In all cases of regular contract, the contract may, in the discretion of the Postmaster General, be continued in force beyond its express terms for a period not exceeding 6 months, until a new contract with the same or other contractors shall be made by the Postmaster General."

NEEDLESS SACRIFICES

Had this procedure been followed, the six heroes of the Army Air Corps who were sent to an unnecessary death last week would still be flying the colors; the air-line pilots would still be flying the mails; no American citizen would have been convicted as guilty without a hearing; American air transport would not now be shattered by a crippling blow; and the Army Air Corps would not now be paralyzed as a vital arm of the national defense.

The importance of the sensational admissions by Mr. Farley as a witness before the so-called "Black committee" last Saturday afternoon would seem to have merited more attention around the Sunday morning breakfast table of the American people than they got, due to the fact that so few of these admissions have yet seen the light of print.

In view of this fact, the Senate may go to the rescue of the American people in their eagerness for the truth and order the insertion hereafter in the CONGRESSIONAL RECORD of each day's proceedings of all testimony taken at the hearings before the special committee of which Senator HUGO LAFAYETTE BLACK is the chairman and chief pilot.

THE STORY OF GOLD—ARTICLE BY GARET GARRETT

Mr. FESS. Mr. President, I ask unanimous consent to have printed in the RECORD an article appearing in the Saturday Evening Post of March 3, 1934, written by Garet Garrett and entitled "Two Chapters in the Story of Gold."

There being no objection, the article is ordered to be printed in the RECORD, as follows:

[From the Saturday Evening Post, Mar. 3, 1934]

TWO CHAPTERS IN THE STORY OF GOLD

By Garet Garrett

Generally it is true that inflationists and money cheapeners dislike to be so named. Senator THOMAS of Oklahoma was parent of the law authorizing the President to print three billions of fiat money like the Civil War greenbacks and to debase the dollar one half; and yet in New York he says, "I am as much opposed to an improper, excessive, and overissue of either currency or credit as any money changer in Wall Street." He is an inflationist tempered by adjectives. What he advocates is only inflation enough to transfer two thirds of the national wealth from creditors to debtors.

WE ADVOCATE A SOUND CURRENCY

In moving the inflation law that bears his name—the Thomas amendment to the Agricultural Adjustment Act—he said on the floor of the Senate: "It may transfer from one class to another class in these United States value to the extent of almost $200,000,000,000. * * * Two hundred billion dollars, now, of wealth and buying power rests in the hands of those who own the bank deposits and fixed investments, bonds, and mortgages. * * * If the amendment carries and the powers are exercised in a reasonable degree, it must transfer that $200,000,000,000 in the hands of persons who now have it, who did not buy it, who did not earn it, who do not deserve it, who must not retain it, back to the other side—the debtor class of the Republic, the people who owe the mass debts of the Nation."

Some make it a point never to pronounce the word "inflation." They talk of reflation and devaluation, of a planned currency and a managed dollar; they are monetary scientists seeking only to rationalize money, or they are those who would relieve the debtor of his intolerable debts, increase the buying power of the people, restore prosperity, and make it durable, all by means of a kind of money that shall be sound and abundant always.

If you wish to argue it with them, that is all right. They have a passion for it. But you must hold to premises of expediency and mechanism; for if you speak of repudiation, of the obligation of contract, of faith in the word of the Government printed on its money and its bonds that had been 100 years building and was destroyed in a day, they cry out all together, "Fetish! Fetish!"

In the last Presidential campaign sound money, though not a premeditated issue, became unexpectedly a subject of violent partisan debate, and the Democratic Party was on the side of sound money, upholding the gold standard. One of the planks of the Democratic Party platform was this: .

"We advocate a sound currency to be preserved at all hazards."

The Republicans were expected to say, as they did, that the Democrats had been playing with the idea of inflation, and this was the Democratic Party's answer beforehand. Sound currency had then a definite meaning. That was before thinking had been affected by a new glossary and by the sophistry of events. The Democrats repeated those two words again and again, as if everybody so well understood what they meant that no definition was necessary, and that was so. From asserting their own loyalty to the principles of sound money, they went on to say that the Republican Party, false to its traditions, had become unsound about money; specifically, that the Hoover administration, with its desperate use of public credit and its very heavy borrowing, had been on the road to unsound money.

In a speech, July 30, at Albany, Mr. Roosevelt said: "Let us have courage to stop borrowing to meet continuing deficits. Stop the deficits. Let us have equal courage to reverse the policy of the Republican leaders and insist on a sound currency. * * * This concerns you, my friends, who have managed to lay aside a few dollars for a rainy day."

THE CAMPAIGN BATTLE FRONT

So far these were the recriminations ordinary, such as you might expect to hear in any campaign; interest in them was owing principally to the fact that they committed the Democratic Party to an unequivocal policy of sound money.

Then, on October 4, Mr. Hoover made his Des Moines speech. He told there of the perils through which his party had been steering the Nation. One was the peril of vanishing credit, and the cause of its vanishing was the draining away of the gold base. Besides enormous withdrawals of gold by foreigners, there had been at the same time domestic hoarding of it. "These drains", said Mr. Hoover, "had at one moment reduced the amount of gold we could spare for current payments to a point where the Secretary of the Treasury informed me that unless we could put into effect a remedy, we could not hold to the gold standard but 2 weeks longer, because of inability to meet the demands of foreigners and our own citizens for gold."

The implication was clear. The Republican Party had saved the country from the disaster of going off the gold standard.

One of the singular effects of Mr. Hoover's speech was to produce a fury of indignation in the Democratic breast. Had not the Republican Party involved the country in a series of incredible disasters? Now here it was inventing an idea of the one disaster that had not happened and could not have happened, only in order to prove it had saved the country from something. The President of the United States himself, willing to injure the credit of the country by saying publicly, for the whole world to hear, that we had been about to go off the gold standard, and saying it to make a false halo for the Republican Party! It were bad enough if it were true. But it was untrue.

To answer Mr. Hoover as he deserved, the Democratic Party put forward Senator CARTER GLASS. He had been Secretary of the Treasury in the Wilson Cabinet and was expected to be Secretary of the Treasury again in the Roosevelt Cabinet if the Democratic Party won the election. Moreover, having written and moved and carried, with acid integrity, more money and banking legislation than any other living man of either party, his words were bound to be deeply respected by the whole country.

Accordingly, on the night of November 1, over a Nation-wide radio hook-up, Senator GLASS made the authoritative money speech of the campaign. Did the Hoover administration save the gold standard? Did it keep the country from going off the gold standard with its emergency banking bill, written by the Treasury and sent to the Capitol to be passed? CARTER GLASS speaking. Virginia Democrat. Member of the Banking and Currency Committee of the United States Senate. He ought to know. He himself wrote into that Republican banking bill such safeguards as Mr. Hoover's people at the Treasury ought to have thought of, and then, though with some distaste, he had helped to pass it. But as for its saving the gold standard—in the first place, it did not; in the second place, it could not; in the third place, the gold standard did not have to be saved, because it was never in danger. To say otherwise was false in fact and implication.

THE MAGNIFICENT PHILIPPIC OF SENATOR GLASS

"I assert", said Senator GLASS, "that those of us responsible for legislation never had the remotest intimation from the administration that the gold standard was in danger. * * * I repeat the assertion that anybody who now says anything to the contrary of what is alleged here is either ignorant of the facts or indifferent to the truth. Anybody who says this country was within 2 weeks of being driven off the gold standard actually impeaches the official integrity of the President of the United States and of the Secretary of the Treasury. The latter official, from January 1 to June 30, 1932, with the approval of the President, sold to the banks and private investors in the United States $3,709,213,450 of Treasury notes and certificates of indebtedness, redeemable in gold at the Treasury.

"If the President and the Secretary of the Treasury had knowledge of the fact that this country was faced with imminent disaster by being driven off the gold standard in 2 weeks, and failed to so advise the banks and private investors who purchased nearly $4,000,000,000 of these Federal securities, they were guilty of amazing dishonesty; they were cheating the investment public; and could not even appropriate to themselves the solace of future oblivion, because their names would have been remembered in terms of anathema for a century to come. Despite his suggested infamy, the authentic figures and facts show that no such situation existed as that which politicians have conjured up in order to exaggerate the executive prowess of a candidate for the presidency."

But he was not yet through with the gold standard. Republicans had been saying the Democratic Party was not at heart true to it. "In this connection," said Senator GLASS, "the newspapers report that Secretary Hurley, of the War Department, has openly proclaimed from the public rostrum that should the Democratic Party succeed at the November election, the United States will be driven off the gold standard. For the sake of decency it must be hoped that Secretary Hurley did not say that. If he did say it, he was guilty of a dangerous calumny. If he said it, he is totally unfit for official responsibility, and the President should have booted him out of office before breakfast time of the following day. Indecency, even in a political campaign, has its limitations. This alleged declaration, if made by this strutting trumpeter of the President, was not far short of treason to the country."

This is an official party speech, a verbal document; and lest there should be any doubt about it, Mr. Roosevelt in a speech, November 4, at the Brooklyn Academy of Music, said: "The business men of this country, battling hard to maintain their financial solvency and integrity, were told in blunt language in Des Moines, Iowa, how close an escape the country had some months ago from going off the gold standard. This, as has been clearly shown since, was a libel on the credit of the United States.

"No adequate answer," said Mr. Roosevelt, "has been made to the magnificent philippic of Senator GLASS the other night, in which he showed how unsound was this assertion. And I might add Senator GLASS made a devastating challenge that no responsible government would have sold to the country securities payable in gold if it knew that the promise, yes, the covenant, embodied in these securities, was as dubious as the President of the United States claims it was. * * *

"One of the most commonly repeated misrepresentations by Republican speakers", said Mr. Roosevelt, "including the President, has been the claim that the Democratic position with regard to money has not been made sufficiently clear. The President is seeing visions of rubber dollars. This is only a part of his campaign of fear. I am not going to characterize these statements. I merely present the facts. The Democratic platform specifically declares, 'We advocate a sound currency to be preserved at all hazards.' That is plain English."

Thus the Democratic Party came into control of the Government plainly committed, in faith, in the common-sense language, and by moral indignation, to maintain at all hazards a sound currency and to uphold the gold standard; and it was committed, moreover, to the following propositions, namely:

First. That for anyone to suggest that in the hands of the Democratic Party the country might be driven off the gold standard was a political indecency, a dangerous calumny, and not far short of treason; and

Second. That for the Government to engrave the words "payable in gold coin of the present standard of value" on the face of its bonds and notes and certificates of indebtedness and sell them to investors while knowing that the gold standard was in danger or that its maintenance was dubious, would be an act of amazing dishonesty.

WHAT FOLLOWED THE ELECTION VICTORY

Insofar as the popular vote that delivered the Government to the Democratic Party was touched by thought of money or monetary principles, it was a vote for sound money and for the gold standard. That is to say, what followed was without color or suggestion of a mandate from the people.

And what was it that followed?

First, gold payments were suspended. Next, the gold standard was forsaken, though, as it were, temporarily. Then it was flatly repudiated by law, the President thereafter referring to it as one of the "old fetishes of so-called 'international bankers'", now to be replaced by an idea of planned currency. "The United States seeks", he said, "the kind of dollar which, a generation hence, will have the same purchasing power as the dollar value we hope to obtain in the near future."

And again—October 22—disclosing the gold-purchase plan, wherein the idea was to cheapen the value of the dollar much faster by manipulating the price of gold, the President said: "We are thus continuing to move toward a managed currency."

To take the country off the gold standard, certain steps had been necessary.

It did not happen all at one stroke. The time it took altogether was 3 months; and during these 3 months the Government sold to banks and investors $1,400,000,000 of securities, all of them bearing the engraved words, "Principal and interest payable in gold coin of the present standard of value."

On March 9 the Congress enacted an emergency law investing the President and the Secretary of the Treasury with absolute

power to control money and banking, including the power, if necessary, to require all private owners of gold to deliver it up to the United States Treasury in exchange for paper money. Then, as the banks began to reopen under strict Treasury regulations, they were forbidden to pay out gold, except by particular permission of the Government. Gold payments, therefore, were suspended by all banks, though not yet by the Government. The country was still on the gold standard. To suspend gold payments in a great emergency is by no means the same as to abandon or repudiate the gold standard.

On March 12 the United States Treasury sold $800,000,000 short-term bonds, called certificates of indebtedness, and on each bond was engraved the promise of the Government to redeem the principal and pay the interest "in United States gold coin of the present standard of value." On March 15 it sold $100,000,000 Treasury bills, which is a form of "I O U", and these also were payable in gold.

On April 5 the President issued an order commanding all private persons and all private banks to deliver, by May 1, their gold and gold certificates to the nearest Federal Reserve bank in exchange for paper money, under penalty of fine and imprisonment. After that it was a crime to have more than $100 in gold or gold certificates in one's possession. A gold certificate is, or was, simply a Treasury receipt for gold coin, reading on its face: "This certifies that there have been deposited in the Treasury of the United States ten dollars" [twenty, one hundred, or one thousand dollars] "in gold coin, payable to the bearer on demand." This had been, for longer than anyone could remember, the finest money in the world—simply a receipt by the United States Treasury for gold coin held in trust in its vaults, payable to the bearer on demand. And now suddenly, both as money and as faith, it was broken. Still we were not off the gold standard. The Treasury said we were not. This was something the Government was doing to its own people. A foreigner who held any amount of gold certificates might still expect the United States Treasury to honor them; and a foreigner owning a United States Government bond redeemable in gold might still expect the United States Treasury to keep its contract. As for the American citizen, taking his gold to the nearest Federal Reserve bank and exchanging it there for paper money, he supposed, first, that it was all a matter of emergency, and, in the second place, that the paper money he received was as good as gold—that is to say, gold-standard money. Indeed, the Government gave him that impression.

On April 5, parallel to the President's order commanding privately owned gold to be surrendered, the Secretary of the Treasury issued a statement, saying: "Those surrendering gold, of course, receive an equivalent amount of other forms of currency, and other forms of currency may be used for obtaining gold in an equivalent amount when authorized for proper purposes." That is a fairly good statement of what gold-standard money is. It is paper money that may be exchanged for gold, dollar for dollar, when one wants the gold for any purpose for which gold itself may be properly and rationally required. The Secretary of the Treasury added: "Gold held in private hoards serves no useful purpose under present circumstances. When added to the stock of the Federal Reserve banks, it serves as a basis for credit and currency."

Thus people understood they were surrendering gold in time of emergency only to strengthen the banking system and that the paper money they received for it was, as the Secretary of the Treasury said, the equivalent of gold. There was yet not the slightest suggestion that the Government intended to devalue the standard gold dollar by reducing its gold content, purposely to destroy the equivalent value of that paper money, nor was there even a remote suggestion that it was writing a law to repudiate its gold contracts.

On April 19 the President proclaimed an embargo on exports of gold. That meant the Government had decided to let the dollar go. It meant that the Government itself would suspend gold payments abroad. Foreign holders of United States Government bonds could no longer expect to receive the principal and interest in gold, at least, not for a while; foreign holders of the United States Treasury gold receipts, called "gold certificates", could no longer convert them into gold at any bank in the world. Over all the world the value of the American dollar began to fall. As it turned out, that is precisely what the Government wanted. It wished the value of the dollar to fall in the international money market, thinking that this would cause American commodity prices to rise. Priced in the pound sterling, in the French franc, in anybody's money, priced even in the German mark, the American dollar fell. And yet only in a sense of payment were we off the gold standard. We had stopped paying gold, yes, but that is not the same as to repudiate the gold standard. Once before for nearly 2 decades the American Government had to pay with paper money. That was during and immediately after the Civil War. But it held all that time to the gold standard and ultimately restored all its paper money to a gold parity. And what now immediately followed gave many people the idea that such was the case again.

On April 23, only 4 days after the President had proclaimed the embargo on gold exports, thereby serving notice on the world that the American Government would no longer hold its dollar to the gold standard—for that is what the embargo meant, and every banker and speculator in the world so understood it—only 4 days after this, the United States Treasury offered and sold $500,000,000 short-term bonds, called "3-year notes." It made them in small denominations and recommended them to small investors; and in the Treasury circular offering these bonds the Government said: "The principal and interest of these notes will be payable in United States gold coin of the present standard of value." People bought them on that representation, unaware that the Government was then writing a law to repudiate the contract.

On April 28, 5 days later, the Senate passed the inflation law—namely, the Thomas amendment to the Agricultural Act, authorizing the President to debase the old gold-standard dollar by reducing its gold content one half, to print and issue three billions of fiat money, and to exchange three billions of paper currency for outstanding Government bonds. Even that was not final. There was one more step.

On June 5, responding to the wishes of the administration, the Congress by joint resolution repudiated the gold clause in every form of public and private contract; as to all existing Government bonds, Treasury notes, and certificates of indebtedness, bearing on their face the unqualified promise of the Government to pay them, principal and interest, in gold—including the $900,000,000 sold by the Treasury 12 weeks before and the $500,000,000 sold 6 weeks before—it declared they were payable, not in gold according to the covenant, not in paper money equivalent to gold, but in any kind of paper money the Government might see fit to print.

CHEAPENING THE DOLLAR

Thus in 3 months the Democratic Party had not only thrown the country off the gold standard; it had repudiated the gold standard utterly. More, it had repudiated the contract engraved on every existing obligation of the United States Treasury in the form of a gold bond, a gold note, or a gold receipt. The only thing left was the silver certificate, redeemable in silver coin on demand. That had not been repudiated; but the right to repudiate it had been reserved.

That was the end of the gold clause. To have engraved it again on the next issue of Government bonds would have been illegal. But what ensued was still strange enough to be incredible. The dollar, off the gold standard, did not fall fast enough. The Government was acting on the theory that the way to raise prices was to depreciate the value of money, and it was very anxious to raise prices, especially agricultural prices. Accordingly it adopted and announced an aggressive method of cheapening the dollar. It began to buy gold with paper dollars and to buy it above the world price, day after day increasing in a progressive manner the number of paper dollars it would give for an ounce of gold—one day $32 for an ounce of gold, the next day $33, the next day $34, and so on. It neither needed nor wanted gold. It wanted only to cheapen the dollar, and said so.

But while this was going on, the United States Treasury again and again needed money by the hundreds of millions to meet the enormous expenditures of the R.F.C., the P.W.A., the C.W.A., the A.A.A., the C.C.C., and all the other agencies through which the Government was pouring money into the hands of farmers, into the banks, into public works, and into relief. The only way the Treasury can raise money is to borrow it from the people on its bonds and notes and I O U's.

WHY GLASS REFUSED TO SERVE

Thus after June 5 the oblique spectacle of the Treasury selling its bonds and notes and I O U's continuously to private investors and to the banks, while at the same time the Government with all its power was openly engaged in cheapening the money in which those bonds and notes and I O U's would be redeemed. Here at least no moral is involved. The buyers of these Government securities are on notice beforehand that the Government is resolved to cheapen money, and that if it succeeds, the money in which they will receive their interest and their principal back will be worth less than the money they paid for the securities.

In the apologia the first statement will be—it already is—that the Democratic Party did not do it. Necessity did it. There existed a national emergency in many ways similar to the emergency of war; in time of extreme danger a sovereign government knows one law, is bound by one only, and that is the law of necessity.

Well, in the first place, the emergency was not new. It was present during the campaign, when the Democratic Party was passing upon others the moral judgments that now return to embarrass it. Secondly, if necessity be the justification, then, of course, necessity must be entirely proved. An idea of it will not do, for the idea may be wishful.

What of the alleged necessity, and how was it proved? It was never proved. It was asserted. But it was also denied. And the man who most bitterly denied it was the one who during the campaign had been the Democratic Party's chosen authority on the morals, principles, and facts of money.

This is the most dramatic part of the story. The senior Senator from Virginia, CARTER GLASS, did not become Secretary of the Treasury in the Roosevelt Cabinet. He declined the office, saying he believed he could be more useful in the Senate, where he was. But his private reason for declining it was that after the election in November and before the Democratic Party took control of the Government in March, an interval of 4 months, he began to be deeply troubled by certain signs and omens in the party household. During the campaign, all who spoke for the party said the same things. What they said was what he believed, and he was persuaded that they believed it as he did. Now, suddenly, he could not be sure. Men whom he trusted said that strange ideas about money were rising. Reluctantly at last,

he resolved to stay in the Senate, and it was soon apparent that his misgivings were well founded. He stood aghast as he saw his party taking the path to inflation.

On the day, April 27, when the inflation law came before the Senate as an amendment to the Agricultural Adjustment Act, Mr. GLASS appeared, not to oppose it, for that was hopeless, but to characterize it. He was ill and very weak. In a low voice he said:

"The newspapers of yesterday and today have stated that the senior Senator from Virginia has created a sensation by disagreeing with the President. The implication is, of course, that any Senator who now preserves his intellectual integrity and consistently maintains the views which he has privately and publicly expressed for many years is creating a sensation.

"I have not deserted my party.

"I wrote with my own hand that provision of the national Democratic platform which declared for a sound currency to be maintained at all hazards.

"I was unable, because of illness, to make more than one speech during the entire Presidential campaign. And in that one speech, with all the righteous indignation that I could summon, and in terms, perhaps, of some bitterness, I reproached the then President of the United States and Secretary of the Treasury for saying that this country was within 2 weeks of going off the gold standard.

"The reaction to that speech—and I do not say it in any boastful way—was that I now have bound in excess of 5,000 telegrams and letters from people, mostly strangers to me, commending that utterance. The first telegram in the first bound volume is one from Franklin D. Roosevelt, now President of the United States, who said the speech was to him an inspiration. In his public utterances at Brooklyn and at other places he textually commended that part of the speech which so bitterly criticized his political adversary and competitor for suggesting that this country was in imminent danger of going off the gold standard.

HONOR ABOVE PARTY FAVOR

"This simple recital will indicate that I have not deserted anybody or any party in opposing the bill. I am simply consistently maintaining an attitude of earnest conviction on public questions which is more important to me than the favor of any party or potentate. * * *

"We are proceeding upon the assumption that nobody hereafter will desire credit; that farmers hereafter will not want credit or need it, because we are destroying credit and largely have done so. No man outside of a lunatic asylum will loan his money today on farm mortgages, because we have destroyed the market for farm mortgages and for almost all types of mortgage.

"I cannot in any circumstances, painful as it is to me to differ from the occupant of the White House and from my party colleagues, support the second provision of this bill, relating to the devaluation of the gold dollar. England went off the gold standard because she was compelled to do so, and not from choice. She had less than $1,000,000 in gold left after paying her indebtedness to the United States. Of course she went off the gold standard; and going off has not resulted in increasing the prices of commodities. There was a temporary flurry then, as there has been in this country now; but the inevitable reaction came.

"Why are we going off the gold standard? With nearly 40 percent of the entire gold supply of the world, why are we going off the gold standard? With all the earmarked gold, with all the securities of ours they hold, foreign governments could withdraw in total less than $700,000,000 of our gold, which would leave us an ample fund of gold, in the extremest case, to maintain gold payments both at home and abroad.

"To me the suggestion that we may devalue the gold dollar 50 percent means national repudiation. To me it means dishonor. In my conception of it, it is immoral.

INVENTION, MOTHER OF NECESSITY

"All the legalistic arguments which the lawyers of the Senate, men of eminent ability and refinement, may make here, or have made here, have not dislodged from my mind the irrevocable conviction that it is immoral, and that it means not only a contravention of my party's platform in that respect but of the promises of party spokesmen during the campaign.

"Mr. President, there was never any necessity for a gold embargo. There is no necessity for making statutory criminals of citizens of the United States who may please to take their property in the shape of gold or currency out of the banks and use it for their own purposes as they may please.

"As I remarked to the Senator from Pennsylvania the other day, we have gone beyond the cruel extremities of the French, and they made it a capital crime, punishable at the guillotine, for any tradesman or individual citizen of the realm to discriminate in favor of gold and against their printing-press currency. We have gone beyond that. We have said that no man may have his gold, under penalty of 10 years in the penitentiary or $10,000 fine. * * *

"If there were need to go off the gold standard, very well; I would say let us go off the gold standard; but there has been no need for that. If there were need for currency expansion, I would say let us expand, though I fail to comprehend how much better off one is with $2 which will purchase no more than the $1 which he had yesterday.

"My colleagues talk about serving the public. What public? The men who work for wages, the neediest of all classes of the public, the clerks and the stenographers and the professional men, constituting in the aggregate half, yea, more than half of our laboring population, will be the people to suffer under this unbridled expansion. That is what it is. The rein is so loose that the steed will never stop until he goes over the precipice and kills his rider at the bottom thereof.

"Mr. President, I find that I must desist."

Inflation is not rare. It is the common recourse of nations at war and governments in financial distress. But premeditated inflation for political ends is rare. That is the kind of inflation Senator GLASS was talking about.

Instead of a law reading, "whenever, in the judgment of the Secretary of the Treasury, such action is necessary to protect the currency system of the United States, the Secretary of the Treasury, in his discretion, may require any or all individuals, partnerships, associations, and corporations to pay and deliver to the Treasurer of the United States any or all gold coin, gold bullion, and gold certificates", you cannot imagine the Congress passing a law to read, "the Secretary of the Treasury is hereby authorized to require all private banks and private persons to deliver up their gold in exchange for paper money in order that the Government, if and when it needs the money, may divide the gold in 2 equal parts and keep 1 part for itself, free and clear, without recompense to the owner."

Yet the effect of the law quoted, which it did pass, together with a later act authorizing the President to devalue the dollar by abstracting one half of its gold content, was exactly the same as if it had passed the law you cannot imagine its passing.

Instead of the inflation law called "the Thomas amendment"—the law denounced by Senator GLASS—you cannot imagine Congress passing a law to read: "The President is hereby authorized, in his discretion, to seize, without compensation, any property whatever of the so-called 'creditor class', including bank deposits, savings-bank accounts, bonds, mortgages, and life-insurance policies, and to distribute it equally among the debtor class."

No! The Thomas amendment authorizes the President to change and manipulate the value of money in a manner to produce that effect.

REAL MEANING BACK OF TWO LAWS

You cannot imagine Congress passing a law to say: "One half of the total national debt is hereby repudiated in the public interest."

Yet that is the meaning of the two laws it did pass, one authorizing the President to cheapen the dollar one half and the other repudiating the clause "payable in gold coin of the present standard of value" that had been engraved on every Government obligation prior to last June.

In either of these laws one may study the singular power that exists in a mere arrangement of words to produce a sensation of plausibility. The Thomas amendment authorized the President to proceed upon any one or all of four ways of inflation when, in his discretion, it should become "necessary in order to regulate and maintain the parity of currency issues of the United States." The other repudiated the gold clause in all Government obligations on the ground that "provisions of obligations which purport to give the obligee a right to require payment in gold * * * obstruct the power of the Congress to regulate the value of the money of the United States and are inconsistent with the declared policy of the Congress to maintain at all times the equal power of every dollar coined or issued by the United States."

These are the two laws that did purposefully destroy a parity that had existed for more than 50 years among all the forms of currency issued in the United States. Gold coin, gold certificates, silver, silver certificates, national-bank notes, Federal Reserve notes, the greenbacks surviving from Civil War time—they were all of equal value, interchangeable, and except it happened to be either gold or silver coin people hardly knew one kind from another.

Yet with what innocent plausibility the two laws say they destroy that parity in order to maintain it! That does not make sense, of course. Nevertheless, these are skillfully written laws; they mean what they mean. To get the meaning, go back to the word "regulate." Here the verb "to regulate" means "to change and manipulate." Now read the laws again. The Thomas amendment authorizes the President to proceed with inflation when, in his discretion, it is necessary to change and manipulate the value of money—that is, to cheapen it—and then, having cheapened it, to "maintain the parity of currency issues of the United States." That makes perfectly clear sense. And as you read again the other law, you see that the clause "payable in gold coin of the present standard of value" engraved upon all outstanding Government obligations did obviously "obstruct the power of Congress", not simply the power to "regulate" the value of money but the power to change and manipulate the value of it.

In the law repudiating the gold clause there is a curious self-saving word. It is "purport." The law refers to "obligations which purport to give the obligee a right to require payment in gold." Was the word of the Government engraved upon its bonds an implication merely?

"Repudiation" is an honest word for an ugly thing. The inflationists want the result without the word. Already, in their flight from it, they had made a confusion of reason. But when the Congress had repudiated the gold clause in all Government bonds, and had at the same time annulled it in every form of private obligation, as being contrary to public interest, they descended to depths of puerility.

With an air of having discovered it, they brought forward the fact that there was not gold enough, and never would be enough,

to redeem all the public and private bonds that were payable in gold. They counted them up—Government bonds, State and city bonds, corporation bonds, and so on, to a total of maybe $150,000,000,000. "Look", they said, "$150,000,000,000 of bonds all payable in gold and only $4,500,000,000 of gold in the country. All that the Congress has done has been to face for the first time the reality of fact. Why pretend that $150,000,000,000 of bonds are gold bonds, payable in gold, when it is physically impossible for them to be paid in gold?"

HOW GOLD BONDS ARE REDEEMED

But why so little realism? The total amount of money of all kinds then existing, gold, silver, and paper combined, was $10,000,000,000. If $150,000,000,000 of gold bonds cannot be redeemed with $4,500,000,000 of gold, neither can they be redeemed with $10,000,000,000 of money, which is all the money there is, including gold. Therefore, not only the gold clause but the redemption clause itself—the promise to redeem at all—is preposterous. Simply, bonds cannot be redeemed, if this is true, and why pretend otherwise? Why not a resolution in Congress to annul in all public and private obligations the promise to pay, on the same ground—namely, that the contract cannot be performed?

It is an elementary fact that bonds payable in gold are not actually paid in gold. What they are paid with is not abstracted from the stock of gold. Neither is it abstracted from the stock of money. Bonds are paid out of income, and the same piece of money may be used to measure a quantity of income again and again, just as one bushel basket may be used again and again to measure quantity of grain. Money is measure, not wealth; and to say that gold bonds cannot be redeemed in gold money because their aggregate is many times greater than the total amount of gold and gold money existing is as absurd as to say a year's wheat crop cannot be measured because there are not enough bushel baskets to hold it all at one time.

During the 10 years from 1920 to 1930 the Government redeemed more than $9,000,000,000 of gold bonds. Probably not a single bond in all that $9,000,000,000 was actually paid in gold coin or gold certificates. The Government, like everybody else, redeems its bonds out of income. What does its income consist of? Taxes? How are taxes paid? Principally by check; but whether by check or cash, the Government deposits the money either in various banks or in the United States Treasury. Then it has some bonds to redeem. How does it redeem them? By mailing out Government checks. On receiving a United States Treasury check, you take it to a bank. You may deposit it there or you may take it in money. Suppose you want it in money. The bank counts it out to you in paper bills.

You say, "But that Government bond was payable in gold." The bank says—or it did say—"All right. Here is the gold in place of the paper money. How will you carry it?" But you did not want to carry it. You only wanted to know you could get it, for if you could get it you knew your paper money to be the equivalent of gold, dollar for dollar.

During the same 10 years in which the Government redeemed $9,000,000,000 of bonds without the actual use of gold, private obligations to an aggregate very much greater, such as railroad bonds, corporation bonds, mortgages, and debts of every kind, were redeemed in the same way, not with gold but out of income measured in gold standard money, the same money serving as measure again and again. All anybody wanted to know was that paper money was equivalent to gold. It is not until people begin to distrust the equivalent value of paper money that they want the gold itself and are willing to carry it into hoarding.

The hoarding episode was in two phases. First it was simply a hoarding of money, in distrust of the banks. Probably not 1 person in 10,000 knew the difference between a gold certificate and a national-bank note, a greenback, a Federal Reserve note, or a silver certificate. All kinds of money were equal. After 3 years of frightful depression and disillusionment people believed implicitly in only two things—Government bonds and money. The hoarding of money, although it was a calamity for the banks, was nevertheless a significant fact. Never was there any doubt about the integrity of money. That was something to build on. Instead of being built upon, it was destroyed.

The second phase opened when this faith in money began to weaken. Then people began to ask and to distinguish among the different kinds of paper money and to select out the gold certificates; they began also to demand the gold itself, wishing to hoard it. But the gold certificate was even better than gold for purposes of hoarding. It was an absolute receipt by the United States Treasury for gold coin, payable to the bearer on demand, and nobody could imagine the circumstances under which the United States Treasury would ever refuse to honor it.

NEWSPAPER ARTICLES ON PHASES OF THE NEW DEAL

Mr. DICKINSON. Mr. President, I ask unanimous consent to insert in the RECORD three newspaper clippings—one, an article by Mark Sullivan on the control of basic farm crops; another from the Chicago Tribune entitled "A New Dealer Describes America"; and the third from the Fremont (Nebr.) Tribune, entitled "The President Indulges in Bad Temper."

There being no objection, the articles were ordered to be printed in the RECORD, as follows:

[From the New York Herald Tribune of Feb. 28, 1934]

CONTROL OF BASIC FARM CROPS AIM OF MIDWESTERN GOVERNORS—MARK SULLIVAN SAYS MOVEMENT SHOWS HOW UNITED STATES IS PROCEEDING TOWARD COLLECTIVISM OF RUSSIAN TYPE AND POINTS OUT SOME OF ITS PERILS

By Mark Sullivan

WASHINGTON, February 27.—Information from Minnesota says Floyd B. Olson, Farmer-Labor Governor, has called Governors and farm leaders of 15 Midwestern States to meet at Des Moines, Iowa, March 10. One main purpose is to bring about compulsory production control of all basic agricultural commodities. This development furnishes an occasion for standing away from the scene and taking account of how rapidly and far the United States is going toward a revolution in the American tradition and constitutional point of view about individual liberty and the rights of property.

Governor Olson is incited by observing President Roosevelt's endorsement of a bill in Congress for compulsory control of production of one crop, cotton. Apparently Congress will pass this cotton measure and apparently the President will sign it. The cotton measure proposes, in effect, that each farmer shall be given in the spring a quota fixing the number of bales he may raise. If he raises more, the additional bale or bales will be subjected to a confiscatory tax. In the original draft of the measure the compulsion upon the farmer was to be achieved by making it a crime to raise more than the quota, and by punishing the offender with 2 months in labor, a fine, or both.

WOULD APPLY CONTROL TO SEVEN CROPS

Now, Governor Olson proposes to extend production control to all basic agricultural commodities. This phrase is commonly used to mean wheat, corn, hogs, rice, tobacco, as well as cotton. Lately the phrase has come to include beef cattle and beet sugar. The constant additions to the category of basic crops illustrate a kind of rule by which revolutionary changes grow. Each step makes the next step certain. Actually, if production control gets under way at all, it is certain to include fairly soon every farm crop whatever.

What is ahead can be visualized. If the cotton measure becomes a law, there will be pressure from Governor Olson and others to extend the system to seven more crops immediately and to all crops ultimately. Thereupon each spring a Government agent will go upon each farm and tell each farmer that he must raise a given quota and no more of each crop.

PRICE FIXING IS NEXT STEP

But the process does not stop there. The rule that each step leads to the next is operating. We have been talking of production control—that is, fixing how much each farmer may raise. With the infallibility of logic, the next step emerges. It is marketing control—that is, control by Government of the price at which the farmer may sell. This is price fixing, and Governor Olson has it on his program. Under price fixing, the same Government agent who in the spring tells the farmer how much he may raise will appear again in the fall to tell him the price at which he must sell.

Now, it happens that price fixing has already been brought forward. It was brought forward last November by Governor Olson and four other Midwest Governors. They came to Washington, and they laid their proposals for price fixing before President Roosevelt. President Roosevelt told them, according to authentic though unofficial report, that if he should decree price fixing Congress would have the right and duty to impeach him, because it is beyond his powers. It will be interesting very soon to notice whether the President will ask Congress to give him authority to fix prices. If he should make the request, Congress would very likely grant it.

WALLACE STATES OBJECTIONS

The objections to price fixing have been stated nowhere more forcibly than by Henry A. Wallace, Secretary of Agriculture, in his pamphlet America Must Choose. Speaking of the request of the five Governors that President Roosevelt fix prices of farm crops, Mr. Wallace writes:

"In November of 1933 the President was urged by five Governors of Northwestern States to put into effect compulsory marketing control for every farm product of the country. I thought of the dairy situation and of farmers with hogs to sell, and I shuddered. I thought of the racketeering that would grow up at once if hogs were placed at $9 a hundred next week and different groups of farmers, aided by the racketeering elements of the city, began to fight as to whose hogs should get the preferred price. I thought of working out the price differentials for every town and city in the United States and of working out base and surplus plans week by week and month by month for each farmer in the United States * * * and I knew it would be necessary to go to Congress to get a very large appropriation so as to have a police force of half a million men to keep down the racketeering. I thought of prohibition, and the way in which this police force would be open to the bribery which always exists when compulsion is being exerted in defiance of economic fact and emotional tendency."

UNIVERSAL PRICE FIXING NEXT

That description by Secretary Wallace of the consequences of price fixing is sufficiently convincing so far as it goes. Since he deals with price fixing of farm crops only, he is not called upon

to say what is undoubtedly true, namely, that price fixing of what the farmer sells would inevitably be followed by demand for price fixing of what he buys—in short, universal price fixing. The yet larger fact is that America is going step by step through a process which, unless interrupted, must end in collectivism of the Russian type.

Confining what is here said to the farm aspect alone, an early future step following production fixing and price fixing would be a decree that each farm raise only one crop, the crop to which the soil is best adapted. Thereafter, each crop would be raised only in that part of the United States which is best adapted. If the process is not interrupted, a later phase would be the wiping out of private ownership of farms so as to wipe out boundary lines and turn large areas into great Government-owned farms. It is true these concluding steps are not yet on the horizon. But it is also true that as in every revolution, the final steps are implied in the first ones.

[From the Chicago Daily Tribune of Tuesday, Feb. 27, 1934]

A "NEW DEALER" DESCRIBES AMERICA

We wonder if the League of Women Voters listening to Secretary of the Interior Ickes Saturday night recognized the pleasing picture he painted of American life and character prior to the new deal. We gather from this work of art that the American experiment in democracy was, up to the coming of Mr. Ickes and his confreres in Washington, one of the most disastrous failures in the history of nations.

Apparently the trouble began with our forefathers who, after fighting the Indians, the British, the Spaniards, and the Mexicans, turned to fighting each other; having exploited nature, they turned to the exploitation of human beings. A savage lot, it seems. Not satisfied with African slaves, they sent over to Europe and, painting glowing pictures of the land of opportunity, enticed hundreds of thousands of innocents to our shores. "Eagerly and hopefully came these hordes, year in and year out", says Mr. Ickes, "seeking a hospitable land where they could realize their dim dreams of freedom, equality, and fraternity." Into the jaws of the man-eating shark, disguised as Uncle Sam, came these kindly folk, deceived and doomed. "Herded into mines, congregated in factories, housed in squalid hovels, they worked for long hours for inadequate pay", while "all the descendants of the conquering pioneers more and more lived lives of ease and comfort, while profits continued to pour in as the result of physical slavery in the South and economic exploitation in the North."

We quail before this picture of American brutality. No other people on earth ever descended to such depths of cold deceit and cruelty. The descendants of pioneers who made this smiling land a howling wilderness, peopled by slaves, by hollow-eyed women and starving children, certainly deserve a special circle in the inferno.

How this ghastly tragedy, the pre-new-deal America, was accomplished among a people possessing the franchise and the public school Mr. Ickes did not elucidate, no doubt for lack of time. Perhaps Professor Merriam, Mr. Ickes' sponsor on this occasion, will take up this hideous story on another occasion. Mr. Merriam is professor of political science at the University of Chicago and, it must be assumed, approved Mr. Ickes' survey of the American scene.

However, let us take heart of grace. There came a stage of what Mr. Ickes calls "our national degradation" when help appeared—from Mr. Ickes and others. The frightful wilderness, full of ravening beasts, is soon to be turned into a garden where the hordes of American slaves will wander happily under the beneficent rule of a perfect government. It seems that this millennial change is still resisted by certain constrictive critics who would rather have the patient die than that their incantations should fail. Naturally the Americans who built the hell which was America prior to March 4 will do anything to preserve their handiwork. But Mr. Ickes is in Washington and others equally abhorrent of the intolerable past. We cannot count upon the summary disposal of all foes of our millennium. America has ceased to be the unmatchable human failure Mr. Ickes has so movingly described for us. America is no longer to be the reproach to humanity she was before March 4, 1933.

[From tha Fremont (Nebr.) Tribune]

THE PRESIDENT INDULGES IN BAD TEMPER

The President has signed the code of fair competition for the governing of daily newspapers, after some 7 months of negotiation that at times approached a stage of heated controversy. The major conflict was waged over the inclusion of a provision specifically stating that, in accepting the code, the newspapers do not "thereby waive any constitutional rights, or consent to the imposition of any requirements that might restrict or interfere with the constitutional guaranty of the freedom of the press."

Mr. Roosevelt's approval of the code includes approval of that clause, thus acceding to the demand of every recognized association of newspaper publishers in the country. He accompanied the approval, however, with a burst of temper that is not characteristic of him and that does him no credit.

Referring to the free-press clause, the President says: "The recitation of the freedom-of-the-press clause in the code has no more place here than would the recitation of the whole Constitution or of the Ten Commandments. The freedom guaranteed by the Constitution is freedom of expression, and that will be scrupulously respected; but it is not freedom to work children or to do business in a fire trap or violate the laws against obscenity, libel, and lewdness."

This language is unworthy of the President; and, of course, eminently unfair to the American press. No responsible publisher or his representative ever sought the exceptions listed. The laws against obscenity, libel, and lewdness are older than the code and are not changed by it. Any intimation that the insistence by the publishers that the freedom of expression be specifically recognized is inspired by their desire to publish obscene, libelous, or lewd matter is not grounded in fact.

The rights that the publishers seek to safeguard are the rights of every American citizen to think and speak as conscience may dictate. These are not privileges in the American concept. They are sacred properties, and are as vital to the man on the street, the citizen in his home, the clergyman in his pulpit, the orator on any rostrum as to the editor of a newspaper. If they are assailed or impaired, as they apply to any one of these, they have been in that degree withdrawn from all the others.

Mr. Roosevelt has disclaimed, unquestionably in all sincerity, any intention of restricting any citizen's right of free expression. The incontrovertible fact remains, however, that in the form of the various codes devised under the National Recovery Act the instrumentation has been provided for such restriction. It may never be exercised by the party or persons now in power, but it is, nevertheless, available to them and to those who must inevitably succeed them.

As much as any man in public life today, Mr. Roosevelt owes his present high place in national affairs to his own free exercise of the right of free expression. He came to that position by virtue of his success as a dissenter and his ability to convince the people of the Nation that the party then in power was following an improper course. No avenue of furthering his cause was denied to him or neglected by him. The criticism of what was then the American Government by him and by those associated with him was relentless and unrestricted.

Events have brought Mr. Roosevelt now where other citizens may dissent from his policies and beliefs, and they must have the right to do so. He denies intent to restrict that right. He has, however, created in the Recovery Act and its correlated codes the means by which restriction may be accomplished. This is the thing that has caused the publishers to be filled with fear, not only for themselves or their properties, but for the rights of citizens of all degrees.

CANCELATION OF AIR-MAIL CONTRACTS

Mr. DAVIS. Mr. President, I ask unanimous consent to have printed in the RECORD a letter from the Chamber of Commerce of Pittsburgh, together with the resolutions of their aeronautics committee relative to cancelation of the air-mail contracts.

There being no objection, the letter and resolutions were ordered to be printed in the RECORD, as follows:

PITTSBURGH, PA., *February 26, 1934.*

Hon. JAMES J. DAVIS,
United States Senate, Washington.

DEAR SENATOR DAVIS: The recent order of the Postmaster General canceling all domestic air-mail contracts, embodies such far-reaching consequences and its method of execution strikes so deep into American traditions that it merits immediate action.

Without the Government having given the aircraft operators concerned an opportunity to appear in their own defense, this essential industry, which touches all of us either directly or indirectly, has been placed in a condition of chaos by the arbitrary cancelation of all air-mail contracts. Furthermore, by transferring to the Army the task of carrying the mail, the lives of many courageous men, untrained in the type of flying which they are thus called upon to perform, as well as valuable equipment and cargoes, are being daily jeopardized.

The sentiment of the Chamber of Commerce of Pittsburgh in this respect crystallized at a meeting held on February 23, 1934, and was embodied in the attached resolution approved by our board of directors today, requesting the Postmaster General to take the necessary steps as rapidly as possible with a view to restoring the carriage of domestic air mail to commercial contractors.

Immediate action in this respect is, we feel, essential if our aircraft industry is to be preserved from dissolution and if an end is to be made of the present unfortunate state of affairs. We therefore respectfully request the favor of your good offices in exerting your influence to the end that this step will be rapidly taken.

Very truly yours,

CHAMBER OF COMMERCE OF PITTSBURGH,
FRANK C. HARPER, *Secretary-Manager.*

CHAMBER OF COMMERCE OF PITTSBURGH.

To the Members Board of Directors Chamber of Commerce of Pittsburgh.

GENTLEMEN: Your aeronautics committee, at a meeting held on February 23, 1934, gave consideration to the subject of air transportation service as a result of the annulment by the Postmaster General of all contracts for the handling of domestic air mail and in connection therewith respectfully submits the following resolution and reasons therefor and recommends immediate adoption thereof:

"*Resolved*, That the Chamber of Commerce of Pittsburgh urge that all air lines affected by the Postmaster General's order of February 19, 1934, be given individual hearings at the earliest possible opportunity: and be it further

"*Resolved*, That, pending such hearings, following which the proper action may rightfully be taken against individuals definitely proved guilty, this chamber respectfully urges that the Postmaster General take the necessary steps to restore immediately the responsibility for the carriage of domestic air mail to commercial air lines, for the following reasons:

"1. That such annulment was based on hearings before a committee of the Senate without giving the contractors an opportunity for hearing, the inalienable right of every citizen.

"2. That public confidence in all Government contracts will be impaired, producing demoralization of all industries and future enterprises, as well as retarding the development of the air transportation industry.

"3. That the country's air transport system, recognized as a vital arm of national defense, has been crippled.

"4. That the results of the present chaos into which the country's air transportation system has been thrown are now apparent, in hundreds of trained employees under notice of indefinite furlough, in millions of dollars' worth of canceled equipment orders, in seriously reduced mail and passenger schedules.

"5. That the permanent loss of air-mail contracts will result in the ultimate destruction of the industry and throw into the unemployed ranks thousands of trained airmen, affecting not only the air lines but allied aviation equipment and material industries.

"6. That the carriage of air mail only by the United States Army pilots, unfamiliar with commercial flying conditions and provided with aircraft designed for other purposes, has resulted in the unnecessary death and injury of many courageous men; that its continuance will jeopardize more lives, costly equipment, and valuable cargoes and cause suffering of thousands of innocent persons and result in greater cost to the Government and consequently a waste of taxpayers' money.

"7. That the most extensive and efficient air mail, passenger, and express service in the world, built up during the past 8 years to meet the needs of trade and industry, will be curtailed or entirely disrupted; and be it further

"*Resolved*, That copies of this resolution be sent to the President, the Postmaster General and to the Senators from Pennsylvania and Representatives from this district."

Respectfully submitted.

RAYMOND A. TUCKER, *Chairman.*
W. E. BENSWANGER.
HARMAR D. BENNY, Jr.
ELMER F. HARRIS.
R. A. HORNING.
C. BEDELL MONRO.
W. E. MORRIS.
Aeronautics Committee.

Approved by board of directors February 26, 1934.

FRANK C. HARPER,
Secretary-Manager.

TRANSPORTATION OF AIR MAIL BY THE ARMY

Mr. CLARK. Mr. President, I ask unanimous consent to insert in the CONGRESSIONAL RECORD a letter from the Assistant Director of Aeronautics of the Department of Commerce relative to the recent accident to Lieutenant Deitz while flying the air mail.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

DEPARTMENT OF COMMERCE,
AERONAUTICS BRANCH,
Washington, February 27, 1934.

HON. BENNETT CHAMP CLARK,
United States Senate.

MY DEAR SENATOR: In the remarks of Senator ROBINSON of Indiana, appearing on page 3181 of the RECORD for February 26, a quotation is made from the column of Mr. George Rothwell Brown, of the Washington Herald, published February 24, which infers that the accident involving Lieutenant Deitz flying the air mail was due in some measure to Government economy in connection with the lighted airways.

I feel quite sure that neither Mr. Brown nor Senator ROBINSON of Indiana would willingly make statements which would lead to an erroneous impression, and I am, therefore, asking that you make available, through the RECORD, the following letter which was addressed to Mr. George Rothwell Brown under date of February 26, and signed by Mr. Frederick R. Neely, Chief of the Aeronautics Information Section:

"Your column published February 24 in the Herald said that 'In the thick fog of a heavy winter's night Lieutenant Deitz crashes on the Eastern Shore of Maryland en route from Newark to Richmond, because the beacon at the landing station had been cut off to save a few dollars. Saving is all right if you can afford it. Fortunately, the Government is not running the railroads just now or else some nitwit bureaucrat would be cutting off all the switch lights to save $2.50 a day.'

"The implication that this accident was chargeable to economy measures on the Federal Airways System must have been based upon a misunderstanding of the facts.

"Your impression that lights were extinguished for the sake of economy doubtless arose from the fact that at one time the Department did operate beacon lights on part-time schedules, although the lights were always burning at times when flights were scheduled over the particular airways involved. But these part-time lighting schedules were done away with in October 1933, and since that time all of the airway lights have been operated from dusk to dawn, including the rotating beacon lights and the lights at intermediate landing fields.

"However, Lieutenant Deitz was not flying the airway course. Crisfield, Md., where he made his forced landing, is some 75 miles from the Atlanta-New York lighted and radio-equipped route. The unlighted airport to which you referred doubtless was the Del-Mar-Va Airport at Hebron, a commercial field which has not operated any aeronautic lighting equipment for years. The Department publishes information about all airports and landing fields available in the United States, and since 1929 this airport has been identified as unlighted and available for day operations only. Another airport near Salisbury, Md., is the Princess Anne Airport, also a commercial field, which has been carried in Department of Commerce publications as unlighted.

"If the lack of lights at either of these two airports added to the difficulties with which Lieutenant Deitz was confronted it was not because the Federal Government had turned off lights for the sake of economy. The Government had never operated lights at those points.

"In view of the foregoing, it is clear that the column did the Department of Commerce an injustice. We know that in the interests of fair play you will want to present these additional facts in an early issue of the Herald, and will look forward to seeing this explanation of the incident in your column. If we can be of assistance by furnishing information in this, or any other connection, please feel free to call upon us at any time."

Sincerely yours,

REX MARTIN,
Assistant Director of Aeronautics.

TRIBUTE TO PRESIDENT ROOSEVELT BY RUTH BRYAN OWEN

Mr. TRAMMELL. Mr. President, I ask unanimous consent to have printed in the RECORD a very able address and tribute to President Roosevelt by Mrs. Ruth Bryan Owen, American Minister to Denmark, before the Handels- og Kontorist-Foreningen, January 10, 1934.

There being no objection, the address was ordered to be printed in the RECORD, as follows:

I venture to hope that an informal talk on President Roosevelt may be of interest to you, because all that is happening in the United States of today may to an extraordinary degree be interpreted in the light of President Roosevelt's character, his motives, and his personality. And the nations of the world are today so closely bound together by ties of commerce and mutual interest that the progress or the disaster of any one nation closely affects the prosperity of its neighbors.

The nations today are like a series of Alpine climbers roped together; when one takes a sure step forward all the others are aided, and when one totters on the brink of a crevasse all the others are in peril.

The emergency legislation passed during the last session of Congress placed extraordinary powers in the hands of the President. It is impossible to judge the strength of the great movements he has launched without taking measure of the President's personal leadership and the degree to which he may be expected to gather and retain the public opinion upon which the success of his program depends. One must know President Roosevelt in order to understand America today.

When one begins the study of an American character it is interesting to trace the line of his heredity back to Europe. All of us in America a few generations ago were transplanted Europeans. To cite my own ancestry, for example, the first member of the Bryan family to go to America was the son of an Irish father and a Danish mother, who set sail from Copenhagen to the New World about 1620. So in coming back again to Denmark I returned, if not to my fatherland, to what I may certainly call my motherland.

At almost the same time that my half-Danish ancestor was setting out for America, one Claes van Rosenfelt set sail from Amsterdam, with his Dutch wife, his massive old Bible, and a fine set of sterling virtues. How it would have astonished this goodly pair if they had been told that the son who was after a time born to them would be the forefather of two American Presidents. For the two sons of Nicolas van Rosenfelt, Jacobus and Johannes, who were duly recorded in the old Dutch Bible, were to head the two lines which after six generations would give on the one side President Theodore Roosevelt, twenty-sixth President of the United States, and as descendant on the other line Franklin D. Roosevelt, thirty-second President.

The Dutch name Van Rosenfelt in time became Roosevelt. The thrifty merchant was followed by a succession of successful citizens who contributed to the public life of the American Colonies while they were building substantial fortune and position for themselves.

It is interesting to watch the threads weaving the tapestry of national fabric. The British strain, Puritan and Cavalier, the Dutch strain of sturdy Burgher, weaving the pattern to join the colorful strands of French and Spanish at the south. As the tapestry begins to roll itself out stretching farther west, there we

see in the fabric the strong bright threads from the north of Europe. I cannot consider the forces which helped to build our country without gratefully acknowledging the debt to the pioneers, who venturing farther and farther inland, built our great West. I have known in the West many Danish-American pioneers, and I have never known one who was not a good citizen.

When Franklin D. Roosevelt was born, 51 years ago, there was no more room in the old Dutch Bible to record his birth; but the Bible remained a treasured possession in the stately old house set in its estate of 500 broad acres, where he spent his boyhood.

Whenever an individual achieves greatness there are always a lot of apocryphal stories of his childhood. When I was reading the story of H. C. Andersen's life, of his setting out from Odense on his quest for fame here in Copenhagen, I read that there were those in his home town who said that they prophesied from the first that there was something of genius about him and were not in the least surprised when the city was illuminated in his honor; but I am always skeptical about those stories about people's childhood when they are discovered so many years afterward. However, in the light of present-day happenings it is amusing to hear that when Franklin Roosevelt was a very small boy his mother was once reading him a story, and when she saw him inattentive, she suggested that he could scarcely be hearing the story while he was drawing pictures with his pencil. Young Franklin replied: "I should be ashamed if I could not do at least two things at the same time." Certainly, as President he is often called upon to do more than two things at the same time.

There is one story of the President's childhood which makes a dramatic picture. At the age of 5 he was taken by his parents to the White House. President Cleveland, weary with the cares of state, laid his hand on the boy's head and said with a smile: "My boy, I hope that you never become the President of the United States."

The years of youth, with their contacts with important personages of America and Europe, with education at Groton and at Harvard, are flavored with the salt tang of the sea. Franklin Roosevelt loved and understood the sea. His ideal of recreation was sailing a boat and his heart was set on a career in the Navy. What the navigator knows of winds and weathers, of self-control and self-reliance, he learned by practical experience, even the power to control his own disappointment when he gave up the Navy for the law at his father's request.

Romance came early to the young lawyer, and in his marriage to Anna Eleanor Roosevelt, niece of President Theodore Roosevelt, when he was only 23 years of age, he gained a partner as well as a wife. Each step of his career that followed was the progress of married comrades sharing every interest together.

The district in which the young lawyer lived was in the habit of electing a Republican State senator; some Democrat used to run for the office each time, but he was as regularly defeated at each election. When his party invited Franklin Roosevelt to be a candidate it was with the gesture of selecting a victim, but the 28-year-old lawyer got himself a red automobile and started his campaign in earnest, not only winning his election, much to everyone's surprise, but also winning a place for himself in the Senate of the State of New York. It was from the State senate that he was called by President Woodrow Wilson to be Assistant Secretary of the Navy.

After 10 years of law and politics he was thus again with his beloved ships. He was soon to have the task of expanding the Navy from peace-time dimensions to the strength demanded by war, but as peace-time Assistant Secretary there was scope for the young Assistant Secretary's initiative * * *. One thing that startled Franklin Roosevelt was the large number of sailors drowned each year. Upon investigation, he found that many had been enlisted from the interior of the country and had never learned to swim. He immediately issued an order that every recruit must be able to swim before being sent to a ship, and that no midshipman could become an ensign until he, too, knew how.

Then to encourage swimming throughout the fleet, he donated the Assistant Secretary's swimming cup to be awarded to the ship with the largest percentage of men, commanding officers included, able to pass this test, an 18-foot dive from the deck of the ship, followed by an unaided swim of 100 yards. The older officers groaned, then plunged. The contest for the Roosevelt trophy became an annual event in the Navy, and the number of deaths by drowning was greatly decreased.

With the declaration of war a stupendous task of organization fell upon the young Assistant Secretary. With tremendous energy he threw himself into the task of equipping the Navy. There were times when action was demanded faster than Congress could supply authorization, and on one occasion when the Government needed a cantonment in New York City, Assistant Secretary Roosevelt rushed up from Washington, directed the selection of the site and ordered the construction to begin. Thirty-seven days after the ground was broken, 6,800 men sat down to breakfast in the building. Two months later the official contracts for the job were issued by the Government. Another time the authorities asked a certain contractor to submit plans and estimates for a Navy medical building; the contractor sent the plans and a postscript saying: "Please find photographs of the completed building." The Assistant Secretary of the Navy had realized that sick men could not be bandaged with red tape.

In this post he not only had the problem of handling material in large quantities, he had also the problem of dealing with men. He directed the greatly expanded personnel of the Navy and Marine Corps, the laborers in the navy yards, the gun factories, and the shipping yards. Increasing weights of responsibility, increasing breadth of experience, made it quite natural that when James M. Cox was chosen by the Democratic Party as their candidate for President in 1920, Franklin D. Roosevelt was chosen as their candidate for Vice President.

Although this campaign was unsuccessful, the national campaign for the Vice Presidency let Franklin Roosevelt get acquainted with the people of the entire country and let the American public know him.

It was in the year following that strenuous campaign 13 years ago that a misfortune occurred, so devastating that the promising career seemed definitely to be ended. Infantile paralysis, which was smiting down not only children but adults, attacked Franklin Roosevelt, and after it had passed it had left him apparently helplessly crippled.

The record of the next few years is the record of the gradual triumph of courage and will over infirmity. The helpless legs were braced with iron and taught to walk again. Supported by the arm of a friend and by a walking stick, Franklin Roosevelt walked into the Democratic convention, made a speech which nominated his friend Al Smith for the Presidency, and, still supported by the iron braces and the arms of many friends, Franklin Roosevelt found himself lead to the governorship of New York.

I remember an occasion when I called upon the Governor in his office in Albany; so spontaneous and cordial was his gesture of welcome that I was not conscious he had not risen. The infirmity which he had managed to forget himself was scarcely apparent to the people around him. The vital interest and energy of his mind seemed even greater when physical activity was limited.

The program of Governor Roosevelt's administration in New York State reads almost like a prophecy of his national program as a candidate for the Presidency. A study of the farmer's problems with effective solutions for them, a study of the conditions of labor with reforms to effect improvements, far-sighted social legislation, and an enlightened attitude toward the wards of the State in prisons and other institutions.

I was present at the convention in Chicago which nominated Gov. Franklin D. Roosevelt for President. Those great national political conventions are amazing spectacles, difficult to describe to one who has never witnessed them. Twenty thousand people were packed in a tremendous auditorium in Chicago. Delegates from every State in the Union were there, carrying the standards of their States, balloting sometimes straight through the night, with the vast throng waiting hour after hour at the highest pitch of excitement for the naming of the candidate, and greeting the final choice of their leader with a frenzy of cheering and applause.

It is the usual custom for the nomination to be followed later by a formal notification ceremony, but when the convention had named Franklin D. Roosevelt he began by smashing an old precedent. There was no use in times like these, he telegraphed, in incurring the extra expense of a notification ceremony. With the convention's permission he would fly from his home in New York State and accept his notification without further ceremony.

I remember I had a place in the convention in the press box—I was writing some special articles on the convention—and seated beside me was a journalist who did not hesitate to criticize the nomination of Governor Roosevelt. "No man who is not able-bodied should try to be a President in times like these."

"Our candidate is on his way to the convention now", I said. "Won't you wait to see and hear him before you make your judgment?"

At intervals during the candidate's long flight by air radio bulletins announced the progress of his airplane, and when it finally neared the landing field in Chicago the waiting thousands in the convention hall were able to hear, through the magic of the radio, the arrival of the plane and the words of greeting spoken by the mayor of Chicago and the ringing accents of Governor Roosevelt's voice as he responded. We heard through the radio the cheers of the crowd as he left the airport for the convention hall, and the roar of the crowds outside the building announced his arrival.

I will never forget the scene when he entered the door and came forward, arm in arm with his tall son, to the edge of the platform, with the white glare of the tall floodlights commanding full upon him, with his splendid head held high.

The journalist at my side had stopped his busy typing and was gazing with a rapt expression at the striking figure before him. "He certainly looks every inch a leader", he whispered. And a little while later, when Governor Roosevelt's speech of acceptance had been finished, he said with a fervor that was unmistakable: "He speaks as a President ought to speak, too." And I knew that every word which that journalist typed on his machine in the future would aid the candidate.

Eight months later Franklin D. Roosevelt stepped forth to face another throng. This time the words which he spoke were broadcast not only to America, they were carried over the radio to the countries across the ocean. It was on the improvised platform in front of the Capitol at Washington that he was to take his oath of office as President of the United States. Not only the thousands of people stretching out to the very limits of the Capitol grounds were hanging intently on each word but millions of American citizens, profoundly anxious and deeply discouraged, waited for some message, which would give them hope of better times. The officials of the Government, of the court, and the diplomats of the foreign nations were gathered on the platform.

While they assembled, Franklin Roosevelt, with his wife and children, had gone to the church, where the clergyman who had

given him his diploma as a student and later performed his marriage ceremony, conducted a prayer for God's blessing and guidance.

Then, in that hush when the whole world seemed to be waiting, Franklin Roosevelt placed his hand on the old Dutch Bible, opened to the passage containing the words "Faith, hope, and charity", and took the oath of office.

The new President took the leadership of the United States at what I believe history will call America's darkest hour. It is not necessary to describe the depression, for to some extent all of the nations of the world have experienced it, but the extent of the fall from the rosy heights of predepression days in America to the depth of bewilderment and discouragement of March 1933 seems far greater than the drop in most other places. As someone has remarked, most countries fell from a third-story window, but in America we fell from a skyscraper.

I remember the days of bewilderment, when we were trying to figure out what had happened overnight. There had been plenty of money passing from hand to hand a little while before and suddenly it seemed to have disappeared. I remember I thought, "When so many of us are finding ourselves poorer than we had been before, surely some other people must be getting richer; the money which seems to have flowed away from one part of our country must have flowed to another. If the farmers are losing, perhaps the industrial sections in the big cities are gaining." But no; the same hard times seemed to have affected all of our country. It was as if the money we were clinking together in our pockets a little while before had melted away completely. Then I thought, "If our whole country is feeling the sudden pinch of the depression, surely other parts of the world must be gaining the prosperity we are losing."

It was surprising to find that here again the depression was no respecter of persons. Two great problems were confronting nation after nation—unemployment and overproduction.

People who wanted to work could find no way to earn their bread, and at the same time the produce of the field and factory could find no market.

It was as if the whole scheme of orderly living had suddenly become disorganized. It is no wonder that we were all bewildered and appalled.

A vicious circle began to form. People who had no work could not buy. When people ceased to buy, factories closed and threw people out of work, and more people could not buy and more businesses closed and threw people out of work.

It was not only an economic depression, but a profound depression in the spirits of the people, which makes the moment of President Roosevelt's inauguration seem to me the tragic moment in American history.

The bare account of the measures instituted by the new President after his inauguration are current history, but the method by which he rallied the spirits of the people and welded them into a unison of hopeful action, I have never seen analyzed in the press reports. President Roosevelt's method required two elements: the courage to depart from precedent and call the whole populace into consultation with him, and the new means for that purpose was provided by the radio. To have been elected on the promise of a new deal and then be compelled as a first act to close all the banks in the country, places a curious test on any individual resting on that insecure pinnacle called "public favor."

The President's inaugural speech had sounded a note of frank and forthright attack on the sources of the depression. Even in the closing of the banks there was a suggestion of immediate and courageous action, but it was when the President spoke personally through the radio to the millions of anxious listeners, explaining with the intimacy of a fireside conversation the exact situation as he saw it and the measures by which he proposed to place the banking situation once and for all on a solid foundation, that he struck a new note in leadership.

I remember I was attending a dinner in New York on the occasion of that first national broadcast by the President after his inauguration. All of the guests at the dinner gathered around the radio and listened eagerly, and as we listened I wondered what proportion of the American people had heard his painstaking and clear exposition of the banking situation. The next morning to satisfy my own curiosity, I asked each individual whom I met during the course of a morning's shopping—the elevator boy in the hotel, the porter at the door, the taxicab driver, the banker, the assistants in the shops, and my personal friends—and every person whom I asked, "Did you hear the President last night?" not only replied that they had heard him, but many added a word, "The President is going to get this trouble straightened out."

Leadership of a nation requires not only the power to understand and deal with economic problems, but the ability to understand the public mind and arouse in it hope and cooperation, and both of these qualities characterize each step of the President's program. Even greater than the technical problems he has solved, I feel that rare power which comes from his understanding of people.

I wish that it was within the scope of these remarks to review in detail the way in which every promise the President made during his campaign for election was faithfully carried out. But the detailed record of the long list of remedial measures taken by the President, with almost bewildering speed, is too statistical to have an appropriate place in this brief review.

It will, however, give some idea of the fidelity with which his campaign promises were kept to review in general groups the measures which redeemed his campaign promises.

A list of accomplishments which would be a creditable record for 4 years of administration was pushed through by the new President in 3 months. He not only seemed tireless but had the faculty of inspiring a like activity in others.

He had promised to reduce the cost of government. Reduce it he did, by a full 25 percent, and in his first week in office. Reducing the cost of government is a little like a surgical operation. If a surgeon cuts wisely, a great deal can be removed without harm to the patient, but an unsure motion, or a trembling hand may have serious results. President Roosevelt listens patiently, even eagerly to all advice. I have often noticed how rarely people really listen to others. They are usually so intent on replying that they are not often giving complete keen attention to what is said. President Roosevelt is a marvellous listener—weighing and considering all that he hears, but once he has arrived at his decision he acts with certainty. He cut into appropriations with a drastic but sure hand.

He gave immediate attention to the serious plight of the farmer—making provisions for the financing of farm mortgages at a lower rate of interest and setting practical means in motion to increase the price which he received for his produce.

Within 3 weeks of his inauguration he began his offensive against unemployment, arranging for the Civilian Concentration Camps, where 250,000 men were given housing, shelter, and clothing, and work in the national parks and forests. Later 25,000 men from the ex-service ranks were added to these camps. Five hundred million dollars were granted by the Federal Government to the States for the local care of the unemployed.

He had stabilized the banking situation. Measures were passed to protect the investor by making public fuller information regarding the foreign and domestic stocks and bonds put on the market.

Legislation was passed which was designated to shorten the working week and put more men to work—the basis for the great movement soon to be launched by the President under the sign of the Blue Eagle.

Three and a half billion dollars were appropriated for a great Public Works program.

Of this the President said: "The law just enacted was passed to put people back to work—to let them buy more of the products of the farms and factories and start our business at a living rate. The task is in two stages: First to get many hundreds of thousands of unemployed back on the pay roll before snowfall; and, second, to plan for a better future, for the longer pull."

The extraordinary accomplishment the first few months not only set the wheels of legislation and later of industry in motion but they raised the morale of the people.

A century ago John Stuart Mill, the father of economists, said: "Wise statesmen foresee what time is bringing and try to shape and mold men's thoughts and purposes in accordance with the change that is silently coming on."

President Roosevelt, while looking ahead and shaping institutions, will not fail to mold men's thoughts to a like view, and no one can weigh the extent of his personal influence who fails to take into account the close contact the President has made and preserved with the millions of his countrymen.

President Roosevelt, in discussing the philosophy of government, used these words: "Government includes the art of formulating a policy and using the political technique to attain so much of that policy as will receive general support; persuading, leading, sacrificing, teaching always, because the greatest duty of the statesman is to educate."

No better description could be given of his own method than is given in those words, "persuading, leading, sacrificing, teaching always."

The astonished world which heard of the national recovery program, with its gigantic task and its symbol of the Blue Eagle, should see behind this great endeavor the force which has been built in those first months packed with definite constructive results, both material and in the minds of men.

To attempt to get all industries and businesses by voluntary agreement to cut down the working hours of all employees and take in more workers to do the same amount of work is a daring conception. The office work involved in a plan which on a given day sends a form of pledge to every business man, large and small, in a vast country is a staggering thing. It is like organizing a letter to every business man in Europe. * * * The very effort set people all over the country in motion. Even before the industries, one by one, submitted their codes for procedure under the new plan the individuals were pledging their adherence to the plan and the public was promising to deal with the business which gave shorter hours of work and employed more workers. Millions of pledges were signed and sent to the President. Thousands of business men were given the right to show the Blue Eagle with the words "We do our part." Citizens who agreed to patronize the Blue Eagle merchants could have their Blue Eagle poster to display, and as women do 80 percent of the buying the President made an especial appeal to the women to patronize the firms which were joining in the great offensive against unemployment.

This offensive on unemployed was only one of the mass movements against the depression organized by the President. But in his resolute courage there was no note of cocksureness. He promised no miracles, saying on March 16, in his message to Congress: "I tell you frankly that it is a new and untrod path, but I tell you with equal frankness that an unprecedented condition calls for the trial of new means to rescue agriculture. If a fair administrative trial of it is made and it does not produce the hoped-for results I shall be the first to acknowledge it and advise you."

Only 9 months have passed since President Roosevelt's inauguration. Let us review a few major changes these few months have brought the United States, and contrast the spirit of the people today with their discouragement and bewilderment of a few months ago.

Forty percent of those seeking work in America at the time of President Roosevelt's inauguration have found it.

The farmers of the United States will get 25 percent more dollars than they received in the year 1932.

Thousands of homes have been protected from the foreclosure of mortgages.

The President explained in that speech his belief that the Government's present task is to restore the price level. * * * After that will come the permanent revalution of the dollar.

He closes the speech, which gives to his people the record of his stewardship with these words: "I thank you for your patience and your faith. Our troubles will not be over tomorrow, but we are on our way and we are headed in the right direction." And with that curious intimacy which the radio can establish, the people on the farms, in the crowded streets of the big cities, felt the President's steadying hand stretched out to them and in spirit they grasped it.

In times when people have faced hardship they have never known before, I believe it has given them assurance to know that their leader has fought a winning battle with pain and discouragement. There is an eternal example about a man who can keep a radiant smile of courage when each step is a triumph over infirmity. * * *

This year at Christmas there were twenty times as many gifts received as had come before to any occupant of the White House. The gifts were not great in value. Little tributes of devotion and gratitude, the yield of their gardens, the work of women's own hands—so near the people feel to the leader who has come so close to them in sympathy and understanding.

I remember a glimpse of the reason for this feeling in a little incident just before I sailed for Denmark. I took my 12-year-old daughter with me to the White House when I went for a private conference with the President. I knew it would mean so much to her to peep in and see him at his desk. I asked the secretary in the outer room if she might wait near the door during the conference. When the secretary went in to the President he must have explained the request, for he returned with the message that the President wished to see us both.

It was at the end of a long day. The anterooms were full of the crowds moving back and forth. For hours the President had been directing the hive of industry and yet the smile which greeted us was so radiant with life and vigor he seemed unwearied. And so warm was his greeting which brought us quickly to his side we were not conscious that the iron braces had kept him from rising. He called my daughter to him and with an arm around her he talked of Denmark, with understanding and admiration of personal friendship for a member of the royal family whose love for the ships and the sea he shared. It was a happy, enthusiastic talk which charmed and fascinated the child. After we had left the audience room my daughter said: "Do you know what was the most wonderful thing to me about meeting the President?"

I expected to hear some comment about the honor or the interest of entering that official audience room.

But my daughter said: "The most wonderful thing to me is the radiant strength of the President. I know what a burden he is having, and yet he is not weighed down at all. I am so glad and thankful for that."

There is that quality in the attitude of our public to Franklin D. Roosevelt. It is more than mere faith in an able leader or an admiration for a fearless one. It is a deep personal affection which his personality has drawn to him, even from the far-distant public which knows him only by the sound of his voice over the radio.

I have spoken only of the problems within our own Nation to which President Roosevelt has given his first efforts, but I do not forget the breadth of his international viewpoint or the fairness of his international policy.

In his inaugural address the President said: "I would dedicate this Nation to the policy of the good neighbor, the neighbor who resolutely respects himself, and because he does so respects the rights of others, the neighbor who respects the sanctity of his agreements in and with a world of neighbors."

In another speech he used these words: "We shall try to discover with each country in turn the things which can be exchanged with mutual benefit, and shall seek to further this exchange to the best of our ability. This economic interchange is the most important item of our country's foreign policy.

"Out of economic disputes arise the irritations which lead to competitive armaments and are fruitful causes of war. More realistic mutual agreements for trade, substituted for the system in which each nation attempts to exploit the markets of every other, giving nothing in return, will do more for the peace of the world and will contribute more to supplement the eventual reduction of armament burdens than any other policy which could be devised."

So speaks the President who dedicated his country to the policy of the good neighbor. Every promise he has made America he has faithfully kept. Every promise he has made the world will be kept.

I am grateful for the opportunity you have given me to speak to you as a friend about my country's friend and leader and your own good neighbor.

GREAT LAKES-ST. LAWRENCE DEEP WATERWAY TREATY

Mr. LEWIS. Mr. President, may I ask the Chairman of the Committee on Foreign Relations if there can be an understanding had now concerning a vote upon what is known as the "St. Lawrence Deep Waterway Treaty?"

Mr. ROBINSON of Arkansas. Mr. President, the Senator may discuss that question with the Senator from Nevada [Mr. PITTMAN] and bring it up a little later.

Mr. LEWIS. Mr. President, I have discussed the matter with the Senator from Nevada and it was understood I was to bring it to the attention of the Senate. However, I will not press the suggestion at this time.

THE CALENDAR

Mr. ROBINSON of Arkansas. I wish to submit, before the unfinished business is due to be laid before the Senate, a request for a modification of the unanimous-consent agreement entered into this morning. It was expected that time would be sufficient to consider unobjected bills on the calendar. I ask unanimous consent that the Senate proceed with the consideration of unobjected bills on the calendar until the call of the calendar shall have been completed and then resume consideration of the unfinished business.

The VICE PRESIDENT. Is there objection to the request of the Senator from Arkansas? The Chair hears none, and it is so ordered. The clerk will state the first bill on the calendar.

BILLS PASSED OVER

The bill (S. 882) to provide for the more effective supervision of foreign commercial transactions, and for other purposes, was announced as first in order.

Mr. JOHNSON. I ask that that bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 506) conferring upon the President the power to reduce subsidies, and for other purposes, was announced as next in order.

Mr. McKELLAR. Over.

The VICE PRESIDENT. The bill will be passed over.

PROHIBITION OF THE EXPORTATION OF ARMS, ETC.

The Senate proceeded to consider the joint resolution (H.J.Res. 93) to prohibit the exportation of arms or munitions of war from the United States under certain conditions, which had been reported from the Committee on Foreign Relations with an amendment, on page 2, section 1, line 5, after the name "Congress", to insert:

Provided, however, That any prohibition of export, or of sale for export, proclaimed under this resolution shall apply impartially to all the parties to the dispute or conflict to which it refers.

So as to make the joint resolution read:

Resolved, etc., That whenever the President finds that in any part of the world conditions exist such that the shipment of arms or munitions of war from countries which produce these commodities may promote or encourage the employment of force in the course of a dispute or conflict between nations, and, after securing the cooperation of such governments as the President deems necessary, he makes proclamation thereof, it shall be unlawful to export, or sell for export, except under such limitations and exceptions as the President prescribes, any arms or munitions of war from any place in the United States to such country or countries as he may designate, until otherwise ordered by the President or by Congress: *Provided, however,* That any prohibition of export, or of sale for export, proclaimed under this resolution shall apply impartially to all the parties to the dispute or conflict to which it refers.

SEC. 2. Whoever exports any arms or munitions of war in violation of section 1 shall, on conviction, be punished by a fine not exceeding $10,000 or by imprisonment not exceeding 2 years, or both.

The amendment was agreed to.

The amendment was ordered to be engrossed and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

BILL INDEFINITELY POSTPONED

The bill (S. 1403) to authorize the merger of the Georgetown Gaslight Co. with and into Washington Gas Light Co., and for other purposes, was announced as next in order.

Mr. KING. I move that that bill be indefinitely postponed.

The motion was agreed to.

BILLS PASSED OVER

The bill (S. 583) relating to the classified Civil Service was announced as next in order.

Mr. VANDENBERG. I ask that the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 2493) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes, was announced as next in order.

Mr. FRAZIER. I ask that that bill go over.

The VICE PRESIDENT. The bill referred to, being similar to the unfinished business, and the following bill on the calendar, House bill 6604, being the unfinished business, will both be passed over.

COMPENSATION INSURANCE RATES IN THE DISTRICT

The Senate proceeded to consider the bill (S. 1820) to amend the Code of Law for the District of Columbia, which had been reported from the Committee on the District of Columbia with an amendment, on page 2, line 13, after the name "District of Columbia", to insert:

Provided further, That any petition for review shall be filed with said court within 30 days after the rendition of opinion by the superintendent of insurance.

So as to make the bill read:

Be it enacted, etc., That subchapter 5 of chapter XVIII of the Code of Law for the District of Columbia be amended by adding thereto a new paragraph reading as follows:

"Every insurance corporation or association authorized to transact business in the District of Columbia, which insures employers against liability for compensation under the Employees' Compensation Act, shall file with the superintendent of insurance its manual of classifications and underwriting rules, together with basic rates for each class, and also merit rating plans designed to modify the class rates, none of which shall take effect until the superintendent of insurance shall have approved the same as adequate and reasonable for the group of risks to which they respectively apply. The superintendent of insurance may withdraw his approval of any premium rate or schedule made by any insurance corporation or association, if, in his judgment, such premium rate or schedule is inadequate or unreasonable: *Provided,* That upon petition of the company or association or any other party aggrieved the opinion of the superintendent of insurance shall be subject to review by the Supreme Court of the District of Columbia: *Provided further,* That any petition for review shall be filed with said court within 30 days after the rendition of opinion by the superintendent of insurance."

Mr. McNARY. Mr. President, I think a statement should be made of the general purposes of the bill, if the Senator from Utah desires to secure action on it today.

Mr. KING. Mr. President, this bill has been fully considered by the committee and also by the representatives of the District of Columbia, and they recommend its passage. A reference to the report of the Board of Commissioners clearly indicates the purpose of the bill:

The primary purpose of workmen's compensation insurance may briefly be stated as follows:

Losses are sustained by workers and their dependents through sickness, injury, or death from industrial causes. The fundamental idea underlying workmen's compensation law is that the cost of such losses should be borne, in the first instance, by the employer in whose service sickness, injury, or death occurs.

The point is this, that there is no jurisdiction to adjust these rates, and the contention is made by a number of workingmen that the rates are entirely too high, and they feel that there ought to be some authority for the appropriate organizations here to adjust the rates.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

QUALIFICATIONS OF LAW PRACTITIONERS IN THE DISTRICT

The bill (S. 316) relative to the qualifications of practitioners of law in the District of Columbia was announced as next in order.

Mr. PATTERSON. Over.

Mr. KING. Mr. President, I want to give notice that I shall at an early date move to take this bill from the calendar and proceed to its consideration. I shall avail myself in a few moments when some other bill is before the Senate of the opportunity of challenging the attention of the Senate to the importance of this measure.

BILL PASSED OVER

The bill (S. 1981) to make cattle a basic agriculture commodity for the purposes of the Agricultural Adjustment Act was announced as next in order.

Mr. McNARY. I object to the consideration of the bill at this time and ask that it be laid aside.

The VICE PRESIDENT. The bill will be passed over.

BOUNDARIES OF WHITEHAVEN PARKWAY IN THE DISTRICT

The Senate proceeded to consider the bill (S. 2509) to readjust the boundaries of Whitehaven Parkway at Huidekoper Place, in the District of Columbia, provide for an exchange of land, and for other purposes, which was read, as follows:

Be it enacted, etc., That in order to readjust the boundaries of Whitehaven Parkway at Huidekoper Place and preserve the trees and other natural park values, the Commissioners of the District of Columbia be, and they are hereby, authorized to close, vacate, and abandon for highway and alley purposes the area contained in parcels designated "A", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, and to transfer said area so closed, vacated, and abandoned to the United States to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations for park purposes.

SEC. 2. That the Commissioners of the District of Columbia are authorized to use for street and alley purposes the area comprised within the parcels designated "B", as shown on map filed in the office of the surveyor of the District of Columbia and numbered as map 1817; and the Director of National Parks, Buildings, and Reservations is authorized to make the necessary transfer of said land to the District of Columbia, same to be under the jurisdiction of the said Commissioners for street and alley purposes.

SEC. 3. That upon the dedication by the lawful owner or owners of the land contained in the parcel designated "C" and the transfer by plat as provided herein and/or the conveyance by deed of the land contained in the parcel designated "D", in accordance with map showing said parcels filed in the office of the surveyor of the District of Columbia, numbered as map 1817, the said parcel "C" to be dedicated to the District of Columbia for street purposes and the said parcel "D" transferred by plat and/or conveyed by deed to the United States, to be under the jurisdiction of the Director of National Parks, Buildings, and Reservations, then the said Director of National Parks, Buildings, and Reservations, with the approval of the Secretary of the Interior, acting for and in behalf of the United States of America, is authorized and directed to transfer by plat as provided herein and/or convey by deed all the land comprised in the parcel designated "E" as shown on said map filed in the office of the surveyor of the District of Columbia and numbered as map 1817, said transfer and/or conveyance to be made to the owner or owners making the transfer and/or conveyance of said parcel designated "D" to the United States, such transfers and/or deeds of conveyance to pass title in fee simple to the said land, and any and all of such transfers when duly executed and consummated shall constitute legal conveyances of the parcels herein described to the parties in interest: *Provided, however,* That good and sufficient title, satisfactory to the Commissioners of the District of Columbia and the Director of National Parks, Buildings, and Reservations shall be given with respect to the land contained in said parcels "C" and "D", respectively: *And provided further,* That upon the transfer by plat and/or the conveyance by deed of the said parcel designated "E", as provided herein, the land contained in said parcel shall be subject to assessment and taxation the same in all respects as other private property in the District of Columbia.

SEC. 4. That the surveyor of the District of Columbia is hereby authorized to prepare the necessary plat or plats showing the parcels of land to be transferred and dedicated in accordance with the provisions of this act, with certificates affixed thereon to be signed by the parties in interest making the necessary transfers and dedication, which plat or plats, after being signed by the various interested parties and officials, and approved by the Commissioners of the District of Columbia, upon recommendation of the National Capital Park and Planning Commission, shall be recorded upon order of said Commissioners in the office of the surveyor of the District of Columbia, and said plat or plats and certificates when so recorded shall constitute a legal dedication and legal transfers of the property described for the purposes designated according to the provisions of this act.

Mr. McKELLAR. Will the Senator from Utah explain the purpose of the bill?

Mr. KING. Mr. President, this matter was brought to the attention of the Committee on the District of Columbia by the Committee on Parking and Planning. If I had the files here I could show the Senate that some realinements of the boundaries between property belonging to private individuals and to the Government and concessions here and concessions there are highly desirable for the Government.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 1974) to place the cotton industry on a sound commercial basis, and to prevent unfair competition and practices in putting cotton into the channels of interstate and foreign commerce was announced as next in order.

Mr. FESS. Over.

The VICE PRESIDENT. The bill will be passed over.

LICENSING OF REAL-ESTATE BROKERS AND SALESMEN IN THE DISTRICT

The bill (S. 867) to define, regulate, and license real-estate brokers and real-estate salesmen; to create a Real Estate Commission in the District of Columbia; to protect the public against fraud in real-estate transactions; and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, let that bill go over.

Mr. KING. Mr. President, may I say to the Senator that this bill was introduced during the last Congress. My recollection is, it was introduced by the able Senator from Kansas [Mr. CAPPER], who was then Chairman of the Committee on the District of Columbia. It is a measure which was recommended in the last Congress, as it has been recommended in the present Congress, by the Commissioners and by the representatives of the real-estate organizations. It has been contended that there have been persons who are misrepresenting themselves as agents for real estate to the disadvantage of the people. I have no interest in the matter, but it seems to be a measure which is approved and desired.

Mr. McKELLAR. Mr. President, it is a long bill; I think it ought not to be taken up under the 5-minute rule, and I, therefore, ask that it go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. KING. I give notice that at an appropriate time I shall move to take the bill from the calendar for consideration.

TEMPORARY MAIL CONTRACTS

The bill (S. 2743) to authorize the Postmaster General to make temporary contracts for carrying the mails by air, and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, let that bill go over for the day.

Mr. VANDENBERG. Mr. President, will the Senator withhold his objections for just a moment? I desire to offer an amendment, so that it may be pending when the bill shall again be taken up.

Mr. McKELLAR. Certainly; I have no objection to that being done.

Mr. VANDENBERG. On page 2, line 3, at the point where the Postmaster General is authorized to send mail by the use of the Army planes, I want to offer the following amendment:

On page 2, line 3, change the period to a semicolon and add the following proviso:

"*Provided*, That this authority shall not be used unless and/or until such airplanes shall be fully equipped with the special equipment necessary by standard practice for safe night and day air mail transport; and that pilots shall not be assigned to such airplanes unless and/or until fully and adequately trained in the use of such special equipment."

I ask that that amendment may be pending.

The VICE PRESIDENT. The amendment will be printed and be considered pending.

BILL PASSED OVER

The bill (S. 2652) to include peanuts as a basic agricultural commodity under the Agricultural Adjustment Act, was announced as next in order.

Mr. McNARY and Mr. KING. Over.

Mr. SMITH. Mr. President, I want to say that is a bill in which the Senator from Virginia [Mr. BYRD] is very much interested. As I do not see him in the Chamber, as a matter of course, I will not ask the Senator from Oregon to withdraw his objection.

Mr. McNARY. Mr. President, I objected because of the absence of the Senator from Virginia, and also because there is another bill pending to enlarge the number of basic agricultural commodities, and I think they ought to come up together and not under the unanimous-consent agreement rule.

Mr. SMITH. Mr. President, I merely want to call the Senator's attention to the fact that a bill proposing to include cattle among the basic industries, was introduced by the Senator from Texas [Mr. CONNALLY], and now there has been introduced another bill more elaborate than that which is supposed to take its place. Therefore, I did not call attention to the fact when objection was made; but the bill introduced by the Senator from Virginia has been approved by the Department. However, I do not see the Senator from Virginia present, and, therefore, I do not care to assume responsibility for having the bill passed now.

POPULAR ELECTION OF PRESIDENT AND VICE PRESIDENT

The joint resolution (S.J.Res. 29) proposing an amendment to the Constitution of the United States providing for the popular election of President and Vice President of the United States was announced as next in order.

Mr. NORRIS. Mr. President, the effect of this joint resolution, if enacted, will be to eliminate the electoral college. I am not expecting, of course, to take the joint resolution up on a call of the calendar under rule VIII. I merely wish to say in regard to it that I expect to move to take up the joint resolution as soon as I can within a reasonable length of time, and I should like to have Senators know my intention so that it will not be a surprise when I shall carry it out.

Mr. McNARY. Mr. President——

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Oregon?

Mr. NORRIS. I yield.

Mr. McNARY. I understand the Senator from Nebraska asks that the joint resolution go over at this time.

Mr. NORRIS. Yes; I do not expect to take it up under rule VIII.

CHARLESTOWN SAND & STONE CO.

The Senate proceeded to consider the bill (S. 2790) for the relief of the Charlestown Sand & Stone Co., of Elkton, Md.

Mr. GOLDSBOROUGH. Mr. President, I hope there will be no objection to the consideration of this bill at this time.

Mr. McKELLAR. Mr. President, may I make this explanation? The other day I objected to this bill when it came up, but I have examined it and find it is a bill that passed at the last session, and I think it ought to pass again.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to the Charlestown Sand & Stone Co., of Elkton, Md., out of any money in the Treasury not otherwise appropriated, the sum of $12,385.99 in full settlement of the additional freight charges and the increased cost of labor and materials incurred by said company in the fulfillment of the requirements of the United States engineer office under the contract of August 23, 1917, for furnishing and delivering cement, sand, and gravel (or broken stone) to Fort Saulsbury, Del., for the construction of gun and mortar batteries.

REIMBURSEMENT OF STATE OF CALIFORNIA

The bill (S. 2731) for the relief of the State of California was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary be, and he is hereby, authorized and directed to pay, out of any money in the Treas-

ury not otherwise appropriated, the net balance due the State of California of $6,462,145.33 as certified by the Comptroller General of the United States, August 14, 1930, and printed in Senate Document No. 220, Seventy-first Congress, third session, the same to be accepted in full settlement of all advances and expenditures and interest thereon made by said State.

BILL PASSED OVER

The bill (S. 2689) to authorize the Department of Labor to make special statistical studies upon payment of the cost thereof, and for other purposes, was announced as next in order.

Mr. DICKINSON. Over.

The VICE PRESIDENT. The bill will be passed over.

UNCLAIMED DEPOSITS IN NATIONAL BANKS

The bill (S. 2359) to provide for the disposition of unclaimed deposits in national banks was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That if any deposit in a national bank has remained in such bank, or its predecessor, for 20 years or more, during which period no notice of the existence of any person having an interest in such deposit has been given such bank, or its predecessor, and if no explanation of such absence of notice is known to such bank, such deposit shall, with accumulations, be deposited in the Treasury of the United States in the manner, and subject to the conditions and exceptions, herein provided; but the provisions of this act shall not apply in the case of any national bank which is in receivership.

SEC. 2. On or before January 30 of each year the president or managing officer of each national bank shall cause to be sent by registered mail to each person in whose name any such deposit stands as of December 30 of the preceding year, at such person's last-known address, a notice stating (a) the amount of the deposit, (b) the amount of the interest due thereon, and (c) the effect of this act with respect to such deposit, and shall cause to be published in a newspaper of general circulation in the city or town where such bank is located a list of all such persons and a general statement of the application of this act to them. Such bank shall be reimbursed for the cost of such mailing, registry, and publication, out of the moneys deposited in the Treasury pursuant to this act. The Secretary of the Treasury is authorized and directed to pay the amount thereof to the bank upon the filing by the President or managing officer of an itemized statement, under oath, of such cost. The action of the Secretary of the Treasury in making such payment shall be final and conclusive and not subject to review by any officer of the Government.

SEC. 3. (a) Upon the expiration of 60 days after such mailing and publication, such president or managing officer shall certify to the Comptroller of the Currency, under oath, the names of all such persons who have not been found, and the amount of the interest of any person in any such deposit, and shall cause the total of all such amounts to be deposited in the Treasury of the United States. If, at any time thereafter, any person proves to the satisfaction of the Secretary of the Treasury that he has an interest in any amount so deposited, the Secretary of the Treasury is authorized and directed to pay to such person the amount thereof, plus any interest that would have accrued had the money remained on deposit with the bank, in full satisfaction of all claims against the United States on account of such deposit. The necessary moneys for such payments are hereby appropriated, and this appropriation shall be deemed a permanent and indefinite appropriation.

(b) Any deposit by a bank in the Treasury of the United States, in compliance with the provisions of this act, shall be a good defense to the extent of the amount so deposited, in any action against the bank for the recovery of any bank deposit; but any depositor or person having an interest in any such amount may bring an action against the United States in the Court of Claims to recover the amount thereof, plus any interest that would have accrued had the money remained on deposit with the bank. Proceedings in such actions, and appeals from, and payment of, any judgment thereon, shall be had in the same manner as in cases over which the Court of Claims has jurisdiction under section 145 of the Judicial Code, as amended.

BILL PASSED OVER

The bill (S. 2500) to aid in relieving the existing national emergency through the free distribution to the needy of cotton and cotton products was announced as next in order.

Mr. VANDENBERG and Mr. KING asked that the bill be passed over.

The VICE PRESIDENT. The bill will be passed over.

SALE OF LAND AT PLATTSBURGH BARRACKS MILITARY RESERVATION

The bill (H.R. 93) to authorize the Secretary of War to sell to the Plattsburgh National Bank & Trust Co. a tract of land comprising part of the Plattsburgh Barracks Military Reservation, N.Y., was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War be, and he is hereby, authorized, in his discretion, to sell upon such terms and conditions as he considers advisable, a tract of land containing approximately one-half acre, comprising a part of the Plattsburgh Barracks Military Reservation, N.Y., and situated in the northwest corner thereof, which said tract is no longer needed for military purposes, and to execute and deliver in the name of the United States and in its behalf any and all contracts, conveyances, or other instruments necessary to effectuate such sale; the proceeds of the sale of the property hereinbefore designated to be deposited in the Treasury to the credit of the fund known as the "military post construction fund": *Provided*, That the Secretary of War shall have the said tract appraised: *And provided further*, That the Secretary of War shall not sell said tract of land for a less consideration than the appraised value thereof.

COLLECTION OF INDEBTEDNESS FROM ENLISTED MEN

The Senate proceeded to consider the bill (S. 2043) to amend the act of May 22, 1928, entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men and for other purposes", which was read, as follows:

Be it enacted, etc., That the act of May 22, 1928 (45 Stat. 698), entitled "An act to authorize the collection, in monthly installments, of indebtedness due the United States from enlisted men, and for other purposes", is hereby amended by the elimination of the third proviso of that act, reading as follows: "*And provided further*, That the Secretary of War, under such regulations as he shall prescribe, may cause to be remitted and canceled, upon honorable discharge of the enlisted man from the service, any such indebtedness incurred during the current enlistment and remaining unpaid at the time of discharge"; and the substitution therefor of the following: "*And provided further*, That the Secretary of War may cause to be remitted and canceled any part of such indebtedness remaining unpaid either on honorable discharge of the enlisted man from the service or prior thereto when in his opinion the interests of the Government are best served by such action."

Mr. KING. Mr. President, I should like an explanation of that measure, or, if the Senator from Texas [Mr. SHEPPARD] is not present, that it be temporarily passed over until he returns, unless there is some other Senator who can explain it.

Mr. LOGAN. Mr. President, as I understand that in the Army there is a rule or regulation whereby, when an enlisted man has something charged to him, the authorities take it all out of the next pay to which he is entitled, and that leaves him broke. The bill, as I recall, simply allows them to take it out from time to time over a period of months, which makes it a little easier for the enlisted man to pay his debts.

Mr. KING. Is the bill recommended by the War Department?

Mr. LOGAN. It is recommended by the War Department and by the Committee on Military Affairs.

Mr. KING. I have no objection; but a few moments ago when another bill was called and objected to I said I should claim on some other measure the privilege of 5 minutes to call attention briefly to the bill to which objection was made. I hope I may have the attention of the able Senator from Rhode Island [Mr. HEBERT].

The Senator from Rhode Island, as I understood, a few moments ago made objection to the consideration of a bill which was unanimously reported from the Committee on the District of Columbia at the last session of Congress, and which has been reported unanimously by that committee at this session. It is a bill which has had the approval of the District Commissioners in the past and also of the present District Commissioners. It has the approval of the bar association.

The bill provides that no person who is not a member of the bar of the Supreme Court of the District of Columbia shall engage in the practice of law, or any branch thereof, in the District of Columbia; nor shall any partnership, corporation, association, or firm engage in the practice of law, or any branch thereof, in the District of Columbia, except associations, partnerships, and firms of all of the members of which are members of the bar of the Supreme Court of the District of Columbia.

Mr. HEBERT. Mr. President, will the Senator yield?

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Rhode Island?

Mr. KING. Certainly.

Mr. HEBERT. I assume the Senator understood I objected to the consideration of the bill?

Mr. KING. I did so understand.

Mr. HEBERT. I did not object.

Mr. KING. Then I beg the Senator's pardon.

Mr. HEBERT. I am not familiar with the provisions of the bill at all and am not a member of the committee which considered it. I have never informed myself concerning its provisions.

Mr. KING. I understood someone on the other side of the Chamber objected and I attributed the objection to my friend from Rhode Island.

Mr. FESS. Mr. President, someone on this side of the aisle did object, but I do not know who it was.

Mr. KING. I hope the objection will be withdrawn. The bill has the endorsement of the Bar Association of the United States and the Bar Association of the District of Columbia.

Mr. McNARY. A Senator on this side did object to the present consideration of the bill, and under those circumstances of course it should go over.

Mr. KING. I shall move at a later day to proceed to its consideration.

The VICE PRESIDENT. The bill before the Senate is S. 2043, and the question is, Shall the bill be ordered to be engrossed and read a third time?

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CAIRO BRIDGE COMMISSION

The Senate proceeded to consider the bill (S. 2675) creating the Cairo Bridge Commission and authorizing said commission and its successors to construct, maintain, and operate a bridge across the Ohio River at or near Cairo, Ill., which had been reported from the Committee on Commerce with amendments, on page 3, line 6, to strike out "appurtenance" and insert "appurtenances"; in line 17, after the word "and", to insert the word "shall"; and, on page 6, line 8, before the word "coupons", to strike out the word "with" and insert "without", so as to make the bill read:

Be it enacted, etc., That, in order to facilitate interstate commerce, improve the Postal Service, and provide for military and other purposes, the Cairo Bridge Commission (hereinafter created, and hereinafter referred to as the "Commission") and its successors and assigns, be, and is hereby, authorized to construct, maintain, and operate a bridge and approaches thereto across the Ohio River at or near the city of Cairo, Ill., at a point suitable to the interests of navigation, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters", approved March 23, 1906, subject to the conditions and limitations contained in this act. For like purposes said Commission and its successors and assigns are hereby authorized to purchase, maintain, and operate all or any ferries across the Ohio and/or Mississippi Rivers within 10 miles of the location which shall be selected for said bridge, subject to the conditions and limitations contained in this act.

SEC. 2. There is hereby conferred upon the Commission and its successors and assigns the right and power to enter upon such lands and to acquire, condemn, occupy, possess, and use such real estate and other property in the State of Illinois and the Commonwealth of Kentucky as may be needed for the location, construction, operation, and maintenance of such bridge and its approaches, upon making just compensation therefor, to be ascertained and paid according to the laws of the State in which such real estate or other property is situated, and the proceedings therefor shall be the same as in the condemnation of private property for public purposes in said States, respectively.

SEC. 3. The Commission and its successors and assigns are hereby authorized to fix and charge tolls for transit over such bridge and such ferry or ferries in accordance with the provisions of this act.

SEC. 4. The Commission and its successors and assigns are hereby authorized to provide for the payment of the cost of the bridge and its approaches and the ferry or ferries and the necessary lands, easements, and appurtenances thereto by an issue or issues of negotiable bonds of the Commission, bearing interest at not more than 6 percent per annum, the principal and interest of which bonds and any premium to be paid for retirement thereof before maturity shall be payable solely from the sinking fund provided in accordance with this act. Such bonds may be registrable as to principal alone or both principal and interest, shall be in such form not inconsistent with this act, shall mature at such time or times not exceeding 40 years from their respective dates, shall be in such denominations, shall be executed in such manner, and shall be payable in such medium and at such place or places as the Commission may determine. The Commission may repurchase and may reserve the right to redeem all or any of said bonds before maturity in such manner and at such price or prices, not exceeding 105 and accrued interest, as may be fixed by the Commission prior to the issuance of the bonds. The Commission may enter into an agreement with any bank or trust company in the United States as trustee having the power to make such agreement, setting forth the duties of the Commission in respect of the construction, maintenance, operation, repair, and insurance of the bridge and/or the ferry or ferries, the conservation and application of all funds, the safeguarding of moneys on hand or on deposit, and the rights and remedies of said trustee and the holders of the bonds, restricting the individual right of action of the bondholders as is customary in trust agreements respecting bonds of corporations. Such trust agreement may contain such provisions for protecting and enforcing the rights and remedies of the trustee and the bondholders as may be reasonable and proper and not inconsistent with the law and also provisions for approval by the original purchasers of the bonds of the employment of consulting engineers and of the security given by the bridge contractors and by any bank or trust company in which the proceeds of bonds or of bridge or ferry tolls or other moneys of the Commission shall be deposited, and may provide that no contract for construction shall be made without the approval of the consulting engineers. The bridge constructed under the authority of this act shall be deemed to be an instrumentality for interstate commerce, the Postal Service, and military and other purposes authorized by the Government of the United States, and said bridge and ferry or ferries and the bonds issued in connection therewith and the income derived therefrom shall be exempt from all Federal, State, municipal, and local taxation. Said bonds shall be sold in such manner and at such time or times and at such price as the Commission may determine, but no such sale shall be made at a price so low as to require the payment of more than 6 percent interest on the money received therefor, computed with relation to the absolute maturity of the bonds in accordance with standard tables of bond values, and the face amount thereof shall be so calculated as to produce, at the price of their sale, the cost of the bridge and its approaches, and the land, easements, and appurtenances used in connection therewith and, in the event the ferry or ferries are to be acquired, also the cost of such ferry or ferries and the lands, easements, and appurtenances used in connection therewith. The cost of the bridge and ferry or ferries shall be deemed to include interest during construction of the bridge, and for 12 months thereafter, and all engineering, legal, architectural, traffic-surveying, and other expenses incident to the construction of the bridge or the acquisition of the ferry or ferries, and the acquisition of the necessary property, and incident to the financing thereof, including the cost of acquiring existing franchises, rights, plans, and works of and relating to the bridge, now owned by any person, firm, or corporation, and the cost of purchasing all or any part of the shares of stock of any such corporate owner if, in the judgment of the Commission, such purchases should be found expedient. If the proceeds of the bonds issued shall exceed the cost as finally determined, the excess shall be placed in the sinking fund hereinafter provided. Prior to the preparation of definitive bonds the Commission may, under like restrictions, issue temporary bonds or interim certificates with or without coupons of any denomination whatsoever, exchangeable for definitive bonds when such bonds have been executed and are available for delivery.

SEC. 5. In fixing the rates of toll to be charged for the use of such bridge the same shall be so adjusted as to provide a fund sufficient to pay for the reasonable cost of maintaining, repairing, and operating the bridge and its approaches under economical management, and to provide a sinking fund sufficient to pay the principal and interest of such bonds as the same shall fall due and the redemption or repurchase price of all or any thereof redeemed or repurchased before maturity as herein provided. All tolls and other revenues from said bridge are hereby pledged to such uses and to the application thereof as hereinafter in this section required. After payment or provision for payment therefrom of all such cost of maintaining, repairing, and operating and the reservation of an amount of money estimated to be sufficient for the same purpose during an ensuing period of not more than 6 months, the remainder of tolls collected shall be placed in the sinking fund, at intervals to be determined by the Commission prior to the issuance of the bonds. An accurate record of the cost of the bridge and its approaches, the expenditures for maintaining, repairing, and operating the same, and of the daily tolls collected, shall be kept and shall be available for the information of all persons interested. The Commission shall classify in a reasonable way all traffic over the bridge, so that the tolls shall be so fixed and adjusted by it as to be uniform in the application thereof to all traffic falling within any such reasonable class, regardless of the status or character of any person, firm, or corporation participating in such traffic, and shall prevent all use of such bridge for traffic except upon payment of the tolls so fixed and adjusted. No toll shall be charged officials or employees of the Commission or of the Government of the United States or any State, county, or municipality in the United States while in the discharge of their duties or municipal police or fire departments when engaged in the proper work of any such department.

SEC. 6. Nothing herein contained shall require the Commission or its successors to maintain or operate any ferry or ferries purchased hereunder, but in the discretion of the Commission or its successors any ferry or ferries so purchased, with the appurtenances and property thereto connected and belonging, may be sold or otherwise disposed of or may be abandoned and/or dismantled whenever in the judgment of the Commission or its successors it may seem expedient so to do. The Commission and its successors

may fix such rates of toll for the use of such ferry or ferries as it may deem proper, subject to the same conditions as are hereinabove required as to tolls for traffic over the bridge. All tolls collected for the use of the ferry or ferries and the proceeds of any sale or disposition of any ferry or ferries shall be used, so far as may be necessary, to pay the cost of maintaining, repairing, and operating the same, and any residue thereof shall be paid into the sinking fund hereinabove provided for bonds. An accurate record of the cost of purchasing the ferry or ferries; the expenditures for maintaining, repairing, and operating the same; and of the daily tolls collected shall be kept and shall be available for the information of all persons interested.

SEC. 7. After payment of the bonds and interest, or after a sinking fund sufficient for such payment shall have been provided and shall be held for that purpose, the Commission shall deliver deeds or other suitable instruments of conveyance of the interest of the Commission in and to the bridge, that part within Illinois to the State of Illinois or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the Illinois interests) and that part within Kentucky to the Commonwealth of Kentucky or any municipality or agency thereof as may be authorized by or pursuant to law to accept the same (hereinafter referred to as the Kentucky interests), under the condition that the bridge shall thereafter be free of tolls and be properly maintained, operated, and repaired by the Illinois interests and the Kentucky interests, as may be agreed upon; but if either the Illinois interests or the Kentucky interests shall not be authorized to accept or shall not accept the same under such conditions, then the bridge shall continue to be owned, maintained, operated, and repaired by the Commission, and the rates of tolls shall be so adjusted as to provide a fund of not to exceed the amount necessary for the proper maintenance, repair, and operation of the bridge and its approaches under economical management, until such time as both the Illinois interests and the Kentucky interests shall be authorized to accept and shall accept such conveyance under such conditions. If at the time of such conveyance the Commission or its successors shall not have disposed of such ferry or ferries, the same shall be disposed of by sale as soon as practicable, at such price and upon such terms as the Commission or its successors may determine.

SEC. 8. For the purpose of carrying into effect the objects stated in this act, there is hereby created the Cairo Bridge Commission, and by that name, style, and title said body shall have perpetual succession; may contract and be contracted with, sue and be sued, implead and be impleaded, complain and defend in all courts of law and equity; may make and have a common seal; may purchase or otherwise acquire and hold or dispose of real estate and other property; may accept and receive donations or gifts of money or other property and apply same to the purposes of this act; and shall have and possess all powers necessary, convenient, or proper for carrying into effect the objects stated in this act.

The Commission shall consist of James S. Johnson, John C. Fisher, Reed Green, and Ray Williams, of the city of Cairo, Ill., and M. C. Anderson, of Ballard County, Ky. Such Commission shall be a body corporate and politic. Each member of the Commission shall qualify within 30 days after the approval of this act by filing in the office of the Secretary of Agriculture an oath that he will faithfully perform the duties imposed upon him by this act, and each person appointed to fill a vacancy shall qualify in like manner within 30 days after his appointment. Any vacancy occurring in said Commission by reason of failure to qualify as above provided, or by reason of death or resignation, shall be filled by the Secretary of Agriculture. Before the issuance of bonds as hereinabove provided, each member of the Commission shall give such bond as may be fixed by the Chief of the Bureau of Public Roads of the Department of Agriculture, conditioned upon the faithful performance of all duties required by this act. The Commission shall elect a chairman and a vice chairman from its members, and may establish rules and regulations for the government of its own business. A majority of the members shall constitute a quorum for the transaction of business.

SEC. 9. The Commission shall have no capital stock or shares of interest or participation, and all revenues and receipts thereof shall be applied to the purposes specified in this act. The members of the Commission shall be entitled to a per diem compensation for their services of $10 for each day actually spent in the business of the Commission, but the maximum compensation of the chairman in any year shall not exceed $2,500 and of each other member shall not exceed $500. The members of the Commission shall also be entitled to receive traveling-expense allowance of 10 cents a mile for each mile actualy traveled on the business of the Commission. The Commission may employ a secretary, treasurer, engineers, attorneys, and such other experts, assistants, and employees as they may deem necessary, who shall be entitled to receive such compensation as the Commission may determine. All salaries and expenses shall be paid solely from the funds provided under the authority of this act. After all bonds and interest thereon shall have been paid and all other obligations of the Commission paid or discharged, or provision for all such payment shall have been made as hereinbefore provided, and after the bridge shall have been conveyed to the Illinois interests and the Kentucky interests as herein provided, and any ferry or ferries shall have been sold, the Commission shall be dissolved and shall cease to have further existence by an order of the Chief of the Bureau of Public Roads made upon his own initiative or upon application of the Commission or any member or members thereof, but only after a public hearing in the city of Cairo, notice of the time and place of which hearing and the purpose thereof shall have been published once, at least 30 days before the date thereof, in a newspaper published in the city of Cairo, and a newspaper published in Ballard County, Ky. At the time of such dissolution all moneys in the hands of or to the credit of the Commission shall be divided into two equal parts, one of which shall be paid to said Illinois interests and the other to said Kentucky interests.

SEC. 10. Nothing herein contained shall be construed to authorize or permit the Commission or any member thereof to create any obligation or incur any liability other than such obligations and liabilities as are dischargeable solely from funds provided by this act. No obligation created or liability incurred pursuant to this act shall be an obligation or liability of any member or members of the Commission but shall be chargeable solely to the funds herein provided, nor shall any indebtedness created pursuant to this act be an indebtedness of the United States.

SEC. 11. All provisions of this act may be enforced, or the violation thereof prevented, by mandamus, injunction, or other appropriate remedy brought by the attorney general for the State of Illinois, the attorney general for the Commonwealth of Kentucky, or the United States district attorney for any district in which the bridge may be located in part, in any court having competent jurisdiction of the subject matter and of the parties.

SEC. 12. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LYMAN I. COLLINS

The Senate proceeded to consider the bill (S. 458) for the relief of Lyman I. Collins, which had been reported from the Committee on Military Affairs with an amendment, on page 1, line 9, after the numerals "1919", to insert "*Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged officers Lyman I. Collins, who was a second lieutenant, Air Service (Aeronautics), United States Army, shall hereafter be held and considered to have been honorably discharged from the military services of the United States on the 1st day of August 1919: *Provided*, That no back pay, compensation, benefit, or allowance shall be held to have accrued prior to the passage of this act.

Mr. KING. Mr. President, may I ask the Senator from Iowa [Mr. DICKINSON] whether there was any reason for the dishonorable discharge and whether the reason was inadequate?

Mr. DICKINSON. Mr. President, the reason was inadequate. After a court martial, where the officer was not given a hearing, it was understood that he was to be given an honorable discharge, but when the finding of the court came to be carried out, a dishonorable discharge was issued. The records indicate that he was not guilty, and we thought his record should be corrected.

Mr. KING. Under the statement of the Senator I think the bill should be passed.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF CHARTER OF GENERAL FEDERATION OF WOMEN'S CLUBS

The bill (S. 2696) to amend an act entitled "An act granting a charter to the General Federation of Women's Clubs" was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That sections 2 and 4 of the act entitled "An act granting a charter to the General Federation of Women's Clubs", approved March 3, 1901, as amended by an act approved April 28, 1904, be, and the same are hereby, amended to read as follows:

"SEC. 2. That the said corporation is authorized to acquire, by devise, bequest, or otherwise, hold, purchase, and convey such real and personal estate as shall or may be required for the purpose of its incorporation not exceeding $1,500,000, with authority in said corporation, should it be by it deemed necessary so to do, to mortgage or otherwise encumber the real estate which it may hereafter own or acquire and may give therefor such evidences of indebtedness as such corporation may decide upon."

"SEC. 4. That said corporation be, and it is hereby, authorized to hold its meetings at such places outside of Washington, in the District of Columbia, as it from time to time may deem best."

ISAAC PIERCE

The Senate proceeded to consider the bill (S. 2267) for the relief of Isaac Pierce, which had been reported from

the Committee on Military Affairs, with an amendment, on page 1, line 7, after the word "discharge", to insert "on July 30, 1864", so as to make the bill read:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Isaac Pierce, who was a member of Company B, Fourth Regiment Kentucky Volunteer Infantry, shall hereafter be held and considered to have been honorably discharged on July 30, 1864, from the military service of the United States as a member of that organization: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LANDS IN GREENE COUNTY, MO.

The Senate proceeded to consider the bill (S. 2550) granting an easement over certain lands to the Springfield Special Road District in the county of Greene, State of Missouri, for road purposes, which had been reported from the Committee on the Judiciary, with an amendment, on page 4, line 3, after the word "for", to insert "and in lieu of accrued taxes, if any, assessed against said property", so as to make the bill read:

Be it enacted, etc., That an easement over the following-described land, to wit: A strip of land 30 feet wide off the right side of the following-described center line: Beginning 40 feet south of the northeast corner of the northwest quarter northeast quarter section 34, township 29 north, range 22 west; thence south 2,509.91 feet; thence to the left on a curve with 146.19 feet radius 225.91 feet, except that part of the curve lying in the southwest corner southeast quarter northeast quarter of said section; thence east on east and west half-section line 376.89 feet; thence to the right on a curve with 146.19 feet radius 92 feet; thence continuing on same curve, but with 30 feet on both sides of the center line, a distance of 41.5 feet; thence continuing on the same curve, but with 30 feet on the right of the center line, a distance of 92.41 feet; thence south 2,235.707 feet; thence on a curve to the right with 287.9 feet radius with 30 feet on both sides of the center line a distance of 446.417 feet; thence west with 30 feet on the right or north side of the center line to the southeast corner of the west half southeast quarter southwest quarter of said section; also a strip of land 30 feet wide off the west side of the northwest quarter southwest quarter; also a strip of land 30 feet wide off of the west side of the northwest quarter of said section except the north 324 feet; also a curve with a 100-foot radius on the center line at the northeast corner of the northwest quarter northeast quarter. All of the above described is in section 34, township 29 north, range 22 west, and is a strip of land 30 feet wide off the east, south, and west sides of the United States Hospital for Defective Delinquents, Springfield, Mo., except that at two places where curves occur the full 60-foot width of the right-of-way is included, be, and the same is hereby, granted to the State of Missouri for public-road purposes; and the Attorney General is, upon the passage of this act, authorized to execute a deed containing such restrictions consistent with the character of the grant for public-road purposes as he deems necessary.

SEC. 2. The said easement is granted solely for road purposes, and shall revert to and become the absolute property of the United States of America if used for any purpose whatsoever other than that for which this donation is made, or in the event it is abandoned or vacated as a public road.

SEC. 3. Not to exceed $5,000 of the unexpended balance of any appropriation available for the construction or maintenance of the United States Hospital for Defective Delinquents shall be available in the discretion of the Attorney General for payment to the proper authorities of the Springfield Special Road District of Greene County, Mo., as representing the full amount to be contributed by the Government toward the cost of constructing the road herein provided for, and in lieu of accrued taxes, if any, assessed against said property, and the said amount shall remain available for this purpose until expended.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

AMENDMENT OF UNITED STATES EMPLOYEES' COMPENSATION ACT

The bill (S. 1164) to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes", approved September 7, 1916, and acts in amendment thereof, be amended as follows:

That subdivision (G) of section 10 of said act is amended to read as follows:

"(G) The compensation of each beneficiary under clause (E) shall be paid until he dies, marries, or ceases to be dependent. The compensation of each beneficiary under clause (F) shall be paid for a period of 8 years from the time of the death, unless before that time he, if a grandparent, dies, marries, or ceases to be dependent, or, if a brother, sister, or grandchild, dies, marries, or reaches the age of 18, or, if over 18 and incapable of self-support, becomes capable of self-support. The compensation of a brother, sister, or grandchild under legal age shall be paid to his or her guardian."

MISSISSIPPI RIVER BRIDGE, LOUISIANA

The bill (H.R. 7705) to extend the times for commencing and completing the construction of a bridge across the Mississippi River, between New Orleans and Gretna, La., was considered, ordered to a third reading, read the third time, and passed.

MISSOURI RIVER BRIDGE, OMAHA, NEBR.

The bill (H.R. 7554) to extend the times for commencing and completing the construction of a bridge across the Missouri River at or near Farnam Street, Omaha, Nebr., was considered, ordered to a third reading, read the third time, and passed.

USE OF NATIONAL-FOREST LANDS FOR VARIOUS PURPOSES

The Senate proceeded to consider the bill (S. 872) to facilitate the use and occupancy of national-forest lands for purposes of residence, recreation, education, industry, and commerce.

Mr. KING. Mr. President, may I have the attention of the Senator from Oregon [Mr. McNARY]? Are there sufficient safeguards provided so that persons seeking homesteads or trying to initiate mineral rights may not be improperly or unduly interfered with?

Mr. McNARY. Mr. President, the bill does not involve mineral rights. Some years ago the Secretary of the Interior was authorized to use certain portions of national-forest lands for recreation areas. The Secretary found that the revenue has been quite sufficient but the area has not been large enough, so he requested an extension of the area from 5 acres to 80 acres. The bill is a departmental bill and has the endorsement of the Department. It simply gives the Secretary authority to use a larger area in the national forests for recreation purposes, increasing the unit from 5 acres to 80 acres.

Mr. KING. Is there any limitation on the period of time?

Mr. McNARY. Yes; 20 years.

Mr. KING. I have no objection.

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of Agriculture be, and he is hereby, authorized, in his discretion, to authorize the occupancy and use of national-forest lands by permit or lease for purposes of residence, recreation, education, industry, and commerce, not incompatible with the best use and management of the national forests, for periods of not more than 30 years and for areas of not more than 80 acres, and during the life of any permit or lease issued or executed under the provisions of this act the lands described therein shall not be subject to entry or appropriation under the public land laws of the United States, except where the right to make such entry or appropriation was legally established prior to the date of approval of this act; but nothing contained herein shall prevent the Secretary of Agriculture from canceling, revoking, or otherwise terminating such permit or lease because of a breach of its terms and conditions or for other just cause.

ERADICATION OF MEDITERRANEAN FRUIT FLY

The bill (S. 1800) to provide for an investigation and report of losses resulting from the campaign for the eradication of the Mediterranean fruit fly by the Department of Agriculture was announced as next in order.

Mr. VANDENBERG. Let the bill go over.

Mr. TRAMMELL. Mr. President, will the Senator withhold his objection for a moment to enable me to make an explanation?

Mr. VANDENBERG. Very well.

Mr. TRAMMELL. May I first ask the Senator the ground for his objection?

Mr. VANDENBERG. In the first place, when the appropriation was asked to provide for aid in the eradication of the Mediterranean fruit fly, I thought the final postscript would be another request for a further appropriation to pay for damages resulting from the eradication of the pest. However, we were assured that there would be no such eventuality.

The present problem is not merely that of investigation, may I say to the Senator from Florida. The problem inevitably involved is chiefly whether we shall take the first step in acknowledging responsibility on the part of the Federal Government for having gone to Florida in response to Florida's request to spend several million dollars to do something for Florida in this connection.

I may be wrong in my assessment of the facts or the equity. I have not had an opportunity to inquire into the situation, but I will do so before the next call of the calendar.

Mr. TRAMMELL. Mr. President, the bill simply provides for a board to make an inquiry, to receive claims, and to report back to the Secretary of Agriculture, and in turn for the Secretary of Agriculture to report to Congress. It is more of a fact-finding board than it is a board to determine any loss. In fact, it is specifically provided that the passage of the bill shall not commit the Congress to a policy of restoration or to an appropriation. That is specifically stated in the bill.

So far as I am concerned, in regard to the Senator's statement that he was assured that there would be no claims for damages, let me say that I have no recollection of any assurance of that character. I am sure I did not give any such assurance because I propose that Florida shall be treated as other States are treated and as the people of other States are treated. If some department by inefficiency and by ruthlessness goes into Florida under the guise of carrying on a campaign of extermination of some particular pest or disease and damages the property of the people of my State, I believe those people are as much entitled to restitution and to compensation for the losses incurred as are the people of other States.

It is well known that it is a general policy of the Congress to make payment for cattle, for instance, which are destroyed because they have the foot-and-mouth disease. It has been the policy to compensate farmers who have crops that are destroyed by virtue of a quarantine system for the purpose of extermination of the bollweevil and various other insects and pests; and yet for a period of 4 years now we have been pleading in behalf of securing justice for the people of our State, and the Senator from Michigan has raised the objection heretofore.

I want to find out about some of the Michigan problems, about some assistance that has been obtained in Michigan, and various forms of relief that the Senator has asked for the people of his State, and then request a little consistency on the Senator's part in dealing with this situation. I hope by the next call of the calendar the Senator will be convinced that this is a righteous measure.

Mr. VANDENBERG. Mr. President, in view of the address of the Senator, I probably shall have to wait two calls of the calendar.

The PRESIDENT pro tempore. The bill will be passed over.

UNITED STATES RANGE LIVESTOCK EXPERIMENT STATION, MONTANA

The bill (S. 1138) authorizing transfer of an unused portion of the United States Range Livestock Experiment Station, Mont., to the State of Montana for use as a fish-cultural station, game reserve, and public recreation ground, and for other purposes, was considered, ordered to be engrossed for a third reading, reading the third time, and passed, as follows:

Be it enacted, etc., That the provisions of the act of Congress approved April 15, 1924 (43 Stat. 99), insofar as said act places under the control of the Department of Agriculture the lands described as lot 10, section 3, and lot 9, section 4, township 7 north, range 47 east, and lot 15, section 34, township 8 north, range 47 east, Montana principal meridian, containing approximately 122.98 acres, be hereby repealed; and that the Secretary of the Interior be, and he is hereby, authorized and directed to issue patent to the State of Montana for the lands hereinbefore described for use as a fish-cultural station, game reserve, public recreation ground, and similar purposes, with a reservation to the United States of all coal, oil, gas, and other minerals, together with the right of the United States, its grantees, or permittees, to prospect for, mine, and remove the same.

WESTERN UNION TELEGRAPH CO.

The bill (S. 2139) for the relief of the Western Union Telegraph Co. was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, to the Western Union Telegraph Co., the sum of $1,155.32, in full and final settlement of all claims against the Government for expenses incurred in repairing a Western Union cable which was picked up and cut by the Coast Guard cutter *Pequot*, January 22, 1931, in grappling for a United States submarine cable between Knight Key Harbor and Sombrero Key, Fla.

COHEN, GOLDMAN & CO., INC.

The Senate proceeded to consider the bill (S. 2554) for the relief of Cohen, Goldman & Co., Inc., which was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay to Cohen, Goldman & Co., Inc., out of any money in the Treasury not otherwise appropriated, the sum of $19,030.20, in full settlement of all claims against the Government growing out of contracts nos. 1325, 1625, 2299, 3220, and 4519N, and contracts supplementary thereto, for the manufacture during 1917 and 1918 of overcoats and uniforms for the United States Army.

Mr. KING. Mr. President, I will ask the Senator from Kentucky [Mr. LOGAN] to favor us with a brief explanation of this bill.

Mr. LOGAN. Mr. President, the report on the bill is rather lengthy, but the facts are simple.

This concern had a contract with the Government to manufacture cloth. It also had a process that it could use to save the use of cloth. The United States Government entered into two supplemental contracts. One of them was to pay the concern a bonus for the use of the process and the other was to pay for extra work.

When the work had been completed some question arose. The company for 10 years and more tried to find some remedy with the different bureaus or departments of the Government, but it could not get much satisfaction, so it filed a suit before the Court of Claims. The Court of Claims had the matter investigated very carefully, and a report was made by its commissioner setting out what was due—a total of $19,000 and some cents. The court found that that was correct; but in the meantime the Government had interposed a plea of limitation, and the Court of Claims had to sustain that plea.

In the consideration of this bill the committee reached the conclusion that the company has been led on from one department to another, and for that reason had not filed the suit until after the expiration of the period of limitation, and that, as the Court of Claims found that this amount of money undoubtedly was due to the company, the bill should be reported favorably and should pass.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

BILL PASSED OVER

The bill (S. 2796) to authorize payments for the purchase of, or to reimburse States or local levee districts for the cost of levee rights-of-way for flood-control work in the Mississippi Valley, and for other purposes, was announced as next in order.

Mr. VANDENBERG. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

RELIEF OF SHIPWRECKED SEAMEN

The bill (H.R. 7205) to provide for the care and transportation of seamen from shipwrecked fishing and whaling

vessels was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That section 3 (relating to the care and transportation of shipwrecked merchant seamen) of the act approved December 21, 1898 (U.S.C., title 46, sec. 593), entitled "An act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce", shall apply to fishing and whaling vessels, notwithstanding the provisions of section 26 of such act."

Mr. WALSH. Mr. President, I ask to have the report of the committee on this bill printed in the RECORD.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The report is as follows:

Mr. STEPHENS, from the Committee on Commerce, submitted the following report (to accompany H.R. 7205):

The Committee on Commerce, to whom was referred the bill (H.R. 7205) to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels, having considered the same, report favorably thereon, and recommend that the bill do pass without amendment.

The bill has the approval of the Departments of State and Commerce, as will appear by the annexed report from the House Committee on Merchant Marine, Radio, and Fisheries, which is made a part hereof:

"The Committee on Merchant Marine, Radio, and Fisheries, to whom was referred the bill (H.R. 7205) to provide for the care and transportation of seamen from shipwrecked fishing and whaling vessels, having had the same under consideration, reports it back to the House without amendment and recommends that the bill do pass.

"The purpose of this bill is to remove the discrimination which exists in existing legislation against seamen on fishing and whaling vessels.

"Section 3 of chapter 28, 'An act to amend the laws relating to American seamen, for the protection of such seamen, and to promote commerce', approved December 21, 1898 (U.S.C., title 46, sec. 593), provides:

"'That section 4526 of the Revised Statutes be, and is hereby, amended so as to read as follows:

"'"SEC. 4526. In cases where the service of any seaman terminates before the period contemplated in the agreement, by reason of the loss or wreck of the vessel, such seaman shall be entitled to wages for the time of service prior to such termination, but not for any further period. Such seaman shall be considered as a destitute seaman and shall be treated and transported to port of shipment as provided in sections 4577, 4578, and 4579 of the Revised Statutes of the United States."'

"Sections 4577, 4578, and 4579 of the Revised Statutes of the United States, as amended to date and now in effect appear as sections 678, 679, and 681 of the United States Code.

"Section 678 makes it the duty of consuls and vice consuls to provide for seamen of the United States who may be found destitute in their districts, sufficient subsistence and passage to some port of the United States in the most reasonable manner, at the expense of the United States, and subject to such instructions as the Secretary of State shall give.

"Section 679 provides for transportation of destitute seamen to the United States, prescribing the rate of compensation when they are transported on sailing vessels. Section 680 provides the rate for transportation on steam vessels, and section 681 provides reasonable compensation for transportation from foreign ports where there is no consular office of the United States.

"Section 26 of chapter 28, of the act of December 21, 1898, provides that section 3 of that act quoted above shall not apply to fishing and whaling vessels.

"The committee can see no reason for this discrimination, and the need for relief would appear to be greater in the case of the men on fishing and whaling vessels where they are frequently paid only out of their catch than in the case of seamen on the merchant vessels since their wages are paid up to the time of the wreck. The men on the fishing vessels, serving as they do on shares, not only lose their wages up to the time of the wreck but are not given relief after they go ashore. The hazards and hardships of their calling are certainly not less than those of seamen on merchant vessels.

"The inclusion of seamen on the merchant marine in section 3, chapter 28, of the act of December 21, 1898, and the exclusion of these men on whaling and fishing vessels, has occasioned confusion in providing aid, and delay has resulted, as the consuls have on several occasions been refused reimbursement with the result that necessary aid extended has been deducted from the consul's pay. In the case of numerous wrecks of fishing vessels off the Canadian coast there followed delay and hesitation on the part of our consuls in rendering aid to crews that were landed destitute without food or dry clothing.

"The bill has the approval of the Department of State, and the Department of Commerce. The Director of the Budget advised the State Department by letter, which was produced at the hearings, that insofar as the financial program of the President is concerned, there is no objection to the enactment of this legislation.

"It appears from the hearings that the increased expense to the Government would be relatively small. There was no objection to the bill, and it was unanimously reported."

BILL PASSED OVER

The bill (S. 2835) to amend section 21 of the act approved June 5, 1920, entitled "An act to provide for the promotion and maintenance of the American merchant marine, to repeal certain emergency legislation, and to provide for the disposition, regulation, and use of property acquired thereunder, and for other purposes", as applied to the Virgin Islands of the United States, was announced as next in order.

Mr. KING. I object to this bill, in the absence of some explanation of it.

The PRESIDENT pro tempore. Objection being made, the bill will be passed over.

SHIPMENT OF AGRICULTURAL EXPORTS IN VESSELS OF THE UNITED STATES

The Senate proceeded to consider the joint resolution (H.J.Res. 207) requiring agricultural products to be shipped in vessels of the United States where the Reconstruction Finance Corporation finances the exporting of such products, which had been reported from the Committee on Commerce with amendments.

Mr. KING. Mr. President, I should like to have an explanation of this measure.

Mr. VANDENBERG. Mr. President, in the absence of the Senator from Mississippi [Mr. STEPHENS] I may say that this joint resolution was considered in the Commerce Committee on the recommendation of the Shipping Board. It proposes to make a slight amendment to the action taken by the House of Representatives in undertaking to guarantee that if Reconstruction Finance Corporation moneys are used in the promotion of foreign trade by way of foreign loans, the commodities involved so far as possible shall be shipped in American bottoms.

Mr. KING. Mr. President, will the Senator yield?

Mr. VANDENBERG. Yes; I yield.

Mr. KING. Does that mean that if we should ship, through the Reconstruction Finance Corporation or through the Soviet organization that is to be created, commodities to Russia in American ships, Russia would be compelled, in part payment, to ship her commodities back in American ships?

Mr. VANDENBERG. That, I should say, is approximately a correct interpretation of the measure, provided ships in sufficient tonnage are available with necessary sailing schedules and at reasonable rates.

Mr. KING. Perhaps I did not make myself clear. I do not know that I should object to a requirement that exports facilitated by the money of the Reconstruction Finance Corporation should be carried in American bottoms; but suppose the exports are paid in imports from other countries. Are those to be carried in American bottoms?

Mr. VANDENBERG. No; I misunderstood the Senator. This measure applies only to exports.

Mr. KING. I have no objection.

The PRESIDENT pro tempore. The amendments of the committee will be stated.

The amendments were, on page 1, line 4, after the word "Corporation", to insert "or any other instrumentality of the Government"; in line 6, after the word "agricultural", to insert "or other"; in line 9, before the word "after", to strike out "United States Shipping Board" and insert "Shipping Board Bureau"; and on page 2, line 1, after the word "Corporation", to insert "or other instrumentality of the Government", so as to make the joint resolution read:

Resolved, etc., That it is the sense of Congress that in any loans made by the Reconstruction Finance Corporation or any other instrumentality of the Government to foster the exporting of agricultural or other products, provision shall be made that such products shall be carried exclusively in vessels of the United States, unless, as to any or all of such products, the Shipping Board Bureau, after investigation, shall certify to the Reconstruction Finance Corporation or other instrumentality of the Government that vessels of the United States are not available in sufficient numbers, or in sufficient tonnage capacity, or on necessary sailing schedule, or at reasonable rates.

The amendments were agreed to.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

The title was amended so as to read: "Joint resolution requiring agricultural or other products to be shipped in vessels of the United States where the Reconstruction Finance Corporation or any other instrumentality of the Government finances the exporting of such products."

BILL PASSED OVER

The bill (H.R. 1403) for the relief of David I. Brown was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

ALFRED W. KLIEFOTH

The bill (S. 2687) for the relief of Alfred W. Kliefoth was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury not otherwise appropriated, the sum of $3,940.47 to Alfred W. Kliefoth to reimburse him for personal property lost in Russia in 1918 while in the performance of his duties as assistant military attaché at the American Embassy at Petrograd.

MEDICAL AND HOSPITAL TREATMENT OF R.O.T.C. AND C.M.T.C. MEMBERS

The bill (S. 2688) to validate payments for medical and hospital treatment of members of Reserve Officers' Training Corps and citizens' military training camps was considered, ordered to be engrossed for a third reading, read the third time and passed, as follows:

Be it enacted, etc., That payments heretofore made by disbursing officers of the Army for the medical and hospital treatment of members of the Reserve Officers' Training Corps and of members of the citizens' military training camps who contracted disease in line of duty while en route to or from and while at camps of instruction are hereby validated, and the Comptroller General of the United States is hereby authorized and directed to allow credit in the accounts of disbursing officers who have made such payments.

ABANDONMENT OF LAND NOT REQUIRED FOR CEMETERIES

The bill (S. 2742) to authorize the Secretary of War to abandon or evacuate real estate no longer required for cemeterial purposes in Europe, and for other purposes, was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of War is hereby authorized to abandon or evacuate, either in whole or in part, any portion of the real estate and/or the rights of burial in perpetuity in any such lands as have been acquired under authority of Congress as suitable burial places in Europe for American military dead, and to dispose of such portion in accordance with the terms under which said real estate or rights therein were purchased or acquired, the proceeds derived from such sales to be deposited in the Treasury to the credit of the military post construction fund.

SUSPENSION OF ASSESSMENT WORK ON MINING CLAIMS

The Senate proceeded to consider the bill (S. 2313) providing for the suspension of annual assessment work on mining claims held by location in the United States and Alaska, which had been reported from the Committee on Mines and Mining with an amendment, on page 2, line 1, after "1934", to insert "*Provided*, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock meridian, July 1, 1934, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant, or claimants, were entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *And provided further*, That such suspension of assessment work shall not apply to more than 6 mining claims held by the same person, nor to more than 12 mining claims held by the same partnership, association, or corporation", so as to make the bill read:

Be it enacted, etc., That the provision of section 2324 of the Revised Statutes of the United States, which requires on each mining claim located, and until a patent has been issued therefor, not less than $100 worth of labor to be performed or improvements aggregating such amount to be made each year, be, and the same is hereby, suspended as to all mining claims in the United States, including Alaska, during the year beginning at 12 o'clock meridian July 1, 1933, and ending at 12 o'clock meridian July 1, 1934: *Provided*, That the provisions of this act shall not apply in the case of any claimant not entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *Provided further*, That every claimant of any such mining claim, in order to obtain the benefits of this act, shall file, or cause to be filed, in the office where the location notice or certificate is recorded, on or before 12 o'clock meridian, July 1, 1934, a notice of his desire to hold said mining claim under this act, which notice shall state that the claimant, or claimants, were entitled to exemption from the payment of a Federal income tax for the taxable year 1933: *And provided further*, That such suspension of assessment work shall not apply to more than 6 mining claims held by the same person, nor to more than 12 mining claims held by the same partnership, association, or corporation.

Mr. ROBINSON of Arkansas. Mr. President, I think there should be an explanation of that amendment.

Mr. BORAH. Mr. President, the original design and purpose of this measure was to exempt mining claims from the work necessary in order to retain title to them. The committee has attached two amendments. One provides that a person paying an income tax shall not be permitted to have the benefit of the exemption. The presumption is that one who is able to pay an income tax is able to do work on his mining claim.

Mr. ROBINSON of Arkansas. May I ask the Senator why it is proposed to suspend work on these claims?

Mr. BORAH. Because of the inability of so many prospectors, due to the depression in the country, to do work upon the claims. The bill is precisely like the one we passed last year, except that this bill limits the number of claims to 6 to an individual or 12 to a corporation. It was contended upon the part of some people that without such a restriction large corporations holding a great many claims would secure exemption, and therefore the bill limits the number that shall be exempt.

I may say to the Senator, in further answer to his question, that a great many of the prospectors who hold claims are unable to do work upon their claims. It is simply a question of another small phase of relieving those who are the victims of the depression.

The PRESIDENT pro tempore. The question is on agreeing to the amendment.

The amendment was agreed to.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

MISSISSIPPI RIVER BRIDGE, NEW BOSTON, ILL.

The bill (S. 1754) to extend the times for commencing and completing the construction of a bridge across the Mississippi River at or near New Boston, Ill., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the times for commencing and completing the construction of the bridge across the Mississippi River at or near New Boston, Ill., authorized to be built by D. S. Prentiss, R. A. Salladay, Syl F. Histed, William M. Turner, and John H. Rahilly, their heirs, legal representatives, and assigns, by the act of Congress approved March 3, 1931, are hereby extended 1 and 3 years, respectively, from the date of approval hereof.

SEC. 2. The right to alter, amend, or repeal this act is hereby expressly reserved.

NAVAL STATION AND LIGHTHOUSE RESERVATION, KEY WEST, FLA.

The bill (S. 2445) to authorize the Secretary of the Navy and the Secretary of Commerce to exchange a portion of the naval station and a portion of the lighthouse reservation at Key West, Fla., was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Navy is hereby authorized and directed to transfer to the Secretary of Commerce buildings nos. 1 and 39, coal sheds nos. 29 and 29X, store shed no. 29A, and coal wharf A, together with the lands under and around these structures, including a strip 13 feet in width along the south side of building no. 1, containing, in all, an area of approximately 113,000 square feet.

SEC. 2. The Secretary of Commerce is hereby authorized and directed to transfer to the Secretary of the Navy in exchange for the land and buildings referred to in section 1 hereof the old post-office building with land under and surrounding it and extending west to the road on the quay wall. The area to be transferred is approximately 51,000 square feet.

SEC. 3. The boundaries of the foregoing premises are to be in accordance with plat identified as drawing no. 643, Office of Superintendent of Lighthouses, Seventh District, Key West, Fla., dated July 1, 1932, on which plat the areas are shown in colors.

BILL PASSED OVER

The bill (H.R. 7513) making appropriations for the Departments of State and Justice and for the Judiciary and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1935, and for other purposes, was announced as next in order.

Mr. McKELLAR. Mr. President, that is an appropriation bill. I think it had better go over.

The PRESIDENT pro tempore. The bill will be passed over.

L. R. SMITH

The bill (S. 870) for the relief of L. R. Smith was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and directed to pay, out of any money in the Treasury of the United States not otherwise appropriated, to L. R. Smith, of Fortine, Mont., the sum of $19,223, said amount being in full settlement and reimbursement to the said L. R. Smith for the construction of a graded truck road, 7 miles in length, on Graves Creek, within the Blackfeet National Forest Reservation in the State of Montana, in pursuance of a survey made by the Forestry Bureau and proposed road development on said reservation in the Blackfeet National Forest.

MANUFACTURE, ETC., OF INTOXICATING LIQUORS IN OKLAHOMA

The bill (H.R. 6219) to repeal certain specific acts of Congress and an amendment thereto enacted to regulate the manufacture, sale, or possession of intoxicating liquors in the Indian Territory, now a part of the State of Oklahoma, was announced as next in order.

Mr. FESS. Mr. President, may we have an explanation of this bill? I simply desire to know what it is. I have not read it.

Mr. KING. Mr. President, there are a number of enactments applicable to certain fragmentary parts of Indian reservations in what is now Oklahoma. They were applicable when it was the Indian Territory; and recommendations have been made to repeal those inapplicable laws.

Mr. FESS. I have no objection.

The Senate proceeded to consider the bill, which was ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the acts of Congress of July 23, 1892 (27 Stat. 260); January 30, 1897 (29 Stat. 506); section 8, chapter 145, of the act of March 1, 1895 (28 Stat. 697); and that part of the act of May 25, 1918 (40 Stat. 563), as amended by the act of June 30, 1919 (41 Stat. 4), which is embraced in section 244, title 25, United States Code, be, and they are hereby, repealed insofar as they apply to and affect that part of the State of Oklahoma formerly known as "Indian Territory": *Provided*, That this act shall not be construed to repeal the acts herein referred to insofar as they apply to any tract of land upon which there may be now or hereafter located any Indian school maintained by or under the supervision of the United States Government.

EDWARD F. GOLTRA

The bill (S. 1091) conferring jurisdiction upon the Court of Claims of the United States to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States arising out of the taking of certain vessels and unloading apparatus was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That jurisdiction is hereby conferred upon the Court of Claims of the United States, whose duty it shall be, notwithstanding the lapse of time or the bar of any statute of limitations or previous court decisions, to hear, consider, and render judgment on the claims of Edward F. Goltra against the United States for just compensation to him for certain vessels and unloading apparatus taken, whether tortiously or not, on March 25, 1923, by the United States under orders of the Acting Secretary of War, for the use and benefit of the United States; and any other legal or equitable claims arising out of the transactions in connection therewith: *Provided*, That separate suits may be brought with respect to the vessels and the unloading apparatus: *Provided further*, That either party may appeal as of right to the Supreme Court of the United States from any judgment in said case at any time within 90 days after the rendition thereof, and any judgment rendered in favor of the claimant shall be paid in the same manner as other judgments of said Court of Claims are paid.

JOSEPH GORMAN

The bill (S. 421) for the relief of Joseph Gorman was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Joseph Gorman, who was a member of the One Hundred and Twentieth Company, United States Coast Artillery Corps, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 18th day of October 1904: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

AWARD OF DISTINGUISHED SERVICE CROSS

The bill (H.R. 715) to award the Distinguished Service Cross to former holders of the certificate of merit, and for other purposes, was considered, ordered to a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That the Distinguished Service Cross shall be issued to all enlisted men of the Army to whom the certificate of merit was issued under the provisions of previously existing law in lieu of such certificate of merit.

SEC. 2. Those persons who have heretofore received the Distinguished Service Medal in lieu of the certificate of merit under the provisions of the act of July 9, 1918 (40 Stat. 870–872), shall be issued the Distinguished Service Cross provided the Distinguished Service Medal is first surrendered to the War Department.

DISTRICT OF COLUMBIA BUILDING AND LOAN ASSOCIATION

The Senate proceeded to consider the bill (S. 2089) to amend the Code of Laws for the District of Columbia, approved March 3, 1901, as amended (D.C. Code, title 5, ch. 3), relating to building-and-loan associations, which was read, as follows:

Be it enacted, etc., That the Code of the District of Columbia (31 Stat. 1300; D.C. Code, title 5, ch. 3) is amended by adding at the end of title 5, chapter 3, thereof, the following new sections:

"SEC. 55. Personal property: The board of directors of any building association incorporated or unincorporated, organized and existing under the laws of the District of Columbia to do or now doing in the District of Columbia a building association business, in their discretion, may purchase the bonds of the Home Owners' Loan Corporation created pursuant to the authority of the Home Owners' Loan Act of 1933, approved June 13, 1933 (and said association is hereby permitted to carry said bonds as an asset at the par value of said bonds) or may subscribe and pay for shares of any Federal corporation created or authorized by law to lend money to building and loan associations.

"SEC. 56. Any building association incorporated or unincorporated, organized and existing under the laws of the District of Columbia, to do or now doing, in the District of Columbia, a building association business, is authorized and empowered to exchange mortgages or deeds of trust or the notes or bonds secured thereby or other obligations and liens secured on real estate or any real estate, which it may have or hold, for the bonds of the Home Owners' Loan Corporation created pursuant to the authority of the Home Owners' Loan Act of 1933, approved June 13, 1933, and said association is hereby authorized to carry said bonds as an asset at the par value of said bonds."

Mr. McKELLAR. Mr. President, will the Senator from Utah explain this bill?

Mr. KING. Mr. President, this bill has been recommended by the Commissioners, and its enactment is desired by the building and loan associations of this city. The associations merely desire that they may have the right to purchase Government bonds issued by the Home Owners' Loan Association, as the building associations in the various States are permitted to do. Under the charters of the local building associations, and under the law, they are not permitted to buy them.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

HENRY POOLE

The bill (S. 521) for the relief of Henry Poole was considered, ordered to be engrossed for a third reading, read the third time, and passed, as follows:

Be it enacted, etc., That in the administration of any laws conferring rights, privileges, and benefits upon honorably discharged soldiers Henry Poole, who was a member of Company D, Seventeenth Regiment United States Infantry, shall hereafter be held and considered to have been honorably discharged from the military service of the United States as a member of that organization on the 8th day of April 1899: *Provided*, That no bounty, back pay, pension, or allowance shall be held to have accrued prior to the passage of this act.

JOHN NEWMAN

The bill (H.R. 2509) for the relief of John Newman was announced as next in order.

Mr. KING. Let that go over.

The PRESIDENT pro tempore. The bill will be passed over.

SALE OF TIMBER ON INDIAN LAND

The bill (S. 2860) to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land, was announced as next in order.

Mr. ROBINSON of Arkansas. Mr. President, may I ask the Senator from Oregon [Mr. McNARY] who, I see, is the author of the bill, to explain its effect?

Mr. McNARY. Public Act No. 81 of the Seventy-third Congress permits the Commissioner of Indian Affairs, acting through the Secretary of the Interior, to adjust values appertaining to stumpage on the Klamath Reservation. That act will expire on March 1. The Secretary of the Interior has not been able yet to effect the contract relating to this stumpage and has asked for an extension of the law until September.

Mr. DILL. Mr. President, is the contract to be open to competitive bidding?

Mr. McNARY. Oh, yes.

Mr. DILL. My reason for asking the Senator is that I was told that this bill as to the Klamath Reservation would simply permit a readjustment of the contract by lowering the price of stumpage to the person with whom the contract is now drawn.

Mr. McNARY. Yes.

Mr. DILL. I was asked to introduce a similar bill regarding the reservation in my own State, and I refused to do it, because I do not want to see a bill enacted that will allow a reduction of price to one purchaser without giving other people a chance to come in and bid.

Mr. McNARY. The main purpose is the extension of the law relating to contracts affecting stumpage in order that the Indians may have some income. The bill is recommended by the Department, by the Indians, and by the Committee on Indian Affairs. A bill has just passed the House covering the same matter and has been sent to the Senate, and I intend to ask that the House bill be substituted for the Senate bill.

Mr. DILL. Mr. President, I have every desire to cooperate with the Senator from Oregon. On the other hand, I am not very much impressed by the recommendation of the Department on a bill of this kind, and if this is to result in simply giving authority to lower the price to the man who now has the contract, not permitting anybody else to come in and purchase, I think it is bad legislation.

Mr. McNARY. Mr. President, the Senator must know that some years ago stumpage was much higher in price than it is now.

Mr. DILL. I am aware of that.

Mr. McNARY. All the resources of the Klamath Indians consist of a very large acreage of standing timber in southern Oregon and northern California. At the present time the sawmill people are unable to complete their contracts, with stumpage at the present high price. Therefore, the Indians have been deprived of any income. They have petitioned the Commissioner of Indian Affairs to seek to have Congress give authority to the Secretary of the Interior to adjust these prices, so that there may be some income to the Indians, subject, however, at all times to the approval of the tribal council. The Indians have recommended it; the Secretary of the Interior has recommended it; the Indians are poverty stricken, without income; it is subject to their approval at all times; it is recommended by the Committee on Indian Affairs of the Senate, and a similar bill has just been passed by the House. The time will expire on the 1st of March, and I am asking that it be extended, at the request of the Secretary of the Interior, until September, in order that there may be ample time to consider the subject matter. It does not involve a contract, but would simply give the Secretary time to investigate the matter.

Mr. DILL. The Senator does not mean to say that, I am sure. It does involve a contract.

Mr. McNARY. I say that it gives the Secretary of the Interior time to investigate the matter, in order to see what action he should take.

Mr. DILL. Would this bill authorize him to lower the price now agreed upon without permitting anybody else to bid? That is the question I am trying to get at.

Mr. McNARY. The proposed legislation is based upon a bill heretofore enacted authorizing the Secretary to readjust stumpage prices.

Mr. DILL. That is already the law, then?

Mr. McNARY. It is.

Mr. DILL. Of course, I cannot interfere with the law. That is the provision I am objecting to; that is the measure I maintain is bad legislation. I object to enacting legislation which will give a special privilege to reduce the price of this stumpage to one purchaser, and not allow competitive bidding, for the reason that the Indians will then be face to face with taking whatever this single contractor will pay or not having any of their stumpage purchased.

Mr. McNARY. Mr. President, the Senator is quite misinformed as to that. It is always subject to the approval of the Indians, and it is necessary for the Indians to have a readjustment in order to make available the conversion of their timber into lumber.

Mr. DILL. How long has there been a law permitting this to be done?

Mr. McNARY. I think it was enacted last year.

Mr. DILL. What is the reason why during all this period they have not been able to get an agreement? I know something about how those who buy timber operate, and I do not like the idea of allowing them special privileges, and not allow other purchasers to come in and bid, if the price is to be reduced.

Mr. McNARY. The Secretary of the Interior and the Bureau of Indian Affairs realize the necessity of some adjustment of the price level of stumpage, so that the Indians may have some income. They are in an almost destitute condition today. It is admitted the price is too high. The action is subject to the approval of the tribal council. No advantage can be taken of the Indians. I am asking for an extension of the time to permit further consideration of the problem by the Secretary of the Interior.

Mr. DILL. I think every advantage can be taken of the Indians.

Mr. McNARY. If the Senator is going to say that a committee of the Senate, a committee of the House, the Secretary of the Interior, the House itself, and the tribal council of the Indians cannot take care of the Indians, who is going to take care of them? Is the Senator from Washington?

Mr. DILL. I recognize that that is putting me up against a pretty big organization. Nevertheless, the principle is a very bad one. I have been asked to father such legislation regarding a reservation in my own State based on the precedent adopted in Oregon, but I think it is a very bad precedent, and I do not like to see it consummated, since it cannot be to the advantage of the Indians. If the price under the existing contract is too high, the matter should be opened up to bidding again, the present contract should be wiped out, and the Indians should be allowed to get the highest price any bidder will offer. Instead of that, we are asked to pass a bill to give the present contractor exclusively the right to fix the price at which he will buy the timber.

Mr. McNARY. Oh, no. The only interest I have, the interest the Department has, and the interest the Indians

themselves have is that they may get something out of this great resource, which is lying idle today, while the Indians are in dire need of assistance.

Mr. DILL. What I object to is the method by which the Senator is trying to do it.

Mr. McNARY. It meets the approval of the Indians. They are here today pressing it, and I hope the Senator will permit them to have their way.

Mr. DILL. In view of the fact that the provision is already law, I shall not hold this measure up, but if it were not law, I should object.

Mr. McNARY. Mr. President, the House has just passed a joint resolution, which has been sent to the Senate, regarding this matter, and I ask that the House joint resolution be substituted for the Senate bill. After that shall have been done and the House joint resolution shall have been passed I will request that the Senate bill be indefinitely postponed.

The PRESIDENT pro tempore. Is there objection?

There being no objection, the Senate proceeded to consider the joint resolution (H.J.Res. 278) to amend Public Act No. 81 of the Seventy-third Congress, relating to the sale of timber on Indian land, which was read twice by title and the third time at length, as follows:

Resolved, etc., That the last proviso in the act of June 16, 1933 (Public, No. 81, 73d Cong., 1st sess.; 48 Stat. L. 311), relating to the sale of timber on Indian lands, be, and the same hereby is, amended to read as follows: "*And provided further*, That the authority granted herein shall terminate on the 4th day of September 1934."

The joint resolution was ordered to a third reading, read the third time, and passed.

The PRESIDENT pro tempore. Senate bill 2860 will be indefinitely postponed. The call of the calendar is completed.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) an act to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

The PRESIDENT pro tempore. The pending question is the amendment proposed by the Senator from Florida [Mr. TRAMMELL].

LIMITATION OF JURISDICTION OF DISTRICT COURTS

Mr. NORRIS. Mr. President, I desire to read into the RECORD a letter I have received from Hon. George M. Bourquin, United States district judge in Montana, criticising rather severely, and I think unjustly, my action in supporting the bill introduced by the Senator from California [Mr. JOHNSON] relating to the limitation of the jurisdiction of United States courts. The bill has passed the Senate and is now pending before the Committee on the Judiciary of the House of Representatives, where hearings are being held on it today. I desire to read this letter, and then I shall make some comments on some of the portions of it, because they have a direct application to the bill which is now pending before the Committee on the Judiciary of the House.

The bill to which reference is made proposed to take away from the Federal courts the right to issue injunctions against public utilities and the right to restrain the going into effect of rates of public utilities fixed by State commissions. It proposed to take away from the United States courts in such cases the right they now have of entertaining jurisdiction on the ground of diverse citizenship. It would also take away from them jurisdiction in those cases where the States have provided commissions and methods by which errors of those commissions can be corrected, or attempts can be made to correct them by appeal to the courts.

Under the law as it now stands, public-utility corporations can go into State courts and before State commissions and avail themselves of State laws, fighting a case through to the supreme court of a State, and if at any time they become dissatisfied with the action of the State commission or the State court, they can dismiss their case, start it again from the very beginning in the United States district court, and from there go on up to the Supreme Court of the United States. In the other case they can go to the Supreme Court of the United States, if there is a Federal question involved, by appealing from the State supreme court to the United States Supreme Court.

The letter is written upon the letterhead of the Department of Justice, United States District Court, Montana, February 19, 1934, and is as follows:

Hon. GEO. W. NORRIS,
Washington,

DEAR SENATOR NORRIS: To keep straight the record, yours, not mine, your misrepresentations to the Senate in reference to the senior district judge of the Federal court for Montana, and the Great Northern Utilities case should be corrected. (See CONGRESSIONAL RECORD, Feb. 6, 1934.)

The case is indeed exceptional, as you say, but not in the sense by you misrepresented, for instead of a suit to set aside a commission's order to lower rates, it was to annul an order to raise rates.

It follows that if the court delayed the case, which it did not as will be made manifest, not the consumer but the utility lost, paid the freight, for during pendency of the suit the patrons of the utility paid many thousand dollars less than they otherwise would have; that is to say, in that interval the people of Montana did not pay increased rates as you misrepresented, but on the contrary they paid decreased rates.

Your misrepresentation of delayed action by this court is equally unfounded. Throughout the pendency of the suit, this, the largest of the circuits, and entitled to 4 circuit judges, had but 2 overwhelmed with the business in the circuit court of appeals some 1,200 miles distant, and with three-judge cases more numerous in this than in any other circuit. Incidentally the failure to appoint to the vacancies was due to machiavellian politics, fence-fixing, jealousy, envy, malice, and no fault of the senior judge of this court.

The suit was a three-judge case necessitating the presence of a circuit judge, and the difficulty to secure his presence was great and obvious.

Dec. 22, 1930 the suit was filed. No temporary restraining order issued. After necessary correspondence to ascertain when a circuit judge could attend, hearing in respect to injunction pendente lite was ordered and had June 29, 1931.

Upon the circuit judge's representation of the hardship involved by necessitating his sometime return for final hearing, counsel agreed in open court to extend the hearing to include final hearing and determination.

The record thereof is as follows:

NO. 1060. GREAT NORTHERN UTILITIES COMPANY, V. PUBLIC SERVICE COMMISSION OF MONTANA, ET AL.

"This cause came on regularly for hearing this day on plaintiff's application for an interlocutory injunction, and defendants motion to dismiss the bill of complaint herein, Mr. M. S. Gunn and Mr. E. G. Toomey appearing for plaintiff, and Mr. Francis A. Silver appearing for defendants.

"Thereupon, it was stipulated and agreed by counsel for respective parties, that the cause be heard and submitted to the court at this time for final determination.

"Thereupon certain documentary evidence was introduced by each side, and the cause was argued by counsel for the respective parties, whereupon the cause was submitted to the court and taken under advisement, the parties each being granted 10 days for briefs."

By answer thereafter filed and issue by it unexpectedly joined, the agreement was so far departed from that the judges deemed final determination impossible.

See decision cited below.

Briefs were filed July 27, 1931, and decision was rendered August 18, 1931, upholding the utility's right to lower its rates. (See *Great Northern Utilities Co.* v. *Com's*, 52 Fed. (2d) 803.)

On appeal, the Supreme Court ambiguously affirmed (see 285 U.S. 524), and its mandate was filed herein April 6, 1932.

Another hearing by the commission's counsel, compelled as aforesaid, was held at the earliest date a circuit judge could attend, on September 19, 1932. At his suggestion the evidence had been taken before a master earlier in said month. The evidence differed little if any from that of the former hearing, and October 5, 1932, the judges rendered decision again that the utility had a right to give the people lower rates than by the commission ordered. (See 1 Fed. Supp. 328.)

Appeal followed; the Supreme Court reversed (see 289 U.S. 130), and as much for causes apparent in the record of the first appeal as in the record of the second.

Mandate filed May 15, 1933, the utility dismissed its suit June 30, 1933, for that the commission had vacated its order, subject of the suit, and by new order had approved even lower rates by the utility established pending the litigation.

Instead of delay herein, there is not a three-judge case in the books, involving preliminary hearing, appeal, and final hearing, which has been as expeditiously concluded in the trial court.

It is obvious, my dear Senator, that your tears in behalf of the people of Montana, in this instance, are worse than wasted. Therein no grief was theirs, not even that which an onion holds the tears to water.

I want Senators to understand I am reading the letter literally, and if they do not quite understand it they must remember that the writer thereof is a judge of the United States District Court, holding office for life, and drawing a salary larger than Senators receive. My thought is, therefore, that if Senators do not understand what the judge says in this letter, it is probably on account of their ignorance and not on account of any lack of wisdom on the part of the judge.

Mr. LONG. Mr. President——

Mr. NORRIS. I should like, Mr. President, to complete the reading of the letter. I will then be glad to yield to the Senator.

Insofar as the senior judge of Montana may afford you a horrible example to point a moral or adorn a tale, to clinch an argument where not even the slander hold seems barred, no exception is taken save in behalf of truth.

The abuses of injunction and receivership in Federal courts are well known. I have animadverted upon them. (See Great Falls case, 39 Fed. (2d) 177; Northern Pac. Ry. case, 34 Fed. (2d) 296; May Hosiery case, 59 Fed. (2d) 220; Investors Syndicate case, 52 Fed. (2d) 194.)

It may interest you to know that following dismissal of the Northern Pacific Railway case, supra, Justice Vandevanter granted an injunction, the Supreme Court ordered this court to hear the case (280 U.S. 142); it ran its course, was finally dismissed by this court even as formerly dismissed for no cause of action (44 Fed. (2d) 243), and the cost and loss to the people of Montana were over $1,000,000, not one cent recoverable; clear judicial robbery.

See review of the proceedings in Great Falls case (39 Fed. (2d) 176). In that proceeding are abuses to which you, Senator, might well give your attention.

With high regard, I am

Respectfully yours, GEO. M. BOURQUIN.

Mr. President, I spoke at length on this bill at the time it was passed by the Senate. I submitted the report on it from the Committee on the Judiciary. I have not verified the references that are made by Judge Bourquin to what I said, but I assume he stated them correctly. I have before me, however, the report which I made upon the bill, which report was printed in full in the RECORD at the time the bill was passed.

The Montana case referred to was commenced by the State Commission of Montana on September 21, 1927. So far as I know, the case is not yet ended. I will give the Senate its history so far as the report shows it. On page 7 of the report, which Senators can find if they care to investigate, and which is Report No. 125 of the preceding session, a chronological statement is made of what happened in the case. I am not going to enumerate all the steps taken in the case, save to give the Senate the first one. On September 21, 1927, the commission made an order for the hearing of rates, and took charge of the case. Bear that date in mind. September 1927. It went on to the Supreme Court of Montana, and was twice heard by that court. It went to the Supreme Court of the United States twice. It came back from the Supreme Court of the United States on February 29, 1932. It had not as yet been tried except in the State court, and the proceedings there were entirely nullified and set aside when the suit was dismissed. The public-utility company in that case went to the Supreme Court of Montana. That court rendered a unanimous opinion. They asked for another hearing, and the Supreme Court of Montana gave them another hearing. Another opinion was rendered against them, and a mandate issued to the lower court to render judgment in accordance with the ideas of the supreme court. Before that mandate was acted upon by the lower court, the State court of Montana, the utility company dismissed its suit.

It had tested the State court and found that the State court was against its contention, after having heard it twice, and the decision was unanimous. So the company knew the only thing left to be done in the State court was for the lower court to render judgment on the mandate which had already been sent down, but before action could be taken on it the company dismissed the case, and all the work, running through 6 years, was lost forever. The utility company then commenced an injunction suit in the United States district court. That case went to the Supreme Court twice, and had not yet, at the time this report was written, been tried there on its merits. So after commencing in September 1927 the case got back in 1933 to the Supreme Court, and they have not as yet tried it.

In that case, on the 5th of October 1932, the lower Federal court issued a permanent injunction restraining the enforcement of the commission's order. The Montana commission promptly appealed to the Supreme Court of the United States, and on April 10, 1933, the Supreme Court of the United States reversed the Montana Federal district court and upheld the order of the commission. At this writing, June 6, 1933—

That is when this report was written—

no further action has been taken by the lower Federal court upon the mandate of the Supreme Court.

From that time on I do not know what has happened in Montana, but there have been practically 6 years of litigation. The case has been twice to the Supreme Court of Montana and twice to the Supreme Court of the United States, and is still not settled.

The judge in his letter takes me to task. He may be right about it. I do not know anything about what the dispute was, except that it was as to rates; and, according to what he says in his letter, the Federal court was in favor of a lower rate than the State court; but that does not meet the point—that only further illustrates the delay that is now taking place under our system of judicial procedure. It only demonstrates again that sometimes the litigant loses in one court and loses in the other, and sometimes it is the other way. What this bill is seeking to correct is not to get any particular kind of a judgment at the end, but to provide that there shall be an end; that some day, somewhere, some place the litigation started shall end and the decree of the court be made known.

The point I wase trying to exemplify in this report and in my argument in the Senate was that the danger in our jurisprudence was the delay, and that no corporation and no individual ought to have the right to choose the court in which it or he shall sue, and when dissatisfied with that court quit and start all over again in another court and go through another tribunal and finally reach the Supreme Court of the United States.

The judge says in his letter:

Your misrepresentation of delayed action by this court is equally unfounded.

I have given the figures; 6 years in litigation and the case not ended yet.

How much money was spent? It is true in this case that element was not so important, because the State of Montana was on one side and a big public utility company was on the other, and both had lots of money, I presume, and apparently wanted to throw it away, and probably did if they followed this procedure, for they were 6 years at it.

Mr. LONG. Mr. President——

The PRESIDING OFFICER (Mr. CLARK in the chair). Does the Senator from Nebraska yield to the Senator from Louisiana?

Mr. NORRIS. I yield to the Senator.

Mr. LONG. I want to call the Senator's attention to the fact that a public utility has the right to spend all the money it wants in fighting a rate case and then to charge the expense back to the public as cost of operation.

Mr. NORRIS. Exactly. I thank the Senator.

Mr. LONG. The utility fights the cases at the expense of the people while the people fight at their own expense.

Mr. NORRIS. The utility companies have no expense; they are just collectors, and they collect from you and me and their other customers. They pay no taxes; they are just tax collectors; they collect the taxes, and we pay them; and they charge more for the collection than the taxes amount to. It is a very expensive method, when, as a matter of fact, in every State and in every municipality there are treasurers elected for the purpose of collecting taxes.

Mr. LEWIS. Mr. President, will the able Senator from Nebraska yield to me?

The PRESIDING OFFICER. Does the Senator from Nebraska yield to the Senator from Illinois?

Mr. NORRIS. I yield.

Mr. LEWIS. May I ask the Senator from Nebraska the name of the district judge who writes the letter to which he is now alluding?

Mr. NORRIS. Judge Bourquin.

Mr. LEWIS. That is a familiar name. He presented, as I recall, the charges involving the alleged irregularity in the election of the Senator from Montana [Mr. ERICKSON].

Mr. NORRIS. Yes.

Mr. President, neither in the preparation of this report, nor in any argument I have made, so far as I know, have I ever cast any reflection on a single individual. I did not pretend to say who was right in this litigation. I did not refer to any of the judges by name. I did not refer to any action they had taken. I did not criticize, except to say that there was a duplication of authority and that the procedure was too expensive ever to afford justice to the ordinary individual. The name of one of these judges appears now only because of this letter of polite criticism which he has written. I do not now express any opinion as to the merits of that legal controversy. I purposely kept out of it; I purposely steered away from the merits of the case because I did not want anyone to think I was on one side or the other side of this particular controversy.

I started to read from the judge's letter. He says:

> Throughout the pendency of the suit, this, the largest of the circuit courts and entitled to 4 circuit judges, had but 2, overwhelmed with the business in the circuit court of appeals some 1,200 miles distant.

It is the judge of the court who makes that statement. The court of appeals 1,200 miles away. What is the poor devil going to do when he gets into that court. He is probably going to give a deed to everything he possesses, and take the judgment whatever it may be, for he cannot afford to pursue the case; he cannot afford to litigate with a big corporation; he is worn out before he starts. I have said repeatedly and I say again that that is no criticism of the judge of that court. It is due to our judicial system. An individual litigant may win at every step, but every time he wins he has lost. That is not the judge's fault; but the expense is going to deter the individual litigant; the expense is going to wear him out; whereas a public utility company, organized usually under the laws of Delaware or Maine, though operating in Montana or Illinois or Nebraska, Kansas, or other States, can take advantage of the fact that under the law, because it is a nonresident corporation, it can go into the Federal court. It has its choice of going into the Federal court or into a State court. I do not have it; you do not have it, Mr. President; the common, ordinary individual or corporation in your State does not have it; but companies incorporated in one State and doing business in another do have it. They take a certain course, as this corporation did, and when they get to the State supreme court and find that the State courts are against them, they quit and commence in another court, the Federal court. They could not have done that if the bill which the Senate has passed and which is now pending before the Judiciary Committee of the House of Representatives had been on the statute books; that could not have happened. There would not have been any injustice to them; they would have been treated just the same as every other individual is treated; they would have been treated in this case the same as every individual or every corporation in Montana is treated. That is all they ought to ask for—justice—and an opportunity to go before the State courts of the States where they are doing business. They ought to be compelled to go into those courts just as every other citizen of Montana is compelled to go into them.

Mr. LONG. Mr. President, will the Senator yield again?

Mr. NORRIS. I yield.

Mr. LONG. I am wondering if the Senator has ever thought about the injustice that would still be visited upon the poor individual even if the Johnson bill should become a law.

Mr. NORRIS. There are many of them.

Mr. LONG. The ordinary man, in a personal-injury case, who may be suing for $3,500, has got to go through similar proceedings.

Mr. NORRIS. The Johnson bill does not cure all the defects in our judicial system, though it cures a great many of them in which the public is deeply interested. When the Judiciary Committee was considering the bill there were written and sent to the committee communications from most of the States of the Union where State commissions have jurisdiction over the rates of public utilities, all of them praying for the enactment of the bill because they could not afford to go into two courts. Their opponents always have the choice. They could try one court, and if they did not like it then they could try the other. That is one of the conditions the bill would remedy. As the Senator from Louisiana [Mr. LONG] said, it does not remedy nearly all of the difficulties.

I have always argued, and I argued in the report, and it has been denied both on the floor of the Senate and elsewhere by the public utilities, that it is more expensive to litigate in the Federal courts. Judge Bourquin in his letter of criticism confirms that belief. He clinches it. Out in Montana, 1,200 miles away from the court of appeals, what is a man worth a few thousand dollars going to do if somebody hales him into the Federal court?

I know many will say that I "have it in" for Federal judges and that I am always saying something against them. I am not making any misrepresentation about them. I again ask, what is that poor man out in Montana going to do? He may have a good case. He may win it before every judge before whom the case is tried, but he is bankrupt when he gets through winning, and probably a long time before that. It is one of the objects of the corporation to bring about that condition. It is not justice that they want. They want to wear out their opponents.

Suppose I am out in Montana and try that case in the United States district court. I win it. There is a good judge, a fair judge. The case is appealed and taken to the court of appeals, 1,200 miles away. I do not have to go there to try my case, but it is tried in the court of appeals on the record. However, my attorneys have to go there and any man who has ever hired attorneys and sent them 1,200 miles away from home knows something about what it cost. Perhaps my attorney does not get heard the first time he goes to the court of appeals. He may have to make 2 or 3 or even 4 or 5 trips, each involving 2 or 3 weeks, and involving perhaps more than the one attorney.

If a man has to go through that experience, where does he come out when he finally wins? He is bankrupt.

Suppose he wins in the court of appeals, suppose there are some more good judges who decide in his favor, and then the corporation appeals to the Supreme Court of the United States? Then his attorneys have to come to Washington. Possibly they do not get a hearing on their first trip. Then if they do get a hearing, perhaps somewhere in the record there will be found something wrong. Some critical judge somewhere will complain that the attorney did not cross a "t" or dot an "i" and he will say "This is all wrong", and send the case back to the lower court. It goes back for another trial de novo. A man is lucky if he does not get more than one reversal before he gets through. Let us suppose that every time the case is tried on the merits, the man wins his case, but after the second time he wins it there is not enough left of him to make it worth winning.

Is it any wonder that the people are afraid of the Federal courts? Is it any wonder that the ordinary individual realizes, when he goes before these men who are wearing black Mother Hubbards, that while they may give him what they believe to be justice, nevertheless they kill him in the end? There is no hope for him. There is no salvation for him. That is what this judge has said who sits 1,200 miles away from the nearest court of appeals.

Further on in his letter Judge Bourquin said:

> Instead of delay herein, there are in effect expeditions.

One of the best illustrations of expedition in court comes from the judge's own letter wherein he relates the lingering of a case in the court for 6 years without a trial on its merits. If that is speed, what would it be if we did not have a judge like Judge Bourquin to hurry things along? If they cannot try a case in less than 6 years and cannot get over the technicalities in less than 6 years, what would a judge do who was not quite as fair as Judge Bourquin? If that is speed in court, then save us from anything that is not speed.

The judge himself refers to some other cases that have been heard before him. I am taking his word for it and assuming that he has told the facts. He said he has had experience in other cases. Referring to another case which he mentioned he said:

Justice Van Devanter granted an injunction. The Supreme Court ordered this court to hear the case. It ran its course, was finally dismissed by the court, even as formerly dismissed for no cause of action.

The language is a little bit difficult to understand, but I take it that most of us can understand what the judge is trying to say.

And costs and losses to the people of Montana were over $1,000,000.

That was another case.

Not one cent recoverable—

Said the judge. Then he says:

Clear judicial robbery.

While some may condemn me for wanting to reform judicial procedure in the United States, note what the court itself says. There is the expression of a judge holding a Federal position for life. He said it is "clear judicial robbery." That is what he said about an injunction issued by the Supreme Court of the United States. I never criticized them that severely, and I take it that the judge does not necessarily mean by this letter that the judge who issued the injunction was dishonest or that the Supreme Court was dishonest. He reaches the conclusion, however, that it was judicial robbery, and I quite agree with him.

In the Montana case and all other cases like it where the corporation has gone into one set of courts, the State courts, and been defeated, it has pursued a course something like this. Just at the end of the proceeding, before final judgment is rendered, knowing what is coming, it dismisses its case so that final judgment cannot be rendered, and commences the action anew. Here is a State court and a State commission, a commission that has probably spent thousands of dollars in finding the valuation of public utilities—indeed, hundreds of thousands of dollars. In a New York case I cited the other day they spent $5,000,000 in one case ascertaining what was a just rate, fixing a rate in their official capacity.

After they had spent all of that time and all of that money and the matter had traveled its weary way through the courts and been confirmed, then the whole case was dismissed, a Federal judge issued an injunction and paid no attention to all that evidence, none of which ever came into his court. He appointed a master to take evidence. Experts are appointed to go out and appraise the property. Thousands and thousands of dollars more are spent, all of which the people must pay in the end. They do pay it in the rates which are charged them by the public-utility corporations.

That is one of the conditions the bill proposes to remedy. It still leaves untouched many other evils in the judicial procedure that ought to be reformed. My idea, from quite long experience, is that this is a matter about which the people of the United States are becoming dissatisfied beyond endurance. The depression and the other hardships now bearing down upon us only make these matters worse.

The people know not the technicalities that exist through the various proceedings of the courts, but they know the outcome. They know that when they enter the courts they bid farewell to justice. They know that they may be dead before a final decree can be rendered. It is of little value that the decree may be just and proper when it comes long after the man is in his grave and only his children know that he has been vindicated.

This cannot always go on, Senators. Judicial procedure in the United States must be reformed. It is too expensive to be just. It costs too much to get justice. It is necessary to buy it, to pay for it—not in the way of bribes, but in the way of costs and expenses—and that burden cannot be borne under any ordinary circumstances. It has gotten so that a man is afraid of the Federal courts; and that ought not to be. That is not just, even to the Federal courts. A man is afraid when he is sued in the Federal courts or when he gets into them in any way, because he realizes that it is almost an impossibility to get out until all the money he has has been exhausted.

GREAT LAKES-ST. LAWRENCE WATERWAY TREATY

Mr. LEWIS. Mr. President, we have all been greatly interested in the remarks of the able Senator from Nebraska [Mr. NORRIS], and I desire to pay my tribute to his excellent contribution to judicature and to the essentials of justice.

I rise at this time to ask the able Chairman of the Foreign Relations Committee, the Senator from Nevada [Mr. PITTMAN], if it is possible now for us to agree upon a time for a vote upon what is known as the "St. Lawrence Treaty", as I am anxious to secure a vote at as early a date as possible, but do not desire to inconvenience the Senator from Nevada or those favoring his side of the controversy?

Mr. PITTMAN. Mr. President, in response to the question of the Seantor from Illinois, I desire to say that I have consulted various Senators who are interested in this subject, particularly to ascertain what time would be most convenient to them. As we all know, there are official duties that require Senators to be absent from the Chamber on certain days. I have ascertained that either the 13th or the 14th of March will come nearer suiting those with whom I have conferred regarding this subject than any other days. I know of no other days that would be as convenient to those who are interested in the subject, and I should be satisfied to take the responsibility of suggesting an agreement upon either one of those days.

Mr. LEWIS. Has the Senator in mind the day of the week on which either the 13th or 14th of March falls?

Mr. PITTMAN. Yes; they are both practically in the middle of the week, Tuesday and Wednesday.

Mr. LEWIS. Then I suggest the 14th, so that Senators who may go out of town for the week-end will be back for the session.

Mr. PITTMAN. The 14th will fall on Wednesday. That is one reason why that date has been tentatively selected, in order that Senators may be back in town.

Mr. LEWIS. I then adopt the suggestion of Wednesday, and I ask that we have an understanding that the vote upon the St. Lawrence Treaty shall be on Wednesday, the 14th of March.

Mr. TRAMMELL. Mr. President, that will not displace the unfinished business?

Mr. LEWIS. Oh, no; it will not displace it.

Mr. PITTMAN. Mr. President, I present a proposed unanimous-consent agreement which is in exactly the same form as the one suggested a while ago, except that the dates are changed.

The PRESIDING OFFICER (Mr. RUSSELL in the chair). The proposed unanimous-consent agreement presented by the Senator from Nevada will be stated.

The legislative clerk read as follows:

Ordered by unanimous consent, That on Tuesday, March 13, at the hour of 12 o'clock noon, the Senate, in open executive session, will proceed to the consideration of the Great Lakes-St. Lawrence Deep Waterway Treaty, Executive Calendar No. 1, and that after the hour of 12 o'clock meridian on the calendar day of Tuesday, March 13, 1934, no Senator shall speak more than once nor longer than 20 minutes upon the pending Great Lakes-St. Lawrence Deep Waterway Treaty, nor more than once nor longer than 10 minutes upon any amendment that may be pending or that may be offered thereto, or upon any reservation that may be pending or that may be offered to the resolution of ratification; that no amendment or reservation shall be formally proposed which shall not have been presented on or before the calendar day of Tuesday, March 13, 1934; and that on the calendar day of

Wednesday, March 14, 1934, at not later than the hour of 6 o'clock p.m., the Senate shall proceed to vote without further debate upon all questions arising in the parliamentary disposition of the said treaty.

Mr. McNARY. Mr. President, I have just entered the Chamber. The proposal is rather unexpected. I have not had time to study it or consider it with other Senators; and for the present I shall object.

The PRESIDING OFFICER. Objection is made.

Mr. LEWIS. Mr. President, may I be pardoned merely to ask the Senator from Oregon if it is agreeable to him that the matter be brought forward tomorrow, with a larger attendance of the Senate?

Mr. McNARY. I have no control of the Senator's wishes. He may bring up the matter if he desires. If he does so, it may be my pleasure again to object. I do not know.

Mr. LEWIS. If the Senator intends to object to any unanimous-consent agreement, there is no need of bringing it up again.

Mr. McNARY. I do not know. I am not now speaking for myself. I am attempting, as best I can, to represent a great many absent Senators. I do not know what the situation will be tomorrow.

Mr. NORRIS. Mr. President, a parliamentary inquiry.

The PRESIDING OFFICER. The Senator from Nebraska will state it.

Mr. NORRIS. Will it not be necessary to have a quorum call before we pass on this proposal?

Mr. McNARY. I have entered my objection to it, Mr. President.

Mr. PITTMAN. I had not even asked for the agreement. I simply presented it and asked to have it read.

Mr. McNARY. Very well.

Mr. PITTMAN. I intended, as in executive session, to ask for the unanimous-consent agreement unless it should be indicated that it would be objected to, because I did not desire to have a quorum called here if there was to be objection.

Mr. McNARY. Very well. Then I ask, as in executive session, to have my objection entered thereto.

NAVAL CONSTRUCTION

The Senate resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington, February 6, 1922, and at London, April 22, 1930, at the limits prescribed by those treaties; to authorize the construction of certain naval vessels; and for other purposes.

Mr. KING resumed the speech begun by him on the 9th instant. After speaking for about 1 hour, he said:

Mr. President, it is understood that we are soon to have an executive session. We shall not be able to conclude the discussion of the Philippine question tonight; and the able Senator from Maryland [Mr. TYDINGS] may not be present tomorrow. He desires the floor for a few minutes. I yield the floor to the Senator from Maryland so that he may submit a few observations, and will resume it at the conclusion of his remarks.

[Mr. KING's speech is published entire on Mar. 1, p. 3459.]

Mr. TYDINGS. Mr. President, I have been listening to the remarks of the Senator from Utah, and I know his great interest in the people of the Philippine Islands.

It is not flattery to say that I know of no man in either branch of Congress who, during the 11 years I have been here, has devoted more time to the consideration of problems affecting our relations with other countries, or has more consistently followed the ideals of democracy, than has the senior Senator from Utah [Mr. KING]. His name is a symbol for friendship in Latin America.

Recently I visited the West Indies, Santo Domingo, Haiti, and other places; and I was gratified to hear the heads of the governments in the various countries there, and the leaders of thought and opinion, speak in an appreciative way of the splendid work which the senior Senator from Utah has done for democratic institutions and the promotion of good will.

I do not take issue with the Senator on the fundamentals of the Philippine situation. I think he will concede that while there is a difference of opinion as to the procedure we should adopt, basically we both want independence for the Filipino people as soon as it may be obtained.

Mr. President, the bare fact remains that in the preceding Congress we passed an act granting independence to the Filipino people upon certain terms, restrictions, and conditions. I remember the contest very well, and I am glad to say that without a single exception I voted for every amendment offered by any Senator which would give the Filipino people larger quotas and better economic conditions than the bill itself, as originally introduced, offered to them. So I think my actions in the last Congress in connection with the enactment of that law speak louder than any words I might utter at this time.

I know that some Members of this body feel that independence for the Filipinos is unwise. I know that other Members of this body would like to give them independence tomorrow morning for one reason or another. I know that still other Members of this body desire to work out, in the shortest space of time, the best possible law on this subject, taking into consideration the human factors. It is to the last aspect of the matter that I shall address myself for about 5 minutes.

Mr. President, suppose that in the best of faith we should pass the bill introduced by my friend from Utah, known as the "King bill", and should make it possible for the Filipino people to obtain independence in 24 months or 30 months. That would be a splendid thing if our obligations stopped there. But suppose, Mr. President, that having passed that bill, and having given to them the independence which no doubt they want, and which we want them to have, they should find that the economic transition from a free market in the United States to a market only over our tariff barriers would so curtail their trade and business and economic life, produce strikes, and probably a lowering of wages in order to meet the new conditions, that there would be chaos in the Philippines, riots, or what not: We should not be worthy of the stewardship about which we boast so much if, at its termination, we should turn these people loose under conditions and circumstances which would not permit them to exist and maintain their independence as a free and sovereign nation, once it should be granted.

I would rather give them independence after a greater length of time—10 years, 15 years if necessary, or even 20 years—and after having done that, when they take the initial steps and start to run their own affairs, looking toward the goal of independence, if it shall be found that 10 years or 12 years or 15 years are not required, I shall be the first in this body to attempt to cut down the time limit if, as, and when it shall be demonstrated beyond a reasonable doubt that no harm will come to the Filipino people, and that no circumstance will eventuate which will reflect either on them or on our good intentions for their future permanent and, I hope, successful independence.

Realizing the existence of these physical factors, within the last 3 weeks I have frequently talked with Mr. Gabaldon, the Senator from the Philippine Islands, and with Senator Quezon; and I have sent numerous cablegrams to former Speaker of the House Rojas, who was a member of the last Filipino mission; to Senator Osmeña, who was the former leader on the floor of the senate, and a member of the last Filipino mission; also to Senator Sumulong, Mr. Parades, Mr. Clarin, General Aguinaldo, and various other leaders, in an effort to find where we could have a common meeting ground, where we could make adjustments in this bill, possible of execution, which would give the Filipino people independence, and the kind of independence they would accept.

Without disclosing the general terms of that agreement—because I hope its disclosure will come from other sources higher than the body in which I happen to stand at this moment—I am very happy to announce that all of those gentlemen, while not pleased with each and every feature of the bill, while wishing, perhaps, that this or that or the other thing were different than the shape in which it now

finds itself, have either wired me or stated to me in writing that they will accept the bill as amended, and that they will recommend its adoption by their own people, confident in the belief after 30 years of trial that the American people will do the just and the fair thing, and that if independence can be given to them in a shorter space of time than that provided for in the bill a Congress will be anxious and glad to give it to them, and to wish them Godspeed when it is demonstrated that they can hold the position among the nations of the earth which we desire to assist them to attain.

Mr. President, there is no one who admires the Senator from Utah more than I do for his splendid contribution to international good feeling, for his efforts on numerous occasions to bring about a happier and a better understanding where difficulties exist between the people of one country and those of another; but I say to him in all good faith that it would be better to have a 10-year limitation in this bill, and then, if we find we can grant freedom in 5 years, or 4 years, or 3 years, to cut down the time limit later, than it would be to fix the time limit at 3 years, and find that we had not given them time enough, in which event we would probably be unable to rectify our mistake. That is the only reason why I am hoping that finally the Senator from Utah may accede to the idea I have advanced, for I, like him, would be glad to vote for complete, immediate, and unconditional independence tomorrow morning, if I could see how this nation of 14,000,000 people, 10,000 miles away, could make overnight the readjustments necessary to maintain themselves without an untoward incident happening in the relations between the two countries.

I maintain that it would be almost equivalent to a denial of independence to the Filipino people themselves to give them independence under such terms as would create conditions in the islands which would be certainly far worse than those which exist at this moment. I would much rather be cautious, I would much rather be careful, I would much rather be considerate, and if we have been too cautious, or too careful, or too considerate, of the time element necessary for the transition, we can always cut it down when the occasion and the circumstances and the facts justify such action. But if we have made the transition period too short, if we have not taken into account the necessary readjustments which must be made, if new difficulties which we cannot now see—and there are bound to be some—should arise which would make the period set forth in any bill which passes too short for safe, sane, and real independence, then we would not be able, in the very nature of things, to extend the time, because we would have given an independence which we could not reach out and get back.

If there should be untoward incidents in the Philippine Islands following such an eventuality, what could our country do? If it refused to maintain order, it would be charged before the nations of the world as having cast the Filipinos off under circumstances for which no fair nation would want to be blamed. It would not land its troops to help the government restore order under certain conditions without laying itself open to the charge of imperialism. So that whatever course we should adopt in that emergency would be likely to reflect discredit upon ourselves, and ought to be avoided.

Therefore, Mr. President, as to the time limit, I say to the Senator from Utah, who, as I have said, has done as much to promote good feeling between ourselves and the Philippine Islands as any man in the Congress, the one thought I want to leave with him is that I am not opposed to his 3-year proposal. I wish we could give the Filipinos their independence within 3 years. But I ask him to consider that such time may prove to be too short for the necessary economic, political, and other adjustments, and that if we give them 10 years, that is an ample space of time, and we can cut down the time afterwards if we find that number of years unnecessary.

I ask the Senator if he will not reconsider, and come over and support this proposition, which he can do without going back on his own philosophy. I shall be the first to join hands with him, as this transition starts on its way, to cut down the time limit if circumstances will permit.

Mr. President, in conclusion, let me make this statement, that insofar as the bill which will shortly be introduced in Congress is concerned, while not accepting it 100 percent, while not claiming it gives them exactly what they want, all the leaders of both factions of the Philippine Islands have stated that they will accede and accept the bill, and that their people will adopt it.

I think that is a tremendous advance. I think that is a fine initial step. We have met upon a happy meeting ground, without having abandoned or obliterated any of the essential provisions written in the Hare-Hawes-Cutting Act, and inasmuch as we are in agreement, let us put through this measure at this session, and give the Philippine people the government which we have promised them for 30 years, rather than put through some measure upon which they are not all in agreement, and jeopardize the promise of our platform and the promise of our country.

Mr. KING. Mr. President, I appreciate the complimentary statements made by the distinguished Senator from Maryland with respect to what little I may have contributed to promote good will between the United States and Latin America, the Philippine Islands, and perhaps other countries. May I say, by way of parenthesis, that I think it is the duty particularly of Senators and those in public life, in this period of confused thought and discord throughout the world, to endeavor to allay international prejudices and promote fellowship and good will among all peoples.

The Senator from Maryland has generously referred to my years of effort in behalf of Philippine independence, and asks me to support, without knowing its terms, a measure dealing with the Philippine Islands and their 13,000,000 people. I realize that the Senator is a sincere friend of the Filipinos, and would advocate no measure that he did not believe would prove beneficial to them. But it is well understood that there is a wide difference of opinion among the friends of the Filipinos as to the legislation which will prove of the greatest advantage to them.

The Senator joined with others in passing the Hawes-Cutting bill, which President Hoover vetoed, but which was passed over his veto. But the measure was most objectionable to those most interested in it, and by them it was rejected. The Filipinos had for many years petitioned and prayed for independence; the boon of an independent government had been repeatedly promised them, but in answer to their petitions a measure was enacted which was so imperfect, so unfair, indeed, so unjust, that it met with the almost unanimous disapproval of the inhabitants of the Philippines. Under the terms of the act, the Filipinos had the right to reject it—and this they promptly and definitely did.

I opposed the Hawes-Cutting bill because I knew that it would be rejected by the Filipinos and because I believed that it was a repudiation by the United States of the solemn promises often made by it that they should have their independence upon the establishment of a stable government. I believed the bill referred to would prove injurious to the Filipinos and disadvantageous to the United States.

As I have stated, the Hawes-Cutting Law is dead; it was foredoomed to death by reason of its manifold imperfections and the forces and elements of injustice incorporated within it.

Before the Senator spoke to us, I read from an address delivered by General Aguinaldo, in which he condemned the Hawes-Cutting Law and pointed out some of its serious defects and the evil consequences that would follow its ratification by the Filipinos. I also read from telegrams recently received, from which it appears that there is still unabated opposition in the Philippines to this dead and I hope never to be resurrected measure.

I had not concluded my address when I yielded to the Senator, and it was my purpose to place before the Senate other evidences of the deep hostility of the Philippines to the Hawes-Cutting measure, and the fervent desires of the

people to have enacted into law a measure that would give to them immediate, absolute, and complete independence.

The bill which is now pending in the Senate, introduced by me, answers the desires and the demand of the Filipinos. Under its terms they will be freed from United States control and enjoy a government of their own choosing within a period of from 31 to 43 months.

I have understood for some time that an effort would be made to resurrect the dead Hawes-Cutting bill; it was to be somewhat disfigured and changed—but as I understood, it was to preserve the essential provisions of the regalvanized measure.

Of course, I cannot abandon the bill which I believe should receive the approval of Congress and agree to support a bill not introduced, perhaps not yet drawn, and with the terms of which, when it is prepared, I am unacquainted.

I shall, of course, examine any measure relating to the Philippines, and particularly if it purports to grant independence to them.

Perhaps the introduction of the bill providing for the independence of the Filipinos within 31 months as a minimum and 43 months as a maximum has accomplished some good, even though it fails to become law. Perhaps it stimulated some activity upon the part of others who are opposed to granting immediate independence to the Filipinos and has compelled those who advocated the Hawes-Cutting bill to revamp it, with some liberalized provisions, with a view to mollifying the Filipinos and inducing them to accept the same as the best they can secure. It may be that a measure will come before the Senate, as indicated by the Senator from Maryland, that will command considerable support. But until I see a measure which I think is just and fair I shall persist in the advocacy of the bill which I have introduced and which meets the aspirations for liberty and independence of the Filipinos and redeems the promises made by our Government on their behalf.

Mr. President, in advocating the independence of the Filipinos we are entering no new field. For many years American statesmen have been urging independence for the Philippines. In my remarks yesterday upon this question I referred to the fact that President Wilson, in the last message delivered by him, declared that they had established and maintained a stable government and were entitled to the liberty which they coveted.

Theodore Roosevelt declared in a number of articles, which I shall put into the RECORD before I conclude my remarks tomorrow, that the United States had promised independence to the Filipinos and that we must keep our word. In addition to the moral obligations to the Filipinos, he assigned as an additional reason for giving them immediate independence the reason adverted to yesterday by the distinguished Senator from Michigan [Mr. VANDENBERG], namely, that so long as we held control over the Philippine Islands, so long as they were under the flag, we were responsible for their protection and might be involved in any controversy or international difficulty in the Orient which might concern directly or indirectly the Philippines.

Whenever the proposal is made to grant immediate independence to the Philippines, someone raises his voice in opposition and declares, "They are not ready", or "We must not cast them off. We owe them a duty, and must retain sovereignty for an indefinite period, because they may have economic troubles or they may be the victims of aggression by other powers in the world."

Mr. President, a pretext is always found for procrastination in the performance of a duty. Particularly pretexts will be found for delay or absolute default where some real or fancied benefit may be derived of a pecuniary character by selfish or greedy groups or individuals.

I am unwilling, because of the fancied difficulties that may be encountered if independence is given to the Philippines, to deny their aspirations and independence which they desire. It is true they are not a powerful nation and are not immune from economic problems. I think, however, they are as economically sound as some of our municipalities that are knocking at the door of Congress in an effort to obtain legislation which will enable them to make some adjustment of their obligations, and are as economically sound as many nations in the New and Old World. The Filipinos meet their obligations, domestic and international. They have a sound currency and a reasonably sound banking system. They are not in default upon bonds which are outstanding. As I stated a day or so ago when speaking on this question, there is law and order in the Philippines, and a judicial system which compares favorably with many civilized and powerful states.

Without desiring to make reference to any particular nation, I repeat what I said yesterday—the Philippine government is stronger than many governments in the world. It has a sounder financial system than many governments in the world.

God never made us policemen to look after all the world, to hold colonies, or engage in colonial enterprises, or to put the cloak of our protection over peoples and nations against their will. The people in the Philippine Islands were brought under our control against their will, and they have persistently petitioned Congress to grant them an independent government. More than nine delegations have been sent bearing petitions for independence. Suppose we postpone granting their petitions for 10 years. Will it then be granted them? In the meantime there will be growing agitation in various parts of the United States which will add to the confusion and embitter the relations between the two countries. Many will insist that the immigration laws shall be extended to the Filipinos and that they shall be denied access to the United States. Labor leaders, conceiving that the presence of a large number of Filipinos is injurious to American labor, will insist that the Filipinos be excluded from our shores. There will be demands from various sources in the United States to enact legislation which to many will appear to be violative of the spirit of our institutions, if not in contravention of the letter and the spirit of the Constitution.

I have taken the position over and over again that so long as the Filipinos are under our flag they are entitled to the rights of those who live under our flag.

The time has come now, Mr. President, to redeem our promise. So far as I am concerned, I am unwilling to postpone and postpone and postpone action in expectation of a better bill, or a wiser bill, or something ostensibly in the interest of the Filipino. Let us act now. I shall press for consideration of the measure before the Senate, and hope that before Congress adjourns it may be enacted into law.

Mr. President, I understand it is desired to have an executive session, and for that purpose I yield the floor, to take the floor tomorrow and continue my remarks.

Mr. TRAMMELL. Mr. President, there is no desire for an executive session, at least before 5:30. We must proceed to get down to business with regard to the naval construction bill which is now before the Senate, and I am of the opinion that the Senate ought to sit for some little time longer.

Mr. KING. Mr. President, does the Senator from Florida desire me to call for a quorum?

Mr. TRAMMELL. Mr. President, I hope some attention will soon be given to the pending business.

The PRESIDING OFFICER. Does any Senator desire the floor?

Mr. KING. Mr. President, I have not yielded the floor, except I understood that it was agreed there should be an executive session, which prompted me to make the statement I did.

Mr. TRAMMELL. The Senator from Utah is talking so well I suggest we proceed until 5:30.

EXECUTIVE BUSINESS

Mr. KING. Mr. President, I move the Senate proceed to the consideration of executive business.

The motion was agreed to; and the Senate proceeded to the consideration of executive business.

EXECUTIVE MESSAGE REFERRED

The PRESIDING OFFICER (Mr. CLARK in the chair) laid before the Senate a message from the President of the

United States submitting nominations in the Navy, which were referred to the Committee on Naval Affairs.

(For nominations this day received, see the end of Senate proceedings.)

REPORTS OF COMMITTEES

Mr. TRAMMELL, from the Committee on Naval Affairs, reported favorably sundry nominations in the Navy and Marine Corps.

Mr. DILL, from the Committee on Interstate Commerce, reported favorably the nomination of Anning S. Prall, of New York, to be a member of the Federal Radio Commission for a term of 6 years from February 24, 1934, vice William D. L. Starbuck, term expired.

The PRESIDING OFFICER. The reports will be placed on the calendar.

The calendar is in order.

THE CALENDAR

Mr. McNARY. Mr. President, I ask that the first nomination on the calendar, that of Robert H. Jackson to be general counsel of the Bureau of Internal Revenue at Jamestown, N.Y., be passed over for the day.

The PRESIDING OFFICER. Without objection, the nomination will be passed over.

COLLECTOR OF INTERNAL REVENUE

The legislative clerk read the nomination of Daniel D. Moore to be collector of internal revenue, district of Louisiana.

Mr. LEWIS. Mr. President, I ask that that nomination go over at the request of the Senator from Louisiana [Mr. LONG].

The PRESIDING OFFICER. Without objection, it is so ordered.

THE JUDICIARY

The legislative clerk read the nomination of J. Howard McGrath to be United States attorney, district of Rhode Island.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of John C. Bowen, to be United States district judge, western district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Henry L. Dillingham to be United States marshal for the western district of Missouri.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Ardis J. Chitty to be United States marshal for the western district of Washington.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

REGISTER OF LAND OFFICE

The legislative clerk read the nomination of Lloyd T. Morgan to be register of the land office, Pueblo, Colo.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

POSTMASTERS

The legislative clerk proceeded to read sundry nominations of postmasters.

Mr. McKELLAR. Mr. President, I ask unanimous consent that the nominations for postmasters may be confirmed en bloc.

The PRESIDING. OFFICER. Is there objection? The Chair hears none, and the nominations are confirmed en bloc.

IN THE ARMY

The legislative clerk read the nomination of Capt. Herman Feldman, to be transferred to the Quartermaster Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Maj. Peter Kenrick Kelly, to be transferred to the Infantry.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Hurley Edward Fuller to be major of Infantry.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James Albert Durnford to be captain, Quartermaster Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Dwight Lewis Mulkey to be first lieutenant, Signal Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of Edward Murphy Markham, Jr., to be first lieutenant, Corps of Engineers.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

The legislative clerk read the nomination of James Reid Shand to be colonel, Veterinary Corps.

The PRESIDING OFFICER. Without objection, the nomination is confirmed.

That completes the calendar.

Mr. CLARK. Mr. President, I ask unanimous consent that the President may be notified of the confirmation of Henry L. Dillingham to be United States marshal in the western district of Missouri. I will say to the Senate this office has been vacant for something over 2 months, due to the resignation of the previous incumbent on account of ill health. A deputy has been in charge of the office; the court is constantly in session, and it is extremely desirable that the new marshal shall take office at the first opportunity. I make the request for that reason.

The PRESIDING OFFICER (Mr. GEORGE in the chair). Without objection, it is so ordered, and the President will be notified accordingly.

NAVAL CONSTRUCTION

The Senate, in legislative session, resumed the consideration of the bill (H.R. 6604) to establish the composition of the United States Navy with respect to the categories of vessels limited by the treaties signed at Washington February 6, 1922, and at London April 22, 1930, at the limits prescribed by those treaties, to authorize the construction of certain naval vessels, and for other purposes.

Mr. TRAMMELL. Mr. President, I think there are a number of Senators who are not expecting to have a vote on any question this afternoon and so are absent at this time, and therefore we should not be able to obtain a quorum if we were to seek one at this time. I wish to give notice that I shall press for consideration of the naval construction bill, and I am going to oppose, and I hope that I will get a sufficient number to cooperate with me in opposition to having comparatively short sessions and in that way permitting the element of filibuster to delay indefinitely the consideration of the bill and its final determination. I shall seek tomorrow to have a session continuing into the night, if necessary, which will give our friends, who wish to speak for a half a day on the Philippines and other subjects, an opportunity to talk not only in the daytime but at night.

Mr. KING. I suppose the Senator is talking about his leader who takes so much time, as well as other Senators.

Mr. TRAMMELL. That was during the morning hour, Mr. President.

Mr. KING. It was during the morning hour when we passed legislation, legislation far more important than that in which the Senator from Florida is so interested.

Mr. TRAMMELL. That is a debatable question, Mr. President. I have always had a high regard for my good friend from Utah, but what I fear now is that by taking so much time in talking there is danger of putting off a vote on a pending important bill indefinitely. It seems to me the question is so well understood by everyone that we should come to a vote and then proceed to some other important business. I hope we may have a night session to-

morrow, so that we may make some disposition of the pending business.

I see that the leader of the majority, the Senator from Arkansas [Mr. ROBINSON], has just entered the Chamber. Unless he has some other plan, I suggest that a recess be taken until tomorrow.

RECESS

Mr. ROBINSON of Arkansas. If there be no further business to be transacted this evening, I move that the Senate take a recess until 12 o'clock noon tomorrow.

The motion was agreed to; and (at 5 p.m.) the Senate took a recess until tomorrow, Thursday, March 1, 1934, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate February 28, 1934

PROMOTIONS IN THE NAVY

Lt. Comdr. Roy Dudley to be a commander in the Navy from the 1st day of November 1933.

Lt. Comdr. Henry M. Briggs to be a commander in the Navy from the 1st day of January 1934.

Lt. Julian B. Noble to be a lieutenant commander in the Navy from the 5th day of April 1933.

Lt. Charles H. Rockey to be a lieutenant commander in the Navy from the 1st day of September 1933.

Lt. Arthur F. Folz to be a lieutenant commander in the Navy from the 1st day of October 1933.

Lt. (Jr. Gr.) Frank C. Layne to be a lieutenant in the Navy from the 5th day of April 1933.

The following-named lieutenants (junior grade) to be lieutenants in the Navy from the 1st day of October 1933:

William R. McCaleb	Russell J. Bellerby
Joseph I. Taylor, Jr.	Richard G. Ganahl

Lt. (Jr. Gr.) Dewey H. Collins to be a lieutenant in the Navy from the 19th day of October 1933.

Lt. (Jr. Gr.) Albert N. Perkins to be a lieutenant in the Navy from the 23d day of November 1933.

Lt. (Jr. Gr.) Rufus C. Young, Jr., to be a lieutenant in the Navy from the 1st day of December 1933.

Lt. (Jr. Gr.) Frank H. Ball to be a lieutenant in the Navy from the 1st day of January 1934.

The following-named ensigns to be lieutenants (junior grade) in the Navy from the 5th day of June 1933:

Charles H. Ostrom
Robert A. Rosasco
Harold P. Westropp

Naval Constructor Richard M. Watt to be a naval constructor in the Navy, with the rank of rear admiral, from the 1st day of February 1934.

Naval Constructor Allan J. Chantry, Jr., to be a naval constructor in the Navy, with the rank of Captain, from the 1st day of February 1932.

CONFIRMATIONS

Executive nominations confirmed by the Senate February 28, 1934

UNITED STATES ATTORNEY

J. Howard McGrath to be United States attorney for the district of Rhode Island.

UNITED STATES DISTRICT JUDGE

John C. Bowen, to be United States district judge for the western district of Washington.

UNITED STATES MARSHALS

Henry L. Dillingham, to be United States marshal for the western district of Missouri.

Ardis J. Chitty, to be United States marshal for the western district of Washington.

REGISTER OF LAND OFFICE

Lloyd T. Morgan, to be register of the land office at Pueblo, Colo.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

Capt. Herman Feldman, to Quartermaster Corps.

Maj. Peter Kenrick Kelly, to Infantry.

PROMOTIONS IN THE REGULAR ARMY

Hurley Edward Fuller, to be major, Infantry.

James Albert Durnford, to be captain, Quartermaster Corps.

Dwight Lewis Mulkey, to be first lieutenant, Signal Corps.

Edward Murphy Markham, Jr., to be first lieutenant, Corps of Engineers.

James Reid Shand, to be colonel, Veterinary Corps.

POSTMASTERS

ALABAMA

W. Cooper Green, Birmingham.

ARKANSAS

Tom Morris, Jr., Berryville.
Will H. Wardlaw, De Queen.
Allan M. Wilson, Fayetteville.
Jo Etta Carolan, State Sanatorium.
John M. Drummond, Stuttgart.
Mildred B. Woollard, West Memphis.
Richard H. Craig, Wilson.
Don N. Matthews, Yellville.

CONNECTICUT

John J. Murphy, Westport.

GEORGIA

Marion C. Farrar, Avondale Estates.
Charles E. Benns, Butler.
Olin L. Spence, Carrollton.
Ruth A. Redmond, Chatsworth.
Lollie L. Ward, Commerce.
Osep N. Ruben, Davisboro.
Stanley L. Morgan, Fayetteville.
William A. Adams, Fitzgerald.
Ernest L. Wilson, Leslie.
Rhesa S. Farmer, Louisville.
Pearle N. Girardeau, McRae.
Lillian G. Rambo, Marshallville.
Rushin Watkins, Reidsville.
Blanche L. Marshall, Reynolds.
Roy Thrasher, Tifton.
James C. Pickren, Unadilla.
Lewis R. Powell, Villa Rica.
Aron Otis Johnson, Waycross.

INDIANA

Rose K. Hubers, St. Meinrad.
Charles Lebo, Winamac.

IOWA

Opal V. Ocheltree, Bayard.
Thomas C. Kelly, Charles City.
James S. Walton, Clearfield.
John Miller, Paton.
Edward Van Zante, Pella.
John Batchelor, Thompson.

KANSAS

Edmund W. Emery, Atchison.
Beulah H. Stewart, Baldwin City.
Irvin T. Hocker, Baxter Springs.
Frank M. Proffitt, Chase.
Orville E. Heath, Chetopa.
Lula E. Kempin, Corning.
Charles F. Mellenbruch, Fairview.
Charles H. Ryan, Girard.
Ray T. Ingalls, Goff.
Roger M. Williams, Lawrence.
John C. Carpenter, Oswego.
Guietta Stark, Perry.
Oscar E. Edwards, Robinson.
William L. Kauffman, Seneca.
Anne W. Vanbebber, Troy.
Margaret A. Schafer, Vermilion.

LOUISIANA

Blanche V. Williams, Angola.
Olivier Dufour, Marrero.
Ida H. Boatner, Rochelle.
Isidore A. Currault, Westwego.

MARYLAND

Ernest Green, Baltimore.

NEW YORK

Pierce D. Kane, Averill Park.
Sherman H. Covell, Central Square.
Austin A. Crary, East Rockaway.
Eugene E. Towell, Fillmore.
Edward J. Butler, Newport.
Benjamin Lomench, North Bellmore.
Joseph S. Portanova, Purchase.
Bertha E. Damon, Rushford.
Frank B. Mead, Victor.
Marantha Knapp, West Nyack.

NORTH DAKOTA

Orpha B. Wells, Robinson.

VERMONT

Glennie C. McIntyre, Danby.

WASHINGTON

Orris E. Marine, Colton.
Raymond A. Landgraf, Klickitat.
Joshua E. Leander, White Bluffs.

WEST VIRGINIA

James W. Penix, Belle.
Ada B. Steiner, Berkeley Springs.
Katherine C. Brannen, Cabincreek.
James H. Moyer, Cass.
Julius W. Singleton, Charleston.
Virgil Y. Given, Clendenin.
Arthur J. Duncan, Fayetteville.
George O. Sinsel, Flemington.
Oscar W. Johnson, Piedmont.
Albert R. Bibby, Whitesville.

WITHDRAWAL

Executive nomination withdrawn from the Senate February 28, 1934

Edward A. Tigner to be postmaster at Milledgeville, in the State of Georgia.

HOUSE OF REPRESENTATIVES

WEDNESDAY, FEBRUARY 28, 1934

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D.D., offered the following prayer:

Almighty God, before whom the angels veil their faces and bow down and in whose presence vanity is shamed and abased, do Thou abundantly pardon us; show us how brave and big human life can be. Great responsibilities have been placed upon us, and we must bear them without fear. O crown us with courage, with desperate courage, and with the boldness of stubborn faith and fidelity. Enable us to seize our whole duty and let not difficulty or risk appeal to us. Help us in our tremendous tasks and break through any gray or lowering skies. Heavenly Father, put Thy mind into our minds, Thy heart into our breast, that in all things we may grow up into Thy thought, into Thy heart, and into Thy goodness. Descend into every realm of our country and bring those truths, influences, and hopes which can make them blossom as the rose and their fruit shake like Lebanon. Amen.

The Journal of the proceedings of yesterday was read and approved.

MESSAGE FROM THE SENATE

A message from the Senate by Mr. Horne, its enrolling clerk, announced that the Senate had passed the following resolutions:

Senate Resolution 199

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOSEPH L. HOOPER, late a Representative from the State of Michigan.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect to the memory of the deceased Representative, the Senate do now adjourn.

The message also announced that the Senate had passed, with amendments, in which the concurrence of the House is requested, a bill of the House of the following title:

H.R. 6663. An act making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1935, and for other purposes.

The message also announced that the Senate insists upon its amendments to the foregoing bill, requests a conference with the House thereon, and appoints Mr. GLASS, Mr. BYRNES, Mr. RUSSELL, Mr. HALE, and Mr. STEIWER to be the conferees on the part of the Senate.

Mr. BANKHEAD reserved all points of order on the conference report.

INFORMATION REGARDING INTERNATIONAL NEGOTIATIONS AND POLICIES

Mr. DICKINSON. Mr. Speaker, by direction of the Committee on Ways and Means I present a privileged report on House Resolution 262 and ask that the resolution be read.

The Clerk read as follows:

House Resolution 262

Resolved, That the President of the United States is hereby requested, if not incompatible with the public interest, to furnish the House of Representatives with the following information: (1) What, if any, verbal or written assurance or agreement was entered into by the President to accept token payments on war debts due from Great Britain, Italy, Czechoslovakia, or any other nation? (2) What steps have been taken to induce France, Belgium, or any other defaulting nations to fulfill their obligations in accordance with terms and provisions of the World War debt-funding agreements approved by the Congress? (3) What, if any, verbal or written understanding, assurance, or agreement has been entered into by the present administration offering to accept a reduction in the payment of principal or interest, or both, on any of the war debts since the joint resolution adopted by the Congress, approved December 23, 1931, expressly declaring against further reduction or cancelation of war debts? (4) What, if any, verbal or written assurances have been given or negotiations entered into by the present administration with any foreign nation regarding tariff concessions or trade agreements in respect to war-debt payments? (5) What, if any, action has been taken by the present administration to collect the war debts from the Soviet Government which were loaned to the Kerensky government? (6) What, if any, action has been taken by the present administration to persuade the Soviet Government to reimburse American nationals for their property which was confiscated by the Soviets? (7) What, if any, approval has been given by the present administration to the establishment of a special banking corporation in Washington, District of Columbia, by the Reconstruction Finance Corporation to finance exports to Russia and other countries through extending long-term credits? (8) What action, if any, has the administration taken to enforce the proviso, contained in section 5 of the Reconstruction Finance Corporation Act, approved January 22, 1932, which reads as follows: "*Provided*, That no loans or advances shall be made upon foreign securities or foreign acceptances as collateral or for the purpose of assisting in the carrying or liquidation of such foreign securities and foreign acceptances."

Mr. DICKINSON. Mr. Speaker, I ask unanimous consent that the report, which is very brief, be read.

Mr. SNELL. Mr. Speaker, may I ask the gentleman a question?

Mr. DICKINSON. I yield.

Mr. SNELL. Is this something the gentleman is bringing up for consideration today?

Mr. DICKINSON. It is a unanimous privileged report from the Ways and Means Committee.

Mr. SNELL. And it is going to be acted on now?

Mr. DICKINSON. I am asking that the report, which is very brief, be read now.

The Clerk read as follows:

Mr. DICKINSON, from the Committee on Ways and Means, submitted the following adverse report (to accompany H.Res. 262):

The Committee on Ways and Means, to whom was referred the resolution (H.Res. 262) to request the President of the United States, if not incompatible with public interest, to furnish the House of Representatives certain information with respect to mat-

ters relating to international negotiations and policies, having had the same under consideration, report it back to the House and recommend that the resolution do not pass.

Mr. DICKINSON. Mr. Speaker, I move that the resolution be laid on the table.

The motion was agreed to.

A motion to reconsider was laid on the table.

EXTENSION OF REMARKS

Mr. McREYNOLDS. Mr. Speaker, I ask unanimous consent to extend my remarks by placing in the RECORD a speech made by Mrs. Ruth Bryan Owen, on January 10, 1934.

Mr. RICH. Mr. Speaker, reserving the right to object, I have taken up with the Joint Committee on Printing the matter of having a resolution presented to the House. I think a resolution will be presented some time next week, whereby many of these items that have been requested to be put in the CONGRESSIONAL RECORD will be given due consideration by a committee or permission may be had from the Speaker of the House so that we can determine whether these matters are pertinent to the business of the House or whether they are in the interest of the welfare of the country or whether they are political speeches and should be prohibited from publication in the RECORD. It seems to be the general impression we are having too much matter placed in the RECORD and I believe until the time comes when the Joint Committee on Printing will have the resolution prepared to present to this House, we should defer the printing of some of this matter in the RECORD, and I therefore object.

TREASURY AND POST OFFICE DEPARTMENTS APPROPRIATION BILL, 1935

Mr. ARNOLD. Mr. Speaker, I call up conference report on the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, and ask unanimous consent that the statement may be read in lieu of the report.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COOPER of Ohio. Mr. Speaker, I make the point of no quorum.

The SPEAKER. The Chair will count. [After counting.] One hundred and twelve Members present, not a quorum.

Mr. BYRNS. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The Clerk called the roll, when the following Members failed to answer to their names:

[Roll No. 95]

Abernethy	Crowther	Lea, Calif.	Norton
Auf der Heide	Cummings	Lehr	Perkins
Beedy	Dirksen	Lemke	Pou
Beiter	Disney	Lesinski	Prall
Brennan	Doutrich	Lewis, Md.	Reid, Ill.
Brooks	Duffey	Lozier	Sweeney
Burke, Calif.	Durgan	McDuffie	Taylor, Colo.
Cannon, Wis.	Eagle	McFarlane	Tinkham
Carley	Farley	McLean	Underwood
Carmichael	Fitzgibbons	McMillan	White
Carpenter, Nebr.	Goldsborough	May	Wilson
Cary	Griffin	Meeks	Withrow
Celler	Hess	Monaghan, Mont.	Wolfenden
Collins, Miss.	Johnson, Okla.	Montague	Wood, Ga.
Connolly	Kelly, Ill.	Montet	
Corning	Kennedy, Md.	Morehead	

The SPEAKER. Three hundred and sixty-nine Members have answered to their names. A quorum is present.

Mr. BYRNS. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

The SPEAKER. The Clerk will read the statement.

The Clerk read the statement.

The conference report and statement are as follows:

CONFERENCE REPORT

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, having met, after full and free conference, have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 4, 5, 25, and 35.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 26, 29, 37, and 38, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$18,500,000"; and the Senate agree to the same.

Amendment numbered 27: That the House recede from its disagreement to the amendment of the Senate numbered 27, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$98,500,000"; and the Senate agree to the same.

Amendment numbered 28: That the House recede from its disagreement to the amendment of the Senate numbered 28, and agree to the same with an amendment as follows: In lieu of the sum proposed insert: "$47,200,000"; and the Senate agree to the same.

Amendment numbered 30: That the House recede from its disagreement to the amendment of the Senate numbered 30, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "$12,000,000"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "$13,325,000"; and the Senate agree to the same.

The committee of conference report in disagreement amendments numbered 3, 31, 32, 33, and 34.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
JOHN TABER,
CLARENCE J. McLEOD,
Managers on the part of the House.

CARTER GLASS,
KENNETH McKELLAR,
PARK TRAMMELL,
FREDERICK STEIWER,
L. J. DICKINSON,
Managers on the part of the Senate.

STATEMENT

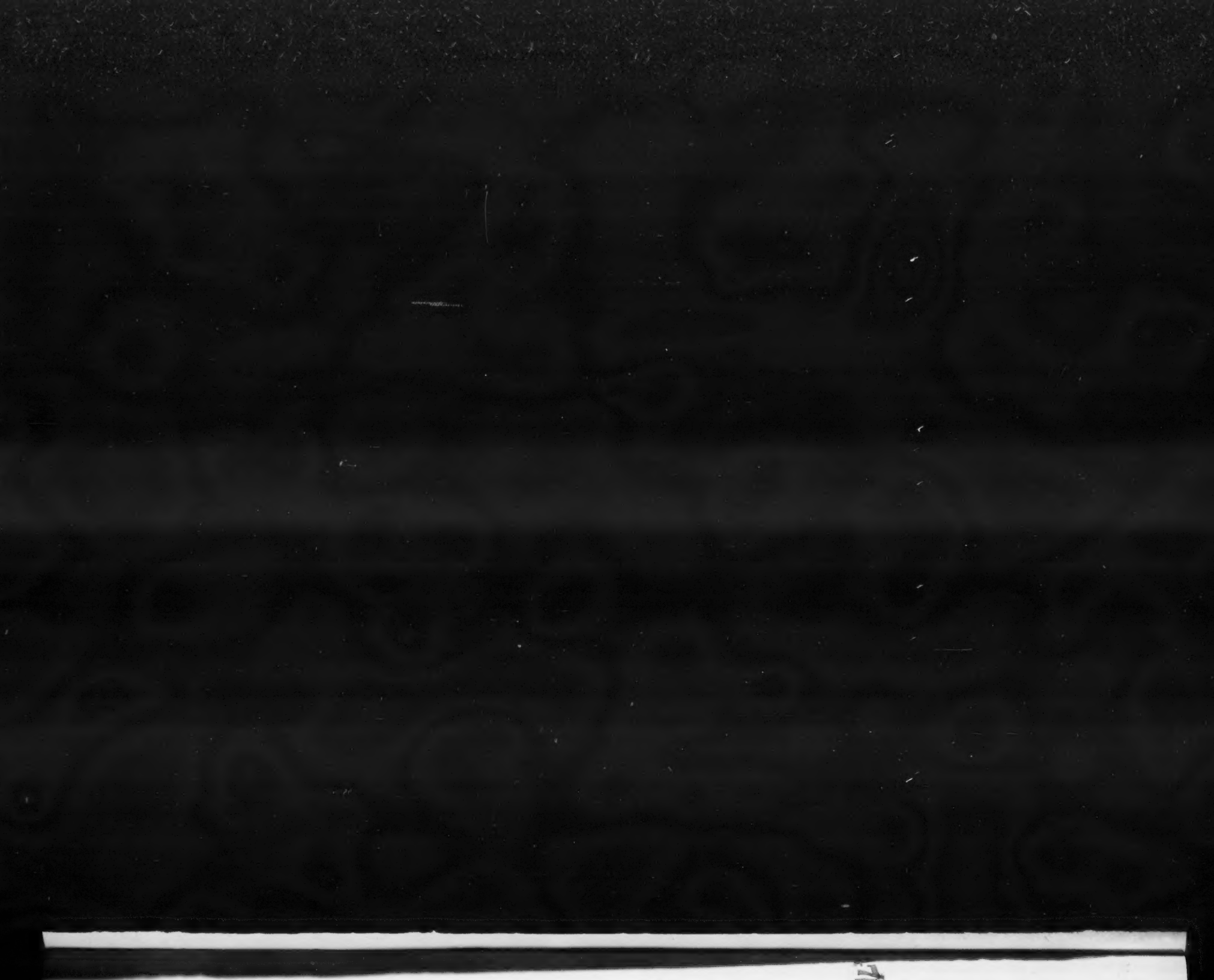
The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H.R. 7295) making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1935, and for other purposes, submit the following statement in explanation of the effect of the action agreed upon and recommended in the accompanying conference report as to each of such amendments, namely:

TREASURY DEPARTMENT

On amendment no. 1: Appropriates $150,000, as proposed by the Senate, instead of $250,000, as proposed by the House, for salaries in the office of the Secretary of the Treasury.

On amendment no. 2: Appropriates $18,500,000, instead of $18,400,000, as proposed by the House, and $18,593,397, as proposed by the Senate, for the Bureau of Customs and collecting the customs revenue.

On amendments nos. 4 and 5: Eliminates the additional sum under Mints and Assay Offices of $22,000 and the pro-



vision inserted by the Senate for reestablishment of the assay office at Helena, Mont.

On amendment no. 6: Appropriates $225,792, as proposed by the Senate, instead of $162,675, as proposed by the House, for salaries and other expenses of administration of the supply branch of the Procurement Division.

On amendments nos. 7, 8, 9, and 10: Makes typographical corrections in the text of the bill.

On amendment no. 11: Appropriates $400,000, as proposed by the Senate, instead of $335,000, as proposed by the House, for completion of the addition to the Washington, D.C., post office.

On amendments nos. 12 to 24, inclusive, relating to the Public Works Branch, Procurement Division (public buildings): Makes technical corrections in the text of the appropriations for public buildings, etc., incident to the transfer of the Supervising Architect's Office to the Procurement Division and incident to the transfer of certain jurisdiction over certain public buildings from the Treasury Department to the Post Office and Interior Departments.

POST OFFICE DEPARTMENT

On amendment no. 25: Appropriates $500, as proposed by the House, instead of $1,500, as proposed by the Senate, for payment to employees for rewards for inventions.

On amendment no. 26: Appropriates $135,000, as proposed by the Senate, instead of $132,000, as proposed by the House, for inland transportation of mail by star routes in Alaska.

On amendment no. 27: Appropriates $98,500,000, instead of $98,000,000, as proposed by the House, and $98,980,447, as proposed by the Senate, for inland transportation of mail by railroad routes.

On amendment no. 28: Appropriates $47,200,000, instead of $47,000,000, as proposed by the House, and $47,401,684, as proposed by the Senate, for salaries in the Railway Mail Service.

On amendments nos. 29 and 30, relating to domestic air mail: Appropriates $12,000,000, instead of $14,000,000, as proposed by the House, and "not exceeding $12,000,000", as proposed by the Senate, and strikes out the words "under contract", as proposed by the Senate, so that the appropriation may be administered "as authorized by law" as the paragraph provides.

On amendment no. 35: Appropriates $14,500,000, as proposed by the House, instead of $14,858,614.55, as proposed by the Senate, for rent, light, fuel, and water, for first-, second-, and third-class post offices.

On amendment no. 36: Appropriates $13,325,000, instead of $13,250,000, as proposed by the House, and $13,400,000, as proposed by the Senate, for motor-vehicle service.

On amendment no. 37: Inserts section 4, proposed by the Senate, prohibiting the use of any money appropriated under this act from being paid to any person for the filling of any position for which he or she has been nominated after the Senate has voted not to approve of the nomination of said person.

On amendment no. 38: Corrects a section number.

DISAGREEMENTS

The committee on conference have been unable to agree on the following amendments of the Senate:

On amendment no. 3: Appropriating $25,032 for demonstration work in and special studies of rural sanitation under the United States Public Health Service.

On amendments nos. 31, 32, 33, and 34: Relating to the mail bag repair shop and mail-equipment shops appropriation under the Post Office Department.

WILLIAM W. ARNOLD,
LOUIS LUDLOW,
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CLARENCE J. MCLEOD,
Managers on the part of the House.

Mr. ARNOLD. Mr. Speaker, the amendments that have been agreed to in conference are not controversial. I think it is not worth while to take much time in explaining the results of the conference.

I might say, however, that the amount of the Senate recession was $1,202,142.53. The amount of the House recession was a net decrease of $1,093,833. That is the net decrease in the bill after it left the House.

The air mail provision that passed the House for $14,000,000 was reduced to $12,000,000, and the House accepted that amendment.

So far as I know, there is nothing else that would necessitate taking much time in discussing the conference report as agreed upon. If there are any questions, I shall be glad to answer them, if I can.

Mr. FISH. Will the gentleman yield?

Mr. ARNOLD. I yield to the gentleman.

Mr. FISH. The gentleman stated that the air mail allotment of $14,000,000 was reduced to $12,000,000. Can the gentleman tell us how much is returned by the way of air mail postage?

Mr. ARNOLD. About $6,500,000.

Mr. FISH. In other words, all this air mail controversy is over a sum not exceeding $6,000,000 or $7,000,000.

Mr. ARNOLD. The gentleman will recollect that there was $7,500,000 subsidy for air mail.

Mr. FISH. Am I not correct in stating that out of the $14,000,000 allotted last year approximately $7,000,000 was returned in air mail postage; therefore, this gigantic controversy raging throughout the United States is over a subsidy of only $7,000,000 which was necessary to build up the best civilian air mail and transportation companies in the world.

Mr. ARNOLD. The gentleman realizes that for the $7,500,000 the transportation companies rendered no service for the Government in carrying the mails.

Mr. SABATH. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. SABATH. Is it not a fact that the appropriation was $19,000,000?

Mr. ARNOLD. I think it was over $22,000,000 at one time.

Mr. SABATH. And is now reduced to $12,000,000, so that it will be a reduction of $9,000,000 which has been stolen by these transportation companies, which the gentleman from New York is seeking to protect on the floor of the House. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. BLANTON. This $7,000,000 is a mere bagatelle when we consider the important question involved. The gigantic part of it is the question of whether we will have honest contracts or dishonest contracts. That is the gigantic part of the question.

Mr. FISH. Is the gentleman making that statement on the authority of the Postmaster General or his own authority?

Mr. BLANTON. On both. That has been found to be the fact by the President in the White House, who is acting for 120,000,000 people of the United States, all of whom have confidence in him, except a very few over there. [Applause.]

Mr. COCHRAN of Missouri. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. COCHRAN of Missouri. What was the reason the conferees accepted a reduction in the sum of $100,000 that was for the use of the Secretary of the Treasury, when the duties of that office have so greatly increased?

Mr. ARNOLD. The Secretary of the Treasury asked for $100,000 additional, and it was put in by the House Appropriations Committee, and it was in that form when the bill passed the House. The Senate eliminated that $100,000, and the amount was reduced upon the theory that the revenue bill which just passed the House carried provision for these special employees; and when that becomes a law,

then, if it is advisable, the amount will be carried in a deficiency appropriation bill.

Mr. FISH. Mr. Speaker, will the gentleman yield?

Mr. ARNOLD. Yes.

Mr. FISH. I know the gentleman wants to be fair, and is fair in his statements to the House, and I am sure he does not want to apply the statement he made to all of these 14 air mail companies. The Transcontinental & Western Air Mail, which runs from New York to Los Angeles, receives a subsidy of approximately $1,600,000 or $1,700,000, but it returns $80,000 in excess of that subsidy in air mail receipts to the Government.

Mr. ARNOLD. There may be some transportation companies carrying the air mail that carry a sufficient quantity to represent a profit, but that does not justify the unwarranted subtraction of funds from the Federal Treasury on fraudulent contracts which have been disclosed at the other end of the Capitol by the Senate investigation.

Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the conference report.

The conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Amendment no. 3: Page 28, after line 13, insert "Rural sanitation: For special studies of, and demonstration work in, rural sanitation, including personal services, and including the maintenance, repair, and operation of motor-propelled passenger-carrying vehicles for official use in field work, $25,032: *Provided*, That no part of this appropriation shall be available for demonstration work in rural sanitation in any community unless the State, county, or municipality in which the community is located agrees to pay one half of the expenses of such demonstration work."

Mr. ARNOLD. Mr. Speaker, I move that the House further insist upon its disagreement to the Senate amendment.

Mr. BANKHEAD. Mr. Speaker, will the gentleman yield?

Mr. ARNOLD. Yes.

Mr. BANKHEAD. This appropriation for rural sanitation, in my opinion, is as profitable an expenditure of money as the Government of the United States makes. I have had occasion to observe the practical utility and benefit that is derived by rural populations from this activity. Will not the gentleman from Illinois give us some reason why this appropriation should not be made for this next fiscal year?

Mr. ARNOLD. Mr. Speaker, there is much truth in what the gentleman says. The matter of rural sanitation has been reduced practically to a minimum for the fiscal year 1934, and it developed in the hearings that there were just two counties I think where this work was being carried on, but the Department asked that it be continued for demonstration work. It is not really accomplishing any purpose that rural sanitation originally started out to accomplish, but it is holding the nucleous there for further demonstration work.

Mr. BANKHEAD. Did the Department recommend an appropriation of this amount?

Mr. ARNOLD. The estimate from the Budget carried the $25,000 for this purpose, and General Cumming is very much interested in retaining it. So far as I am personally concerned, it is quite immaterial to me what is done with it. We were unable to agree upon the matter in conference, and for that reason brought it back that the House might determine what it wants to do.

Mr. BANKHEAD. Mr. Speaker, I do not want to take issue with the judgment of the House conferees upon this; but inasmuch as the Department recommended it and the Budget recommended this expenditure, and inasmuch as the Surgeon General of the Public Health Service is very deeply interested in retaining this very negligible appropriation, it seems to me, unless the conferees have some excellent reason for rejecting it, that we might well agree to the Senate amendment on the proposition.

Mr. ARNOLD. The House conferees were deadlocked upon it.

Mr. BANKHEAD. Then I hope they will "undeadlock" themselves when they go back to conference on this proposition.

Mr. GREEN. Mr. Speaker, will the gentleman yield?

Mr. ARNOLD. Yes.

Mr. GREEN. Mr. Speaker, I think it would be a decided mistake for the Government to withdraw from the field of rural sanitation. It is true that the $25,000 is merely a nucleus about which they may continue their efforts along this line; but if we withdraw from this field entirely, I believe it would be most unfortunate. I know of the great work that has been done for our rural communities through this rural sanitation work, and I should regret very much to see the House conferees adversely instructed in the matter. I trust that our conferees may be instructed to accept the amendment or that they may now concur in the amendment. This small amount was recommended by the Department, recommended by the Bureau of the Budget and also recommended by many of our State authorities interested in this line of work. In my opinion, all money spent for the betterment of the health of our people is well spent. The amount carried by the amendment should be increased.

This rural sanitation program is of untold benefit to our rural population. It is lessening many diseases, particularly such diseases as malaria, hookworm, and typhoid fever. The need for this work has been increased during these recent years of trying need and distress. In many instances the citizens of our Nation have been undernourished and in a general weakened and rundown condition, thus rendering them more subject to disease. In some instances their physical resistance has been almost destroyed as a result of the dire lack of sufficient food. My colleagues, now is no time to curtail our health-protecting facilities and activities. This work is employed where needed most, and I hope this House will support this small appropriation.

Mr. BANKHEAD. Mr. Speaker, will the gentleman from Illinois yield to me for the purpose of making a motion?

Mr. ARNOLD. Yes.

Mr. BANKHEAD. Then, Mr. Speaker, I move that the House recede and concur in the Senate amendment.

Mr. TABER. Mr. Speaker, will the gentleman yield?

Mr. BANKHEAD. Yes.

Mr. TABER. Mr. Speaker, this item of rural sanitation was a scheme whereby it was proposed that the Federal Government contribute a considerable amount toward the maintenance of a health unit in each county. The States or the counties were supposed to contribute. That did not take very well with the States and the counties, and the thing has rather died down until it is at this stage. Those of us who have felt that the local counties and the local communities can better take care of their own health situation than to have it handled from Washington, have felt that this ought to be permitted to die down completely, and that it be wiped out. Under this proposition a very large amount of money was allotted to some of the States, I think Kentucky and Tennessee largely, for the construction of sanitary toilets, so called by the P.W.A., and as I remember it, it ran into something like eight or ten million dollars, and sanitary toilets were erected through a large portion of that territory by the Government on private property for a lot of people, instead of letting them take care of their own situation locally, as they have in almost every other place that I know of. It seems to me that we ought not to recede from our position on this matter.

Mr. GREEN. Will the gentleman yield?

Mr. TABER. I yield.

Mr. GREEN. In that connection, from the information coming to me, my local authorities welcome and desire the continuance of the $25,000. Some communities may not, but my authorities, from the best information I can get locally, are heartily in accord and are really pleading for this $25,000.

Mr. TABER. This item amounts to nothing as far as an aid to any units in any county is concerned. It simply means the continuance of it in two counties in the United States. It seems to me it would be much better if we abandoned it at this time.

Mr. BYRNS. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. BYRNS. The gentleman knows that for quite a number of years the Congress has been making certain definite appropriations for this work. As a member of the Committee on Appropriations I always favored as liberal an appropriation as possible, because I was convinced of the value of this work in rural communities, and I have been so convinced since the work was started. The very fact that money was allotted from another fund and used as the gentleman states is not an argument against continuing this particular work in those counties which have not had the advantage of it in the past.

I wanted to ask the gentleman if it is his idea that this is just another form of strangling this kind of activity and this appropriation, so that it will finally be eliminated, or whether or not there is a possibility or a probability that the work will be continued in the future?

Mr. TABER. I would say to the gentleman frankly that I think the Federal Government, when it branches out into this activity, is making a mistake. My position would be that it ought not continue. Frankly, as I understand the situation, although I may be mistaken, the response of the counties to an appropriation along this line for Federal aid, which, as I remember, was something like $1,200,000 a year ago, has not been very great. But a very large proportion of the counties did not participate in it. It has not been a feature which has met with ready response. It has seemed to me it was reaching too far altogether for the Federal Government to go into it.

Mr. BYRNS. Of course, the gentleman knows it is necessary for these counties which participate in the fund to advance 50 percent of the expenses. In other words, they bear one half the expense of this work. I am sure the gentleman will agree with me that the Public Health Service is rendering a great service to the Nation and the rural communities are entitled to at least a share of the work being performed by the Public Health Service. This is one service for which an appropriation has been made that is strictly for the benefit of the rural communities of this country.

Mr. TABER. There are very many of the Public Health Services that are for the benefit of the rural communities.

Mr. ROGERS of Oklahoma. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. ROGERS of Oklahoma. I would not want the RECORD to show that this work has not met with approval in all parts of the country. I can speak for my own State, that I think it has met with approval. As the floor leader has stated, I would certainly dislike to see this work discontinued.

Mr. MARTIN of Oregon. Will the gentleman yield?

Mr. ARNOLD. I yield.

Mr. MARTIN of Oregon. The gentleman seems to have gone into the activities of the Health Department very fully. Did the gentleman refer to the privy council?

Mr. TABER. Some people might call it that.

Mr. ARNOLD. I yield to the gentleman from Alabama [Mr. BANKHEAD].

Mr. BANKHEAD. I should like the attention of the House for just a moment. I have heard what the gentleman from New York has said about the diversion of some of the funds by the C.W.A. for some particular purposes. Of course, I cannot qualify according to Chic Sales' estimate as a "specialist" along some of these lines [laughter], but I want to repeat today what I have said on this floor possibly a half a dozen times before—that in my deliberate judgment, as far as the rural communities of this country are concerned, the appropriations we have heretofore made for the benefit of the Public Health Service are the most valuable money that this Government has spent in proportion to the amount that has been used. [Applause.] If you gentlemen had had the experience I have had in my home county down in Alabama, and had seen the absolute benefit that these county health officers, in connection with rural surveys, have brought in connection with the elimination of typhoid fever, hookworm, and a number of other preventable diseases, instead of quibbling here about $25,000 you would support an amendment to make this a million-dollar appropriation measured in the terms of its utility.

The Budget has recommended this poor, little, negligible sum to continue some leadership in this activity. The Surgeon General of the Public Health Service has demanded that we give it to him, and has shown the necessity for it. The Senate of the United States and its conferees have agreed to it, and I understand there is no real objection upon the part of the majority conferees. I hope you will accept the proposal to recede and concur in the Senate amendment.

Mr. ARNOLD. Mr. Speaker, I move the previous question on the motion to recede and concur.

The previous question was ordered.

The SPEAKER. The question is on the motion of the gentleman from Alabama to recede and concur in the Senate amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment in disagreement.

The Clerk read as follows:

Amendment no. 31: Page 59, line 12, strike out "equipment shops, Washington, D.C."

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent that amendments nos. 31, 32, 33, and 34 may be considered together. They all apply to the same subject matter.

The SPEAKER. Is there objection to the request of the gentleman from Illinois [Mr. ARNOLD]?

Mr. TABER. Reserving the right to object, would it be agreeable that we may have a little more time on the four amendments together than would go with one?

Mr. ARNOLD. Under the rule we have an hour. Does not the gentleman think that would be long enough?

Mr. TABER. I think we ought to have a little more time.

Mr. SNELL. Under the rules we have an hour on each one. If we are to take four of them up together, it seems to me we should have about 2 hours.

Mr. TABER. And could the time be divided between those for and those against?

Mr. ARNOLD. I would not care to lose control of the time in the matter, but I will endeavor to yield time as nearly as possible equally to those for and those against.

It occurs to me in answer to the gentleman's suggestion about time that we ought to dispose of this matter in an hour. But if the gentlemen feel we should have a little more, I would not object to extending it 30 minutes, making it an hour and a half, with the understanding that the four amendments shall be considered together.

Mr. SNELL. That is entirely fair, but if the gentleman would give us 2 hours, it will be a little better. We have a good many demands for time on this side.

Mr. ARNOLD. Further, I should like to have coupled with the request the agreement that at the conclusion of that time the previous question shall be considered as ordered. I think an hour and a half will be sufficient.

Mr. SNELL. Mr. Speaker, reserving the right to object, in the matter of the control of the time, would not the gentleman from Illinois be willing that the gentleman from New York [Mr. TABER] have half the time?

Mr. ARNOLD. I will endeavor to yield to those for and against the proposition.

Mr. SNELL. That will make some difference. I wish the gentleman from Illinois would yield to the gentleman from New York [Mr. TABER] one half of the time, not to offer amendments but just for discussion.

Mr. ARNOLD. I will yield some time to the gentleman from New York. That is a matter that has already been arranged between ourselves.

Mr. SNELL. We are not going into this definite agreement unless we can know definitely that we are to have 45 minutes of the time.

Mr. ARNOLD. The gentleman knows that the time on conference reports is controlled by the Member in charge of the bill.

Mr. SNELL. I understand that very well; but I understand also that we are giving unanimous consent to consider four amendments at one time. I am asking that one half the time be yielded to the gentleman from New York [Mr. TABER]. I cannot see that it will in anywise hurt the gentleman from Illinois.

Mr. ARNOLD. I shall be pleased to yield to Members on both sides.

Mr. SNELL. The gentleman from New York [Mr. TABER] will yield to Members on this side; and the gentleman from Illinois can yield to Members on the Democratic side.

Mr. ARNOLD. On this side are Members both for and against.

Mr. SNELL. That is the situation over here, too.

Mr. ARNOLD. Will the gentleman be satisfied with 30 minutes?

Mr. SNELL. No; we cannot get along on 30 minutes.

Mr. BYRNS. Mr. Speaker, reserving the right to object, would not the gentleman from New York be willing to divide the time to be given to gentlemen on this side who are opposed to the Senate amendments? The trouble about the proposition of the gentleman from New York is that he wishes 45 minutes. He says that the time will be yielded upon his side of the Chamber. My general understanding is that nobody over there will favor the Senate amendments.

Mr. SNELL. That is probably true.

Mr. BYRNS. That puts it up to the gentleman from Illinois to use his 45 minutes between those for and those against the amendments.

Mr. SNELL. We would be willing to yield all of our time on this side to those opposed to the amendments, giving some of it to the Members on the other side of the aisle.

Mr. TABER. Yes; we will divide it fairly on both sides of the aisle.

Mr. ARNOLD. The difficulty is that half the time would be yielded on the other side of the House to those opposed to the amendments, and on this side of the House I am under obligation to yield both to those for and those against.

Mr. SNELL. Make it an hour a side, and we will yield half our time on the other side of the aisle and half on this side. Make it an hour a side.

Mr. ARNOLD. Can we not make it an hour and a half?

Mr. SNELL. No; make it 2 hours; and then we will give half of our time to Members on the other side of the aisle who are opposed to the amendments. That is fair.

Mr. ARNOLD. Let me suggest to the gentleman from New York that we limit the time to an hour and a half, one half on his side to be yielded to those for, and one half to those against; with the same use of the time on this side.

Mr. SNELL. We cannot quite do that, for we need fully an hour. Make it an hour a side, and we will yield half to Members on the other side of the aisle who are opposed to the amendments.

Mr. ARNOLD. Very well. Mr. Speaker, I ask unanimous consent that the four amendments be considered together; that the time be limited to 2 hours, one half to be controlled by the gentleman from New York [Mr. TABER], to be yielded by him half to those for and half to those against the proposition; the other hour to be yielded by myself half to those for and half to those against; and that immediately upon the expiration of the 2 hours the previous question shall be considered as ordered.

Mr. TABER. Mr. Speaker, reserving the right to object, I understood that the gentleman would yield me 1 hour which would be used in opposition to the bill; that I would yield half of it to Members on his side of the aisle opposed to the bill. I would be glad to yield half of it right now to the gentleman from Indiana [Mr. LUDLOW], who could apportion it amongst the Members on his side. Then the gentleman from Illinois would have to take care only of those in favor of the bill.

Mr. McCORMACK. Will the gentleman yield?

Mr. ARNOLD. I yield to the gentleman from Massachusetts.

Mr. McCORMACK. May I make the suggestion that the chairman yield one half hour to the gentleman from New York and also yield one half hour to the gentleman from Indiana, in opposition, instead of having the time over there and back here again. Why not let it be direct?

Mr. SNELL. That is satisfactory.

Mr. TABER. Yes; that is agreeable.

Mr. ARNOLD. Mr. Speaker, I ask unanimous consent that the four amendments be considered together; that the time for debate be limited to 2 hours, 30 minutes of the time to be controlled by the gentleman from New York [Mr. TABER], to be yielded to those in opposition to the amendment on the minority side and 30 minutes to be controlled by the gentleman from Indiana [Mr. LUDLOW], to be yielded to Members on the Democratic side opposed to the amendment, and 1 hour to be controlled by myself, and at the close of debate the previous question be considered as ordered.

Mr. COOPER of Ohio. Mr. Speaker, reserving the right to object, the gentleman in his request asks unanimous consent for the consideration of the four amendments together. Does that mean that they are to be voted on together?

Mr. ARNOLD. Yes. They are all together. They cannot be separated very well. The same subject matter is involved.

The SPEAKER. The gentleman from Illinois asks unanimous consent that the four amendments be considered en bloc, the time for debate to be limited to 2 hours; 30 minutes to be controlled by the gentleman from New York, to be allotted to Members on his side opposed to the motion, 30 minutes to be controlled by the gentleman from Indiana [Mr. LUDLOW], to be yielded to Members on the Democratic side opposed to the motion, and 1 hour to be controlled by the gentleman from Illinois [Mr. ARNOLD], and that at the conclusion of debate the previous question shall be considered as ordered. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendments in disagreement:

The Clerk read as follows:

Amendment no. 31: Page 59, line 21, strike out "equipment shops, Washington, D.C."

Amendment no. 32: Page 59, line 25, after the word "thereto", insert the word "also."

Amendment no. 33: Page 60, line 2, after the word "repair" insert the words "in the equipment shops, Washington, D.C."

Amendment no. 34: Page, 60, line 10, after the word "building", insert the words "at Washington, D.C."

Mr. ARNOLD. Mr. Speaker, I move that the House recede and concur in Senate amendments nos. 31, 32, 33, and 34.

Mr. LUDLOW. Will the gentleman yield?

Mr. ARNOLD. I yield to the gentleman from Indiana.

Mr. LUDLOW. In order that the House may clearly understand the parliamentary status of this matter, I desire to make a statement. If this motion of the gentleman from Illinois to recede and concur is voted down, I shall make a motion to instruct the conferees to insist on the House amendment, which is directed against the Government establishing a furniture factory in competition with private business. All those who are opposed to the Government entering into an activity of this kind should vote against the motion of the gentleman from Illinois to recede and concur. If this is voted down, we shall then vote on my motion to instruct the conferees to further insist on the House amendment.

Mr. ARNOLD. Mr. Speaker, I yield 10 minutes to the gentleman from West Virginia [Mr. RANDOLPH].

Mr. RANDOLPH. Mr. Speaker, I am going to say at the very beginning that the factory which is under discussion this afternoon by the Membership of this House is located in the district that I have the honor to represent. I do not believe that this should be found out at the close of the debate. I think I should make this statement at the very outset because I want to try to be honest in the presentation of what I consider to be the real facts in connection with the discussion this afternoon.

When this body was considering the Treasury and Post Office Departments appropriation bill there was an amendment offered by my good colleague from Indiana [Mr. LUDLOW] which did away with the possibility of a small post-office-equipment factory which is to be erected at the Reedsville, W.Va., homestead project for the manufacture of certain furniture which was to be made from wood products. In his argument the gentleman from Indiana [Mr. LUDLOW] stated that if the West Virginia homestead plant was to produce equipment for the Post Office Department that the Keyless Lock Co. of Indianapolis would be destroyed. Since the argument made at that time largely hinged upon the reputed destruction of the Keyless Lock Co., I feel that this afternoon I should like to read the following article, in part, which appeared in Labor, the official publication of the American Federation of Labor.

Mr. COOPER of Ohio. Is that Labor which is printed over here?

Mr. RANDOLPH. It is the official publication of the American Federation of Labor.

Mr. COOPER of Ohio. There are two labor papers.

Mr. RANDOLPH. The name of it is Labor.

Mr. COOPER of Ohio. That is not the official organ of the American Federation of Labor. That is the railroad organization's Labor.

Mr. CONNERY. That is true. This is the railroad men's paper, but it never varies from anything which the American Federation of Labor wants for labor.

Mr. RANDOLPH. I shall not quibble about what it is from. These were the words expressed in the front page of the article:

Mrs. Roosevelt has a plan for what she calls "subsistence homesteads." She is trying it out among the coal miners at Reedsville, W.Va. The scheme contemplates a decent house with sufficient ground for a garden, and the establishment of a factory to make furniture for Uncle Sam's post offices. This would give the coal miners and their dependents a chance to get some kind of employment outside the mines.

Congressman LOUIS LUDLOW induced the House to adopt an amendment to the Post Office appropriation bill which forbids the Post Office Department cooperating in the establishment of the furniture factory. Mr. LUDLOW said he wanted to protect the Keyless Lock Co., of Indianapolis, and made a moving argument to show that this particular concern would be destroyed if Mrs. Roosevelt's scheme went through.

Labor thought it might be well to ascertain just how worthy of protection the Keyless Co. might be, and these facts were developed:

The Keyless Lock Co. conducts one of the worst antiunion plants in the country and its employees get the lowest wages paid in Indianapolis for that class of work. The Machinists' Union and other labor organizations have been endeavoring to reform the institution for 25 years and have not succeeded.

The president of the Keyless Co. is Arthur R. Baxter. He has a very interesting record. Mr. Baxter served in the Indiana State Senate for 4 years. He voted to repeal the full-switching and full-train crew laws; opposed the child-labor bill, the women's 9-hour bill, and compensation for injured workingmen. He introduced an antipicketing bill and a State constabulary bill, both drafted so as to inflict a maximum of injury on workers struggling for a square deal.

Should Mrs. Roosevelt's plan to let a little sunlight into the lives of coal miners be wrecked in order that this kind of a concern may be preserved?

The answer will be supplied by the Senate when the Post Office appropriation bill comes before that body.

Mr. O'MALLEY. Will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I am under the impression that the Democratic platform of 1932 made the specific statement that our party favored withdrawing from competition with private business wherever possible.

Mr. RANDOLPH. May I say to the gentleman from Wisconsin that I believe the arguments this afternoon, which will be advanced by those who would like to see the factory established at Reedsville, will not be in conflict with the Democratic platform as stated by the gentleman from Wisconsin.

As the article stated, the answer was supplied by the Senate when the measure was taken up there and the amendment was struck out. It comes back to the House today, and I feel that we should discuss in an impartial way what the purpose of the equipment factory in connection with the first homestead project in the United States is to serve.

There will be no attempt to construct keyless lock boxes, because this equipment required advanced technical skill and special machinery.

Mr. KLOEB. Will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Ohio.

Mr. KLOEB. The gentleman is recognizing the faults of the Keyless Lock Co., but are there not other companies involved? There are furniture factories located in my district. May I ask the gentleman whether or not they will be affected by such a project as this? These factories employ labor and there is a large number of unemployed laborers in the district.

Mr. RANDOLPH. In reply to the gentleman from Ohio, may I say that I brought up the Keyless Lock Co. first this afternoon, as an example, because the amendment of the gentleman from Indiana [Mr. LUDLOW] was entirely based upon the Keyless Lock Co. being put out of business. I believe this is a correct statement.

Mr. LUDLOW. Will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. LUDLOW. My attention was diverted a moment ago when the gentleman was referring to what he called the labor record of Mr. Baxter, the head of the Keyless Lock Co.

Mr. RANDOLPH. It was not my statement about Mr. Baxter, of the Keyless Lock Co., but the statement of the publication of the American Federation of Labor.

Mr. COOPER of Ohio. I bew the gentleman's pardon, that is not a publication of the American Federation of Labor.

Mr. RANDOLPH. That is true.

Mr. LUDLOW. If the gentleman will permit, I thought I was in pretty close contact with the Indianapolis district, but the gentleman is telling me something I never heard of before. I have never had one single, solitary complaint in all my correspondence on this subject from any labor leader against the Keyless Lock Co.

Mr. RANDOLPH. I have had several letters addressed to me in Washington from voters in Indianapolis who bear out exactly what Labor has said and what I have read this afternoon.

Mr. CONNERY. Will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Massachusetts.

Mr. CONNERY. It is common knowledge among the representatives of the American Federation of Labor that that gentleman's labor record is not so hot. [Laughter.]

Mr. RANDOLPH. I thank the gentleman.

Mr. GRANFIELD. Will the gentleman from West Virginia yield?

Mr. RANDOLPH. I yield to the gentleman from Massachusetts.

Mr. GRANFIELD. I am not interested in the labor record of any one man or of any one concern. What I am interested to know is this: Is the furniture to be manufactured by this factory going to be in competition with furniture manufactured by private industry? If it will be

competitive with private industry, I am opposed to the acceptance of the report.

Mr. RANDOLPH. I will say in answer to the gentleman that, of course, there is going to be a certain small degree of what we might call competition with private industry; and if I am allowed a little later to go into that, I will discuss this from the standpoint of the experiment which we are trying out in West Virginia and in other parts of the country.

Mr. PETTENGILL. Will the gentleman yield?

Mr. RANDOLPH. Yes.

Mr. PETTENGILL. Does that mean that this will be the first of other factories?

Mr. RANDOLPH. It does not mean that. It means this is the only place where the Government proposes to use any industry which is established by the United States Government.

Mr. ARNOLD. Will the gentleman yield?

Mr. RANDOLPH. I yield to the gentleman from Illinois.

Mr. ARNOLD. The gentleman well knows it is not the purpose of this factory, when established, to go out and sell in competition with private interests or sell to the public. This is purely for the purpose of making some of the equipment that is used in the Post Office Department and in the Treasury Department.

Mr. RANDOLPH. That is correct.

[Here the gavel fell.]

Mr. ARNOLD. Mr. Speaker, I yield the gentleman 5 additional minutes.

Mr. RANDOLPH. Mr. Speaker, the plant will not be equipped with this type of special machinery and would be designed for workers in wood who are already skilled in this line. It is not a new departure for the Government to manufacture post-office equipment, and for the past half century such policy has been pursued.

It is not the purpose of the Government, and it is so expressed, to enter into competition with private industry on any destructive scale, and there would be no wrecking of an industry by the Reedsville Subsistence Homestead Factory. It would simply serve as a yardstick to determine whether the Post Office Department has been paying too much for equipment and furniture.

If in this small factory equipment could be produced by part-time labor of these homesteaders, the Government can determine just what it costs to produce these articles and compare them with prices which have been paid in the past. This small factory can serve a useful purpose to the Nation, because it can be a testing ground and the actual cost of manufacturing can be ascertained. This will enable the Post Office Department in the future to let contracts intelligently and yet insure the private manufacturer a reasonable rate on his contracts.

If I had the time this afternoon I should like to briefly tell you a little about this first homestead project which has been established in the mountains of West Virginia. Just 2 days ago I returned from that homestead project. There in the snow-covered mountains were 75 hardy men who are getting a chance to come back after being down for the count of nine. This is the type of man who is going to be employed, we trust, in this plant at Reedsville, W.Va.

I do not have the time to go into some other facts which I wanted to present. I hope before this debate is over I shall have the time to present them, but I want to close by reading from a letter written a few days ago by the Fourth Assistant Postmaster General of the United States and addressed to Senator McKELLAR, Chairman of the Senate Committee on Post Offices and Post Roads. This is what he said:

> There is not at this time and never has been, in the plans of this project, any thought of eliminating private industry from the field of purchase. In the mail-equipment shops in this city, which were established in 1889, it has not been the policy of the Department to increase production to take care of all the needs of the institution, but the manufacturing activities, while representing a real saving, have served splendidly as a check or brake upon bidders from the industrial field. The same thing will be true in this case.

The Fourth Assistant Postmaster General is there speaking of the Reedsville factory.

> There is no expectation of ever eliminating private industry from our markets, for they have their rightful place, and this factory project has been undertaken in the main for its humanitarian value in the rehabilitation of the hopeless people of West Virginia, and the development of a self-sustaining community in lieu of relief funds now given these people for a mere existence next to starvation.

Mr. O'MALLEY. Will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. O'MALLEY. In connection with my previous question, I want to read, for the purpose of the RECORD, the Democratic platform statement as to this particular problem:

> We advocate the removal of Government from all fields of private enterprise, except where necessary to develop public works and natural resources in the common interest.

Mr. RANDOLPH. I wish to say to the gentleman from Wisconsin that the Public Works program is a part of the present administration and $25,000,000 has been set aside for the establishment of subsistence homesteads in this country. This is a part of the administration's plan for the well-being and rehabilitation of the rural people of this country. [Applause.]

Mr. O'MALLEY. That $25,000,000, however, was never intended to be used to build factories to compete with American business.

Mr. ALLGOOD. Will the gentleman yield?

Mr. RANDOLPH. I yield.

Mr. ALLGOOD. If we were to carry out the idea of the gentleman from Wisconsin [Mr. O'MALLEY] in its entirety, we would sever every section of the Post Office Department from the Government and put it into private hands, would we not?

Mr. RANDOLPH. That is true, I may say to the gentleman.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Missouri [Mr. COCHRAN].

Mr. COCHRAN of Missouri. Mr. Speaker, I think this question should be considered on its merits. Do not cloud the issue by injecting that which has no bearing upon the issue involved. The principle at stake is too great. Confine your remarks to this bill, what it seeks to accomplish, and let the Members vote their convictions, based upon the merits of the proposition.

The question involved here is, Are you going to put the Government further into business. That is the question you are to be asked to vote upon. We all regret the condition that the people in West Virginia are in, but there are other places in the country where similar conditions exist.

Are you going to put the Government further into business? Remember that is what you will decide by your vote today. The miserable conditions that prevail in West Virginia has no place in this debate.

We appropriated $15,000 for a committee to investigate the Government in business. I would like for somebody to show me 15 cents' worth of good that has come from the work of that committee, despite the fact that they brought to the attention of Congress the fact that the Government is engaged in more than 100 different kinds of business.

Until we cease appropriating money to continue the activities, for the Government to engage in business, the Government will continue as it has in the past to compete with private business. I should not say compete, I should say the Government will continue to eliminate private citizens and corporations from securing business from the Government to which it pays taxes.

If you appropriate money to construct this factory for the manufacture of furniture for the Post Office Department, what is to prevent in the future similar factories being opened to supply all Government departments with furniture? If this turns out to be a success, and you can take it from me the Post Office Department will see to it that it is classed as a success, regardless of what happens, they will

be back here telling you the Government has saved millions at this place, so why not start more factories?

Mr. RANDOLPH. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. RANDOLPH. I would like to ask the gentleman from Missouri if he voted for the Muscle Shoals bill?

Mr. COCHRAN of Missouri. I voted for that bill, and I will tell the gentleman why—because we found it impossible to get anyone to take hold of it. Those that wanted to get in years ago would not make a suitable offer to the Government. It was too big an undertaking for private capital. It was a case of the Government do it or let the waste continue. That is why I voted for the Muscle Shoals bill, and I offer no apology.

Mr. RANDOLPH. This factory is to be established as a last resort because the Post Office Department could not get its equipment from private industry and because——

Mr. COCHRAN of Missouri. Wait a minute; this is my 5 minutes. [Laughter.] You had your turn at bat and you injected issues in the debate that did not belong there. The gentleman is badly mistaken when he says that private industry would not furnish the department with necessary equipment. That is absurd. As I say, I am sorry that your people in West Virginia are in the condition they are, but what we want to do is to look at this proposition from the standpoint of the Government competing with private business. I think we will make a sad mistake if we permit the expenditure of Federal funds to open up a factory to supply Government furniture. Why, there are hundreds of factories that can furnish all the equipment the Post Office Department wants. Many of the factories have had no smoke coming from their furnaces for 3 or 4 years. The skilled furniture worker is now employed by the thousands on C.W.A. projects, not making furniture but doing plain laboring work. If this place will employ 125 hands, as the gentleman from West Virginia says, let the private companies get the jobs and reemploy 125 of their men. If you provide for this factory today, put it down as a permanent institution, because it will never close but will be enlarged from time to time.

Mr. BLANCHARD. Will the gentleman yield?

Mr. COCHRAN of Missouri. I yield.

Mr. BLANCHARD. I would like to ask the gentleman how many of these homestead subsistence plants there are?

Mr. COCHRAN of Missouri. I do not know.

I have furniture factories in my district where my people have been out of employment for several years; the doors are closed. They are willing to work at a fair price, and will make furniture for the Government much cheaper than it will be made in a plant of this character. They are willing to go into the open market and bid on furniture. Are you going to deprive these manufacturers who pay taxes from getting this work or do you propose to take the money they pay in taxes and use it to set up a Government institution to compete with them? To compete with them is most unfair. You have heard that the mail-bag shop here in Washington was opened in 1899. That is 35 years ago. Make provisions for this factory and you will find that 35 years from now the factory will still be in operation. You call it an experiment. Well, it is going to be a permanent experiment if you make it possible for it to open now. [Applause.] Remember the issue is, Are you going to put the Government further in business? Do not forget that. Consider the question on its merits. That is all I have to say. [Applause.]

I yield back the balance of my time.

Mr. TABER. Mr. Speaker, I yield 8 minutes to the gentleman from Michigan [Mr. MAPES].

Mr. MAPES. Mr. Speaker, the principal industry of the district I represent and of the two leading cities in the district, Grand Rapids and Holland, is the manufacture of furniture. It is the greatest furniture manufacturing district in the United States. This proposal to construct a plant for the manufacture of furniture at Reedsville, W.Va., first came to my attention early in January. I took up the matter at that time both with the Secretary of the Interior and the Postmaster General and filed a written protest against the continuation of the project with both Departments. I understood the gentleman from West Virginia to say that the manufacture of wooden furniture was not contemplated in the original project.

Mr. RANDOLPH. Will the gentleman yield?

Mr. MAPES. Yes.

Mr. RANDOLPH. The gentleman is mistaken. I said that metal furniture as constructed by the Keyless Lock Co., but I said there would be wooden furniture.

Mr. MAPES. I misunderstood the gentleman. I have here a letter from the Second Assistant Postmaster General which says that the manufacture of wooden furniture and screen line equipment is contemplated.

Mr. RANDOLPH. That is right.

Mr. MAPES. I am glad to have that cleared up. Mr. Speaker, the furniture industry probably has been hit as hard and has suffered as much, if not more, during this depression as any other industry in the United States. Many of the factories in the congressional district that I represent have been obliged to shut their doors, and to discontinue business entirely. There is not a factory in the district but has had to curtail its output very materially, and I dare say that every one of them has been doing business in the red for the last 4 years.

Mr. ARNOLD. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. ARNOLD. Do any of the factories that the gentleman has referred to sell equipment to the Federal Government, the Post Office Department?

Mr. MAPES. Yes; I think it is fair to say that some of them do. I do not know of my own knowledge just what the situation is in that respect. I do know that one of the companies, at least, has bid on such equipment, and I believe got the contract, and I presume many others that I am not familiar with have sold to the Government.

Mr. ARNOLD. It would be very interesting and informative if the gentleman would tell us to what extent they have been supplying the Government.

Mr. MAPES. That is not the important point here. The important point is the principle involved, the principle of putting the Government into competition with private industry throughout the United States. [Applause.] The 125 men that this factory proposes to give employment to is an insignificant number as compared with the thousands—yes—the tens of thousands of furniture workers in my congressional district alone that have not had any work for 3 or 4 years. I received a telegram a few moments ago from the Chamber of Commerce of Holland, Mich., which describes the general situation, and I ask that it be read in my time.

The SPEAKER pro tempore (Mr. MARTIN of Oregon). Without objection, the Clerk will read.

There was no objection, and the Clerk read as follows:

HOLLAND, MICH.

Hon. CARL E. MAPES,

House of Representatives, Washington, D.C.:

With hundreds of unemployed men, women, boys, and girls and idle furniture factories hungering for business, Holland, Mich., regards the proposed Federal furniture factory in West Virginia as economic folly. Michigan is one of the big six Federal taxpaying States, and we will be obliged to pay heavily to construct this needless building to take bread from the mouths of our own people. Holland factories are equipped to supply the Post Office Department with its furniture needs. Advise if we can do anything further to prevent passage of this measure.

CHAMBER OF COMMERCE.

Mr. ARNOLD. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. ARNOLD. The gentleman is aware of the fact, is he not, that we have a mail-equipment shop operated by the Government here in the District and have had for a great many years, since 1889? Has the gentleman ever raised his voice in protest to that equipment shop which has been operated by the Government during all these years?

Mr. MAPES. If we have, two wrongs certainly will not make a right. My information is that the equipment shop here makes mail bags, and not metal or wood furniture. The Government is not at all consistent. It is trying to help business in many ways. At the same time it does something like this which scares business almost to death. It loans money to industry to enable it to carry on and here it turns around and proposes to put up a factory which will take men out of private employment and put the Government into competition with an established industry in the United States. It is difficult to make my constituents understand how business is to be encouraged, how labor is to get employment in regular industry if the Government is going to embark upon a policy such as is proposed here. I repeat, the number of men to be put into employment in this proposed Government plant is infinitesimal as compared with the number employed by some of the individual factories in my district, to say nothing of the industry as a whole.

Mr. MAY. Mr. Speaker, will the gentleman yield?

Mr. MAPES. Yes.

Mr. MAY. With the present tendency of the bureaucratic institutions of the Government to reach out and take in additional authority under implied grants from the Congress, does the gentleman not think this factory, if approved by a vote of the House, might be the means of a large extension of authority by these heads of bureaus in doing a thousand other things that they are already doing, taking them into the avenues of government?

Mr. MAPES. Mr. Speaker, I agree with every word that the gentleman from Kentucky has said, but as I am on this side of the aisle I do not want to bring into this discussion anything of a partisan nature. I do not believe that it is too late to stop this project. In that connection I call the attention of the Membership of the House to a letter which I received from the Post Office Department, written under date of February 19, in which is this sentence:

> However, construction of this plant has not yet begun.

If this House takes a positive position here today, there is no reason why the construction of this plant should not stop or why the plans to construct it should not be abandoned. I shall ask to have some correspondence inserted in the RECORD, but I read now the last paragraph of this letter from the Post Office Department:

> There has been inaugurated under the Department of the Interior a homestead subsistence plan. As an adjunct thereto, the Public Works Administration has set aside $525,000 for the construction and equipment of a factory at Reedsville, W.Va. However, construction of the plant has not yet begun.

As I have said, that is from a letter dated as late as February 19, 1934, and it seems to me if this House expresses itself today in as definite a manner as it has heretofore on this question, that those in authority, even though they have this unlimited power that the gentleman from Kentucky has called attention to, will stop this project. [Applause.]

Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and to include therein a copy of a letter that I addressed to the Postmaster General and to the Secretary of the Interior and their replies in connection with this matter.

The SPEAKER pro tempore. Without objection, it is so ordered.

There was no objection.

The letters referred to are as follows:

POST OFFICE DEPARTMENT,
Washington, January 16, 1934.

Hon. CARL E. MAPES,
House of Representatives.

MY DEAR MR. MAPES: Referring to the request made over the telephone yesterday afternoon by your secretary relative to a factory at the West Virginia Subsistence Homestead near Reedsville, W.Va., I have to advise that the special board for public works has allotted the sum of $525,000 for the entire industrial unit, including factory site, railroad sidings, heating plant, dry kilns, factory buildings, storage buildings, machinery and equipment for same, and housing for factory supervisors.

The manufacture of wood furniture and screen line for post offices is contemplated.

Sincerely yours,

SILLIMAN EVANS,
Fourth Assistant Postmaster General.

JANUARY 20, 1934.

Hon. JAMES A. FARLEY,
Postmaster General, Washington, D.C.

DEAR SIR: Enclosed is a copy of a letter from the Metal Office Furniture Co., of Grand Rapids, Mich., protesting against the project to build a factory for the manufacture of furniture and office equipment at Reedsville, W.Va.

As you probably know, the principal industry of the Fifth Congressional District of Michigan, including as it does the cities of Grand Rapids and Holland, is the manufacture of wood and metal furniture and office equipment. This industry has suffered during the depression perhaps as much as any throughout the country. Many of the factories had to close entirely and all of them have been obliged to greatly reduce their output.

At this time, when the Government is doing so much to aid private industry, it is difficult to give a satisfactory reason for constructing a furniture factory at Reedsville. It will be hard to make my constituents, who are in the furniture business, believe that this is the way to help them or the industry in which they are interested.

I desire to protest against the carrying out of this project. I hope that the action which was taken authorizing it may be reconsidered and that my constituents may be assured that the project has been abandoned.

Very respectfully yours,

CARL E. MAPES,
Member of Congress.

THE SECRETARY OF THE INTERIOR,
Washington, January 26, 1934.

Hon. CARL E. MAPES,
House of Representatives.

MY DEAR MR. MAPES: This will acknowledge your letter of January 20 enclosing a copy of a letter signed by D. D. Hunting, manager of sales of the Metal Office Furniture Co., of Grand Rapids, Mich., in which he objects to the establishment of a demonstration factory at Reedsville, W.Va.

The factory, which will provide opportunity for employment for approximately 125 stranded coal miners in the region, is being established by the Post Office Department, and I believe that your inquiry for information regarding the project should be taken up with that Department instead of this office.

The coal miners who will be employed are to be occupants of the Reedsville experimental village being established with funds provided by the Subsistence Homesteads Division of this Department. The Post Office Department, however, is assuming full responsibility for the factory and I believe its officials would prefer making an explanation of its purpose themselves.

Sincerely yours,

HAROLD C. ICKES,
Secretary of the Interior.

POST OFFICE DEPARTMENT,
Washington, February 19, 1934.

Hon. CARL E. MAPES,
House of Representatives.

MY DEAR MR. MAPES: The Postmaster General has asked me to acknowledge receipt of your communication dated January 20, 1934, enclosing therewith copy of a letter from the Metal Office Furniture Co., of Grand Rapids, Mich., protesting any action looking to the establishment of a Government-owned factory at Reedsville, W.Va.

There has been inaugurated under the Department of the Interior a homestead-subsistence plan. As an adjunct thereto the Public Works Administration has set aside $525,000 for the construction and equipment of a factory at Reedsville, W.Va. However, construction of the plant has not yet begun.

Sincerely yours,

SILLIMAN EVANS,
Fourth Assistant Postmaster General.

Mr. ARNOLD. I yield 5 minutes to the gentleman from West Virginia [Mr. EDMISTON].

Mr. EDMISTON. Mr. Speaker, my colleague, Mr. RANDOLPH, stated to you in his address that this factory under discussion was in his district. Naturally, therefore, it is not in my district. However, I do know conditions in West Virginia. During the boom times of the World War and shortly thereafter there was a great influx of people from all over the country into our West Virginia coal fields because they could earn from $10 to $15 a day digging coal down there. Now, that day has passed. The mine owners are broke. Those people are out of work. Hearing of this condition, our charming First Lady of the Land, at her own expense, went into the coal fields of northern West Virginia

to investigate and see if those conditions were as bad as she had been told they were. I think it is the most conclusive proof that she found dire conditions existing there when she went back upon three or four occasions, spending her own money, soliciting the aid of her friends to contribute money, that she might send clothes, canning materials, and food to those destitute miners in northern West Virginia. It is her idea, I believe, that this factory should be built there to give employment to 125 of these families who, under this subsistence program of the Department of the Interior, are given 5 acres of land and a home. The object of this factory is to give them part-time employment so that they can pay back to the Government over a period of 20 years for their land and their homes. If those 125 destitute West Virginia miners' families are going to wreck the furniture business of this country, the furniture business is in a very poor position to start with. They are not going to make any furniture to sell to anybody. They are going to make it to put into the post offices of the United States.

If the gentleman from Michigan [Mr. MAPES] will read the CONGRESSIONAL RECORD of Wednesday, February 21, he will find numerous cases cited where furniture manufacturers are renting furniture to the Government for post-office equipment at an exorbitant rental.

Mr. REILLY. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. REILLY. How many destitute miners are there in West Virginia?

Mr. EDMISTON. I do not know, sir. I suppose we have at least 50,000.

Mr. REILLY. What are you going to do for the rest of them? Are you going to erect more factories?

Mr. EDMISTON. We are still working on that job. But, it seems to me, if for no other reason than for the courtesy extended to our First Lady of the land, if this be but a whim of hers, we should carry on and make this homestead project and this factory a success.

Mr. RICH. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. RICH. If the First Lady should happen to be wrong, is that any reason why we should adopt the plan?

Mr. EDMISTON. I do not think the First Lady is wrong, as I have been trying to point out to the gentleman.

Mr. BROWN of Kentucky. Will the gentleman yield?

Mr. EDMISTON. I yield.

Mr. BROWN of Kentucky. I would like to ask the gentleman if it is not a fact that through West Virginia and Kentucky these coal interests, representing big business, have come through that section, have gutted our hills of their coal, and have moved in these workmen and have left them there now to starve, and no matter what business we start them in the cry will be raised that they interfere with workmen in some other State?

Mr. EDMISTON. That is a fact.

The SPEAKER pro tempore. The time of the gentleman from West Virginia [Mr. EDMISTON] has expired.

Mr. ARNOLD. Mr. Speaker, I yield 5 minutes to the lady from Arizona [Mrs. GREENWAY].

Mrs. GREENWAY. Mr. Speaker, I feel that if I believed what those who have already spoken in behalf of the Ludlow amendment believe, I would not stand before you now. We believe one thing or another today. I am before you because I believe this issue is a far broader issue than a furniture factory, the leading lady of the land, or the purchase of one particular commodity. We are not only faced with, but we are well into the experiment of decentralization of wealth, and it has to be accompanied with the decentralization of industry. I feel that I have a great pleasure and a rare experience today. I am speaking about a matter that I know a little about, and that does not often befall some of us more humble folk.

There are 14 of these experiments going on in the United States today. One of the major ones is in my own home State. We have miners. I think it was the gentleman from Wisconsin who asked how many unemployed miners there were in West Virginia. In one county in my home State today we were feeding about 10,000 of our citizens while there were 219 on any known pay roll until the C.W.A gave employment. That is in the copper industry. I refer to this because it is in a sense a parallel. We are treating this experiment as best we can, and we are feeling our way with hope, but with every misgiving, because we know that to succeed, the subsistence homestead must be only a complement to some other earning capacity.

We mean to try it out in Arizona near a railroad center, where men are being rotated in earning capacity, and we hope that those who have part-time work can supplement by growing the things that they must have for subsistence.

In Reedsville, as I understand it, there are 125 stranded miners. Private industry, to my absolute knowledge, was begged to go down to Reedsville and make this experiment. They did not feel they were equipped financially to do so at this time.

Mr. RICH. Mr. Speaker, will the gentlewoman yield?

Mrs. GREENWAY. Certainly.

Mr. RICH. Does the gentlewoman believe that industry is today in position to accept the invitation to go to West Virginia? It has been said that the industry is almost strangled. If this be so, and they cannot get business for themselves, how can they be expected to go to West Virginia?

Mrs. GREENWAY. I think I could best answer that by saying that I believe sincerely, or I would not be standing here today, that this is an issue of a governmental laboratory and that the experiment being made now—mind you, what I say is radical—I think the experiment being made is as much in behalf of private industry as it is in behalf of the unemployed. I think if the Reedsville experiment is not paralyzed at this period, private industry in the furniture business will be enormously helped and we will find that it is an example which will make itself felt effectively and profitably all over the United States. I think that is the purpose of this experiment. [Applause.]

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from Indiana [Mr. PETTENGILL].

Mr. PETTENGILL. Mr. Speaker, I am not interested in any particular factory or the labor record of any particular individual. I have furniture factories in my district concerning which no complaint has been made at any time.

Mr. Speaker, this is a matter of principle, not a matter of men. The issue is Americanism against State socialism. The N.R.A. code adopted by the President of the United States on December 7 with reference to the furniture industry contained a letter from General Johnson. The letter was addressed to the President of the United States. In it this statement will be found:

> The furniture industry is a highly competitive one and the return upon capital investment has been low even in the most prosperous times. In 1928, which probably could be called an average year, the profits were 3.42 percent on sales and 4.07 percent on invested capital.

That is recognition by the Government itself of the fact that the furniture industry has not been getting exorbitant profits and is not to be classed with the financial racketeers.

General Johnson's letter goes on to say:

> The average operating loss in 1932 based on net sales was 20 percent.

That was loss, not profit.

That is from General Johnson. Then the general goes on to say in the letter:

> Several hundred furniture plants have been closed in the last few years.

That is an acknowledgment that the furniture industry is already overbuilt.

But now against the bitter objection of every furniture plant in America and against the positive pledge of the last Democratic campaign platform, which called for the removal of Government from all fields of private enterprise,

except where necessary to develop public works and natural resources, some official of the United States Government proposes to put up another factory in competition with existing factories that are struggling to keep men employed, and taxing them in order to erect a competing plant.

The Reedsville experiment has been defended on the ground that the experiment will not go further, but in another body a gentleman representing the State in which this factory is to be built said that "this is but a small part of a program of infinite magnitude." Mark those words! Are we to understand from this that there is to be a factory built wherever there is a subsistence homestead? Why not have the homesteads near existing factories, as Henry Ford is doing?

The statement has been made that this is a yardstick to measure the cost of post-office equipment. Well, Mr. Speaker, if we are going into the yardstick business—at one half millon dollars per yardstick—then with equal logic the United States Government should erect an automobile plant because it buys automobiles; it should operate a stone quarry in Vermont because it buys marble; a limestone quarry in Indiana to measure the cost of Indiana limestone; it should build a cement mill somewhere as a yardstick for the cost of cement because the United States Government buys cement. Then in addition to that, there are 10,000 other things Uncle Sam buys concerning which he needs a yardstick as much as he needs a post-office furniture yardstick. On that logic we ought to build a sample railroad somewhere to determine whether the Government is paying too much for the carriage of the mails, troops, and military supplies. A long yardstick, this, Mr. Speaker, and an expensive one.

Recent scandals evidence the need of a yardstick to measure costs paid by Government. But that yardstick is old-fashioned honesty, honor, and courage in public life. You cannot obviate the need of these fundamental things by erecting $525,000 yardsticks. Because after you have built the yardstick how do you know that the Government official in charge of the yardstick will be honest? Is dishonesty found only in private life?

On the question of its humanitarian aspect, concerning which we have heard so much, this plant, costing $525,000 will employ 125 men. This represents an average capital investment per man of $4,200.

If we are going into this on a humanitarian basis, then every hungry, starving man in the United States who is out of work, including thousands of skilled furniture workers, is equally entitled to the same consideration as the coal miners of West Virginia. There are at least 8,000,000 men—mostly factory workers—who are as hungry as anyone at Reedsville. But if we then put up factories in every community and township of the United States to employ these 8,000,000 at the same capital cost per man, it would represent an investment of $28,000,000,000 to employ these idle men; and by competing for their markets we then would have closed all the other factories in the United States that are still open and thus create as much unemployment as we seek to cure.

Mr. BUSBY. Mr. Speaker, will the gentleman yield at this point?

Mr. PETTENGILL. I have but a few moments. Mr. Speaker, I decline to yield only because I do not have time.

Mr. BUSBY. I wanted to help the gentleman.

Mr. PETTENGILL. Thanks for the offer, but I have not time.

Referring again to the statement that the public needs a yardstick to measure the costs of private manufacturing of post-office equipment.

But private enterprise throughout the Nation says that it needs a yardstick to measure the costs of public manufacturing in which the Federal Government is already extensively engaged. What is the position of the Secretary of the Interior, for whose honesty and ability I have the greatest respect, what is his position on the demand of private enterprise for a public yardstick?

The Shannon committee, as a result of its investigation of Government competition with private enterprise, has introduced a bill to establish a yardstick of Government costs, a bill to create a system of standard cost accounting and cost finding in Government departments with respect to their multitudinous activities. This is in the interest of economy in government and also to determine whether Government computations of the actual cost of the manufacture of uniforms, shoes, Diesel engines, and some 200 other items, are actually less than private industry would make them for, paying the same wage scales.

That bill is now before the Committee on Expenditures in the Executive Departments where hearings will be resumed next Thursday.

Comptroller General McCarl is for that bill. Secretary Ickes is opposed.

In his report to the committee the Comptroller General says:

> The enactment of legislation to accomplish such purpose will ultimately be necessary if the business of the Government is to be conducted on an economical and efficient basis. * * * This appears to limit the operation of the act to those activities involving manufacturing, construction, reconstruction, and repairs. * * * I confidently believe that through the operation of a proper cost-accounting system there will result economies and advantages that will many times outweigh the cost thereof.

In his report to the committee the Secretary of the Interior says:

> The accounting systems now in force in the Department of the Interior are working satisfactorily and provide all the information necessary for justification of the Budget. To attempt to install a cost system with the additional elements prescribed by the proposed bill would tend toward confusion and not efficiency in government. It would require cost-accounting and cost-finding procedure and results not necessary for Government administration, and would add very materially to the accounting expenses of the Department. I recommend that the bill H.R. 6038 be not given favorable consideration by Congress.

The Secretary says the accounting system in his Department provides all the information necessary for justification of the Budget. In other words, he is talking about a system of fiscal accounting, not cost accounting. He simply says his accounting system is sufficient to show how much comes in and how much goes out. But he opposes a system that would require cost-accounting and cost-finding procedure.

I do not wish to do Mr. Ickes an injustice, but as I interpret his position, he favors spending $525,000 to erect a yardstick to determine if the Government has been paying too much for post-office equipment and opposes a bill to determine the actual costs of Government operation in the factory he would erect. He would apparently erect a yardstick to measure private costs but opposes a bill to measure Government costs. The subsistence homestead matter was in the Public Works program of the national recovery bill. We did not debate this matter 10 minutes last spring when the bill was passed; but it is time to debate it now, if the statement of the distinguished Senator from West Virginia is correct that this is but a small part in a program of infinite magnitude. The time to debate this issue has come.

I wrote to the Comptroller General of the United States on the 19th of January and asked him for a ruling as to whether or not the post-office equipment factory is a public work. Of course it is not. He has thus far declined to answer my question. Therefore I challenge this on the ground also that it is an illegal appropriation of money because it is not a public work.

Let us spend whatever is necessary to relieve destitution, but let us spend it on projects which will not compete for years to come with our own taxpayers. One neglected example of public works is the elimination of railroad grade crossings. We have but started to remove crossing hazards—dangers that will increase with the greater speed of

railroad transportation of the stream-lined trains of the future. This sort of public work, different from some others, creates new income-earning and taxpaying power.

From now on the emphasis should be on loans of working capital to private industry. Public works, however necessary to take up the slack, in few cases liquidate themselves. The Government does not often convert the labor employed in public works into a merchantable product which it can sell and thus obtain cash to meet the next pay roll. The expenditure, therefore, is added to taxes or to the public debt, which is a deferred tax; nor is the product generally taxable. But private industry converts wage payments into a merchantable product which furnishes the money for the next pay roll, and in addition creates wealth that is taxable.

I hope, therefore, that this House will stand firm on this matter. Our position is sound economics, sound Democracy, sound Americanism, and sound politics. [Applause.]

Mr. TABER. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. Goss].

Mr. GOSS. Mr. Speaker, I suppose all the Members of the House are aware of the fact that the First Lady of the land has operated a small furniture factory, and no doubt has gained certain information upon which she desires to have more research done. We know she is interested in building this factory.

The issue before us today is not whether or not the First Lady of the land wants this experimental research, which may prove valuable.

Mr. Speaker, permit me to call the attention of the Membership, particularly those on the other side, to a statement in the Democratic platform that has not been referred to this morning, lest in future they say they did not realize what was happening. First I read the following statement:

> We believe that a party platform is a covenant with the people to be faithfully kept by the party when intrusted with power, and that the people are entitled to know in plain words the terms of the contract to which they are asked to subscribe. We hereby declare this to be the platform of the Democratic Party.

I quote again from the platform—and I see my friend looking at me—from the Democratic platform after the admission that it is a solemn covenant with all the people of the United States:

> To remove the Government from all fields of private enterprise except where necessary to develop public works and natural resources in the common interest.

Muscle Shoals has been mentioned this morning. Muscle Shoals comes within the party platform, but an experiment like this one at Reedsville does not. [Applause.]

[Here the gavel fell.]

Mr. ARNOLD. Mr. Speaker, I yield 5 minutes to the gentleman from Massachusetts [Mr. CONNERY].

Mr. CONNERY. Mr. Speaker, this is a very interesting debate. It seems to center around the question of whether or not, by concurring in these amendments, the Government is going into business in competition with private industry.

I think the general consensus of opinion amongst the labor men with whom I have talked on this question is that this experiment Mrs. Roosevelt wants to start down in Reedsville is not going to interfere in any way with organized labor or employed workers throughout the country.

It is going to do some good in that it will take care of these stranded miners who have no work whatsoever after invitations were given to private industry to come in there and start such a factory.

Mr. WOODRUFF. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Michigan.

Mr. WOODRUFF. Can the gentleman tell me how many miners are unemployed in this section now?

Mr. CONNERY. No; but we could get that from the gentleman from West Virginia [Mr. RANDOLPH], and I will yield to him to give the information.

Mr. WOODRUFF. I am informed that there are 50,000 unemployed miners in that section.

Mr. RANDOLPH. Not in the section. In the State.

Mr. WOODRUFF. How many in the particular section where it is proposed to erect this plant?

Mr. RANDOLPH. I expect about 10,000.

Mr. WOODRUFF. This particular appropriation is made for the purpose of spending $500,000 to furnish employment for 125 out of the 10,000 unemployed?

Mr. RANDOLPH. Yes.

Mr. CONNERY. May I say to the gentleman that we are spending many millions of dollars in order to put 4,000,000 men to work on the C.W.A.

Mr. WOODRUFF. The gentleman knows very well that of these 10,000 unemployed miners down in West Virginia many of them could have been earning money under the C.W.A. if they would accept such employment.

Mr. CONNERY. If the gentleman had a house that he had spent $5,000 on and that he spent his whole life's savings in getting, he would not be given work in the C.W.A. If a gentleman has any property or real estate worth $5,000 and tried to enlist in the C.W.A. they would not let him in.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. CONNERY. I will in a few moments.

Mr. WEIDEMAN. In the city of Detroit that rule does not prevail.

Mr. CONNERY. Well, that rule prevails up in my section of the country. Relative to the amendments now before us, may I read this statement made by Mr. Evans, Fourth Assistant Postmaster General:

> The plan did not contemplate expansion which would permit the Government to manufacture up to its demand, but only sufficient quantities to provide the employment required by the homesteaders of the Reedsville project. This employment will only supply a fraction of the total equipment requirements of the Post Office Department under the present demands, and all requirements in excess of the limited output of the plant will have to be purchased in the open market in the usual manner.

In other words, it seems to me, to come right down to this proposition, the First Lady of the Land wants to try an experiment in Reedsville that is going to put some people to work and organized labor cannot see any objection to the experiment. This is not interfering with organized labor or the unemployment situation in the country. I feel I am stating the position of labor, however, when I say that if this was to be a policy of the Government to set up factories all over the United States to manufacture various articles for the Post Office Department, then organized labor would be opposed to it. But labor, I feel sure, is not opposed to this project.

Mr. O'MALLEY. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Wisconsin.

Mr. O'MALLEY. I know the gentleman is a very good friend of labor and I think I am just as good a friend of labor as he is. If the gentleman is going to take a page out of Karl Marx's discussion of a Total State—Wage, Labor, and Capital, why does the gentleman not begin with the natural resources of the country and have the Government take over the mines, which are natural resources, and put these fellows to work in the mines instead of building a factory down there in order to put the men to work?

Mr. LUDLOW. What assurance has the gentleman that this is not the beginning of a general policy on the part of the Government?

Mr. CONNERY. From what the Fourth Assistant Postmaster General says. It is a policy the Government has already followed. You have your plant equipment factory now.

Mr. LUDLOW. Administrations come and go. This administration cannot bind all future administrations.

Mr. CONNERY. You have had the same policy of the Government in the past. This is to try an experiment at Reedsville.

[Here the gavel fell.]

Mr. ARNOLD. I yield the gentleman an additional 1 minute.

Mr. SHANNON. Will the gentleman yield?

Mr. CONNERY. I yield to the gentleman from Missouri.

Mr. SHANNON. Are Lynn and Essex Counties in the gentleman's congressional district?

Mr. CONNERY. Yes.

Mr. SHANNON. Has the gentleman heard of the resolution adopted by the grocers of that community appealing to Senators COOLIDGE and WALSH to take the grocery store and the restaurant out of the post office in Minneapolis?

Mr. CONNERY. Yes.

Mr. SHANNON. Does the gentleman think it is right for his constituents to go to the rescue of the people of Minnesota and then establish a factory down in West Virginia?

Mr. CONNERY. May I say to the gentleman that there are no restaurants in the post offices in my congressional district.

Mr. SHANNON. But there is one in Minneapolis, and the gentleman's community appealed to the two Senators from Massachusetts to go to the rescue of the people of Minneapolis and have the grocery store and the restaurant taken out.

Mr. CONNERY. I do not believe there should be restaurants in post offices.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 5 minutes to the gentleman from Ohio [Mr. COOPER].

Mr. COOPER of Ohio. Mr. Speaker, I am not so much concerned about what the Government factory is going to manufacture at Reedsville, W.Va. It is the principle of the thing that I am opposed to. I think it is fundamentally wrong for the Federal Government to go into competition with private enterprises and free labor. We had the Shannon report submitted to Congress not so very long ago, and if you will examine this report you will find that for the last 10 years the Government has been more and more every year entering into competition with industry and business until today they are competing with private industry and labor in 125 different manufacturing and business institutions.

Mr. PETTENGILL. Two hundred.

Mr. COOPER of Ohio. Two hundred. What justification is there today for the Federal Government to establish a factory to be put in operation in competition with private industry and labor on the outside? Only a few days ago President William Green of the American Federation of Labor made the statement that in the United States today there are more than 10,000,000 unemployed, exclusive of those who are now working on the C.W.A. Yet today this House has a proposition before it to erect a Government factory, in which the Government is going to go into competition with private industry and labor scattered from one end of our country to the other.

Oh, I listened to my friend, Mr. CONNERY, a few moments ago, and there is no better friend of labor in the United States than the gentleman from Massachusetts [Mr. CONNERY]. He did not come out and say point blank that the American Federation of Labor has endorsed this project. He said he did not believe they had any objection to it. I wonder how my friend, Billy, would vote today if they were going to manufacture shoes at Reedsville. I wonder what he would have said then.

Mr. CONNERY. I would be glad for them to do the same thing right in Lynn, Mass., if it would put the people to work that we cannot put to work in any other way.

Mr. COOPER of Ohio. But what about the unemployed in Lynn, Mass., if the Government were to start a shoe factory in Reedsville in competition with your industry at Lynn? Would not the gentleman be opposed to it?

Mr. CONNERY. We are going to take care of that with the 30-hour-week measure.

Mr. COOPER of Ohio. Answer that question. The gentleman would be opposed to it, would he not? Of course he would.

Mr. TRUAX. Will the gentleman yield?

Mr. COOPER of Ohio. I only have a minute, and I hope the gentleman will excuse me.

Industries all over our country have been operating at a loss the last 3 years. There are industries in my own congressional district that have operated for the last 3 years at a loss of more than $60,000,000. They have suffered this loss in order to try to keep their plants working in an effort to give a few men work. I cannot understand why the Government at this time, above all others, should spend $525,000 in order to go into competition with free labor and private industry.

There seems to be a general feeling, whether we like it or not, that the Government is slowly creeping in and encroaching upon private business and industry. They are trying to stop production of certain commodities in our country at the present time. They are advocating that certain industries be closed down because they say we have overproduction in certain lines, and yet we find them coming in here today and asking us to appropriate $525,000 to establish a Government industry that is going to come in competition with free labor and private industry in our country today.

Mr. MAY. Will the gentleman yield for a question there?

Mr. COOPER of Ohio. Yes.

Mr. MAY. Is it not a fact that right at the time when private industry is down on its back, is the very time the Government is apt to make its greatest intrusion upon such industry?

Mr. COOPER of Ohio. Certainly, and there is another thing involved in this proposition. It is not necessary for me to tell this House that for every industrial plant which the Government erects or for any business it goes into, created with public money, men who operate private industry and employ free labor have to go down in their pockets and in part, through taxes, pay for the construction of the Government industry, which will go into competition with them. [Applause.]

[Here the gavel fell.]

Mr. ARNOLD. Mr. Speaker, I yield 5 minutes to the gentleman from Tennessee [Mr. BYRNS].

Mr. BYRNS. Mr. Speaker, gentlemen who oppose this motion seem to have proceeded upon the idea that it is a new theory in the policy of the Government with reference to our postal supplies.

The mail-equipment shops were first authorized in 1899, under the administration of President McKinley, who came from the State represented, in part, by my friend, the gentleman who just preceded me.

For a number of years the Department has been manufacturing mail bags in one of the great United States penitentiaries.

This is not a proposition to compete with private business, as I understand it. It is not going to be a very large factory. It is only going to employ, probably, as the gentleman from West Virginia [Mr. EDMISTON] stated, about 125 persons; and, as one of the Members stated this morning, if the work done by these 125 men is going to be sufficient to destroy all the furniture factories or all those factories which are producing post-office equipment, then those companies are in a rather bad way.

As I understand it, this factory is to be devoted to what might be called the "simpler part of manufacturing"; in other words, screen-line equipment and locks. This is under the jurisdiction of the Fourth Assistant Postmaster General, who will have the authority to indicate just how much of one and how much of the other will be produced. I am very certain the Fourth Assistant Postmaster General, the Postmaster General, and the administration are not going to take any step or pursue any policy which will interfere with private business. It is to be a great laboratory, so to speak, in which these two kinds of postal equipment will be manufactured, not only for the benefit of these people down at Reedsville, who are in distress and who need employment, but for the purpose of giving the Government the right to manufacture a small portion of this equipment at

its factory and supply those post offices which are now being supplied by the Government itself.

The Government is not going to sell a single thing manufactured at Reedsville. What it manufactures there will be used for its own purposes and, as I have said, only to a very limited extent compared with the total amount manufactured.

Mr. PETTENGILL. Is the Government manufacturing wood furniture anywhere at the present time?

Mr. BYRNS. I do not know that it is.

Mr. PETTENGILL. It is not.

Mr. BYRNS. I think not; but I submit to my friend that this is quite a different proposition. The Government here is manufacturing only that part of the postal equipment which is used by it and is not manufacturing for the purpose of competing with private industry in the sale of whatever it manufactures or produces.

Mr. PETTENGILL. But to that extent it deprives private manufacturers of a market, does it not?

Mr. BYRNS. As I have just stated, I will say to my friend from Indiana, it does not occur to me that a small factory, which employs 125 men, cannot do any serious damage or injury to those great concerns which are now engaged in this particular business.

Mr. LUDLOW. Will the gentleman yield?

Mr. BYRNS. I yield to my good and genial friend from Indiana.

Mr. LUDLOW. I want to make a statement to my leader and ask how it appeals to his humanitarian heart. The establishment of this factory will throw out of employment and, perhaps, into the bread lines and on the charity lists at least 150 workmen in the city of Indianapolis. I wonder what the gentleman thinks of that.

Mr. BYRNS. There is no doubt in my mind that the gentleman is thoroughly convinced that will happen——

Mr. LUDLOW. I know it will happen.

Mr. BYRNS. Of course, the gentleman is in position to know more about it than I do, but I doubt very much whether the character of equipment manufactured in this little factory down at Reedsville is going to serve to throw anybody out of a job.

But if you do this it will serve to show just what this furniture can be made for, and it will be helpful to the Government in determining the prices to be paid for such furniture in the future. [Applause.]

Mr. LUDLOW. Mr. Speaker, I yield 5 minutes to the gentleman from North Carolina [Mr. UMSTEAD].

Mr. UMSTEAD. Mr. Speaker, I think at this time in the discussion of this motion it might be well to get the facts clear. I do not think for one moment we ought to come to the conclusion that what we do about this amendment will necessarily have any effect on the construction of a furniture factory at Reedsville, W.Va. The $525,000 allocated by the Public Works Administration for the purpose of building said factory has already been transferred to the Post Office Department, and I know of nothing in the amendments now under consideration which would prevent the building of said factory; however, the issue involved in these amendments is whether or not $804,500 of the taxpayers' money of this country shall be used for the purpose of operating the furniture factory at Reedsville, W.Va. It is not a subsistence homestead proposition. It is not a matter of an individual manufacturer in the city of Indianapolis. It is not merely a proposition to deal in a humanitarian way with 125 unemployed coal workers in Reedsville, W.Va., and it is not merely a proposition of manufacturing mail sacks for the United States. It is far more than any of these in its importance. It presents the direct issue as to whether or not the United States Government is going to make a direct investment of Government capital in a private industry.

No community, no industry, and no State in this great Nation has a monopoly on unemployment. It is everywhere, in every community, and in every State. Let us look at the two industries for a moment. I quote the following figures furnished from the statistics of the Department of Labor and invite the attention of the gentlewoman from Arizona and the Chairman of the Committee on Labor, the gentleman from Massachusetts, to these figures. In 1933 employment in the anthracite-coal-mining industry was 51.7 percent, and the average pay rolls 45.8 percent. In the bituminous-coal industry the average employment in 1933 was 67.9 percent, and the average pay rolls 37.8 percent. In the furniture industry in 1933 the average employment was 50.4 percent, and the average pay rolls only 27.6 percent. Is the Membership of the House going to say by the vote on this issue that the United States Government ought to put unemployed coal miners in the furniture business when the furniture industry is worse off than the coal-mining industry? It is a clear-cut proposition of "robbing Peter to pay Paul", when Peter's condition is worse than Paul's. It is conceded that one of the main purposes of the N.R.A. is to prevent expansion in any industry in which there is an excess of productive capacity. It is well known that this condition exists in the furniture industry. This proposal seeks to reverse the policy of the N.R.A.

Mr. WEIDEMAN. Mr. Speaker, will the gentleman yield?

Mr. UMSTEAD. Yes.

Mr. WEIDEMAN. If the Government wants to make a yardstick of the cost of making furniture, would it not be much cheaper to buy some factory already established?

Mr. UMSTEAD. Of course it would. In my State of North Carolina, in High Point and Winston-Salem, and in the State of Virginia, at Lynchburg, there are completely equipped furniture factories that the Government can now buy for about 20 percent of the actual cost of construction.

Perhaps the most important phase of the matter, however, is the dangerous precedent which this act on the part of the Government would establish in this country. The furniture industry is a private industry. If the Government builds and operates furniture factories, then why could not the Government build and operate cotton factories, hosiery mills, steel mills, or any other private industry in this country? Such a thing is almost unthinkable; such a precedent is exceedingly dangerous. I think there was no such intention at the time the act was passed appropriating funds for public works.

I do not question the humanitarian purpose of those interested in this project. I do seriously question the wisdom of the project. I do not question for a moment the suffering among the unemployed coal-mine workers. They have my sympathy, and I should like to see all of them gainfully employed, but it ought not to be done at the expense of the unemployed furniture workers of this country. The broad recovery program of this administration is seeking not to help one group at the expense of another group, but along broad lines is trying to bring aid and relief to all classes of our unemployed. To this end the N.R.A. was set in motion. Its progress ought not to be impeded and hampered by the contradictory acts of other agencies of the Government. This proposal is a flagrant example of the failure of the separate departments of the Government to cooperate with each other and to harmonize their activities along all fronts of the recovery battle, in order that the gains may be consolidated and the lines of progress may be held. I, therefore, register my objection to this proposed project.

It would be a discrimination against a great industry in my State; it would be a discrimination against thousands of unemployed furniture workers in my State and all over this country; but greater than all of these objections is the fundamental one that the United States Government in its present form cannot hope to relieve the unemployment of America by the direct investment of Government capital in an overcrowded private industry for the purpose of relieving unemployment in another industry. It is wrong in principle, and if carried to its ultimate conclusion would disrupt and destroy the industrial and social life of America. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from North Carolina has expired.

Mr. UMSTEAD. Will the gentleman from Indiana yield me more time?

Mr. LUDLOW. I am sorry, but I have no more time to yield.

Mr. UMSTEAD. What about the gentleman from New York [Mr. TABER]?

Mr. TABER. I have no time.

Mr. UMSTEAD. Then, will the gentleman from Illinois [Mr. ARNOLD] yield me a minute?

Mr. ARNOLD. I yield the gentleman 1 minute.

Mr. UMSTEAD. In that minute I want to say this: I am not ashamed to stand here and say that the furniture industry is a great industry in my State. I am not ashamed to say that this proposal is an injustice to the unemployed furniture workers in my State and in every State which has a furniture factory. There is no guaranty that this factory at Reedsville will not make furniture. I have been at every meeting of this House except one since the special session was called. I have great admiration and respect for my majority leader and for the Chairman of the Committee on Labor, but never in my life have I heard them support a measure that came on this floor with less zeal or fervor than they have this proposition today. [Applause.]

The SPEAKER pro tempore. The time of the gentleman from North Carolina has again expired.

Mr. TABER. Mr. Speaker, I yield 2 minutes to the gentleman from Massachusetts [Mr. Foss].

Mr. FOSS. Mr. Speaker, the district that I represent is a highly industrialized section, and several of the towns in it are maintained solely by the furniture business. One city in my district of 20,000 people, the city of Gardner, is probably 75 percent maintained by the furniture business. One concern in that town has made furniture for the Post Office Department for many years. I have no doubt they could furnish all of the furniture that the Post Office Department would require. As a matter of fact, since this project was launched I have had a letter from one of the foremen of that factory who is looking for a position in the new factory in West Virginia. This fact alone would indicate that this measure would be detrimental to the business interests I represent.

Now, let us look at the practical side of this proposition. We all agree, I think, that the principle is wrong. The practical side of it is this: How are you going to take men out of a coal mine and successfully build furniture? I should like to have someone inform me on that point.

Mr. RANDOLPH. These coal miners are first of all mountaineers who were lured from their farms into the mines because of the high wages paid, and they are skilled workers in wood.

Mr. FOSS. Were they building furniture up on the farm? I do not think so. Mr. Speaker, this is just a proposition to further the socialistic program that has already been launched by this administration. [Applause.] And remember this, every desk, every table, every chair, every screen you manufacture in a Government factory destroys just so much labor in a long-established private factory now doing business. I am opposed to these socialistic doctrines. I am concerned in the preservation of American business for American labor.

Mr. LUDLOW. Mr. Speaker, I yield 4 minutes to the gentleman from Ohio [Mr. KLOEB].

Mr. KLOEB. Mr. Speaker, I rise for the purpose of supporting the House conferees who disagree with the Senate on the Ludlow amendment. I come from a district where there are six furniture factories at this particular time, at Celina, Ohio, St. Marys, Wapakoneta, Piqua, Spencerville, and Tippecanoe City. It is my understanding that the Secretary of the Interior has allotted the sum of $525,000 for the purpose of purchasing a site and erecting a furniture manufacturing plant at the little town of Reedsville, W.Va., a town of approximately 400 population. He does not apparently recognize the fact that in this supposedly humanitarian move he is not reemploying men, but is simply shifting skilled labor. You cannot take from the mines of West Virginia men who are not skilled with woodworking machinery and place them in this highly specialized table and miscellaneous wood-manufacturing concern and expect them to operate efficiently. They cannot do that. My friend from Massachusetts [Mr. CONNERY] would have you believe that the American Federation of Labor, at least he so says, does not oppose this move. You cannot tell me that the great American Federation of Labor will throw its comforting arms around the shoulders of the unemployed down in the mines of West Virginia and with the same gesture turn its back upon the unemployed woodworkers whom I have known for these 3 or 4 years to be unemployed, with dependent wives and children. They will not do that. They cannot do that if they are true to labor throughout the country.

Mr. PETTENGILL. And the gentleman knows that the American Federation of Labor has always opposed Government manufacturing operations when they have been confined to penal institutions.

Mr. KLOEB. Exactly.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. KLOEB. Yes.

Mr. COX. Has the gentleman heard anyone supporting this proposition contending that the Government can manufacture this equipment as economically as it can buy it from private furniture concerns?

Mr. KLOEB. Let me get to that. Seven years ago there were 4,000 manufacturing plants engaged in the manufacture of furniture in the United States. Today approximately 50 percent, or 2,000, of those plants have gone by the wayside through receiverships and foreclosures. Of the remaining 2,000 plants approximately 1,000 are idle today. Many of these plants were located at Jamestown, N.Y., and Grand Rapids, Mich., and at various other points throughout the United States, where large plants were maintained. Northwestern Ohio particularly has been noted for its activity in the furniture-manufacturing industry.

Mr. COX. The Government has one of these manufacturing plants at Jefferson, Ind., making saddles for experimental purposes, at a cost of nearly $100, when you can buy the identical saddle in the open market for $30, and making regimental flags at a cost of $600, when you can go and buy them from private concerns at a little more than $30.

Mr. KLOEB. Yes; and I predict that the same condition will obtain in respect to this factory in the course of a year after it begins operation.

The furniture manufacturers' code entered into under the provisions of the National Industrial Recovery Act contains a provision that no existing furniture plant may operate on more than one 8-hour shift per day. This was designed for the very reason that there still remains vast overproduction of furniture. An attempt was thereby made to curtail this production in an endeavor to maintain prices on a basis on which existing industries could survive.

If it is the desire of the Secretary of the Interior, through the construction and operation of the Reedsville plant, to maintain it as a yardstick for the fixing of furniture prices, I desire to say that the history of purchases upon the part of the Government in the past in connection with post-office equipment has been very different from the history of airplane purchases for the Army and Navy. I have a letter in my possession from the largest manufacturing plant in my district, which states that on several occasions in the past they have figured on Government contracts and in each case added to the cost of labor and material only a part of the normal overhead, and yet in each instance were 10 to 15 percent above the lowest successful bidder.

There can be no question but that the Government can buy its equipment for the post offices on a competitive basis at a lower cost than it can manufacture it. The larger plants of the country are speeded up to a high degree of efficiency, are equipped with the latest design of machinery,

and employ men who have had a lifetime of training in the manufacture of furniture. If the plant at Reedsville were constructed and placed in operation, it must necessarily draw from the surrounding territory for its skilled labor. This would mean merely the removal of certain skilled labor from existing plants to the new venture at Reedsville. This would be detrimental to the industrial communities where plants are now located, and would result merely in a shifting of population and not in an increase of employment.

The Government may just as well purchase coal lands in the vicinity of Reedsville, open new coal mines and thereby further demoralize the completely demoralized and overcapacitated coal industry in order to give employment in the particular section where the new mines are opened and where coal miners are out of work. It is just as logical as establishing a new Government-owned furniture plant at Reedsville, W.Va.

The Ludlow amendment, heretofore adopted in this House, expresses the intent of the Members that no part of the appropriation carried in this bill should be used to finance the operation and maintenance of the proposed new plant at Reedsville. It is my understanding that a site has been purchased at Reedsville, but that construction of the factory has not as yet begun. Let us stand by the previous action of this House and of its conferees and refuse to permit any part of the appropriations contained in the Post Office bill to be directed toward the operation and maintenance of this plant, and thereby stop its construction entirely. By so doing we will assist in permitting furniture plants that already exist to operate in sorely stricken industrial centers and help them to operate on a profitable basis and furnish taxes for the upkeep of the various functions of the Government.

The SPEAKER pro tempore. The time of the gentleman from Ohio has expired.

Mr. LUDLOW. Mr. Speaker, I yield 2 minutes to the gentleman from Indiana [Mr. GRISWOLD].

Mr. GRISWOLD. Mr. Speaker, I am sorry to have to part company with the Chairman of the Committee on Labor. I have followed him to defeat so often that it has become almost a habit. [Laughter.]

We have heard a great deal here in behalf of the destitute miner in the district of the gentleman from West Virginia [Mr. RANDOLPH]. We have heard of the horse and the 5 acres of land and the home which they have. I wish the gentleman could come up into the furniture manufacturing districts of Indiana, where they lack those 5 acres of land and home which they have down in the gentleman's district.

Mr. RANDOLPH. Will the gentleman yield?

Mr. GRISWOLD. I do not have time. I wish the lady from Arizona [Mrs. GREENWAY], who told us the story of the bishop who asked grace after the plate of soup, and then continued his dinner, could go up into homes in northern Indiana, where, when they say grace after the soup, they know they have finished their meal. We have them in my home town, thousands of furniture workers, out of employment, entitled to employment, just as destitute as they are any place else in these United States. If we are to establish a furniture factory down at Reedsville to feed the destitute miners and teach them to manufacture furniture, then I hope you gentlemen of this Congress will open a mine at Reedsville to give employment to my destitute furniture workers. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 2 minutes to the gentleman from Pennsylvania [Mr. RICH].

Mr. RICH. Mr. Speaker, we have heard many phases of this situation discussed with reference to building the furniture plant at Reedsville, W.Va. We have heard the question of decentralization of wealth, and the question of whether we should put this plant in the hands of the Government. I am opposed to crooked politics, and I am opposed to crooked business men; but, gentlemen, there is one phase of this situation that has not been dwelt upon, and in the 2 minutes I have, I am going to give that to the business men of this country; that is, the men who have given employment to workers. We are trying to do something against the business interests of the people of this country in the passage of this amendment; we are making this a socialistic government.

If we are ever going to give labor an opportunity to work, you must give the business men a chance to do something. You would not invest $100 in any business we have in this country today, because you feel you would lose your money. Still you want the business men of this country to give employment to people who want jobs. I tell you that whenever you hamstring the business men of this country to the point where they cannot give the workers a job, you have killed this country. If we, as politicians who are sitting around this Congress, were as good business men as we are politicians, we would pull this country out of the hole and do it in short order. The best brains that we have in this country are business men, and yet we stand around here and damn them because a few bankers and a few business men have been crooked. Business men are not a bit more crooked than the politicians. [Applause.] If you would give a little consideration to those men who have given employment in this country, we would soon lift ourselves out of this hole and make our country a better place to live. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 2 minutes to the gentleman from Connecticut [Mr. MERRITT].

Mr. MERRITT. Mr. Speaker, in the 2 minutes I have, I want to call attention to what looks like a discrepancy in the figures. It is proposed to take $525,000 and build a factory to employ 125 men. I know enough about manufacturing to know that that is a wild extravagance in the way of expense. So it makes me believe that those people who really have this project in charge expect to start with 125, but like all Government projects, it will always grow. They will always want to employ more men.

I do not know whether you appreciate that almost all the post offices in this country are built by private people who own the buildings and rent the room to the Post Office Department, and the owners must put in the furniture. When this furniture factory gets ready, you will find that when the Post Office Department rents a building they will say, "Irrespective of the price, you must buy your fittings from Reedsville." [Applause.]

You cannot dissociate business and politics. If you are going to have a Government factory, you will have politics in it, I do not care whether it is under Republican or Democratic regime. So, I say to you, gentlemen, do not believe that when you have appropriated $525,000 you are through; or that when you have employed 125 men competing with private industry, you are through, because both the appropriation and the employment and the interference with private business will continue and increase.

Mr. COX. Will the gentleman yield?

Mr. MERRITT. I yield.

Mr. COX. Did the gentleman ever know in his experience of the Government laying its hand to the doing of a thing that it did not cost the people at least twice the sum it would have cost if the Government had gone into the open market and supplied its needs?

Mr. MERRITT. I never did. I could give a great many instances of that if I had the time.

[Here the gavel fell.]

Mr. ARNOLD. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. MEAD].

Mr. MEAD. Mr. Speaker, this seems to me to be an excellent opportunity for one conversant with post-office affairs to make a point which, I believe, will be helpful to the House in this debate and to legislation which we are endeavoring to have approved. As a general principle, I am in favor of the legislative philosophy submitted by my good friend from Missouri [Mr. SHANNON] in his recent

report. I object strenuously to the Government's interfering with business when business is giving to the Government its goods and material on a fair, honest, and reasonable basis. We have invaded too many fields already. But the furnishing of supplies to the post office, in some instances, presents an entirely different problem.

The question was just discussed as to whether or not there was ever an instance where the Government went into business which did not turn out to be disastrous from the standpoint of the taxpayer. In 1798 the Post Office Department went into the business of manufacturing accessories for the Post Office Department. We were not in the business very long before the saving in 1 year amounted to $62,258, which was a very large percentage of saving, because at that time the volume of work was very small.

We find there are certain lines of material and equipment which can better be manufactured by the Post Office Department than by any outside agency. We have mail-bag depositories located all over the land, and we repair mail bags in these places cheaper than they can be repaired by any private equipment company.

In 1899, by legislative enactment, we created the first equipment factory and located that establishment here in the District of Columbia. They have manufactured and repaired locks, locking-cord fasteners, brading machines, and canceling machines. In this work the Government saves money.

A few days ago we presented a bill which if enacted would require the Post Office Department to install or pay for the equipment used in third-class post offices. We furnish the equipment in first- and second-class offices, and we give an allowance for equipment in fourth-class offices. There are less than 2,000 third-class offices in which we furnish the equipment. In the rest of the third-class offices the postmasters have to buy their equipment, pay taxes on it, and then turn their revenues over to the Post Office Department, receiving nothing in return. It is unfair. We are informed that by reason of the lack of competition of those in this particular business that our postmasters are forced to pay exorbitant prices. Here is an opportunity for the Department to stop this profiteering.

I am for business, yes; honest business; but I really believe that the Government could well afford to furnish standard equipment for third-class post offices. It is not necessary for the Government to manufacture furniture, chairs, tables, and desks, but it is necessary to break up this evil combination in order that we may get a square deal from business. [Applause.] We will be able to determine for ourselves in our factory which will manufacture only a very small percentage of the equipment used whether or not we are being treated fairly by the various manufacturing plants selling their wares to the Government. If this authorization limited the production of this factory to equipment for small post offices, it would be more acceptable.

A case that has just come to our attention is that of Stephenville, Tex., where the equipment which has been in use for the past 10 years belongs to an equipment company, being rented to the lessor of the quarters for the sum of $630 per annum. The post-office inspector assigned to the new lease case values the equipment today at $1,500. It is estimated that the equipment could have been purchased new by the Department at the beginning of the lease period for approximately $3,000. The rental of the equipment by the lessor has, of course, been taken care of by the Department throughout the 10-year period by the annual rental. It will be seen, therefore, that the Department has actually paid indirectly $6,300 for this equipment.

In negotiating for an extension of the lease an effort was made to have the equipment company reduce the rental on the equipment. That company offered a reduction of only $150 per year, claiming that it was paying approximately $270 per year in taxes. Post Office Inspector Page, in a report dated January 9, 1934, states that he was advised that the taxes on the equipment are actually only about $75 per year. Furthermore, local authorities informed the inspector that they had been trying to collect 2 or 3 years' back taxes from the equipment concern and that the company has paid no taxes since the equipment was installed 10 years ago. It is possible that an investigation of this last feature in all your lease cases may develop some very interesting information.

[Here the gavel fell.]

Mr. LUDLOW. Mr. Speaker, I yield 3½ minutes to the gentleman from Missouri [Mr. SHANNON].

The SPEAKER pro tempore (Mr. PATMAN). The gentleman from Missouri is recognized for 3½ minutes.

Mr. SHANNON. Many things confront Congress, in its dealings with bureaucracy and the bureau heads, that seem strange. For example, the Fourth Assistant Postmaster General in the last administration was a man engaged in the restaurant-equipment business, and still he testified before our committee that he knew nothing about the establishment of restaurants in post-office buildings.

The Seventy-second Congress voted down an appropriation of $750,000 for the equipment of restaurants in post offices. A gentleman who stood on the floor today advocating this measure stood on that occasion and said he favored the equipment of restaurants in post-office buildings because it would make it just a little easier for the employees to buy their hot dogs and wienerwurst. The reasons offered today for this enactment are as frivolous as were those offered on the other occasion mentioned. The Seventy-second Congress refused that appropriation, and thereby saved the taxpayers $750,000. There has not been a dollar appropriated for restaurant equipment since Congress took that position.

If you refuse to approve this proposition today, you will hit the bureaus a mighty blow in their efforts to compete with private enterprise.

You are told that this is an experiment. All I can say is that if we are going to experiment with miners in West Virginia, we want experiments up our way also, as almost all the miners in Missouri are out of work today. Furthermore, if the idea is to make of West Virginia a modern Island of Utopia, for heaven's sake make one of Missouri as well.

Mr. Speaker, I know of no better way to present this question than to read into the RECORD a most eloquent appeal from a citizen whose industry is threatened by this proposal.

Mr. COX. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. COX. If the gentleman will permit an interruption, in Jeffersonville, Ind., we embarked the Government into the experiment of making tables and frying pans. The result was a tremendous loss to the Government.

Mr. SHANNON. Yes. The gentleman from Georgia realizes that the record of the investigation of our committee, of which he was a member, consists of 37 volumes of typewritten testimony and 7 volumes of exhibits, and almost every word in those volumes condemns the Government's competition with private enterprise. We heard over 600 witnesses and found the Government to be engaged in something over 200 competitive activities. Our report was unanimous in its recommendation that the Government cease engaging in activities of this kind. But with only 3 minutes' time it is utterly impossible for me to fully discuss the subject.

I shall consume the rest of my time by reading the letter, to which I have already referred, from Mr. W. C. Helmers, secretary of the Helmers Manufacturing Co., a furniture industry founded by a business man of the old school, with factories in both Kansas City, Mo., and Leavenworth, Kans.:

MY DEAR MR. SHANNON: The body of this letter may seem as being a useless offering to one whose position on a matter of this kind is so well known. I reproduce it to indicate to you the tenor

of the letter which we have written to the congressional delegation of both Kansas and Missouri.

Our company has a large investment in a furniture-manufacturing plant, and in a wholesale business, engaged in the distribution of furniture. This has been built up through the efforts of this family over 60 years. We feel that such a success as our efforts may have had has been a contribution to the economic development of this community, and we feel that we are entitled to be protected from the competition of the Government through its engaging in the manufacture of furniture. We have already suffered severely from the competition of many States who manufacture furniture in institutions.

Our industry has an excess capacity. A considerable portion of its present volume is Government business. To increase the capacity through Government participation, and at the same time reduce the demand upon existing capacity through withdrawal of Government business, will be cutting away at both ends. Undoubtedly some factories, if they were deprived of the present Government business, would have to discontinue their operations.

Our industry is operating under a code. A provision for a limitation on plants and equipment was eliminated from the proposed code in order not to discourage the erection of new plants by private capital. This should certainly entitle private plants to such business as does exist.

A belief that the Government favors rehabilitation of privately owned and operated industry as a political as well as an economic principle will certainly not be furthered by the Government itself engaging in business. It is the belief that the Government cannot produce furniture as economically as it can be bought, since many factories take Government business to absorb overhead and expect little or no profit. I believe it is further pretty well sustained that ordinarily Government operations do not produce cheaper than privately owned operations.

Not wanting to be facetious, we nevertheless believe it would be as reasonable for the Government to drill in North Carolina and elsewhere where the presence of coal is suspected, and employ idle furniture workers for that purpose as it would be to erect furniture factories for the purpose of employing miners. We have plenty of both mines and furniture plants.

Mr. RICH. Mr. Speaker, will not the gentleman from Indiana yield another half minute to the gentleman from Missouri that I may ask him a question?

Mr. LUDLOW. Mr. Speaker, I yield an additional one half minute to the gentleman from Missouri.

Mr. RICH. Mr. Speaker, will the gentleman yield?

Mr. SHANNON. I yield.

Mr. RICH. I have a letter here from the Crosby Co., of Buffalo, N.Y., which manufactured 39,000,000 links. The Westerville Arsenal is now manufacturing them. This concern is in the district represented by the gentleman who preceded me. What would be the answer of the gentleman from Missouri in reply to this statement that the Government at the Westerville Arsenal is manufacturing these links now and has put this company out of business?

Mr. SHANNON. That would be another experiment. [Laughter.]

[Here the gavel fell.]

Mr. ARNOLD Mr. Speaker, I yield 5 minutes to the gentleman from Kentucky [Mr. BROWN].

Mr. BROWN of Kentucky. Mr. Speaker, it is strange to me that in this Nation of ours we could have gone through so much and have learned so little, as has been demonstrated by the arguments on the floor of the House this afternoon. It has not been over 12 months ago that some 160 of us were inducted into office, and we came here with every bank in this Nation closed. We came here with twelve to fifteen million people unemployed. We came here as the chosen representatives of the people to work out a new day and a new deal. I regret to say that a portion of our Membership on this side of the House are allowing themselves to be stampeded into the procession that is headed by the gentlemen over here who have represented for 12 years the very thing that brought this Nation to the threshold of despair. [Applause.]

I grant that you have some pressure brought on you from back home, but the thing that this administration is doing better than any other is to still the voice of small minorities. It has gone to work to set up legislation for 120,000,000 people instead of some few home-town manufacturers. Whose voice did you hear in this letter that has just been read? It was the voice of the man who wants to make some money.

Mr. SHANNON. He has the right to do so.

Mr. BROWN of Kentucky. Why certainly he has. The gentleman has had his say without interruption on my part, and I should like to proceed. You and I came here as the representatives of 120,000,000 people, not as the representatives of a little furniture manufacturer. May I say to you that I have some people in my own State who manufacture furniture. I do not want to do anything to hurt their business, but they are not the only people I represent here. I also represent 25,000 men up there in the mountains of Kentucky who did not assemble in those towns of their own accord, but were brought there by various coal interests, mostly capitalized in the State of Pennsylvania and the East. They got these men in there, gutted the hills of Kentucky of their coal, and then walked off and left them as a charge on the State. They do not care anything about them.

The Government wants to do something for the unemployed people. Every place you go, you hear the cry that if you give them this job it will compete with our industry. They made money out of our Kentucky mines, then left their unemployed miners as a charge on the State; and now, when the United States Government tries to help these men, they say, "Whatever you put them to doing, they will compete with us." If you were to follow the argument on out, you would be against subsistence homesteads, for if these hungry men are allowed to raise gardens, they will compete with the gardeners; if they raise meat or bread, they will compete with the farmers. There is no other conclusion to this argument than that if you put them to work, they are going to compete with somebody somewhere. If we would prevent these 15,000,000 hungry people in this country from competing with anyone, we will just have to let them starve.

Mr. WEIDEMAN. Will the gentleman yield?

Mr. RICH. Will the gentleman yield?

Mr. BROWN of Kentucky. No. The gentlemen have had the floor.

Mr. RICH. We only had 2 minutes.

Mr. BROWN of Kentucky. That is not my fault. I could not convince the gentlemen who are seeking to ask questions anyway, because, even if I did, they would be of the same opinion still.

What I started out to say was that the President of the United States has embarked this Nation upon a period of national planning, the first motive of which is to take care of the people that have been forgotten in government.

Mr. HOEPPEL. Will the gentleman yield?

Mr. BROWN of Kentucky. I made myself sufficiently plain that I am not going to yield to anybody during the next 2 minutes.

The President has started on a national planning program, and this is one of the steps in the program. If we on this side of the aisle, because we have a furniture factory back in our district, are going to be stampeded into following a group here who do not believe in the new deal, who do not believe in what it stands for, and who represent, as they have for many years, intrenched privilege in this country, we are going to strike a death blow to the President's program which he has tried to work out down there at the White House.

Last spring we followed the leadership of the President. We followed him in connection with many things that some of us who did not want to, perhaps; but because it was part of his program, we supported him. I think the chairman of the committee will bear testimony to the fact that the proposition this afternoon is a part of the President's program.

If we are going to have a program, if we are going to have a party, we ought to stand back of the President in putting every part of it into effect. [Applause.]

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield one half minute to the gentleman from New Jersey [Mr. McLEAN].

Mr. McLEAN. Mr. Speaker, I have in my district a company which has been manufacturing post-office furniture

and equipment since 1918. During that time it has developed a business now employing upward of 60 men with an annual pay roll of over $75,000, and no revision of wage rates was necessary in this plant when it signed the N.R.A. code. This plant represents an investment of $150,000. During 1933 it paid over $4,000 in Federal and local taxes. Its purchases amounted to over $100,000 in that time. Practically the entire volume of its output is in post-office furniture, and, if a program such as proposed is allowed to materialize, it will seriously affect and probably ruin this business.

Just what is gained toward national recovery by creating employment for a few families in Reedsville, W.Va., if an equal number of people will be thrown out of work in New Jersey? The employees of this factory are experienced only in this type of work and will find it difficult, if not impossible, to obtain employment in other industries. This is especially true of those who are old and have been in the employ of this company for many years. All have dependents and, should this plant be forced to shut down, upward of 300 people will be deprived of their livelihood.

The Government cannot justify itself in an action designed to aid national recovery when it brings distress to other communities by destroying enterprises which have successfully survived the stress of the last few years and contributed their share to the prosperity of the community in taxes and employment, and what is true of the plant which I have used as an illustration is true of many other plants in the State of New Jersey.

These social experiments are apt to do tremendous harm compared to the little good they accomplish and are offensive to our accepted ideas of government. They should not be encouraged until the American people are ready to accept an entirely different form of government.

[Here the gavel fell.]

Mr. TABER. Mr. Speaker, I yield 5 minutes to the gentleman from New York [Mr. REED].

Mr. REED of New York. Mr. Speaker, I happen to be one who has implicit confidence in the good judgment of the membership of this House, and I believe that when a matter is debated here on its merits, and strictly on its merits in a nonpartisan way, the judgment of this House is sound. May I call attention to the fact that one of the most able committees that has been appointed in this House was the committee known as the "Shannon Committee." This committee had very limited funds to utilize for its investigations, but, even so, it did demonstrate one thing very clearly to the country, so far as the country is familiar with the conclusions to which the committee came. The hearings have never been printed, but if the country could read these hearings you would have practically a unanimous vote against this proposition to spend $525,000 for the erection of a Federal furniture plant at Reedsville, W.Va. This committee found that the Government is now engaged in 150 activities in competition with private business. A point has been overlooked here, and I hope in the few minutes which I have at my disposal I may be able to bring it home to you clearly. Several gentlemen who have appeared on the floor pointed out that Secretary Ickes said that this was an experiment, a yardstick to ascertain whether the furniture industries of the country were charging the Government too much for what they sold the Government. Stop and think for a minute. The Government figures nothing for capital investment costs; it pays no rent; it pays no taxes, national, city, or State; no insurance and no depreciation on its buildings; no transportation cost; no supervisory cost; it takes no credit risk. Yet the furniture factory when built and operated by the Government is paid for by the very taxpayers with whom the Government is in competition.

In this particular plant the Government will pay nothing for transportation of the raw materials taken to the plant or the finished product taken from the plant. This will be done by Government employees. This is a part of the plan.

The Shannon Committee has directed the attention of the country to the fact that the cost-accounting system of the Government is fallacious. This is a great contribution, and as soon as it becomes known how fallacious it is this House will rise up and support a bill which is now pending to correct the situation. Here is also an interesting fact: When they wrote to the head of each department of the Government, asking if he approved a standard method of cost accounting, the report from the head of every department was adverse, except one report, which I shall ask unanimous consent to insert in the RECORD. This was the report of Comptroller General McCarl, who recommended the adoption of the bill with certain amendments to strengthen it. He points out the waste that is going on because there is no correct cost-accounting system in the Government.

One gentleman has stated on the floor here that they had gone all over the country and could find no plant in which they could conduct this experiment. I call your attention to a letter written to Postmaster General Farley by one of the manufacturers in Winston-Salem, N.C. He offered to turn over a well-equipped plant, not for $525,000 but for $52,500. He agreed to furnish, free of charge, lumber to the extent of 500,000 feet. He also agreed to transport the 125 men from West Virginia to his plant in North Carolina. This was a saving of over $472,500 if the Government desired to carry on an experiment. He also offered to supervise the plant for $1 the first year. Mr. Farley simply filed the letter.

This whole scheme is a plunge into state socialism and nothing else, and you men know it. [Applause.]

I call your attention to the pledges in your platform that have been repeated here today. Every single man on that side of the House went out before the country and said to his people, "I stand 100 percent behind my platform", and here you are today—some of you at least—threatening to repudiate the promise you made to the people when you appealed to them for their suffrages. I say give business a square deal and give your constituents a square deal under your platform. [Applause.]

[Here the gavel fell.]

Mr. REED of New York. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD and insert a letter from a manufacturer to Postmaster General Farley, also a letter of Comptroller General McCarl to the committee that has in charge the bill to establish a standard cost-accounting system.

The SPEAKER pro tempore. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

The matter referred to follows:

MR. FARLEY'S FURNITURE FACTORY

WINSTON-SALEM, N.C., *February 20, 1934.*

Hon. JAMES A. FARLEY,
Postmaster General, Washington, D.C.:

Your proposal to build a furniture factory in Reedsville, W.Va., when first reported in the papers, didn't impress me as being serious, and when the furniture association took it up and asked me to write a protest I still could not take it seriously.

But now your fourth assistant assures me that $525,000 has been appropriated for the construction and equipment of a furniture plant to give employment to 125 stranded coal miners; and the Federal Emergency Administration of Public Works writes me that, after interdepartmental conferences, this project was deemed advisable for the efficiency of governmental agencies.

No doubt the prices of furniture for the Post Office Department are getting too high under the N.R.A. costs, and at the conferences the executives have decided that in the interest of economy it was desirable to put the Government in competition with private industry

Now, $525,000 is big money in the furniture business, and it would take time to build and equip such a plant. If you are seriously interested in giving these 125 destitute coal miners employment and taking care of them right away, and at the same time in making a goodly saving for our Uncle Sam, here is a bona fide offer:

I tender you a 125-man furniture factory, modern, completely and well equipped, already operating, at a price of $52,500, which is one tenth of your $525,000 appropriation. This would be a

saving of $472,500 plus a half million feet of good, dry lumber that I will throw in for good measure, plus transportation of your miners down to North Carolina.

The statement that you were going to put up this furniture plant in the interest of efficiency at first didn't seem to me a logical conclusion as I could not think of coal miners as efficient furniture manufacturers. But the more I think of it, the more I realize how old and out-moded my ideas are. However, I still offer for your consideration the advisability of your buying one of the furniture factories in the South and bringing your miners down to the furniture district so that our experienced furniture workers can teach your miners the art of making furniture and how to handle woodworking machinery.

Most of our furniture men are good Democrats and I feel that they would be pleased to teach the miners what they have learned through their years of work in the industry. There might be a few Republicans in the ranks, but you know how subdued the Republicans are now—they wouldn't cut much figure.

The greatest value in your plan did not occur to me at first, but probably it is the woof of the whole scheme as it has been thought out. I can now see how it is soon going to solve the unemployment problem: First, the coal miners would not turn out much furniture, and what they did wouldn't last long; then as business gets better and more coal is needed we could send our destitute furniture workers up to the coal mines, and as they wouldn't be able to mine enough coal to keep up steam in our factories the oil business would be stimulated, and so on and on to prosperity?

A lot of furniture workers are blonds and probably should have been coal miners instead of furniture workers long ago.

With my proposition—a going plant that will immediately absorb your 125 coal miners for less than one tenth of your proposed expenditure—I will offer my services for $1 for the first year. This isn't as liberal as it may sound, as I am now working for nothing under N.R.A. and sweetening the pot every pay day. (I probably should not tell you this, as I am trying to make a sale.)

Please give this proposition your earnest and prompt consideration in the further interest of increased economy and efficiency. What a showing we could make! Uncle Sam would put up the money, there would be no interest charges, the post offices would buy the furniture and thus there would be no credit risk—we could make those regular furniture manufacturers who are now working under the N.R.A. green with envy.

STOREY LUMBER CO.,
Winston-Salem, N.C.
W. M. STOREY.

COMPTROLLER GENERAL OF THE UNITED STATES,
Washington, January 29, 1934.

Hon. JOHN J. COCHRAN,
Chairman Committee on Expenditures in the Executive Departments, House of Representatives.

MY DEAR MR. CHAIRMAN: There is before me your request for my views on H.R. 6038, entitled "A bill to provide for the establishment and maintenance of a standard system of cost accounting and cost reports for the executive departments of the United States." The apparent purpose of the measure has been carefully considered, and in my judgment the enactment of legislation to accomplish such purpose will ultimately be necessary if the business of the Government is to be conducted on an economical and efficient basis.

Under the provision of the bill, agencies of the Government will be required to establish and maintain a uniform system of cost accounting and cost finding which will disclose the cost of each and all factors entering into and forming part of the cost of any manufacturing, construction, reconstruction, or repair operation undertaken. This appears to limit the operation of the act to those activities involving manufacturing, construction, reconstruction, and repairs. Several of the departments and establishments of the Government in some form or other and to a greater or less degree are engaged in industrial or merchandising activities for the Government, although the greater portion of such business is let out to private contractors. It would seem that the provisions of the bill should be so flexible as to permit the extension of cost keeping to all Government activities.

An existing condition which is subject to abuse and may be corrected by the enactment of legislation along the lines proposed by the bill is the present possibility of expending public funds for a given purpose in excess of express appropriation limitations for such purpose. The present system of accounting does not disclose the contributions obtained from other sources to supplement limitations expressly fixed by the Congress, as for example the diversion of inventories and services paid for from other appropriations; hence the will of the Congress may in a given case be largely defeated, not always in a deliberate attempt to that end but because the means for doing so are readily available.

The text of the bill seems clear and susceptible to definite application except as to one feature. There is included as an element of cost "interest on investment in property." The question of whether interest on invested capital should be figured and treated as an element of costs is one that has long been debated. There is involved the difficulty of determining the rate of interest that should be handled on the books, whether interest is to be charged on fixed investment or current investment or both, and whether interest will be computed on fluctuation of investment values. There are many other practical difficulties in the application of the theory of charging interest on invested capital, notwithstanding that the theory seems sound, and the difficulties encountered commercially will be multiplied many times in governmental accounting.

The expense incident to maintaining a complete cost-accounting system for the Government should not materially increase the expenditure now made for fiscal accounting as it seems entirely feasible to operate a cost system in conjunction therewith, and the present facilities and personnel should to a great extent and under proper administration absorb the additional work involved. I hesitate to venture an estimate of the cost of administering the law, because of insufficient data available upon which to predicate such an estimate, but I confidently believe that through the operation of a proper cost-accounting system there will result economies and advantages that will many times outweigh the cost thereof.

It is believed the pending bill will require further amendment. For instance, in the interest of economy and effectiveness, as well as to insure the desired results and make needed information readily available, there should be, to the fullest extent possible, uniformity of method, form, etc., through the Government, and to exact full compliance possibly there should be provided in the law means to that end.

Should the committee decide to report favorably the bill or one having a similar purpose, this office will gladly render you every possible assistance, if desired, in working out such amendments and new provisions as will accomplish the committee's purposes.

Sincerely yours,

J. R. MCCARL,
Comptroller General of the United States.

Mr. TABER. Mr. Speaker, I yield myself one and a half minutes.

This is the start—$525,000—which if it were spread out and paid to the 125 men proposed to be employed in this factory, would mean $50 a month for each man for 7 years.

This is the start. It means State socialism going right down the line into every business of the land.

Are we going to stop the source of all taxes, the source of all revenue for the Government, and the source of all employment? Let us stop it right here when the camel is getting his nose under the tent, and not go an inch farther. We must not go ahead farther with such programs as this. They involve not a redistribution of wealth but the destruction of wealth, and there will not be anything left to do business with if we go on with such foolish things as this. Let us stop it now and save the Government of the United States. [Applause.]

Mr. LUDLOW. Mr. Speaker, I yield myself 5½ minutes.

Mr. Speaker, when I contemplate the high and patriotic sponsorship of the Reedsville Government furniture factory, when I think of the pure and unselfish humanitarianism surrounding its inception, I am almost persuaded that I should not oppose an enterprise that springs from such nobility of purpose; but when I divest myself of these promptings of sentiment and examine the proposition on its merits in the clear and penetrating light of what it means to the future of America I am convinced that my responsibility as a citizen and as a Representative commands me to fight this proposition to the last ditch. So, as far as the Reedsville experiment is concerned, my opposition will remain as fixed and constant as the northern star. [Applause.]

In our consideration of this matter I think that we should be able to find at least one common ground, and that is that all of us, on both sides of the question, are motivated by what we sincerely believe to be the best interests of America. I have been charmed by the splendid spirit of altruism that has inspired the promoters of this startling innovation, and I claim for those of us who oppose it that we are no less loyal and true to our conception of the highest ideals of service.

The question here presented is not whether this proposition has a splendid sponsorship, a sponsorship that is touched with sympathy and consecrated to humanity, for all of us know that it has; but the question presented is simply whether or not it is wise and advisable for the Government of the United States to erect a factory to compete with private industries and thus deliberately establish a precedent of Government competition with private enterprise.

It has been said that this is a little matter; that the amendment in controversy merely provides that no part of the funds appropriated for certain activities of the postal establishment in the District of Columbia shall be used for activities outside of the District, whether at Reedsville, W.Va., or elsewhere, and that, indeed, is the literal sense of the amendment, but in its broader meaning and implications it transcends in importance any other question that has come before Congress in the present session, and it is one of the most important ever presented to this body.

The question before us is whether by this significant move we shall drive the opening wedge that may ultimately lead to the nationalization of all industry. Are we prepared to take that fateful step?

If this Government factory is established it will close down and destroy one of our best Indianapolis factories, and will drive its employees to seek charity. What would be gained for the cause of humanitarianism by giving workers in West Virginia, however deserving they may be and are, a chance to earn their bread if an equal number of workers in Indianapolis are thrown on the streets to beg while their families suffer the bitter dose of hunger? That calamity would bring a pain to my heart, but I can tell you what would bring to me an even greater pain, and that is the knowledge that in setting up this enterprise the Federal Government, which already is in almost everything and dominating everything, is here going so far as to establish deliberately in definite law, the principle that it is right and proper for the Government to erect and operate factories to supplant privately owned and operated manufacturing establishments and to crowd to the wall manufacturers who cannot compete with activities that have the wealth of the United States Treasury to back them.

That is the beginning of a program, the end of which human vision cannot foresee. It opens the door to God only knows what train of evils. With the principle established, to what disastrous end may it not lead? This particular Government factory will manufacture post-office furniture and will crush out of existence a factory in my district and will cripple others throughout the country. The next Government factory may manufacture twine, the next one automobiles, the next one drain tile, and so forth, for there is no limit to the quantity and diversity of the articles that the Government uses, and in the end the district of every Member of this House may be affected by the sovietizing of all industry. I do not mean to say that such an extension of the plan is now contemplated, for it is not, but rulers come and go and future Presidents may use this as a precedent to extend Government operations; the camel that is now getting its head under the canvas may sometime occupy the whole tent, and what we are doing now, if we approve this project, may some day lead to the end of industry under private control.

The pendulum in America already has swung in recent years far away from individual initiative toward the unexplored realms of socialism. It is an important decision we are about to make. As we approach that decision let us consecrate ourselves at the feet of Jefferson and draw inspiration from his lips. "The least governed, the best governed", declared the immortal sage of Monticello. Let us cast our votes here today in accordance with true American fundamentals. Let us stay as closely as possible to those great principles that gave America the leadership of the world. We are the guardians of posterity. Are we going to doom the children of the future, from the day of their birth, to be slaves of a socialist state? [Applause.]

Mr. ARNOLD. Mr. Speaker, I yield 2 minutes to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER of Alabama. Mr. Speaker, I consider the Senate amendment, which is the subject of this discussion, a most humane measure. No group of workers has suffered like our coal miners. Many of them have seen their field of gainful employment actually destroyed by the development of electric power, by pipe lines, and the lessening of the public demand for coal. Their trade in many sections is rapidly vanishing.

This bill makes possible the establishment of what may be termed an adult training school in connection with subsistence homesteads. Those who oppose the bill should for like reasons oppose all Federal appropriations for vocational education which seeks to encourage the establishment of vocational training schools for our young people in the various trades. The pending amendment makes possible an industry for deserving miners out of employment and with little or no chance to ever be again employed in mining to serve an apprenticeship and to learn a trade so that they may find employment in a new field of endeavor. These miners have families and have always in the past found lucrative employment, but for reasons outlined above, this employment has largely disappeared. I know many of these miners in Alabama and they are in absolute need and I am hopeful that subsistence homesteads can be established for them like those in West Virginia. These men are not enemies of labor, and labor is not hostile to any effort which seeks to give them employment. Who can consistently support navy yards and arsenals and other Government activities of like kind and fail to support the Senate amendment now before the House for consideration? It offers an opportunity of honest work to good citizens whose trade has been taken from them and I hope will be favorably voted on by the House. [Applause.]

The SPEAKER pro tempore (Mr. BULWINKLE). The time of the gentleman from Alabama has expired.

Mr. ARNOLD. Mr. Speaker, I yield to myself 9 minutes.

Mr. Speaker, we have listened with much interest this afternoon to the arguments on this question, and they have gone far afield. The proponents of the proposition have largely lost sight of the immediate question involved. They have set up a straw man and have been shooting at that straw man with vim and vehemence.

My good friend from New York [Mr. TABER] made an impassioned appeal a few moments ago in which he says that if we do not insist upon the House amendment—in other words, if we accept the Senate amendment—we have started on the down road that will inevitably lead to the destruction of this Government of ours.

Now, is not that rather an extravagant statement by a man occupying the position of the gentleman from New York when more than 136 years ago this Government of ours began the manufacture of their own equipment for the Post Office Department and have been doing it ever since? During these 136 years we have not suffered any calamity from that source.

Do you not know for the past 35 years we have had a mail-bag-equipment shop here in the city of Washington, where we have been making mail bags, where we have been manufacturing equipment, like locks and keys, and everything of that kind that is necessary for the proper conduct of the Post Office Department and carrying the mails?

Mr. MAY. Will the gentleman yield?

Mr. ARNOLD. I must decline to yield; I have not the time. The Post Office Department is distinctly a Government institution, and there is no reason in the world why the Post Office Department, in the conduct of its own business, should not provide a part of its own equipment.

The arguments on the question, as I said a moment ago, have gone far afield. You men who are opposed to the Senate amendment lose sight of the fact that the primary purpose of this project is subsistence homesteading. I do not care what you may undertake to do, if we are to decentralize industry, if we are to start on the program here that will permit the people of this country to move into the outskirts, if we are to establish subsistence homesteads, whereby they can be partially self-supporting, we must have something for them to do, and there is not anything they can do but what will in some degree, in some way, compete with some private industry. You cannot get away from that proposition. We must permit some sort of industry to

be created that will take care of these men that we are endeavoring to make self-sustaining as much as we can through small homesteads, and private capital could not be induced to make the experiment on its own accord.

Now, I want to say to you people that a great deal of propaganda has gone out on this question, and that propaganda has been a most vicious propaganda. I do not know who is responsible for it, but evidently here in the city of Washington there are some lobbyists, some propagandists, who have been getting in their fine work so far as misrepresenting to the country the real purpose of the amendment that was added to the bill in the Senate. Not a dollar was provided either in the House bill or Senate amendment for the so-called "Reedsville project."

Shortly after the Senate amendment was adopted, telegrams, based on the misleading statements emanating from Washington that its effect was to appropriate money for a furniture factory to compete with private industry, began to come in. No doubt you all got telegrams protesting the amendment on the grounds that the effect of the amendment was to embark the Government on a grand scheme of building furniture factories in competition with private industry. You all know and I know that that is not the purpose of the project at Reedsville, W.Va. This project never will manufacture furniture or equipment that will come into competition with the market of private individuals and private concerns. Its output will be for Government purposes only.

Mr. REED of New York. We have been told by the Department that this is an experiment and the beginning of a program.

Mr. ARNOLD. It is an experiment in subsistence homesteading but not in building Government factories.

Mr. UMSTEAD, Mr. PETTENGILL, Mr. RICH, and others rose.

Mr. ARNOLD. Oh, I would like to yield to all of you gentlemen, but my time is too short and I cannot do it. The primary purpose of this thing is the development of subsistence homesteads; and if we are to develop subsistence homesteads to decentralize industry, we must have something of some kind for those people to do; and the least injury that we can do is to manufacture some of the things necessary to be used in the Government activity itself.

Mr. LUDLOW. Mr. Speaker, will the gentleman yield?

Mr. ARNOLD. I cannot yield to the gentleman now. May I say that the project here included, as amended by the Senate, is a project that the White House is particularly interested in. It is a project that is purely experimental. No other claim is made for it.

In this great program that has been laid out for industrial recovery and the rehabilitation of our people this movement dovetails in with other recovery plans designed to make a well-rounded, well-developed program for recovery, and the picture will be the more complete with this experiment which it is hoped will demonstrate that our people may be led to be more self-sustaining by means of subsistence homesteads. I know how the President feels about this matter. I know that he is extremely interested in trying out this matter and that an opportunity be given to see whether or not we can decentralize industry in the interest of our people and teach them and give them an opportunity to be more self-sustaining.

The SPEAKER pro tempore (Mr. BULWINKLE). The time of the gentleman from Illinois has expired.

The question is on the motion of the gentleman from Illinois to recede and concur in the Senate amendment.

Mr. SNELL. Mr. Speaker, on that I demand the yeas and nays.

Mr. PETTENGILL. Mr. Speaker, on that I demand the yeas and nays.

The yeas and nays were ordered.

Mr. LUDLOW. Mr. Speaker, a parliamentary inquiry.

The SPEAKER pro tempore. The gentleman will state it.

Mr. LUDLOW. Is it possible for the Chair to state the exact effect of this vote?

The SPEAKER pro tempore. It is not permissible. The Clerk will call the roll.

The question was taken; and there were—yeas 111, nays 274, answered "present" 1, not voting 45, as follows:

[Roll No. 96]

YEAS—111

Allgood	Ellenbogen	McFarlane	Sandlin
Arnold	Fletcher	McGrath	Secrest
Ayers, Mont.	Ford	McKeown	Shallenberger
Bankhead	Green	McReynolds	Shoemaker
Beiter	Greenway	Mansfield	Sisson
Black	Harlan	Marland	Smith, Wash.
Blanton	Hastings	Martin, Colo.	Smith, W.Va.
Boylan	Healey	Mead	Snyder
Brown, Ky.	Hildebrandt	Milligan	Steagall
Browning	Hill, Ala.	Monaghan, Mont.	Strong, Tex.
Cannon, Mo.	Hill, Knute	Montet	Sullivan
Cartwright	Hill, Samuel B.	Nesbit	Swank
Church	Howard	Oliver, Ala.	Thom
Colden	Jeffers	Parks	Thomason
Condon	Jenckes, Ind.	Patman	Thompson, Tex.
Connery	Johnson, Tex.	Peavey	Truax
Cooper, Tenn.	Johnson, W.Va.	Peyser	Wallgren
Cross, Tex.	Jones	Pierce	Wearin
Crosser, Ohio	Kee	Prall	Werner
Crump	Keller	Ramsay	West, Ohio
Cullen	Kenney	Randolph	West, Tex.
Delaney	Kleberg	Rankin	White
DeRouen	Lea, Calif.	Rayburn	Wilcox
Dickinson	Lee, Mo.	Reilly	Williford
Driver	Lemke	Rogers, Okla.	Wood, Mo.
Duncan, Mo.	Lozier	Rudd	Young
Dunn	Lundeen	Sabath	Zioncheck
Edmiston	McCarthy	Sanders	

NAYS—274

Adair	Darrow	Hoeppel	Muldowney
Allen	Dear	Holdale	Musselwhite
Andrew, Mass.	Deen	Hollister	O'Brien
Andrews, N.Y.	De Priest	Holmes	O'Connell
Arens	Dickstein	Hope	O'Connor
Bacharach	Dies	Huddleston	O'Malley
Bacon	Dingell	Hughes	Oliver, N.Y.
Bailey	Dirksen	Imhoff	Owen
Bakewell	Ditter	Jacobsen	Palmisano
Beam	Dobbins	James	Parker
Beck	Dockweiler	Jenkins, Ohio	Parsons
Biermann	Dondero	Johnson, Minn.	Peterson
Blanchard	Douglass	Johnson, Okla.	Pettengill
Bland	Doutrich	Kahn	Plumley
Bloom	Dowell	Kelly, Ill.	Polk
Boehne	Doxey	Kelly, Pa.	Powers
Boileau	Drewry	Kennedy, N.Y.	Ramspeck
Boland	Duffey	Kerr	Ransley
Bolton	Durgan, Ind.	Kinzer	Reece
Brennan	Eagle	Kloeb	Reed, N.Y.
Britten	Eaton	Kniffin	Rich
Brown, Ga.	Edmonds	Knutson	Richards
Brown, Mich.	Eicher	Kocialkowski	Richardson
Brumm	Ellzey, Miss.	Kopplemann	Robertson
Brunner	Eltse, Calif.	Kramer	Robinson
Buchanan	Englebright	Kurtz	Rogers, Mass.
Buck	Evans	Kvale	Rogers, N.H.
Buckbee	Fernandez	Lambertson	Romjue
Bulwinkle	Fiesinger	Lambeth	Ruffin
Burch	Fish	Lamneck	Sadowski
Burke, Calif.	Fitzgibbons	Lanzetta	Schaefer
Burke, Nebr.	Fitzpatrick	Larrabee	Schuetz
Burnham	Flannagan	Lehlbach	Schulte
Busby	Focht	Lehr	Scrugham
Cady	Foss	Lewis, Colo.	Sears
Caldwell	Foulkes	Lindsay	Seger
Cannon, Wis.	Frear	Lloyd	Shannon
Carden, Ky.	Frey	Luce	Simpson
Carpenter, Kans.	Fuller	Ludlow	Sinclair
Carter, Calif.	Gambrill	McClintic	Sirovich
Carter, Wyo.	Gasque	McCormack	Smith, Va.
Cary	Gavagan	McFadden	Snell
Castellow	Gifford	McGugin	Somers, N.Y.
Cavicchia	Gilchrist	McLean	Spence
Chapman	Gillette	McLeod	Stokes
Chase	Glover	McMillan	Strong, Pa.
Christianson	Goodwin	McSwain	Stubbs
Claiborne	Goss	Maloney, Conn.	Studley
Clark, N.C.	Granfield	Maloney, La.	Sutphin
Clarke, N.Y.	Gray	Mapes	Sweeney
Cochran, Mo.	Greenwood	Marshall	Swick
Cochran, Pa.	Gregory	Martin, Mass.	Taber
Coffin	Griswold	Martin, Oreg.	Tarver
Cole	Guyer	May	Taylor, S.C.
Collins, Calif.	Haines	Meeks	Taylor, Tenn.
Colmer	Hamilton	Merritt	Terrell, Tex.
Cooper, Ohio	Hancock, N.C.	Millard	Terry, Ark.
Cox	Hancock, N.Y.	Miller	Thomas
Cravens	Hart	Mitchell	Thompson, Ill.
Crosby	Harter	Moran	Thurston
Crowe	Henney	Morehead	Tinkham
Culkin	Hess	Mott	Tobey
Cummings	Higgins	Moynihan, Ill.	Traeger

Turner	Wadsworth	Whitley	Wolfenden
Turpin	Walter	Whittington	Wolverton
Umstead	Warren	Wigglesworth	Wood, Ga.
Utterback	Weaver	Williams	Woodruff
Vinson, Ga.	Weideman	Withrow	
Vinson, Ky.	Welch	Wolcott	

ANSWERED "PRESENT"—1

Adams

NOT VOTING—45

Abernethy	Collins, Miss.	Griffin	Reid, Ill
Auf der Heide	Connolly	Hartley	Stalker
Ayres, Kans.	Corning	Kennedy, Md.	Sumners, Tex.
Beedy	Crowther	Lanham	Taylor, Colo.
Berlin	Darden	Lesinski	Treadway
Brooks	Disney	Lewis, Md.	Underwood
Byrns	Doughton	McDuffie	Waldron
Carley, N.Y.	Faddis	Montague	Wilson
Carmichael	Farley	Murdock	Woodrum
Carpenter, Nebr.	Fulmer	Norton	
Celler	Gillespie	Perkins	
Chavez	Goldsborough	Pou	

So the motion to recede and concur in the Senate amendments was rejected.

The Clerk announced the following pairs:

On this vote:

Mr. Byrns (for) with Mr. Doughton (against).

General pairs:

Mr. Pou with Mr. Treadway.
Mr. Woodrum with Mr. Connolly.
Mr. Ayres of Kansas with Mr. Hartley.
Mr. Lanham with Mr. Beedy.
Mr. McDuffie with Mr. Crowther.
Mr. Montague with Mr. Perkins.
Mr. Taylor of Colorado with Mr. Reid of Illinois.
Mrs. Norton with Mr. Waldron.
Mr. Auf der Heide with Mr. Stalker.
Mr. Corning with Mr. Berlin.
Mr. Underwood with Mr. Lesinski.
Mr. Disney with Mr. Faddis.
Mr. Fulmer with Mr. Lewis of Maryland.
Mr. Celler with Mr. Kennedy of Maryland.
Mr. Sumners of Texas with Mr. Darden.
Mr. Abernethy with Mr. Goldsborough.
Mr. Collins of Mississippi with Mr. Carmichael.
Mr. Griffin with Mr. Gillespie.
Mr. Chavez with Mr. Carley.
Mr. Farley with Mr. Carpenter of Nebraska.

Mr. MARTIN of Massachusetts. Mr. Speaker, my colleagues, Messrs. TREADWAY, CONNOLLY, BEEDY, and HARTLEY, are unavoidably absent. If present, they would vote "no."

Mr. MILLARD. Mr. Speaker, my colleague, Mr. CROWTHER, is absent on account of illness. If present, he would vote "no."

The result of the vote was announced as above recorded.

Mr. LUDLOW. Mr. Speaker, I move that the House insist on its disagreement to Senate amendments nos. 31, 32, 33, and 34.

Mr. BLANTON. Mr. Speaker, that is automatic. The vote of the House on the last motion makes that action automatic.

The SPEAKER pro tempore (Mr. BULWINKLE). The Chair will put the motion. The gentleman from Indiana [Mr. LUDLOW] moves that the House insist on its disagreement to the Senate amendments nos. 31, 32, 33, and 34.

Mr. LUDLOW. Mr. Speaker, it is obvious that the opinion of the House is definite and conclusive on this subject, and that further debate is not necessary or desired.

I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Indiana [Mr. LUDLOW] to insist on the disagreement to Senate amendments 31, 32, 33, and 34.

The motion was agreed to.

On motion by Mr. LUDLOW, a motion to reconsider the vote by which the motion was agreed to was laid on the table.

THE REVENUE ACT OF 1934 WILL END EVASIONS OF INCOME-TAX PAYMENTS

Mr. ELLENBOGEN. Mr. Speaker, I ask unanimous consent to extend my own remarks and to include therein a speech that I delivered on the income tax bill.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. ELLENBOGEN. Mr. Speaker, under the leave to extend my remarks in the RECORD, I include the following radio address delivered today by me:

I am going to discuss with you the revenue bill now pending in the House of Representatives.

The bill has two purposes:

(1) To plug up the leaks in the income tax law and thus to defeat the avoidance of the payment of income taxes.

(2) To raise additional revenues, which are estimated at $258,000,000.

THE STARTLING DISCLOSURES OF THE BANKING INVESTIGATION

I am certain that you remember the disclosures that were made by the Senate Committee on Banking and Currency in its investigation of banking practices. The country gasped when it was shown that men like J. P. Morgan and his partners paid no income taxes. I have reexamined the testimony given at the hearings before the United States Senate committee and find that J. P. Morgan himself did not pay an income tax for the calendar year 1930, did not pay income tax for the calendar year 1931, nor did he pay an income tax for the calendar year 1932.

I also find that for the calendar year 1930 the 20 millionaire partners of J. P. Morgan & Co. and of Drexel & Co. altogether paid only $48,000.

I further find that for the calendar year 1931 none of these Morgan partners paid any income taxes whatsoever. That is also true for the year 1932. Let me also remind you of the disclosures by the Senate committee which showed the income-tax evasions by Mr. Mitchell, chairman of the board of directors of the giant National City Bank in New York.

THE EFFECT ON THE COUNTRY WHEN THESE PRACTICES WERE UNCOVERED

It was indeed a terrible awakening for the country to find that millionaire bankers who controlled the financial fortunes of the American Nation were able to find loopholes in the income-tax laws that permitted them to escape the payment of a just share of the expenses of the Government. It was a sorry spectacle, indeed, when it became clear that while the poor and the middle class were compelled to pay their taxes, some of the wealthiest citizens of the country escaped by using the services of so-called "expert lawyers and accountants."

So shocked was the country by these disclosures that the confidence of some of us in the soundness of the income tax itself was somewhat shaken. This is greatly to be regretted, because, in principle, the income tax is the fairest tax that was ever proposed. It taxes the individual according to his ability to pay. It exempts the man with the small or modest income. It graduates its scale so that the larger the income of the individual the higher the proportion of the tax which he must pay.

THE REVENUE BILL PREVENTS TAX-PAYMENT AVOIDANCE

The revenue bill which is now before Congress strives to clog up the leaks and to prevent tax avoidance by wealthy individuals. The Morgan partners were able to avoid payment of taxes because their capital losses in the years 1930, 1931, and 1932 overbalanced their regular income. In order to avoid a repetition of this situation the present tax bill provides that capital losses may be deducted only from capital gains.

I know that Congress will have the support of the whole country in seeing that the wealthiest pay a proper income tax.

This bill now before Congress imposes a somewhat lower tax on earned incomes than prevails under the present law. For instance, a married man with no dependents now pays on an income of $3,000 a tax of $20. Under the new law he will pay only $8. Another example: A married man with no dependents and a net income of $4,000 now pays $80. Under the new law he will pay only $44.

The tax on the higher brackets is practically the same as now existing.

On the other hand, the bill imposes a higher tax on unearned income than under the present law.

HOW OUR INCOME TAXES COMPARE WITH THOSE OF OTHER COUNTRIES

Incidentally, it is interesting to compare the income tax laws of the United States with those of other countries. For instance, in the United States a man with a net income of $2,000 pays no income tax at all, whereas in Great Britain he would pay $111, in France $170, and in Germany $305.

A married man with a net income of $3,000 in the United States at the present time pays $20, whereas in Great Britain he would have to pay $311, in France $366, and in Germany $529.

NEEDED, THE ABOLITION OF THE TAX EXEMPTION ON $37,500,000,000 OF BONDS

I deeply regret that the present bill carries no tax on so-called "tax-exempt securities." There are in the United States as of October 1933 about $21,500,000,000 of Federal bonds that are tax exempt and about $16,000,000,000 of State and municipal bonds which are tax exempt, which means that about $37,500,000,000 of bonds are tax exempt. The public debt as represented by tax-exempt bonds is now rapidly increasing, so that in the near future between $45,000,000,000 and $50,000,000,000 of tax-exempt securities will exist in the United States.

This causes a tremendous loss of revenue to the Federal Government. These bonds are, for the most part, held by banks and by wealthy persons who could well afford to, and who should, pay a proper tax on the income derived from these bonds.

I personally am strongly in favor of taxing tax-exempt bonds in the same manner and to the same extent as income or dividends from other securities are taxed. There is no reason why the law so grossly discriminates in favor of those persons who have millions of dollars invested in these tax-exempt securities.

The problem presented by these tax-exempt bonds involves complicated constitutional questions. Also, the Treasury Department hesitates to recommend the taxing of these bonds at this time, when the Federal Government is engaged in floating billions of dollars of new bonds to pay the expenses of its recovery program and of unemployment and emergency relief.

However, the Committee on Ways and Means, which drafted the revenue bill, has promised the House that it will hold hearings on this question of tax-exempt securities in the near future, and it is possible that it will propose a tax on these bonds in a separate bill. Such a tax would substantially reduce the deficit and would force those wealthy individuals who hold tax-free securities and who are well able to pay income taxes to bear a just share of the expenses of government.

THE WEALTHY WILL NOW PAY A PROPER SHARE OF THE GOVERNMENT EXPENSE

It may be that when the revenue bill reaches the Senate it will be materially changed. But one thing is certain—at last the American people can be assured that many loopholes have been plugged, that many leaks have been closed up, and that our wealthy tax evaders will have to pay a proper share of the expenses of the Government. The ridiculous spectacle, wherein the butcher and the baker are taxed and the big banker escapes, is over.

EXTENSION OF REMARKS

Mr. KNUTSON. Mr. Speaker, I ask unanimous consent to insert in the RECORD a speech delivered at the Traffic Club of Boston a week ago. It is the finest thing on the transportation question I have ever read.

Mr. BLANTON. Who delivered it?

Mr. RICH. Reserving the right to object.

Mr. KNUTSON. The speech was delivered by Mr. Gormley, president of the American Railway Association.

Mr. RICH. Mr. Speaker, I object.

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted to Mr. LANHAM (at the request of Mr. JOHNSON of Texas), on account of illness.

ADJOURNMENT

Mr. ARNOLD. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 20 minutes p.m.) the House adjourned until tomorrow, Thursday, March 1, 1934, at 12 o'clock noon.

COMMITTEE HEARINGS

COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

(Thursday, Mar. 1, 10 a.m.)

Continuation of the hearing on H.R. 7852, the National Securities Exchange Act of 1934.

COMMITTEE ON THE PUBLIC LANDS

(Thursday, Mar. 1, 10 a.m.)

H.R. 6462, Taylor grazing bill, room 328, House Office Building.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of rule XIII,

Mr. JOHNSON of Oklahoma: Committee on Military Affairs. H.R. 8208. A bill to provide for the exploitation for oil, gas, and other minerals on the lands comprising Fort Morgan Military Reservation, Ala.; without amendment (Rept. No. 857). Referred to the Committee of the Whole House on the state of the Union.

Mr. SUMNERS of Texas: Committee on the Judiciary. S. 2461. An act to amend an act entitled "An act to give the Supreme Court of the United States authority to prescribe rules of practice and procedure with respect to proceedings in criminal cases after verdict"; without amendment (Rept. No. 858). Referred to the House Calendar.

ADVERSE REPORTS

Under clause 2 of rule XIII,

Mr. DICKINSON: Committee on Ways and Means. House Resolution 262. Resolution requesting information in regard to war debts (Rept. No. 856). Reported adversely and laid on table.

CHANGE OF REFERENCE

Under clause 2 of rule XXII, the Committee on Pensions was discharged from the consideration of the bill (H.R. 8272) granting a pension to Ida Miller, and the same was referred to the Committee on Invalid Pensions.

PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. TRUAX: A bill (H.R. 8339) to discontinue the reductions in compensation of Federal officers and employees other than heads of departments and Senators and Representatives in Congress; to the Committee on Expenditures in the Executive Departments.

By Mr. BLOOM: A bill (H.R. 8340) to establish a Bureau of National Archives of the United States Government, and for other purposes; to the Committee on the Library.

By Mr. TRUAX: A bill (H.R. 8341) to restore benefits for veterans and widows and dependents of veterans of the World War in the cases where death or disability of the veteran is attributable to service in such war; to the Committee on Expenditures in the Executive Departments.

By Mr. AYERS of Montana: A bill (H.R. 8342) to provide funds for cooperation with School District No. 27, Big Horn County, Mont., for extension of public-school buildings, to be available to Indian children; to the Committee on Indian Affairs.

By Mr. SCRUGHAM: A bill (H.R. 8343) to promote resumption of industrial and business activity, increase employment, and restore confidence by fulfillment of the implied guaranty by the United States Government of deposit safety in banks which were members of the Federal Reserve System; to the Committee on Banking and Currency.

By Mr. TRUAX: A bill (H.R. 8344) to provide for restoration of benefits for veterans of the Spanish-American War and for widows and dependents of such veterans, and for other purposes; to the Committee on Expenditures in the Executive Departments.

By Mr. SMITH of Washington: A bill (H.R. 8345) to prohibit the importation of pulpwood, wood pulp, or any wood susceptible of use in manufacturing paper; to the Committee on Ways and Means.

By Mr. AYERS of Montana: A bill (H.R. 8346) to provide funds for cooperation with School District No. 17–H, Big Horn County, Mont., for extension of public-school buildings to be available to Indian children; to the Committee on Indian Affairs.

By Mr. SIMPSON: A bill (H.R. 8347) providing for an examination and survey of Wilmette Harbor, Ill.; to the Committee on Rivers and Harbors.

By Mr. GLOVER: A bill (H.R. 8348) to make school warrants eligible for loan or discount by the Reconstruction Finance Corporation; to the Committee on Banking and Currency.

By Mr. FLANNAGAN: A bill (H.R. 8349) to regulate interstate and foreign commerce in flue-cured tobacco, Burley tobacco, dark air-cured tobacco, and fire-cured tobacco; to the Committee on Agriculture.

By Mr. MONAGHAN of Montana: A bill (H.R. 8350) for the relief of the aged; to the Committee on Labor.

By Mr. SUTPHIN: Joint resolution (H.J.Res. 287) to authorize the erection of a monument to perpetuate the memory of the officers and men who lost their lives through the destruction of the U.S.S. *Akron*; to the Committee on Naval Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOEHNE: A bill (H.R. 8351) for the relief of Hattie Stout Hood; to the Committee on Claims.

By Mr. BOILEAU: A bill (H.R. 8352) to provide for the refund or abatement of the claim for loss incurred in the burglary of the post office at Arpin, Wis.; to the Committee on Claims.

By Mr. BURKE of Nebraska: A bill (H.R. 8353) for the relief of Nancy P. Marsh; to the Committee on Claims.

Also, a bill (H.R. 8354) granting a pension to Mae Osiek; to the Committee on Invalid Pensions.

By Mr. CONDON: A bill (H.R. 8355) for the relief of Charles B. Malpas; to the Committee on Claims.

By Mr. GREEN: A bill (H.R. 8356) for the relief of George Preston Thomas; to the Committee on Military Affairs.

By Mr. LARRABEE: A bill (H.R. 8357) granting an increase of pension to Amza Russell; to the Committee on Pensions.

Also, a bill (H.R. 8358) granting an increase of pension to Sarah Conrad; to the Committee on Pensions.

Also, a bill (H.R. 8359) for the relief of John E. Gill; to the Committee on Naval Affairs.

Also, a bill (H.R. 8360) for the relief of Fred Dobson; to the Committee on Naval Affairs.

By Mr. MOYNIHAN of Illinois: A bill (H.R. 8361) granting a pension to Annie Marie Swingle; to the Committee on Invalid Pensions.

By Mr. NESBIT: A bill (H.R. 8362) for the relief of William H. Harris; to the Committee on Military Affairs.

Also, a bill (H.R. 8363) for the relief of Joseph M. and Alice G. Verneuil; to the Committee on War Claims.

Also, a bill (H.R. 8364) granting a pension to Isuma Shipley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8365) granting a pension to Carrie Isabel Shipley; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8366) granting an increase of pension to Nancy Young; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8367) granting a pension to Sarah J. Clifton; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8368) granting a pension to Susan Coker; to the Committee on Pensions.

Also, a bill (H.R. 8369) granting a pension to Frank B. Oatman; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8370) granting a pension to Susan Brennan; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8371) granting an increase of pension to William H. Harris; to the Committee on Pensions.

Also, a bill (H.R. 8372) granting an increase of pension to Mary Hillier; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8373) granting an increase of pension to Mary A. Graham; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8374) granting an increase of pension to Mary F. Jarrard; to the Committee on Invalid Pensions.

Also, a bill (H.R. 8375) granting an increase of pension to Lena Niemann; to the Committee on Invalid Pensions.

By Mr. REILLY: A bill (H.R. 8376) for the relief of the Commercial Co. of Fond du Lac, Wis.; to the Committee on Claims.

By Mr. RICH: A bill (H.R. 8377) for the relief of Grace McClure; to the Committee on Claims.

By Mr. SECREST: A bill (H.R. 8378) granting a pension to Clara J. Masterson; to the Committee on Pensions.

By Mr. WALLGREN: A bill (H.R. 8379) granting a pension to Harriett Ware; to the Committee on Pensions.

By Mr. WELCH: A bill (H.R. 8380) for the relief of Joseph Walter Gautier; to the Committee on Claims.

By Mr. HUDDLESTON: A bill (H.R. 8381) for the relief of Frederick E. Bengert; to the Committee on Claims.

By Mr. McDUFFIE: A bill (H.R. 8382) to provide for the rank and grade of Sgt. James F. North, United States Marine Corps; to the Committee on Naval Affairs.

By Mr. O'CONNOR: A bill (H.R. 8383) for the relief of Carlo Scarabello; to the Committee on Claims.

By Mr. POWERS: A bill (H.R. 8384) for the relief of Edmund C. Hill; to the Committee on War Claims.

Also, a bill (H.R. 8385) granting a pension to Martha Hill; to the Committee on Pensions.

Also, a bill (H.R. 8386) for the relief of Woodhouse Chain Works; to the Committee on War Claims.

PETITIONS, ETC.

Under clause 1 of rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

2614. By Mr. ARENS: Petition regarding the Tugwell bill; to the Committee on Agriculture.

2615. Also, petition regarding regulation no. 12 of the Veterans' Administration; to the Committee on World War Veterans' Legislation.

2616. Also, petition to provide financial facilities to relieve municipalities from financial difficulties arising from tax delinquency; to the Committee on Banking and Currency.

2617. Also, petition regarding Spanish War veterans' legislation; to the Committee on Pensions.

2618. Also, petition regarding increased tariff on flaxseed, together with a coordinated tariff on linseed oil and other oils that might be imported as substitutes for linseed oil in domestic consumption; to the Committee on Ways and Means.

2619. Also, petition regarding the Hatfield-Keller bill; to the Committee on Interstate and Foreign Commerce.

2620. Also, petition requesting that the special reviewing boards be authorized to review all cases concerning veterans' legislation that were originally denied service connection; to the Committee on World War Veterans' Legislation.

2621. Also, petition requesting that an opportunity be given for a hearing relative to the removal of the garrison at Fort Snelling; to the Committee on Military Affairs.

2622. Also, petition in the nature of an application to the Reconstruction Finance Corporation for $23,000 on behalf of Waseca County for the aid of dependent persons and dependent war veterans and their families; to the Committee on Banking and Currency.

2623. Also, petition requesting that relief be granted in the nature of feed, such as hay and grain, to the county of Swift, designated as a drought county; to the Committee on Agriculture.

2624. Also, petition requesting that a 5-cent excise tax be placed on oil or oil-producing products used in the manufacture of oleomargarine; to the Committee on Ways and Means.

2625. Also, petition endorsing the Connery bill, H.R. 7202; to the Committee on Labor.

2626. Also, a petition from K. M. Giese, of Minneapolis, Minn., and 45 others for the restoration of the 15-percent salary reduction of Federal employees; to the Committee on Appropriations.

2627. Also, petition from Orville M. Helene, of Minneapolis, and 45 others for the restoration of salary reduction to postal employees; to the Committee on Appropriations.

2628. By Mr. AYRES of Kansas: Petition of citizens of Wichita, Newton, Wellington, and McPherson, Kans., opposing the passage of the so-called "Tugwell measure"; to the Committee on Interstate and Foreign Commerce.

2629. By Mr. BEITER: Petition of residents of Buffalo, N.Y., urging the Congress to support certain legislation of benefit to railroad employees; to the Committee on Labor.

2630. By Mr. BLOOM: Petition of the Junior League of the City of New York, Inc., opposing block booking and blind

selling; to the Committee on Interstate and Foreign Commerce.

2631. By Mr. BOYLAN: Resolution adopted by the Junior League of the City of New York, opposing block booking and blind selling which prevails in the motion-picture industry, which denies to neighborhood exhibitors and patrons the right to select their own pictures; to the Committee on Interstate and Foreign Commerce.

2632. Also, letter from the International Association of Machinists of the American Federation of Labor, favoring the adoption of the Thomas amendment to the independent offices appropriation bill; to the Committee on Appropriations.

2633. Also, letter from the chairman education of war orphans, American Legion Auxiliary, Department of New York, Herkimer, N.Y., favoring legislation providing scholarships to children of World War veterans in the District of Columbia; to the Committee on the District of Columbia.

2634. Also, resolution adopted by the United Irish American Societies of New York City, N.Y., opposing any further cancelation or reduction of foreign debts; to the Committee on Foreign Affairs.

2635. By Mr. CONDON: Petition of George Senecal and 657 other Civil Works Administration workers in the city of Pawtucket, R.I., protesting against the Republican National Committee for its attempt to prematurely bring to a close the Civil Works Administration activities and force Civil Works Administration workers to return to the public relief rolls; to the Committee on Appropriations.

2636. Also, petition of John A. Oxley and 236 other Civil Works Administration workers in the city of Pawtucket, R.I., protesting against the Republican National Committee for its attempt to prematurely bring to a close the Civil Works Administration activities and force Civil Works Administration workers to return to the public relief rolls; to the Committee on Appropriations.

2637. Also, petition of Eugene A. Banigan and 642 other Civil Works Administration workers in the city of Pawtucket, R.I., protesting against the Republican National Committee for its attempt to prematurely bring to a close the Civil Works Administration activities and force Civil Works Administration workers to return to the public relief rolls; to the Committee on Appropriations.

2638. By Mr. CONNOLLY: Petition of the Reciprocity Club, of Philadelphia, Pa., praying for an adequate national defense in keeping with the act of Congress approved June 4, 1920 (Public, 242, 62d Cong.); to the Committee on Military Affairs.

2639. Also, petition of the Woman's Christian Temperance Union of Burholme, Philadelphia, Pa., praying for early hearings and favorable action on the bill (H.R. 6097) providing higher moral standards for films entering interstate or foreign commerce; to the Committee on Interstate and Foreign Commerce.

2640. By Mr. DOUTRICH: Petition of 560 residents of Harrisburg, Pa., and vicinity, requesting that the appropriation for National Guard purposes be restored to the 1932 basis; to the Committee on Appropriations.

2641. Also, petition of Dauphin County Woman's Christian Temperance Union, Harrisburg, Pa., requesting early hearings and favorable action on House bill 6097; to the Committee on Interstate and Foreign Commerce.

2642. Also, petition of 152 residents of Harrisburg, Pa., and vicinity, requesting that the appropriation for National Guard purposes be restored to the 1932 basis; to the Committee on Appropriations.

2643. By Mr. KVALE: Petition of members of the Asbury Methodist Episcopal Church, of St. Paul, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2644. Also, petition of 54 citizens of Duluth, Minn., opposing legislation for the restriction of firearms; to the Committee on the Judiciary.

2645. Also, petition of Minnesota Junior Taxpayers Association, Minneapolis, Minn., urging Federal aid for education; to the Committee on Education.

2646. Also, petition of Waverly Farmers Union Local, Truman, Minn., urging enactment of the Frazier, Wheeler, Swank-Thomas, and Thomas bills; to the Committee on Banking and Currency.

2647. Also, resolution of the Barnum Local, No. 8, Minnesota Farmers' Union, Barnum, Minn., urging passage of the Frazier, Wheeler, and Swank-Thomas bills; to the Committee on Banking and Currency.

2648. Also, petition of members of the William McKinley Camp, No. 31, United Spanish War Veterans, urging restoration of pensions to Spanish-American War veterans; to the Committee on Appropriations.

2649. Also, petition of members of the congregations of Gaylord and Winthrop, Minn., protesting against the increasing of armaments; to the Committee on Naval Affairs.

2650. Also, petition of 43 citizens of Minneapolis, Minn. urging restoration of salaries to Federal employees; to the Committee on Appropriations.

2651. Also, petition of 47 citizens of Minneapolis, Minn. urging restoration of salaries to postal employees; to the Committee on Appropriations.

2652. By Mr. LINDSAY: Petition of the United Irish American Societies of New York, approving the naval program for national defense, and opposing cancelation or further reduction of foreign debts; to the Committee on Foreign Affairs.

2653. By Mr. LUNDEEN: Petition of the Minnesota State Conservation Commission urging that the mud lake area in Marshall County, Minn., be developed into a wild-fowl nesting area; to the Committee on Agriculture.

2654. Also, petition of the Minnesota Conservation Commission urging that the War Department adopt a project having for its purpose the removal of floating trees, brush, and debris from the flowage areas and navigable lanes and channels within all of the upper Mississippi River reservoirs, and that this project be pursued at such time and times as the work can be effectively carried on and at a rate which will remove these hazards within the shortest possible time; to the Committee on Military Affairs.

2655. Also, petition of the Central Council of District Clubs, 770 Point Douglas Road, St. Paul, Minn., urging that the present system of private control of money and credits be curbed; to the Committee on Banking and Currency.

2656. Also, petition of the Minnesota Junior Taxpayers Association, asking that $1,000,000,000 be made available annually for the next 3 years to maintain essential educational services for all the children of the Nation, that this appropriation be allocated to the several States to be distributed by the State departments of education to the public, elementary, and secondary schools of each State on a per-pupil basis; and that these funds be expended under the control and administration of State and local educational authority in such manner that an adequate number of teachers be provided and adequate teaching facilities be furnished to insure full educational opportunity for all the children of each State; to the Committee on Education.

2657. Also, petition of the Minnesota Farm Managers' Association, urging that an increased tariff be imposed on flaxseed, together with a coordinated tariff on linseed oil and on other oils that might be imported as substitutes for linseed oil in domestic consumption, and that the United States Tariff Commission be instructed to study further the advisability of such tariff adjustment; to the Committee on Ways and Means.

2658. Also, petition of Division No. 357 of the Brotherhood of Locomotive Engineers, urging support of the Hatfield-Keller bill providing for the pensioning of aged and disabled railroad employees; to the Committee on Interstate and Foreign Commerce.

2659. Also, petition of the board of directors of the Stillwater Association of Public and Business Affairs, Stillwater, Minn., urging ratification of a treaty between the United States and Canada providing for a deep-water route to the Atlantic seaboard, and speedy completion of the upper Mississippi River 9-foot channel; to the Committee on Rivers and Harbors.

2660. By Mr. MEAD: Petition of Major General R. P. Hughes Camp, No. 17, Buffalo, N.Y., urging favorable action on veterans' legislation; to the Committee on World War Veterans' Legislation.

2661. Also, petition of Hamburg High School Student Council, Hamburg, N.Y., urging legislation to aid public schools; to the Committee on Education.

2662. By Mr. RICH: Petition of the Woman's Christian Temperance Union of Jersey Shore, Pa., favoring House bill 6097; to the Committee on Interstate and Foreign Commerce.

2663. By Mr. RUDD: Petition of the United Irish-American Societies of New York, opposing the cancelation or further reduction of debts due by foreign nations; to the Committee on Foreign Affairs.